

THE ANNUAL REPORT ON ANNUAL REPORTS 2003

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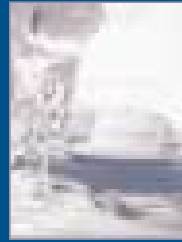
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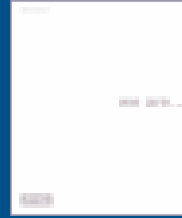
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#1 1997 QUAKER OATS (U.S.)



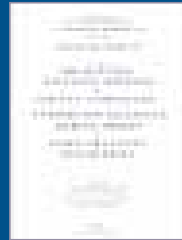
#1 1998 SARA LEE (U.S.)



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#1 2000 FORD MOTOR (U.S.)



#1 2001 IBM (U.S.)



#1 2002 BANK OF MONTREAL (CANADA)

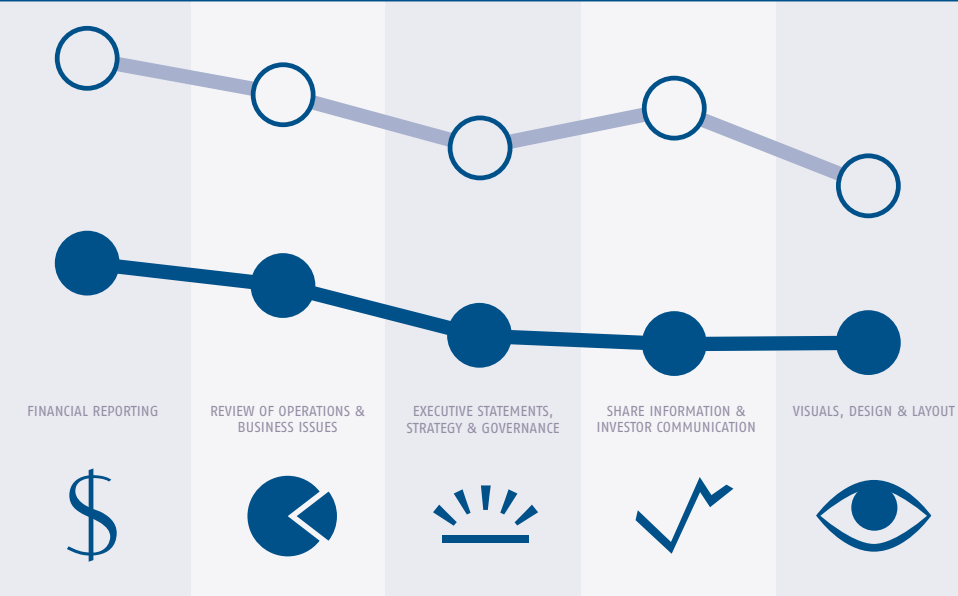
COMPANY VALUE > REPORT VALUE

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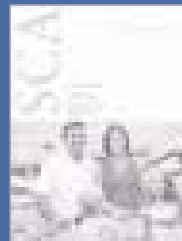
HOW DO COMPANIES REPORT?



[CHECK INSIDE COVER FOR RANKING DETAILS](#)

ON THE FRONT COVER

The front cover charts the reporting gap on our five categories of criteria between the average score of top 10 reports ranked and the average of 10 reports ranking in the region of bottom 300 – which, surprisingly (not really!), still includes a number of blue chips whose names are withheld without request. Details for each set of criteria are provided later. The maximum score is 40 (doubled here for scale purpose). The widest gap between best and worst appears on the quality of investor information (incl. risk analysis) and the quantity of share indicators – for which bad reports score lower than 10/40 (or a C rating). Second in importance is the substance, thoroughness and clarity of financial reporting (incl. contribution for which top 10 (or even 20) annuals receive 35 marks out of 40 while poor performers barely reach 15. Governance issues have improved across the board – literally – but still unevenly. Note also a more shared carelessness on visual and design aspects. Today's reports look more serious, some of them more solid, very often less simple, and for most not sexy. Sign of the times?



#1 2003 SCA (SWEDEN)

ANNUAL REPORT ON ANNUAL REPORTS

COMPANIES SELECTED

1. U.S.	41.9%
2. UK	10.0%
3. Germany	7.6%
4. Japan	6.5%
5. France	5.4%
6. Sweden	3.0%
7. Netherlands	3.0%
8. Switzerland	2.8%
9. Canada	2.2%
10. Rest of the world	17.6%

1,000 companies were selected. The total number of countries represented is 35. The selection somehow mirrors the weight of countries based on local market capitalization. Compared to five years ago, let's note a slight decrease in the number of North American companies (down from 50 to about 44 percent), a parallel increase in European and Southeast Asian companies. Check inside for report availability and company reports ranked.

INSIDE

OUTSIDE

CRITERIA

\$	FINANCIAL REPORTING
☑	REVIEW OF OPERATIONS & BUSINESS ISSUES
☀	EXECUTIVE STATEMENTS, STRATEGY & GOVERNANCE
✓	SHARE INFORMATION & INVESTOR COMMUNICATION
👁	VISUALS, DESIGN & LAYOUT

RANKED? BEST? UP? DOWN?

This year's global report ranking is based on a record number of companies selected: 1,000. And e.com has kept up its rigorous scanning and scoring process that resulted in 200 reports considered as world's best. Who are they?

P 2-5

Which way to the top? Which criteria were used? Who were the judges?

P 22-23

EXCELLENTLY DONE... AND AWARDED

150+ reports are singled out for delivering better than others on certain components. Among them, one winner is awarded on each of what we regard as 15 key reporting items. Plus a special award.

P 8-10

ROCKY REPORTING

Has report size increased? How many companies care about (showing a) return –and which one? Are share value fundamentals really easy to compare? How many describe the role of committees explained? And are IR officers and CC managers really keen to receive an e-mail? A few statistics.

P 7

GEOGRAPHY MAPPING

With results going south, an everlasting "Take the money and run" hangover (or post-Enronitis) in the west, markets looking (far) east, an unending crisis in the house of the rising sun, the reporting hierarchy these last five years seems to have shifted north by northwest. The good news: no body, no country and no system can claim to have the best standards.

P 11

COMPANY REPORTING

e.com analysts and a few external report specialists have carried out a special exercise: taking company reporters' and executives' words and checking if walk is up to the talk. The results are mixed, to say the least. No Sarbanes, no Oxley, no Merrill or no Lynch can make up for bad new (or old) corporate habits or post-bubble (gum) financial communication. egulation is necessary, but compliance is not sufficient. Confidence is more.

P 12-13, P 18-21

INDUSTRY BENCHMARKING We have simplified the report benchmarking techniques used for our corporate clients and applied them for comparing the report output of industry leaders and rivals. In charts.

P 14-17

ON THE BACK COVER

The back cover displays past and this year's winners' reports.

1996
(1995 reports)

Limited survey focused on a few key industries (banking, insurance, electronics, energy, diversified) faxed towards customers and contacts only.
Singled out among peer groups: Alcoa, Bank of Montreal, General Electric, Phillips, Volvo. Top 50 laid out by 'Enterprise', Brussels.

#1 QUAKER OATS (U.S.)
1997
(1996 reports)

№ 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.
Highest entry: Alcoa (U.S.). Top 100 designed by vL&G, Antwerp.

#1 SARA LEE (U.S.)
1998
(1997 reports)

№ 1: Sara Lee (U.S.) – Clever, great ingredients, ready-to-use financials, strong charts, packed with class. Was one of the first –and still rare– U.S. reports to display a separate commentary by the CFO.
Highest entry: Knight Ridder (U.S.). Top 100 designed by vL&G and 'Enterprise', Brussels-Dallas.

#1 SARA LEE (U.S.)
1999
(1998 reports)

№ 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.
Highest entry: Monsanto (U.S.). Top 200 designed by Kadz & Mind Factory, Brussels.

#1 FORD MOTOR (U.S.)
2000
(1999 reports)

№ 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.
Highest entry: SAS (Sweden). Top 200 designed by Addison, New York.

#1 IBM (U.S.)
2001
(2000 reports)

№ 1: IBM (U.S.) – "A big blue way to make A+," covered we. An original text-based cover (much imitated 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.
Highest entry: Infineon Technologies (Germany). Top 200 designed by Triumvira(a)t, Brussels.

#1 BANK OF MONTREAL (CANADA)
2002
(2001 reports)

№ 1: Bank of Montreal (Canada) – 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.
Highest entry: Telstra (Australia). Top 200 designed by Triumvira(a)t.

#1 SCA (SWEDEN)
2003
(2002 reports)

№ 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. The cut above the rest (including the very close № 2)? Sustained efforts, targets shown, brilliant overviews, and a substantial separate environmental report.
Highest entry: Charles Schwab (U.S.). Top 200 designed by Dart Design, Amsterdam.

RATINGS

- A+ World-class output.
- A First-rate.
- A- Superior report.
- B+ Fair, solid.
- B The average report.
- B- Satisfactory, lack.
- C+ Basic.
- C Mediocre.
- C- Lowest standards.

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enterprise.com (e.com) has specialized in report analysis and reporting evaluation and benchmarking. Its principal business is to screen corporate & financial communication tools and investor & market information vehicles (mainly annual, periodic or online reports). e.com has developed an international, independent, integrated and competitive approach to report evaluation. Its staff and network have operated in 30 countries and consulted for 100-plus corporate clients, these are mostly international listed companies, as well as spin-offs, IPOs, consultants and investors.

A 1999 spin-off from The Enterprise Group ('Enterprise', est. 1986, inc. 1990), e.com has become a division of U.S.-based Corporate Essentials, Inc. since 2002. The group provides report input and enterprise and financial communication services to CFOs, IR officers or CC managers.

e.com is the publisher of the "Annual Report on Annual Reports". Created in 1996 at 'Enterprise', it has now become the most comprehensive survey and the only global ranking of reports.

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