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Rewe Distribution Group Growing**Turnover increases by five per cent to more than 39 billion euros – One of the best results ever achieved – Growth in Germany and abroad – 340 new openings planned – Record investments of one billion euros**

After achieving a growth in turnover of 4.7 per cent to 39.2 billion euros (net) for the 2003 business year, the Cologne-based Rewe Distribution Group remains on track to growth with an investment volume of one billion euros and 340 planned new store openings during the current business year. At the annual press conference in Cologne on Ash Wednesday (February 25), Rewe CEO Hans Reischl presented a very positive balance sheet for 2003. "In contrast to the decline in German retailing, Rewe managed to continue to increase its turnover on the home market; foreign business continues to expand as an engine of growth at a double-digit rate; the travel business outpaced the trend in the industry; and Rewe Group managed to improve its operating results in comparison to the previous year's figures by over 30 per cent – thus producing one of the best operating results in the history of the company."

With a new record turnover, with 11,492 stores and 192,613 employees in 13 countries, Rewe Group managed to maintain its leading position in German and European retailing and wholesaling. "We are returning to the peak growth rates of previous years, which were marked by continuous growth in German food retailing and by important acquisitions in the rest of Europe, in DIY stores, and in travel and tourism," said Reischl. Over the past ten years Rewe nearly doubled its total turnover of 21 billion euros to around 40 billion. "Turnover and results exceeded by a wide margin the expectations we cautiously held when looking at the difficult business climate in the 2003 business year," added the CEO of the cooperative retail, wholesale, and tourism group.

Growth in turnover in German and foreign food retailing

In German food retailing alone, Rewe Group crossed the turnover mark of 20 billion euros. With their growth rate of almost seven per cent adjusted for comparable retail sales area, the Penny discount stores were not the only brand to help Rewe achieve this milestone. The modern and future-oriented supermarkets also produced respectable results. As such, the miniMAL stores, now reoriented to the new concept, achieved sustainable turnover increases of more than four per cent in comparison to stores of a similar retail sales area. "This growth in turnover compensated for the decline in the travel business caused by the effects of the Iraq war, the SARS lung disease in Asia, and the weak overall economy," Reischl explained.

The acquisition of the Swiss Bon appétit Group contributes an increase in turnover of 1.8 billion euros, even though only half of their turnover is consolidated. In addition, the supermarkets, discounters, and Cash & Carry stores in twelve European countries -- from France to Italy, from Austria to Poland and Hungary, from the Czech Republic to

Romania -- continued to expand at an admirable rate of organic growth.

Of the total turnover in wholesaling and retailing of 39.2 billion euros, 29.2 billion euros – 74 per cent – were generated in Germany, with over 10 billion euros (26 per cent) now coming from international operations. In the food business, the foreign contribution was now at 29 per cent.

Total retail turnover for Rewe in Europe has risen by 650 million euros, or 2.1 per cent, to 32.2 billion euros in comparison to the previous year. The number of stores rose by 296 to 11,492 retail outlets. The total sales area was 8.9 billion square metres. Rewe Group employed a total of 192,613 workers, 5,417, or 2.9 per cent, more than in the year before.

Number of jobs and number of trainees on the rise

Whereas some 30,000 jobs were lost in German retailing over the past year, Rewe remained one of the largest single employers and job training providers in Germany, with 135,799 employed in Germany (+ 5). The number of newly hired trainees was increased by another 300, or 12.5 per cent, to 2,700 in 2003 against the background of the difficult state of the trainee and training programme market. In Germany alone, Rewe now provides 6,700 young people with qualified job training, with a total for Europe of 8,150.

"Without the hard-working staff members and employees in our stores, without our certified experts in the fields of information technologies, logistics, purchasing, organisation, and human resources, without our high-quality investment programme, growth to next turnover milestone of 40 billion euros would not be conceivable," Rewe CEO Reischl explained. After a volume of investments of some 700 million euros in the previous year, the Group plans to invest a billion euros more in developing its businesses in Germany and abroad. These investments are traditionally financed out of the cash flow.

Turnover in the core food retailing business increased by 6.6 per cent

In its core food retailing business, Rewe managed to increase its turnover proceeds in Europe by two billion euros, or 6.6 per cent, over the previous year. Of its 9,639 stores in this business, 7,284 (+122) were operated in Germany. The 3,310 stores operated by independent Rewe retailers and the 3,974 own chain outlets achieved a turnover of 23.1 billion euros despite the predatory competitive conditions on this market. This figure was 230 million euros, or one per cent, higher than the figure from a year earlier. In the framework of targeted structural adjustments to its sales network in 2003, Rewe also closed several aging, undersized, and underperforming stores while at the same time opening some 100 stores with a better future orientation.

The best results in terms of turnover were achieved by the 4,737 neighbourhood stores and supermarkets with a retail sales area of up to 1,000 square meters. These achieved a turnover in Europe of 11.2 billion euros (down by one per cent). In Germany, the sales lost when smaller stores were closed stood opposite good growth among independent Rewe supermarkets – especially those using the Rewe partnership model – and among the modernized HL stores.

The discount store trend in Germany and the rest of Europe was reflected in the aboveaverage

growth rates in the Rewe discounter chains. The 3,000 Penny, Mondo, Pick Pay, and XXL stores, counting some 100 more in their midst compared to the previous year, increased turnover by 8.7 per cent to 7.9 billion euros. In Germany, the Penny discount stores achieved a new record turnover of 5.4 billion euros, an increase of 3.5 per cent, at some 2,100 outlets. The discounter grew by 6.6 per cent after figures were adjusted to reflect similar retail sales area.

The 1,200 superstores and hyperstores of the Rewe Group (miniMAL, Merkur, toom, Globus, Iperstanda, Rewe-Center) produced a turnover of eight billion euros, 2.6 per cent more than in the previous year.

Foreign business remained the engine for growth

Foreign business remained the engine for growth at Rewe over the 2003 business year. At 2,884 stores (+ 236) in twelve countries, 56,814 employees achieved a turnover of 10.01 billion euros. In Western Europe, turnover rose by 28.3 per cent to 7.6 billion euros, especially after the acquisition of the Bon appétit Group in the middle of 2003. A turnover of 2.4 billion euros (+ 4.4 per cent) was achieved in Central and Eastern Europe.

The acquisition in Switzerland helped Rewe Wholesale Operations attain a turnover boost of some two billion euros, or 21.6 per cent, to 11.2 billion euros in total. Rewe's wholesale delivery business, which supplies the stores operated by the independent Rewe retailers, increased its turnover to 6.5 billion euros. Turnover at Rewe-Großverbraucher-Service grew by an impressive 17 percentage points to 620 million euros. This commercial customer service at Rewe is the largest independent company within a growing market in food consumption away from home. With the takeover of the Bon appétit Group, Rewe's Wholesale Operations together with the French market leader Aldi's Service Plus and the Swiss Howeg took on European dimensions. Rewe's Cash & Carry stores now also operate internationally under the Fegro/Selgros brand, which is run jointly with the Hamburg-based Otto-Versand mail order company. These stores increased their turnover by 18.8 per cent to a total of over 2.6 billion euros in Germany, Poland, and Romania, and including the new Prodega Cash & Carry stores in Switzerland.

Rewe Group's 1,055 specialist stores in the DIY, home entertainment, drugstore, and clothing businesses earned a turnover of 2.48 billion euros in 2003, which was ten million euros, or 0.4 per cent, ahead of the previous year's figures. Driving this growth were the 264 toom BauMarkt DIY and garden centre outlets, which enjoyed a growth in turnover to over 1.3 billion euros in their anniversary year. With a growth rate of nearly four per cent on comparable retail sales area, toom Baumarkt has become the industry leader in its 25th year in business. The 56 large-area ProMarkt home electronics stores achieved a turnover of around 500 million euros. At industry level, the electronics business was marked by considerable price erosion and by a single dominant competitor; industry-wide turnover was around four per cent below the figures of the previous year, after sales figures were adjusted for sales area. Rewe Group operated 657 drugstores (idea, Bipa), which generated a turnover of 610 million euros (+ 2.2 per cent).

Rewe Touristik strengthens its position on the travel market

Rewe Touristik slightly improved its strong position as the number three on the German

travel and tourism market with a consolidated total turnover of 4.1 billion euros and a market share of 17 per cent. The tour operators of the Rewe Group adjusted more flexibly to the difficult market conditions than did their competitors who suffered from turnover shortfalls in the two-digit range. Total turnover at Rewe Touristik lay 6.9 per cent below the figures of the previous year. Tour operator turnover at the Rewe brands ITS, Jahn Reisen, Tjaereborg, Dertour, Meier's Weltreisen, and ADAC Reisen fell by only 80 million euros, or just three per cent, to 2.6 billion euros. The trend among our competitors becomes obvious when you look at the sales turnover at our travel agencies, which fell 210 million euros, or 10.4 per cent, short of the previous year's figures, finishing 2003 with 1.85 billion euros. With -6.4 per cent, DER Business Travel performed better than the industry average. Against this backdrop, the targeted structural adjustments and optimization efforts at our travel agent chains Atlas Reisen and DER Reisebüro were even more important. The agency network was tightened on balance by 28 locations, or 3.4 per cent, to now 807 company owned travel agencies. As has so far been the case, this business continued to contribute positively to the total results at Rewe Group.