our sales dynamics

Europe > 26 - 37
Latin America > 38 - 43
Asia > 44 - 48
Europe, our domestic
market

82% of sales
499 hypermarkets • 2,038 supermarkets • 3,488 hard discount stores • 2,434 other formats

Interview with Joël Saveuse,
Director for Europe

- **Following your network acquisitions in 2000, some major projects were planned for 2001. How did they turn out?**
  This year, we consolidated the GB stores in Belgium, GS in Italy and Marinopoulos in Greece. These changes were made quickly with excellent results, as illustrated by the growth in sales in the final months of the year. At the same time, 2001 was the year in which we revitalized our sales strategy in all countries. We cut our prices, launched major advertising campaigns, and revamped our product lines. These policies paid off and led to further gains in market share.

- **You are now number one in France, Spain, Belgium and Greece, the leading consolidated company in Italy, and you operate in nine European countries: what are the advantages to your size?**
  In this region, because of our position, we can achieve greater synergies by taking advantage of geographical and cultural proximity. In our four major countries (France, Spain, Belgium and Italy), we have begun streamlining the supply and logistic network as well as marketing our own brands. This will create further synergies and will enable us to offer lower prices to consumers. We plan to continue these efforts in 2002. In each country, our market share and our multi-format positioning also create synergies.

- **In the years to come, what will be the source of growth in Europe?**
  First of all, from the existing network: the hypermarkets and supermarkets we have converted or renovated are improving their sales per square meter, and our aggressive marketing policy will help us continue to gain market share. Moreover, our markets in Europe are far from being saturated. With the advantage of a multiple formats, we can strengthen our networks and coverage in a number of countries. For example, a major program to open hard discount stores in Greece and Turkey is planned for 2002. Finally, in the more mature countries, franchising represents a tremendous growth driver.

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<td><strong>TOTAL</strong></td>
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(*') Countries in which the Group does business solely through partnerships or franchises.
As Carrefour’s first country and the foundation for its growth, France accounted for 49% of sales for the year.
The efforts made by the Group in terms of organization, promotions, and pricing policy paid off. Carrefour quickly won back its market share with significant progress in all formats in the fourth quarter of 2001.

Carrefour hypermarkets: rebound quickly

In the first half of 2001, Carrefour completed the final work for the merger. A single management system was introduced for all the consolidated stores, ensuring a new competitive organization for the hypermarkets. In 2002, a new Carrefour store will be opened in Melun Sénart, a number of store expansions are planned, and roughly twenty stores will be remodeled.

At the same time, the logistical organization is being optimized. One of the first steps in this undertaking was the opening last November of a 90,000 m² clothing warehouse in Vert-Saint Denis that will supply all the hypermarkets in France.

Aggressive price positioning

“Carrefour is cutting all its prices!” In May, the Group initiated its new strategy, betting on an aggressive new pricing policy. In November, Carrefour beat out its competitors with an aggressive advertising campaign very early in the season using toys as a theme. This increased store traffic and achieved significant gains market share for the entire product line. Toy department sales increased 13% before the Christmas season.

The changeover to the euro bolstered the Group’s position as a discounter. Prices were frozen or rounded off to the lower centime and every guarantee was made to consumers to give them the impression of winning in the transition. Cash register activity on January 2, the first day the euro was used, attest to the effectiveness of the policies applied to customers and employees during the transition period.

In December 2001, our hypermarkets left the competition behind, surpassing average market growth by four points.

On-going improvement in the offer

At the same time, Carrefour continued to add to its product lines. In the food segment, the selection of “traditional local” and ‘organic’ product lines was expanded to nine new Quality Lines. Furthermore, Carrefour continued to develop new consumer product lines and strengthened its position as the top French retailer for computer equipment and electronics.

Carrefour also introduced several new merchandising policies designed to make its stores more profitable. In 2002, it plans to continue introducing new concepts in the hypermarkets.
Champion Supermarkets: dynamic growth

Champion Supermarkets, the second largest banner in France, continued to perform extremely well. This trend was due in part to the success of the Iris-Champion card. With six million card-holders, it accounted for almost 75% of sales for this banner. In light of this success, Champion decided to push strengthen its impact by introducing the "Champion Ticket+" in January 2002, distributing discount coupons in all Champion supermarkets.

Fresh products, another factor in customer loyalty, have become a major positioning vector for Champion. In all Champion stores, a “market” department has been established or promoted. Placed at the store entrance, shoppers can visit the market several times a week to stock up on fresh fruits and vegetables, specialty items, and fish. There are 1,003 stores in the network, half of which are franchises. In 2001, Champion decided to integrate all consolidated stores and franchises, which had previously been managed separately, into a single organizational structure.

Hard Discount stores: rapid growth of the Ed chain

Ed has accelerated its growth in France. The expansion of its store network to 459 stores and its dynamic marketing raised sales to € 1.7 billion, a 9% increase with constant consolidation and 11% overall. The banner has intensified its efforts to bolster its positions even further. For example, 200 Dia products were added to the product line, and fruits and vegetables were added to all the stores in the network. Dia’s management practices were introduced in all the stores. The 112 Paris stores were revamped. Taking advantage of the Group’s purchasing power, Ed plans in 2002 to increase the number of national brands on its shelves. Currently, 80% of its products are house brands. Forty stores were opened in 2001. In 2002, the Ed chain is expected to include about 500 stores.

Other formats

Convenience stores

With sales up 4.7% on a constant store basis, the Marché Plus, Shopi and 8 à Huit banners confirmed Carrefour’s leadership in convenience shopping.

The new self-service concepts, organized around flexible hours and services, have been highly responsive to the needs of urban customers. The Grand Jury brand continues to grow in popularity and, in 2002, a Grand Jury Organic line will be introduced. Shopi opened 83 new stores in 2001 and expanded 18 stores. The 200 stores integrating the new concept implemented since 2000 outperformed the others by 10%. Roughly one hundred stores will be renovated in 2002. The Marché Plus stores are very urban stores with an emphasis on service and highly flexible hours. The banner will continue to develop throughout France in the coming year.

8 à Huit: This year, the brand tested a new small-scale concept (2,500 items stocked) with a focus on ready-to-eat foods. After the initial strong performance in Paris, these stores will gradually be developed in the rest of the country.

Highlights

<table>
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<th>Month</th>
<th>Event</th>
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<tbody>
<tr>
<td>March</td>
<td>Sale of Carrefour’s 73.9% stake in Picard Surgelés for a total of € 624 million.</td>
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<tr>
<td>April</td>
<td>17 national highway gas stations adopt the Carrefour banner.</td>
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<tr>
<td>May</td>
<td>The advertising campaign, “Tout Carrefour baisse ses prix” (“Carrefour is cutting all its prices”), is launched.</td>
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<td>August</td>
<td>First real simulation of the changeover to the euro at the Montesson store (France).</td>
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<td>October</td>
<td>The Carrefour 38th anniversary campaign based on the theme &quot;Dream days&quot; is launched.</td>
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<tr>
<td>November</td>
<td>Sale of the Carrefour and Metro AG cross-holdings: Carrefour sells Metro its 20% stake in Metro France, and Metro sells Carrefour its 20% stake in the companies operating the top five Carrefour hypermarkets in Italy.</td>
</tr>
<tr>
<td>December</td>
<td>The European Commission approves the sale to Deutsche Bank of Carrefour’s 43.6% stake in Cora.</td>
</tr>
<tr>
<td>January 2002</td>
<td>Beginning December 14, the Carrefour finance departments distribute the first euro kits before the coins and bills are placed in circulation. Over 850,000 kits are distributed in a few days.</td>
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The "Champion Ticket+" targeted marketing campaign is launched, offering highly customized promotions to Iris cardholders.
**Cash and Carry: Promocash**

The growth in the Cash and Carry business has been stimulated by the growing trend toward eating out that is a feature of modern life.

Promocash has an unusually large network with 130 stores in France serving caterers, distributors and food professionals.

Promocash is adapting its store network and concepts to provide solutions even more adapted to restaurant and catering professionals, who represent a growing proportion of its customers. These changes include a substantial increase in the fresh product offer.

In addition, a new marketing approach has been developed based on narrower customer segments and a personal approach. This type of structure was necessary in order to accommodate the new customer database to be introduced by Promocash sometime in 2002.

**Catering: Prodirest**

As a specialist in catering, Prodirest sells food and non-food products that meet the needs of commercial and institutional caterers.

With its 1,800 employees, Prodirest is developing a convenience service. On a daily basis, 250 sales representatives and 150 phone markets now serve over 40,000 customers, backed by a network of 25 facilities and 400 trucks.

In 1999, Prodirest initiated a process to obtain service certification from Qualicert, an independent agency that officially guarantees the quality commitment made by Prodirest to its customers. To date, four facilities have received Qualicert certification. The company intends to earn certification for all its facilities by the end of 2003.

**The Ooshop on-line marketplace**

The ooshop.com website specializing in the on-line food business expanded its activities in February 2001 to include Lyons; the delivery area in the Paris region was also expanded.

It added another 6,000 items to its product line, which now includes many more fruits, vegetables, fresh, and frozen products.

In September, in connection with the expansion, Ooshop opened two new warehouses for the preparation of dry and fresh products.
SPAIN

113 hypermarkets • 167 supermarkets • 2,389 hard discount stores • 28 Cash and Carry stores

As Spain’s top retailer with a 25% market share, all formats combined, Carrefour increased its lead under the combined effect of its sales campaigns, discount position, ad campaigns, and the development of its house brands.

Hypermartks: the power of the Carrefour banner

As the country’s leading hypermarket, Carrefour is active throughout Spain. In 2001, the Group opened four stores as planned in Ávila, San Sebastián de los Reyes (Madrid), ALCALÁ de Henares (Madrid) and Vitoria. In addition, twelve stores were sold to meet the requirements of the anti-trust authorities following the merger with Promodes. The company focused its attention on its pricing position, product lines, and customer loyalty measures while completing the final work relating to the merger.

A new surge in sales

Carrefour’s pricing position is now solid, thanks to a number of promotions in quick succession: a 25% discount on school notebooks, the “three products for two” campaign, gas-station promotions and the anniversary at year-end. The impact of the first anniversary of the Carrefour banner in Spain was highlighted with a major television campaign. The Club Carrefour loyalty card, introduced in February 2001, has already attracted four million households; 70% use it regularly.

In 2001, the Carrefour brand was placed in the stores. Between November 2000 and December 2001, 1,600 Carrefour items were added to the selection of food products. These products generated sales in excess of € 480 million, accounting for 16% of total food sales in 2001, compared with 13% in 2000. Five hundred Carrefour general merchandise products were also introduced.

Increased professionalism in non-food items

Like the specialized retailers, Carrefour has added an attractive electronic equipment offer, including a wide range of high-end products presented in a special setting by a trained sales team.

With a very popular clothing department in each store, the company has added a more professional dimension to each department by placing them under the supervision of a buyer and a designer.

Champion: a rapidly expanding network

Champion has embarked on an ambitious program to expand and streamline its store network, targeting all the regions where it is active. Seventeen stores were opened in 2001. These stores now have an updated concept with a new layout for the added convenience of shoppers, better visibility in the fresh food sections, a new décor, and more practical signs. The company added new products to its line in 2001 and now stocks 1,000 items under its own brand, known for offering the best value. The company also sold 18 supermarkets in 2001 to meet the requirements of the anti-trust authorities.

Dia: a name endorsed by Spain’s shoppers

With 2,389 stores under its banner at year-end 2001, Dia confirmed its position as the top hard discount network in the country. Dia, the most popular network in Spain (55% of Spanish households shop there at least once a month), posted a 5.1 increase in sales, on a constant store basis, and 8.5% overall. The loyalty card with five million card-holders provides true individualized marketing.

To accommodate this rapid growth, the company opened 100 stores in 2001 and expanded 63. In 2002, the network is expected to total 2,500 stores, including 800 franchises.
BELGIUM

57 hypermarkets • 347 supermarkets • 94 convenience stores

Since the retail group GB was acquired in July 2000, Carrefour has become the operator of the leading hypermarket network in Belgium and the second largest supermarket network. Belgium ranks number four among the countries where the Group operates, with retail network sales of over € 5 billion.

Carrefour has taken steps to turn GB around by focusing on four areas: a new sales strategy, improved purchasing terms and supplier relations, a major capital expenditure program, and an unprecedented employee training program. The year-end results for 2001 look promising, with fourth quarter earnings up 8.5% on a like-for-like basis.

Hypermärkten: accelerated store conversions

In less than a year, Carrefour converted, modernized and renamed all the GB hypermarkets. This conversion took place in three phases: seventeen stores adopted the Carrefour banner in May, sixteen in August and the rest in October. Heavy investments were made in pricing. Between 4,000 and 8,000 prices were cut when the name was changed and, starting in May, the seventeen new Carrefour stores displayed the lowest prices in the market. The brand’s pricing position improved thanks in part to major advertising campaigns. Carrefour’s first national promotional campaign in Belgium, “A Month like no other” (“Un mois Jamais Vu”) was a huge success, enhanced the power of the brand, and increased sales by almost 15%. Store product selection was also improved, with the gradual introduction, alongside the GB brand, of 419 Carrefour brand products and of 120 items from the Reflets de France, Escapades Gourmandes and Destination Saveurs product lines. New non-food departments were also added to the hypermarkets, specializing primarily in electronics.

Supermarkets and convenience stores: continual modernization

The GB supermarkets (72 consolidated stores and 275 franchises) and convenience stores have kept their name because of strong brand recognition in Belgium. In 2001 GB began to get a new look. 45 supermarkets were remodeled in line with Group concepts, with an emphasis on fresh products and low-price products and an increase in promotional campaigns. In April, a major price-cutting campaign on over 3,000 items was launched in all the stores. This price-cutting policy was spontaneously followed by all the franchises. In addition, a program is now under way to increase the number of convenience stores. The year-end results from the modernized supermarkets are encouraging, showing a significant rise in the number of customers and a 5% increase in sales.
ITALY

37 hypermarkets • 301 supermarkets • 567 convenience stores • 11 Cash and Carry stores

The acquisition of GS in March 2000 gave Carrefour a foothold in Italy, where it is now the leading integrated group in the industry. In a highly fragmented market still dominated by traditional retailers, the Group intends to accelerate gains in market share and make the most of Italy’s strong growth potential.

In 2001, Carrefour completed the harmonization of trade names and product lines. While the supermarkets are keeping their name, the hypermarkets all became Carrefour stores and the convenience stores were unified under the Di per Di banner.

Hypermarkets integrate the Carrefour concept

The change of banner was completed as of January 31, 2001. Then the Group turned its attention to introducing its house brands and adapting product lines to regional customs and trends. A total of 445 Carrefour products, 15 quality line products and 435 low-priced products have been added, and 700 items have been added to the non-food line. At the same time, services were expanded with the inauguration of Ottico, the eyewear stores, and the opening of the first gas station in Nichelino.

Supermarkets optimize their sales areas

The GS network, the top chain in the country with 301 stores, including 109 franchises, kept its name. Four stores were opened in 2001. The network continued its active marketing campaign centered on developing a personal relationship with customers. The network issued new loyalty cards to an additional 200,000 customers, raising the number of cardholders to 1,500,000, and the use rate to 70%.

- A Model for fresh products
  Throughout the GS network, Carrefour has unequaled expertise in fresh products, which it is now proposing as a model to all its stores. Certain advances made by GS in food products are gradually being exported to other countries in Europe, e.g., fresh salads cut and packaged in front of the customer, pre-prepared hot dishes and Italian ice cream. Early in 2002, a GS team was sent to Brazil to assist with the development of fresh products.

The other formats continue their growth

- DiperDi, convenience shopping
  Well adapted to local consumer habits, the convenience store network is ready for strong expansion, which will be easier when all the various stores are regrouped under one banner. The Group used two concepts, each adapted to a particular type of store. Di per Di Express, for sales areas of between 150 and 250 m², and Di per Di II Supermercato, for sales areas of between 250 and 250 m². These stores are growing rapidly.

- Docks Market and GrossIper, Cash and Carry
  Docks Market and GrossIper, the Carrefour Cash and Carry trade names in Italy, are known for their specialization in fresh products. Their sales are evenly balanced between their resale business and commercial and institutional catering services.

Stronger purchasing power

Restructuring Carrefour’s businesses in Italy will create many synergies among formats, especially in the area of supplies and logistics. The Carrefour food purchasing group ranks third among Italian food purchasing groups, but it is the only one owned by a single company. In 2001, it represented for local suppliers 1,150 consolidated sales outlets and franchises in different formats and a total sales area of 1,100,000 m².
Carrefour-Marinopoulos is the top retail group in the country with a 21% market share in a highly fragmented and competitive market. The 9% rise in Group sales in Greece in 2001 was largely due to the dynamic sales efforts of the hypermarkets and the strong attraction of the hard discount chain, Dia.

Hypermarkets: the Carrefour concept pays off

The first year under the Carrefour banner produced encouraging results. The network made significant gains in market share thanks to intensified sales and marketing efforts, and the opening of a new store in Athens in March. The anniversary month campaign, which offered one product a day at exceptional prices was extremely successful. This event had a strong impact because it was supported by a major television campaign that helped to consolidate the company’s pricing position.

The process to integrate the Carrefour concepts resulted in new store layouts and improved operational procedures. Furthermore, new supply and inventory management systems have been introduced in all the stores, resulting in better productivity.

Supermarkets: modernizing almost the entire network

Integrating the 125 Marinopoulos stores was the major project for the year in Greece. A total of 80 stores have already been completely remodeled and now carry the Champion-Marinopoulos banner. This process was clearly appreciated by customers, since the remodeled stores posted an average sales increase of 20% over the previous year.

The supermarkets added new items to their food lines: the number of fresh products was expanded, Champion products were introduced, and a product line shared with the hypermarkets has been defined. Synergies between the hypermarkets and the supermarkets have begun to materialize and will be developed in 2002.

Hard discount stores: accelerated growth

Dia continued to expand its network by opening 38 stores, increasing its network to 228 stores. Sales were up 33%, reflecting a strong performance in the second half of the year. The use of franchises drives growth and is accelerating the formation of a national Dia network. Over half the stores opened in 2001 were franchised. In 2002, Dia plans to open 40 stores, including 24 franchises.
POLAND
9 hypermarkets • 51 supermarkets

Carrefour is expanding rapidly in Poland. In 2001, 26 Globi supermarkets were consolidated into the Group. Altogether, Group sales were up 77% year-on-year and 30% on a like-for-like basis.

Hypermarkets: consolidating positions
In a highly competitive environment, hypermarket sales increased by 11.6% (9.5% with constant sales area), thanks to a very aggressive pricing policy, revamped food and non-food products, and continual adaptation to changing trends in the Polish market.
Carrefour opened its ninth store in Szczecin with an 8,000 m² sales area in an eighty-store shopping mall. Two other stores should open in 2002.

Supermarkets: a major step forward
Carrefour Poland and Globi completed their merger. The teams have been combined, product lines and logistics harmonized, and computer systems standardized. The three banners Poland—Carrefour, Champion and Globi—now have a single information database. In the fourth quarter, the Group began to reap the benefits of the improved supply conditions resulting from the merger.
With the consolidation of the Globi network, Champion has been able to accelerate its expansion in Poland significantly. To reinforce its position, nine Champion stores were opened in 2001 and should be followed by another ten in 2002.
In June, Carrefour purchased from Espirito Santo, its historic partner in Portugal, the interest owned by the Portuguese company in Carrefour Portugal, raising its stake to 99.6%. In 2001, Portugal suffered a period of economic recession that drove down consumption. Despite this environment, Minipreço, the hard discount banner in Portugal, is expanding rapidly, posting a 30% increase in sales. In 2001, the Minipreço stores reaped the benefits of a series of strategies exported from Spain by Dia, including the loyalty card, which was offered by the network in January for the first time and is now held by over 800,000 households. Expanding hypermarkets in Portugal is difficult because of a regulatory environment that does not favor this kind of store. The Group focused on two major areas in 2001: sales and marketing and identifying synergies with Carrefour Spain. In September, many brand food products from Spain were introduced in the Portuguese stores. In the non-food segment, synergies are also being developed with the Carrefour Spain general merchandise and clothing collections. Aggressive marketing campaigns throughout the last quarter of 2001 contributed to an increased market share in Portugal.

**CZECH REPUBLIC AND SLOVAKIA**

11 hypermarkets

Carrefour’s expansion in the Czech Republic and in Slovakia was assisted by the growth in GDP and buying power. Since 1998, the company has opened seven stores in the Czech Republic in the country’s six major cities. The seventh store, which opened in Prague in June 2001, is a flagship store, with 10,000 m² of sales area on two floors in the center of a large shopping mall. This store posted turnover of 540,000 items in December.

Carrefour began doing business in Slovakia in the second half of 2000 with the opening of two stores in the capital Bratislava. In 2001, the Group added two additional stores in other parts of the country, one in Kosice, in the east near Ukraine, and the other in Zilina. An aggressive pricing policy was implemented in 2001 with 450 low-priced products added to the food product lines.

**PORTUGAL**

5 hypermarkets • 326 hard discount stores

In June, Carrefour purchased from Espírito Santo, its historic partner in Portugal, the interest owned by the Portuguese company in Carrefour Portugal, raising its stake to 99.6%. In 2001, Portugal suffered a period of economic recession that drove down consumption. Despite this environment, Minipreço, the hard discount banner in Portugal, is expanding rapidly, posting a 30% increase in sales. In 2001, the Minipreço stores reaped the benefits of a series of strategies exported from Spain by Dia, including the loyalty card, which was offered by the network in January for the first time and is now held by over 800,000 households. Expanding hypermarkets in Portugal is difficult because of a
TURKEY

10 hypermarkets • 3 supermarkets • 86 hard discount stores

The economic crisis that followed the sharp devaluation in February impacted the Group’s performance in Turkey.

The Hypermarkets suffered from the sharp drop in consumption despite a highly competitive pricing position. However, the new Ankara hypermarket that opened in December 2001 was a huge success very quickly, posting turnover that made it the second-ranked retailer in the region. Two large new hypermarkets may be opened in Istanbul in 2002. Carrefour has already prepared for the future by establishing partnerships with local farmers to establish a Quality Line program. The first quality lines will be introduced in 2002.

The Group inaugurated the first three Champion supermarkets, all located in the Istanbul area. They performed well, demonstrating that the Champion concept is well suited to the needs of a population used to street markets. There are plans to add three new stores to the network in 2002.

The hard discount stores accelerated their growth. For its second full year in Turkey, Dia’s sales rose over 20% on a constant store basis. The highly competitive position for this banner proved to be a critical competitive advantage in a period of economic crisis. The company doubled its store network by opening 49 units, and intends to reach 113 stores by December 2002.

SWITZERLAND

11 hypermarkets

In Switzerland, Carrefour formed a joint venture with Maus, in which it owns a 40% interest, through which it has operated ten Jumbo hypermarkets since January 2001. A major project to adapt these stores to Carrefour standards began in 2001 and continues in 2002. This process includes the commercial offer, with the gradual introduction of Carrefour products and low-priced items, as well as harmonizing the management systems. The final step in the conversion process will be the name change in September 2002, when the Jumbo stores will be renamed Carrefour. Carrefour’s 38th anniversary was celebrated in all the Jumbo stores and was enormously successful.

In April, the Group opened an additional store in the country, directly under the Carrefour banner, which will test the impact of the trade name on customers. This new store was very well received and is performing well.
Latin America,
consolidation of the
The crisis in Latin America has affected two large countries where Carrefour does business. How have you reacted?

With 2001 sales of €10,078 million, Carrefour is the top retailer in Latin America. Thanks to this strong position, for over two years, we have been able to withstand the combined effects of the Argentina crisis and the plunge of the Brazilian real. To counteract the adverse effects of the economic situation on retail sales, we consolidated our different networks, and repositioned ourselves commercially and geographically; and we have continued to achieve gains in market share.

What is the future of the Group in Latin America?

The growth potential for modern retailing in Latin America is as big as the continent itself. From a marketing standpoint, we have the advantage of a certain history in the region where we have been doing business since 1975, and we enjoy high brand recognition in our five countries. In the future, Carrefour plans to intensify its coverage of the region, using various formats and targeting high-population areas.

A key phase in this strategy was the opening of the first seventeen hard discount stores in Brazil, to be followed by sixty new stores in 2002 in addition to the 250 Dia stores in Argentina.

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<td>Chile</td>
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<td>9,636</td>
<td>3.4%</td>
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<td>Colombia</td>
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<td>1.7%</td>
<td>6,074</td>
<td>8.1%</td>
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</tr>
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<td>Mexico</td>
<td>100,346</td>
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<td>9,112</td>
<td>6.2%</td>
<td>787</td>
</tr>
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<td>0%</td>
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<td>6.2%</td>
<td>10,078</td>
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ARGENTINA
22 hypermarkets • 132 supermarkets • 249 hard discount stores

Carrefour has been present in Argentina since 1982 and is the top retailer in that country. The April 2001 takeover of the management of Norte, the top supermarket operator in the country, opened up new opportunities for the Group, which now has significant national coverage with all formats in a country five times the size of France.

Hypermarkets withstand the crisis

Two major steps were taken to revitalize sales in Argentina: a major overhaul of the fresh products line, and major investments in pricing, especially for staple goods. A program to renovate stores and adapt concepts to customer expectations was implemented. The Vincente Lopez and San Lorenzo hypermarkets were remodeled. The San Lorenzo store was expanded and modernized and now serves as a flagship store.

These measures quickly paid off as customer traffic improved in the second half of the year, despite the crisis. However, the sudden plunge in the buying power of Argentine consumers drove down the average customer basket.

In early 2002, a promotional campaign based on the theme “Carrefour pays back ten times the difference” boosted the company’s position as a discounter. In addition, Carrefour used its buying power to intervene with suppliers to discourage price speculation and maintain the lowest market prices.

Thus, store retail sales in a period of profound economic crisis illustrate the strength of their position with Argentine consumers.

Supermarkets: a year of consolidation

In April 2001, Carrefour, which owned 70% of its subsidiary Norte, raised its stake to 100% and took over the management of the company. The Norte network consists of more than 130 stores throughout Argentina that have very good image with the Argentine people.

Carrefour quickly began work on the product line, with two primary goals: to create a common product line and adapt products to regional trends. The supermarket concepts that have been successful in other countries were also implemented: priority for fresh products, more house-brand products, a reduced non-food line, introduction of the Tex brand in clothing, etc.

Despite the crisis, Norte was successfully consolidated and substantial synergies were implemented with the hypermarket network in management, purchasing and supplies.

In early 2002, a new product line and a new pricing policy adapted to the new situation in the country were introduced.

Hard discount stores continue to expand

The crisis in Argentina has had an effect on Dia’s net sales. Due to the riots in December, some twenty stores were closed for several days.

However, Dia continued to expand its network in 2001, opening 44 stores, with a total of 256 stores by the end of December. To gain a stronger foothold in the region, the Group began to develop a franchise network in the second half of the year with the creation of five stores.
BRAZIL

74 hypermarkets • 131 supermarkets • 17 hard discount stores

In an environment reeling under the impact of the devaluation of the real and an energy crisis, Carrefour is maintaining its market share thanks to major restructuring efforts designed to consolidated its new supermarket network.

Hypermarkets: continued growth

As the country’s number one hypermarket operator, Carrefour regained market share in the third quarter after a period of adjustment to the energy crisis, which reduced consumption of frozen foods, fresh foods and appliances. These gains are the result of a highly attractive pricing policy combined with a line of merchandise and promotional campaigns better adapted to the customs and trends of the marketing areas.

In 2001, the company opened two hypermarkets in Sorocaba (State of Sao Paulo) and in Rio de Janeiro.

Supermarkets: standardizing the network

Between 1998 and 2000, the Group acquired 110 supermarkets from seven different networks. The year 2001 was the first full year of operations under the Champion banner. It was a year marked by massive restructuring in order to integrate the concept and adapt it to the country’s consumption patterns. The reorganization of the different chains so that they operate with the same tools and procedures will be completed in the first quarter of 2002.

Champion refocused its expansion on five priority regions: Rio, Sao Paulo, Espirito Santo, Brasilia, and Belo Horizonte. Twenty-five stores were opened in these target areas, and nine non-strategic sales outlets were sold.

To position the stores properly in their local markets, the Carrefour decided on a highly decentralized structure with substantial authority delegated to its regional managers.

Hard discount stores: Brazil, Dia’s seventh country

Dia took its first steps in Sao Paulo, opening seventeen stores between July and December. Deployment of the Dia banner will be accelerated in 2002. In the city of Sao Paulo alone, 60 new stores will be opened. Dia benefits from the group’s networks of hypermarkets and supermarkets.

Carrefour: an involved local employer

With 48,000 employees, Carrefour is one of the leading employers in Brazil. Thorough its stores, the group is very involved in implementing sustainable development projects in the environment, employment, healthcare and education.

Carrefour’s efforts to reduce electricity use to meet with the energy crisis substantially exceeded the objectives set by the government.

In addition, on August 25 of last year, 40,000 children were vaccinated against polio in the Carrefour hypermarkets temporarily converted to vaccination centers for this purpose.

In the area of employment, Carrefour hired 1,500 untrained young people in cooperation with the government of the State of Sao Paulo.
In a highly fragmented market where modern retailing is gradually but slowly being accepted over traditional stores, Carrefour is concentrating its capital expenditures in the central region, where 79% of its infrastructure has been established. The initial effects of the US economic downturn, followed by the events of September 11 have begun to change consumer behavior. They are now much more likely to look for bargains. These events impacted the banner’s growth in the second half of the year. Clothing held up better, protected by the good quality of the products offered and successful sales. Carrefour reacted to this slowdown as early as October by offering attractive products and services and a number of sales promotions.

The company continued to apply its differentiation policy by adding more one-of-a-kind imported items to the non-food line. New departments were added to the stores—entertainment, toys and pet food. In January 2001, Carrefour established an inter-store sales development department responsible for centralizing expertise and information tools to make them accessible to all the stores. Carrefour continued to optimize its supply chain by improving negotiating terms and reducing inventory.
COLOMBIA

5 hypermarkets

The Carrefour concept was introduced in Colombia in 1998 and has been highly successful in this high-growth region, where most consumer needs are not met. Carrefour also enjoys excellent brand recognition among consumers. In less than a year, the Group doubled its market share and increased sales by 60% with constant stores (79% with constant exchange rates). Carrefour opened two stores in Bogota in 2001 and expects to inaugurate two more in 2002. Management was consolidated with the appointment of the first Colombian executives to key positions and the creation of four new divisions: training, organization and systems, expansion programs and assets. The first customer service training module was implemented. In December 2001, Carrefour Colombia teamed up with UNICEF to establish a children’s school (Ecole Amie des Enfants) focused on children’s physical heath and education.

CHILE

4 hypermarkets

Carrefour has been active in Chile since 1998, and is making steady progress in this mature country where the hypermarket concept was introduced only recently. To meet the needs of a population with strong buying power, it relies primarily on compact formats and a product line similar to the one offered in Europe, with strong emphasis on food products. Carrefour has one of the most competitive pricing positions in the market, along with special expertise in fresh products and high quality brands. For example, in 2001, forty Reflets de France items were added to the food product line. In 2001, Carrefour opened a fourth store in Santiago with 8,000 m² of sales space. The Vélasquez store was reconfigured to increase its sales space to 10,000 m². Pursuing a determined policy to establish itself and stand out from its competitors, the Group is gradually gaining ground in a highly competitive market. In 2001, sales grew 15% (32% with constant exchange rates).
Asia, a tremendous potential
How does Asia fit into Carrefour’s plans for growth?

We are expecting a great deal from this area. We have been doing business in Asia since 1989, and we are very familiar with local customs and trends. We believe the rapid changes in consumer patterns in the countries where we do business are promising. Asia is the continent with the greatest potential for long-term growth for the Group through two particularly attractive countries: China which will soon open up a market of over one billion people to international companies through its membership in the World Trade Organization; and Japan, because the buying power and behavior of its residents.

How did your markets change in 2001?

The Asian markets are still suffering from the effects of the Japanese crisis. The downturn in the US market has had an adverse effect on exporting countries like Taiwan, Malaysia and Japan. The strength of our concept, backed by a policy of differentiation and low prices, has continued to drive growth in all our stores. As of December 31, 2001, sales in Asia, on a constant store basis, grew faster than in any other region. With the exception of Japan, which is in a start-up phase, all the countries in the region made positive contributions to earnings.

Why base your growth exclusively on hypermarkets?

As the leading international retailer in Asia, the Group is also the first to have introduced the hypermarket concept. We are now operating 108 hypermarkets, three quarters of which are located in Taiwan, China and Korea. The advantage of a hypermarket is that it can attract a substantial number of customers. Now, because of the maturity of some countries and our in-depth knowledge of local consumers, we can introduce other Carrefour formats. We are thinking about it.

### Table: Economic Indicators for Selected Countries

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<tbody>
<tr>
<td>China</td>
<td>1,271,890</td>
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<td>7.3%</td>
<td>4,204</td>
<td>1.4%</td>
<td>1,341</td>
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<tr>
<td>South Korea</td>
<td>47,720</td>
<td>0.8%</td>
<td>1.5%</td>
<td>18,129</td>
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</tr>
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<td>Indonesia</td>
<td>213,855</td>
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<td>3,086</td>
<td>4.5%</td>
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<tr>
<td>Japan</td>
<td>127,064</td>
<td>0.1%</td>
<td>0.0%</td>
<td>5,283</td>
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<tr>
<td>Malaysia</td>
<td>23,556</td>
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<td>9,220</td>
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<tr>
<td>Singapore</td>
<td>3,511</td>
<td>3.4%</td>
<td>-3.5%</td>
<td>27,631</td>
<td>1.5%</td>
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<tr>
<td>Taiwan</td>
<td>22,364</td>
<td>0.8%</td>
<td>-2.1%</td>
<td>22,083</td>
<td>0.3%</td>
<td>1,460</td>
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<td>Thailand</td>
<td>62,936</td>
<td>0.8%</td>
<td>2.0%</td>
<td>6,535</td>
<td>2.1%</td>
<td>350</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td><strong>5,087</strong></td>
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<td></td>
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</table>
TAIWAN
26 hypermarkets

As the leading retailer in Taiwan, Carrefour continued to expand in a sluggish economic environment, as all economic indicators deteriorated in 2001. The company opened two new stores during the year in Kaohsiung and Taipei. In this context, Carrefour Taiwan gained market share thanks to a determined discount pricing policy. Major promotional campaigns were held to mark the major events of the year, including the Chinese New Year, carnival, Carrefour’s anniversary. This led to a significant increase in customer traffic, especially at the end of the year. In 2002, Carrefour should continue to improve sales and profitability because of the quality of the stores and the strong image of the banner. The company will continue to keep prices low, renovate the fresh product line, and emphasize low-priced products and products bearing the Carrefour label.

CHINA
27 hypermarkets

Carrefour has been active in China since 1995 and is the country’s top foreign retailer. It is now expanding in fifteen of the seventeen major cities. In 2001, a process to reorganize Carrefour’s legal structures carried out in cooperation with Chinese authorities slowed our growth in the country temporarily, and delayed some store openings. Solely on the basis of its marketing strategies, the Group increased its sales in local currency by 15% compared with 2000. At the end of the year, Carrefour received the authorizations required to continue its growth. It resumed its expansion projects in January 2002 and has plans to open between seven and ten stores a year. China’s membership in the World Trade Organization in 2001 opens up new possibilities for medium-term growth for international retailers. Carrefour is in a good position to take advantage of these opportunities.

KOREA
22 hypermarkets

The third largest retailer in Korea, Carrefour opened two stores in Seoul in 2001 and posted a 17% increase in sales in local currency, aided by steady consumer spending despite an economic slowdown. At year-end, the “Power Card” was introduced. This is a Visa card co-branded by Carrefour, Cetelem and Shinham Bank, with a permanent credit authorization. This major marketing and customer loyalty tool for Carrefour has been very successful. By the end of February, more than 100,000 people had used it since its introduction on December 12, 2001. During the year, the Carrefour product line was also expanded as 950 food and textile items were added to a product line that now offers 1,850 products. Carrefour received a prize for foreign companies awarded by Korea’s Ministry of Commerce and Industry for the quality of its investments in the country and its contribution to job creation. In 2002, Carrefour Korea will continue to adjust its concept to the expectations of Korean consumers.
THAILAND
15 hypermarkets

The brand opened four stores in 2001 and increased its presence in the capital. At year-end 2001, it had fourteen stores in Bangkok and a store in Chiang Mai, the country’s second largest city.

In 2001, the economic slowdown in Thailand weakened consumer spending and affected consumer purchasing power. In this environment, Carrefour’s low prices made the difference. The group’s sales rose 20% in local currency, stimulated by an aggressive promotional strategy. The Group continued to expand the number of low-priced and Carrefour brand products. It also initiated a substantial program to achieve differentiation through fresh products and services. In cooperation with Cetelem, Carrefour developed a highly competitive credit offer. A partnership with “Bangkok Bank”, the leading local bank, will allow Carrefour to offer additional financial services in all its shopping malls.

CARREFOUR THAILAND TEAMS UP WITH UNESCO.

Carrefour Thailand, in partnership with the Carrefour International Foundation, is assisting the UNESCO programs to educate needy children in Thailand. As part of this program, Princess Maka Chakhty Sirindhorm is sponsoring a local project to establish sixty informal training centers to compensate for a school system that is practically non-existent. Carrefour has made a commitment to fund the entire project. Eleven centers are already in operation, and nine more are being established.

INDONESIA
8 hypermarkets

The developments initiated three years ago in Indonesia are now paying off. Carrefour posted a gain in market share of roughly 4%, and a 42.6% increase in sales in local currency.

The company implemented a major name recognition program through an intensive promotional campaign in both catalogues and in the press, television and radio.

Carrefour opened an eighth store, Lebak Bulus, in Djakarta. In 2002, the Group plans to expand outside the capital city for the first time by opening two new stores.
MALAYSIA
6 hypermarkets
Carrefour continued to expand in Malaysia. To counteract the slowdown in consumer spending, it conducted aggressive promotional campaigns to mark Carrefour’s seventh anniversary in Malaysia in February, the Carnival in April, and the Group’s 38th anniversary in October. Carrefour also developed its position as a discounter by harmonizing the prices and product lines in its stores. The company introduced new staple items produced locally and sold exclusively by Carrefour.

SINGAPORE
1 hypermarket
Carrefour successfully integrated its Singapore store and positioned it to meet the expectations of a multicultural population with substantial buying power. Sales increased 7% with a constant sales area, driven by an intensive sales strategy. The banner conducted a total twenty advertising campaigns in 2001. Expanding the low-priced line in the stores and increasing the number of items sold in the various departments increased store traffic. More than 450 Carrefour, Reflets de France and Carrefour Bio products imported from France were added to the inventory. Carrefour is planning to increase that number to 600 in 2002.

JAPAN
3 hypermarkets
In December 2000, Carrefour became the first foreign retailer to enter the Japanese market. The real estate slump provided an opportunity for the Group to move into a country with strong potential thanks to its high standard of living, even in times of economic crisis. The first hypermarket was opened in Makahari, a suburb of Tokyo; two others followed in Tokyo and Osaka in January 2001.

This first year was a year in which the banner became familiar with and adapted to local consumer habits. With their small homes, the Japanese have limited storage capacities and tend to shop more frequently and in small quantities. The latest western products are very popular with the Japanese, who expect a French department store to take them to another country and offer them everything they love about France, from bread to perfume to clothing. Carrefour redesigned its concept during the year to meet these expectations, doubling the number of French products in its lines and including luxury products in the non-food line. Carrefour also consolidated its retail channels with the support of local partners. A fourth store will open in Sayama (Tokyo) in 2002.