

La Coop des deux rives La Coop Pré-Vert La Coop Langevin La Coop Agrivert La Coop Uniforce La Coop CoopPlus La Coop Albanel

La Coop Appalaches La Coop Verchères La Coop Amos La Coop Chambord La Coop Ste-Justine La Coop Agrodor La Coop des Cantons La Coop Excel

La Coop de l'Assomption La Coop St-Méthode La Coop Parisville La Coop fédérée La Coop Jonquière La Coop St-Côme-Linière La Coop Weedon

A Strong Network

La Coop Bois-Francs La Coop Agriscar La Coop Comax La Coop Squatec La Coop St-Denis sur-Richelieu La Coop Agrilait La Coop St-Patrice La Coop Purdel

La Coop Rivière-Saint-Jean La Coop Saint-Alexandre de Kamouraska La Coop Agrivert La Coop Saint-Hubert La Coop Gracefield La Coop Saint-Julie La Coop Ste-Catherine



A N N U A L R E P O R T 2 0 7



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*La Coop fédérée is the cornerstone of the **La Coop** network. It is a reflection of the drive of Québec agricultural producers to work collectively within a world-class supply and marketing chain.*

*The **La Coop** network is a beacon for Québec agri-food, the collective and environmental hallmark of firm commitment to sustainable development.*

[in thousands of dollars]

	Revenues	Earnings (loss)*	Patronage refunds	Working capital	Preferred shares and equity
2007	\$3,286,795	\$ 40,587	\$10,000	\$ 43,846	\$338,754
2006	\$3,175,705	\$(21,599)	\$ —	\$ 164,721	\$305,890
2005	\$3,141,860	\$ 42,463	\$ 8,500	\$197,750	\$321,928
2004	\$2,908,842	\$35,456	\$12,000	\$139,486	\$284,711
2003	\$2,755,096	\$26,136	\$ 8,203	\$127,981	\$261,689

*Earnings (loss) before patronage refunds and income taxes

Highlights

[in thousands of dollars]

	2007	2006
Revenues	\$3,286,795	\$3,175,705
Operating earnings (loss)	46,551	(46,144)
Earnings (loss) before patronage refunds and income taxes	40,587	(21,599)
Patronage refunds	10,000	—
Net earnings (loss)	22,817	(10,191)
Accounts receivable and inventories	474,029	444,052
Current assets	487,907	455,764
Working capital	43,846	164,721
Property, plant and equipment, at cost	920,588	894,676
Property, plant and equipment, net book value	428,953	442,865
Total assets	1,014,948	1,004,006
Long-term debt, including current portion	228,039	285,400
Preferred shares and equity	338,754	305,890
Number of employees	11,072	11,895

Our Organization



La Coop fédérée contributes to the economic, social and environmental development of cooperative agricultural producers and its affiliated cooperatives by:

Developing an integrated cooperative network owned and operated by member agricultural producers to supply professional use products and services;

Operating a network of complementary businesses controlled by them that generate competitive earnings, primarily in the hardware, energy and meat processing sectors;

Enabling member producers to join together in democratically coordinating the value added production chain they are part of;

Promoting cooperative education and bringing cooperative values to life.

President's
Message

FROM LEFT TO RIGHT:

LAURENT BOUSQUET
*2nd Vice-president and
Executive Committee Member*

DENIS RICHARD
*President and
Executive Committee Member*

GHISLAIN CLOUTIER
*1st Vice-president and
Executive Committee Member*



TURNAROUND

Following the crisis in 2006 that hit the hog slaughtering operations of its subsidiary Olymel, La Coop fédérée staged a recovery in 2007. Most sectors posted strong performances, and the Co-op network is expected to continue holding its own in 2008, provided that it seizes this upturn to carry on with the transformation already underway and pick up the pace.

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a Coop fédérée ended fiscal 2005-2006 with a significant deficit. These negative results were primarily attributable to the crisis shaking slaughtering operations in the hog sector. Despite the challenges caused by the Canadian dollar's rapid appreciation against its U.S. counterpart, the other sectors managed a clean bill of health. In my 2006 message, I mentioned that 2007 would be a year of transition, particularly in the hog sector. While the anticipated transition did occur, the term "turnaround" would more adequately summarize the year. From a financial standpoint, our results improved substantially: fiscal 2006-2007 saw a return to profitability for La Coop fédérée, with earnings totalling \$40.6 million.

Strong results, practically across the board

This upbeat showing reflects the significantly improved situation of our members and most of the markets we operate in.

Fiscal 2007 was generally a good year for milk producers. Output was on the rise, and milk price hikes generally translated into higher revenues for milk producers. Analysts expect prices to remain high in 2008. Milk producers should take advantage of these favourable conditions to achieve further consolidation and lower debt levels.

In the milk sector, as in the other sectors subject to supply management, the issues arising from the current round of World Trade Organization (WTO) negotiations, the outcome of which remains uncertain, are currently being overshadowed by more immediate concerns, such as the growing use of dairy ingredients and the strength of the Canadian dollar which results in reduced border protections.

The balance that was struck between supply and demand in the poultry sector has given rise once again to an excellent situation, which is a boon to producers and processors alike. Yet, this industry is still faced with numerous challenges. As Canada's population shifts westward, Québec's share of national production continues to shrink. The prevailing situation with respect to imported pre-cooked meals, which are not subject to protective tariffs, points to additional pressure on supply management.

An ideal growing season was largely behind the success of the grain sector. Barley and wheat prices are benefiting producers, even though they are still below production costs, and soy and canola bean prices are rising. The average price of corn is still acceptable, yet also below production costs, and demand sparked by ethanol production is having a positive impact. This situation is expected persist in 2008: U.S. corn production will likely reach record levels and corn consumption, driven by ethanol and exports, will also reach unparalleled heights.

Crop production has enjoyed a similarly successful year. La Coop fédérée recorded a sharp increase in sales of Elite corn hybrids. However, soy seed sales slipped slightly lower, albeit much less so than the average decline in seeded acreages.

The petroleum sector also recorded a positive performance, which does not mean that the challenges facing it magically disappeared. Heating oil consumption continues to subside, and profit margins at independent producers are getting increasingly slimmer. A number of market players are increasingly interested in the agricultural sector, but our ownership interest in the Groupe pétrolier Norcan inc. terminal helps us be competitive vis-à-vis the major oil companies.

We will thus be carefully monitoring developments, as energy costs represent a significant portion of our inputs, and as in other areas, producers are their own best ally when it comes to meeting their own needs.

The hardware and farm machinery sector also fared relatively well in 2007, but 2008 may not necessarily see a repeat performance. The renovation and construction markets seem to be at the end of a bullish cycle, and the major market players just keep getting bigger. At a time when hardware store owners are passing the gauntlet to the next generation, a number of opportunities may arise for the Co-op network. We need only to be ready to seize the day!

I purposely left the hog sector to the end, which does not mean it is the least of our concerns. Quite the opposite, as we are all aware, the primary processing of live hogs still encounter important deficits.

A crisis affecting the entire agri-food industry

Nowhere was the term “turnaround” more meaningful than in the hog sector. Clearly, the radical decisions regarding Saint-Valérien, Saint-Simon and Vallée-Jonction were made with a heavy heart. But it was the market reality—and the survival of Québec’s hog sector—that dictated them.

The factors behind this stalemate in the hog sector are well known, and it is common knowledge that the loonie’s rapid appreciation against the greenback was the trigger, making it clear that the status quo had become untenable.

Not unlike what transpired in the manufacturing sector, the weakness of the Canadian dollar had provided a temporary—even artificial—advantage for many years, and we did not always ascertain just how fragile it was. While our foreign competitors were cutting costs, stepping up productivity and closing the product quality gap with us, we were perhaps too prone to rest on our laurels. And when that advantage disappeared, we were not as well prepared as we should have been.

The \$1.5 million we invested in phase 1 of the Hog Plan and the additional \$6 million that will accompany phase 2 will enable the Co-op network to offer member hog producers significant reductions on their input costs. With this emergency action, producers should be able to remain faithful to their cooperative and weather the crisis. However, this is only a short-term measure, which is meaningless unless it is part of broader strategy, which will necessarily have a medium-term horizon.

This strategy obviously consists in building an end-to-end pork business in which we will focus on competitiveness and quality upstream from production, during production and downstream from production. What’s more, it is not just about setting up an end-to-end business model, it is about underscoring its new *raison d’être*. In other words, hog production must not be seen merely as a production chain, where costs are reduced and the quality of each link enhanced (genetics, feeding, production, slaughtering, marketing), it must be understood that this production chain is rooted in consumer habits.

Ultimately, the coop’s customer is not the member producer. The producer’s customer is not the slaughterhouse or processor. The slaughterhouse or processor’s customer is not the retailer. The real customer of all these stakeholders is the consumer. It is therefore the end customers—and their needs, expectations and tastes—that must define the makeup of the entire production, processing and marketing chain, and drive the behaviour of all its links.

The hog production crisis is affecting the entire agri-food industry. The difficulties in hog production could spill over into all the other sectors, which underscores the importance of focusing on the solutions to be implemented.



Unique network by its commitment



Board of
Directors



FROM LEFT TO RIGHT:

CLAUDE COUTURE

GASTON BLAIS

LUC FORGET
Executive Committee Member

BERTRAND COMEAU
Audit Committee Member

CLAUDE G. COUTURE
Audit Committee Member

NORMAND MARCIL
Audit Committee Member

MARC A. TURCOTTE
Executive Committee Member

MICHEL DOUVILLE
Audit Committee Member

CHARLES PROULX

SOPHIE BÉDARD

DAMIEN LEMIRE
Audit Committee Member

FRANÇOISE MONGRAIN



Unique network by its reach

Agricultural practices that are increasingly environmentally friendly, investments in alternative energies, quality products, operating close to consumers and communities: the Co-op network is already well advanced in its sustainable development strategy.

Rigorous specifications, but flexible application

This is the guiding principle of the contractualization program for Co-op-certified hog production that we launched. In a nutshell, this program involves specifications for product customization to ensure the product meets consumers' specific expectations and differentiates itself in the marketplace. This approach has already been successfully implemented by several of our competitors. It is the way of the future and that is where we are headed with Co-op certification.

This approach, which provides added value to the production chain, can easily be implemented in full compliance with the joint plan and centralized marketing, provided that these tools are not interpreted as dogmas and that they are afforded with a certain measure of flexibility.

To satisfy consumers' broad range of tastes, we have no other option than to target a customized product and flexible production.

After an initial agreement with Québec's hog marketing board, the Fédération des producteurs de porcs du Québec, for the marketing of 1.2 million Co-op-certified hogs, our initiatives came under attack in June. This is quite surprising considering that certain producer/processors have more room to manoeuvre.

For La Coop fédérée, and Québec hog producers, this is a major issue. Our ability to carve out global market share and ensure a market for our member producers is in jeopardy. However, we can already confirm that although the guidelines issued by the government following the release of the Coulombe report prevent us

from offering this option to member producers, we will explore other ways of continuing Co-op-certified hog production for our member cooperatives. This has nothing to do with stubbornness on our part, but rather our belief that there are simply no other viable solutions over the long term for cooperative hog production.

The Co-op solution: resources, best practices and a plan

If we are not careful, what happened in the hog sector—putting off reducing our costs, enhancing our productivity and sticking closely to consumer needs—could easily happen in other sectors.

But what do we need to not only ensure our survival, but also achieve dynamic development and position ourselves in the marketplace? Resources? We already have them—in abundance, judging by the rest of the world's covetous interest in our land and water. Knowledge and know-how? We already have more than we need, when you aggregate the scientific and technical knowledge of our institutes and colleges with the hands-on knowledge and experience of generations of agricultural producers. A plan? A strategy? That, too, is starting to be put in place and often into practice.

As a result, our crops, breeding farms and productions are increasingly respectful of the environment and are designed from a sustainable development perspective. We have the resources, it's true, but we are aware of the need to preserve them. Progress is not always as fast as ecologists would like it to be, but it is being made: aligned with our ability to integrate change and the reality on the ground, which sometimes lags the prevailing discourse.

This is clearly evidenced by La Coop's increasing involvement with new or alternative energies. Think of ethanol produced from corn, which has the two-fold advantage for producers of providing additional sales opportunities and lowering energy costs.

We believe that agricultural cooperatives must rapidly position themselves as ethanol-corn producers to have a presence in these markets when ethanol produced from agricultural and forest residues becomes a reality. Moreover, our reflective thinking has also targeted biodiesel produced from domestic or agricultural residues and, in particular, methane production. This industry, which is already targeted in two projects, including a farm-based project, could be particularly promising, especially since it enables the implementation of individual energy systems running on biogases produced from manure and other animal wastes.

In short, we intend to stay active in alternative energies because they enable our producers to kill two and sometimes three birds with one stone: reduce their energy costs, contribute to a healthier environment and, in certain cases, generate a new revenue stream.

Sustainable development and new energies can therefore constitute key components of the new agri-food development strategy that we must put in place.

But the overall development plan that we need, the plan that will enable us to put all the pieces of the puzzle together, should come from the greatly anticipated report of Québec's high-level Commission sur l'avenir de l'agriculture.

Along with several of our network's cooperatives, La Coop fédérée attended hearings to defend its agricultural vision before the commissioners. We clearly

opted for a food sovereignty approach, or in other words, for our right as a community to decide for ourselves what we want to do with our agriculture and our own food products.

In a nutshell, that means preventing the WTO from making vital decisions in our stead. We can only hope now that our governments will take our recommendations into account.

We also took advantage of our hearing before the Commission to elaborate our vision regarding the strategic role of Québec agriculture in global markets. Since mass-market or standard products are controlled by the U.S. and emerging markets, we insisted on the need to invest in the mid-market product sector, industrially manufactured in high volumes, with quality as the key selling point. We propose to invest in this area, making sure to set ourselves apart by offering high-quality, customized, eco-friendly products with a unique "flavour."

Customization and product quality is what will set us apart on the world stage. And these features will only be possible under a Québec model with flexibility.

The Chrysalide project: a network in flux that is tightening its structure for the benefit of its members

However, we did not wait for the conclusions of the Commission sur l'avenir de l'agriculture to make the necessary adjustments in response to the new challenges facing global agriculture. Our own development strategy, which is perfectly aligned with the agriculture and agri-food project that I just outlined, is

dubbed the Chrysalide project, and its deployment is already underway.

In the past few years, a number of local coops looking to reduce member input costs have strived to optimize their operational productivity. However, we realized that this coop-by-coop optimization process had its limits and that the productivity gains would be much larger for everyone if the strategy were implemented on a regional or provincial level, or if the entire network's strength were brought to bear rather than the strength of each local coop.

Given that self-management and deep community roots are key values for coop producers, this rationalization, which can often result in the closing of several feedmills, will not be easy to hammer out and implement. But this rationalization is necessary and is already underway in several regions.

In April 2007, the Presidents' Forum considered that this optimization could only produce all its benefits if it were implemented on a broader scale. Therefore, La Coop fédérée was asked to lead this initiative and come up with a provincial strategy project. This project was presented and approved at the semi-annual meeting in August 2007. It is an optimization project whose immediate priority is lowering costs in the live-stock production sector, but whose longer-term outlook is broader in scope since it embraces all sectors. That is the Chrysalide project.

The key points of the Chrysalide project are already known. Primarily, it seeks to create value for our producers at every stage of the production chain: by lowering their input costs, helping them to enhance efficiency and productivity thus increasing the revenues they

derive from their production volumes. We intend to achieve these goals by leveraging on our strengths and abilities, and using them more rationally to optimize our potential and maximize the economic spin-offs for producers and consumers.

We tend to forget it, but the network of La Coop fédérée has valuable assets that are the envy of its competitors. One need only think of the considerable investments that the major integrators, oil companies and major supply chains are ready to invest to impose a brand, differentiate their products or open points of sale and service to fully appreciate the exceptional value of our assets. Let's think of our network of member producers, of course, but also of our associate members, our stores, our trademarks and the stamp of quality that the Co-op-certified label represents.

We are already well established throughout Québec, we are solidly rooted in our communities and enjoy an enviable reputation. The first component of the Chrysalide project consists precisely in bolstering this lead and building further on it.

Moreover, La Coop fédérée and the Co-op network are veteran stakeholders in the Belle Province. In 85 years, they have made a major contribution to the agricultural development of all Québec regions.

We thus expect to further leverage on this reputation and the built-in goodwill that goes along with it. We will also stress how our cooperative structure sets us apart. We will develop our marketing capacities so that each point of sale or service related to our Co-op network will benefit from this distinctive and positive image with consumers.

The Chrysalide project:
a way to optimize the assets of the Co-op network by
using them in a more rational and innovative manner.

Unique network by its adaptability



However, it is not enough to simply have an attractive showcase and shop, we also have to be able to follow through with quality products and competitive prices. And this is perhaps the biggest challenge of the Chrysalide project: the work that goes on in the shadows, far from the front window, behind the scene.

Behind the scene, we can already draw on significant pooled assets, but it is possible to use them more effectively. This optimization can call on new leading-edge technologies and innovative new approaches, not only to our products, but also to management. We can also streamline our human resources by pooling them, as certain coops have done already by setting up a pooled sales force or a common general management team.

And the term “assets” does not refer solely to our facilities and equipment. We can enhance the competencies of our human capital. And by improving our management and logistics, we can also increase productivity.

The Chrysalide project is on track, but we have a ways to go before its completion. And to go the distance, the boards of directors of each cooperative will have to buy in to the project and sell its benefits to their members. The Chrysalide project's success depends on the buy-in and active participation of each coop in the network.

A feasible project... if we all work toward our common goal

We have the resources. We have the knowledge and the know-how to manage them rationally. We have the strategy to see it through. So, what else do we need to make the Québec agriculture and agri-food industry a major player, capable not only of feeding its own population but also exporting its products on a global scale?

Basically, it takes two things: will... and goodwill.

The will of our political decision-makers to defend the interest of agricultural producers, agri-food businesses and the consumers they serve. These interests—although it may seem odd at first—are not diametrically opposed and can easily be reconciled. Food sovereignty and sustainable development are two approaches that enable this reconciliation of common interests. With the WTO negotiations and the report of the Commission sur l'avenir de l'agriculture and Mr. Coulombe's report on the hog sector, our political decision-makers have a sterling opportunity to show us what they are capable of. They can prove to us that they are serious in their aspiration for modern, dynamic and effective agriculture.

The will and goodwill of our agricultural partners who, beyond certain diverging viewpoints, should be the first to identify these common interests that bring us all together. They should be the first to understand the need to participate in the new common agricultural project that we are proposing to them because it is the only way for Québec agriculture to survive and avoid being swallowed up by the emerging economies and major multinationals.

Finally, the goodwill of producers and coops under the Co-op network umbrella, who must have the necessary vision to fully grasp the overall and long-term challenges in their sector, and who must have the courage to translate this vision into actions by implementing the necessary solutions to make it happen.

In short, we have the resources, we have the means and we have a game plan. Of course, winning the game will be no easy task. But with our political decision-makers, partners and producers all on side, I have no doubt that victory is within our grasp.

In closing, I would like to thank my colleagues on the Board of Directors for their foresight and unflinching support, as well as our General Manager, Claude Lafleur, and the President and CEO of Olymel, L.P., Réjean Nadeau, and their collaborators for the expertise, skills and experience they bring to the table.

I would also like to thank all our employees who work hard day in and day out to make the Co-op network a partner in our development. Finally, I would like to thank all those who are actively involved in the decision-making bodies and management of the agricultural cooperative movement. You have made the Co-op network the dynamic partner of our farms. It is you who will make our agricultural cooperatives our partners of the future.



Denis RICHARD
President of La Coop fédérée



We already form a network. But we can strengthen our network through tighter coordination and increased pooling of resources.

Cooperative
Overview

LA COOP FULLY ADHERES TO THE PRINCIPLES SET OUT IN THE STATEMENT OF COOPERATIVE IDENTITY ADOPTED BY THE INTERNATIONAL COOPERATIVE ALLIANCE. THIS STATEMENT PROVIDES EVERYONE AT LA COOP WITH A PHILOSOPHICAL FRAMEWORK FOR MAKING DECISIONS IN ACCORDANCE WITH THE COOPERATIVE SPIRIT.

First principle **VOLUNTARY AND OPEN MEMBERSHIP**

La Coop added two new cooperatives during the previous year, while no applications for withdrawal were received. At year-end, La Coop comprised 106 member cooperatives. These cooperatives represented 57,000 regular members and nearly 20,000 auxiliary or associate members.

Second principle **DEMOCRATIC MEMBER CONTROL**

As at October 31, 2007, the network included 630 elected directors.

For the purposes of La Coop's Annual General Meeting in February 2007, the member cooperatives were entitled to designate 335 delegates to represent their members and voice their opinions. Of that number, 274 delegates and 45 alternates availed themselves of that right, for an actual participation rate of 82%. In addition, the regulation relating to the election of directors at La Coop was amended at the meeting so as to ensure a better distribution of voting rights in the electoral territories and thereby a better expression of cooperative democracy.

Other meetings throughout the year provided cooperative executives with opportunities to enter into open dialogue and guide La Coop's actions. A total of 323 presidents, vice-presidents and general managers participated in the President's Tour in January 2007, while 68 cooperative presidents took part in the Presidents' Forum in April 2007 and 164 cooperative executives attended the semi-annual meeting in August 2007. During the three meetings, we noted greater member participation, which is indicative of a more dynamic cooperative life with in the network.

During the year, La Coop also organized discussion groups with associate members of affiliated agricultural cooperatives and regular members of consumer cooperatives to better understand the concerns of these non-agricultural members.

The Board, which is made up of 15 elected directors from the 15 regional and provincial territories, devoted 26 working days to La Coop's commercial and cooperative affairs (excluding Olymel's operations). Furthermore, the directors participated in two shorter conference calls. Finally, the Executive Committee spent an additional nine days reviewing various matters.

Third principle MEMBER ECONOMIC PARTICIPATION

The member cooperatives hold \$82 million worth of La Coop's common shares and \$244 million in the form of a collective reserve. This reserve is used to ensure La Coop's development and to support various undertakings in accordance with member cooperatives' needs.

In 2007, La Coop also declared patronage refunds to its members for a total amount of \$10 million, bringing total patronage refunds to cooperatives to \$38.7 million for the past five years. Last, the directors resolved to redeem, in February 2008, Class D common shares issued between 1995 and 2000 for a cash consideration of \$8.7 million.

Fourth principle AUTONOMY AND INDEPENDENCE

La Coop ensures its independence from lenders by maintaining conservative financial ratios. It also strives to retain a majority interest when entering into alliances with other enterprises.

La Coop promotes sound governance practices, most notably by separating the positions of president and general manager, by fostering directors' independence from management and by pursuing sustainable results.

In addition, La Coop recognizes the autonomy and independence of its member cooperatives. It has implemented various initiatives to meet the needs of a minimum number of its member cooperatives, while making program participation optional for each cooperative.

Fifth principle **EDUCATION, TRAINING AND INFORMATION**

La Coop communicates with all the members of the affiliated agricultural cooperative via its magazine, *Le Coopérateur agricole*, its main informational tool, which is published ten times per year.

La Coop provides training for all elected representatives to support their role within the agricultural cooperative network. Currently, 427 of the 630 elected representatives are taking part in this program. Of that number, 82 have earned formal designations as members after accumulating 15 training credits; 62 are companions (30 credits) and 88 are commanders (45 credits or more).

Employees have access to 63 tailor-made training courses offered by Académie Coop, representing a \$5.7 million investment for La Coop during the year.

Moreover, La Coop pursues its education and training objectives among a number of target groups, including young and/or female agricultural producers, by organizing annual seminars and forums. It offers scholarships to students and provides financial support to various educational institutions. Efforts are also made to educate opinion leaders and the general public on the relevance of the cooperative agricultural model.

Sixth principle **COOPERATION AMONG COOPERATIVES**

La Coop's involvement in a variety of organizations and associations enables it to enhance its member services and strengthen the cooperative movement. These groups include the Conseil québécois de la coopération et de la mutualité, the Conseil Canadien de la Coopération, the Fondation québécoise pour l'éducation à la coopération, the Société de coopération pour le développement international (SOCODEVI) as well as Co-operators Life Insurance Company, Cooperative Research Farms, Gene + and Interprovincial Co-operative.

Within its own network, La Coop strives to foster collaborative efforts between cooperatives so that they may reap the benefits of intercooperation. During the year, La Coop continued in its support role for numerous optimization and resource pooling initiatives under the Chrysalide project. Accordingly, it promotes a global vision of a network that strives to maintain the greatest possible number of cooperatives with a street office while serving as a highly integrated back-office organization.

Seventh principle **CONCERN FOR COMMUNITY**

La Coop (including Olymel) earmarks a budget of \$650,000 for donations and sponsorships to assist worthy organizations and events.

During the year, La Coop supported organizations of young agriculture producers and various contests to promote farm life, including the Ordre du Mérite agricole. Other worthy causes included United Way, the Conseil de développement du loisir scientifique and the Québec Midget AAA Development Hockey League. La Coop also supported the French-language television program *Par-dessus le marché*, which seeks to educate Québec consumers on agriculture and the food industry.

Through personnel secondments, La Coop also participated in several missions to help African and South American cooperatives supported by SOCODEVI and helped finance Uniterra's Leave for Change program implemented by one of its employees.



FROM LEFT TO RIGHT:

CLAUDE LAFLEUR
Chief Executive Officer

PAUL NOISEUX
Chief Financial Officer

GAËTAN DESROCHES
Chief Operating Officer

GILLES DENETTE
Chief, Member Services

MARIO LECLERC
Chief, Human Resources

ALAIN GARNEAU
*Legal Counsel and Chief,
Legal Affairs*

Management
Discussion and Analysis

2007
Before patronage refunds and income taxes, La Coop fédérée ("La Coop") posted earnings of \$40.6 million for the year ended October 27, 2007, compared with a loss of \$21.6 million for the previous year ended October 28, 2006.

This healthy recovery is attributable to turnaround measures implemented at Olymel L.P. during the year and sound results achieved in all of our operating sectors, except for hog slaughtering operations, which have not yet achieved profitability despite a spectacular improvement over the past year.

Supply Operations, which include the petroleum, hardware and farm machinery, grains and feedmills, and animal and crop production sectors, have made positive contributions to La Coop's results. Their net contributions are higher than in the previous year, partly due to a gain on the sale of quotas combined with an improvement in our share of results of entities subject to significant influence.

The same comments apply to Olymel. A significant turnaround in the hog sector's performance was made possible by a return to normal market conditions, particularly in export markets, growth in sales of value-added products and continued implementation of the operational restructuring plan. However, much remains to be done. Note that Olymel L.P. reported a restructuring charge of \$27.7 million in 2006. The poultry sector generated excellent results for the current year, helped by effective supply management in Canada, a range of high-performing products and a favourable price environment in the U.S. market.

La Coop's consolidated revenues for the year ended October 27, 2007 totalled \$3.287 billion, up from \$3.176 billion for the previous year. The increase is explained by the growth in Supply Operations.

This revenue growth is partly due to an increase in the volumes and selling prices in the grains and feedmills sector and partly to higher sales volumes for the Propane and Automobile Departments while prices remained relatively stable. Olymel L.P.'s consolidated sales fell compared with the previous year.

Cost of sales and selling and administrative expenses are under control, totalling \$3.220 billion compared with \$3.175 billion for the previous year. The increase is primarily due to higher cost of sales resulting from the growth in sales volume and the cost of inputs, mainly for the Supply Operations. However, this increase was offset by lower salary costs and operational expenses in Olymel L.P. plants.

Restructuring costs totalled \$27.7 million in 2006 and represented the impairment of property plant and equipment, as well as operating commitment and maintenance costs regarding the shutdown facilities belonging to our subsidiary Olymel L.P.

Financial expenses totalled \$20.6 million as at October 27, 2007, up \$1.9 million from \$18.7 million for the previous year. At the beginning of fiscal 2007, La Coop adopted the new accounting standards of the Canadian Institute of Chartered Accountants relating to financial instruments. These new standards and higher interest rates explain the increase in financial expenses.

These changes had a particular impact on the recognition of transaction costs relating to long-term debt. Previously, transaction costs were recognized in the balance sheet under other assets and amortized on a straight-line basis with the amortized amounts presented in the consolidated statement of earnings under amortization of other assets. In 2007, transaction costs are presented as a deduction in long-term debt and are charged to the consolidated statement of earnings under financial expenses.

Operating earnings amount to \$46.6 million for the year ended October 27, 2007 whereas very difficult conditions in the hog sector resulted in an operating loss of \$46.1 million in the previous year.

The share of results of entities subject to significant influence totalled \$4.6 million compared with \$1.8 million for the previous year. Better conditions for imports combined with favourable weather enabled our entities subject to significant influence to increase their sales volumes and, thereby, their earnings.

Gains (losses) on disposal of assets totalled \$4.1 million and mainly comprised a gain on the sale of quotas compared with a loss of \$2 million in 2006 arising from the writeoff of certain other assets.

After deducting the non-controlling interest of \$14.6 million for 2007, patronage refunds declared for 2007 amounting to \$10 million and income taxes of \$7.8 million, the net earnings for the year ended October 27, 2007 stood at \$22.8 million, compared with a net loss of \$10.2 million in 2006.

SEGMENTED INFORMATION

(Segmented revenues include amounts related to intersegment transactions.)

Supply

Consolidated revenues from Supply Operations totalled \$1.240 billion, up \$118 million from \$1.122 billion for the previous year. Although higher grain prices had an impact, this significant improvement is mainly attributable to sales volume growth in the grains and feedmills, petroleum and vegetable crop production sectors.

The net earnings of this large segment are higher than in the previous year, partly due to the recognition of a gain on sales of quotas combined with better results from entities subject to significant influence.

The year's highlight was that despite the fall in the Hardware and Farm Machinery Sector's sales volumes and contribution, better financial results in all other sectors made it possible to grant record sales discounts for animal and crop productions.

The main results for the different Supply Operations were as follows:

For the Animal Production Department, revenues totalled \$189.6 million, compared with \$188.2 million for the previous year. This relative stability was partly due to a decrease in net sales resulting from the transfer of ingredient sales to the grains and feedmills sector and partly to an increase in sales of broilers by the Hatcheries and Farm Department generated by new clients in Québec and New Brunswick. The Animal Production Department's net contribution grew by

more than 15% thanks to a gain on the sale of quotas; after the transfer of almost all the market gains to cooperatives, the net contribution is similar to the previous year's figure.

The Crop Production Department recorded revenues of \$182.4 million, compared with \$170.4 million in 2006. This increase is mainly attributable to higher input prices and to an increase in sales volumes generated by the Fertilizer Department in its agricultural and industrial markets. Sales of the Seed and Crop Protection Departments were also higher than in the previous year. The Crop Production Department's net contribution was up 24% from the previous year, partly due to an improvement in the share of results of entities subject to significant influence, mainly Fertichem. In addition, the Fertilizer Department

restructured its industrial network by capitalizing on better sales volumes and by generating more added value from the industrial fertilizer market, making it possible to increase the Crop Production Department's net contribution.

For the year ended October 27, 2007, the Grains and Feedmills Department posted sales of \$192.7 million, compared with \$104.5 million for the previous year. This growth resulted primarily from higher sales volumes and the inclusion of direct sales of grains and feedmills. Secondly, average prices rose from \$180 per metric tonne last year to \$236 per metric tonne. Thanks to sales volume growth and more favourable market conditions, the department's net contribution after the cooperatives' share in the results of



Unique network by its standards



Unique network by its roots

Elite Grain L.P. improved significantly compared with the previous year.

The Hardware and Farm Machinery Sector recorded \$194 million in sales, down \$3.3 million from the previous year. The Farm Machinery Department was solely responsible for this decline in sales. Fiscal 2007 was highlighted by the loss of the distribution of AGCO products and by a significant fall in sales of loaders. However, the Hardware Department's sales rose slightly following higher sales of materials. The Hardware and Farm Machinery Sector's net contribution fell 33% compared with the previous year. Other than lower sales volumes of farm machinery, this decrease results from non-recurring expenses such as the increase in bad debts and the cost of warehouse labour required for implementing a computerized warehouse management system.

The Petroleum Sector generated sales of \$473.6 million, compared with \$455.2 million for the previous year. The 4% growth in sales was generated by service stations opened in new locations. The Sector's net contribution grew 211.8% from the previous year. This increase is attributable to a return to more normal market conditions, higher sales volumes combined with lower expenses and an improvement in the share of results of Groupe pétrolier Norcan Inc.

Revenues for AgriEst, Coop Agricultural Centre, totalled \$14.7 million, up 20.2% from the previous year thanks to higher dairy, poultry, seed and crop protection volumes. Its net contribution was higher than in the previous year.

Marketing

See the Olymel Report on page 32 hereof, prepared by Olymel's Chief Executive Officer, Réjean Nadeau, which presents a detailed review of our subsidiary Olymel L.P.'s operations.

Cooperative Member Services

The Cooperative Member Services team provided 54 financial analyses and made 32 financial presentations to boards of directors of cooperatives using a database representing 77% of the network's total sales.

This year, the advisors helped 18 cooperatives draw up their strategic plan. Five management interns started their training in cooperative schools under the supervision of Cooperative Member Services. The team participated in various optimization projects with one or more cooperatives and often involving La Coop's sectors in the form of multidisciplinary teams.

The continuous improvement team helps managers at La Coop and cooperatives to implement and ensure buy-in of a management philosophy focused on continuous improvement. At the end of October 2007, 95% of La Coop employees had access to an improvement agent as well as a database for submitting their improvement ideas.

Almost 1,000 new ideas were submitted by employees during the year via the improvement database. Thirty-three improvement agents helped managers to manage and implement the ideas submitted by their employees. Seventy persons were trained this year to use continuous improvement tools with the aim of enhancing their ability to resolve problems within

teams. Forty-eight Kaizen activities carried out in the network helped identify and eliminate non-value added processes.

In August 2007, the sector was entrusted with the leadership of the Chrysalide project aimed at transforming the network. A project team started its work on October 1, 2007. Although the Chrysalide project covers all network activities, the team will initially focus on implementing the animal production and petroleum Chrysalide projects.

Administrative Departments

Including its 50% share of the results of a real estate joint venture, the Administrative Department's net expenses totalled \$12.6 million, compared with \$10.8 million for the previous year. This increase results from the higher costs for upgrading systems and technologies and the recognition of non-recurring income in 2006.



Human Resources

La Coop and its subsidiaries employed 11,072 people as at year-end, compared with 11,895 in 2006. This change in the total number of employees resulted from the shutdown of certain facilities and various shifts in the workforce across our operations. The Recruiting Department has developed various strategies to attract quality candidates and ensure highly qualified employees.

Académie Coop provided around 60 courses to more than 2,000 participants. La Coop invested 1.83% of its total payroll in training, exceeding the legal requirement. The development program for elected members remains available for all agricultural cooperative network directors. Among active directors, 82 hold a formal designation as members, 62 as companions and 88 as commanders, all levels included.

The *Phil – The Three Pillars* training, which covers the interests of all stakeholders (members, customers and employees), continues to be provided to all our staff and is also offered in certain cooperatives. This philosophy is intended to foster awareness among all participants of the essential roles that each of the pillars play in La Coop's success and serves as an introduction to the continuous improvement program implemented across the network.

Thanks to the integration of employees in the agricultural cooperative network, various benefit programs were launched to help attract and retain personnel. For example, the various pension plans for the agricultural cooperative network were combined to form a single trust fund, with more than \$281 million in assets at year-end. This large-scale fund provides a

range of investment opportunities, including six mutual funds and two term deposit certificates.

Consolidation also benefited our group insurance program by providing for more effective management of insurance contracts in partnership with employees. Thanks to this strategy and the group managers' extensive experience, premium increases were considerably lower than for the market as a whole.

As regards labour relations, each negotiating round provided opportunities to make employees and unions aware of the importance of maintaining working conditions at a competitive level in a fast-changing market. Furthermore, operational effectiveness and customer service were discussed at length during the drafting of employment contracts.

Thanks to the participation of 79 cooperatives in the *Mutuelle de prévention en santé-sécurité*, the network generated savings of \$1.5 million, i.e. 43% of the contributions that would have been made without this level of participation. Note that group contributions and preventive efforts have made it possible to benefit from a customized contribution rate directly related to the frequency and seriousness of accidents.

FINANCIAL POSITION

As at October 27, 2007, La Coop's consolidated balance sheet showed total assets of \$1.015 billion, up \$11 million from \$1.004 billion for the previous year. The growth in total assets is attributable to an increase in accounts receivable and inventories resulting from higher sales volumes. However, part of the increase was offset by a decrease in long-term assets, more specifically property, plant and equipment and other assets. The amortization expense was higher than the acquisitions made during the year ended October 27, 2007.

Current liabilities grew from \$291 million as at the previous year-end to \$444 million, mainly due to the increase in the current portion of long-term debt, corresponding to the credit facility renewable in June 2008. In addition, current liabilities as at year-end include patronage refunds payable and the current portion of redeemable preferred shares.

Working capital decreased to \$43.8 million from \$164.7 million for the previous year and the working capital ratio to 1.1 from 1.6. The inclusion of the current portion of the long-term credit facility explains the decrease in working capital. La Coop's consolidated debt ratio stood at 41:59 at year-end, compared with 49:51 for the previous year.

Preferred shares, share capital and reserve totalled \$338.7 million as at year-end, compared with \$305.9 million in 2006. These items accounted for 33.4% of total assets, compared with 30.5% last year. La Coop's reserve stood at \$243.8 million as at October 27, 2007, representing 72% of preferred shares and equity.

LIQUIDITY AND CAPITAL RESOURCES

La Coop has the necessary capital resources by way of agreements with Canadian financial institutions. The agreements with a syndicated group of financial institutions consisted of an aggregate credit facility of \$350 million, i.e. a \$100 million term credit facility and a \$250 million rotating credit facility. The rotating and term credit facilities are renewable in June 2008.

The balance of the credit facility used as at the end of fiscal 2007 totalled \$136.1 million, compared with \$192.7 million in 2006. Given that the credit facility must be renegotiated before June 29, 2008 and since no renewal agreement has been signed with the financial institutions as at October 27, 2007, the credit facility is accounted for as the current portion of long-term debt.

La Coop also has other borrowings, such as a \$30 million fixed-rate term credit facility, repayable as of August 2011 in four annual instalments. In addition, La Coop has an unsecured fixed-rate debenture with a balance of \$25 million, repayable in three annual payments as of August 2012. Finally, La Coop has a fixed-rate term note with a balance of \$22.3 million as at October 27, 2007, compared with \$23.7 million in 2006.

The credit facility, term credit facility and term note are collateralized by first hypothecs on the majority of the current and future tangible and intangible assets of Olymel L.P. and its subsidiaries.

For fiscal 2008, La Coop will continue to determine its capacity to invest in property, plant and equipment based on the funds generated by each of the operational sectors. For fiscal 2007, investments in property, plant and equipment totalled \$35.9 million, an

amount that falls short of the determined capacity. A cautious approach for managing working capital items combined with stringent controls over capital expenditures have helped minimize financing costs. For 2008, La Coop also expects to meet its financial obligations and comply with financial covenants under its financing agreements.

FINANCIAL INSTRUMENTS

La Coop has adopted the new standards on financial instruments in fiscal 2006-2007. Financial instruments have been classified in one of the following asset categories: held-for-trading, available-for-sale, held-to-maturity and loans and receivables. Liabilities have been classified under one of the two following categories: held-for-trading or other financial liabilities. Retroactive application of the new standards did not lead to any restatement of the balance of the reserve or accumulated other comprehensive income.

Derivative Financial Instruments

La Coop uses derivative financial instruments to manage foreign exchange risks and the risks related to certain commodity prices. The derivative financial instruments consist of foreign exchange contracts, currency swaps and commodity forward contracts. La Coop does not use derivative financial instruments for speculative purposes.

La Coop has decided to continue using hedge accounting by adopting the new accounting standards, i.e., Section 3865, "Hedges." In accordance with the risk management strategy, La Coop has documented

its cash flow hedge relationships throughout the year. Foreign exchange contracts and currency swaps have been designated as cash flow hedges. Derivative financial instruments that are eligible for hedge accounting are recognized at their fair value in the consolidated balance sheet. Changes in the fair values of derivative financial instruments are recognized in other comprehensive income and are subsequently reclassified to earnings when the hedged item affects earnings.

La Coop often sells and buys outside Canada, mainly in U.S. dollars and Japanese yen. To manage foreign exchange risk, La Coop uses foreign exchange contracts and currency swaps.

For 2007, foreign exchange contracts and currency swaps used by La Coop to hedge against foreign exchange risk, mainly for transactions in U.S. dollars and Japanese yen, exceeded C\$1 billion.

RISKS AND UNCERTAINTIES

La Coop is exposed to various risk factors that may influence the profitability of its Marketing and Supply Operations.

Input Price Fluctuation Risks

Input prices are influenced by factors beyond La Coop's control while extreme price volatility stems from continually changing supply markets. La Coop's economic context is regulated by national and provincial policies affecting slaughterhouse supply. As a result, market policy changes influence livestock volumes and prices. La Coop strives to exercise tight control over its production costs to offset its lack of control over supply costs and prices. La Coop is able to minimize this risk by operating in various sectors.

Food Safety Risks

La Coop is exposed to a number of industry-related risks, primarily in its food processing and marketing operations. Consumer product contamination and spoilage, as well as related liability, are among the risks that La Coop faces. In accordance with government requirements, La Coop maintains and applies stringent food safety controls at all its plants.

Livestock Health Risks

The prospect of livestock contamination and epidemics is a crucial risk factor for La Coop. Epidemics can have a major impact on production at processing plants and their access to raw material supply. Quality management is critical for La Coop. Therefore, efforts to improve internal tracking procedures and imple-

ment a national strategy in close cooperation with government authorities are important aspects of sound livestock management.

Environmental Risks

Given its concern for the potential impact of its operations on the environment and in accordance with its environmental policy, La Coop ensures that its practices comply with regulatory requirements and social concerns. Environment Department advisors specialized in environmental audits continuously inspect all of La Coop's facilities and issue compliance reports that allow managers in these facilities to ensure follow-ups of corrective actions and make improvements. In 2007, more than 50 facilities were inspected, comprehensive environmental reports filed and follow-ups made of corrective actions previously recommended by the Environment Department to minimize La Coop's impact on the environment.

Furthermore, to reduce the risks related to environmental accidents, the Environment Department has started implementing additional environmental emergency procedures at La Coop's facilities and those of its partners. Such procedures were initially implemented in facilities considered to have high priority. They will continue to be implemented in other facilities during the coming fiscal year. In 2007, 28 environmental emergency procedures were drafted for 28 facilities.

In addition, the Environment Department supports a number of La Coop's sectors with respect to specific environmental issues or projects requiring its expertise. All efforts are made to ensure that La Coop meets



Unique network by its vision



Unique network by its foresight

the commitments made in its environmental policy when carrying out environmental assessments of acquisitions or old facilities or when assessing the compliance of new operations with laws and regulations. Moreover, our Environment Department stays abreast of the most recent amendments to environmental legislation through subscriptions to the best legal monitoring services and publications available today as well as memberships of relevant professional associations.

Global Market Risks

La Coop's exports are affected by a number of economic variables that influence global markets. Export volumes are dependent on economic conditions in importing countries and, in some cases, on trade barriers. Export growth and profitability are closely linked to the strength of these markets and their compliance with international trade treaties and rules.

Credit Risk

In the normal course of business, La Coop evaluates the financial position of its clients on a regular basis and examines the credit history of new clients. The allowance for doubtful accounts is based on clients' specific credit risks and history. Furthermore, for certain clients, La Coop holds security in the event of default.

Credit risk related to derivative financial instruments is limited to unrealized gains, if any. La Coop is likely to incur losses if parties fail to meet their commitments related to these instruments. However, La Coop views this risk as minimal since it deals only with highly rated financial institutions.

Foreign Exchange Risk

La Coop often sells and buys outside Canada, mainly in U.S. dollars and Japanese yen. La Coop's policy is to maintain the purchase costs and selling prices of its business transactions by hedging its positions using derivative financial instruments, as described under "Significant Accounting Policies" in the notes to consolidated financial statements.

NEW ACCOUNTING STANDARDS

Financial Instruments and Capital

In December 2006, the Canadian Institute of Chartered Accountants issued three new sections relating to financial instruments and capital, namely Sections 1535, 3862 and 3863 which will apply to annual financial statements for fiscal years starting on or after October 1, 2007.

La Coop will adopt the new standards on financial instruments and capital in fiscal 2007-2008. La Coop is currently assessing the impact of these rules.

"Capital Disclosures"

Section 1535 sets out the standards relating to the disclosures to be made regarding an entity's capital and how it manages capital. Under this section, entities must disclose their objectives, policies and procedures for managing capital as well as quantitative data relating to capital and whether they have complied with capital requirements.

"Financial Instruments - Disclosures"

Section 3862 changes the disclosure requirements concerning financial instruments and replaces Section 3861, "Disclosures and Presentation." The new standard gives greater importance to disclosures relating to risks associated with financial instruments as well as how these risks are managed. The required disclosures make it possible to assess the impact of financial instruments on the financial position and financial performance. Furthermore, the standard requires entities to describe the nature and the extent of risks arising from financial instruments to which they are exposed during the fiscal year and as at the closing date as well as how they are managed.

"Financial Instruments - Presentation"

Section 3863 restates the same presentation requirements as in Section 3861, "Financial Instruments – Disclosures and Presentation."

Inventories

In June 2007, the Accounting Standards Board issued Section 3031, "Inventories." The changes are intended to provide more comprehensive guidance on inventory valuation and the related disclosures.

This section proposes that inventories be valued at the lower of cost and net realizable value with disclosure of the method for determining cost and its subsequent expensing, including the allocation of overheads and other costs to inventories. Under Section 3031, fixed production overheads are allocated based on normal capacity and non-allocated overheads are expensed. In addition, costs of inventories

related to specific projects must be segregated.

This new Section 3031, "Inventories," sets out the methods for determining the method to be used in charging costs to inventories: either the first in, first out method or the weighted average cost method. The last in, first out method is therefore no longer acceptable. The Section further stipulates that net realizable value write-downs previously taken must be reversed when the value of inventory subsequently increases. La Coop is currently assessing the impact of these rules for its 2008-2009 fiscal year.

International Standards

According to the CICA's strategic plan for financial reporting, publicly accountable enterprises will be required to adopt international standards for comparative purposes on January 1, 2011. The extent of the changes will greatly depend on the number and extent of changes applicable to La Coop.

CONCLUSION

La Coop must keep in touch with today's realities and ensure that its actions make members and their cooperatives its top priority. The Québec agriculture industry is undergoing far-reaching changes. Against this background, in order to help member producers and their cooperatives generate higher profits and protect existing jobs, and even create new ones, we have to globally review our operations as a whole and develop effective coordination of the cooperative network. That is the purpose of the Chrysalide project launched this year.

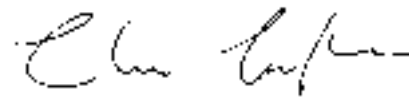
With this project, the agricultural cooperative network, strongly supported by its cooperative nature and the skills of its human resources, aims to confirm its leadership and be the preferred partner of its members' successes.

The turnaround in La Coop's results will have a positive impact on those of our member cooperatives; however, we should not forget that much needs to be done and many challenges lie ahead.

The coming year will be crucial for the cooperative network's future. We will all be involved in the Chrysalide project. Our solidarity and desire to create a stronger and more united cooperative network will determine how we will be remembered in the history of the agricultural cooperative movement.

I would like to take this opportunity to offer warm thanks to my colleagues on the Extended Corporate Governance Committee and the leaders across our network of affiliated cooperatives and at our Olymel subsidiary for their loyalty, their commitment and their support in achieving these results.

And I would be remiss in concluding this report without a special thank-you to our president, Denis Richard, and all Board members, for the support and exceptional trust they have placed in us throughout the year.



Claude LAFLEUR
Chief Executive Officer



Unique network by its energy



Olymel
Overview

FROM LEFT TO RIGHT:

RÉJEAN NADEAU
President and Chief Executive Officer, Olymel

CLAUDE LAFLEUR
Chief Executive Officer, La Coop fédérée

DENIS RICHARD
*President, La Coop fédérée
and Chairman of the Board Olymel*

PAUL NOISEUX
Chief Financial Officer, La Coop fédérée/Olymel

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Following a particularly difficult year
in fiscal 2006, Olymel L.P. has returned to
profitability with strongly improved results
in the fresh pork and poultry sectors.

Olymel's total revenues for fiscal 2007 decreased by \$8 million to \$2.062 billion from \$2.070 billion last year. The lower fresh pork sales volumes resulting from a drop in hog slaughtering operations in the East and the elimination of the second shift at the Red Deer plant in the West was almost entirely offset by higher volumes in the fresh poultry sector, price increases and an improved sales mix in all sectors.

Olymel generated close to 30% of its revenues in Québec and about 62% in Canada. About 70% of its sales were made in the hog sector in 2007 with international exports accounting for over 50%. Export sales are made to more than 60 countries, including the U.S., Japan, South Korea and Australia, each of which has a sales office.

Fresh Pork

The Canadian dollar's weakness in recent years has masked the inefficiency of the hog industry in Canada and Québec. Productivity differentials compared with large integrated industries in the U.S., Europe or emerging countries have gradually arisen. The sharp

and sudden rise in the dollar has brought out competitiveness issues, creating a major crisis not only in Québec but across the country.

During fiscal 2007, currency fluctuations and a drop in slaughtering operations continued to affect Olymel's profitability. The organization remained committed to implementing its restructuring plan. Cost control, numerous rationalization measures such as plant shutdowns and changes to working conditions in certain facilities have produced encouraging results and considerably offset the impact of the unfavourable exchange rate. These actions combined with an improved meat margin have resulted in much better results in both the East and the West.

However, the sector is still unprofitable although results have significantly improved over the previous year and continue to do so as the full impact of a large number of turnaround measures has not yet been felt in fiscal 2007. Competition in Québec has weakened to some extent with the shutdown of two slaughterhouses during the previous year.

In addition, given the unprecedented crisis in the hog industry, the Québec government appointed, at the end of September 2007, Mr. Guy Coulombe as an expert trouble-shooter to restart discussions between stakeholders in the *Table filière porcine*. Mr. Coulombe

has the tough task of fostering constructive discussions and ensuring that all parties work together to develop a common vision for the future for this industry in crisis. Olymel is actively participating in discussions, which are progressing well. Given the high stakes, we need to urgently review our production models and marketing mechanisms. At the least, there is a consensus on that. Mr. Coulombe is expected to complete his work and submit his findings by early March 2008, a few weeks after the publication of the report on the Commission sur l'avenir de l'agriculture et de l'agroalimentaire québécois.

In the West, Olymel successfully resolved the labour shortage, maximized its value-added production and brought on-stream its new 12,000-pallett distribution centre during fiscal 2007. The combination of these three elements largely explains the strongly improved performance at Red Deer.

However, the Red Deer plant is still faced with the challenge of ensuring sufficient staff and hog supply to operate a second shift. That is the best way to improve profitability at Red Deer, which is a unique facility in Canada and probably one of the most modern in North America.

In 2006, Albertan pork producers approached Olymel to buy a stake in Red Deer and create a partnership based on the concept of integrated profit similar to the Olywest model. The producers continued their efforts throughout 2007 to obtain the required financing from the Alberta government. Discussions are continuing between Olymel L.P. representatives of producers and the Alberta government, which is showing increasing interest for this type of partnership.

Fresh Poultry

After setting records in 2004 amidst the bird flu epidemic in British Columbia, selling prices started climbing once again in 2007. Favourable market conditions thus resulted in a strong improvement in the chicken sector compared with the previous period.

Results in the turkey sector are similar to those in 2006. Returns and productivity in this sector have improved following the transfer of boning operations from the Iberville plant to the facility in Saint-Jean-Baptiste. However, chicken and turkey supply costs were influenced by higher grain prices.

Although the profitability of the turkey sector remains weak, encouraging signs in the market lead us to believe that the recent output increases will not result as in the past in higher inventories and lower profit margins.

Processed Pork

The processed pork sector, a key player in our merger with Supraliment L.P., has not yet reached its full potential. Transfers of operations, initially scheduled up to 2007, were completed between April and December 2005, but sales volumes were directly affected by a transition that was more difficult than expected.

However, the drop in sales volumes was partially offset by a decrease in general expenses, the rationalization of selling and marketing expenses and an improvement in profit margin. The sector's challenge in the coming months will be to boost sales volumes. Results in recent periods have confirmed the sector's potential.

In the bacon sector, Olymel's pre-cooked products have recorded solid sales growth. This range of value-added products is expected to continue growing in coming years and bolster earnings growth in the sector.

Processed Poultry

Despite higher sales volumes and excellent results in the fresh poultry sector, the processed poultry sector recorded a slight loss in 2007. Higher selling prices for fresh poultry products were not immediately reflected in prices of processed products due to current contracts, mainly with food service clients. As a result, selling prices in processed poultry were mainly adjusted during the second half of the year. The margin on processed poultry raw materials decreased in the first half of the year, significantly contributing to weaker results in the sector.

Human Resources

Fiscal 2007 was a particularly challenging year for human resource management. Several challenges had to be faced, namely reducing labour costs in the Eastern fresh pork sector while maintaining a healthy working climate in all our facilities, hiring a sufficient number of employees and retaining them in the context of a labour shortage, particularly in Alberta, developing our human resources by implementing tools relating to skills development and personnel motivation and last, implementing plans aimed at reducing absenteeism and employment injuries.

Furthermore, to deal with significant changes resulting from restructuring activities undertaken

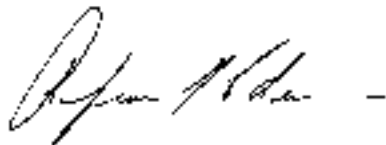
since 2005, Olymel launched two major administrative projects during the year, namely an ambitious personnel motivation plan and a customer service improvement project, to be implemented over the next three fiscal years.

CONCLUSION

Although considerable industry challenges persist, Olymel is in a much better position to continue developing long-term solutions aimed at ensuring more stable financial results.

In closing, I would like to thank our employees for their hard work and, in particular, my immediate colleagues for their unwavering support.

I am also most grateful to our Chairman Denis Richard and all my fellow Board members for their judicious advice and their trust in me during this fiscal year dominated by turnaround efforts.



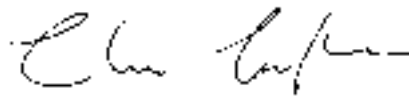
Réjean NADEAU
President and Chief Executive Officer

The consolidated financial statements and other financial information included in the Annual Report of La Coop fédérée (“La Coop”) for the year ended October 27, 2007 are management’s responsibility and have been approved by the Board of Directors. This responsibility involves the selection of appropriate accounting methods as well as the use of sound judgment in the establishment of reasonable and fair estimates according to Canadian generally accepted accounting principles and the application of regulations under the *Cooperatives Act*. Financial information presented elsewhere in this Annual Report is consistent with that in the consolidated financial statements.

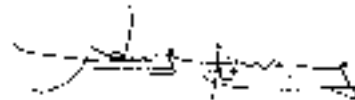
Management maintains accounting and administrative control systems designed to provide reasonable assurance regarding the accuracy, relevance and reliability of financial information, as well as the efficient and orderly conduct of La Coop’s affairs. The Internal Audit Department evaluates all systems on an ongoing basis and regularly reports its findings and recommendations to management and the Audit Committee.

The Board of Directors ensures that management assumes its responsibilities with respect to financial reporting and the review of the consolidated financial statements and Annual Report, mainly through its Audit Committee consisting of outside directors. The Audit Committee holds regular meetings with the internal and external auditors and with management representatives to discuss the application of internal controls and examine the consolidated financial statements and other matters of financial reporting. The Audit Committee reports and submits its recommendations to the Board of Directors.

The auditors appointed by the members, Ernst & Young LLP, Chartered Accountants, have audited the consolidated financial statements and their report appearing hereinafter indicates the scope of their audit and their opinion thereon.



Claude LAFLEUR
Chief Executive Officer
Montréal, January 4, 2008



Paul NOISEUX, CGA
Chief Financial Officer

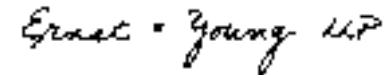
To the members of
La Coop fédérée

We have audited the consolidated balance sheet of La Coop fédérée [“La Coop”] as at October 27, 2007 and the consolidated statements of earnings and reserve, comprehensive income and cash flows for the year then ended. These financial statements are the responsibility of La Coop’s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of La Coop as at October 27, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Montréal, Canada
January 4, 2008
*[except for notes 3, 4 and 12,
which are as to January 16, 2008]*



Ernst & Young LLP
Chartered Accountants

Consolidated Balance Sheet

As at October 27, 2007 and October 28, 2006

<i>[thousands of dollars]</i>	2007	2006
ASSETS		
Current assets		
Accounts receivable	\$ 250,319	\$ 229,795
Inventories	223,710	214,257
Prepaid expenses	8,857	7,241
Income taxes receivable	11	2,607
Future income tax assets <i>[note 4]</i>	—	433
Derivative financial instruments <i>[note 17]</i>	1,163	—
Investments – current portion <i>[note 5]</i>	3,847	1,431
	487,907	455,764
Investments <i>[note 5]</i>	26,606	30,811
Property, plant and equipment <i>[note 6]</i>	428,953	442,865
Employee future benefit asset <i>[note 11]</i>	12,760	10,714
Goodwill <i>[note 7]</i>	44,287	45,404
Other assets <i>[note 8]</i>	14,435	18,448
	\$1,014,948	\$1,004,006
LIABILITIES AND EQUITY		
Current liabilities		
Bank overdraft	\$ 27,038	\$ 19,965
Short-term borrowings <i>[note 9]</i>	5,349	3,934
Accounts payable and accrued liabilities	262,376	247,729
Derivative financial instruments <i>[note 17]</i>	297	—
Patronage refunds payable <i>[note 3]</i>	1,500	—
Future income tax liabilities <i>[note 4]</i>	893	—
Redeemable preferred shares – current portion <i>[note 12]</i>	4,030	—
Long-term debt – current portion <i>[note 10]</i>	142,578	19,415
	444,061	291,043
Long-term debt <i>[note 10]</i>	85,461	265,985
Employee future benefit liability <i>[note 11]</i>	28,029	37,466
Future income tax liabilities <i>[note 4]</i>	16,825	13,089
Non-controlling interest <i>[note 15]</i>	105,495	90,533
Preferred shares <i>[note 12]</i>	1,559	4,047
	Equity	
Share capital <i>[note 12]</i>	89,358	80,853
Reserve	243,807	220,990
Accumulated other comprehensive income <i>[note 13]</i>	353	—
	\$1,014,948	\$1,004,006

Commitments and contingencies *[note 15]**The notes are an integral part of the consolidated financial statements.*

On behalf of the Board,



Denis RICHARD, Director



Ghislain CLOUTIER, Director

Consolidated Statement of Earnings and Reserve

Years ended October 27, 2007 and October 28, 2006

<i>[thousands of dollars]</i>	2007	2006
Revenues	\$3,286,795	\$3,175,705
Operating expenses <i>[note 2]</i>		
Cost of sales and selling and administrative expenses	3,219,640	3,175,461
Restructuring costs <i>[note 20]</i>	—	27,671
Financial expenses	20,604	18,717
	3,240,244	3,221,849
Operating earnings (loss)	46,551	(46,144)
Other income and expenses		
Share of results of entities subject to significant influence	4,564	1,808
Gains (losses) on disposal of assets	4,089	(1,970)
	8,653	(162)
Earnings (loss) before non-controlling interest, patronage refunds and income taxes	55,204	(46,306)
Non-controlling interest	14,617	(24,707)
Earnings (loss) before patronage refunds and income taxes	40,587	(21,599)
Patronage refunds <i>[note 3]</i>	10,000	—
Income taxes <i>[note 4]</i>	7,770	(11,408)
Net earnings (loss)	22,817	(10,191)
Reserve, beginning of year	220,990	231,181
Reserve, end of year	\$ 243,807	\$ 220,990

The notes are an integral part of the consolidated financial statements.

Consolidated Statement of Comprehensive Income

Years ended October 27, 2007 and October 28, 2006

<i>[thousands of dollars]</i>	2007	2006
Net earnings (loss)	\$ 22,817	\$ (10,191)
Other comprehensive income		
Change in the fair value of derivatives designated as a cash flow hedge		
Unrealized gains and losses (net of taxes of \$1,033)	2,196	—
Adjustment to reclassify gains and losses to earnings (net of taxes of \$867)	(1,843)	—
	353	—
Comprehensive income	\$ 23,170	\$ (10,191)

The notes are an integral part of the consolidated financial statements.

Consolidated Statement of Cash Flows

Years ended October 27, 2007 and October 28, 2006

<i>[thousands of dollars]</i>	2007	2006
OPERATING ACTIVITIES		
Net earnings (loss)	\$ 22,817	\$(10,191)
Non-cash items:		
Depreciation and amortization	49,522	53,197
Transaction cost, financial expenses	1,111	—
Restructuring costs	—	23,657
Gains (losses) on disposal of assets	(4,089)	1,970
Future income taxes	4,896	(8,104)
Employee future benefit liability	(11,483)	2,209
Non-controlling interest	14,617	(24,707)
Share of results of entities subject to significant influence	(4,564)	(1,808)
Patronage refunds paid in common shares	8,500	—
	81,327	36,223
Net change in non-cash working capital items related to operations <i>[note 14]</i>	(12,850)	21,930
Cash flows related to operating activities	68,477	58,153
INVESTING ACTIVITIES		
Acquisitions of investments	(3,986)	(7,974)
Proceeds on disposal of investments	9,922	7,389
Dividends received from entities subject to significant influence	366	539
Additions to property, plant and equipment	(35,872)	(64,979)
Proceeds from disposal of property, plant and equipment	4,191	1,754
Additions to other assets	(22)	(338)
Proceeds on disposal of other assets	3,511	400
Cash flows related to investing activities	(21,890)	(63,209)
FINANCING ACTIVITIES		
Net change in short-term borrowings	1,415	(5,577)
Proceeds from issuance of long-term debt	6,407	15,755
Repayment of long-term debt	(63,029)	(8,387)
Proceeds from issuance of preferred shares	1,559	3,970
Redemption of preferred shares	(17)	(3,074)
Proceeds from issuance of common shares	11	33
Redemption of common shares	(6)	(6,776)
Cash flows related to financing activities	(53,660)	(4,056)
Increase in bank overdraft	(7,073)	(9,112)
Bank overdraft, beginning of year	(19,965)	(10,853)
Bank overdraft, end of year	\$(27,038)	\$(19,965)
Supplemental information		
Interest paid	\$ 20,676	\$ 20,658
Income taxes paid (recovery)	111	(3,244)

The notes are an integral part of the consolidated financial statements.

[All tabular amounts are in thousands of dollars.]

BUSINESS DESCRIPTION

La Coop fédérée [“La Coop”] was established under a special Act of the Province of Québec. It is active mainly in marketing and supply operations. The marketing segment focuses on the processing and sale of pork and poultry products. The supply segment provides farmers with goods and services to support their farming operations and distributes and sells petroleum products and services.

SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of La Coop have been prepared by management in accordance with Canadian generally accepted accounting principles, as well as the regulations adopted under the *Cooperatives Act*. The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The consolidated financial statements have, in management’s opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below.

Basis of consolidation

The consolidated financial statements include the accounts of La Coop, its wholly owned subsidiaries and Olymel L.P. in which we have a controlling interest. They also include La Coop’s interest in its joint ventures, owned directly or via its subsidiary Olymel L.P., accounted for using the proportionate consolidation method.

Bank overdraft

Bank overdraft includes cash on hand and bank balances available.

Inventories

Raw materials and supply inventories are valued at the lower of cost established in accordance with the first in, first out method and replacement cost. Goods in process and finished goods inventories are valued at the lower of net realizable value or of cost established in accordance with the first in, first out method, average cost method or retail inventory cost method, depending on the segment.

Investments

Interests in entities subject to significant influence are accounted for under the equity method and other long-term investments are carried at cost based on their classification.

Property, plant and equipment

Property, plant and equipment are stated at cost. They are depreciated over their useful life on a straight-line basis at the following rates:

Pavement	4% to 20%
Buildings	3 1/3% to 10%
Machinery and equipment	5% to 33 1/3%
Automotive equipment	6 2/3% to 33 1/3%
Leasehold improvements	Lease term

Goodwill

Goodwill represents the excess of the purchase price over the fair value of net assets acquired.

Goodwill is accounted for at cost and amortized on a straight-line basis over a period generally not exceeding 20 years. At each balance sheet date, La Coop evaluates whether there has been a permanent impairment in value of the net carrying amount of goodwill. In so doing, La Coop determines the recoverability of goodwill based on an estimate of the undiscounted future cash flows over the remaining amortization period of each business to which the goodwill relates.

The goodwill of subsidiary Olymel L.P. is tested for impairment annually or more frequently if events or changes in circumstances indicate a possible impairment. Goodwill is tested for impairment annually using a two-step test. Under the first step, the fair value of a reporting unit is compared with its net carrying amount. If the fair value is greater than the carrying amount, no impairment is deemed to exist and the second step is not required. If the fair value is less than the carrying amount, the second test must be performed whereby the implied fair value of the reporting unit’s goodwill must be estimated. The implied fair value of goodwill is the excess of the fair value of the reporting unit over the fair value of the identifiable net assets of the reporting unit. Any impairment of the carrying amount in relation to the fair value is charged to consolidated earnings in the year in which the loss is incurred.

SIGNIFICANT ACCOUNTING POLICIES [CONT'D]**Other assets****Trademarks**

Trademarks are stated at cost. They are amortized on a straight-line basis over a period of 15 years.

Customer lists

Customer lists are accounted for at cost and amortized on a straight-line basis over a period of seven years.

Rights

Rights consist of production rights and exclusive supply rights. They are accounted for at cost. They are amortized on a straight-line basis over a 10-year period for production rights and over a 20-year period for exclusive supply rights.

Deferred charges

Deferred charges include the costs related to a client supply contract and are amortized on a straight-line basis over a period of six years.

Impairment of long-lived assets

Long-lived assets held for use are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment is assessed by comparing the carrying amount of an asset with its expected future net undiscounted cash flows from use together with its residual value. If such assets are considered to be impaired, the impairment charge is measured by the amount by which the carrying amount of the assets exceeds their fair value. An impairment loss is recognized and presented in the consolidated statement of earnings and the carrying amount of the asset is adjusted to its fair value.

Research and development

Research and development costs are expensed in the consolidated statement of earnings in the year in which they are incurred.

Long-lived asset retirement obligations

The fair values of estimated asset retirement obligations are recorded as liabilities when the obligations are incurred pursuant to a legal obligation related to a long-lived asset retirement. The associated cost is capitalized as part of the cost of the related asset. Over time, the liabilities are accreted for the change in their present value and the initial capitalized

costs are depreciated over the useful lives of the related assets. The related accretion is recorded in cost of sales and selling and administrative expenses, and the depreciation charge is included in depreciation of property, plant and equipment.

Revenue recognition

Revenues are recognized when the finished products are shipped to customers and collection is reasonably assured.

Foreign currency translation

Transactions in foreign currencies are translated into Canadian dollars using the temporal method. Under this method, monetary items in the consolidated balance sheet are translated at the rates of exchange prevailing at year-end while non-monetary items are translated at the rates prevailing on the transaction dates. Revenue and expense items are translated at the rates of exchange prevailing on the transaction dates. Gains and losses on translation of foreign currencies are accounted for in consolidated earnings.

Employee future benefits

La Coop has a number of defined benefit and defined contribution plans providing pension and post-retirement benefits to most of its employees. Defined benefit pension plans are based on either average career earnings or average final earnings. Certain pension benefits are indexed according to economic conditions.

Post-retirement benefits offered by La Coop to its retired employees include health-care benefits and life insurance.

The cost of pension and post-retirement benefits earned by employees is determined using actuarial calculations under the projected benefit method prorated on services based on management's best long-term assumptions of salary escalation, the retirement and termination ages of employees and the increase in estimated health-care costs.

For the calculation of the expected long-term rate of return on plan assets, these assets are measured at fair value. Accrued benefit obligations are discounted based on current market interest rates.

Past service costs arising from plan amendments are deferred and amortized on a straight-line basis over the average remaining service period of employees active at the amendment date.

Actuarial gains or losses arise from the difference between the actual long-term rate of return on plan assets for a period and the expected long-term rate of return on plan assets for that period or from changes in the actuarial assumptions used

SIGNIFICANT ACCOUNTING POLICIES [CONT'D]**Employee future benefits [cont'd]**

to determine the accrued benefit obligation. The excess of net actuarial gains and losses over 10% of the greater of accrued benefit obligations and the fair value of plan assets is recorded in consolidated earnings over the average remaining service period of active employees. The average remaining service period of the active employees covered by the four pension plans ranges from nine years to thirteen years; whereas the period for the early retirement program ranges from two years to eight years. The average remaining service period of the active employees covered by the other post-retirement benefits plan is sixteen years.

Patronage refunds

The amount and terms of payment of patronage refunds are determined by the Board of Directors after year-end. Patronage refunds are calculated based on members' purchased volumes and are accounted for in the year to which they relate. Where patronage refunds are paid in shares, such shares are considered to be issued at the year-end preceding the Board of Directors' resolution.

Financial Instruments

Financial assets are classified within one of the four following categories: held-for-trading, available-for-sale, held-to-maturity or loans and receivables. Financial liabilities are classified as either held-for-trading or other financial liabilities. Financial instruments are initially measured at fair value and subsequent measurements depend on their classification.

Transaction costs

Transaction costs related to long-term debt are capitalized and presented as a reduction of the carrying value of the related financial liability and are depreciated using the effective interest rate method.

Derivative financial instruments

In accordance with its risk management strategy, La Coop uses derivative financial instruments to manage foreign exchange risks and the risks related to certain commodity prices. The derivative financial instruments consist of foreign exchange contracts, foreign exchange swaps, commodity forward contracts. La Coop does not use derivatives for speculative purposes.

Derivatives that are not eligible for hedge accounting are recognized at their fair value in the consolidated balance

sheet and any subsequent variations in fair value are recognized in the consolidated statement of earnings.

Hedge accounting is used where the Company documents its cash flow hedging relationships and risk management objectives and strategy, and demonstrates that they are sufficiently effective at the hedge's inception and throughout the hedge period. Derivatives that are eligible for hedge accounting are recognized at their fair value in the consolidated balance sheet. For a cash flow hedge relationship, the gain or loss portion of a hedging item deemed effective is reported in other comprehensive income, while the ineffective portion is recognized in the consolidated statement of earnings. The amounts recognized in other comprehensive income are reclassified to the consolidated statement of earnings when the hedged item affects earnings. The gain or loss portion of a hedging item that is reclassified is reported as an adjustment in the revenues from or the expense of the related hedged item. Realized gains and losses on these contracts are presented in "cost of sales and selling and administrative expenses."

A hedging relationship is terminated if the hedge ceases to be effective and the unrealized gain or loss on the related derivative financial instrument is recognized in consolidated earnings along with subsequent changes in the fair value of the derivative financial instrument.

Foreign exchange contracts and swaps

La Coop often sells and buys outside Canada, mainly in U.S. dollars and Japanese yen. To manage exchange-rate risks, La Coop uses foreign exchange contracts and swaps. Gains and losses on foreign exchange contracts and swaps entered into to hedge future cash flow transactions are accounted for in other comprehensive income and reclassified to the statement of earnings when these transactions occur. The maximum period for which La Coop hedges its exposure to future cash flow transactions is one year.

Forward contracts on commodities

La Coop often buys and sells grains to cover certain identifiable future risks on the price of these commodities. La Coop does not use hedge accounting for forward commodities contracts. Therefore, gains and losses on these contracts, realized or not, are presented in "cost of sales and selling and administrative expenses."

Environmental obligations

Environmental costs related to current operations are expensed or capitalized according to their nature. Current costs caused by past events that do not generate future revenues are charged to consolidated earnings in the current year. Liabilities are recorded when costs are likely to be incurred and may be reasonably estimated.

Income taxes

La Coop follows the liability method of accounting for income taxes. Future income tax assets and liabilities are recognized for the future income tax consequences of temporary differences between the carrying value of assets and liabilities and their tax bases and measured using substantively enacted income tax rates expected to apply in the years in which the temporary differences are expected to reverse. A valuation allowance is recorded to reduce the carrying amount of future income tax assets, when it is more likely than not that such assets will not be realized.

Year-end

La Coop's year-end is the last Saturday of October. The years ended October 27, 2007 and October 28, 2006 include 52 weeks.

1. CHANGES TO ACCOUNTING POLICIES

Financial Instruments

On October 29, 2006, La Coop adopted the new accounting standards of the Canadian Institute of Chartered Accountants ("CICA") set out in Section 3855, "Financial Instruments – Recognition and Measurement," Section 3865, "Hedges," and Section 1530, "Comprehensive Income." These new sections establish standards for recognizing and measuring financial instruments, set standards for hedge accounting and introduce a new income measurement, comprehensive income, which reflects changes in the equity or net assets of a business during a period from transactions from non-owner sources.

Financial assets and liabilities

Section 3855, "Financial Instruments – Recognition and Measurement," establishes standards for recognizing and measuring financial instruments: financial assets, financial liabilities and derivatives. The new standard states that financial instruments shall be recognized according to their classification. All financial instruments are initially measured at fair value and changes in subsequent measurements are recorded to net earnings or to comprehensive income based on their classification.

Applying these standards required the classification of all La Coop's financial assets, financial liabilities and derivatives instruments. The recognition of financial instruments was based on their classification. La Coop classified them as follows:

Accounts receivable were classified under "loans and receivables," and initially measured at fair value. Subsequent measurements are recorded at amortized cost using the effective interest rate method.

Bank overdraft, short-term borrowings, accounts payable and accrued liabilities and patronage refunds payable were classified as "other financial liabilities." They are initially measured at fair value, and subsequent measurements are recorded at amortized cost using the effective interest rate method.

Investments in the cooperatives presented in investments are classified as "available-for-sale" and are measured at cost since they have no market price in an active market. Investments in entities subject to significant influence recognized under the proportionate consolidation method are excluded from the new standards. Mortgage loans and notes receivable are classified under "loans and receivables." They are initially measured at fair value, and subsequent measurements are recorded at amortized cost using the effective interest rate method.

Preferred shares and long-term debt are classified under "other financial liabilities." They are initially measured at fair value, and subsequent measurements are recorded at amortized cost using the effective interest rate method. For La Coop, this measurement is generally equal to cost due either to the use of a floating rate for certain borrowings or because management believes that the fair value of fixed-rate borrowings does not differ greatly from their carrying value given the imminent maturity of some and the rates that could be obtained currently by La Coop for borrowings with similar conditions and maturities.

The financial instruments that La Coop chose to designate as cash flow hedge items are classified under "financial assets and liabilities available for sale." They are measured at fair value, which is the approximate amount that might be obtained in settlement of such instruments at prevailing market rates, and the gains and losses arising from remeasurement at the end of each fiscal year are recorded in other comprehensive income items.

Derivative financial instruments that are not hedge items are classified under "financial assets and liabilities held for trading." They are measured at fair value, which is the approximate amount that might be obtained in settlement of such instruments at prevailing market rates.

In addition to recognizing all stand-alone derivative financial instruments at fair value, *CICA Handbook* Section 3855 requires embedded derivatives, which are components included in financial instruments or other contractual arrangements that have features similar to derivatives, to be accounted for separately from the financial instruments or contractual arrangements in which they are embedded when certain conditions are met. Section 3855 allows reporting entities to only consider financial instruments and contractual arrangements that were issued, acquired or substantially modified by the entity on or after a "transition date" for applying the requirement of separately accounting for embedded derivatives. La Coop selected November 3, 2002 as its transition date for embedded derivatives. The impact from this new requirement was not material to La Coop's consolidated financial statements.

Interest income and expense from financial assets and financial liabilities are recognized under "financial expense" in the consolidated statement of earnings. Gains and losses related to financial assets and financial liabilities are recognized under on "cost of sales and selling and administrative expenses." When related to disposition, these gains and losses are recognized under "gains (losses) on disposal of assets."

Retroactive application of the new standards without restatement of the comparative figures resulted in no adjustment to the balance of the reserve and accumulated other comprehensive income.

Derivative financial instruments and hedge accounting

Section 3865, "Hedges," sets out the application methodology for hedge accounting; its adoption is optional. La Coop enters into foreign exchange forward contracts to hedge its exposure to fluctuations in foreign currency exchange rates. All these derivative financial instruments are designated as cash flow hedges, are accounted for at fair value, and qualify for hedge accounting. La Coop does not use derivative financial instruments for speculative purposes. The fair value used to measure derivative financial instruments is based on prices obtained from leading financial institutions.

For cash flow hedges, the effective portion of the change in fair value of the derivative financial instrument is recorded in "other comprehensive income items." The ineffective portion, if any, is recognized in the consolidated statement of earnings. Gains and losses recorded into "other comprehensive income items" are reclassified to earnings in the same period or periods during which the underlying hedged item affects net earnings.

2. OPERATING EXPENSES

Operating expenses include the following items:

	2007	2006
Depreciation of property, plant and equipment	\$46,221	\$47,952
Amortization of goodwill	1,117	1,076
Amortization of trademarks	333	333
Amortization of customer lists	431	439
Amortization of rights	1,053	1,052
Amortization of deferred charges	367	2,345
Research and development	10,227	9,101
Interest on short-term borrowings	472	464
Interest on long-term debt	21,045	19,479
Interest on preferred shares	478	458
Interest income	(1,391)	(1,684)

Interest income and expense calculated under the effective interest rate method are \$1,170,000 and \$21,995,000 for financial assets and financial liabilities, respectively.

3. PATRONAGE REFUNDS

In accordance with the provisions of the Act governing La Coop, at their meeting on January 16, 2008, the directors declared refunds of \$10,000,000 to be paid from earnings for the year. They authorized the refunds to be paid in the follow proportions:

	2007	2006
Cash	\$ 1,500	\$ —
Class B-1 common shares	2,830	—
Class D-1 common shares	5,670	—
	\$10,000	\$ —

The consolidated financial statements reflect this resolution.

4. INCOME TAXES

The significant components of the income tax expense are as follows:

	2007	2006
Current (recovered)	\$ 3,126	\$ (2,105)
Future	4,896	(7,853)
Income tax recovery – losses carried back	(252)	(1,450)
Income taxes	\$ 7,770	\$(11,408)

The reconciliation of income tax expense with the amount obtained from multiplying earnings (loss) after patronage refunds by the statutory income tax rates is summarized as follows:

	2007	2006
Earnings (loss) before patronage refunds and income taxes	\$40,587	\$(21,599)
Patronage refunds	10,000	—
Earnings (loss) for the calculation of income tax expense	\$30,587	\$(21,599)
Income taxes at combined federal and provincial rates of 32.41% [32.30% in 2006]	\$ 9,913	\$ (6,977)
Decrease in future income taxes due to a rate change	(1,371)	(2,050)
Effect of non-deductible expenses for tax purposes	953	941
Other items	(1,725)	(3,322)
Income taxes	\$ 7,770	\$(11,408)

The significant components of future income tax assets and liabilities are as follows:

	2007	2006
Non-deductible provisions and reserves for tax purposes	\$ (2,213)	\$ (2,743)
Inventories	2,753	2,333
Other items – net	353	(23)
Current future income tax liabilities (assets)	\$ 893	\$ (433)

	2007	2006
Excess of carrying value over tax basis:		
Property, plant and equipment	\$20,268	\$ 19,089
Investments	1,345	1,160
Other assets	197	—
Employee future benefits	(3,513)	(5,678)
Excess of tax basis over carrying value:		
Other assets	—	(313)
Patronage refunds carried forward	(1,472)	(1,169)
Long-term future income tax liabilities	\$16,825	\$ 13,089

On December 13, 2007, a federal bill was adopted on third reading. If the reduction in the income tax rate contained in the bill had been effective, future tax liabilities and related expenses would have been \$1,485,000 lower.

5. INVESTMENTS

	2007	2006
Investments in entities subject to significant influence	\$ 20,938	\$ 16,607
Investments in cooperatives		
Agropur Cooperative preferred shares	3,036	8,186
Shares and other securities of supply cooperatives	783	839
Shares and other securities of affiliated cooperatives	903	1,185
	4,722	10,210
Mortgage loans and notes receivable	4,793	5,425
	30,453	32,242
Investments – current portion	3,847	1,431
	\$ 26,606	\$ 30,811

6. PROPERTY, PLANT AND EQUIPMENT

2007	Cost	Accumulated depreciation	Net book value
Land	\$ 15,539	\$ —	\$ 15,539
Pavement	9,849	6,448	3,401
Buildings	300,636	118,814	181,822
Machinery and equipment	563,858	345,094	218,764
Automotive equipment	23,324	16,896	6,428
Leasehold improvements	7,382	4,383	2,999
	\$920,588	\$491,635	\$428,953
2006	Cost	Accumulated depreciation	Net book value
Land	\$ 15,813	\$ —	\$ 15,813
Pavement	9,751	6,243	3,508
Buildings	296,222	111,375	184,847
Machinery and equipment	542,583	313,809	228,774
Automotive equipment	23,412	16,395	7,017
Leasehold improvements	6,895	3,989	2,906
	\$ 894,676	\$ 451,811	\$ 442,865

7. GOODWILL

	Cost	Accumulated depreciation	Net book value
2007	\$58,996	\$14,709	\$44,287
2006	\$ 58,996	\$ 13,592	\$ 45,404

8. OTHER ASSETS

Other assets are as follows:

	Cost	Accumulated depreciation	Net book value
2007			
Trademarks	\$ 4,935	\$ 1,128	\$ 3,807
Customer list	3,224	1,813	1,411
Rights	14,350	6,487	7,863
Deferred charges	2,200	846	1,354
	\$24,709	\$10,274	\$14,435
2006			
Trademarks	\$ 4,935	\$ 795	\$ 4,140
Customer list	3,206	1,386	1,820
Rights	14,350	5,434	8,916
Deferred charges	9,055	5,483	3,572
	\$ 31,546	\$ 13,098	\$ 18,448

Transaction costs related to long-term debt are presented in reduction of the carrying value of the related financial liability. Transaction costs were deemed deferred charges as at October 28, 2006.

9. SHORT-TERM BORROWINGS

Short-term borrowings stem from the demand credit facility of a subsidiary.

The subsidiary's credit facility, drawn under bank overdrafts, letters of credit and standby letters of credit, totalled \$12,000,000 in 2007 and 2006, and bore interest at the prime rate, or 6.25%, as at October 27, 2007 [6% as at October 28, 2006].

10. LONG-TERM DEBT

	2007	2006
Credit facility ¹ drawn under margin loans at prime rate and under bankers' acceptances at rates ranging from 5.99% to 6.25% [6.00% to 6.83% in 2006], renewable in June 2008	\$136,107	\$192,724
Term credit, at a fixed rate of 6.285%, repayable in an annual principal instalment of \$3,600,000, one of \$4,800,000 and three instalments of \$7,200,000, from August 2011 through August 2015	30,000	30,000
Unsecured debenture, at a fixed rate of 6.72%, repayable in an annual principal instalment of \$5,000,000, one of \$6,000,000 and two instalments of \$7,000,000, from August 2012 through August 2015	25,000	25,000
Term note, at a fixed rate of 7.75%, repayable in blended monthly instalments of \$263,621, maturing on December 20, 2017	22,323	23,697
Share of mortgage loans of a real estate joint venture, secured by movable and immovable hypothecs, at the fixed rate of 5.51% and 5.61% [6.90% in 2006], repayable in monthly principal instalments of \$18,591 and \$37,430, maturing on October 31, 2011	6,929	7,304
Share of notes payable of a joint venture, secured by movable and immovable hypothecs, at rates ranging from 6.17% to 6.25% [6.00% to 8.30% in 2006], maturing between October 2009 and February 2015 [October 2007 and February 2015 in 2006]	1,870	2,223
Mortgage loans and other debts, at rates ranging from 4.20% to 9.00% [4.20% to 9.00% in 2006], maturing between November 2007 and February 2018 [between November 2006 and December 2015 in 2006]	6,557	4,452
	228,786	285,400
Transaction costs	(747)	—
	228,039	285,400
Long-term debt – current portion	142,578	19,415
	\$ 85,461	\$265,985

1. La Coop has an overall credit facility of \$350,000,000, which consists of \$100,000,000 in term credit and \$250,000,000 in revolving credit. La Coop can draw on this credit under: U.S.- and Canadian-dollar margin loans, bankers' acceptances, LIBOR advances and letters of guarantee for the revolving credit. The interest rate is based on a rate schedule that varies according to a financial ratio calculated quarterly on a consolidated basis. The term credit is repayable as of July 2006 in quarterly instalments of \$2,500,000, and \$3,750,000 for each quarter of fiscal 2007 and \$5,000,000 for the first two quarters of fiscal 2008.

The credit facility, the term credit and the term note, which total \$188,430,000 as at October 27, 2007 [\$246,421,000 as at October 28, 2006], are collateralized by a senior hypothec over a majority of the tangible and intangible assets, both current and future, of subsidiary Olymel L.P. and its subsidiaries.

La Coop's long-term debt is subject to compliance with certain financial ratios based on La Coop's consolidated financial statements. As at October 27, 2007, La Coop was in compliance with these financial ratios. As at October 28, 2006, La Coop was in default in respect of a financial ratio for the term note. On November 23, 2006, the financial institution granted a default waiver in favour of La Coop with respect to this breach.

The principal repayments required over the next five years are as follows: 2008 – \$142,578,000; 2009 – \$3,095,000; 2010 – \$2,612,000; 2011 – \$11,821,000; 2012 – \$12,135,000.

11. EMPLOYEE FUTURE BENEFITS

Total cash payments for employee future benefits, consisting of cash contributed by La Coop to its funded pension plans, cash payments directly to beneficiaries for its other unfunded benefit plans, and cash contributed to its defined contribution plans, were \$14,312,000 in 2007 [\$14,450,000 in 2006].

La Coop measures its accrued benefit obligations and the fair value of plan assets at each year-end. The most recent actuarial valuation of the pension plans for funding purposes was as at December 31, 2006 for one of the plans of subsidiary Olymel L.P. and as at December 31, 2004 for the other plans. The actuarial valuation of the post-retirement benefit plans was carried out as at October 29, 2005. The next required actuarial valuation will be as at December 31, 2007 for the pension plans and as at October 25, 2008 for the post-retirement benefit plans.

The total cost for La Coop's defined contribution plans was \$7,472,000 in 2007 [\$7,422,000 in 2006].

Information on La Coop's pension plans and post-retirement benefits is as follows:

2007	Pension plans	Post-retirement benefits	Total
Accrued benefit obligations			
Balance, beginning of year	\$134,589	\$ 26,757	\$161,346
Current service cost for the year	5,493	1,581	7,074
Interest cost	7,346	1,547	8,893
Benefits paid	(7,224)	(411)	(7,635)
Actuarial gains	(6,573)	(664)	(7,237)
Plan curtailment	(4,280)	(11,979)	(16,259)
Past service cost for the year	450	(144)	306
Balance, end of year	129,801	16,687	146,488
Plan assets			
Fair value, beginning of year	114,184	—	114,184
Actual return on plan assets	10,930	—	10,930
Employer contributions	6,430	411	6,841
Employee contributions	537	—	537
Benefits paid	(7,146)	(411)	(7,557)
Fair value, end of year	124,935	—	124,935
Funded status – plan deficit			
Unamortized net actuarial loss	(4,866)	(16,687)	(21,553)
Unamortized past service cost	1,686	1,427	3,113
Unamortized past service cost	3,458	(287)	3,171
Employee future benefit asset (liability)	\$ 278	\$ (15,547)	\$ (15,269)

The employee future benefit asset (liability) is presented as follows in La Coop's consolidated balance sheet:

	Pension plans	Post-retirement benefits	Total
Employee future benefit asset	\$ 12,760	\$ —	\$ 12,760
Employee future benefit liability	(12,482)	(15,547)	(28,029)
Employee future benefit asset (liability)	\$ 278	\$ (15,547)	\$ (15,269)

11. EMPLOYEE FUTURE BENEFITS [CONT'D]

2006	Pension plans	Post-retirement benefits	Total
Accrued benefit obligations			
Balance, beginning of year	\$128,774	\$ 25,950	\$154,724
Current service cost for the year	5,119	1,641	6,760
Interest cost	7,034	1,506	8,540
Benefits paid	(6,356)	(405)	(6,761)
Actuarial losses (gains)	18	(1,935)	(1,917)
Balance, end of year	134,589	26,757	161,346
Plan assets			
Fair value, beginning of year	102,645	—	102,645
Actual return on plan assets	10,674	—	10,674
Employer contributions	6,623	405	7,028
Employee contributions	525	—	525
Benefits paid	(6,283)	(405)	(6,688)
Fair value, end of year	114,184	—	114,184
Funded status – plan deficit	(20,405)	(26,757)	(47,162)
Unamortized net actuarial loss	12,375	4,982	17,357
Unamortized past service cost	5,141	(2,088)	3,053
Employee future benefit asset (liability)	\$ (2,889)	\$ (23,863)	\$ (26,752)

The employee future benefit asset (liability) in La Coop's consolidated balance sheet is presented as follows:

	Pension plans	Post-retirement benefits	Total
Employee future benefit asset	\$ 10,714	\$ —	\$ 10,714
Employee future benefit liability	(13,603)	(23,863)	(37,466)
Employee future benefit asset (liability)	\$ (2,889)	\$ (23,863)	\$ (26,752)

The asset allocation of La Coop's pension plans is as follows:

	2007	2006
Equity securities	65%	66%
Debt securities	35	34
	100%	100%

Post-retirement benefit plans are unfunded. The accrued benefit obligations and fair value of defined benefit plan assets, whose accrued benefit obligations exceed plan assets, amount to \$69,371,000 and \$53,939,000, respectively [\$71,814,000 and \$45,485,000 in 2006].

11. EMPLOYEE FUTURE BENEFITS [CONT'D]

The significant actuarial assumptions used to assess La Coop's employee future benefit obligations and plan assets are as follows as at October 27, 2007 and October 28, 2006:

	Pension plans		Post-retirement benefits	
	2007	2006	2007	2006
Discount rate	5.75%	5.50%	5.75%	5.50%
Expected long-term return for plan assets	6.50%	6.50%	N/A	N/A
Rate of compensation increase	4.00%	4.00%	4.00%	4.00%

For valuation purposes, a 14% annual growth rate in the cost of covered prescription drugs was assumed for the first year in 2005, decreasing by 0.5% annually over the next ten years to remain at 8.5% thereafter, as of 2016. The growth rate in prescription drug costs is 13% as at October 27, 2007 [13.5% in 2006]. Also, a 7% growth rate in other health care costs was assumed for the first year in 2005, decreasing by 0.5% annually for the next six years to remain at 3.5% thereafter, as of 2012. The growth rate in the cost of other health-care benefits is 6% as at October 27, 2007 [6.5% in 2006].

Assumed health-care cost trend rates have a significant effect on the amounts reported for the health-care plans. A one-percentage-point change in assumed health care cost trend rates would have the following effects:

	Increase		Decrease	
	2007	2006	2007	2006
Total of service and interest cost	\$ 197	\$ 676	\$ (153)	\$ (496)
Accrued benefit obligations	1,261	4,087	(991)	(3,106)

La Coop's net employee future benefit plan cost for the year is as follows:

2007	Pension plans	Post-retirement benefits	Total
Current service cost for the year, net of employee contributions	\$ 4,956	\$ 1,581	\$ 6,537
Interest cost	7,346	1,547	8,893
Actual return on plan assets	(10,930)	—	(10,930)
Actuarial gains for the year	(6,573)	(664)	(7,237)
Curtailment gain	(2,597)	(10,953)	(13,550)
Past service cost for the year	450	(144)	306
Elements of the employee future benefit cost before adjustments to recognize the long-term nature thereof	(7,348)	(8,633)	(15,981)
Adjustments to recognize the long-term nature of employee future benefit costs:			
Difference between expected return and actual return on plan assets for the year	3,514	—	3,514
Difference between actuarial loss recognized for the year and actual actuarial loss on accrued benefit obligation for the year	6,846	809	7,655
Difference between amortization of the past service cost for the year and actual plan amendments for the year	329	(81)	248
	10,689	728	11,417
Employee future benefit cost	\$ 3,341	\$ (7,905)	\$ (4,564)

11. EMPLOYEE FUTURE BENEFITS [CONT'D]

2006	Pension plans	Post-retirement benefits	Total
Current service cost for the year, net of employee contributions	\$ 4,594	\$ 1,641	\$ 6,235
Interest cost	7,034	1,506	8,540
Actual return on plan assets	(10,674)	—	(10,674)
Actuarial losses (gains) for the year	18	(1,935)	(1,917)
Elements of employee future benefit cost before adjustments to recognize the long-term nature thereof	972	1,212	2,184
Adjustments to recognize the long-term nature of employee future benefit costs:			
Difference between expected return and actual return on plan assets for the year	3,974	—	3,974
Difference between actuarial loss recognized for the year and actual actuarial loss on accrued benefit obligation for the year	336	2,225	2,561
Difference between amortization of the past service cost for the year and actual plan amendments for the year	816	(225)	591
	5,126	2,000	7,126
Employee future benefit cost	\$ 6,098	\$ 3,212	\$ 9,310

12. SHARE CAPITAL

La Coop's share capital is variable and unlimited with regard to the number of shares issuable. The rights, restrictions and conditions relating to each type of share are determined by the Board of Directors. The share capital consists of:

Preferred shares

Preferred shares with a par value of \$10, issued to members and employees of La Coop in accordance with the Québec Cooperative Investment Plan, bearing interest at a rate determined by the Board of Directors. These shares are redeemable at their par value upon a decision of the Board of Directors. The series of shares issued in 2002 is redeemable at the option of La Coop as of the third year following issuance, or the holder, provided that certain conditions are met. The 2004 and 2005 series are redeemable by La Coop only as of the fifth year following issuance. Series issued after March 23, 2006 are redeemable at the option of La Coop as of the fifth year following issuance, or the holder, provided that certain conditions are met.

Common shares

Class A common shares, with a par value of \$25. Holding such shares is an essential condition to qualify as a member and obtain voting rights. They are redeemable at their par value upon a decision of the Board of Directors.

Class B common shares, with a par value of \$1, non-voting and redeemable at their par value upon a decision of the Board of Directors. However, the Board of Directors cannot redeem Class B common shares if there are shares outstanding other than Class B-1, D-1 common shares or Class A common shares. These shares were issued to members as partial payment of patronage refunds.

Class B-1 common shares, with a par value of \$1, non-voting and redeemable at their par value upon a decision of the Board of Directors. However, the Board of Directors may not redeem Class B-1 common shares if there are any outstanding Class B, D and D-1 common shares. These shares were issued to members as partial payment of patronage refunds.

Class D common shares, with a par value of \$1, non-voting and redeemable at their par value upon a decision of the

Board of Directors. These shares were issued to members as partial payment of patronage refunds.

Class D-1 common shares, with a par value of \$1, non-voting and redeemable at their par value upon a decision of the Board of Directors. However, the Board of Directors may not redeem Class D-1 common shares if there are any outstanding Class B and D common shares. These shares were issued to members as partial payment of patronage refunds.

Class AUXILIARY MEMBERS common shares, with a par value of \$25, non-voting and redeemable at their par value upon a decision of the Board of Directors.

12. SHARE CAPITAL [CONT'D]

At year-end, the issued and fully paid shares were as follows:

	Number		Amount	
	2007	2006	2007	2006
PREFERRED SHARES				
Québec Cooperative Investment Plan with a par value of \$10:				
2002 series, redeemable as of 2008, 4.5% [4% in 2006]	402,973	404,729	\$ 4,030	\$ 4,047
2004 series, redeemable as of 2010, 4.5%	350,140	350,140	3,501	3,501
2005 series, redeemable as of 2011, 4%	396,969	396,969	3,970	3,970
2006 series, redeemable as of 2012, 4.75%	155,853	—	1,559	—
	1,305,935	1,151,838	13,060	11,518
Redeemable preferred shares – current portion	(402,973)	—	(4,030)	—
	902,962	1,151,838	\$ 9,030	\$ 11,518
COMMON SHARES				
Class A	31,931	31,719	\$ 798	\$ 793
Class B	40,807,865	40,807,865	40,807	40,807
Class B-1	5,228,091	2,398,091	5,228	2,398
Class D	24,576,047	24,576,047	24,576	24,576
Class D-1	10,474,688	4,804,688	10,475	4,805
AUXILIARY MEMBERS	120	100	3	3
	81,118,742	72,618,510	\$81,887	\$ 73,382

Preferred shares, 2004 and 2005 series, were presented in equity since they are redeemable exclusively by La Coop.

12. SHARE CAPITAL [CONT'D]

This year's transactions related to share capital were carried out for cash considerations with the exception of patronage refunds paid in the form of shares. These transactions were as follows:

	Number		Amount	
	2007	2006	2007	2006
PREFERRED SHARES				
Balance, beginning of year	1,151,838	1,062,217	\$11,518	\$10,622
Issued:				
Preferred shares, \$10 par value	155,853	396,969	1,559	3,970
Redeemed:				
Preferred shares, \$10 par value	(1,756)	(307,348)	(17)	(3,074)
	1,305,935	1,151,838	13,060	11,518
Preferred shares, 2002 series – current portion	(402,973)	—	(4,030)	—
Balance, end of year	902,962	1,151,838	\$ 9,030	\$11,518
COMMON SHARES				
Balance, beginning of year	72,618,510	79,248,620	\$73,382	\$80,125
Issued:				
Class A common shares	456	1,256	11	31
Patronage refunds paid in Class B-1 common shares	2,830,000	(7,409)	2,830	(7)
Patronage refunds paid in Class D-1 common shares	5,670,000	(14,812)	5,670	(15)
Class AUXILIARY MEMBERS common shares	20	60	—	2
	8,500,476	(20,905)	8,511	11
Redeemed:				
Class A common shares	(244)	(5,994)	(6)	(150)
Class B common shares	—	(15,250)	—	(16)
Class D common shares	—	(6,587,961)	—	(6,588)
	(244)	(6,609,205)	(6)	(6,754)
Balance, end of year	81,118,742	72,618,510	\$81,887	\$73,382

On September 5, 2007, the directors resolved to redeem, as of November 30, 2007, 402,973 preferred shares issued under the Québec Cooperative Investment Plan, 2002 series, for a consideration of \$4,029,730. On September 5, 2007, the directors also authorized a preferred share issue pursuant to the Québec Cooperative Investment Plan, 2007 series, as at November 30, 2007, under which 305,466 preferred shares were issued for a cash consideration of \$3,054,660. In addition, on January 16, 2008, the directors resolved to redeem 8,665,990 Class D common shares issued between 1995 and 2000 for a cash consideration of \$8,665,990.

13. ACCUMULATED OTHER COMPREHENSIVE INCOME

Accumulated other comprehensive income comprises solely of financial instruments designated as cash flow hedges. Changes arising during the year were as follows:

	2007	2006
Restated balance, beginning of year, following the adoption of new accounting policies relating to financial instruments	\$ —	\$ —
Changes in fair value during the year, net of taxes amounting to \$166	353	—
Balance, end of year	\$ 353	\$ —

The total amount of unrealized gains and losses will be reclassified to the consolidated statement of earnings during the next year.

14. NET CHANGE IN NON-CASH WORKING CAPITAL ITEMS RELATED TO OPERATIONS

The net change in non-cash working capital items related to operations is determined as follows:

	2007	2006
Accounts receivable	\$(20,524)	\$ 12,381
Inventories	(9,453)	27,838
Prepaid expenses	(1,616)	2,706
Income taxes receivable	2,596	(61)
Accounts payable and accrued liabilities	14,647	(19,659)
Patronage refunds payable	1,500	(1,275)
	\$(12,850)	\$ 21,930

15. COMMITMENTS AND CONTINGENCIES**(a) Operating leases**

La Coop has entered into long-term operating leases for buildings, machinery and automotive equipment. The future minimum lease payments of La Coop and its joint ventures under these leases total \$32,286,770 broken down as follows for the coming years: 2008 – \$8,346,053; 2009 – \$6,475,309; 2010 – \$4,278,184; 2011 – \$3,030,591; 2012 – \$1,890,566; 2013 and thereafter – \$7,816,067.

(b) Repurchase of the shares of non-controlling shareholders

A group of non-controlling shareholders of one of La Coop's subsidiaries owning 17.6% of the shares of this subsidiary benefits, commencing on May 1, 2010, from a put option to priority sell all its shares to another group of non-controlling shareholders. Should this group not exercise its option, La Coop is required to buy back these shares. The disposal of the shares as well as their payment may be completed in four annual instalments, equal and consecutive, or sooner at the option of La Coop. This same group of non-controlling shareholders will retain all of its rights until the transfer of the last

portion of its shares. The purchase price of the shares will be determined using a formula established between the parties.

In addition, an other group of non-controlling shareholders of a subsidiary of La Coop, holding 22% of the shares of said subsidiary, benefits as of October 31, 2012, from an option to sell all of its shares to La Coop, which has the obligation to repurchase them. The sale of the shares as well as the payment of their sale price may be made in ten annual instalments according to a predetermined repurchase agreement whose terms and conditions are defined in the partnership agreement of the subsidiary, or sooner, at La Coop's discretion. This same group of non-controlling shareholders will retain all of its rights until the transfer of the last portion of its shares.

(c) Claims and lawsuits

In the normal course of business, various claims and lawsuits are brought against La Coop. Legal proceedings are often subject to numerous uncertainties and it is not possible to predict the outcome of individual cases. In management's opinion, La Coop has made adequate provision for or has adequate insurance to cover all claims and lawsuits, and their settlement should not have a significant negative impact on La Coop's financial position.

16. GUARANTEES

In the normal course of business, La Coop has entered into agreements that contain features which meet the definition of a guarantee. These agreements provide for indemnification and guarantees to counterparties in transactions such as operating leases and security contracts.

These agreements may require La Coop to compensate third parties for costs and losses incurred as a result of various events including breaches of representations and warranties, loss of or damages to property, and claims that may arise while providing services.

Notes 9, 10 and 15 to the consolidated financial statements provide information relating to some of these agreements. The following constitutes additional disclosure.

Operating leases

La Coop and its subsidiaries have general indemnity clauses in many of their movable and immovable property leases whereby they, as lessee, indemnify the lessor against liabilities related to the use of the leased property. These leases mature at various dates through September 2027. The nature of the agreements varies based on the contracts and therefore prevents La Coop from estimating the total potential amount it would have to pay to lessors. Historically, La Coop has not made any significant payments under such agreements. Furthermore, La Coop and

its subsidiaries have insurance protecting them against such potential situations.

Security contracts

Under letters of guarantees with financial institutions and insurance companies, La Coop has commitments amounting to \$36,289,000 as at October 27, 2007.

As at October 27, 2007 and October 28, 2006, no amounts had accrued in respect of the above-mentioned agreements.

17. FINANCIAL INSTRUMENTS

(a) Derivative financial instruments

In the normal course of business, La Coop uses a number of derivative financial instruments, such as foreign exchange contracts, foreign exchange swaps, forward commodity contracts to reduce its exposure to foreign exchange and commodity price fluctuations. These instruments are used exclusively for risk management purposes.

Foreign exchange contracts and swaps

The following table sets out the notional amounts at the reporting dates with respect to foreign exchange contracts with maturities of less than one year:

Type	Nominal amount in foreign currency [thousands]	Average exchange rate	
		2007	2006
Sale	US\$50,496 [US\$12,263 in 2006]	0.9974	1.1244
Purchase	US\$38,737 [US\$10,011 in 2006]	0.9944	1.1257
Sale	¥3,376,445 [¥3,417,995 in 2006]	0.008762	0.009583
Sale	A\$35,653 [A\$22,019 in 2006]	0.8707	0.8478
Sale	NZ\$865 [NZ\$940 in 2006]	0.7337	0.7416

No amounts have been recognized in the consolidated statement of earnings with respect to the ineffectiveness of foreign exchange contracts and swaps.

Forward contracts on the price of grains

In the normal course of business, La Coop has entered into sale and purchase contracts expiring in less than one year with its clients to set the prices of various grains. As at October 27, 2007, La Coop was committed to sell 27,003 net metric tonnes of grain in the amount of \$3,323,000. La Coop has recorded a loss of \$392,000 in the consolidated statement of earnings. La Coop has sufficient inventories of grain to meet its commitments.

La Coop also entered into forward contracts on the price of various grains expiring in less than one year to reduce its exposure to fluctuations in grain prices. As at October 27, 2007, La Coop was committed to sell 122 metric tonnes of grain [40,413 metric tonnes in 2006] in the amount of \$5,064,000 [\$4,339,000 in 2006]. La Coop has recorded a loss of \$69,000 in the consolidated statement of earnings.

17. FINANCIAL INSTRUMENTS [CONT'D]**(b) Credit risk**

Credit risk related to derivative financial instruments is limited to unrealized gains, if any. La Coop is likely to incur losses if parties fail to meet their commitments related to these instruments. However, La Coop views this risk as minimal since it deals only with highly rated financial institutions.

In the normal course of business, La Coop evaluates the financial position of its clients on a regular basis and examines the credit history of new clients. The allowance for doubtful accounts is based on the client's specific credit risk and historical trends. Moreover, La Coop holds security on the assets and investments of certain clients in the event of default. La Coop believes the credit risk regarding receivables to be minimal due to the diversification of its clients and their industry segments.

(c) Interest rate risk

Interest rate risk relating to financial assets and liabilities results from changes in interest rates to which La Coop may be subject. La Coop believes that mortgage loans and notes receivable and the long-term debt give rise to a market risk and cash flow risk since these financial instruments have fixed and variable rates. Since their interest rates are variable, bank overdraft and short-term borrowings only give rise to cash flow risk.

Interest rates set out in contracts are valid for their respective terms. Notes 9 and 10 to the financial statements provide information relating to these agreements.

(d) Carrying value and fair value of financial instruments

The carrying values and fair values of financial instruments are as follows:

	As at October 27, 2007		As at October 28, 2006	
	Carrying value	Fair value	Carrying value	Fair value
Investments and other assets				
Loans and receivables				
Mortgage loans and notes receivable	\$ 4,793	\$ 4,793	\$ 5,425	\$ 5,425
Derivatives designated as cash flow hedges				
Foreign exchange contracts and swaps	866	866	(27)	(27)
Derivatives classified as held-for-trading				
Forward commodity contracts	(41)	(41)	(1,032)	(1,032)
Long-term debt				
Other financial liabilities				
Credit facility	\$136,108	\$136,108	\$192,724	\$192,724
Term credit	30,000	29,304	30,000	29,572
Unsecured debenture	25,000	25,044	25,000	25,359
Term note	22,323	23,366	23,697	25,164
Share in mortgage loans	6,929	6,675	7,304	7,304
Share in notes payable	1,870	1,870	2,223	2,223
Mortgage loans and other debts	6,556	6,577	4,452	4,450
	\$228,786	\$228,944	\$285,400	\$286,796

17. FINANCIAL INSTRUMENTS [CONT'D]

(d) Carrying value and fair value of financial instruments [cont'd]

The fair value of accounts receivable, bank overdraft, short-term borrowings, accounts payable and accrued liabilities and patronage refunds payable approximates their carrying amounts due to the short-term nature of these items.

The fair value of investments in cooperatives was not established since the timing of these inflows cannot be readily determined.

The fair value of long-term debt is determined by discounting future contractual cash flows at rates that La Coop could obtain as at the balance sheet date for similar types and maturities of borrowing arrangements.

The fair value of the preferred shares cannot be established since the timing of these outflows cannot be readily determined.

The fair value of the derivative financial instruments reflects the estimated amounts La Coop would receive (or pay) to terminate open contracts at year-end.

18. INTEREST IN JOINT VENTURES

La Coop's consolidated financial statements include its share of the results, financial position and cash flows of its joint ventures, as follows:

	2007	2006
Consolidated Statement of Earnings		
Revenues	\$67,009	\$57,803
Operating expenses	66,170	57,150
Net earnings	839	653
Consolidated Balance Sheet		
Current assets	10,210	8,277
Long-term assets	22,128	22,343
Current liabilities	8,196	6,665
Long-term liabilities	18,615	19,258
Consolidated Statement of Cash Flows		
Cash flows related to:		
Operating activities	1,974	2,573
Investing activities	(994)	(1,668)
Financing activities	(535)	(915)

19. SEGMENTED INFORMATION

La Coop has two reportable segments: Marketing and Supply Operations. Other segments and common costs are combined under "Other segments." These segments are managed separately since they require specific business strategies. All of La Coop's assets are located in Canada.

The various segments' accounting policies are the same as those described in the significant accounting policies. La Coop evaluates performance based on earnings before patronage refunds and income taxes. La Coop accounts for its interdivisional revenues and transfers at the exchange amount. The geographical breakdown of revenues is based on the customers' billing premises.

2007	Marketing Operations	Supply Operations	Other segments	Consolidated
REPORTABLE SEGMENTS				
Third-party revenues	\$2,062,337	\$1,224,458	\$ —	\$3,286,795
Interdivisional transfers	130	15,913	—	16,043
Total revenues	2,062,467	1,240,371	—	3,302,838
Financial expenses	22,172	(1,615)	47	20,604
Depreciation of property, plant and equipment and amortization of other assets	37,993	9,879	1,650	49,522
Share of results of entities subject to significant influence	—	4,568	(4)	4,564
Earnings (loss) before patronage refunds and income taxes	15,807	37,400	(12,620)	40,587
Segment assets	639,432	340,545	34,971	1,014,948
Goodwill	30,960	597	12,730	44,287
Investments in entities subject to significant influence	—	21,032	(94)	20,938
Additions to property, plant and equipment	25,422	8,778	1,672	35,872

2006	Marketing Operations	Supply Operations	Other segments	Consolidated
REPORTABLE SEGMENTS				
Third-party revenues	\$ 2,069,538	\$ 1,106,167	\$ —	\$ 3,175,705
Interdivisional transfers	331	16,192	—	16,523
Total revenues	2,069,869	1,122,359	—	3,192,228
Financial expenses	19,623	(172)	(734)	18,717
Depreciation of property, plant and equipment and amortization of other assets	41,914	9,519	1,764	53,197
Share of results of entities subject to significant influence	—	1,898	(90)	1,808
Restructuring costs	27,671	—	—	27,671
Earnings (loss) before patronage refunds and income taxes	(42,418)	31,575	(10,756)	(21,599)
Segment assets	660,698	305,508	37,800	1,004,006
Goodwill	30,962	822	13,620	45,404
Investments in entities subject to significant influence	—	16,697	(90)	16,607
Additions to property, plant and equipment	52,182	9,181	3,616	64,979

19. SEGMENTED INFORMATION [CONT'D]

REVENUES BY GEOGRAPHICAL AREA

	2007	2006
Third-party revenues in Canada	\$2,515,660	\$2,367,131
Third-party revenues outside Canada:		
United States	295,797	336,066
Japan	196,670	197,850
Other	278,668	274,658
	771,135	808,574
Total third-party revenues	\$3,286,795	\$3,175,705

20. RESTRUCTURING COSTS

In 2006, Olymel L.P. continued executing its plan to integrate and restructure its pork processing and marketing operations. The appreciation of the Canadian dollar coupled with intense foreign competition and difficult market conditions in the fresh pork sector resulted in the consolidation of hog operations.

The costs related to the Olymel L.P. restructuring initiative are as follows:

	2007	2006
Impairment of property, plant and equipment	\$ —	\$ 23,657
Restructuring costs	—	4,014
	\$ —	\$ 27,671

The impairment of property, plant and equipment was determined using the fair value of the buildings and machinery and equipment from a third-party independent assessment carried out in 2006.

Restructuring costs consist of costs arising from operating commitments and maintenance costs regarding facilities involved in our restructuring initiative. Restructuring costs totalling \$4,014,000 were recognized in accounts payable and accrued liabilities in 2006. Changes in the provision for restructuring costs in 2007 are as follows:

Balance as at October 28, 2006	\$ 4,014
Payments	(1,094)
Balance as at October 27, 2007	\$ 2,920

21. COMPARATIVE FIGURES

Certain 2006 figures, particularly those in the consolidated statement of cash flows, have been reclassified to conform to the presentation adopted in 2007.

Financial Review

UNAUDITED	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Operations										
<i>[thousands of dollars]</i>										
Revenues	\$3,286,795	\$3,175,705	\$3,141,860	\$2,908,842	\$2,755,096	\$2,480,291	\$2,431,329	\$2,003,739	\$1,778,156	\$1,807,275
Financial expenses	20,604	18,717	12,965	9,925	12,714	11,364	15,504	11,855	12,667	14,890
Depreciation and amortization	49,522	53,197	41,969	36,165	38,100	34,521	29,768	26,148	26,238	25,115
Earnings (loss) from continuing operations	40,587	(21,599)	42,463	35,456	26,136	42,481	62,690	25,786	42,085	29,446
Patronage refunds	10,000	—	8,500	12,000	8,203	17,200	16,200	7,000	15,250	12,750
Income taxes	7,770	(11,408)	1,551	7,887	4,348	8,222	8,617	5,848	8,890	7,076
Discontinued operations	—	—	—	—	—	—	(161)	(6,593)	(1,089)	2,811
Net earnings (loss)	22,817	(10,191)	32,412	15,569	13,585	17,059	37,712	6,345	16,856	12,431
Financial position										
<i>[thousands of dollars]</i>										
Working capital	\$ 43,846	\$ 164,721	\$ 197,750	\$ 139,486	\$ 127,981	\$ 123,742	\$ 122,390	\$ 91,967	\$ 77,256	\$ 99,290
Property, plant and equipment, net book value	428,953	442,865	451,177	305,328	309,145	309,477	287,269	194,220	190,560	178,966
Total assets	1,014,948	1,004,006	1,058,252	808,765	762,288	769,788	721,081	590,981	539,222	524,166
Convertible debentures, preferred shares and equity**	338,754	305,890	321,928	284,711	261,689	283,163	258,461	213,885	209,705	186,079
Financial ratio										
Working capital ratio	1.1	1.6	1.7	1.5	1.5	1.5	1.5	1.4	1.4	1.6
Interest coverage	3.0	(0.2)	4.3	4.6	3.1	4.7	5.0	2.4	4.2	3.2
Debt/Equity ratio* **	41:59	49:51	47:53	40:60	45:55	50:50	51:49	55:45	47:53	55:45
Earnings (loss) before patronage refunds and income taxes/Revenues	1.2%	(0.7)%	1.4%	1.2%	0.9%	1.7%	2.6%	0.9%	2.3%	1.8%
Reserve/Convertible debentures, preferred shares and equity**	72.0%	72.2%	71.8%	69.8%	70.0%	59.9%	59.0%	53.7%	53.7%	51.4%
Convertible debentures, preferred shares and equity** / Total assets**	33.4%	30.5%	30.4%	35.2%	34.3%	36.8%	35.8%	36.2%	38.9%	35.5%
Number of employees	11,072	11,895	12,287	9,587	9,644	10,096	9,340	8,041	7,996	7,448

* The debt figure in the Debt/Equity ratio includes the convertible debentures and the equity figure includes the preferred shares.

**Accumulated other comprehensive income as well as the related financial instruments have been excluded from the ratio calculations.



SUPPLY OPERATIONS

LA COOP FÉDÉRÉE
9001 de l'Acadie Boulevard
Montréal, Québec H4N 3H7

ANIMAL PRODUCTION SECTOR

Feedmills and warehouses

Joliette
Lévis
New Liskeard, Ontario
Saint-Jacques de Montcalm
St-Isidore de Prescott, Ontario
60 feedmills and warehouses
owned by affiliated cooperatives

Micro premix plant

Lévis

Sogéporc genetic hog farms

Laurierville
Notre-Dame-de-Lourdes (sow herd)
Notre-Dame-de-Lourdes (nursery)
Saint-Apollinaire
Sainte-Narcisse-de-Rimouski
Trinité-des-Monts

Research farms

Frampton (farrowing barn)
Saint-Jean-Baptiste-de-Rouville
(broilers and layers)
Saint-Hermas-de-Mirabel
(nursery and finishing barn)
Adstock (gilt)
Île Verte (ovines)

Hatcheries

Saint-Félix-de-Valois
Saint-Jude
Victoriaville

Breeding farms (poultry)

Saint-Jude
Wickham
Standbridge Station

Breeding farms (broiler breeders)

Lanoraie
Saint-Germain-de-Grantham
Saint-Jean-Baptiste-de-Rouville
Saint-Lin-Laurentides
Wickham
Victoriaville

CROP PRODUCTION SECTOR

Research farm

Techno Champs, Saint-Hyacinthe

Distribution centres

Longueuil
Sainte-Catherine
Sillery

Companies

6 Agrocentres (50%)
Fertichem (50%)
SQS inc.

GRAIN AND FEED MILL SUPPLY

Office and distribution centre

Montréal
Sillery

Joint venture enterprise

Sillery Distribution Centre Inc. (50%)

Subsidiary

Elite Grain Inc., Napierville

Agrifood laboratory

Longueuil

PETROLEUM SECTOR

Sales offices

Brossard
Drummondville
Montréal
Québec City
Rivière-du-Loup
Saint-Hyacinthe
Trois-Rivières
Pointe-aux-Trembles

49 distribution agents
7 bulk stations
185 service stations

Joint venture enterprise

Groupe pétrolier Norcan Inc. (33%)

HARDWARE AND FARM MACHINERY SECTOR

Distribution centre
Trois-Rivières

Sales outlets

149 CO-OP hardware and
renovation centres
14 Unimat renovation centres
70 independent outlets
190 farm machinery and forestry dealers
400 agricultural parts dealers

COOPERATIVE MEMBER SERVICES AND COOP AGRICULTURE

Offices

Montréal
Sillery

Coop agricultural centre

AgriEst, St-Isidore de Prescott and
St-Albert, Ontario

MARKETING OPERATIONS

OLYME L.P.
2200 Léon-Pratte Avenue
Suite 400
Saint-Hyacinthe, Québec J2S 4B6

Sales and distribution centres

Boucherville
Brampton, Ontario
Australia
South Korea
Tokyo, Japan

Distribution centres

Boucherville
Saint-Jean-sur-Richelieu
Weston, Ontario

HOG SECTOR

Slaughterhouses and cutting plants

Princeville
Red Deer, Alberta
Saint-Esprit de Montcalm
Vallée-Jonction

Processing plants

Anjou
Cornwall, Ontario
Drummondville
Princeville
Saint-Henri de Bellechasse
Saint-Hyacinthe
Saint-Jean-sur-Richelieu
Trois-Rivières

POULTRY SECTOR

Slaughterhouses and cutting plants

Berthierville
Saint-Damase

Processing plants

Brampton, Ontario
Saint-Hyacinthe
Saint-Jean-sur-Richelieu

Joint venture enterprises

Unidindon inc.
Volaille Giannone inc.

Other operations

Transport Transbo inc.
Machinerie Olymel (1998) inc.
Transbo exportation inc.

Affiliated Cooperatives

Citadelle, coopérative de producteurs de sirop d'érable
Plessisville

Coopérative agricole de la Baie des Chaleurs
Caplan

Coopérative agricole de St-Bernard
Saint-Bernard-de-Dorchester

Coopérative agricole du Témiscouata
Notre-Dame-du-Lac

Coopérative agricole Grains D'Or
Métabetchouan—Lac-à-la-Croix

Coopérative de consommation de Saint-Alexis
Saint-Alexis-de-Matapédia

Coopérative de Saint-Quentin Itée
Saint-Quentin (New Brunswick)

Groupe Dynaco, coopérative agroalimentaire
La Pocatière

La Coop Abitibi-Ouest
La Sarre

La Coop Agrilait
Saint-Guillaume

La Coop Agriscar
Trois-Pistoles

La Coop Agrivert
Saint-Barthélemy

La Coop Agrivoix
La Malbaie

La Coop Agrodor
Thurso

La Coop Albanel
Albanel

La Coop Alliance
Saint-Ephrem-de-Beauce

La Coop Amos
Amos

La Coop Chambord
Chambord

La Coop Comax
Saint-Hyacinthe

La Coop Compton
Compton

La Coop CoopPlus
Saint-Narcisse

La Coop Covilac
Baie-du-Febvre

La Coop de l'Assomption
L'Assomption

La Coop des Appalaches
Laurierville

La Coop des Bois-Francis
Victoriaville

La Coop des Cantons
Coaticook

La Coop des deux rives
Normandin

La Coop des Frontières
Sainte-Martine

La Coop Disraéli
Disraéli

La Coop Dupuy et Ste-Jeanne d'Arc
Dupuy

La Coop Excel
Granby

La Coop Fermes du Nord
Mont-Tremblant

La Coop Frampton
Frampton

La Coop Gracefield
Gracefield

La Coop Ham Nord
Ham-Nord

La Coop Haute Côte-Nord
Sacré-Coeur

La Coop Île-aux-Grues
L'Isle-aux-Grues

La Coop Jonquière
Jonquière

La Coop La Patrie
La Patrie

La Coop Lac-Mégantic Lambton
Lac-Mégantic

La Coop Langevin
Sainte-Justine

La Coop Montmagny
Montmagny

La Coop Parisville
Parisville

La Coop Pont-Rouge
Pont-Rouge

La Coop Pré-Vert
Tingwick

La Coop Profid'Or
Joliette

La Coop Purdel
Le Bic

La Coop Rivière-du-Sud
Saint-François-de-la-Rivière-du-Sud

La Coop Saint-Alexandre-de-Kamouraska
Saint-Alexandre-de-Kamouraska

La Coop Saint-Damase
Saint-Damase

La Coop Sainte-Hélène
Sainte-Hélène-de-Bagot

La Coop Sainte-Julie
Sainte-Julie

La Coop Saint-Hubert
Saint-Hubert-de-Rivière-du-Loup

La Coop Saint-Ubald
Saint-Ubalde

La Coop Seigneurie
Saint-Narcisse-de-Beaurivage

La Coop Squatec
Squatec

La Coop St-André d'Acton
Acton Vale

La Coop St-Casimir
Saint-Casimir

La Coop St-Côme-Linière
Saint-Côme-Linière

La Coop St-Denis-sur-Richelieu
Saint-Denis-sur-Richelieu

La Coop Ste-Catherine
Sainte-Catherine-de-la-Jacques-Cartier

La Coop Ste-Justine
Sainte-Justine

La Coop St-Fabien
Saint-Fabien

La Coop St-Georges
Saint-Georges

La Coop St-Isidore d'Auckland
Saint-Isidore-de-Clifton

La Coop St-Jacques-de-Leeds
Saint-Jacques-de-Leeds

La Coop St-Méthode
Adstock

La Coop St-Pamphile
Saint-Pamphile

La Coop St-Patrice
Saint-Patrice-de-Beaurivage

La Coop Unicoop
Sainte-Hénédine

La Coop Uniforce
Napierville

La Coop Verchères
Verchères

La Coop Ville-Marie
Ville-Marie

La Coop Weedon
Weedon

La Coopérative Cartier Ltée
Richibucto (New Brunswick)

La Coopérative de Baie Ste-Anne Ltée
Baie Sainte-Anne (New Brunswick)

La Coopérative de Caraquet Ltée
Caraquet (New Brunswick)

La Coopérative de Rogersville Ltée
Rogersville (New Brunswick)

La Coopérative de St-Louis Ltée
St-Louis-de-Kent (New Brunswick)

La Fromagerie coopérative St-Albert inc.
St-Albert (Ontario)

La Matapédienne, coopérative agricole
Amqui

Magasin CO-OP de Plessisville
Plessisville

Magasin CO-OP de Ste-Perpétue
Sainte-Perpétue-de-l'Islet

Magasin CO-OP de St-Ludger
Saint-Ludger

Magasin CO-OP de St-Samuel
Lac-Drolet

Magasin CO-OP de St-Victor
Saint-Victor

Magasin CO-OP St-Gédéon
Saint-Gédéon-de-Beauce

Nutrinor coopérative agro-alimentaire du Saguenay Lac St-Jean
Saint-Bruno

Quincaillerie coop de Nominique
Nominique

Société coopérative agricole de Princeville
Princeville

Société coopérative agricole de Saint-Adrien-d'Irlande
Saint-Adrien-d'Irlande

Société coopérative agricole de Sainte-Marthe
Sainte-Marthe

Société coopérative agricole des apiculteurs du Québec
Plessisville

Société coopérative de Lamèque Ltée
Lamèque (New Brunswick)

Auxiliary Members

Coopérative d'utilisation de machinerie agricole de la Rivière du Bic
Le Bic

Coopérative d'utilisation de machinerie agricole de l'Érable
Plessisville

Coopérative d'utilisation de machinerie agricole de l'Or Blanc
Saint-Georges-de-Windsor

Coopérative d'utilisation de machinerie agricole de Saint-Fabien
Saint-Fabien

Coopérative d'utilisation de machinerie agricole de St-Cyprien
Saint-Cyprien

Coopérative d'utilisation de machinerie agricole des Rivières
Sainte-Thècle

Coopérative d'utilisation de machinerie agricole et forestière du Lac
Alma

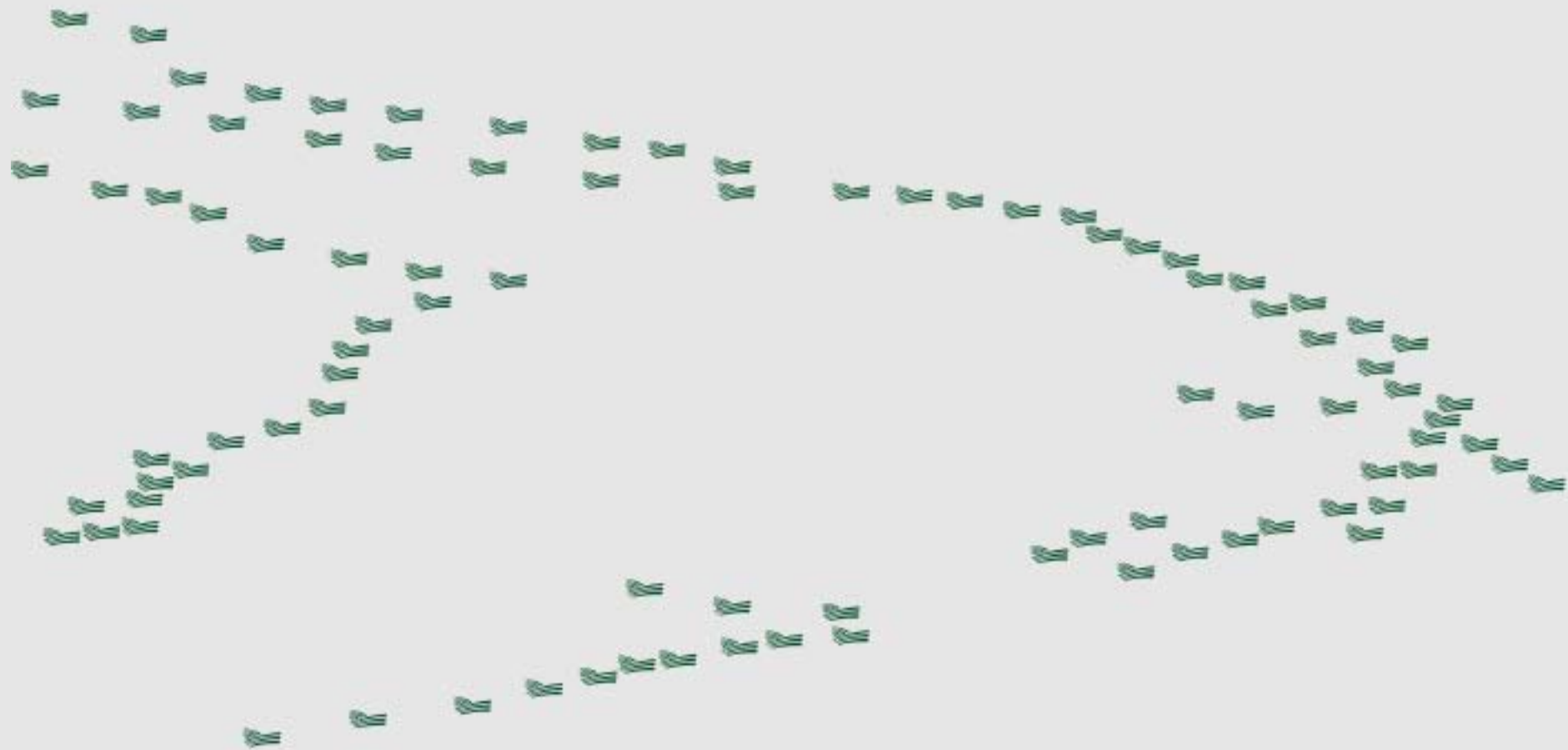
Coopérative d'utilisation de matériel agricole de Leclercville
Leclercville

Coopérative d'utilisation de matériel agricole des Aulnaies
Saint-Jean-Port-Joli

Coopérative d'utilisation de matériel agricole l'Oie Blanche
Saint-François-de-la-Rivière-du-Sud

Coopérative d'utilisation de machinerie agricole Franco-Agri
Sainte-Anne-de-Prescott

Coopérative d'utilisation de matériel agricole de la Petite-Nation et de la Lièvre
Saint-Sixte



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