LINDT & SPRÜNGLI

ANNUAL REPORT 2008

Key Financial Data of the Lindt & Sprüngli Group

Income Statement

		2008	2007	Change in %
Sales	CHF million	**2 937.3**	2 946.2	–0.3
EBITDA	CHF million	**460.5**	444.3	3.6
in % of sales	%	**15.7**	15.1	
EBIT	CHF million	**361.2**	350.8	3.0
in % of sales	%	**12.3**	11.9	
Net income	CHF million	**261.5**	250.5	4.4
in % of sales	%	**8.9**	8.5	
Operating cash flow	CHF million	**294.7**	217.4	35.6
in % of sales	%	**10.0**	7.4	

Balance Sheet

		2008	2007	Change in %
Total assets	CHF million	**2 409.9**	2 469.4	–2.4
Current assets	CHF million	**1 474.2**	1 599.4	–7.8
in % of total assets	%	**61.2**	64.8	
Non-current assets	CHF million	**935.7**	870.0	7.6
in % of total assets	%	**38.8**	35.2	
Non-current liabilities	CHF million	**205.7**	221.6	–7.2
in % of total assets	%	**8.5**	8.9	
Shareholders' equity	CHF million	**1 479.0**	1 389.4	6.4
in % of total assets	%	**61.4**	56.3	
Investments in PPE/intangible assets	CHF million	**198.6**	235.1	–15.5
in % of operating cash flow	%	**67.4**	108.1	

Employees

		2008	2007	Change in %
Average number of employees		**7 712**	7 793	–1.0
Sales per employee	TCHF	**380.9**	378.1	0.7

Data per share

		2008	2007	Change in %
Non-diluted earnings per share/10 PC[1]	CHF	**1 158**	1 123	3.1
Operating cash flow per share/10 PC	CHF	**1 299**	969	34.1
Dividend per share/10 PC	CHF	**360** [2]	330	9.1
Payout ratio	%	**31.2**	29.5	
Shareholders' equity per share/10 PC	CHF	**6 518**	6 195	5.2
Price registered share at December 31	CHF	**22 600**	39 770	–43.2
Price participation certificate at December 31	CHF	**1 960**	3 920	–50.0
Market capitalization at December 31	CHF million	**4 867.7**	8 871.3	–45.1

[1] Based on weighted average number of registered shares/10 participation certificates
[2] Proposal of the Board of Directors

Content

111th Annual Shareholders' Meeting
Thursday, April 16, 2008, 10 a.m.
Kongresshaus Zurich, Kongresssaal
Entrance K, Claridenstrasse, Zurich

Dear Shareholders

After several years of economic stability, and even considerable growth in some countries, the global economy has been confronted with the biggest challenges for decades in the wake of the spreading financial crisis. This trend gathered pace drastically towards the end of the year under review. The continuos stream of pessimistic messages from the world of finance and the economy, and the incipient weakening of the labor market made the general uncertainty even worse. As a consequence, consumer sentiment increasingly deteriorated from the middle of the year onwards. Important big and small distribution channels for Lindt & Sprüngli products became insolvent or even went bankrupt, and countless shop closures accompanied this trend. The USA, UK and Italy were particularly hard hit by this situation. In general, many trade partners tended to run down their stocks – especially in the second half of the year – and were correspondingly reluctant to place new orders. At the same time, private labels and the hard discounters, where we are not represented with our premium products, gained ground everywhere.

In this exceptionally difficult environment, Lindt & Sprüngli reported strong organic growth of 5.8%, a performance which can be described as good in view of the prevailing market conditions. Thus, growth is situated at the lower edge of our long-term annual target range of 6–8%, but well in excess of the market trend. This performance is linked to the general strengthening of our market position and the corresponding gain of further market shares in nearly all countries. However, consolidated sales in Swiss franc terms were seriously affected by adverse currency influences, such as the lower value of the euro, pound sterling and the various dollar currencies. Consolidated sales stood at CHF 2.937 billion, which nearly matches the previous year's figure (CHF 2.946 billion).

Particularly strong growth rates were achieved in several overseas markets, especially on the Canadian market and in Eastern and Northern Europe, for example in Scandinavia, Russia, Poland, and also in Austria. On the export markets, sales growth was largely attributable to the globally established key products LINDOR and EXCELLENCE and the Easter and Christmas collection. The performance of the traditional European markets differed from country to country, but was generally better than the market average, further strengthening the position of our brands. Only in Italy we have to report negative sales performance. While LINDT and GHIRARDELLI remained, as in previous years, the fastest growing premium-chocolate brands in the United States, largely because of the substantial increase in distribution through local and national retail chains, our own store network was seriously affected by the underlying mood of recession.

Towards the end of the year, many companies were forced to close stores, cafés and restaurants in shopping malls. This prevented any advent buoyant Christmas mood and decimated visitor numbers. The impact of these adverse conditions made itself felt on the American LINDT boutiques, especially in the run-up to Christmas, which is the key season for the sale of chocolate products as gift items.

The financial year 2008 also saw extremely volatile commodity prices. Cocoa prices in particular were affected by mostly speculative activities on the commodity exchanges and hit a 23-year peak – a trend which far outstripped the performance of all other commodities. Consequently, as the year progressed, a number of price adjustments had to be made in all countries, especially for dark chocolate. Thanks to the high quality and acknowledged premium image of LINDT products, these increases were nevertheless regarded as justified and accepted by consumers and by our trade partners. That acknowledgement strengthens our resolve to pursue our successful premium strategy without compromise, and to invest in the future of this clear commitment to quality through improvements to our industrial process.

Despite all these exceptionally tough challenges, Lindt & Sprüngli once again reported higher profitability and, with operating earnings before interest and tax (EBIT) of CHF 361,2 million, achieved an increase of 3.0% on the previous year; this figure is proportionately well above the sales trend in Swiss franc terms. The operating profit margin rose from 11.9% in the previous year to 12.3% in 2008, which equals a plus of 40 basis points. This result is at the top end of our long-term target of 20 to 40 basis points per year. The group net income is still more noteworthy: it rose from CHF 250.5 million in the previous year to CHF 261,5 million in the year under review, equivalent to a gain of 4.4%. The profit return of sales therefore reached 8.9% (previous year 8.5%) in 2008. These results are pleasing against the background of the adverse global economic situation. They are the outcome of the consistent pursuit of our brand and market strategy, which has proved remarkably successful in recent years, and will continue to guide our business in the future. The operating cash flow rose by 35.6% to CHF 295 million, the net-cash-position of the Group rose to nearly CHF 110 million (2007: CHF 70 million). At the end of 2008 our equity ratio was 61.4%, while the average return on equity was 18.2%. This capital structure provides a strong and sustainable basis for meeting the challenges of the current year and will continue to guarantee the future thriving business of our company, even in more difficult times.

At the forthcoming Annual Shareholders' Meeting of April 16, 2009, the Board of Directors will propose an increase in the dividend per registered share and participation certificate of 9.1% to CHF 360.– and CHF 36.– respectively.

The stock market, unfortunately, failed to acknowledge the continuing soundness and good performance of Lindt & Sprüngli in this year of great market turbulence (SMI –35% and SPI –34%). After gaining constantly for many years, Lindt & Sprüngli securities were increasingly caught up in the financial crisis as the year under review progressed, and suffered severe losses of 43% (registered share) and 50% (participation certificate) against the previous year. These figures do not in any way reflect the success of the company's business. Our long-standing shareholders can rest assured that their company has the ability, resources and management qualities to continue in future along the same road to success that has been followed for many years now, with great sense of responsibility and prudence.

"We are convinced that we have taken the rigth steps to be among the winners of the next economic upturn."

This commitment is shared by the Board of Directors, the Group Management, the local management of our subsidiaries and our more than 7500 employees who are dedicated day in, day out, with the utmost motivation and passion, to the attainment of our goals and to the sustainable strengthening of the competitiveness of our business. Our dedication and commitment not only reflect an endeavor to achieve purely economic success, but also our determination to respect ethical values, such as social responsibility and sustainable use of environmental resources, in every field of our corporate activities.

Among other endeavours, we have taken due account of this philosophy especially in the sensitive area of cocoa procurement. By effecting every single step of chocolate production in-house, ranging from the selection of cocoa beans to the packaged product, Lindt & Sprüngli guarantees the consistently high quality of its products. At the same time, the full control of the supply chain allows for the traceability of the cocoa beans back to the specific cooperatives. The knowledge of the exact place of origin is an important premise for us to contribute to an improvement of the conditions in the complex environment of the cultivation countries. Besides our participation in initiatives of various non profit organizations as well as our support of specific projects, Lindt & Sprüngli is commited to a corporate concept for cocoa procurement from Ghana. The agreements between the cocoa suppliers and Lindt & Sprüngli, on which this project is based, have been clearly laid out. They guarantee the quality and traceability of the cocoa beans, firm prices for all the farmers involved in the project, and an effective influence on local circumstances and social conditions. As part of this project, Lindt & Sprüngli is willing to pay a special fee for its cocoa from Ghana; which is then invested carefully, and under the control of independent international audits, in social projects, regional infrastructure and the improvement of cocoa quality. With this unique purchasing concept, Lindt & Sprüngli is making a real contribution to the promotion of socially compatible and economically fair conditions for cocoa farmers. Based on our initial positive experiences in Ghana, we are already considering an extension of this purchasing concept to the procurement of fine grade cocoa from Latin America.

Our employees all over the world represent another responsibility we take great care of. We endeavor at all times, and at every level of our organization, to guarantee fair employment conditions and secure jobs with a view to encouraging the personal development of each individual – a principle which is firmly entrenched in our corporate credo. We know that the success of our efforts is based in the first instance on the dedication, commitment and shared endeavors of all our staff. Their motivation and identification with the company and our products are the solid foundation which can enable all obstacles to be overcome, even in hard times.

This is the reason why the Board of Directors, as well as the Group Management and myself owe them a special debt of gratitude, because the past financial year brought exceptional challenges and required a correspondingly strong commitment on the part of each and every one of us. I also wish to thank all our trade partners and suppliers for their close and precious cooperation. Similarly, our special thanks are due to our shareholders who have remained loyal to the company even in turbulent times, so proving their faith in the sustainable success of our company. Last but not least, we are grateful to our consumers who strengthen our conviction, whenever they buy one of our products, that we are on the right track.

Outlook

As the financial and economic crisis continues to spread, the global economy is set to weaken further in the course of this year. The signs of incipient recession have become increasingly clear since the end of 2008, followed by a worsening of the situation in the employment markets, which will have an increasingly negative impact on consumer sentiment. Other factors, such as the unpredictable trend of commodity prices, especially for cocoa beans, the growing nervousness of our trade partners, and not least the volatile currency environment, will make the situation still worse and aggravate the general uncertainty.

The year 2009 will therefore bring great challenges for the whole economy and will go down in history as an exceptional year. Especially in such hard times, it is vitally important for a business to be able to build on a healthy and robust foundation. Lindt & Sprüngli has done so in recent years and today we can rely on just such a foundation. This enables us to respond rapidly with the suitable measures to the challenges that lie ahead, notwithstanding the continuous implementations of necessary marketing investments to further strengthen our brands and to expand our market shares. We are convinced that we have taken the right steps to be among the winners of the next economic.

With this target ahead, Lindt & Sprüngli will further optimize synergies among the different subsidiaries of the Group in the areas of production, logistics and administration. In the USA we will also redefine the structure of our own network of retail outlets. The LINDT boutiques, which were originally conceived as a strategic means of establishing awareness of our brand and its premium image on the vast US market, and hence of promoting nationwide distribution in the wholesale trade, achieved their goals faster than we had expected. Meanwhile sales of LINDT products in the trade channels have greatly outstripped those of our own stores, and continue to grow very dynamically. Consequently, we will concentrate our stores at top locations where profitable growth can be achieved. This new orientation for our own retail business will pay dividends in coming years after the usual initial restructuring costs.

Because of the forthcoming measures designed to shape our future, 2009 is set to be an exceptional year of transition, in which our long-term earning goals will not be achieved. However, the Board of Directors and the Group Management are confident that our strategy will further strengthen the already solid foundation of our business with a view to assuring its secure and successful future.

Ernst Tanner
Chairman and Chief Executive Officer

THE FINANCIAL YEAR 2008 WAS MARKED BY THE FINANCIAL CRISIS AND THE RESULTING CONSEQUENCES ON THE WORLD ECONOMY. GENERAL CONSUMER SENTIMENT WAS RATHER CAUTIOUS AND DETERIORATED IN SOME COUNTRIES TOWARDS THE END OF THE YEAR. ALTHOUGH THE CHOCOLATE MARKET IS CONSIDERED TO BE RATHER CRISIS-RESISTANT, IT NOTICED A SLIGHTLY NEGATIVE INFLUENCE. IN THIS DIFFICULT ENVIRONMENT, LINDT & SPRÜNGLI MANAGED TO NOT ONLY HOLD ITS POSITION, BUT ALSO TO EXTEND IT IN NEARLY ALL COUNTRIES.

Switzerland

In a year which saw the economic environment become increasingly challenging, Chocoladefabriken Lindt & Sprüngli (Schweiz) AG once again outperformed the market growth rate and further consolidated its strong position. Thanks to the resolute pursuit of its premium strategy and wide-ranging marketing activities, substantial growth of 9.9% to CHF 344.6 million was achieved.

Despite turbulence on the financial markets, the first half of the year saw a rather favorable economic environment and the overall market for chocolate still reported slight volume growth. At the same time, average prices rose as a result of national price increases. Towards the middle of the year, against a background of increasingly negative news on the economic front, consumer sentiment began to suffer. With flatter sales towards the end of the year, volume growth for the year as a whole stood at just 0.9%.

Thanks to the uncompromising pursuit of its premium strategy, Lindt & Sprüngli reported growth of 3.9% in Switzerland. This positive development was ascribed mainly to successful new products and marketing activities on proven leader products. At the beginning of the year, for example, the new PETITS DESSERTS "Mousse au Chocolat" tablets were launched accompanied by an extensive advertising and tasting package. For St. Valentine's Day and Mother's Day, special gift packs from LINDOR were very succesful. In the buoyant Easter business, the GOLD BUNNY once again proved to be an effective growth driver.

With recipes designed to match the respective season, the spring, summer and autumn lines of LINDT for chocolate tablets and pralinés collections rendered a considerable variety on the rather sluggish chocolate market. Theme promotions were increasingly used at point of sale. They included the "Festival du Lait Suisse" and the "Festival du Chocolat Noir." The "Festival du Chocolat" was also unique. At the world's largest parade of some 180 LINDT Maîtres Chocolatiers, fine pralinés creations from LINDT were offered for tasting and sale at the main commercial partner.

To meet the higher demand for LINDT products on the domestic and export markets, new warehousing and commissioning capacities were added to the logistic center in Altendorf. The Olten plant was also extended. At the Kilchberg factory a number of major projects, including the implementation of a new molding line, the extension and modernization of the pralinés stockroom, and further chocolate finishing capacity extensions were successfully completed.

Germany

In an increasingly price-sensitive environment, Chocoladefabriken Lindt & Sprüngli GmbH consolidated its position with sales growth of 2.1% to EUR 330 million. First signs of the global economic crisis resulted in depressing consumer sentiment.

Because of the global financial crisis, German economic growth weakened to 1.3% in 2008, while private consumption shrank by 0.4%. The continuing reluctance of consumers was the result of the growing uncertainty generated by the declining economic situation.

In 2008, the chocolate market in Germany reported value growth of 5.0%, due essentially to much higher sales by the discounters, increasingly intensive promotional campaigns throughout the trade, and price increases. Despite the resulting price sensitivity on the part of consumers, LINDT managed to maintain its position.

In the highly competitive market for chocolate tablets, LINDT could not continue the double-digit growth trend of recent years. The dark chocolate segment, which began slightly to decline overall for the first time, was supplemented by an EXCELLENCE "Mild 70%," together with extensions of the established "Edelbitter Mousse" and "Hot Chocolate" product lines. The basic tablet assortment was extended by a new and fluffy "Mousse au Chocolat" range.

Sales in the pralinés segment rose again. In addition to the good development of the redesigned classics, the MINI PRALINÉS line reported double-digit growth thanks to a further expansion of the product range. LINDOR products also reported double-digit sales growth with attractive new products for St. Valentine's Day and the Christmas season.

Performance of the GOLD BUNNY once again proved particularly pleasant. Both, existing offers and new presentations contributed to this strong growth. Innovations such as the new "Oster-Freuden" line enabled LINDT to further extend its market leadership in the important Easter segment.

Chocolate Santa Claus articles equaled the previous year's record result with new offers and successful point of sale activities. Other innovations, such as the "Knabber Kugeln" line, helped to maintain the leading market position.

France

In 2008, Lindt & Sprüngli SAS succeeded in repeating the pleasing growth figures of previous years with sales up 8.9% to EUR 351 million. This positive development can be mainly ascribed to the strong focus on proven successful concepts and highly promising innovations. With the extension of new distribution channels, Lindt & Sprüngli is well positioned to make further use of the potential of the French market in future.

The French market remains challenging. Despite increasingly severe price competition in the retail trade because of new reforms adopted by the government, the overall chocolate tablet market remained on target (+3.9%). However, a slow-down was observed towards the end of the year which had an unfavorable impact on the Christmas chocolate market in particular.

In the chocolate tablet segment, LINDT expanded its market leadership through highly successful innovations like the MAXI PLAISIR and PETITS DESSERTS "Mousse au Chocolat." Other important products which contributed to the positive result were the EXCELLENCE "Fleur de Sel" and "Amandes Grillées" tablets. In general, all labels in the chocolate tablet business performed well, helping LINDT to become the fastest growing chocolate tablet brand in France.

The Christmas overall chocolate business was affected by the adverse economic situation and reported a loss of volume amounting to 5% compared to the previous year. Even more than before, the market was dominated by familiar branded products. In the pralinés segment, LINDT achieved substantial growth rates with its CHAMPS-ÉLYSÉES and CONNAISSEURS lines. Additionally, with the strong focus on LINDOR truffles, another product with great potential was introduced onto the market. The launch of the CRÉATION COCKTAIL pralinés was also a widely acclaimed operation. In the highly competitive Easter business, LINDT further strengthened its position and gained new market shares once again. Main contributors to sales were the GOLD BUNNY and the bags with little chocolate eggs.

Lindt & Sprüngli also extended its distribution channels in the convenience segment which is becoming increasingly important.

Italy

The two Italian subsidiaries Lindt & Sprüngli SpA and Caffarel SpA reported a slight decline in sales compared to the previous year, amounting to a total of EUR 233.8 million. Despite the extremely difficult economic environment and a flat market, the LINDT brand continued to occupy a leading position in consumers' spontaneous perception, while Caffarel SpA, whose products are distributed solely via the traditional trade, consolidated its position as a premium brand.

The Italian economy was affected by the global financial crisis and slid into recession already in mid-2008. This pushed consumer sentiment, especially in the closing weeks of the year, down to the lowest level for 30 years. Both the traditional and modern trade were severely affected by the spreading uncertainty. This was reflected, especially towards the end of the year, in a modest level of orders and a distinct reduction of stocks.

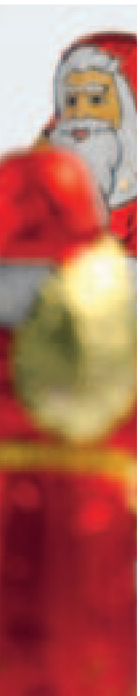
As a consequence of the precarious economic situation and the shorter Easter seasonal business, the trend of the overall chocolate market slowed noticeably by comparison with the previous year. Although price increases occurred because of higher raw material costs, the market remained flat for the first time in many years. Only the chocolate tablet segment proved slightly more dynamic.

In this very difficult economic environment, LINDT was able to affirm its position and gain market shares. In particular, the GOLD BUNNY, the LINDOR line, the PETITS DESSERTS and "Mousse au Chocolat" confirmed their potential and made substantial progress.

Although traditional outlets still make the biggest contribution to LINDT sales, the expanding modern trade is becoming increasingly important.

Caffarel SpA, too, succeeded in asserting its position against the difficult economic background. The trend of the tablet segment was particularly favorable. In addition, the focus was increasingly placed on particularly exclusive high quality products, while unsuitable offerings were deleted from the range. Caffarel achieved very good results with its key products GIANDUIOTTO and NOCCIOLOTTO.

Thanks to the opening of the new warehouse and distribution center in Magenta, which has been used jointly by Lindt & Sprüngli and Caffarel since the beginning of the year, valuable synergies were achieved in the logistics sector, while transport costs remained stable.



Austria

Lindt & Sprüngli Ges.m.b.H. was once again the fastest growing chocolate company in the food trade in Austria in 2008. The tablet and pralinés segment in particular reported above-average sales figures. The company's leading market position in the premium segment was further consolidated. Many product innovations and the lasting success of the GOLD BUNNY contributed to strengthen this position.

In 2008, the Austrian economy grew by just 1.8%. That was a significant fall of 3.4% below the previous year. Overshadowed by the international financial crisis, the second half of the year proved particularly difficult. The consumer's purchasing attitude cooled while the inflation rate rose sharply against the previous year.

Food trade grew by 3.7%, largely because of price increases. The chocolate market made a strong contribution to this trend with just under 6%. This shows that the chocolate market remains one of the key growth drivers in the Austrian food trade.

Despite the generally challenging environment, LINDT was able to gain further market shares. Along with value growth of 12%, Lindt & Sprüngli was one of the few companies in the Austrian chocolate industry to achieve volume growth.

Not only the successful new launches, such as the "Mousse au Chocolat" tablet lines, but also the traditional tablet concepts and LINDOR, all reported strong growth. Similar successes were achieved in the seasonal business, especially with the GOLD BUNNY which for the first time became the best-selling Easter bunny in the Austrian food trade.

Alongside the continuing market consolidation, the pressure of the discounters and the aggressive private label policy of leading retailers increased. Regardless of this trend, LINDT continues to be a major added-value partner on the chocolate market. Many product innovations and enhanced marketing activities helped greatly to strengthen this positioning in 2008.

Spain

Despite a difficult economic background, Lindt y Sprüngli (España) SA achieved a growth rate well above the overall market as a whole, with a gain of 7%. This successful trend is backed by a resolute focus on the key products LINDOR and EXCELLENCE and the successful launch of innovative new products.

Because of the global financial crisis which has hit Spain particularly hard, the Spanish economy slowed noticeably, especially in the closing months of 2008. The real estate market, the automobile industry and the tourism branch, which are the main driving forces of the Spanish economy, have now lapsed into serious difficulties.

The chocolate market also slowed, growing by just 5% against the previous year (12%). In this tough environment Lindt & Sprüngli once again performed better than the market as a whole.

With the focus on the classical LINDOR range and new product variations (for example LINDOR with 60% cocoa), together with enhanced advertising activities and the expansion of distribution, LINDT was the fastest-growing brand in the Spanish pralinés segment for the sixth year a row. The popular CHAMPS-ÉLYSÉES and SWISS TRADITION pralinés mixes also contributed to the excellent result in this segment.In the tablet sector, LINDT dominated the trend towards dark chocolate with its EXCELLENCE line. Among the filled tablets, the launch of PETITS DESSERTS and "Mousse au Chocolat" was exceptionally well received by consumers. LINDT was able to maintain its strong position in the Easter business.

United Kingdom

On the world's second largest chocolate market, Lindt & Sprüngli (UK) Ltd. reported above-average growth of 3.1%.

The British economy was hit particularly hard by the credit crisis and lapsed into recession in the second half of the year. As a result, inflation rose to 4.1%. The retail trade experienced one of its toughest years with the situation deteriorating sharply, especially in the closing weeks of 2008, driving some retailers into bankruptcy. The overall chocolate market was also badly affected by this trend. It grew slower than in the previous year with a gain of just 1.4% this time.

LINDT again confirmed its strong position in the premium segment. The EXCELLENCE line of chocolate tablets, which dominated the competition in this segment, remained particularly successful. The launch of the "Ginger" version, specially adapted to British taste, was an immediate success. Strong growth was also achieved in the pralinés segment thanks to wider distribution of SWISS TRADITION pralinés and new seasonal offers. In the Easter business, LINDT further consolidated its position with the GOLD BUNNY and surprised visitors with a matching theme world at the London Eye, one of the most frequently visited locations in London.

Poland

Lindt & Sprüngli (Poland) Sp. z o.o. once again grew many times faster than the market as a whole, with an increase in sales of around 30%.

The economic growth rate of 6.5% achieved in 2007 weakened to 5.2% in 2008 because of the global economic crisis. Nevertheless, Poland was still one of the fastest-growing markets in Europe.

With a gain of 16%, the Polish chocolate market remained highly dynamic.

This good trend was once again exceeded by LINDT. The main contributors to sales were the key products LINDOR and EXCELLENCE, together with seasonal articles.

Sweden

Lindt & Sprüngli (Sweden) AB looks back on another successful year. In the fourth year of operating since its establishment, outstanding double-digit growth in excess of 20% was again achieved. Thanks to substantial investments to rise brand awareness, and a strong product-launch program, market shares in every category were increased once again. LINDT remains the country's most dynamic chocolate brand.

Despite economic turbulence and the resulting gloomy consumer sentiment, LINDT stepped up its sales by more than 20% with its constant focus on premium grade chocolate, both for pralinés and in the tablet range.

Chocolate tablets with high cocoa content and unusual ingredients made a decisive contribution to this trend. In this segment, LINDT achieved disproportionally high growth with the extension of the EXCELLENCE tablet range adding the new "Sea Salt" recipe. The introduction of CRÉATION 70% proved also succesful and Swedish consumers are now able to enjoy the taste of innovative dark chocolate creations with unusual taste combinations. Examples include the "Fig & Caramel," "Mango & Cayenne" and "Grenadine & Chili" varieties.

The pralinés segment was greatly enhanced by LINDOR truffles which are highly appreciated gift articles, especially for the seasonal highlights like St. Valentine's Day, Easter and Christmas, and achieved substantial growth.

Northern, Central and Eastern Europe/Benelux countries

With overall growth of 20%, LINDT once again achieved impressive successes in the northern, central and eastern European regions and in the Benelux countries, so continuing the positive trend of recent years. All the countries contributed to this achivement which is attributable in the first instance to the consistent focus on the key products EXCELLENCE and LINDOR. The SWISS TRADITION and PRALINÉS DU CONFISEUR pralinés collections also achieved strong growth. The same applies to seasonal products such as the GOLD BUNNY, the GOLD REINDEER, Santa Claus and the Snowman.

Along with an attractive product range and an increasingly strong presence at the point of sale, together with the substantial expansion of distribution, the launch of new products has enhanced LINDT's position as an innovative brand in the premium segment. This was largely due to EXCELLENCE

"Sea Salt" which was particularly well received by consumers in the Nordic countries. In addition, EXCELLENCE tablets with different cocoa contents, including recipes such "Orange Intense" and "Chili," proved highly successful on every market.

To achieve a stronger presence on the fast-growing Czech market and in Slovakia, a new organization was established in July 2008 under the name Lindt & Sprüngli (Czechia) s.r.o. Market canvassing by the company itself proved highly promising in the first few months already.

On the Russian market, the LINDT brand once again achieved high double-digit growth rates. The LINDOR and EXCELLENCE products were supported by TV advertising, so laying the foundation for a strong image of the LINDT brand with Russian consumers.

North America

In North America (USA, Canada, Mexico), Lindt & Sprüngli achieved cumulative sales worth USD 617 million in a challenging market environment, equivalent to a growth of 6.6%. This trend was boosted at Lindt & Sprüngli (USA) Inc. in particular by LINDOR truffles and the seasonal business. The SQUARES and other premium tablet products proved particularly successful at the Ghirardelli Chocolate Company.

USA

Despite the tough economic situation and keen competition, LINDT and GHIRARDELLI once again reported better than average growth and remained the fastest-growing brands in the US chocolate industry.

Against a background of highly pessimistic consumer sentiment, which worsened further towards the end of the year, LINDT was able to step up its overall sales by 2.7% and gain new market shares. Sales in the wholesale channels in which LINDT is increasingly well represented, thanks to its ongoing success, rose at a rate well above the market average. This growth was explained by more intensive advertising activities, and by the launch of new chocolate tablet products, the increasingly popular LINDOR truffles, and successful spring business. To meet the rising demand for LINDT chocolate, a number of investments were made to step up production, for example the commissioning of three new conches, which have more than doubled capacity. An opposite trend was observed in retail outlets located in shopping centers. Many stores, cafés and restaurants were closed and the number of visitors fell drastically. Especially towards the end of the year there was no real inclination to go shopping, and no visible Christmas spirit came up.

In 2008, Ghirardelli Chocolate Company achieved 6.2% growth, not only with the already well established

SQUARES, but also thanks to product innovations on the chocolate tablet side, such as the "Prestige Tablets" and "Luxe Milk." The premium cooking chocolate business also reported pleasing growth, in which GHIRARDELLI advanced to become the number 3 brand. The new, typically American, "Peanut butter" recipes which were successfully launched in the SQUARES and the tablet segment show a long-term growth potential. Supported by a national TV campaign and strong promotional measures, Ghirardelli Chocolate Company again succeeded in strengthening its market position. GHIRARDELLI restaurants in tourist centers like San Francisco, Las Vegas, Orlando and Chicago likewise proved increasingly popular and saw strong growth again in 2008.

Canada

While the chocolate market in Canada grew by a relatively modest 4% in 2008, Lindt & Sprüngli (Canada) Inc. achieved growth of 14.8%, much higher than the overall chocolate market. This was reflected especially in the gain of substantial market shares in the premium segment. Despite the difficult economic situation, LINDT was able to further extend its strong position in the seasonal trade: at Christmas with pralinés, at Easter with the GOLD BUNNY and at St. Valentine's Day with specially designed LINDOR creations, which were the market leaders for this event. Seasonal business was supported by nationwide advertising and promotional activities, including the "GOLD BUNNY Smart Car Tour" at Easter and the "Gourmet Festival" at Christmas. These measures greatly increase the LINDT brand awareness, while at the same time strengthening the foundation for the launch of other product lines, such as EXCELLENCE, SWISS CLASSIC and PETITS DESSERTS.

Mexico

Lindt & Sprüngli de Mexico SA de CV had to contend with an extremely difficult market environment and did not achieve its ambitious targets. The poor economic background means that the launch phase needed for positioning a new brand in the premium segment takes longer than expected. Nevertheless, the market position of LINDT was further improved, albeit at a low level.

Australia

On the highly competitive Australian market, Lindt & Sprüngli (Australia) Pty. Ltd. increased its sales by 9%. While LINDOR remains the most important brand in the "Boxed Chocolate" category, sales of pralinés also reported strong growth with the SWISS TRADITION and PETITS DESSERTS ranges. The Easter business, and especially sales of the GOLD BUNNY, continued to grow at a pleasing rate. The concept of the "LINDT Chocolate Cafés" introduced in 2004 was well

received by consumers in Sydney, and a fourth café was opened in 2008. This new experience concept, in the form of restaurant and confectionery distribution, is proving extremely popular and is enhancing the positive image of the LINDT brand.

Other markets

Lindt & Sprüngli (Asia-Pacific) Ltd. once again achieved significant double-digit sales growth in a favorable environment on the key Chinese and Hong Kong markets. The main contributors to higher sales were LINDOR, EXCELLENCE and the classical LINDT "Swiss Milk" tablets. The Olympic Games in Beijing in 2008 were the ideal platform for using the LINDT Maîtres Chocolatiers to bring home to a wide public the excellence of LINDT premium chocolate. The presentations staged in the "House of Switzerland" met with an altogether positive response in terms of visitor numbers and international media reporting.

In Japan, too, the LINDT brand is still strongly represented. LINDOR products in particular achieved significant progress, reflecting the premium criteria of Japanese consumers. In Asia, Singapore and Thailand are becoming increasingly important markets.

In the South American area, the LINDT brand made very good progress. The fast-growing markets of Brazil and Argentina proved to be particularly dynamic.

The political situation in the Middle East remained tense in 2008. The high price of oil did, however, have a very positive impact on the local economy in the first half of the year. In the second half, the region was less affected than other parts of the world by the financial crisis. The systematic communication strategy based on LINDT Maîtres Chocolatiers, coupled with a focus on proven key products, is now operational throughout the territory, and provides a strong base for making further headway. With high double-digit growth rates, LINDT again achieved very pleasing progress on these markets. Since 2005, overall sales have tripled, the most important contribution coming from the United Arab Emirates and South Africa. Other dynamic markets were Lebanon, Algeria and Kuwait. Here, LINDT has achieved a leading position with great potential for the future.

Duty Free/Travel Retail

In the Duty Free segment, the LINDT brand further consolidated its leading position in the premium chocolate segment. Once again, very satisfactory double-digit growth was reported, well above the market average.

In the year under review, LINDT again showed an impressive rate of innovation. This expertise was underlined by the launch of trendy spring and summer collections, specially designed for the travel retail business, and of the sophis-

ticated Mini Truffles gift boxes. The SWISS PREMIUM NAPOLITAINS and the popular gold and silver 370 g tablets once again proved best-sellers in the existing range.

LINDT enjoys a very strong global presence in airports, which was further extended and visually optimized last year. Here, the LINDT Maîtres Chocolatiers concept plays a particularly important role and impressively illustrates LINDT's professional expertise through live shows.

The strong position of LINDT at Zurich Airport was further improved by the opening of a new LINDT Shop. The LINDT Maîtres Chocolatiers concept was also implemented in the new Terminal 3 at Dubai Airport.

Procurement

In the year under review, the price increases seen in 2007 continued for the majority of agricultural raw materials. As the year progressed, sustained demand and growing speculative pressure on the markets resulted in absolute record prices for some raw materials. As yet, there are no signs of any lasting easing of the situation against the background of the generally critical economic environment.

On the London cocoa future market, prices ranged from a low of GBP 1060 per ton to a high of GBP 1820 per ton and, at the end of 2008, they were on average roughly 44% above the previous year's level. Constantly rising demand for cocoa in the first ten months of the year, coupled with flat production volumes in the main countries of origin and the influence of speculation, led to hectic and highly volatile prices on the London and New York commodity markets. These strong fluctuations also affected the price of cocoa butter, which was higher at the end of 2008 than in the previous year.

Following the historically high prices for milk in 2007, early 2008 saw a reduction of world and EU milk prices which slowly stabilized again by the end of the year. Only Swiss dairy product prices continued to rise after July 2008 and are now among the highest in the world.

Thanks to excellent hazelnut harvests in Turkey and Italy, prices tended to fall. However, because of intervention by the Turkish government, the price fall was rather slow. Other raw materials, such as almonds and sugar, also experienced wide price fluctuations.

Despite the excellent procurement and purchasing policy pursued by Lindt & Sprüngli, increases in the price of agricultural raw materials had an adverse impact on production costs, and made further price adjustments necessary. However, Lindt & Sprüngli

is confident that these are accepted by consumers because of the uncompromising commitment to high quality standards of LINDT.

Ecology and sustainability

Lindt & Sprüngli regards sustainable action in every area as an obligation. Social responsibility and careful use of environmental resources are central values for the business. Whenever possible, the group therefore takes into account in its strategic decisions not just economic considerations, but also ecological and social factors at all its production sites worldwide. To put concrete emphasis on these guidelines, Lindt & Sprüngli takes part in a number of nationally and internationally acknowledged projects in the field of ecology and sustainability.

The cultivation of cocoa in general and the sustainable use of resources in particular, as well as the social conditions of the cocoa farmers are of utmost concern. Since 2005, Lindt & Sprüngli has therefore been an active member of the "World Cocoa Foundation" (WCF) to which it gives financial support. The WCF offers cocoa farmers all over the world discussion platforms for their requirements, and manages the membership contributions, which are deployed in a targeted manner on selected projects to promote nature conservation in the cultivation areas and protect the farmers' livelihoods.

In addition to its membership of the WCF, Lindt & Sprüngli also supports selected projects under the "Sustainable Tree Crop Program" (STCP) in West Africa. The aim of this program is to diversify the farmers' sources of income. By organizing the cooperation between individual cocoa farmers in working communities, synergies which have a positive impact on these farmers' working and living conditions are generated. Supported by the International Institute of Tropical Agriculture (IITA), additional networks are built between the farmers, the global cocoa industry, the private sector, the governments concerned and potential investors. As the commitment under the STCP has so far yielded particularly satisfactory results, Lindt & Sprüngli has given an assurance of financial support for a project in Ghana until 2011.

Lindt & Sprüngli has now also become involved in the "Round Table for Sustainable Palm Oil" (RSPO), an organization which attaches great importance to the sustainable cultivation of oil palms. Palm oil is a particularly important raw material which is used in many different sectors because of its wide range of potential applications, and is employed by Lindt & Sprüngli in very small quantities as an additive for some pralinés fillings. However, the cultivation of oil palms, which are mainly grown in the tropical areas of Asia, Africa and South America, is controversial. Ecological concerns in particular are now being addressed. Since the 1990s, demand for palm oil has risen by over

40%. This development shows just how important it is to take good care of the regions in which the crop is cultivated. To open up new plantations, parts of the rain forest are often felled; this may seriously damage the local biodiversity and thus compromise the ecosystems. Through the commitment to purchase sustainably grown palm oil, and to play an active role in organizations which promote ecologically-friendly cultivation methods, it can be ensured that this important raw material is produced under social, and above all, ecological aspects.

Another important commitment of Lindt & Sprüngli is the implementation of a pilot project in Ghana, which is now being further developed following the initial good results. Lindt & Sprüngli procures its Forastero cocoa exclusively from Ghana, because of its particularly high quality. As the origin of the cocoa beans is important, Lindt & Sprüngli has decided to get involved in this procurement model aiming at the traceability of cocoa beans back to the individual cultivation areas and the local cooperatives. Consequently, Lindt & Sprüngli has full transparency of the procurement chain of cocoa beans as well as control over quality and cultivation circumstances.

Thanks to the State regulation system, stable cocoa prices are guaranteed in Ghana, and are generally on or above the level prevailing in other West African countries. Lindt & Sprüngli pays an extra fee for its cocoa beans, which goes to a local foundation in charge of target-oriented social projects and the development of local infrastructure in the cultivation areas. The first successes of the "Ghana Traceable" program convinced Lindt & Sprüngli to look into the possibility of a similar purchasing model in Ecuador in 2009.

Over and above the commitment to the cocoa-growing regions, various environmental protection programs have been successfully implemented in all of the group's production sites. Within this context, Lindt & Sprüngli joined the "Carbon Disclosure Project" (CDP) asa member in 2007. The CDP providesa neutral forum for companies which are committed to a reduction of their CO_2 emissions in order to have a positive and lasting impact on the progressive climate change. On the basis of defined standards, energy consumption of the participating companies and their CO_2 emissions are measured with the aim to examine possible methods of reduction.

Lindt & Sprüngli endeavors to do its best to minimize CO_2 emissions, by making substantial investments in the insulation of buildings, energy-saving equipment and with various other energy-recycling measures. The aim is a long-term reduction of energy consumption by the year 2017, amounting up to 10% per tonne of chocolate produced. A "pinch" analysis has already been performed for that purpose in the Olten factory, and new heating technology was installed at the Caffarel plant in Italy.

The measures taken are not just being confined to the reduction of CO_2 emissions and greater energy efficiency, they also affect strategic decisions in the area of supply chain management and product distribution. Lindt & Sprüngli's plants are based in six different countries and are therefore located geographically close to the main distribution markets. This strategy ensures that the products always reach the consumer in premium quality, while keeping transport distances as short as possible. In addition, apart from cocoa beans, all other necessary raw materials such as milk, sugar and in some cases nuts and packaging are procured from local suppliers. This also helps to avoid unnecessarily long transport routes.

In the medium and long run, these projects which are based on the strategic commitment for the group will not only bring economic benefits, but also make an important contribution to the sustainable treatment of the environment and its resources. These efforts have gained repeated recognition. For example, in 2008 Ghirardelli Chocolate Company won a prize for "Leadership & Achievement in Sustainability," the highest award of the "StopWaste" Organization.

SWITZERLAND HAS ALWAYS BEEN HOME TO NUMEROUS CHOCOLATE PIONEERS. MANY OF THEM – ESPECIALLY RODOLPHE LINDT, WHO INVENTED CONCHING AND, WITH IT, THE WORLD'S FIRST TENDER MOLTEN CHOCOLATE IN 1879 – HAVE MADE AND CONTINUE TO MAKE HISTORY WITH THEIR TIRELESS INVENTIVE SPIRIT AND FINE RECIPES, PLAYING THEIR OWN PART IN SUCCESSFULLY SPREADING THE POSITIVE IMAGE OF SWISS CHOCOLATE THROUGHOUT THE WORLD. WITH THIS WEALTH OF EXPERIENCE, COUPLED WITH THE WORLD'S HIGHEST PER CAPITA CHOCOLATE CONSUMPTION AT OVER 12 KG PER YEAR, IT IS NO WONDER THAT SWITZERLAND IS REGARDED AS THE CHOCOLATE CAPITAL OF THE WORLD.

Since its historic beginnings in the mid-19th century, Lindt & Sprüngli has been well known as a cutting-edge chocolate manufacturer and a prime example of high-quality, innovative chocolate creations par excellence. The company is one of the few manufacturers to possess complete in-house expertise and control of every single production step, from the selection of the finest cocoa varieties through to the finished product. In addition, Lindt & Sprüngli is also one of the few companies in the industry that specializes solely in chocolate. This ensures that we have a strategic advantage gained from focusing our skills in this area and guarantees that consumers enjoy the very best quality time and time again.

The finished product has a long journey before it finally hits the shelves. Chocolate is a carefully refined natural product that undergoes many different processes and production steps, with a large number of people involved in its manufacture. Thanks to their combined specific expertise and a great deal of passion for the product, our employees all over the world are committed to providing consumers with a premium chocolate that impresses with its exquisite taste and fine packaging, and leaves nothing to be desired.

The art of mastering all production steps, some of which are highly challenging and complex, is only understood by a few chocolate manufacturers – and Lindt & Sprüngli is one of them. Let's take a look behind the scenes.

Only the best raw materials are used

Lindt & Sprüngli is one of the world's biggest purchasers of fine-flavor cocoa of the Criollo and Trinitario varieties, which are mainly cultivated in selected areas in West Africa as well as South and Central America. As fine-flavor cocoa accounts for less than 5% of the total harvest worldwide, it is much more expensive to buy. However, not only is this mark-up justified by the excellent quality and wonderful, fully developed aroma of the cocoa beans and essential for our uncompromising quality; it also ensures that the farmers have an above-average income, enabling them to afford fair living conditions. Lindt & Sprüngli sources its bulk cocoa (Forastero) from Ghana, where one of the best Forastero varieties is cultivated. On the basis of a newly introduced purchasing model, we are committed to paying a significant extra fee for bulk cocoa from selected plantations in Ghana in partnership with a local organization, with half of the price going to a non-profit foundation based there. This foundation supports social projects in the rural communities from which Lindt & Sprüngli buys the cocoa and has direct insight into the living conditions of the cocoa farmers. Furthermore, the supply chain can be traced back as far as the individual cooperatives, meaning that the high quality in terms of condition, aroma and specific fermentation and drying of the delivered cocoa beans can be monitored.

After the harvest, the cocoa beans are shipped to the industrialized nations where they are then processed further. Before the cocoa varieties selected by Lindt & Sprüngli finally make their way into the fine LINDT chocolate, the requested sample consignments are subject to further critical quality checks. Numerous in-house laboratory tests again check whether the goods are in perfect condition and have survived the long journey undamaged. Only then is the corresponding batch definitively released.

Of course, we set the strictest requirements not only in the careful selection of the cocoa beans, but also in terms of the quality of the other ingredients. Our powdered milk, processed according to in-house specifications, and sugar are predominantly sourced from local suppliers. Other ingredients include handpicked hazelnuts from Piedmont and Turkey, high-quality almonds from Spain and California and, of course, premium Bourbon vanilla from Madagascar. These raw materials are all rigorously checked for quality and must also pass numerous tests before we process them in-house. The relation that we maintain with our producers and suppliers are built on long-standing mutual trust. Furthermore, our partners are obliged to follow the company's code of conduct with regard to ethically and socially responsible corporate governance. In this way, Lindt & Sprüngli ensures across the entire production chain that its finished products are not only of a high quality, but are also sustainable.

"The relations that we maintain with our suppliers are built on long-standing mutual trust."

And what do our employees at the production sites do while our suppliers and quality controllers are making sure that we obtain impeccable raw materials? They work hard on their creations, of course. Let's take a look over the shoulders of our Maîtres Chocolatiers.

Creative masterpieces

Everyone has heard of LINDT's Maîtres Chocolatiers. From the mid-19th century to the present day, generations of Maîtres Chocolatiers from Lindt & Sprüngli have put their talent and craftsmanship into producing the finest chocolate. Extensive expertise and a vast wealth of experience stretching back over 160 years are the key factors here, ensuring that LINDT keeps on surprising consumers with delicious creations.

Every Lindt & Sprüngli production site worldwide has its own Maîtres Chocolatiers, who are always busy developing new recipes and new ways to present their creations. This results in unmistakable and unique products that take into account the wide range of local taste preferences and thus meet the expectations of the most discerning consumers.

For the Maîtres Chocolatiers of LINDT, the main ingredients of their creative masterpieces are the innovation, imagination and immense creativity that they show day after day with total dedication and passion. Ultimately, the final creations are their pride and joy. Urs Liechti, head of the Swiss development team, says: "When we develop a new chocolate, it has to mean a quantum leap for us. On the basis of our long history, we come up with totally new ideas and then refine them until they are perfect. We put all our expertise into every single creation so that the outcome is an incomparable masterpiece, because we only want to give chocolate lovers the very best – that is our ambition."

Urs Liechti has worked at Lindt & Sprüngli for eight years and has completed his life's dream in his current position. Being asked whether he has become tired of chocolate after all these years, he laughs and confesses that he even nibbles chocolate when he is not at work. "I eat between 100 and 150 grams of chocolate every day. I can't live without chocolate anymore," he says.

«Chocolate is a source of fascination that reminds you of your own childhood.»

Maître Chocolatier Hélène Mazuyer from France also enthuses: "Chocolate is a source of fascination that reminds you of your own childhood. When I'm at work, I always imagine that I'm a goldsmith shaping a beautiful jewel from an ordinary stone. For me, chocolate is a ceaselessly creative activity. There's nothing better than seeing how a finely created chocolate puts a smile on the faces of even the most unfriendly people."

One thing is for certain, then: the LINDT Maîtres Chocolatiers throughout the world are united in their love and passion for chocolate and the wide range of opportunities that go with it. With years of experience and almost boundless creativity, they are constantly inventing new products that instill enthusiasm. But does everything always run smoothly in the product development department? "No, there can be slip-ups from time to time," admits Urs Liechti. "For example, the EXCELLENCE Chili recipe was too strong at first, and consequently some of our tasters had burned mouths even hours later. After considered recipe changes and dozens of new samples, the result was so well balanced that this bar now enjoys immense popularity."

Trend research and marketing skills

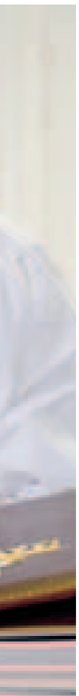
However, without the expertise and experience of our marketing teams around the world, our Maîtres Chocolatiers would not be able to create the innovative recipes and product types

that are so typical of LINDT. As the wishes of consumers are a hugely important factor in the development of new creations, products must constantly be adapted to suit the fast-changing needs of consumers and the requirements of today's markets. That is why LINDT's marketing teams strongly believe in identifying trends at an early stage. In this respect, Franziska Gsell, head of Marketing for Switzerland, stresses how important it is in life "to stay alert and draw inspiration from all situations." Even so, new product ideas are also based on in-depth psychological research of consumer behavior as well as the numerous direct consumer surveys, the evaluations of which our Maîtres Chocolatiers then creatively put into practice, in line with specifications from the Marketing department. Very often, they end up creating new trends.

During the "invention process," the LINDT Maîtres Chocolatiers together with the marketing experts constantly taste different variations of the new product. Out of all these prototypes, the front-runners are then tasted and rigorously assessed again by our own sensory researchers as well as test consumers. Only when a majority of our critical test tasters find the new chocolate creations delicious do the latter take the next step to production. Sabine Weber heads the Sensory Testing and Consumer Tests department. She has been at Lindt & Sprüngli for over ten years, and has experienced quite a few curious instants in her career so far. For example, she reports that, in sensory popularity tests, sometimes only the appearance of the chocolates is assessed and not the taste. She smiles and adds that, in these tests in particular, the specially prepared samples are often also eaten by the external testers in the heat of the moment.

Above and beyond the creative process and product co-development, the marketing team does of course have many other tasks, such as designing packaging and managing retail launches. In addition, they deliver innovative and attractive marketing activities of all kinds throughout the year, from conventional advertising through to a wide variety of consumer and trade promotions. Not without reason does Franziska Gsell call marketing "the heart of the company." And what does she enjoy most about her job? That people of all ages love chocolate, that it is an extremely emotional product which sets the pulse racing, and that both creativity and analytical thinking are required in this field. "When a considered concept bears fruit," she says, "we all feel a great sense of success."

Her counterpart Heike Bootz from Germany concurs. She says: "It is always special to see the finished product on sale knowing what a long way it has come, from the idea through to the final realization. If the product catches on quickly, the successful market launch is of course very pleasing. It shows us that our instinct was right. It is the innovative ideas that make our company so successful."






And while the marketing teams are hard at work with the Maîtres Chocolatiers, the cocoa beans have finally arrived at our plants. Let's take a look at the production floor to see what's happening there with the cocoa beans.

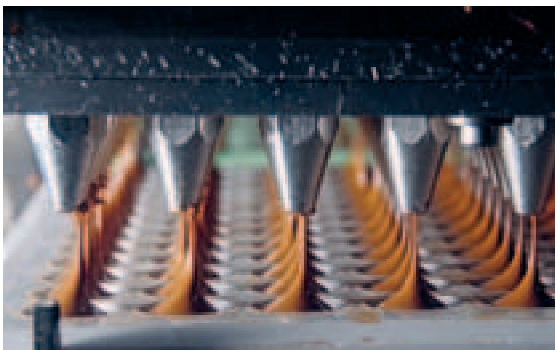
The fine art of conching

The cocoa beans are thoroughly cleaned, shelled and crushed. This "cocoa nib" is carefully roasted using our own process – an important step that is responsible for forming the initial delicate aromas. It is then crushed further in special mills and finely ground to a liquid cocoa mass. This is the most important component of chocolate.

Let's take the manufacture of milk chocolate as an example. Here, the cocoa mass is mixed with sugar, specially processed powdered milk and other fine ingredients. Pure cocoa butter is also added, with the quantity depending on the recipe. This mixture is kneaded until a homogenous mass is formed, and it is then processed in rolling mills until only tiny particles of a few thousandths of a millimeter remain, with a structure that is imperceptible to the palate. The first step towards achieving delicate melting quality is then complete, but the cocoa elements have not yet released their full, characteristic aroma, and still taste somewhat bitter and harsh. Now, after all the preparatory stages, comes the crucial process, which ultimately makes LINDT chocolate so unique in its texture and taste: it is the fine art of conching that gives the chocolate its full-bodied aroma and the ultimate melting quality.

The conching process was invented in 1879 by Rodolphe Lindt and revolutionized the world of chocolate. With the addition of extra cocoa butter, the cocoa paste is stirred for several hours in a conche so that the chocolate is "aired" and the bitter, acidic essences gradually escape. The constant stirring also has a homogenizing effect. An ultra-thin film of cocoa butter sticks to every single tiny particle. That is how the LINDT chocolate mass is produced with the irresistible melting quality that we all love so much.

Legend has it that chance also played its part in Rodolphe Lindt's invention. One weekend when he was in a particular hurry to get home, he apparently forgot to turn off the conche. When he went back to work three days later, he came across a chocolate mass unlike anything anyone had seen before. What had previously been an almost sandy and bitter-tasting mass now had a totally new consistency that melted softly on the tongue, and the taste also opened up a completely new sensory experience. This was the birth of "chocolat fondant" (molten chocolate), as Lindt called it, which has been the ultimate benchmark for the entire chocolate industry every since.



State-of-the-art machinery and technology

In product development, one of the biggest challenges is to make the newly created recipes and product types of the LINDT Maîtres Chocolatiers on an industrial scale without impairing the quality and perfection of the hand-made specimens. Due to the complex way in which the prototypes are made, this is not always easy, and often gives the project teams a real headache, as Chantal Bussmann from the Technology department can confirm. She has worked at Lindt & Sprüngli for eleven years, and was involved in implementing production of the new Mousse tablets at the beginning of 2008. "We held countless meetings with various suppliers, selected and examined individual options and conducted pilot tests. It was an intensive experimentation period where each and every employee gave their best, and optimizations and adjustments had to be made at every turn," she reports. However, all their tireless commitment finally paid off, as production is now running smoothly, and the chocolate tablet version of the classic dessert, created with lots of loving care, has enjoyed immense popularity since its market launch.

The powerful and sometimes highly complex equipment that is needed to manufacture the delicate masterpieces of the LINDT Maîtres Chocolatiers is often specially developed and constructed in line with Lindt & Sprüngli's own specifications in order to meet the extremely challenging requirements.

If the machine manufacturers cannot offer an installation with the necessary performance characteristics, the in-house specialists in the technical department start to develop a solution in collaboration with the system engineers. This often results in customized, one-off process technologies. For example, the Lindt & Sprüngli factory in Oloron Sainte-Marie in France is home to the state-of-the-art, fully automatic LINDT production line for manufacturing filled tablets. The plant can produce 33 different recipes and process eleven types of filling and five varieties of chocolate, with no fewer than 89 different, fully packaged end products leaving the plant. It goes without saying that the technical details of the machines, just like the fine recipes, are among our most closely guarded secrets.

The chocolate mass and the installations are ready. So what happens next in the production process? "That always depends entirely on the actual end product, of course," explains Natalie Ibald, Production manager at the Kilchberg factory. In addition to several uncomplicated, molded tablets, there are other products whose manufacture is highly complex, such as the popular "Bâtons Kirsch" or the LINDOR truffles. Throughout the production process, Natalie Ibald constantly monitors the machines and checks that each individual process is carried out correctly. "This is important," she points

out, "as we often need to make fine adjustments at the moment when production starts up. Our aim is for only products in tip-top condition to reach consumers."

Seasonality is also a key element in production and requires an above-average amount of manual work. With huge dedication and lots of care, our employees work in a three-shift system in the run-up to the peak season in order to ensure that manufacture of the festive items is finished as quickly as possible. This is the only way that seasonal products such as the LINDT GOLD BUNNY, the LINDT REINDEER and all the other elaborate collections can be manufactured as promptly as possible so that they are fresh on reaching the end consumers.

"Lindt & Sprüngli sets extremely high standards in the visual presentation of its products."

Delivering maximum pleasure

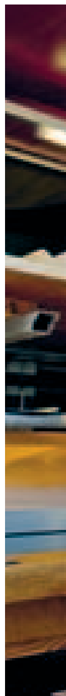
As a provider of premium chocolates, Lindt & Sprüngli also sets extremely high standards in the visual presentation of its products. Elegant designs and high-quality packaging materials provide the finishing touch for the fine creations, ensuring that they look attractive on the shelves and stand out from the crowd.

This is particularly important, as the quality values conveyed by the brand image should also be reflected in the high quality of the fine packaging – and this also helps us to keep on winning the daily battle for sales.

In order to meet the premium standards of Lindt & Sprüngli, only the very best materials are used for packaging the products: chocolates are protected with supple air pouches and soft overlays, and boxes are adorned with a hand-tied band or secured with the company's own seal, which to this day still gives the packaging an understated and refined touch. The uncompromising quality and exclusive character of the products are further emphasized by the golden embossed brand lettering and the elegant design.

The attention to detail that finds perfect reflection in our packaging makes for an ideal gift, which is why consumers and recipients alike are so fond of it. LINDT embodies that certain something, and as well as individual consumption, it is also suitable for all occasions: birthdays, a thank-you gift, a small present or a souvenir. The packaging design conveys a sense of luxury and exclusivity while expressing an appreciation for the recipient.

"It is obvious that packaging in the top quality segment goes hand in hand with particular expectations," states Estelle Guérin, head of Marketing for France. She points out how important it is to take trends into account not



only in product development, but also in packaging design. For this reason, her team is constantly developing new designs or making consumer-relevant changes to existing packaging. "Local factors are often also incorporated in the design. For example, in France we have an exclusive packaging design called CHAMPS-ÉLYSÉES, which is very popular." The needs of distribution are also taken into consideration mind when developing packaging, as it is necessary to meet specific logistical requirements in this area. The products must be easy to stack without damaging the fragile goods. Moreover, criteria such as sustainable treatment of the environment also come into play when selecting packaging materials.

Despite lots of innovations in packaging technology, there are still products at Lindt & Sprüngli that are not packaged mechanically, but finished off by hand with loving and skilful attention to detail. With the GOLD BUNNY, for example, this includes flattening the gold foil and tying up the red bow with the little bell.

Also, the ornate chocolate pralinés are often sorted in chocolate boxes by hand. In Kilchberg, the packaging lines are situated with a view of Lake Zurich. The work may look easy at first glance, but that is certainly not the case. Daniela Jäger, head of the Packaging department, says: "To outsiders, the work on the production lines looks easy. But just try putting the 'dragon praliné' into the box with the lettering facing the right way on every single one. If you lose your concentration for a second, they're all out of line." Around 20 employees are required every day at the hand-packing lines to fill the chocolate boxes. In addition, when packing by hand, a visual check ensures that it really is only the best treasures that go into the chocolate boxes.

On the way to the consumer

When the finely packaged product eventually reaches the shelves, it must be ensured that enough of the goods are put on display. For this reason, strong teams of field staff throughout the world make sure on a daily basis that the LINDT delicacies are effectively presented to our consumers at the points of sale. As in the creation phase, new and innovative paths are always being forged in distribution. In addition to the conventional retail sales channels, new sales methods are constantly being introduced. Our aim is to have a presence wherever consumers expect premium products. In particular, trends are turning towards event shopping. For this reason, we are keen to bring the LINDT brand to life for consumers whenever and wherever possible.

This is why some new elements have been added to traditional retail-based sales at various locations. For example, the "pick & mix" range in shops gives customers the opportunity to put together different mixtures just as they please and to try out new products in small quantities. Furthermore, at many points of sale we have extended our "shop-in-shop" concept. This involves small LINDT shops in stores of trading partners that particularly emphasize the high quality of LINDT products.

The annual "LINDT Gourmet Festival" is also very popular. Here, consumers can follow the painstaking manufacture of fine chocolates by the LINDT Maîtres Chocolatiers up close for two weeks. They watch, marvel and taste, taking the opportunity to share the passion of our LINDT Maîtres Chocolatiers and to ask questions. Besides having this chance to communicate, the consumers can also enjoy special price reductions. These promotions are a success story that has built up over the years, and they always generate positive responses and lasting enthusiasm because of the one-off buying experience they provide. Furthermore, LINDT has been active as a cooperation partner of the Chocolate Museum in Cologne since 2006. Here, visitors are shown the secrets of the chocolate world live on two levels. For example, LINDT Maîtres Chocolatiers make the famous GOLD BUNNY and other LINDT specialties before the fascinated eyes of over 600 000 visitors a year – young and old alike. Another highlight is the large chocolate fountain, where visitors can tuck into liquid LINDT chocolate. At the adjoining museum confectionery shop, there is also the chance to buy your favorite type of chocolate to take home as a souvenir.

To tap into the world's biggest chocolate market, around 100 of LINDT's own boutiques have opened in the USA since 1994. Our strengths, such as our product diversity, our gift ranges for every occasion and the freshness of our quality products were successfully showcased in these boutiques in order to build brand recognition and pave the way for LINDT's market entry onto the world's biggest Chocolate market. The result was rapid and increasingly

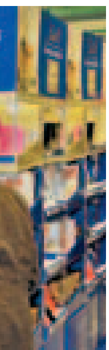
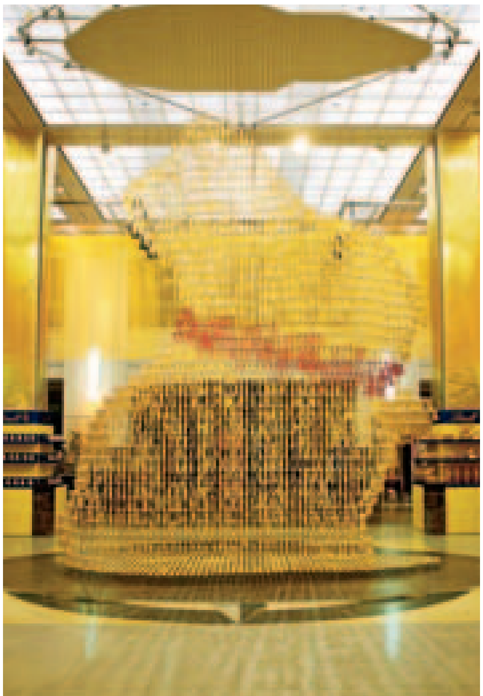
wide acceptance of our products across the entire US retail sector, which made LINDT one of the fastest-growing brands in the US market.

Our proprietary sales network through the "LINDT Chocolate Cafés" in Sydney, Australia, is also a good example of Lindt & Sprüngli's search for constantly new distribution paths. The Australian sales concept was introduced in 2004 with the first shop in Martin's Place, and has continued to gain in popularity ever since. Four cafés are now being run successfully in Sydney, making a significant contribution to the positive image of the LINDT brand by bringing the LINDT premium philosophy and the associated world of pleasure to life for consumers. As a result, LINDT has become one of the main players on the Australian chocolate market and obtains cult brand status by consumers in the premium segment. The fact that we are on the right track with this concept is also confirmed by a recently conducted customer survey, which revealed that 99% of the 400 customers questioned would recommend the "LINDT Chocolate Cafés" without hesitation to family and friends.

In addition to the trend for "event shopping," other innovative paths are also being forged in order to utilize our potential in the distribution area to the full. We endeavor to make access to our fine chocolate as direct and agreeable as possible for consumers. And, because round-the-clock shopping opportunities are becoming ever more prominent in an increasingly fast-changing world, sales via 24-hour shops are especially significant. Special chocolate lines – small formats for eating straight away – have been designed with this in mind. These are also important to the impulse segment at checkouts. This segment is one of the strongest-growing sales channels.

The LINDT online shops also have a constantly growing global fan base. 24 hours a day, no matter where they live, consumers can order LINDT delicacies online, including a greeting card with an individual message, which always brings pleasure as a gift for a special occasion or as a greeting for dear friends near or far. Payment is by credit card, and items are sent by standard or express delivery straight to the door. During 2009, our online shop will also be redesigned, making it even more user-friendly.

One thing is clear: wherever LINDT products are available, they ensure not only an eventful shop, but also a wholly exclusive taste experience.


Premium quality matters most

The secret behind the special taste is our uncompromising quality. Quality has been the basis of and the key to Lindt & Sprüngli's success for over 160 years, and has always had an important place at the company. Back in 1879, Rodolphe Lindt set the benchmark with his then unique "chocolat fondant," around which all subsequent generations have based themselves. Even at that early stage, Rodolphe Lindt adorned the wrappers of his chocolate bars with the phrase "Qualité Supérieure" and staked his name on the outstanding quality of his products. And so the foundations that inextricably linked uncompromising quality with the LINDT brand were laid right at the start. The core value of "Qualité Supérieure" remains to this day, and is one of the key principles in the manufacture of Lindt & Sprüngli products.

Of course, rigorously pursuing and meeting this commitment to quality requires extremely strict specifications and checks. These start with the selection of the high-quality ingredients and extend through several stages of the entire production process. For instance, after each individual production step, there are regular checks that not only relate to product quality, but are also to ensure a perfect appearance and optimum taste.

However, quality is not just a product feature – it also features prominently behind the scenes in the production process. In this respect, Martin Kistler, head of Microbiology, states that hygiene and food safety are crucial issues. "We train our employees regularly and take several samples a day from the products, which are examined in the laboratory. If we find any deviation from our strict specifications, everything comes to a halt. Fortunately, though, this rarely happens. In this way, we ensure that only goods in perfect condition leave our premises, and consumers then receive the added value that they rightly expect from LINDT chocolate."

In 1992, Lindt & Sprüngli became the first food company in Switzerland to be awarded the quality assurance certificate in line with the international standard ISO 9001 by the Swiss Association for Quality and Management Systems SQS. Since then, Lindt & Sprüngli has undergone the relevant inspection every year and retained the prestigious certificate each time. This award shows that we remain committed to quality and refuse to compromise in this area. However, it is also a duty and a challenge that we shall always continue to set ourselves. Because we consistently meet this commitment, chocolate lovers build up confidence in our products, ensuring that we have a loyal customer base.

Numerous surveys in Switzerland and abroad show time and again that consumers regularly name LINDT as one of the most popular chocolate brands. This justifies our philosophy and confirms that we are on the right path. We aim to continue on this path and keep on surprising and treating our consum-

ers with our premium chocolate as well as with many other innovative creations. The appreciation of our satisfied consumers is the greatest affirmation and most valuable reward for every single one of our team of over 7500 highly motivated employees around the world. The boundless recognition and support that we receive from others encourage us to carry on doing our very best to bring pleasure to people with our chocolates.


LINDT & SPRÜNGLI
MAÎTRE CHOCOLATIER SUISSE DEPUIS 1845

THE LINDT & SPRÜNGLI GROUP IDENTIFIES STRONGLY WITH EFFICIENT CORPORATE GOVERNANCE. BOTH THE BOARD OF DIRECTORS AND GROUP MANAGEMENT ARE COMMITTED TO PROVIDING THE SHARE-HOLDERS, CUSTOMERS AND EMPLOYEES WITH A TRANSPARENT AND DETAILED OVER-VIEW OF THE LINDT & SPRÜNGLI GROUP. OUR SHAREHOLDERS SHALL HAVE FULL CONFIDENCE THAT THEIR INTERESTS ARE STRONGLY CONSIDERED AT ALL TIMES. OUR BUSINESS ASSOCIATES AND CUSTOMERS SHALL BE ABLE TO RELY ON THE COMPANY AND THE HIGH QUALITY OF OUR PRODUCTS, AND OUR EMPLOYEES SHALL UNDERSTAND THAT THEY WORK FOR A COMPANY WITH A STRONG ETHICAL CULTURE.

Group Structure and Shareholders

The Lindt & Sprüngli Group is globally active, developing, producing and selling chocolate products in the premium quality segment. The holding company, Chocoladefabriken Lindt & Sprüngli AG, with its headquarters in Kilchberg (ZH), is listed on the SIX Swiss Exchange. The security and listing numbers of the respective security can be found on page 89 of this report. The market capitalization based on the 2008 year-end prices is CHF 4.9 billion.

The company's group structure is very lean and relies on two governing bodies, the Board of Directors and the Group Management. The two bodies have different responsibilities and functions. The individual markets, under their local management, have a broad autonomy, which ensures optimum performance close to the market.

The scope of consolidation of Chocoladefabriken Lindt & Sprüngli AG includes the wholly-owned subsidiaries listed in Notes to the consolidated financial statements. Details about these companies, such as name, domicile, share capital, participation, etc. can be found there as well (see page 52, figure 1).

No company within the Group holds any interests in publicly traded companies.

As of December 31, 2008, Chocoladefabriken Lindt & Sprüngli AG disclosed the following shareholders (in accordance with Art. 663c OR, Swiss Commercial Code) which own voting shares of more than 4%:

"Fonds für Pensionsergänzungen" of Chocoladefabriken Lindt & Sprüngli AG: 22.12%.

Chocoladefabriken Lindt & Sprüngli AG does not hold cross interests, and there are no shareholder agreements or voting trusts.

Capital

As of December 31, 2008, the holding company's capital structure was as follows:

Ordinary capital
The ordinary capital is composed of two types of securities:

Registered shares*	CHF	14 000 000
Participation certificates**	CHF	8 692 190
Total ordinary capital	CHF	22 692 190

* 140 000 registered shares par value CHF 100.–
** 869 219 participation certificates par value CHF 10.–

The registered shares have voting rights; the participation certificates have no voting rights. Both types of shares have the same rights to a dividend but in proportion to their par value. All shares are fully paid-in. No bonus certificates ("Genussscheine") were issued.

Authorized and conditional capital
The conditional capital has a total of 541 006 participation certificates with a par value of CHF 10.–. Of this total, 186 556 are reserved for employee stock option programs; the remaining 354 450 participation certificates are reserved for capital market transactions. There is no other authorized capital. Please refer to the Articles of Association for details (Investor Relations/Corporate Governance/Articles of Association on www.lindt.com).

Changes in capital
During the past three reporting years, the following changes have occurred in the ordinary and conditional capital:

Year	Ordinary capital Registered shares (RS)*	Participation certificates (PC)**	Conditional capital Participation certificates (PC) "Capital market"	"Employees"
2006	140 000	816 616	354 450	239 159
2007	140 000	842 717	354 450	213 058
2008	140 000	869 219	354 450	186 556

Number of securities, status as at 31. December

* Registered shares par value CHF 100.–
** Participation certificates: par value CHF 10.–

Restrictions and nominee entries
Both registered shares and participation certificates can be acquired without restrictions. According to Art. 3, sub-section 6 of the Articles of Association, however, the Board of Directors may refuse full shareholder status to a buyer of registered shares if the number of shares held by that buyer exceeds 4% of the total of registered shares as entered in the Commercial register. Moreover, according to Art. 685d, sub-section 2 OR (Swiss Code of Obligations), the Board of Directors may refuse entry into the share register if upon demand by the Board the buyer does not formally state that the shares are purchased on his own behalf and on his own account. According to Art. 3, sub-section 7 of the Articles of Association, corporate bodies and partnerships, who are interrelated to one another through capital ownership, through voting rights or common management, or who are otherwise linked, as well as natural persons and legal entities or partnerships who act in concert in regard to a registration restriction, are considered to be one single shareholder.

Based on Art. 3, sub-section 9 of the Articles of Association, the Board of Directors may make exceptions to these provisions in special cases. In the year under review, the Board of Directors granted such an exception for 22.12% of the voting rights to the "Fonds für Pensionsergänzungen" of Chocoladefabriken Lindt & Sprüngli AG in consideration of the objectives of this fund.

A nominee shareholder will be granted full shareholder status for a maximum of 2% of the registered share capital as entered in the Commercial Register, if such nominee discloses in writing name, address, domicile or seat, nationality and shareholdings of those persons on whose account he holds the shares. Over the limit of 2%, the Board of Directors will enter the shares of a nominee as voting shares in the shareholder register if such nominee discloses, in writing, name, address, domicile or seat, nationality and shareholdings of those persons for which accounts he holds 0.5% or more of the then outstanding share capital, whereby entry per trustor is limited to 4%, respectively to 10% per nominee collectively. Art. 3, sub-section 7 of the Articles of Association is applicable to nominees likewise.

The regulations to these rules are defined in the Regulations of the Board of Directors "Registration of registered shares and keeping of share register of Chocoladefabriken Lindt & Sprüngli AG" (these regulations are available under Investor Relations/ Corporate Governance/Board Regulations on lindt.com).

A revocation of these restrictions regarding the assignability, requires a resolution by the shareholders at the Shareholders' Meeting with a voting majority of at least three quarters of the shares represented.

Outstanding options and convertible bonds

Options on participation certificates of Chocoladefabriken Lindt & Sprüngli AG are only outstanding within the scope of the existing employee option plan. Details of the options issued and the corresponding terms and conditions are shown in the table below:

Year of allocation	Number	Exercise price (CHF)*	Maturity
before 2002	52 048	783.92**	2008
2002	19 090	847.00	2009
2003	24 750	648.00	2010
2004	28 468	1 095.00	2011
2005	27 900	1 607.00	2012
2006	23 250	2 251.00	2013
2007	27 660	2 983.00	2014
2008	14 340	3 149.00	2015
Total	217 506		

*The options were granted at a ratio of 1 option to 1 participation certificate. The options can be exercised for a maximum of 7 years after the grant and are subject to a blocking period of 3, 4 and 5 years respectively.
** Average exercise price

In 2008, a total of 26502 of the above employee options were exercised (total previous years: 66942). Therefore, the "ordinary" participation capital was increased in 2008 by the corresponding reduction in the "conditional" participation capital reserved for the employee stock option programs.

The 124062 options outstanding as of December 31, 2008, and not yet exercised are equivalent to 5.5% of the total capital.

There are no outstanding convertible bonds of Chocoladefabriken Lindt & Sprüngli AG.

Board of Directors

Role and function

The Board of Directors makes decisions jointly and, for specific matters, is assisted by Committees of the Board. The Board's primary function is to provide guidance and exercise control over the Group. The Board makes strategic decisions and defines the general means for achieving the goals it has set for the Company. It sets the agenda for the Shareholders' Meeting and approves the annual and interim reports. Decisions regarding the appointment of members to the Group Management or of Managing Directors of subsidiaries as well as the nomination of the statutory auditor for election at the Shareholders' Meeting are taken by the full board.

Members

The Board of Directors of Chocoladefabriken Lindt & Sprüngli AG consists of at least five and not more than nine members. As of December 31, 2008, the Board had six active members. Mr. Ernst Tanner (CEO) is executive member of the Board, all other members are non-executive members.

Name, Function	1st election	Until
Ernst Tanner, Chairman & CEO	1993	2011
Dr Kurt Widmer, Member	1987	2010
Dr Rudolf K. Sprüngli, Member	1988	2010
Dr Franz Peter Oesch, Member	1991	2009
Dr Peter Baumberger, Member	1992	2009
Antonio Bulgheroni, Member	1996	2011

Mr. A. Bulgheroni was CEO of the Italian subsidiary Lindt & Sprüngli SpA until his retirement in April 2007. In the past three years, the other non-executive members of the Board were not actively engaged in the management of the Group or of a subsidiary and none of them had business relations with any entity within the Group.

At the Shareholders' Meeting, the shareholders elect the Board members by way of a staggered renewal for a period of three years. Re-election is allowed for unlimited times.

Chairman of the Board of Directors and CEO

The Board of Directors is firmly convinced that the dual mandate of Mr. E. Tanner as Chairman of the Board and CEO allows for effective leadership and excellent communication among shareholders, the Board of Directors and the Management.

Lead Director

Leading Corporate Governance practice recognizes that a dual mandate of Chairman of the Board and CEO can be advantageous for a company given the company provides for the appropriate control mechanisms. These comprise a majority of non-executive Board members, Board Committees (Audit Committee, Compensation & Nomination Committee and Corporate Social Responsibility Committee), each consisting of non-executive or a majority of non-executive Board members, as well as the appointment of a non-executive, skillful member of the Board of Directors as Lead Director.

With the appointment of Mr. A. Bulgheroni as Lead Director, Chocoladefabriken Lindt & Sprüngli AG has introduced this latter control mechanism. The Lead Director, who is appointed by the Board of Directors for a term of three years, respectively the duration of his term, has to ensure the autonomy of the Board of Directors vis-a-vis the Chairman and CEO. The Lead Director is authorized, if necessary, to call and chair a meeting of the Board of Directors independently without the participation of the Chairman and CEO. He informs the Chairman and CEO about the results of such a meeting.

Ernst Tanner (CH)
Mr. Tanner was elected CEO and Vice Chairman by the Board of Directors in 1993. In 1994, he became Chairman of the Board. Mr. Tanner completed a commercial education and thereafter attended a number of management training courses in London and at Harvard University, to expand his know-how on a continuous basis. Before joining Lindt & Sprüngli, Mr. Tanner held top management positions for more than 25 years with the Johnson & Johnson Group in Europe and in the USA, his last position having been Company Group Chairman Europe. Mr. Tanner is also a member of the Boards of Directors of the Credit Suisse Group and the Swatch Group.

Dr Kurt Widmer (CH)
Mr. Widmer completed his studies with a doctorate in law and has been a member of the Board of Directors since 1987. Mr. Widmer is a proven finance and banking expert and was a member of the Executive Board of Schweizerische Kreditanstalt and Credit Suisse Holding prior to his retirement in 1995. As CEO from 1993 to 1995, Mr. Widmer was principally responsible for the repositioning and the successful integration of Schweizerische Volksbank into the Credit Suisse Group.

Dr Rudolf K. Sprüngli (CH)
Mr. Sprüngli completed his studies with a doctorate in economics and has been a member of the Board of Directors since 1988. Due to his former executive activities for the Lindt & Sprüngli Group, and for an international premium food-trading company, Mr. Sprüngli is an expert and authority of the chocolate business. Today, Mr. Sprüngli manages his own consulting firm. Additionally, he carries mandates as member of the Board of Directors at Peter Halter Liegenschaften AG and Neurotune AG.

Dr Franz-Peter Oesch (CH)
Mr. Oesch completed his studies with a doctorate in law and has been a member of the Board of Directors since 1991. Mr. Oesch is a partner of the law firm asg.advocati in St. Gallen since 1971. He is also Chairman of the Board of Directors of the St. Galler Kantonalbank.

Dr Peter Baumberger (CH)
Mr. Baumberger holds a doctorate in law and has been a member of the Board of Directors since 1992. He gained international experience in the licensing department of Westinghouse International in New York from 1950 to 1955, and was responsible for South America at Olin Mathieson Corporation in New York from 1955 to 1959. Thereafter, he was Vice President and Managing Director at RCA Overseas in New York from 1960 to 1976. From 1976 to 1991, Mr. Baumberger was Delegate of the Board of Directors of the Carba Group in Bern.

Antonio Bulgheroni (IT)
Mr. Bulgheroni is a member of the Board of Directors since 1996 and is Lead Director as of February 2009. Due to decades of gathering experience in all management areas of chocolate production, distribution and the Italian retail trade, Mr. Bulgheroni is a proven expert in the chocolate industry. He was CEO of Lindt & Sprüngli SpA from 1993 until his retirement in April 2007. Ever since he is Chairman of the Board of both the Lindt & Sprüngli SpA and CAFFAREL subsidiaries in Italy. Mr. Bulgheroni holds other Board mandates with Banca Popolare Commercio e Industria SpA (Chairman) and Autogrill SpA. He is also Honorary Consul of Switzerland in Varese.

Allocation of competences
The essential principles for allocating the competences and responsibilities among the Board of Directors and the Group Management are set forth in the organizational regulation. Below is a summary of the basic principles:

Board of Directors
– Executes its "non-revokable" duties according to the Swiss Code of Obligations. Therefore, the Board of Directors has the responsibility for the overall guidance and the supervision of the management.
– Determines strategic, organizational, financial planning and accounting guidelines.
– Decides on participations, appoints the members of the Group Management and Managing Director's of the subsidiaries.
– Approves the budgets for the Group and the single subsidiaries.

The Board of Directors has delegated the management of day to day operations to the CEO and the Group Management, as stipulated in the business and organizational regulations of the Company.

Group Management
– Implementation of Group strategies.
– Manages the assigned areas of function and responsibilities in accordance with the Group's policies and the directions from the CEO.

Internal organization of the Board of Directors – Committees of the Board

The Board of Directors appoints from its midst the Chairman of the Board. This person chairs the Shareholders' Meeting, represents the Company and ensures, together with the Group Management, the timely delivery of all information to the Board about all aspects of decision-making as well as the supervision of important aspects of the Company. The Board of Directors meets on a regular basis and as often as business requires it, but at least four times a year. Besides the members of the Board of Directors, members of the Group Management as well as other non-members of the Board may attend those meetings. In the year under review, four regularly scheduled day-long meetings were held.

The Board of Directors is assisted in its work by two committees, the Audit Committee and the Compensation & Nomination Committee. From the financial year 2009 onward, the Board of Directors will be supported by one more committee, namely the Corporate Social Responsibility Committee. The Board of Directors may decide at any time by a majority vote, to form further committees. Until then, all other tasks of the Board of Directors, especially in the areas of corporate governance, communication, relations with investors and shareholders, will continue to be performed by the full Board of Directors.

Audit Committee

The Audit Committee is made up of three members of the Board of Directors. At least two of them, together with the Chairman, must be non-executive members of the Board of Directors. The CFO has a consultative vote on the Committee. The committee consists of the following members: F.-P. Oesch (Chairman), R. K. Sprüngli and P. Baumberger. The members of the Committee possess sufficient experience and professional knowledge in the areas of finance and risk management to enable them to perform their tasks effectively.

The Committee assists the Board of Directors in its strategic supervisory role, namely with respect to the audit focus, complete presentation of the account statements/audit findings, compliance with legal requirements and services provided by the statutory auditor. In addition, the Committee assesses the expediency of the financial reporting and internal control system. Likewise, it keeps the risk management principles of the Group, and the appropriate nature of the risks taken, under constant review, especially in the areas of investments, currencies, raw material procurement and liquidity. The Committee makes recommendations to the Board of Directors for important decisions, in the aforementioned matters, such as the adoption of the annual accounts statement or proposals for the appointment of the statutory auditor. The Committee itself has no decisive powers, it may, however, decide to entrust the statutory auditor with special assignments. The Committee will meet as often as business requires, but at least four times a year. In 2008, four regularly scheduled meetings were held.

Compensation & Nomination Committee

The Compensation & Nomination Committee consists of three non-executive members of the Board of Directors, namely: K. Widmer (Chairman), P. Baumberger and A. Bulgheroni. The Committee sets guidelines for the compensation of the Board of Directors, the Group Management as well as the Vice Presidents International and the Managing Directors of the subsidiaries and supervises the adherence of the fixed parameters. In line with these principles, it yearly decides on the overall total and the individual compensation, including the stock option plan and bonus systems of each member of the Board of Directors and the Group Management as well as of the aforementioned persons. The Committee also verifies, approves and sets guidelines for employment agreements with the Group Management and other employees in key positions.

Furthermore, the Committee submits suggestions to the Board of Directors regarding the appointment and dismissal of members of the Group Management, Vice Presidents International and Managing Directors of subsidiaries as well as the criteria for election and re-election of the Board of Directors. The Committee has advisory as well as decision powers and meets at least twice a year. In the year under review, two regularly scheduled meetings were held.

Corporate Social Responsibility Committee

The Corporate Responsibility Committee consists of three members of the Board of Directors. The following members belong to this Committee: R. K. Sprüngli (Chairman), K. Widmer and E. Tanner. This Committee supports the Board of Directors in setting the strategic direction for the activities of the Company aiming for comprehensive sustainable management. Furthermore, it is responsible for the development and adaption of all globally valid corporate policies in this area and monitors its compliance in their legal aspects. The Committee has advisory as well as preparatory competences. It meets as often as business requires, at least once a year.

Information and control instruments
The Board of Directors will be regularly informed on a quarterly basis by means of an extensive and complete Management Information System (MIS) about profit and loss, balance sheet, investments, and personnel both of the Group and the subsidiaries. Information will be available on a historical basis and as year-end projection. On request, the same extensive historical information will be forwarded to the members of the Board of Directors on a monthly basis.

In addition, the members of the Board of Directors receive on an annual basis a detailed overall budget, together with a three-year medium-term plan with forecasts of the future development of the individual subsidiaries and the consolidated group of companies covering the income statement, balance sheet, investments, and cash flow. An annually updated Group-wide analysis of the strategic, operational and financial risks – including valuations, actions taken to limit risks and responsibilities – will also be presented to the Board of Directors.

To enable the risk parameters to be assessed, the Audit Committee also receives a quarterly report on securities and cash investments, currencies, raw material procurement, and liquidity. On request, the same Group-wide information can be provided on an ongoing basis.

The Group has no internal audit department. Accordingly, management information and risk management reporting is given special attention. For the annual audit, special assignments are given to the statutory auditors. In the past and within the framework of the yearly audit, the statutory auditors used to be charged with special assignments, which went over and beyond the legal and statutory requirements.

Group Management

On December 31, 2008, Chocoladefabriken Lindt & Sprüngli AG's Group Management had four members.

Members

Name, Responsibility	Since
Ernst Tanner, Chief Executive Officer	1993
Hansjürg Klingler, Duty Free & Country responsibility	1993
Uwe Sommer, Marketing/Sales & Country responsibility	1993
Dr Dieter Weisskopf, Chief Financial Officer, Finance/Administration/ Purchasing/Manufacturing	1995

Ernst Tanner (CH)
For details refer to Board of Directors on page 40 of this Annual Report.

Hansjürg Klingler (CH)
Lawyer. Mr. Klingler has been a member of the Group Management since 1993 and is responsible for establishing Overseas and Duty Free markets. Previously, he was head of Legal and Administration, and then Deputy Group Head at Forbo, an international construction materials supplying group.

Uwe Sommer (D)
Economist, MA. Mr. Sommer joined the Lindt & Sprüngli Group in 1993 as a member of the Group Management, responsible for Marketing and Sales with country responsibilities. He gained his professional experience as an executive in the marketing/sales sector of Procter & Gamble, Mars in Germany and England, and as CEO with Johnson & Johnson in Austria.

Dr Dieter Weisskopf (CH)
PhD in Economics/Business Administration. Mr. Weisskopf joined the Lindt & Sprüngli Group in 1995 as Head of Finance, Administration and Purchasing. Since 2004, he is also responsible for manufacturing. Starting his career at Swiss Union Bank, he gained additional experience in the banking sector in Mexico and Brazil, later changing to the food industry, namely the Jacobs Suchard Group. At Jacobs Suchard and at Klaus Jacobs Holding, he held executive management positions in the financial sector, last as CFO in Canada and Switzerland.

Except for the above-mentioned Board assignments of Mr. Tanner, the members of Group Management are not active in other management or supervisory bodies. They are not active in managing or consulting functions with closely related parties, nor do they hold public or political office. There are no management agreements with either legal entities or natural persons outside the Group.

Compensation, Equity Participations and Loans

Compensation and option plan
The Compensation & Nomination Committee sets guidelines for the compensation of the Board of Directors, the Group Management as well as the Vice Presidents International and the Managing Directors of the subsidiaries and supervises the adherence of the fixed parameters. In line with these principles, it yearly decides on the overall total and the individual compensation, including the stock option plan and bonus systems of each member of the Board of Directors and the Group Management as well as of the forementioned persons. For details about the organization and the fields of responsibility of the Compensation & Nomination Committee refer to page 41 of this Annual Report.

Remuneration of the members of the Board of Directors
The members of the Board of Directors are entitled to a remuneration commensurate with their activities and responsibilities. The size of the total compensation package is based on comparative market studies of peers with similar functions and responsibilities.

Remuneration of the members of the Group Management and the Managing Directors of subsidiaries
Remuneration of the members of the Group Management and the Managing Directors of subsidiaries is composed of a basic salary, a performance-related bonus and a long-term element in the form of employee stock options. Comparisons of peers with similar activities and responsibilities plus the employee's performance and experience form the basis of the basic salary. The performance-related part of the compensation package is calculated on the basis of annual individual and company objectives achieved. Earnings before interest and tax (EBIT) is a material target figure in the determination of the bonus. The performance-related part of the salary is a significant aspect of the overall compensation package.

Lindt & Sprüngli places high priority on continuity of management in key positions. The existing employee option plan is designed to give important decision-makers in the Group a long-term incentive. The group of persons entitled to participate in the plan, as well as the number of participation certificates granted, is determined according to the importance of each position for the Company's long-term development.

Compensation, allocation and ownership of shares and options
Details of the fixed and variable gross compensation, allocation of shares and option rights in the year under review, together with ownership of shares, participation certificates, and options on participation certificates for the Board of Directors, the Group Management and former members of the corporate bodies, will be found as required by Art. 663b^{bis} OR on pages 75 and 76 of the notes to the consolidated financial statements of this report.

Additional fees, compensation, and loans
Apart from the payments listed on pages 75 and 76 of this report, no other payments – neither on a private basis nor via a consulting company – were made to executive or non-executive members of the Board of Directors or the Group Management. In addition, as of December 31, 2008, apart from a payable of TCHF 92 no further loans, advances, or credits of the Group or any of its subsidiary companies were made to any of the members of the Board of Directors, the Group Management, the Vice Presidents nor the Managing Directors of subsidiaries.

Shareholders' rights of participation

Restriction of voting rights and proxy
The transfer of nominal shares and consequently the recognition of the buyer of nominal shares as a shareholder with voting rights, as well as the registering of nominees as shareholders with voting rights are subject to certain restrictions. According to Art. 3, sub-section 6 of the Articles of Association in particular, the Board of Directors may refuse full shareholder status to a buyer of shares if the number of shares held by that buyer exceeds 4% of the total registered shares as entered in the Commercial Register. In the context of assignability of nominal shares as well as the restrictions regarding nominee-registrations, refer to the information given on page 38/39 of this Annual Report as well as the respective Regulations of the Board of Directors "Registration of nominal shares and management of the share register of Chocoladefabriken Lindt & Sprüngli AG" (this regulation is available under Investor Relations/Corporate Governance/Board Regulations on lindt.com).

According to Art. 12, sub-section 3 of the Articles of Association, no shareholder may combine, in the aggregate, directly or indirectly, whether with his own shares nor with those voted by proxy, more than 6% of total voting shares when exercising the voting rights at the Shareholders' Meeting. Natural persons or legal entities, which either by the number of shares or the pooling of votes are linked to each other or are under common custody, are considered as one shareholder.

In special cases, the Board of Directors may make exceptions to the voting rights restrictions. In the reporting year, the Board of Directors granted such an exception to the "Fonds für Pensionsergänzungen" of Chocoladefabriken Lindt & Sprüngli AG for 22.12% of the voting rights, in light of the purpose of the fund.

The restriction on voting rights does not apply to the corporate proxy, the independent proxy, and the custodial proxy designated by the Company, provided they are retained as proxy by the shareholder.

A revocation of the statutory restrictions of voting rights requires a three-quarter majority of the votes represented at the Shareholders' Meeting.

According to Art. 12, sub-section 2 of the Articles of Association, a shareholder can be represented by another shareholder by written proxy.

Statutory Quorum
The Shareholders' Meeting passes its resolutions by an absolute majority of the votes represented, unless the Articles of Association or the law prescribe otherwise.

According to Art. 15, sub-section 3 of the Article of Association, amendments of the Articles of Association regarding the relocation of headquarters, transformation of nominal shares into bearer shares, the assignment of nominal shares, the representation of shares at the Shareholders' Meeting, the amendment of Art. 15, sub-section 3 of the Articles of Association as well as the dissolution or the merger of the company requires a three quarter majority vote of shares represented.

Calling of the Annual Shareholders' Meeting, agenda and share register
Shareholders are given notice by the Board of Directors at least 20 days prior to the date of the Shareholders' Meeting via publication in the Swiss "Handelsamtsblatt".

Shareholders which together represent shares with a par value of at least CHF 1 million may request an item to be put on the agenda. Requests must be made in writing at least six weeks in advance of the Shareholders' Meeting.

During the Shareholders' Meeting, items not on the agenda may be brought up before the meeting for discussion. A decision about these items, however, may not be taken until the next Shareholders' Meeting and after review by the Board of Directors. Requests made within the realm of the agenda items do not need prior announcement.

Shares will be entered into the register up to 20 days before the Shareholders' Meeting.

Change in Control and Defensive Measures

In the event of a change in control of the Company, the employee options granted can be exercised without regard to the three to five year blocking period. Other than that, there are no special agreements concerning a change in control that would favor either the members of the Board of Directors or the Group Management or any other management members of the Company.

The Articles of Association of incorporation make no special provision for "opting out" or "opting up" pursuant to Art. 22 BEHG of 24 March 1995 about stock exchange and stocktrading.

Statutory Auditor

The Shareholders' Meeting first appointed PricewaterhouseCoopers AG, Zürich, as its statutory auditor in April 2002. 2008 is the third year of service for the audit partner, Mr. M. von Moos. In 2008, PricewaterhouseCoopers AG charged audit fees in the amount of TCHF 1407. Additional fee payments for audit related services and other services totalled TCHF 149.

Supervision and control with respect to the performance of the statutory auditors is exercised by the Board of Directors. The Audit Committee supports the Board of Directors in this task. The Committee also ensures that the ongoing communication to the statutory auditor is intact. It regularly discusses with their representatives the results of the audit activities in the areas of control and accounting activities and the suitability of the internal control systems.

In the year under review, the statutory auditor twice attended a meeting of the Audit Committee. Direct access by the statutory auditors to the Audit Committee is granted at all times. Information about the organization and the scope of duties can be found on page 41 of this Annual Report.

Shareholder Information

Chocoladefabriken Lindt & Sprüngli AG issues business-related shareholder communications as follows:

End of January	Net sales of the previous year
Mid-March	Full-year results
Mid-April	Annual Shareholders' Meeting
End of August	Half-year report

For details refer to "Information" on the cover.

The statutory location of publication is the Swiss Official Gazette of Commerce "Schweizerisches Handelsamtsblatt". In addition, information about the company is published and collected by the Swiss and international media and by leading international banks.

All company information is also available on the internet under "Investor Relations" at the Website www.lindt.com. Both the annual and the interim reports can be obtained in hardcopy and free of charge at the Group's head office. For further information contact the investor relations department, phone +41 44 716 25 37.


Lindt
DOUBLE LAIT

Consolidated Statements of the Lindt & Sprüngli Group

Annual Report of Chocoladefabriken Lindt & Sprüngli AG

Financial and other Information

Consolidated Balance Sheet

		December 31, 2008		December 31, 2007	
	Note	CHF million	%	CHF million	%
ASSETS					
Property, plant and equipment	7	839.4		802.0	
Intangible assets	8	13.4		16.5	
Financial assets	9	80.0		48.3	
Deferred tax assets	10	2.9		3.2	
Total non-current assets		**935.7**	**38.8%**	**870.0**	**35.2%**
Inventories	11	437.9		442.4	
Accounts receivable	12	709.5		834.6	
Other receivables		70.3		70.0	
Accrued income		19.3		10.8	
Derivative assets	13	33.9		14.9	
Marketable securities	14	11.3		37.6	
Cash and cash equivalents	15	192.0		189.1	
Total current assets		**1 474.2**	**61.2%**	**1 599.4**	**64.8%**
Total assets		**2 409.9**	**100.0%**	**2 469.4**	**100.0%**
LIABILITIES					
Share and participation capital	16	22.7		22.4	
Treasury stock		–0.8		–	
Retained earnings and other reserves		1 457.1		1 367.0	
Total shareholders' equity		**1 479.0**	**61.4%**	**1 389.4**	**56.3%**
Loans	17	0.8		0.9	
Deferred tax liabilities	10	29.0		30.6	
Pension liabilities	18	132.0		143.1	
Other non-current liabilities		9.8		11.8	
Provisions	19	34.1		35.2	
Total non-current liabilities		**205.7**	**8.5%**	**221.6**	**8.9%**
Accounts payable to suppliers	20	168.5		237.4	
Other accounts payable		32.4		41.5	
Current tax liabilities		30.2		32.9	
Accrued liabilities	21	332.7		377.2	
Derivative liabilities	13	67.5		13.7	
Bank and other borrowings	17	93.9		155.7	
Total current liabilities		**725.2**	**30.1%**	**858.4**	**34.8%**
Total liabilities		**930.9**	**38.6%**	**1 080.0**	**43.7%**
Total liabilities and shareholders' equity		**2 409.9**	**100.0%**	**2 469.4**	**100.0%**

The accompanying notes form an integral part of the consolidated statements.

Consolidated Income Statement

	Note	2008 CHF million	2008 %	2007 CHF million	2007 %
INCOME					
Sales		2 937.3	100.0%	2 946.2	100.0%
Other income	22	11.7		13.2	
Total income		**2 949.0**	**100.4%**	**2 959.4**	**100.4%**
EXPENSES					
Material expenses		–957.6	–32.6%	–901.4	–30.6%
Changes in inventories		36.4		37.4	
Personnel expenses	23	–544.6	–18.5%	–596.4	–20.2%
Operating expenses		–1 022.7	–34.8%	–1 054.7	–35.8%
Depreciation, amortization and impairment	7, 8	–99.3	–3.4%	–93.5	–3.2%
Total expenses		**–2 587.8**	**–88.1%**	**–2 608.6**	**–88.5%**
Operating profit		361.2	12.3%	350.8	11.9%
Income from financial assets	24	10.1		12.4	
Expense from financial assets	24	–20.6		–15.2	
Income before taxes		350.7	11.9%	348.0	11.8%
Taxes	25	–89.2		–97.5	
NET INCOME		**261.5**	**8.9%**	**250.5**	**8.5%**
Attributable to shareholders		261.5		250.5	
Non-diluted earnings per share/10 PC (in CHF)	26	1 157.5		1 123.2	
Diluted earnings per share/10 PC (in CHF)	26	1 140.4		1 090.9	

The accompanying notes form an integral part of the consolidated statements.

Consolidated Statement of Changes in Equity

CHF million	Share-/ PC-capital	Treasury stock	Consolidated reserves	Hedge accounting	Retained earnings	Currency translation	Share-holders' equity
Balance as at January 1, 2007	**22.2**	**–8.3**	**263.3**	**2.5**	**866.0**	**12.2**	**1 157.9**
Net income					250.5		250.5
Hedge accounting				–4.2			
Unrealized losses on available-for-sale financial assets					–0.8		
Currency translation						0.8	
Gains and losses recognized directly in equity				–4.2	–0.8	0.8	–4.2
Capital increase[1)]	0.261		19.8				20.1
Sale of own shares[2)]		8.3			8.2		16.5
Share based payment[3)]					10.3		10.3
Distribution of profits					–61.7		–61.7
Balance as at December 31, 2007	**22.4**	**–**	**283.1**	**–1.7**	**1 072.5**	**13.0**	**1 389.4**
Net income					261.5		261.5
Hedge accounting				–24.2			
Currency translation						–106.4	
Gains and losses recognized directly in equity				–24.2		–106.4	–130.6
Capital increase[1)]	0.265		24.0				24.3
Purchase of own shares[4)]		–0.8					–0.8
Share based payment[3)]					10.1		10.1
Distribution of profits					–74.9		–74.9
Balance as at December 31, 2008	**22.7**	**–0.8**	**307.1**	**–25.9**	**1 269.2**	**–93.4**	**1 479.0**

1) All directly attributable transaction costs are netted against the premium realized on exercise of options (2008: TCHF 403, 2007: TCHF 384).

2) The Group sold 29 own registered shares on January 5, 2007, at an average sales price of CHF 30836 per share. The Group sold 200 own registered shares on December 6, 2007, at an average sales price of CHF 40100 per share. The Group sold 190 own registered shares on December 28, 2007, at an average sales price of CHF 40005 per share.

3) For options granted after November 7, 2002, the expenses are charged to the income statement in a straight proportion to the option's expected period of expiry. The recorded expenses amount to CHF 10.1 million (CHF 10.3 million in 2007). The assumptions to calculate the expenses are disclosed in note 28 of the notes of the consolidated financial statements.

4) The Group acquired 8 and 22 of its own registered shares on September 29 and October 14, 2008 respectively. The amount per share paid to acquire the shares was TCHF 29667 and TCHF 27355, respectively.

The accompanying notes form an integral part of the consolidated statements.

Consolidated Cash Flow Statement

		2008		2007	
	Note	CHF million	CHF million	CHF million	CHF million
Net income		261.5		250.5	
Depreciation, amortization and impairment	7, 8, 14	104.6		93.5	
Changes in provisions and value adjustments		–9.4		–16.0	
Decrease (+)/Increase (–) of accounts receivable		21.9		–83.3	
Decrease (+)/Increase (–) of inventories		–52.5		–87.1	
Decrease (+)/Increase (–) of prepayments and other receivables		–6.6		–17.7	
Decrease (+)/Increase (–) of accrued income		–10.3		–6.1	
Decrease (–)/Increase (+) of accounts payable		–46.2		25.0	
Decrease (–)/Increase (+) of other payables and accrued liabilities		–11.0		45.7	
Non-cash effective items		42.7		12.9	
Cash flow from operating activities (Operating cash flow)			**294.7**		**217.4**
Investments in property, plant and equipment	7	–193.7		–226.0	
Disposals of property, plant and equipment		0.4		0.7	
Investments in intangible assets	8	–4.9		–9.1	
Disposals (+)/Investments (–) in financial assets		–0.8		0.1	
Marketable securities					
Investments		–9.7		–0.1	
Disposals		28.7		–	
Cash flow from investment activities			**–180.0**		**–234.4**
Proceeds from borrowings		56.6		13.4	
Repayments of bond/borrowings	17	–105.1		–	
Repayments of loans		–2.5		–6.8	
Capital increase (including premium)	16	24.3		20.1	
Purchase of treasury stock		–0.8		–	
Sale of treasury stock		–		16.5	
Dividends paid to shareholders		–74.9		–61.7	
Cash flow from financing activities			**–102.4**		**–18.5**
Net Increase (+)/Decrease (–) in cash and cash equivalents			**12.3**		**–35.5**
Cash and cash equivalents as at January 1	**15**	**189.1**		**223.0**	
Exchange gains/(losses) on cash and cash equivalents		**–9.4**	**179.7**	**1.6**	**224.6**
Cash and cash equivalents as at December 31	**15**		**192.0**		**189.1**
Interest received from 3rd parties[1)]			10.6		9.0
Interest paid to 3rd parties[1)]			12.9		11.9
Income tax paid[1)]			75.0		98.3

[1)] Included in cash flow from operating activities.
The accompanying notes form an integral part of the consolidated statements.

Notes to the Consolidated Financial Statements

1. Organization, Business Activities and Group Companies

Chocoladefabriken Lindt & Sprüngli AG and its subsidiaries manufacture and sell premium chocolate products. The products are sold under the brand names: Lindt, Ghirardelli, Caffarel, Hofbauer and Küfferle. Worldwide the Group has eight manufacturing plants (six in Europe and two in the United States) and sells mainly in countries within Europe and the NAFTA countries. During 2008, the Group opened a distribution subsidiary located in Prague, Czech Republic.

The Company is a limited liability company incorporated and domiciled in Kilchberg, Switzerland.

The Company is listed on the SIX Swiss Exchange (ISIN number: registered shares CH0010570759, participation certificates CH0010570767).

These consolidated financial statements were approved for publication by the Board of Directors on March 3, 2009.

The subsidiaries of Chocoladefabriken Lindt & Sprüngli AG as at December 31, 2008 are:

Country	Domicile	Subsidiary	Business activity	Percentage of ownership	Currency	Capital
Switzerland	Kilchberg	Chocoladefabriken Lindt & Sprüngli (Schweiz) AG	P&D	100%	CHF	10.0
	Kilchberg	Indestro AG[1]	M	100%	CHF	0.1
	Kilchberg	Lindt & Sprüngli (International) AG[1]	M	100%	CHF	0.2
	Kilchberg	Lindt & Sprüngli Financière AG[1]	M	100%	CHF	5.0
Germany	Aachen	Chocoladefabriken Lindt & Sprüngli GmbH[1]	P&D	100%	EUR	1.0
France	Paris	Lindt & Sprüngli SAS	P&D	100%	EUR	13.0
Italy	Induno	Lindt & Sprüngli SpA[1]	P&D	100%	EUR	5.2
	Luserna	Caffarel SpA	P&D	100%	EUR	2.2
Great Britain	London	Lindt & Sprüngli (UK) Ltd.[1]	D	100%	GBP	1.5
USA	Stratham, NH	Lindt & Sprüngli (USA) Inc.[1]	P&D	100%	USD	1.0
	San Leandro, CA	Ghirardelli Chocolate Company	P&D	100%	USD	0.1
Spain	Barcelona	Lindt y Sprüngli (España) SA	D	100%	EUR	3.0
Austria	Vienna	Lindt & Sprüngli (Austria) Ges.m.b.H.[1]	P&D	100%	EUR	4.5
Poland	Warsaw	Lindt & Sprüngli (Poland) Sp. z o.o.[1]	D	100%	PLN	1.3
Canada	Toronto	Lindt & Sprüngli (Canada) Inc.[1]	D	100%	CAD	2.8
Australia	Sydney	Lindt & Sprüngli (Australia) Pty. Ltd.[1]	D	100%	AUD	1.0
Mexico	Mexico City	Lindt & Sprüngli de México SA de CV[1]	D	100%	MXN	188.1
Sweden	Stockholm	Lindt & Sprüngli (Sweden) AB[1]	D	100%	SEK	0.5
Czech Republic	Prague	Lindt & Sprüngli (Czechia) s.r.o.[1]	D	100%	CZK	0.2
Hong Kong	Hong Kong	Lindt & Sprüngli (Asia-Pacific) Ltd.	D	100%	HKD	0.5
Guernsey	St. Peter Port	Lindt & Sprüngli (Finance) Ltd	M	100%	EUR	0.1

D – Distribution, P – Production, M – Management

[1] Subsidiaries held directly by Chocoladefabriken Lindt & Sprüngli AG

2. Accounting Principles

Basis of preparation
The consolidated financial statements of Chocoladefabriken Lindt & Sprüngli AG (Lindt & Sprüngli Group) were prepared in accordance with International Financial Reporting Standards (IFRS).

With the exception of the marketable securities and the derivative financial instruments, which are recognized at fair value, the consolidated financial statements are based on historical costs.

When preparing the financial statements, Management makes estimates and assumptions that have an impact on the disclosed assets and liabilities in the report, the disclosure of contingent assets and liabilities as at closing date of the financial statements and the disclosed expenses and income in the reporting period. The actual results may differ from these estimates.
No other standards and interpretations were adopted early. The Group is currently assessing the potential impact of

new standards and interpretations (IAS 1 – Presentation of Financial Statements, IAS 23 – Borrowing Costs, IFRS 8 – Operating Segments und IFRIC 13 – Customer Loyalty Programmes) and does not expect that these new and revised standards and interpretations will have a significant effect on the Group's result and financial position. These standards and interpretations, together with changes issued in May 2008, as a part of the Annual Improvements process, will be applied from January 1, 2009, onwards. The primary objective of the Annual Improvements process is to amend less significant but essential areas of inconsistency and clarification of wording in existing standards.

Consolidation method
The consolidated financial statements include the accounts of the parent company and all the entities it controls (subsidiaries) up to December 31 of each year. An entity is controlled if the parent company has the possibility to govern its financial and operating policies and as a result realises an economic benefit.

At the time an entity is acquired, the subsidiary's assets, liabilities and contingent liabilities are valued at fair value. If the purchase price exceeds the fair value of the identifiable net assets, the difference is reported as goodwill. Negative goodwill exists when the acquisition price is below the fair value of the net assets; this is reflected in the income statement in the financial year of the business combination. The shares acquired of minority interests are disclosed pro rata as part of the fair value of recorded assets and liabilities.

The results of subsidiaries acquired or sold during the year are included in the Group's income statement when the acquisition or the sale takes place.

Intercompany receivables and liabilities, as well as expenses and income are offset against each other. Unrealised profits resulting from intercompany transactions are fully eliminated. The reporting and valuation methods of the subsidiaries are – if necessary – changed so that a single method is applied to the entire Group's balance sheet.

Foreign currency translation
Functional currency and reporting currency
The subsidiaries prepare their financial statements in the currency of the primary economic environment in which the entity operates, the so-called functional currency. The consolidated financial statements are presented in Swiss francs, which is the Group's reporting currency.

Business transactions and balances
Foreign currency transactions are translated into the functional currency at the rates valid at the date of transaction. Currency gains and losses resulting from these transactions or from the conversion of foreign exchange positions are reflected in the income statement. In order to hedge against currency risks, the Group engages in currency forwards and options trading (the methods of recording and evaluating these derivative financial instruments in the balance sheet are explained below).

Subsidiaries
All subsidiaries, which use a functional currency other than the Swiss franc (CHF), are translated into the Group's reporting currency as follows (none of the subsidiaries use a highly inflationary currency):

– Assets and liabilities of the entities are translated at the closing rate at balance sheet date.
– Income and expenses are translated at a weighted yearly average exchange rate.
– All resulting translation differences are disclosed in a separate category of shareholders' equity not affecting operating result ("currency translation").

Differences of exchange resulting from the translation of loans to be considered as net investments in foreign entities at the time of consolidation, are initially recorded separately in shareholders' equity. In the financial year of the disposal, currency translation differences are recorded as part of the proceeds or losses from sales.

Foreign exchange rates
The following exchange rates were applied for the Group's foreign currencies:

		Balance sheet year-end rates		Income statement average rates	
		2008	2007	2008	2007
Euro-zone	1 EUR	1.49	1.66	1.57	1.64
USA	1 USD	1.06	1.13	1.10	1.19
Great Britain	1 GBP	1.53	2.25	1.99	2.39
Canada	1 CAD	0.87	1.15	1.00	1.14
Australia	1 AUD	0.73	0.99	0.90	1.00
Poland	100 PLN	35.76	46.15	44.30	43.68
Mexico	100 MXN	7.68	10.33	9.47	10.83
Sweden	100 SEK	13.63	17.60	16.27	17.76
Czech Republic	100 CZK	5.59	–	6.21	–

Property, plant and equipment
Property, plant and equipment are valued at historical cost, less the accumulated depreciation. The assets are depreciated using the straight-line method over the period of their expected useful economic life.

Historical cost includes all costs associated with the acquisition. Subsequent costs increasing the value of an asset are, depending on the case, either recorded in the book value of the asset or as a separate asset, to the extent that it can be assumed that it is likely that the Group will benefit from it in the future and that its costs can be calculated in a reliable manner. All other repair or maintenance costs are reflected in the income statement in the year of their occurrence.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to write down their cost to their residual values. The following useful lives have been applied:

Buildings (incl. installations)	5–40 years
Machinery	10–15 years
Other fixed assets	3–8 years

Profits and losses from disposals are recorded in the income statement.

Intangible assets
Software
Acquired computer software licences, as well as development costs, are capitalized with the costs incurred to bring the software to use. The capitalized costs are depreciated using the straight-line method over the period of the economic useful life (three to five years).

Impairment
The Group records the difference between the realisable value and the book value of fixed assets, goodwill or intangible assets as impairment. The valuation occurs at the level of the individual asset or, if this is not possible, at the level of a group of assets, which are allocated separate sources of cash flows. In order to appraise the future benefits, the expected future cash flows are discounted.

Leasing
Leasing agreements are classified as finance leases if the leasing conditions transfer most risks and benefits resulting from ownership to the lessee. All other leasing agreements are classified as operating leases.

Assets held under finance leasing agreements are recorded at the lower of fair value and the net present value of the minimum leasing rates in the balance sheet. The resulting liabilities towards the lessor are recorded as payables to finance leases. The leasing rates are spread in proportion to the interest expense and the decrease in leasing liabilities, thus generating a constant interest rate for the remaining balance of the liabilities for each reporting period.

Payments made under operating leases (net of any incentives received or expected from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Inventories
Inventories are valued at the lower of cost and net realisable value. Costs include all direct material and production costs, as well as overhead, which are incurred in order to bring inventories to their current location and condition. Costs are calculated using the FIFO method. Net realisable value equals the estimated selling price in the ordinary course of business less cost of goods produced and applicable variable selling expenses.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, cash in bank, other short-term highly liquid investments with an original maturity period of up to three months.

Financial assets
The Group classifies its financial assets into four categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity and available for sale financial assets. The classification depends on the purpose for which the investments were acquired. At each balance sheet date, Management re-assesses the classification of its investments at initial recording.

Financial assets at fair value through profit or loss
This category of financial assets is subdivided into the following two categories:
– financial assets held for trading and
– those designated "at fair value through profit or loss" at the time of acquisition

Financial assets are allocated to this category if they were acquired with the intention to be sold in the short term or if Management categorized them as such voluntarily. Derivative financial instruments are also allocated to the category "at fair value through profit or loss" unless they are designated as hedging transactions. Financial assets allocated to this category are disclosed as short-term assets unless they belong to the category "held for trading" or it is expected that they will be sold within a maximum of twelve months after the balance sheet date.

Loans and receivables
Loans and receivables are considered non-derivative financial assets with fixed and determinable payments and for which no quoted market rate exists in an active market. They include credit loans and trade receivables in as far as they are not intended for resale (otherwise they are to be allocated to "available for sale"). Loans and receivables are categorized as short-term assets, unless their remaining post-balance sheet date life exceeds twelve months. Within the reporting period all loans and receivables have been accounted for as short-term commitments; they were included in the balance sheet item "accounts receivable." Value adjustments are made to outstanding receivables for which repayment is considered doubtful.

Financial investments held to maturity
Financial investments held to maturity are non-derivative financial assets with fixed and determinable payments and maturities and for which Management has the intention – and the possibility – to hold until their final maturity elapses.

"Available for sale" financial assets
The category "available for sale" consists of non-derivative financial assets which either cannot be allocated to any other category or which are allocated to this category voluntarily. They are disclosed as long-term assets, unless Management intends to sell them within the twelve months following the balance sheet date.

Purchases and sales of financial assets are recorded on trade-date – the date on which the Group has committed to buy or sell the asset. Investments in financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried "at fair value through profit or loss." The derecognition of a financial investment occurs at the moment when the right to receive future cash flows from the investment expires or have been transferred to a 3rd party and the Group has transferred substantially all risks and benefits of ownership. Financial investments categorized as "available for sale" and "at fair value through profit or loss" are valued at fair value. "Loans and receivables" and "held to maturity" investments are valued at amortized cost using the effective interest method. Realised and unrealised profits and losses arising from changes in the fair value of financial investments categorized as "fair value through profit or loss" are reflected in the income statement in the reporting period, in which they occur.

The fair values of listed investments is defined by using the current paid or, if not available, bid price. If the market for a financial asset is not active and/or the security is unlisted, the Group can determine the fair value by using valuation procedures. These are based on recent arm's length transactions, reference to similar financial instruments, the discounting of the future cash flows and the application of the option pricing models.

Available-for-sale assets, which have a market value of more than 40% below their original costs, or are, for a sustained 18-month period, below their original costs, are considered as impaired and the accumulated fair value adjustment in equity will be recognized in the income statement. Impairment losses recognized in the income statement for an investment in an equity instrument classified as available-for-sale shall not be reversed through the income statement. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the income statement, the impairment loss shall be reversed in the income statement.

Provisions
Provisions are recognized when the Group has a legal or constructive obligation arising from a past event, where it is likely that there will be an outflow of resources and a reasonable estimate can be made thereof.

Dividends
In accordance with Swiss law and the Company's Articles of Association, dividends are treated as an appropriation of profit in the year in which they are ratified at the Annual General Meeting and subsequently paid.

Borrowings
Borrowings are recognized initially when the Group commits to a contract and records the amount of the proceeds (net of transaction costs) received. Borrowings are then valued at amortized cost using the effective interest method. The amortized cost consists of a financial obligation at its initial recording, minus repayment, plus or minus accumulated amortization (the difference possible between the original amount and the amount due at maturity). Profits or losses are recognized in the income statement as a result of amortization or when a borrowing is written off. A borrowing is written off when it is repaid, abandoned or it expires.

Employee benefits
The expense and defined benefit obligations for the material defined benefit plans and other long-term employee benefits in accordance with IAS 19 are determined using the Projected Unit Credit Method. This takes into account insurance years up to the valuation date. Valuation of defined benefit obligations is conducted periodically, at least every three years. In intervening years the obligations are projected on the basis of the valuations. The last valuation of the defined benefit obligations for the material benefit plans was carried out for the period ending December 31, 2008. Valuation of pension assets is done annually, at market value.

Current service costs are recorded in the income statement for the period in which they are incurred.

Past-service costs are recognized immediately in the income statement, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortized on a straight-line basis over the vesting period.

Actuarial gains and losses arising from changes in actuarial assumptions and experience adjustments in excess of the greater of 10% of the value of plan assets or 10% of the defined benefit obligation are charged or credited to income over the employees' expected average remaining working lives.

The limitation of the pension asset is calculated according to the requirements of IFRIC 14 – IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interactions.

Revenue recognition
Revenue consists of delivery of goods and services to 3rd parties minus price reductions and net of value-added taxes. Revenue is to be recorded in the income statement once the risks and rewards of the goods are transferred to the buyer. For goods returned or other types of payments regarding the sales, adequate accruals are recorded.

Interest income is recognized on an accrual basis, taking into consideration the outstanding sums lent and the actual interest rate to be applied.

Dividend income resulting from financial investments is recorded upon legal entitlement to payment of the share owner.

Operating expenses
Operating expenses include marketing, distribution and administrative expenses. Trade promotion payments, for which distributors or retailers perform clearly identifiable services, are not deducted from sales but are disclosed as marketing expenses.

Borrowing costs
Interest expenses incurred from borrowings, used to finance the construction of fixed assets, are capitalized for the period in which it takes to build the asset for its intended purpose. All other borrowing costs are immediately expensed in the income statement.

Taxes
Taxes are based on the yearly profit and include non-refundable taxes at source levied on the amounts received or paid for dividends, interest and licence fees. These taxes are levied according to a country's directives.

Deferred income taxes are accounted for according to the Balance-Sheet-Liability Method, on temporary differences arising between the tax and IFRS bases of assets and liabilities. In order to calculate the deferred income taxes, the legal tax rate in use at the time is applied.

Deferred tax assets – for unutilized tax losses – are recorded to the extent that it is probable that future taxable profit is likely to be achieved against which the temporary differences can be offset.

Research and development costs
Research and development costs are fully expensed in the income statement in the year in which they are incurred. Development costs for new products are not capitalized because the certainty of a future economic benefit is only proven once the newly developed products have been introduced to the market.

Share-based payments
In compliance with the transitional directives, IFRS 2 was applied to all equity instruments granted after November 7, 2002. The Group grants several employees options on officially listed participation certificates. These options have a blocking period of three to five years and a maximum maturity of seven years. The options expire once the employee leaves the company. Cash settlements are not allowed. The disbursement of these equity instruments is valued at fair value at grant date. The fair value determined at grant date is recorded in a straight-line method over the vesting period. This is based on the estimated number of participation certificates, which entitles a holder to additional benefits. The fair value was defined with the help of the binomial model used to determine the price of the options. The anticipated maturity period included the conditions of the employee option plan, such as the blocking period and the non-transferability.

On March 18, 2008, 2500 of the 14340 outstanding options, granted in 2008, have been modified, as the vesting conditions were modified. All the other parameters, especially the blocking periods of three, four and five years, as well as the exercise price of CHF 3149, remained unchanged. Based on the modification, the total fair value of these options must be directly charged to the income statement in the period under review and cannot be spread over three years. This impact increased the expenses for share based payment in 2008 by CHF 1.4 million and will relieve the expenses for the following years.

Accounting for derivative financial instruments and hedging activities
Derivative financial instruments are recorded when the contract is entered into and valued at fair value. The treatment of recognizing the resulting profit or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivative financial instruments as hedges of a particular risk associated with a recognized asset or liability or a highly probable forecast transaction (securing the cash flow).

At the beginning of the business transaction, the Group documents the relationship between the hedge and the hedged items, as well as its risk management targets and strategies for undertaking the various hedging transactions. Furthermore, the Group also documents its assessment, both at hedge inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are effective in offsetting changes in fair values or cash flows of hedged items.

The effective portion of changes in fair value of derivatives, which are designated and qualify as cash flow hedges, is accounted for in equity. Profit and loss from the ineffective portion of the value adjustment are recognized immediately in the income statement.

Amounts accumulated in equity are recognized in the income statement in the same reporting period when the hedged item affects profit and loss.

Critical accounting estimates and judgements
The "Fonds für Pensionsergänzungen der Chocoladefabriken Lindt & Sprüngli AG" is disclosed as a pension fund according to IAS 19.48 (defined benefit pension plan). The fund takes over disbursements to employees who take early retirement and the inflationary adjustment on pension payments as well as a part of the contributions of the employer and employees to Swiss pension funds related to the defined pension plans. The plan assets of the fund cannot be repatriated to the company. The future obligations, as well as the benefits, were calculated according to the rules stipulated in IAS 19. The recorded assets comply with the requirements of IFRIC 14 – IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interactions. As at December 31, 2008, the calculated benefit amounted to CHF 74.9 million (CHF 43.7 million in 2007) and is disclosed in the item "Financial Assets" (see note 9).

3. Risk Management

Due to its global activity, the Group is exposed to a number of risks: strategic, operational and financial. Within the scope of the annual risk management process, the individual risk positions are classified into these three categories, where they are assessed, limited and assigned to authorities.

In view of the existing and inevitable strategic and operating risks of the core business, Management's objective is to minimize the impact of the financial risks on the operating and net profit for the reporting period.

Financial Risk Management
The Group is exposed to financial risks. The financial instruments are divided, in accordance with IFRS 7, into the following categories: market risks (exchange rates, interest rates and commodities), credit risks and liquidity risks. The central treasury department (Corporate Treasury) is responsible for the coordination of risk management and works closely with the operational Group companies. The decentralized Group structure gives strong autonomy to the individual operational Group companies, particularly with regard to the management of exchange rate and commodity risks. The risk policies issued by the Audit Committee serve as guidelines for the entire risk management.

Centralized systems, specifically for the regular recording and consolidation of the Group-wide foreign exchange and commodity positions, as well as regular internal reporting, ensure that the risk positions can be consolidated and managed in a timely manner despite the Group's decentralized management system. The Group only engages in derivative financial transactions if a highly probable forecast transaction or a recognized asset or liability exists.

– Market risks
Exchange rate risks
The Group's reporting currency is the Swiss franc, which is exposed to fluctuations in foreign exchange rates, primarily with respect to the Euro, the various dollar currencies and Pound Sterling. Foreign exchange rate risk is not generated from sales, since the operational Group companies invoice in their local functional currencies. On the other hand, the Group is exposed to exchange rate risk on trade payables for goods and services. These transactions are hedged to a great extent using forward currency contracts. The operational Group companies transact all currency instruments with Corporate Treasury, which hedges net positions by means of financial instruments with credit-worthy financial institutes (short-term rating A1/P1).

Since the operational Group companies transact the majority of their transactions in their own functional currencies and any remaining non-functional currency-based transactions are hedged with currency forward contracts, the exchange rate risk at balance sheet date is not material. The changes, in exchange rates, include the fair value of the currency forward contracts since entering into the contract and are recognized in accordance with IAS 39.

Interest rate risk
Corporate Treasury monitors and minimizes interest rate risks from a mismatch of quality, maturity period and currency of the liquid funds on a continuous basis. Corporate Treasury may use derivative financial instruments such as interest rate swaps in order to manage the interest rate risk of balance sheet assets and liabilities and future cash flows. As of December 31, 2008, there were no interest rate swaps outstanding.

The most material financial assets as of December 31, 2008 and 2007, are not interest-bearing. Therefore no material sensitivities exist on these positions. A part of the financial assets as of December 31, 2008 and 2007, bears variable interest rates. No material sensitivities exist on these positions.

Commodity price risk
The Group's products are manufactured with raw materials (commodities) that are subject to strong price fluctuations due to climatic conditions, seasonal conditions, seasonal demand and market speculation. In order to mitigate the price and quality risks of the expected future net demand, the manufacturing Group companies enter into contracts with suppliers for the future physical delivery of the raw materials. In exceptional market conditions, commodity futures are also used; however, they are only processed centrally by Corporate Treasury. The commodity futures of cocoa beans of a necessary quality are always traded for physical-delivery agreements. The number of outstanding commodity futures is dependent on the expected production volumes and price development and so can be at various levels throughout the year. Based on the existing contract volume as of December 31, 2008 and 2007, no material sensitivities exist on these positions. The changes in commodity prices include the fair value of the futures since entering into the agreement and are recognized in accordance with IAS 39.

– Credit risks
Credit risks occur when a counterparty, such as a supplier, a client or a financial institute is unable to fulfil its contractual duties. This risk is minimized since the operational Group companies have implemented standard processes for defining lending limits for clients and suppliers, and monitor adherence to these processes on an ongoing basis. Due to the geographical spread of the turnover and the large number of clients, the Group's concentration of risk is limited. Financial credit risks are limited by investing (liquid funds and/or derivative financial instruments) with various lending institutions holding a short-term A1/P1-rating only. The maximum risk of loss of balance assets is limited to the carrying values of those assets, as reflected in the notes to the financial statements (including derivative financial instruments).

– Liquidity risks
Liquidity risk exists when the Group or a Group company does not settle or meet its financial obligations (untimely repayment of financial debt, payment of interest). The Group's liquidity is ensured by means of regular Group-wide monitoring and planning of liquidity as well as an investment policy coordinated by Corporate Treasury. Liquidity, which the Group defines as the net liquidity position (cash and cash equivalents, marketable securities less borrowings), is continually monitored on a company-by-company basis by Corporate Treasury. As of December 31, 2008, the net liquidity position amounted to CHF 109 million (CHF 70 million in 2007). For extraordinary financing needs, adequate credit lines with financial institutes have been arranged.

The tables below present relevant maturity groupings based on the remaining periods, as at December 31, 2008 and 2007, to the contractual maturity date:

CHF million December 31, 2008	< 3 months	Between 3 and 12 months	Between 1 and 3 years	Over 3 years	Total
Loans			0.5	0.3	0.8
Other long-term borrowings			2.7	7.1	9.8
Accounts payable	167.5	1.0			168.5
Other accounts payable	30.3	1.9	0.1	0.1	32.4
Derivative liabilities	14.7	52.8			67.5
Bank and other borrowings	82.3	11.6			93.9
Total contractually fixed payments	**294.8**	**67.3**	**3.3**	**7.5**	**372.9**

CHF million December 31, 2007	< 3 months	Between 3 and 12 months	Between 1 and 3 years	Over 3 years	Total
Bond		103.6			103.6
Loans			0.8	0.1	0.9
Other long-term borrowings			3.3	8.5	11.8
Accounts payable	235.6	1.8			237.4
Other accounts payable	39.5	2.0			41.5
Derivative liabilities	3.0	10.7			13.7
Bank and other borrowings	55.2	0.6			55.8
Total contractually fixed payments	**333.3**	**118.7**	**4.1**	**8.6**	**464.7**

4. Capital Management

The goal of the Group with regards to capital management is to support the business with a sustainable and risk adjusted capital basis and to achieve an accurate return on the invested capital. The Group assesses the capital structure on an ongoing basis and makes adjustments in view of the business activities and the changing economical environment.

The Group monitors its capital based on the ratio of shareholders' equity in percentage to total assets, which was 61.4% as of December 31, 2008 (56.3% in 2007). As of December 31, 2008, the goals and procedures related to capital management have not been changed compared to the previous year.

5. Segment information: According to geographic segments

A business segment is a group of investment and business activities which offers or manufactures products or services and the risks and income of which is different from other business segments. A geographic segment – usually a separate division within a company – provides products or services within a specific economic environment that are subject to risks and returns that are different from those segments operating in other economic environments. The Group is active in a single business segment: the production and sale of premium chocolates. The segment reporting is therefore represented from the geographical viewpoint. The segment reporting is based on the management structure and internal reporting procedures. Separating the carrying values and the capitalized earnings values according to geographical segments depends on where assets are situated. The location of clients does not diverge significantly from those of the assets. The three geographical segments are: Europe and Middle East, North and Latin America and the "Rest of the World." The segment Europe and Middle East also contains the revenue generated in the countries of the Middle East because these are made through European subsidiaries. The Group considers the operating result as the segment result. Transactions between segments are valued and recorded in accordance with the cost plus method.

Segment income

	Europe and Middle East		North and Latin America		Rest of the World		Total	
CHF million	2008	2007	2008	2007	2008	2007	2008	2007
Sales	2 227.3	2 215.4	687.0	700.2	212.9	206.5	3 127.2	3 122.1
./. Sales between segments	186.3	173.1	3.6	2.8	–	–	189.9	175.9
3rd party sales	2 041.0	2 042.3	683.4	697.4	212.9	206.5	2 937.3	2 946.2
Operating profit	280.4	265.8	41.5	46.8	39.3	38.2	361.2	350.8
Net financial result							–10.5	–2.8
Income before taxes							350.7	348.0
Taxes							–89.2	–97.5
Net income							**261.5**	**250.5**

Balance sheet and other information

	Europe and Middle East		North and Latin America		Rest of the World		Total	
CHF million	2008	2007	2008	2007	2008	2007	2008	2007
Assets[1)]	1 794.4	1 886.7	447.1	465.8	168.4	117.0	2 409.9	2 469.4
Liabilities[1)]	730.4	912.2	69.5	97.9	131.0	69.9	930.9	1 080.0
Investments	139.6	151.5	56.5	82.0	2.5	1.6	198.6	235.1
Depreciation and amortisation	69.2	64.6	23.6	22.1	0.8	0.8	93.6	87.5
Impairment	2.0	2.4	3.7	3.5	–	0.1	5.7	6.0

1) Assets and liabilities which cannot be clearly allocated to a particular segment are disclosed in the category "Rest of the World."

6. Financial Instruments

The following table shows the carrying values and fair values of financial instruments recognised in the consolidated balance sheet analyzed by category at year-end:

	2008		2007	
CHF million	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Loans and receivables				
Cash and cash equivalents	192.0	192.0	189.1	189.1
Accounts receivable	709.5	709.5	834.6	834.6
Other receivables	57.6	57.6	57.4	57.4
Loans to 3rd party	0.5	0.5	0.8	0.8
Total loans and receivables	**959.6**	**959.6**	**1 081.9**	**1 081.9**
Fair value through profit or loss				
Derivatives	33.9	33.9	14.9	14.9
Marketable securities	4.2	4.2	21.7	21.7
Total fair value through profit or loss	**38.1**	**38.1**	**36.6**	**36.6**
Available for sale				
Marketable securities	7.1	7.1	15.9	15.9
Investments 3rd party	1.7	1.7	0.7	0.7
Total available for sale	**8.8**	**8.8**	**16.6**	**16.6**
Total financial assets	**1 006.5**	**1 006.5**	**1 135.1**	**1 135.1**
Financial liabilities				
Fair value through profit or loss				
Derivatives	67.5	67.5	13.7	13.7
Total fair value through profit or loss	**67.5**	**67.5**	**13.7**	**13.7**
Loans and payables				
Bond	–	–	99.9	100.2
Loans	2.4	2.4	5.4	5.4
Other non-current liabilities	9.8	9.8	11.8	11.8
Accounts payable	168.5	168.5	237.4	237.4
Other accounts payable	32.4	32.4	41.5	41.5
Bank and other borrowings	92.4	92.4	51.4	51.4
Total loans and payables	**305.5**	**305.5**	**447.4**	**447.7**
Total financial liabilities	**373.0**	**373.0**	**461.1**	**461.4**

7. Property, plant and equipment

CHF million	Land/ buildings	Machinery	Other fixed assets	Construction in progress	2008 Total
Acquisition costs as at January 1, 2008	690.1	838.6	169.6	73.9	1 772.2
Additions	33.7	66.1	15.7	78.2	193.7
Retirements	–4.2	–9.5	–8.5	–	–22.2
Transfers	14.6	22.9	0.4	–38.1	–0.2
Currency translation	–48.6	–67.0	–14.8	–6.7	–137.1
Acquisition costs as at December 31, 2008	685.6	851.1	162.4	107.3	1 806.4
Accumulated depreciation as at January 1, 2008	297.0	541.4	131.8	–	970.2
Additions	27.9	44.9	14.8	–	87.6
Impairments	2.8	2.5	0.1	–	5.4
Retirements	–4.2	–9.0	–8.4	–	–21.6
Transfers	–	0.6	–0.6	–	–
Currency translation	–20.0	–43.0	–11.6	–	–74.6
Accumulated depreciation as at December 31, 2008	303.5	537.4	126.1	–	967.0
Net fixed assets as at December 31, 2008	**382.1**	**313.7**	**36.3**	**107.3**	**839.4**

CHF million	Land/ buildings	Machinery	Other fixed assets	Construction in progress	2007 Total
Acquisition costs as at January 1, 2007	599.2	770.5	154.9	45.5	1 570.1
Additions	81.1	67.7	17.9	59.3	226.0
Retirements	–3.5	–13.2	–6.4	–0.1	–23.2
Transfers	16.8	9.7	2.0	–29.8	–1.3
Currency translation	–3.5	3.9	1.2	–1.0	0.6
Acquisition costs as at December 31, 2007	690.1	838.6	169.6	73.9	1 772.2
Accumulated depreciation as at January 1, 2007	271.0	505.5	122.1	–	898.6
Additions	26.0	42.0	14.2	–	82.2
Impairments	4.2	1.3	0.5	–	6.0
Retirements	–3.3	–12.9	–6.1	–	–22.3
Currency translation	–0.9	5.5	1.1	–	5.7
Accumulated depreciation as at December 31, 2007	297.0	541.4	131.8	–	970.2
Net fixed assets as at December 31, 2007	**393.1**	**297.2**	**37.8**	**73.9**	**802.0**

Advance payments of CHF 38.7 million (CHF 15.9 million in 2007) are included in the position construction in progress. The insurance value of the property, plant and equipment amounts to CHF 2163.8 million (CHF 2182.8 million in 2007). No mortgages exist on land and buildings.

The impairment charge of CHF 5.4 million (CHF 6.0 million in 2007) consists mainly of writedowns of fixed assets in own stores (CHF 2.8 million in 2008, CHF 4.7 million in 2007) and production equipment (CHF 2.6 million in 2008, CHF 1.3 million in 2007).

The net book value (NBV) of capitalized assets, under financial lease, amounted to CHF 1.4 million (CHF 1.6 million in 2007). Operating lease commitments are expensed immediately.

8. Intangible Assets

CHF million	EDP software and consultancy 2008 Total	2007 Total
Acquisition costs as at January 1	53.6	43.6
Additions	4.9	9.1
Retirements	–5.5	–0.6
Transfers	0.2	1.3
Currency translation	–5.5	0.2
Acquisition costs as at December 31	47.7	53.6
Accumulated amortisation as at January 1	37.1	32.3
Additions	6.0	5.3
Impairments	0.3	–
Retirements	–5.5	–0.6
Currency translation	–3.6	0.1
Accumulated amortisation as at December 31	34.3	37.1
Net intangible assets as at December 31	**13.4**	**16.5**

Research and development expenditures amounted to CHF 6.9 million (CHF 7.3 million in 2007) and are expensed immediately.

9. Financial Assets

CHF million	2008	2007
Prepaid pension funds[1)]	77.8	46.8
Loans to 3rd party	0.5	0.8
Investments 3rd parties	1.7	0.7
Total	**80.0**	**48.3**

1) See note 18

10. Deferred tax assets and liabilities

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The net value of deferred tax liabilities is as follows:

CHF million	2008	2007
January 1	**27.4**	**25.2**
Currency translation	–1.6	0.9
Deferred income tax expense	10.3	2.8
Tax charged to equity	–10.0	–1.5
December 31	**26.1**	**27.4**

Deferred tax assets and liabilities have been generated from the following balance sheet positions:

CHF million	2008	2007
Deferred tax assets		
Property, plant and equipment and intangible assets	2.5	3.0
Pension assets and liabilities	16.1	16.8
Receivables	6.2	6.2
Inventories	6.8	5.5
Payables and accruals	10.3	12.5
Derivative assets and liabilities	17.6	3.3
Other	0.7	1.0
Deferred tax assets gross	60.2	48.3
Netting	–57.3	–45.1
Total	**2.9**	**3.2**
Deferred tax liabilities		
Property, plant and equipment and intangible assets	31.9	45.5
Pension assets and liabilities	23.9	14.0
Receivables	1.8	1.9
Inventories	5.0	4.4
Payables and accruals	7.8	7.4
Derivative assets and liabilities	15.8	2.6
Other	0.1	–0.1
Deferred tax liabilities gross	86.3	75.7
Netting	–57.3	–45.1
Total	**29.0**	**30.6**
Net Deferred Tax	**26.1**	**27.4**

Tax Loss Carry-forwards

Deferred tax assets are recognized for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognize deferred tax assets on tax loss carry-forwards. The expiration of tax loss carry-forwards are:

CHF million	2008	2007
Between 1 and 5 years	1.5	7.8
Between 6 and 10 years	10.2	29.0
Over 10 years	60.2	19.3
Total	**71.9**	**56.1**

Tax loss carry-forwards utilized in 2008 amounted to CHF 0.5 million (CHF 14.7 million in 2007).

11. Inventories

CHF million	2008	2007
Raw material	75.8	57.3
Packaging material	79.9	85.9
Semi-finished and finished products	314.3	326.6
Value adjustment	–32.1	–27.4
Total	**437.9**	**442.4**

12. Accounts receivable

CHF million	2008	2007
Accounts receivable	730.7	853.4
Value adjustment	–21.2	–18.8
Total	**709.5**	**834.6**

CHF million	2008	2007
Value adjustment as at January 1	**–18.8**	**–16.7**
Addition	–8.4	–5.8
Utilization	2.2	2.7
Release	2.3	1.1
Currency translation	1.5	–0.1
Value adjustment as at December 31	**–21.2**	**–18.8**

The following table presents the ageing of accounts receivable:

CHF million	2008	2007
Not yet past due	599.8	685.4
Past due 1–30 days	64.1	91.1
Past due 31–90 days	48.1	59.1
Past due over 91 days	18.7	17.8
Accounts receivable gross	**730.7**	**853.4**

Historically, the default rate for accounts receivable in the age category "Not yet past due" was lower than 1%. Hence the default risk is considered to be low. Value adjustments are calculated based on the assessment of the default risk with regards to accounts receivable balances already past due.

The carrying amounts of accounts receivable are denominated in the following currencies.

CHF million	2008	2007
CHF	50.2	50.3
EUR	486.9	572.1
USD	66.7	84.4
GBP	24.8	36.0
Other currencies	80.9	91.8
Accounts receivable net	**709.5**	**834.6**

13. Derivative financial instruments and hedging reserves

At balance sheet date, the fair value of derivative financial instruments was as follows:

	2008		2007	
CHF million	Assets	Liabilities	Assets	Liabilities
Derivatives (cash flow hedges and raw material contracts)	29.0	67.5	10.4	12.4
Other derivatives	4.9	–	4.5	1.3
Total	**33.9**	**67.5**	**14.9**	**13.7**

The carrying amount (contract value) of the outstanding forward-currency and raw-material contracts as at December 31, 2008, is CHF 567.6 million (CHF 550.4 million in 2007). The majority of gains and losses recognized in the hedging reserve, as shown in the Consolidated Statement of Changes in Equity in the amount of CHF 24.2 million in net losses (CHF 4.2 million in net losses in 2007), on forward-currency and raw-material contracts as of December 31, 2008, will be released to material expense in the income statement at various dates within the next 12 months. Other derivative instruments, which have been executed in accordance with the risk policy and do not qualify for hedge accounting under the criteria of IAS 39, as well as the ineffective portion of designated derivative instruments, have been recognized immediately in the income statement.

14. Marketable securities

Available-for-sale financial assets

CHF million	2008	2007
At January 1	**15.9**	**14.0**
Additions	6.6	31.5
Disposals	–10.1	–29.0
Net gains/(losses) transfer to equity	–	–0.8
Impairment	–5.2	–
Currency translation	–0.1	0.2
At December 31	**7.1**	**15.9**
Whereof current	7.1	15.9
Whereof non-current	–	–

In 2008 the Group released losses of CHF 5.2 million (CHF 0 in 2007), related to available-for-sale financial assets, from equity, as impairment into the income statement.

They are composed of the following two categories at the balance sheet date:

CHF million	2008	2007
CHF – equity securities	7.1	6.0
EUR – bonds	–	9.9
Total	**7.1**	**15.9**

The maximum exposure to credit risk at the end of 2007 was the fair value of the bonds classified as available-for-sale.

Fair-value-through-profit-or-loss financial assets

CHF million	2008	2007
CHF – equity securities	1.1	1.9
EUR – bonds	–	16.5
EUR – equity securities	2.2	2.4
USD – equity securities	0.9	0.9
Total	**4.2**	**21.7**

The carrying amounts of the above financial assets are designated as Fair-value-through-profit-or-loss upon intial recognition. Changes in the fair values of these assets are recorded in the position "Net financial result" in the income statement.

The fair value of all quoted securities is based on their currently paid or, if not available, bid prices in an active market.

15. Cash and cash equivalents

CHF million	2008	2007
Cash at bank and in hand	86.7	75.3
Short-term bank deposits	105.3	113.8
Total	**192.0**	**189.1**

The effective interest rate on short-term bank deposits reflects the average interest rate of the money market as well as the development of the currencies invested with an original maturity period of up to three months.

16. Share and participation capital

CHF million	Number of registered shares (RS)*	Number of participation certificates (PC)**	Registered shares	Participation certificates	Total
At January 1, 2007	**140 000**	**816 616**	**14.0**	**8.2**	**22.2**
Capital increase		26 101		0.261	0.2
At December 31, 2007	**140 000**	**842 717**	**14.0**	**8.4**	**22.4**
Capital increase		26 502		0.265	0.3
At December 31, 2008	**140 000**	**869 219**	**14.0**	**8.7**	**22.7**

* At par value of CHF 100.–
** At par value of CHF 10.–

The conditional capital has a total of 541 006 participation certificates with a par value of CHF 10.–. Of this total, 186 556 are reserved for employee stock option programs; the remaining 354 450 participation certificates are reserved for capital market transactions. There is no other authorized capital. In 2008, a total of 26 502 (26 101 in 2007) of the employee options were exercised. The participation certificate has no voting right, but otherwise has the same ownership rights as the registered share.

17. Borrowings

CHF million	2008	2007
Non-current		
Bank borrowings	0.8	0.9
Current		
3⅝% Bond, 1998–2008	–	99.9
Bank borrowings	93.9	55.8
	93.9	155.7
Total borrowings	**94.7**	**156.6**

The carrying amounts of the Groups borrowings denominated in the following currencies are:

CHF million	2008	2007
CHF	–	99.9
EUR	79.9	46.0
Other currencies	14.8	10.7
Total	**94.7**	**156.6**

18. Pension plans and other long-term employee benefits

In accordance with local laws and practices, the Group operates various benefit plans. Among these plans are defined benefits and defined contribution plans. These plans cover the majority of employees for death, disability and retirement. There are also plans for anniversary benefits or other benefits related to years of service, which qualify as plans for other long-term employee benefits.

Benefits are usually dependent on one or more factors such as the number of years the employee was covered in the plan, age, insurable salary and to some extent on the accumulated old age capital. The assets of the funded pension plans are held within separate foundations or insurances and may not revert to the employer.

The economic benefit available, as reduction in future employer contributions, is determined annually according to the applicable plan rules and the statutory requirement in the jurisdiction of the plan based on IFRIC 14. During the financial year 2008, the company recognized an increase in the economic benefit net of deferred taxes of CHF 20.7 million (CHF 17.6 million in 2007) in the income statement.

Defined benefits pension plans and other long-term employee benefits

The following amounts have been recorded in the income statement as personnel expense:

– Employee benefits expense

CHF million	Pension plans 2008	Pension plans 2007	Other long-term employee benefits 2008	Other long-term employee benefits 2007
Current service cost	9.8	10.7	1.3	1.4
Interest on obligation	14.3	13.3	0.4	0.3
Expected return on plan assets	–69.8	–54.5	–	–
Changes in unrecognized assets (IAS 19.58)	–557.8	230.2	–	–0.1
Net actuarial (gains)/losses recognized	583.5	–219.0	0.1	–
Past service costs	–1.0	8.0	0.2	–
(Gains)/losses on curtailments or settlements	–	–4.1	–	–
Total included in employee benefits expense	**–21.0**	**–15.4**	**2.0**	**1.6**
Actual return on plan assets	–542.4	308.0		

– Changes in the present value of the defined benefit obligation

CHF million	Pension plans 2008	Pension plans 2007	Other long-term employee benefits 2008	Other long-term employee benefits 2007
Defined benefit obligation as at January 1	**399.8**	**403.5**	**7.7**	**6.5**
Current service cost	9.8	10.7	1.3	1.4
Plan participants' contributions	3.6	3.1	–	–
Interest on obligation	14.3	13.3	0.4	0.3
Benefits and net transferal paid through pension assets	–13.4	–18.6	–	–
Benefits paid by employer	–6.0	–6.9	–0.9	–0.6
Curtailments and settlements	–	–11.5	–	–
Actuarial (gains)/losses	–4.8	–4.5	0.1	–0.1
Past service costs and others	–1.0	8.1	0.2	–
Currency translation	–9.6	2.6	–0.8	0.2
Defined benefit obligation as at December 31	**392.7**	**399.8**	**8.0**	**7.7**

– Changes in the fair value of plan assets

CHF million	Pension plans 2008	Pension plans 2007
Fair value of plan assets as at January 1	**1 424.5**	**1 132.1**
Plan participants' contributions	3.6	3.1
Contributions by employer	6.0	5.4
Benefits and net transferral paid through pension assets	–13.4	–18.6
Expected return on plan assets	69.8	54.5
Actuarial gains/(losses)	–612.1	253.5
Settlements	–	–5.7
Currency translations	–0.9	0.2
Fair value of plan assets as at December 31	**877.5**	**1 424.5**

The pension assets are composed of the following essential asset classes:

– Asset classes

Valuation date December 31	Pension plans 2008 in %	2007 in %
Equities	78	87
Bonds	9	6
Real estate	9	5
Others including cash	4	2
Total	**100**	**100**

The pension assets as at December 31, 2008, include shares of the Lindt & Sprüngli Group with a market value of CHF 702.2 million (CHF 1240.1 million in 2007). The market value of real estate rented by the Group is CHF 12.2 million (CHF 11.5 million in 2007).

Expected employer contributions for 2009 amount to CHF 3.3 million.

The net position of pension obligations in the balance sheet can be summarized as follows:

– Amount recognized in the balance sheet

CHF million	Pension plans		Other long-term employee benefits	
Valuation date December 31	2008	2007	2008	2007
Present value of funded obligation	372.0	374.0	–	–
Fair value of plan assets	–877.5	–1 424.5	–	–
Under/(Over)funding	–505.5	–1 050.5	–	–
Present value of unfunded obligations	20.7	25.8	8.0	7.7
Unrecognized actuarial gains or (losses)	15.6	40.2	–	–
Unrecognized past service costs	0.1	–	–	–
Unrecognized prepaid pension cost	515.3	1 073.1	–	–
Net liability	**46.2**	**88.6**	**8.0**	**7.7**

– Amounts in the balance sheet

Liabilities	124.0	135.4	8.0	7.7
Assets (prepaid pension funds)[1)]	–77.8	–46.8	–	–
Net liability	**46.2**	**88.6**	**8.0**	**7.7**

1) See note 9

The following principal assumptions form the basis for the actuarial calculation:

– Calculation of defined benefit obligations

	Pension plans		Other long-term employee benefits	
Valuation date December 31	2008	2007	2008	2007
Discount rate	3.80%	3.70%	5.40%	5.20%
Future salary increases	2.20%	2.10%		
Future pension increases	1.30%	1.30%		

– Calculation of expense

Discount rate	3.70%	3.40%	5.20%	4.40%
Expected return on plan assets	4.90%	4.80%		

The following table shows how the actual development of obligations and assets for the benefit plans deviates from their expected development.

CHF million Valuation date December 31	2008	2007	2006	2005	2004
Defined benefit obligation	392.7	399.8	403.5	389.9	375.9
Fair value of assets	−877.5	−1 424.5	−1 132.1	−846.5	−668.1
Under/(Over)funding	−484.8	−1 024.7	−728.6	−456.6	−292.2
Experience adjustments on plan liabilities	2.3	−9.8	−1.2	7.8	0.1
Experience adjustments on plan assets	−612.1	253.5	249.6	153.6	164.7
Net liability	46.2	88.6	114.0	108.5	109.2

Defined contribution plans

In the 2008 financial year, contributions to defined contribution plans came to CHF 6.7 million (CHF 5.8 million in 2007).

19. Provisions

CHF million	Business risks	Other	Total
Provisions as at January 1, 2008	**28.2**	**7.0**	**35.2**
Addition	8.2	5.7	13.9
Utilization	−0.8	−3.6	−4.4
Release	−8.2	−0.6	−8.8
Currency translation	−1.1	−0.7	−1.8
Provisions as at December 31, 2008	**26.3**	**7.8**	**34.1**

CHF million	2008	2007
Current	12.6	10.8
Non-current	21.5	24.4
Total	**34.1**	**35.2**

Other provisions for business risks include unsettled claims, onerous contracts as well as legal and administrative proceedings, which arise during the normal course of business. Provisions are recognized at balance sheet date when a present legal or constructive obligation as a result of past events occurs and the expected outflow of resources can be reliably estimated.

In Management's opinion, after taking appropriate legal and administrative advice, the outcome of these business risks will not give rise to any significant loss beyond the amounts provided at December 31, 2008.

20. Accounts payables

The carrying amounts of the Group's accounts payable are denominated in the following currencies:

CHF million	2008	2007
CHF	13.1	14.8
EUR	116.7	171.8
USD	18.6	22.5
GBP	10.5	10.5
Other currencies	9.6	17.8
	168.5	**237.4**

21. Accrued liabilities

CHF million	2008	2007
Trade	185.4	201.2
Salaries/wages and social costs	61.0	81.0
Other	86.3	95.0
Total	**332.7**	**377.2**

Trade-related accrued liabilities comprise year-end rebates, returns, markdowns on seasonal products and other services provided by trade partners.

The line "Salaries/wages and social costs" is related to bonuses, overtime and outstanding vacation days.

The position "Other" comprises accruals for 3rd-party services rendered as well as commissions.

22. Other income

CHF million	2008	2007
Fees from 3rd parties	3.6	3.2
Insurance reimbursements	0.6	2.5
Other	7.5	7.5
Total	**11.7**	**13.2**

The position "Fees from 3rd parties" comprises mainly the reimbursement of freight charges. The position "Other" includes mainly licence fees, rental income and company-produced additions involving investments in fixed assets.

23. Personnel expenses

CHF million	2008	2007
Wages and salaries	415.1	436.3
Social benefits	78.2	96.3
Other	51.3	63.8
Total	**544.6**	**596.4**

For the year 2008, the Group employed an average of 7712 people (7793 in 2007).

24. Net financial result

CHF million	2008	2007
Interest income	10.1	10.7
Interest expense		
3⅝% Bond, 1998–2008	–1.9	–3.9
Other	–11.2	–11.3
Income/(expense) from financial assets		
Fair value through profit or loss	–0.6	0.3
Available for sale, Realized (losses)/gains	–0.1	0.1
Available for sale, Impairment	–5.2	–
Other	–1.6	1.3
Total	**–10.5**	**–2.8**

The details of the impairment on available-for-sale financial assets are given in note 14.

The position "Other" represents mainly interest expense incurred in connection with 3rd-party borrowings.

25. Taxes

CHF million	2008	2007
Current taxes	76.8	92.1
Deferred taxes	10.3	2.8
Other taxes	2.1	2.6
Total	**89.2**	**97.5**

The tax on the Group's income before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated companies as follows:

CHF million	2008	2007
Income before taxes	350.7	348.0
Expected tax[1)] calculated on profits in the respective countries	98.5	101.5
Change in applicable tax rates on temporary differences	–0.7	–4.2
Utilization of unrecognized tax loss carry-forwards from prior years	–0.1	–7.3
Adjustments related to prior years	2.4	–0.1
Revaluation of fixed assets in tax accounts	–7.8	–
Other	–3.1	7.6
Total	**89.2**	**97.5**

[1)] Based on the average expected applicable tax rate (2008: 28.1%, 2007: 29.2%).

26. Earnings per share

	2008	2007
Non-diluted earnings per share/10 PC (CHF)	**1 157.5**	**1 123.2**
Net income (CHF million)	261.5	250.5
Weighted average number of registered shares/participation certificates	225 928	223 027
Diluted earnings per share/10 PC (CHF)	**1 140.4**	**1 090.9**
Net income (CHF million)	261.5	250.5
Weighted average number of registered shares/participation certificates/ outstanding options on 10 PC	229 297	229 620

27. Dividend per share

CHF	2008	2007
Dividend per share/10 PC	**360.00** [1)]	**330.00**

[1)] Proposal of the Board of Directors.

During the period, January 1 to April 21, 2009 (date of the dividend distribution), the number of dividend-bearing participation certificates can change as a result of options, granted through the employee stock option plan, being exercised.

28. Share-based payments

Options on participation certificates (PC) of Chocoladefabriken Lindt & Sprüngli AG are only outstanding within the scope of the existing employee stock option program. An option entitles an employee to a participation certificate at an exercise price, which consists of an average of the price of the five days preceding the issue date. The options have a blocking period of three to five years and if not exercised, they expire after seven years. Changes in outstanding options can be viewed in the table below:

Changes in the option rights

	2008		2007	
	Number of options	Weighted average exercise price (CHF/PC)	Number of options	Weighted average exercise price (CHF/PC)
Outstanding options as at January 1	**136 524**	**1 704.81**	**135 485**	**1 262.78**
New option rights	14 340	3 149.00	28 000	2 983.00
Exercised rights	–26 502	930.61	–26 101	782.66
Cancelled rights	–300	2 524.33	–860	1 670.26
Outstanding options as at December 31	**124 062**	**2 035.14**[1)]	**136 524**	**1 704.81**
of which exercisable at December 31	32 227	1 057.82	31 617	865.76
Average remaining time to expiration (in days)	701		622	

[1)] The exercise price varies between CHF 648.– to CHF 3149.–

For options granted after November 7, 2002, the expenses are charged to the income statement proportionally according to the option's expected period of expiration. The recorded expenses amount to CHF 10.1 million (CHF 10.3 million in 2007). The assumptions used to calculate the expenses for the grants 2005–2008 are listed in the following table:

Date of issue	18.3.2008	15.3.2007	16.6.2006	3.3.2005
Number of issued options	14 340	28 000	23 250	28 850
of which in Bracket A (blocking period 3 years)	5 018	9 780	8 127	10 107
of which in Bracket B (blocking period 4 years)	5 020	9 820	8 148	10 088
of which in Bracket C (blocking period 5 years)	4 302	8 400	6 975	8 655
Issuing price in CHF	3 149	2 983	2 251	1 607
Price of participation certificates on date of issue in CHF	3 099	3 000	2 344	1 629
Value of options on issuing date				
Bracket A (blocking period 3 years) in CHF	575.17	563.21	467.02	283.28
Bracket B (blocking period 4 years) in CHF	623.18	603.28	492.73	300.78
Bracket C (blocking period 5 years) in CHF	653.39	627.60	503.86	317.01
Maximum life span (in years)	7.04	7.04	7.00	7.08
Form of compensation	PC from conditional capital			
Expected life span (in years)	4–6	4–6	4–6	4–6
Expected rate of retirement per year	2.8%	3.1%	3.5%	4.1%
Expected volatility	20.8%	19.3%	17.9%	19.4%
Expected dividend yield	1.11%	1.1%	1.17%	1.20%
Risk-free interest rate	2.88–2.97%	2.63–2.67%	2.63–2.73%	1.95–2.14%
Model	Binomial model			

29. Contingencies

As of December 31, 2008, the Group has no guarantees in favor of 3rd parties (CHF 1.9 million in 2007).

30. Commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is:

CHF million	2008	2007
Property, plant and equipment	15.1	55.5

The future lease payments under operating lease commitments are:

CHF million	2008	2007
Up to 1 year	23.3	26.5
Between 1 and 5 years	81.4	95.3
Over 5 years	48.0	64.5
Total	**152.7**	**186.3**

Leasing commitments are related to the rental of retail stores in the USA and Australia, warehouse and office space, cars and IT hardware.

31. Transactions with related parties

A family member of a member of the Board of Directors has a majority share in a company, to which products were sold at arm's length for the value of CHF 15.7 million (CHF 13.6 million in 2007), and against whom receivables were outstanding at the balance sheet date of CHF 8.0 million (CHF 7.8 million in 2007).

110 registered shares were bought in 2008 from the "Fonds für Pensionsergänzungen der Chocoladefabriken Lindt & Sprüngli AG" at a price of CHF 34 408.– per share (110 registered shares at a price of CHF 31 610.– per share in 2007), which corresponds to the five-day average of the closing prices of the share at the SIX Swiss Exchange for the period March 12 – 18, 2008.

– Remuneration of the Board of Directors and Group Management (Art. 663b^{bis} OR)

I Board of Directors

CHF thousands		2008 Cash compensation [1]	2007 Cash compensation [1]
Dr R. R. Sprüngli	Honorary Chairman, deceased 2008	–	100
E. Tanner[2]	Chairman and CEO	260	260
A. Bulgheroni[3]	Board Member, Member of the Compensation Committee	145	145
Dr K. Widmer	Board Member, Member of the Compensation Committee	145	145
Dr P. Baumberger	Board Member, Member of the Compensation & Audit Committee	145	125
Dr R. K. Sprüngli	Board Member, Member of the Audit Committee	145	125
Dr F. P. Oesch	Board Member, Member of the Audit Committee	145	125
Total		**985**	**1 025**

[1] Total gross cash compensation and allowances (excluding social charges paid by employer).
[2] Cash compensation for the function as Chairman of the Board.
[3] In addition to his remuneration as Member of the Board and Member of the Compensation Committee, Mr. Bulgheroni received in 2007 a gross salary of TCHF 316 for his function as CEO of L&S Italy between January 1, 2007, until his retirement on April 30, 2007, and in his functions as Chairman of the Board of L&S Italy and Caffarel SpA. Mr. Bulgheroni received in 2007 further a grant of 2000 options on Lindt & Sprüngli participation certificates under the terms and conditions of the Lindt & Sprüngli employee share option plan, valued at TCHF 707. The valuation reflects the tax value of the options i.e. based on Black Scholes option value calculation minus respective tax allowance for the vesting period.

II Group Management

CHF thousands	Fixed cash compensation[1]	Variable bonus component [2]	2008 Other compensation [3]	Options [4]	Registered shares [5]	Total remuneration
Ernst Tanner, CEO[6]	1 293	1 600	205	1 016	2 828	6 942
Other members of Group Management[7]	1 953	1 750	182	1 119	–	5 004
Total	**3 246**	**3 350**	**387**	**2 135**	**2 828**	**11 946**

CHF thousands	Fixed cash compensation[1]	Variable bonus component [2]	2007 Other compensation [3]	Options [4]	Registered shares [5]	Total remuneration
Ernst Tanner, CEO[6]	1 309	1 500	712	1 767	2 598	7 886
Other members of Group Management[7]	1 897	1 300	271	1 944	–	5 412
Total	**3 206**	**2 800**	**983**	**3 711**	**2 598**	**13 298**

1) Total gross cash compensation and allowances including pension benefits paid by employer (excluding social charges paid by employer).
2) Accrual at year end for expected pay-out in April of following year (excluding social charges paid by employer).
3) Employees part of social charges (AHV) upon exercising of options, paid by employer.
4) Option grants on Lindt & Sprüngli participation certificates under the terms and conditions of the Lindt & Sprüngli employee share option plan (see also note 28). The valuation reflects the tax value of the options, i.e. based on Black Scholes option value minus respective tax allowance for the blocking period. The total number of granted share options in 2008 to Mr. Tanner was 2500 units (5000 units in 2007) and to all total other members together 2750 units (5500 units in 2007).
5) Grant of 110 Lindt & Sprüngli registered shares based on initial working contract from 1993. Value calculation based on tax value of grant minus tax allowance for the five year vesting period.
6) Compensation for function as CEO, fixed base salary of CHF 1.3 million (including pension benefits paid by employer) unchanged since 1993.
7) The number of other Group Management members is 3.

Apart from the payments mentioned above, no payments were made – neither on a private basis nor via consulting companies – to either an executive or non-executive member of the Board or a member of Group Management. As of December 31, 2008, there were no loans, advances or credits due to the Group or any of its subsidiaries by any of the members of the Board or Group Management.

Participation of the Board of Directors and Group Management in the Lindt & Sprüngli Group (Art. 663c OR)

		Number of registered shares (RS)		Number of participation certificates (PC)		Number of options	
		2008	2007	2008	2007	2008	2007
Dr R. R. Sprüngli	Honorary Chairman, deceased 2008	–	1 320	–	–	–	–
E. Tanner	Chairman and CEO	1 992	2 157	4 200	1 598	26 500	29 000
A. Bulgheroni	Member of the Board	1 004	1 004	2 095	2 095	11 250	11 250
Dr K. Widmer	Member of the Board	35	35	–	–	–	–
Dr P. Baumberger	Member of the Board	53	53	–	–	–	–
Dr R. K. Sprüngli	Member of the Board	1 005	859	–	–	–	–
Dr F. P. Oesch	Member of the Board	17	17	–	–	–	–
H. J. Klingler	Group Management	10	10	2 000	1 350	6 200	6 100
U. Sommer	Group Management	5	3	201	1	8 600	8 814
Dr D. Weisskopf	Group Management	20	104	336	–	9 000	11 011
Total		**4 141**	**5 562**	**8 832**	**5 044**	**61 550**	**66 175**

32. Risk Management disclosures required by Swiss law

The identification and assessment of strategic, operational and financial risks is coordinated by the Group's CFO. Once a year a comprehensive risk inventory, including assessment of risk exposure and likelihood, is established and financial risks, including raw materials, are quantified based on respective volatilities. The Audit Committee and the Board of Directors are informed on a regular basis about the nature and assessment of risks and measures taken to mitigate them. Corporate functions such as Controlling, Treasury, Legal, Human Resources, Operations and Marketing & Sales review continuously the effectiveness of the risk management at subsidiary and Group level.

33. Events after the balance sheet date

The consolidated financial statements were approved for publication by the Board of Directors on March 3, 2009. The approval of the consolidated financial statements by the shareholders will take place at the Annual General Meeting. No events have occurred up to March 3, 2009, which would necessitate adjustments to the carrying values of the Group's assets or liabilities, or which require additional disclosure.

Report of the Statutory Auditor

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Report of the statutory auditor
to the general meeting of
Chocoladefabriken Lindt & Sprüngli AG
Kilchberg

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements of Chocoladefabriken Lindt & Sprüngli AG, which comprise the balance sheet, income statement, statement of changes in equity, cash flow statement and notes (pages 46 to 77), for the year ended 31 December 2008.

Board of Directors' Responsibility
The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards as well as the International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

PRICEWATERHOUSECOOPERS

Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2008 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Matthias von Moos	Roger Kunz
Audit expert	Audit expert
Auditor in charge	

Zurich, 3 March 2009

Balance Sheet

	Note	December 31, 2008 CHF 1000	December 31, 2007 CHF 1000
ASSETS			
Intangible assets		41 407	41 521
Investments		387 208	347 364
Loans to subsidiaries		17 630	17 630
Total non-current assets		**446 245**	**406 515**
Receivables from subsidiaries		577 733	406 984
Other receivables		4 366	3 027
Accrued income		38	74
Financial investments		8 875	8 517
Treasury stock		678	–
Cash and cash equivalents		133 867	112 964
Total current assets		**725 557**	**531 566**
Total assets		**1 171 802**	**938 081**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Share capital		14 000	14 000
Participation capital	11	8 692	8 427
Legal reserves		150 378	126 384
Special reserves		368 785	299 624
Reserves for treasury stock		839	–
Net earnings		176 858	163 878
Total shareholders' equity		**719 552**	**612 313**
Bond (repaid on June 30, 2008)	6	–	100 000
Accounts payable to subsidiaries		426 398	202 332
Tax liabilities		24 295	19 596
Accrued liabilities		1 485	3 417
Other liabilities		72	423
Total liabilities		**452 250**	**325 768**
Total liabilities and shareholders' equity		**1 171 802**	**938 081**

Income Statement

	2008 CHF 1000	2007 CHF 1000
INCOME		
Dividends and other income from subsidiaries	181 291	174 018
Other income	174	3
Total income	**181 465**	**174 021**
Administrative and miscellaneous overhead costs	7 970	17 858
Operating profit	**173 495**	**156 163**
Income from financial assets	19 968	28 077
Expense from financial assets	20 827	22 333
Income before taxes	**172 636**	**161 907**
Taxes	14 790	15 128
NET INCOME	**157 846**	**146 779**

Notes to the Financial Statements

1. Liabilities arising from guarantees and pledges in favor of 3rd parties

Contingent liabilities as at December 31, 2008, amounted to CHF 161.6 million (CHF 134.1 million in 2007). This figure comprises guarantees to 3rd parties for subsidiaries, mainly to banks in the form of allocating credit lines for subsidiaries.

The companies, Chocoladefabriken Lindt & Sprüngli AG, Chocoladefabriken Lindt & Sprüngli (Schweiz) AG, Lindt & Sprüngli Financière AG, Lindt & Sprüngli (International) AG and Indestro AG, together form a Swiss-VAT group. According to Art. 32(e) of the Swiss Federal Law with regard to VAT, and leaflet 01 of the Federal Tax Administration, Group Taxation, paragraph 13.4, all members participating in VAT-group taxation are jointly liable for all taxes owed by the VAT group (including interest), which arose during their period of membership.

2. Assets pledged or assigned

There were no pledged or assigned assets as at December 31, 2008.

3. Leasing liabilities

The company has no leasing liabilities.

4. Fire insurance values

The company does not own fixed assets.

5. Liabilities due to welfare schemes

The company does not have any outstanding accounts payable due to welfare schemes.

6. Bond

The CHF 100 million, 3⅝% bond, with a term from 1998 to 2008, was fully repaid on June 30, 2008.

7. Investments

The investments in subsidiaries are listed on page 52 of the notes to the consolidated financial statements.

8. Dissolution of undisclosed reserves

No undisclosed reserves were dissolved during 2008, that would have had any significant effect on the results.

9. Revaluations

No revaluations, which exceed acquisition costs, were recognized.

10. Acquisition and sale of treasury stock (registered shares (RS) and participation certificates (PC))

Inventory of treasury stock	RS	PC
Inventory as at January 1, 2008	–	–
Additions	30	–
Inventory as at December 31, 2008	30	–
Average cost of additions	CHF 27 972	–

11. Conditional and approved capital

As of December 31, 2008, the conditional capital had a total of 541 006 participation certificates with a par value of CHF 10.–. Of this total, 186 556 are reserved for employee stock option programs and the remaining 354 450 for capital market transactions. In the year under review, a total of 26 502 employee stock options were exercised at an average price of CHF 930.61.

12. Mandatory disclosure of interest positions pursuant to Art. 663c OR

As of December 31, 2008, Chocoladefabriken Lindt & Sprüngli AG disclosed the following shareholders (in accordance with Art. 663c OR, Swiss Commercial Code) which own voting shares of more than 4%:

Fonds für Pensionsergänzungen der Chocoladefabriken Lindt & Sprüngli AG, 22.1% (22.2% in 2007).

13. Remuneration and ownership of the Board of Directors and Group Management according to Art. 663b^{bis} and 663c OR

The details of remuneration of and ownership held by the Board of Directors and Group Management are given on pages 75 and 76 of the notes to the consolidated financial statements.

14. Risk management disclosures

Chocoladefabriken Lindt & Sprüngli AG is fully integrated into the group-wide risk assessment process of the Lindt & Sprüngli group. This group risk assessment process also addresses the nature and scope of business activites and the specific risks of Chocoladefabriken Lindt & Sprüngli AG. Refer to note 32 in the notes to the consolidated financial statements on page 77.

15. Change in presentation of comparative information

The presentation of the income statement, compared to the prior year, has been changed. The format of the consolidated income statement has been applied. All income and expense items are now shown gross.

Proposal for the Distribution of Net Earnings

	December 31, 2008 CHF	December 31, 2007 CHF
Balance brought forward	19 011 203	17 099 123
Net income	157 846 423	146 778 833
NET EARNINGS	**176 857 626**	**163 877 956**
Dividend-bearing shares and participation certificates of CHF 22 692 190 (CHF 22 427 170 in 2007)		
5% statutory dividend	–1 134 610 [1)]	–1 121 359
355% (325% in 2007) additional dividend	–80 557 275 [1)]	–72 888 303
Options exercised from January 1 to May 2, 2008 5% statutory and 325% additional dividend	–	–377 091
Emoluments to directors	–480 000	–480 000
Allocations to special reserves	–75 000 000	–70 000 000
BALANCE CARRIED FORWARD	**19 685 741**	**19 011 203**

1) Number of registered shares and participation certificates, status as at December 31, 2008: during the period, January 1 to April 21, 2009 (date of the dividend distribution), the number of dividend-bearing participation certificates can change as a result of options, granted through the employee stock option plan, being exercised.

Report of the Statutory Auditor

PRICEWATERHOUSECOOPERS

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Report of the statutory auditor
to the general meeting of
Chocoladefabriken Lindt & Sprüngli AG
Kilchberg

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of Chocoladefabriken Lindt & Sprüngli AG, which comprise the balance sheet, income statement and notes (pages 80 to 83), for the year ended 31 December 2008.

Board of Directors' Responsibility
The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements for the year ended 31 December 2008 comply with Swiss law and the company's articles of incorporation.

PRICEWATERHOUSECOOPERS

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Matthias von Moos	Roger Kunz
Audit expert	Audit expert
Auditor in charge	

Zurich, 3 March 2009

Group Financial Data – 5-Year Review

Income Statement

		2008	2007	2006	2005	2004
Sales	CHF million	**2 937.3**	2 946.2	2 585.6	2 246.9	1 994.6
EBITDA	CHF million	**460.5**	444.3	381.2	325.1	295.1
in % of sales	%	**15.7**	15.1	14.7	14.5	14.8
EBIT	CHF million	**361.2**	350.8	297.2	248.6	215.8
in % of sales	%	**12.3**	11.9	11.5	11.1	10.8
Net income	CHF million	**261.5**	250.5	209.2	172.7	149.0
in % of sales	%	**8.9**	8.5	8.1	7.7	7.5
in % of average shareholders' equity	%	**18.2**	19.7	19.7	19.6	19.6
Operating cash flow	CHF million	**294.7**	217.4	276.6	189.2	189.6
in % of sales	%	**10.0**	7.4	10.7	8.4	9.5
Depreciation, amortisation and impairment	CHF million	**99.3**	93.5	84.0	76.5	79.3

Balance Sheet

		2008	2007	2006	2005	2004
Total assets	CHF million	**2 409.9**	2 469.4	2 134.1	1 908.1	1 714.6
Current assets	CHF million	**1 474.2**	1 599.4	1 419.6	1 255.2	1 136.6
Net current assets	CHF million	**748.9**	741.0	763.1	630.9	529.6
Non-current assets	CHF million	**935.7**	870.0	714.5	652.9	578.0
in % of total assets	%	**38.8**	35.2	33.5	34.2	33.7
Non-current liabilities	CHF million	**205.7**	221.6	319.7	312.7	313.9
in % of total assets	%	**8.5**	8.9	15.0	16.4	18.3
Shareholders' equity	CHF million	**1 479.0**	1 389.4	1 157.9	971.1	793.7
in % of total assets	%	**61.4**	56.3	54.2	50.9	46.3
Investments in PPE/intangible assets	CHF million	**198.6**	235.1	146.4	128.9	99.2
in % of operating cash flow	%	**67.4**	108.1	52.9	68.1	52.3

Employees

		2008	2007	2006	2005	2004
Average number of employees		**7 712**	7 793	7 044	6 652	6 293
Sales per employee	TCHF	**380.9**	378.1	367.1	337.8	317.0

Data per Share – 5-Year Review

		2008		2007	2006	2005	2004
Share							
Registered shares at CHF 100.– par[1]	Number	**140 000**		140 000	140 000	140 000	140 000
Participation certificates at CHF 10.– par[2]	Number	**869 219**		842 717	816 616	800 558	783 155
Non-diluted earnings per share/10 PC[3]	CHF	**1 158**		1 123	948	788	684
Operating cash flow per share/10 PC	CHF	**1 299**		969	1 248	860	868
Shareholders' equity per share/10 PC[4]	CHF	**6 518**		6 195	5 224	4 413	3 636
Payout ratio	%	**31.2**		29.5	29.2	28.7	26.5
Registered share							
Year-end price	CHF	**22 600**		39 770	30 700	21 950	16 650
High of the year	CHF	**41 530**		44 500	31 800	22 990	16 650
Low of the year	CHF	**22 600**		27 000	22 005	15 720	10 975
Dividend	CHF	**360.00**	[5]	330.00	275.00	225.00	180.00
P/E ratio[6]	Factor	**19.52**		35.41	32.38	27.86	24.34
Participation certificate							
Year-end price	CHF	**1 960**		3 920	3 008	2 237	1 618
High of the year	CHF	**4 000**		4 148	3 050	2 350	1 630
Low of the year	CHF	**1 903**		2 680	2 118	1 526	990
Dividend	CHF	**36.00**	[5]	33.00	27.50	22.50	18.00
P/E ratio[6]	Factor	**16.93**		34.91	31.73	28.39	23.65
Market capitalization[6]	CHF million	**4 867.7**		8 871.3	6 754.4	4 863.8	3 598.1
in % of shareholders' equity[4]	%	**329.1**		638.5	583.3	500.9	453.3

1) ISIN number CH0010570759, Security number 1057075
2) ISIN number CH0010570767, Security number 1057076
3) For 2004–2008 based on weighted average number of registered shares/10 participation certificates
4) Year-end shareholders' equity
5) Proposal of the Board of Directors
6) Based on year-end prices of registered shares and participation certificates

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Board of Directors	Term expires spring
Ernst Tanner Chairman and CEO	2011
Dr Kurt Widmer	2010
Dr Rudolf K. Sprüngli	2010
Dr Franz Peter Oesch	2009
Dr Peter F. Baumberger	2009
Antonio Bulgheroni	2011

Group Management

Ernst Tanner
Chairman of the Board and CEO

Uwe Sommer
Director
Marketing/Sales
Country responsibilities

Hansjürg Klingler
Director
Duty Free
Country responsibilities

Dr Dieter Weisskopf
Director
Finance/Administration/
Purchasing/Manufacturing

Information

Agenda

April 16, 2009	111th Annual Shareholders' Meeting
April 21, 2009	Payment of Dividend
August 25, 2009	Half-year report 2009
January 19, 2010	Net sales 2009
March 16, 2010	Full-year results 2009
April 22, 2010	112th Annual Shareholders' Meeting

Investor Relations

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The expectations expressed in the annual report are based on assumptions. The actual results may vary from these. The annual report is published in German and English whereas the German version is binding.

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