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## Highlights

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* Caja Laboral    ** Excluding Lagun-Aro’s Funds

## Workforce

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E veryone who forms part of MCC can feel legitimately satisfied with the achievements made in 1999. It was a year in which most of the objectives set were met.

The year represented a step forward in the reality of a project that in its Mission statement is defined as “created by and for people, committed to the community, competitive improvement and customer satisfaction, to generate wealth in society by means of business development and job creation”.

During this period of time there has been a lot of reflection about basic aspects of the organisation. There has been a redefinition of the Mission statement, Corporate Values, Basic Objectives and General Policies in a successful attempt to maintain the essence of our history, updating its expression in accordance with the social and economic framework in which our actions in the future must form an integral part.

As far as the development of the Management Model is concerned, we have now gone beyond the company certification stage, and are making advances in EFQM assessment where, in overall terms, an average score in excess of 400 points has been achieved.

The improvements achieved in People Satisfaction are of particular importance. This is one of the keys to a system based on the prominent role of the human beings who form part of it.

Our commitment to development is clear from the investment of close to
87,000 million pesetas made, enabling 4,732 new jobs to be created.

The gradual application of the Business Promotion Model has made a significant contribution to development, enabling new ideas, capable of becoming the embryo for new businesses, to be discovered and channelled.

The organisation of the activities most directly related to knowledge with an overall view enabled, among other things, work to be carried out on what will be, when it is approved in 2000, MCC’s first Science and Technology Strategic Plan. This will establish the path to be followed for the next few years.

The idea of the Garaia Centre of Innovation was also one of the outstanding milestones of the year. Collaboration between Mondragón Unibertsitatea, the technological centres and companies will make it possible to set up a network of advanced knowledge to boost innovation and help shape the companies of the future.

Finally, it should be pointed out that our activities have been profitable in economic terms, with improvements on past situations. This has enabled us to help each person, the workforce as a whole and society in general make progress with the wealth generated.
In the financial area 1999 stood out for the fact that the euro came into operation as a billable, although not yet physical, currency, and the change in the trend in interest rates, which after falling during the first half of the year began to rise in the second half.

MCC’s Financial Group continued to record the high levels of efficiency already demonstrated in the two previous years, having successfully overcome adverse circumstances like the tightening of the gross earnings margin and the volatility of the financial markets.

In 1999 MCC’s Financial Group’s compliance with its Basic Corporate Objectives has been as follows:

**Customer Satisfaction.** During the year advances continued to be made in the continuous improvement of quality, with ISO 9002 certification obtained for a number of activities, like Caja Laboral’s telebanking service, Lagun Aro’s Company Medicine Service and in the sale and management of car insurance.

In the banking area, customers have been assigned to specific managers and products and services prepared for different types of customers. Complementary sales channels, like telephone banking and Internet banking (Caja Laboral NET), have been consolidated and the number of branches opening in the afternoon increased.

**Profitability.** The tightening of the gross earnings margins was offset by the increased volume of business recorded during the year. Other factors which had a favourable effect on profitability were the recovery in the stock market in the last quarter of the year, with the resulting favourable effect on the investment portfolio, and the significant reduction in delinquency. All these factors helped to consolidate the results.

**Internationalisation.** In 1999 there was an increase in 13% in the volume of commercial operations abroad. 68% of this business was with co-operative enterprises and the remaining 32% with other business clients. During the year the network of foreign correspondent banks was reinforced, extending it to new geographical areas, and taking the total to more than 900.

**Development.** The activity of this Group increased significantly in 1999 with both assets under administration and bank investment recording two-digit growth. The considerable profitability obtained also helped to reinforce the soundness of the net worth of the institution, taking Caja Laboral’s equity to 125,453 million pesetas, a 13% increase and Lagun-Aro’s funds to 333,303 million pesetas, a 16% increase. Geographical expansion was concentrated mainly on the leading cities in the Castilla-León region, where four new branches were opened. Finally, the increase of 2,074 in the number of Lagun Aro members stands out, as it was the largest increase in its history.

**Worker Participation.** In 1999 the opinion that members of this Group have of its Policy and Strategy was assessed for the first time. The knowledge management process was also documented in order to be able to transmit the best practices from one business centre to another.

Training during the year was mainly aimed at improving the technical level of staff, promotion courses and help for complementary courses. It should also be highlighted that over the year, 1,381 million pesetas from Caja Laboral’s Education and Promotion Fund were earmarked for co-operative training and promotion.

Among the aspects relating to Lagun Aro, the positive performance of the Employment Aid benefit should be highlighted, which enabled a reserve fund totalling 3,843 million pesetas to be set up for the future. Mention should also be made of the increasing activity of the Company Medicine Service, due to the increase in the number of workers in the Group and the awareness among the co-operatives about the prevention of occupational hazards and the control of environmental pollution.

Juan María Otaegui
MCC Vice-president
Chief Executive - Financial Group
Caja Laboral is a credit institution set up by the industrial co-operatives. From the start it has played a key role in the promotion, financing and business development of the co-operative movement, of which it has become the flagship, establishing the bases of what is today Mondragón Corporación Cooperativa.

1999 was a good year for Caja Laboral, in spite of a number of complications inherent in the volatility of the financial markets and the historic minimum levels of interest rates, which put a lot of pressure on the gross earnings margin of the banking sector.

Total assets on the balance sheet accounted for 997,565 million pesetas at the end of 1999, which is an increase of 9.5% compared to 1998.

Customer assets under administration, including those administered off the balance sheet, totalled 1,058,922 million pesetas at the end of the year, with a notable increase over the year of 12%. There was a change in the market trend, with a return to traditional savings schemes to the detriment of unit trusts. Fixed term deposits as a whole increased by 52%, while unit trusts and the other off-balance sheet items fell by 12%. Equity continued to grow, boosted by the high level of profitability obtained and the demanding policy of capitalisation of profits, taking the final figure to 125,453 million pesetas. In accordance with Bank of Spain regulations, the institution’s capital adequacy ratio was 19.1%, well in excess of the minimum requirement of 8%, as well as the average for the sector.

As far as lending business was concerned, net bank investment increased by 19.5% over the year, taking the balance of this heading to 612,620 million pesetas. The most active type of loan is still the mortgage loan, with an increase of 71,788 million pesetas. Mortgage loans now account for 71% of all loans to the private sector.

Net investment of the securities portfolio, consisting of fixed and variable income securities, as well as holdings in group companies, rose to 192,028 million pesetas, a relative increase of 14%.

For its part, investment in cash, banks and credit institutions, the balance of which includes the cash and central bank figures as well as the net position with credit institutions, fell by 15%, with a balance of 90,118 million pesetas at the end of the year.

In terms of the profitability obtained in 1999, in spite of the difficulties deriving from the low interest rates in force during the year, the increase in business volume enabled the gross earnings margin to be improved by 7%. This together with the fact that the net commission on services was 4% higher than in 1998 and that provisions made to the value of 3,431 million pesetas have been recuperated, means that profits before tax came to 20,379 million pesetas, which was 10% higher than in 1998.

In this regard, it should be highlighted that the profitability achieved by Caja Laboral on its average
total assets was 2.28% in 1999, a “ratio” double the average equivalent obtained by Savings Banks.

Caja Laboral’s soundness is a reflection of this efficiency, as recognised by “The Banker” magazine published by the Financial Times Group, which puts Caja Laboral among the one hundred most solvent banking institutions in the world, in 96th position.

Finally, a mention should be given to Aroleasing, a company specialising in financial leasing, which has belonged 100% to Caja Laboral since 1996.

In 1999, Aroleasing signed new contracts to the value of 16,270 million pesetas, which represents an increase of 23% over the 1998 figure. Of all the investment made, 66% was channelled through the branches of Caja Laboral.

Loan investment at the end of the year totalled 31,446 million pesetas, with an increase of 22% over the year and the doubtful debt ratio at 1.8%, an improvement of 34% compared to the percentage recorded in 1998, and bad debt cover at 126%.
The members of Lagun Aro are members of co-operatives, mainly forming part of Mondragón Corporación Cooperativa. It is Lagun Aro’s task to provide social welfare cover for these members and their families, at a similar level to the cover provided by the state system.

At 31 December 1999, Lagun Aro had 22,665 members, in 113 co-operatives. This figure was an increase of 2,074 during the year, the biggest in Lagun Aro’s history. 31% of the new members belonged to the new limited duration or special quota forms of membership.

As far as pro rata benefits are concerned, these totalled 6,252 million pesetas in 1999 and were mainly for:

* Sick Leave, 2,733 million pesetas (43.7% of the total).
* Health Care, 2,238 million pesetas (35.8% of the total).

Employment Aid should also be highlighted as it has fallen to 40 million pesetas, with a surplus of 1,339 million pesetas generated. This amount, added to the 2,504 million pesetas from 1998, gives a positive balance of 3,843 million pesetas on the balance sheet.

It should also be highlighted that the Ministry of Health made a payment of 1,768 million pesetas in compensation for collaboration in the area of health in 1998.

The benefits for Retirement, Widowhood and Invalidity, which have to be guaranteed for long periods of time and for a large number of members, are financed by reserves to guarantee the corresponding pensions and which accounted for funds totalling 333,303 million pesetas at the end of 1999, once the returns on the investment portfolio had been applied.

These funds enabled 5,923 million pesetas in pensions to be paid out in 1999. At the end of the year, there were 5,207 people receiving pensions.

Lagun Aro’s activities also include a Company Medicine Service, which achieved AENOR certification to ISO 9002 in 1999 for the following activities:

* Preventive and company medicine.
* Clinical, toxicological and drinking water analyses.
* Ergonomics and safety at work.
* Industrial hygiene
* Environmental measurements of the air and noise levels.

The activities of this department have been affected by the growth in the number of members and the concern of the co-operatives about the prevention of occupational hazards and the control of environmental pollution.

In 1999, the following services were carried out:

* Health checks: 2,289 medical examinations on possible new members and 28,432 analyses.
* Industrial hygiene: 2,644 assessments.
* Industrial safety: 70 analyses.
* Environment: 1,610 assessments.
1999 was a very good year for Seguros Lagun-Aro and Seguros Lagun-Aro Vida, with efforts having been concentrated on risk selection, the improvement of commercial productivity in priority segments and on claims management.

Income obtained from insurance premiums and financial income totalled 19,800 million pesetas, for both companies, of which 13,435 million pesetas corresponded to premiums charged. In general insurance, there was growth of 17.6%, taking turnover to 8,107 million pesetas, with a total of 181,417 policies now issued.

In Life Insurance, turnover totalled 5,328 million pesetas, with a growth of 58% in priority products compared to 1998. In 1999 the company also fully adapted to the requirements of the New Regulations for the sector, which came into force at the start of the year. Mention should be made of the additional effort required regarding technical provisions.

Other events worthy of mention, included in the current Strategic Plan, were as follows:

* Commercial development, with car insurance added to the range of products sold through the branches of Caja Laboral.

* Investment in new information technologies, mainly in the life insurance company, aimed at starting up new unit linked products and overall business management.

* Total quality management in terms of ISO-9002 assurance for the sale and management of car insurance taken out in Seguros Lagun-Aro branches, the application of the EFQM self-assessment model and the steps taken in a number of areas in which the need for improvement was detected.
1999 began with the threat of an international economic crisis. However, this fear was dispelled as the year went on and the European and Asian economies began to recover.

In tune with this improvement on the expectations, the indicators for MCC’s Industrial Group gradually improved over the year. The good performance of domestic sales was complemented by the recovery in exports in the second half of the year, as the result of the more favourable international climate and the gradual weakening of the euro, which increased the competitiveness of our products compared with those from the dollar zone.

The main achievements as far as the Basic Corporate Objectives are concerned were as follows:

**Customer Satisfaction.** In 1999 progress continued to be made with this objective, with the following among the actions taken: improvement in quality, reduction in delivery time, increasing customer loyalty and the redesign of commercial processes.

As far as the quality of the products and processes of the co-operatives are concerned, 71 co-operatives now have ISO 9000 certification and most of them are also going on to do an assessment based on the EFQM methodology. In this regard, it is worth highlighting that the Department of Industry of the Basque Government, after an assessment carried out by the Basque Foundation for the Promotion of Quality (Euskalit), awarded the Gold Q prize to Irizar and the Silver Q to Copreci and Fagor Electronica, as these companies exceeded 500 and 400 points, respectively, in the assessment.

It should also be highlighted that, in order to optimise customer service, the co-operatives operating in the automotive sector have continued setting up manufacturing plants close to where their customers are located, specifically in Brazil, Great Britain and the Czech Republic.

**Profitability.** The positive performance of demand in 1999 as a whole resulted in a high use of the Group’s production capacity. This together with other factors like low interest rates and internal cost control led to a 17% increase in profits over the year, with profitability over sales in the order of 6.4%. The divisions that performed best in this regard were the Household division, due to the increase in family income and the boom in the building of homes, which have boosted the sales of domestic appliances and furniture, and Industrial Equipment, where the high level of profitability of the coach bodywork business stands out.

**Internationalisation.** In spite of the weakness of the international economy during the first half of the year, with the plausible exception of the United States, progress continued to be made on the strategic objective of internationalisation. The Industrial Group achieved international sales, exports plus sales from production plants abroad, totalling 213,491 million pesetas. This figure represents a 16% increase over the figure recorded in 1998, leading to an increase in the proportion of international sales over total sales from 46.9% in 1998 to 47.6% in 1999.

At the end of 1999, the Industrial Group had 23 manufacturing plants abroad. The most important events in 1999 were the incorporation of the companies set up in Mercosur by Promoauto, 50% of which was acquired at the end of 1998, the purchase by Fagor Electrodomésticos of a majority holding in the Polish domestic appliance manufacturer Wrozamet, as well as the new plants set up abroad by Maier (Great Britain), Batz (Brazil), Cikauuko (Czech Republic) and Irizar (Mexico and an increase in the existing investment in Brazil).
Development. The development of the Industrial Group has been significant over the last few years, with turnover and equity having doubled in five years. Turnover in 1999 accounted for 448,132 million pesetas, with an increase of 14.5% compared to 1998. The most dynamic divisions were Household Goods and Engineering and Capital Goods, which have benefited from the positive situation in terms of spending and investment, respectively. The growth in the Construction division also stood out. This was due to the incorporation of Ecotècnia, a Catalonian co-operative producing equipment for the renewable energy sector.

The investments tackled by this Group in 1999 accounted for 35,639 million pesetas, which is 14% more than the investment figures for 1998. Industrial employment also rose by 2,328 jobs taking the total workforce to 21,913 people. Three new co-operatives joined MCC in 1999: Consonni, engaged in the manufacture of electric heating elements, Domusa Calefacción, a manufacturer of domestic central heating boilers and Ecotècnia, mentioned above.

Worker Participation. In order to increase participation in management, a method for the Deployment of Objectives has been developed in collaboration with the University of Deusto, Ibermatica and LKS Consultores. This will enable the objectives established for the different levels of the organisation to be aligned with the strategies of the Business Units.

Other basic aspects tackled in 1999 were the implementation of the Management Development model – as a tool for improving the knowledge, capabilities and qualities of management teams –, further work in the area of internal communication, the prevention of occupational hazards, with the involvement of 64 co-operatives, and the implementation of environmental management systems, with 48 co-operatives involved.

An extensive survey was also carried out to assess people satisfaction, and a boost was given to the policy of increasing the number of co-operative members compared to the total workforce. This led to increase of 1,582 in the number of members compared to 1998.
The overall turnover of the Division increased slightly in comparison with 1998 and international sales rose by 11%, in a year characterised precisely by the boost given to internationalisation.

Among the actions taken, the setting up of the company “Promoauto Desarrollo de Automoción S.A.”, to coordinate and promote activities in Mercosur, stands out. The first of the projects to be brought to fruition was Batz do Brasil, which started the production of jacks, pedal units and brake levers in the town of Taubaté, close to Sao Paulo.

In Europe, Maier began work on the construction of a factory in Lichfield, near Birmingham, with an investment of 2,500 million pesetas. Production is planned to start in the second half of 2000. The plant will manufacture external thermoplastic car parts for car makers in the United Kingdom and north of France. The main customer will be Nissan, as well as Honda, Toyota and the PSA group.

Cikautxo set up a production plant in the north of the Czech Republic to produce thermal rubber parts, with an investment of 400 million pesetas. Its aim is to supply the German automotive and domestic appliance markets and facilitate the introduction of its products into Eastern European countries.

Fagor Ederlan carried out significant investments to the value of 3,728 million pesetas to extend its aluminium die-casting and machining plants by 50%. These have been equipped with high quality, precision machinery, placing the company at the forefront of this sector in Europe, in technological terms. The company also built a plant in Borja, to produce front suspension columns for General Motors in Figueruelas, in its capacity as a global supplier of safety parts for the Corsa 2000 project, with supplies beginning in July.

Its subsidiary FIT Automoción, in which Fagor Ederlan has a 33% equity holding, together with MCC Inversiones (33%) and the German company Continental Teves (34%), had a very satisfactory year with 51% increases in the sale of brake systems for Volkswagen in Germany. FIT Automoción will invest 1,500 million pesetas over the three-year period 1999-2001, doubling its production capacity and thereby confirming the consolidation of a business project launched in 1998. Finally, Mapsa continued with its ambitious investment plan which will be concluded in 2000 and account for 3,000 million pesetas. It will increase the company’s production capacity to two million wheel rims.

José María Aldekoa
MCC Vice-president
Chief Executive - Automotive
The turnover of this Division increased by 12% and its international sales in a similar proportion. Just as in 1998, the investments of the Division played a strong role, accounting for 6,168 million pesetas and were earmarked for an increase in the capacities of the different lines of business, an increase in productivity with greater automation and the development of internationalisation.

In the R&D area, a carbon monoxide and methane sensor based on sensors-semiconductors and fuzzy logic was developed. A project was also launched within the framework of the 5th IST (Information Societies Technology) programme, aimed at developing intelligent chemical sensors for gas manufactured with low cost CMOS technology, with integrated electronics and sensitive hybrid layers.

In **White Goods**, Copreci set up a joint venture with the US company Burner Systems International (BSI), to manufacture subunits for the cooking appliance sector, for the US market. In the Mexican plant in Guadalajara, there was investment to enable washing machine components to be built together with cooking appliance components, thereby consolidating the activity of this important factory.

In the area of **Home Comfort**, the inauguration of Orkli's new installations, coinciding with the company’s 25th anniversary, stands out. They occupy 10,000 m² and are engaged in the production of ambient temperature regulation and control valves for domestic central heating.

In R&D, an independent supply system using photovoltaic converters was developed for gas domestic appliances and, as part of the Eureka-Eurimus Programme, work was carried out on a microsystem to guarantee efficient, low-emission level combustion in gas boilers.

In **Electronics**, Fagor Electrónica obtained QS-9000 certification, which is very important in the automotive industry and won the “Prize for Continuous Improvement” in the Basque Country.

In R&D, the company made significant advances in the development of a electronification project for domestic and home-comfort appliances, in the regulation, control and safety functions, in collaboration with various Universities and Research Centres.

*José Luis Olasolo*
MCC Vice-president
Chief Executive - Components
In line with the dynamic nature of the previous year, the sales of this Division increased by 26%, a figure that includes the turnover of the Catalonian co-operative Ecotècnia, which joined MCC at the beginning of the year.

In Lifts and Elevators, Orona increased its sales by 24%, with an excellent performance and the consolidation of a lot of investment in the industrial area.

On the domestic scene, important projects were those completed at La Bretxa market in San Sebastian, the Son Moix stadium in Palma in Majorca and La Galera wharf in Algeciras. On the international stage, Orona is currently exporting to more than 40 countries, with a strong increase forecast for 2000.

In Structures and Handling, Urssa built the paper factories at Condat in France, Zizuñaga in Hernani (Guipúzcoa) and Saica-3 in Burgo del Ebro (Saragossa). Important projects were also carried out in the iron and steel industry, with the extension to the Sidenor factory in Basauri, the new plant in Vitoria and the one for the furnace for Arístain in Laberria.

In industrial buildings, the following orders stand out: the metal structure for the new Mercedes-Benz factory in Vitoria, to the value of 3,000 million pesetas and the structure of a number of buildings for the logistics involved in the CERN laboratory particle accelerator in Geneva.

In urban buildings, mention should be made of the company’s participation in the second phase of the Bilbao metro and the building of the structural dome for the “Grantecon” telescope on the Canary Islands, the biggest and most advanced in the world. The lifting bridge in the port of Barcelona, which will be the biggest in Europe and the 500-tonne rotating bridge designed by Calatrava in Buenos Aires also stand out.

Orona’s Spatial Structures Division built a number of sports centres in Spain, as well as the roof of the Science Museum in Alcobendas. At the international level, the company built the pavilion inside the Millennium Dome in London, the Inezgane sports centre in Morocco and the roof of Loughborough University in the United Kingdom.

A special mention should be given to Ecotècnia’s first year as a member of MCC, in which the company achieved a turnover of 6,310 million pesetas and won numerous orders that will boost its growth enormously. This will be helped by the creation of a company to promote wind farms in which bodies from the Corporation will have a holding, as well as the construction of a new assembly plant in Butxuel (Navarra), which will provide work for 40 people. In technological terms, the development in house of a 1,200 Kw wind-powered generator and the signing of a technology transfer agreement with the Japanese company Hitachi Zosen stand out.

In the Handling sector, Rochman inaugurated its new plant for packaging machines and Biurrarena negotiated an agreement with Hyundai for the exclusive distribution in Spain of public works machinery manufactured by the Korean multinational.

In Construction Work and Materials, Lana increased its sales by 26% and launched an ambitious investment plan in excess of 2,000 million pesetas for the period 1999-2002, aimed at substantially increasing production capacity of three-ply boards for construction, furniture manufacture and decoration. The target is to increase turnover from 2,400 million pesetas to 4,800 million, concentrating on foreign markets.

Jesús Maiztegui
MCC Vice-president
Chief Executive - Construction
Continuing the excellent performance of recent years, 1999 was an exceptional year, in which the investments made abroad started to bear fruit, with more than 50% of turnover coming from international sales, which were 21% higher than in 1998.

Technology and development continued to be fomented from an overall point of view, based on a high level of profitability and investments over sales, with figures of more than 10% maintained for both ratios.

In Leisure and Sport, international expansion was intensified, with the businesses in this area achieving solid positions. Dikar-Wingroup extended its international structure by taking holdings in a number of companies in China and setting up a sales company in France. Eredu confirmed the consolidation of Enea with an increase in sales, which have tripled over the last three years and the building of a plant specifically for this activity. Orbea strengthened its leadership in the Spanish market and continued its penetration into European markets.

Components and Technical Equipment had another excellent year, based on the thrust of Irizar, with a 29% increase in turnover and 47% increase in international sales.

Irizar capped its spectacular performance by obtaining the Gold Q prize in the EFQM assessment and with the start up of a new plant in Mexico. The company continued to perform strongly on the international stage, which accounted for 66% of total sales.

The growth and profitability of Ederfil should also be highlighted. This company implemented an automatic production control system and an occupational hazard management system. Urola consolidated its machinery activity, concentrating its efforts on product development.

Industrial Services also had a good year, with continued expansion of its businesses and the culmination of the SENA project in Colombia on the part of Alecop.

Alkargo continued to grow, with a 33% increase in sales and the extension of its range of products. Coinalde strengthened its international expansion and its production capacity with the construction of a new plant. The printing companies Elkar and Danona made advances in establishing a common business focus, by increasing their profitability and competitiveness. O'satu and Oiarso revitalised their presence abroad, on the basis of the development of products of their own and increased sales activity.

Iñaki Otaño
MCC Vice-president
Chief Executive - Industrial Equipment

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COMPANIES:
- Leisure and Sport: Dikar, Eredu, Orbea, Shanghai Dikar, Wingroup and Wingroup Amazonia.
- Industrial Services: Alecop, Alkargo, Coinalde, Danona Litografía, Elkar, O’iarso, O’satu, Prodeso and Robik.
INDUSTRIAL GROUP

HOUSEHOLD GOODS

This Division had a very positive year, with excellent productivity levels and a 21.9% increase in turnover and a 19.4% increase in international sales, including production in plants abroad.

In **Domestic Appliances**, Fagor had an excellent year, with a 20% increase in sales. In the domestic market, the company’s growth was 12% above the market average, which was 7.3%, thereby consolidating its leadership in the sector with a market share of almost 24%, according to data provided by the Nielsen consultancy company.

In the international sphere, it was a very dynamic year, with a 21.2% increase in foreign sales and the adoption of important strategic decisions. Among these, the acquisition of 76% of the Polish cooker manufacturer Wrozamet, with its headquarters in Wroclaw, stands out.

Wrozamet achieved a turnover of 12,775 million pesetas and, in addition to being the leading cooker manufacturer in Poland with a 48.5% share, the company has a growing presence in Germany, Czech Republic, Hungary and the Baltic states.

In Morocco, Fagor consolidated its position of joint leadership, with a 22% penetration, successfully producing fridges, gas water heaters and washing machines at its plant in Mohammedia.

Fagor also continued with its high level of investment, with 3,785 million pesetas earmarked for its plants in the Basque Country, in addition to the 5,200 million pesetas it cost to acquire Wrozamet, together with MCC Inversiones. In terms of investment, the inauguration of the refurbished refrigerator plant in Mondragón should be highlighted. This plant now houses all refrigerator manufacturing and has a production capacity of 800,000 units a year.

In **Comercial Equipment**, the sales of the subgroup again recorded strong growth of 25%. Kide achieved leadership in the Spanish market in the sale of insulation panels, with a 33% increase in sales.

In **Furniture**, Coinma continued to grow and consolidate its position in the office furniture range, with a 22% increase in sales abroad. Danona did not perform as well as in 1998, due to a fall in its exports which, however, were still high, accounting for 52% of total sales, and, once again confirming the company’s leadership in terms of exports.

In **Commercial Equipment**, the sales of the subgroup again recorded strong growth of 25%. Kide achieved leadership in the Spanish market in the sale of insulation panels, with a 33% increase in sales.

Fagor Industrial had an excellent year. The company extended its traditional cooker and dishwasher manufacturing lines with new washing machine and industrial refrigeration lines in its plant in Lucena. Export sales rose by 15%.

**Jesus Catania**  
MCC Vice-president  
Chief Executive - Household Goods

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### In millions of pesetas

<table>
<thead>
<tr>
<th></th>
<th>1997</th>
<th>1998</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales</strong></td>
<td>120,515</td>
<td>146,901</td>
</tr>
<tr>
<td><strong>Intern. sales</strong></td>
<td>46,062</td>
<td>54,994</td>
</tr>
</tbody>
</table>

### COMPANIES:

- **Domestic Appliances:** Domusa, Edesa, Extra Electrodoménticos, Geyser Gastech, McLean and Wrozamet.
- **Furniture:** Coinma and Danona.
- **Comercial Equipment:** Fagor Industrial, Fagofri and Kide.
T
here were two quite
different sides to the
performance of this
Division in 1999: on the one
hand, the order book levels
previously achieved led to a 20%
increase in turnover, with historic
sales levels totalling 42,000
million pesetas.

At the same time, demand in the
machinery and industrial
equipment sector fell, reversing
the upward trend of previous
years and affecting the forecasts
made for the Forming Machinery
and Automation and Control
subgroups.

In Automation and Control,
turnover was balanced in spite of
the recession in the sector, which
had a greater effect in USA and
Canada. The position was
different in the European Union
and there was a strong recovery
in South-east Asia.

Technological development was
intense and aimed at the
completion of important
numerical control and display
projects, with management
based on organisation by
businesses.

In Forming Machinery, the
year was marked by project
management, which exceeded
the 1998 volume by 28%, with
peaks of up to 50% in some
companies and businesses,
requiring a significant increase in
technical and management staff.

This high level of activity led to
excellent profitability levels, in
addition to improvements in
quality indicators and delivery
times in an increasingly
demanding global context.

The list of companies, both in
terms of new orders and orders
supplied is ample and qualified.
In the automotive sector it
includes: BMW, Daimler-
Chrysler, Ford/Volvo, Renault,
Benteler, Gonvarri, Magna,
Tower and Valeo. In the domestic
appliance sector it includes:
Electrolux, Fagor, General
Electric/Mabe, Whirlpool and
Orkli. Finally, in the iron and
steel sector, mention should be
made of Thyssen and Acerinox.

An outstanding characteristic of
this Subgroup lay in the continual
efforts made to promote new
companies and activities,
especially in the
Telecommunications and
Information Systems sector, which
led to annual growth rates in
excess of 50%.

However, the improvement in
income means a significant
increase in the number of highly
skilled jobs, with profitability also
performing very well.

José Ramón Goikoetxea
MCC Vice-president
Chief Executive - Engineering and
Capital Goods
The year was characterised by a 4% increase in sales, a 10% increase in exports and a moderate level of profitability. Less satisfactory were the order books for the Division as a whole, which were at 65% of the figure for 1998, meaning that next year will be more complicated.

In Machine Tools, the 12% reduction in orders won was quite a lot lower than the 22% average recorded by the sector in Spain. However, the order books only reached 62% of the 1998 level, although there was a certain amount of recovery in the last quarter of the year.

Turnover increased by 5% and exports by 13%, with Soraluce standing out as the leading exporter in the world of milling centres to Germany, a country to which it sends 41% of its production. As far as foreign orders are concerned, Germany was once again at the top of the ranking, accounting for 51% of the total together with France and Italy, followed by China. Italy appeared for the first time in the list of the main countries that purchase products from this Division.

In the automotive sector, it should be pointed out that the Danobat Group has the leading product for crank shaft machining, which has been sold to customers as representative as Volkswagen, Renault, Krupp, PSA Group, GM/Opel and Ford/Volvo. In this context, mention should be made of the delivery of a number of lines to the Iranian company Khodro, for the automatic production of two key engine parts: the block and cylinder head. The complete order was worth more than 4,000 million pesetas.

In the aeronautics sector, new orders were won for grinding machines for grinding turbine blades from the French company Snecma. This company ordered three machines to the value of 300 million pesetas. General Electric also ordered one for its plant in Wales, in addition to those already supplied for its plants in USA and Egypt, and another for Delta Airlines.

An important order was negotiated with General Electric, which will be confirmed in the first quarter of 2000. It will be for the delivery of 15 machines to the overall value of 650 million pesetas, for machining parts for the multinational’s Energy Generation Division plants in USA and France. Danobat also has top level customers in the aeronautical sector like: American Airlines, Boeing, British Airways, Delta, Sabena, Sikorsky Helicopters, Iberia, Swissair, United Airlines, Bendix, BNB, the Japanese company IHI as well as the aforementioned General Electric and Snecma.

In Woodwork Machinery, Tooling and Fixtures, sales were similar to the 1998, in a rather modest year, although Latz and Zubiola improved their positions in their sector and ended the year with figures better than those forecast.

Antonio Echeverría
MCC Vice-president
Chief Executive - Machine Tools

<table>
<thead>
<tr>
<th></th>
<th>1998</th>
<th>1999</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>24,944</td>
<td>25,845</td>
</tr>
<tr>
<td>Intern. sales</td>
<td>14,225</td>
<td>15,645</td>
</tr>
</tbody>
</table>

COMPANIES:
• Cutting Machine Tools: Danobat, D+S Sistemas, Estarta Rectificadora, Golf, Lealde and Soraluce.
• Woodwork Machinery, Tooling and Fixtures: Doiki, Egurko, Latz, Ortza and Zubiola.
In 1999 the positive performance of consumer spending meant that the retail sector had a satisfactory year, which in the case of MCC’s Distribution Group enabled the quantitave targets to be met and the Basic Objectives to be tackled with success.

**Customer Satisfaction.** In this area work has been carried out on the constant adaptation of the stores, with an extensive range of new products and services that consumers can take advantage of in the same physical space that they do their normal shopping. Some of these new services are as follows: in-store bakery, newspapers and magazines, home shopping, telephony, jewellery, sale of art and culture, etc.

The cold meats and fruit sections have obtained ISO 9002 certification and the ground has been prepared for certification for the fish section in 2000. The Natur meat product range was also presented. This range provides full traceability of the product, with identification of the source of the items offered to customers, and completely guarantees quality.

The Travel Agency extended its offer in the business services segment, with the start up of a “24 hour service” aimed at guaranteeing service for professionals in the sector.

**Profitability.** In 1999 consumer spending was quite vigorous and the Distribution Group achieved an excellent increase in sales of 20%, which represents a gain in market share to the detriment of other competitors. The composition of the Group’s turnover has also improved, with more growth proportionally in fresh produce and non-food items, which give higher margins. This has led a 30% increase in profits.

**Internationalisation.** The Distribution Group operates mainly in Spain. However, it is also present in France, through its subsidiary Sofides, which has 3 hypermarkets and a chain of 19 supermarkets.

The Group is also a member of the Intergroup non-food
purchasing group, located in Denmark and which has offices in Hong-Kong.

**Development.** The concentration that the retail business is undergoing means that companies must acquire sufficient size to be able to compete in a sector in which volume greatly determines competitiveness.

In this regard, in 1999 MCC’s Distribution Group has consolidated its alliance, which came into force last year, with its partners, to run and develop supermarkets together. Moreover, during the year 121 new stores were opened together with 17 travel agency branches. The Distac, Disbor and Aundia chains of stores were also taken over.

Investment was very high, with material and financial investment to the value of 46,439 million pesetas, 29% more than in 1998.

**Worker Participation.** The policy of this Group is that, like co-operative members, the workers in its subsidiaries should be worker-owners. By the end of last year, 90% of Erosmer Ibérica’s permanent workers were members of this joint business project.

The total workforce at the end of the year came to 22,324 people, with 2,142 new jobs created during the year. 12,267 new jobs have now been created over the last five years.

An important aspect during the year was the implementation of a complete environmental management system covering all processes, from the use of raw materials to the treatment of waste. This has led to the first environmental certification of a hypermarket in Spain.

**Constan Dacosta**  
MCC Vice-president  
Chief Executive - Distribution Group
In 1999 the Eroski Group’s alliance with its partners Vegonsa, Mercat and Unide for the running and development of supermarkets was definitively consolidated, with the unification of the brand image under the Consum name and harmonisation of management and commercial policy in all the stores.

Constant adaptation continued to the Group’s main response to the demands of competitiveness and customer requirements. Numerous innovations were made in the different store formats. In the Eroski hypermarkets, the design of the textiles section was changed, a jewellery section was set up, a new type of wine department created and art and travel were also offered inside the store.

In the Maxi hypermarkets the domestic appliance section was refurbished, improving the use of space and extending the range on show. The fish and bakery sections were renewed and there were improvements in the general ambience of the store and in customer information.

In the CONSUM supermarkets, specialisation in fresh produce received a boost and the use of surveys among customers was extended. A fresh produce section was also added to Charter self-service stores. The franchise outlets were equipped with a new computer system, enabling them to control the products available and improve management at the sales outlet. The range of Consumer own-brand products, highly regarded by customers, was extended, with new items and innovations including the Consumer Natur range. The new Consumer Card was also given a boost, unifying under the same brand two of the Group’s main marketing elements: the charge card and own brand products. Consumer is today the leading charge card in the mass-market product sector.

Collaboration with suppliers underwent new advances in qualitative terms, especially with Spanish farmers, with whom agreements were reached for the distribution of chicken, pork, beef, potatoes, etc. in a year of bad news for the sector. However, more than 1,000 small producers have found in the Eroski hypermarkets’ “Regional Products Shop” the outlet for their local farmhouse products, characterised by their excellent quality and high level of customer acceptance. Consumers, who are a priority in the work of the Group, benefited from a wide range of educational activities in which 282,000 people participated. Special mention should be made of the work of the Consumer Committees and the five Consumer Schools, the interactive exhibitions, aimed at encouraging healthy habits and the organisation of the National Housewives Congress held in San Sebastian, attended by 600 members of CEACCU. By the end of the year, the Group had 418,000 consumer members.

The Consumer magazine, with a circulation of 300,000 copies a month, continues to be a required source of reference for consumers. In the publishing field, mention should also be made of two guides published:
“Santiago from Roncesvalles” and “Almost everything about 100 NGOs”.

In the environmental area, implementation of the Clean Points in the hypermarkets for recycling of materials was started, an energy cogeneration centre was set up at Quart (Valencia), the use of reusable containers became widespread in the fruit and vegetable sections and the Group participated in a number of Environmental Programmes promoted by the Government. It should also be mentioned that the Eroski hypermarket in Pamplona obtained ISO 14.001 environmental certification and was the first hypermarket to do so. Several other stores are now also going through the certification process.

This participation of the workers in the ownership, management and profits continues to be a powerful way of involving the workforce in the company and is something that has a direct effect on service quality and customer satisfaction. This participation is put into effect by the traditional channels available to the Eroski and Consum co-operatives and the activity of Gespa, which is the company or general partnership that enables the workers of Erosmer Ibérica to take a holding in their company. In this context, training continued to play a key role. 5% of working time was dedicated to training, which in absolute terms was 306,089 hours, 7% more than in 1998.
The year was marked by the high level of growth of all the businesses, with an overall increase of 28% compared to 1998. The consolidation of the catering activity in the Levant region and the takeover of the Jangarria S.L. catering company in Navarra stand out. The performance and profitability of the company engaged in the production and sale of rabbits should be highlighted, in what was its first full year of business life.

In the horticultural area, a three-year expansion plan was begun, with one of the most important investments in the sector in the Basque Country. The installation of a new 20,000 m² greenhouse and the construction of a sorting, packing and conservation warehouse, will help to improve processed products.

In the qualitative sphere, audits were successfully carried out for maintaining ISO 9002 Quality Assurance certification for compound feeds and the central kitchens of the catering activity. Likewise, the increasing acceptance of the complete service offered to the healthcare sector should be underlined. This has been boosted by the increase in the number of centres using the service and ISO certification for the food service in several local hospitals.
In 1999, Ikerlan’s 25th anniversary, total income accounted for 1,650 million pesetas, of which 399 million pesetas corresponded to generic projects funded by the Basque Government for the acquisition of new technological knowledge and the remaining 1,251 million pesetas to contracted projects.

In the Microsystems activity, the initial research team was set up and cooperation with other centres and bodies was strengthened, with the collaboration with the Provincial Council of Gipuzkoa in the preparation of a plan of action in microtechnologies standing out.

In the area of energy, a collaboration agreement was signed with the Cidetec Foundation in San Sebastian, for research in the field of polymer membrane fuel cells. A cooperation project was also initiated with the Lawrence Berkely National Laboratory in the United States, to develop metal oxide fuel cells.

Ikerlan also participated actively in the drawing up of the Spanish Government’s National Plan for Scientific Research, Development and Technological Innovation and in establishing MCC’s Science and Technology Plan. The centre is also taking part in the European Union’s V R&D Framework Programme, with three new projects having been approved.

In its 25 years of life, Ikerlan has acquired a high capacity for product development covering the complete cycle, from the original design to the production of an industrial prototype and, if appropriate, preliminary runs. 149 researchers and technicians, in addition to 39 scholarship holders, work in its two centres in Mondragón (Mechatronics) and Miñano (Energy).
IDEKO

In 1999, Ideko boosted integration with its Machine Tool customers to make product development and innovation more dynamic. An overall approach was established covering: initial watchdog tasks, both in terms of technological references and the leading competition in the world; design and calculation tasks; validation and testing of new prototypes, including experimentation with new machining processes.

This activity has been carried out with joint working teams, made up of Ideko researchers and company personnel, with increasing collaboration with European research centres and final customers in the automotive, aeronautics and capital goods sectors.

Work also continued on applied research projects, with nine international projects in partnership with centres from several other countries. Three new projects led by Ideko were also approved as part of the V European Union Framework Programme.

The centre is also strongly committed to Internet technologies, which are going to facilitate relations between Ideko’s project teams and customers and suppliers. Ideko’s total income came to 558 million pesetas. 64% corresponded to projects for companies and the rest to medium- and long-term research projects.

MAIER TECHNOLOGY CENTRE (MTC)

MTC is a Technological Centre specialising in the research and development of heatformed plastic parts and units for the automotive, domestic appliance and consumer electronics sectors.

It works on the basis of concurrent engineering in close collaboration with its clients. Its activities include design processes, simulation, styling, manufacture of injection moulds, industrialisation of parts and the researching of new technologies applicable to its work.

In 1999 and in line with the trend of the previous year, there was another quantitative leap forward, both in the number of projects awarded and the number of new clients and product families. The increase in the number of Japanese and German customers is worthy of special mention.

Income for the year totalled 749 million pesetas, with a workforce of 107 people, mainly made up of senior engineers and technicians. For the year 2000, the prospects for MTC continue to be good, bearing in mind the dynamic performance of the Maier Group. It is hoped that the workforce will be increased by a further 10 people.
In this second academic year (1998-99) as a university, Mondragón Unibertsitatea (MU) has continued to consolidate the courses it offers with a Degree in Business Administration and Management and second level studies in Industrial Engineering and Computer Engineering.

Likewise, it continued to increase the number of Masters degrees on offer with a new Masters in the Prevention of Occupational Hazards and the preparation of another two for academic year 1999-2000: Masters in Business Project Management and Masters in Telecommunications Systems. A boost was also given to third level courses. The level of use of the Basque language in the University's courses should also be highlighted. More than 60% of the academic credits available at Mondragón Unibertsitatea can be taken in the Basque language.

In 1998-99, MU had a total of 2,600 students and a workforce of 306, with a budget totalling 2,590 million pesetas and investment of 283 million pesetas.

On the qualitative side, Mondragon Unibertsitatea has drawn up a Strategic Plan for the next eight years, involving profound changes in the concept of the university itself, in its management model and in its relationship with society and other bodies operating in the field of knowledge.

This new concept of university implies that, in addition to meeting personal requirements, it must also take into account social requirements, by applying the technological revolution of the 21st century to the education process. Moreover, taking its roots in Basque culture and society as a starting point, MU is open to the most advanced universal thought and co-operation and exchange of knowledge with centres, people and bodies from all over the world.

The new design also involves establishing a new management model and, in organisational terms, the strategic centralisation of the rector’s office and joint bodies, which, without detriment to the autonomy of the Centres making up Mondragón Unibertsitatea, will provide MU with more dynamic and complete organisation.
The academic year 1998-99 saw a significant increase in the number of students, with a total of 2,100 compared to 1,580 in 1998. It was also a good year on the economic side, with a 25% increase in turnover.

A new centre managed by CIM was opened in Vitoria under the bai&by tradename, in which more than 300 students are studying English and Basque using this modern, customised multimedia system. The decision was also taken to open a similar centre in San Sebastián, which is now in full operation.

For the first time, CIM was also able to offer its students and those of Mondragón Unibertsitatea, the chance of sitting the University of Cambridge English exams at CIM’s premises. This possibility was well received by students.

During the academic year 1998-99 Txorierri had 470 students within the state system. 4,480 hours of training were given in 36 different courses, in the sphere of occupational and in-service training, with 446 people attending.

Several students from the centre did ten weeks of practical training in companies in Austria and Germany, as part of the Heziketan programme, promoted by Confebask. It also participated with Alecop in a collaboration project in Colombia, by sending four lecturers who did consulting work and provided technological training for lecturers in centres located in the most depressed areas of Bogotá.

In the area of Total Quality, self-assessment was carried out by applying the EFQM model.
In 1999, in the Management Training area, a new Masters course in Company management was started with the academic support of Mondragón Unibertsitatea and the participation of 19 students. An "Innovative Management Course" was also organised for managers, consisting of 5 seminars lasting 32 hours each dealing with Innovative Tools for Business Management and attended by 86 people.

Two higher level Company management courses were also organised for managers in the Distribution and Business Service sectors, with the participation of 32 people. The Management Development System was also applied to 50 managers, in accordance with the Corporate Management Model.

In the field of Co-operative Training, two "Ikas" courses covering Co-operative Business Management were organised, a Social Body Development System “Ordezkari XXI” for Governing Councils was designed and nine courses for Governing Council members, four for Social Council members and another four for new members were held.

In Internal Co-operative Communication, in addition to the monthly publication of the T.U. Lankide magazine, two new editions of the Internal Communications Forum were held, in which the experiences of Lagun-Aro and Urssa were explained.

In terms of Co-operative dissemination, work continued on disseminating our co-operative experience: close to 1,000 people from different countries came to Otalora to learn about the singularities of the Mondragón co-operative movement in situ.

As for the activities of the Sociological Studies unit, the EFQM satisfaction assessment tool continued to be applied in the co-operatives. It has now been applied to 90% of MCC personnel. From the comparative analysis, compared to last year, there was an improvement in the overall level of job satisfaction.
This part of the Annual Report offers an overall view of Mondragón Corporación Cooperativa, by presenting the Corporation’s financial statements and trading account at the end of 1999. Likewise, a comparison of these figures with those for the previous year shows year-on-year developments.

The information given refers to the integrated Balance Sheets for the last two years, as well as the composition of Value Added generated overall within the Corporation.

To obtain these integrated statements, balances reflecting operations between companies have been offset, and internal economic movements have been removed, in order to delimit the actual situation of MCC as far as its outward appearance is concerned.

Balance Sheet of Mondragón Corporación Cooperativa

(After Distribution of Net Surplus) (millions of pesetas)

<table>
<thead>
<tr>
<th>HEADING</th>
<th>31.12.98</th>
<th></th>
<th>% distr.</th>
<th>31.12.99</th>
<th></th>
<th>% distr.</th>
<th>Annual Variation</th>
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<tr>
<td><strong>ASSETS</strong></td>
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<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Fixed</td>
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<td>17.7</td>
<td></td>
<td>380,324</td>
<td>18.9</td>
<td></td>
<td>43,903 13.1</td>
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<tr>
<td>Current</td>
<td>1,564,980</td>
<td>82.3</td>
<td></td>
<td>1,630,690</td>
<td>81.1</td>
<td></td>
<td>65,710 4.2</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>1,901,401</td>
<td>100.0</td>
<td>2,011,014</td>
<td>100.0</td>
<td></td>
<td>109,613</td>
<td>5.8</td>
</tr>
<tr>
<td><strong>LIABILITIES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity</td>
<td>288,220</td>
<td>15.2</td>
<td></td>
<td>334,232</td>
<td>16.6</td>
<td></td>
<td>46,012 16.0</td>
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<tr>
<td>Lagun Aro’s Funds</td>
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<td></td>
<td>218,217</td>
<td>10.9</td>
<td></td>
<td>33,373 18.1</td>
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<td>External Partners</td>
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<td></td>
<td>42,835</td>
<td>2.1</td>
<td></td>
<td>6,026 16.4</td>
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<tr>
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<td></td>
<td>275,338</td>
<td>13.7</td>
<td></td>
<td>102,854 59.6</td>
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<tr>
<td>Short term creditors</td>
<td>1,219,044</td>
<td>64.1</td>
<td></td>
<td>1,140,392</td>
<td>56.7</td>
<td></td>
<td>(78,652) (6.5)</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td>1,901,401</td>
<td>100.0</td>
<td>2,011,014</td>
<td>100.0</td>
<td></td>
<td>109,613</td>
<td>5.8</td>
</tr>
<tr>
<td><strong>BALANCE SHEET TOTAL (in M Euros)</strong></td>
<td>11,428</td>
<td>100.0</td>
<td>12,087</td>
<td>100.0</td>
<td>659</td>
<td>5.8</td>
<td></td>
</tr>
</tbody>
</table>

MCC’s Balance Sheet at 31.12.99 showed a total volume of assets under administration of close to two billion pesetas, an increase of 109,613 million pesetas over the year, which is 5.8% in percentage terms.

Balance sheet growth was rather moderate compared to the previous year, due to the slowdown recorded by the Financial Group, whose assets remained at practically the same level as at the end of 1998.

The most outstanding features of each heading of the balance sheet of Mondragón Corporación Cooperativa as at 31.12.99 are detailed below:

### Fixed Assets
At the end of 1999, MCC’s fixed assets totalled 380,324 million pesetas, having increased by 43,903 million pesetas (13.1%) during the year.

Total investment made during the year accounted for 86,838 million pesetas, with depreciations rising to 38,268 million pesetas, which are respective increases of 23% and 15% compared to 1998.
Current Assets

The current assets heading is the largest element of the net worth of the Corporation and underwent growth totalling 65,710 million pesetas (4.2%) in 1999.

67% of this figure came from the Industrial Group, and was due to the increase in turnover and also to the fact that new co-operatives joined the Corporation. The items that experienced most growth in this Group were Customers and Short-term Investments.

In the Financial Group, which usually records the highest growth in circulating assets, there were compensatory movements between the growth in Caja Laboral’s bank investment and the cancellation of the government stock that Lagun-Aro acquired by means of short term borrowings. The net increase of this heading in this Group was only 10,822 million pesetas compared to 1998.

Equity

Before going on to comment on this heading, it should be pointed out that, unlike in other editions of this Annual Report, it was decided to change the way Lagun Aro’s Funds were dealt with, by including them as a specific heading on the MCC balance sheet.

In homogenous terms, MCC’s Equity was considerably strengthened in 1999, registering an increase of 46,012 million pesetas (16%). This increase was due to the satisfactory profitability for the year, together with the demanding policy for capitalisation of surplus, which is mainly reinvested to self-finance development.

The most significant contribution to the aforementioned increase came from the Industrial Group, which increased its consolidated equity by 26,037 million pesetas, 57% of the MCC total. This was due to the high level of profitability attained and the incorporation of new co-operatives.

At the end of 1999, Equity totalled 334,232 million pesetas, with 144,055 million corresponding to Share Capital and the remaining 190,177 million to Reserves.

Lagun Aro’s Funds

Lagun Aro’s Funds attributable to MCC, after having separated the proportional part corresponding to members from outside the Corporation, totalled 218,217 million pesetas at 31.12.99. This was an increase of 33,373 million pesetas over the year, as a result of the capitalisation quotas and the excellent returns obtained.

External Partners

The opening of new channels of expansion for MCC, both on the domestic market and on the international market, implies a gradual increase in the participation of external partners in joint ventures.

The capital holdings of these external partners are mainly to be found in companies included in the consolidated statements of the industrial co-operatives and the distribution sector, to which should be added the proportional part of members of Lagun-Aro from outside the MCC co-operatives, mentioned above.

The total for external partners accounted for 42,835 million pesetas at 31.12.99, an increase of 6,026 million pesetas (16.4%) over the year.

Long-term liabilities

The balance of MCC funding from third parties with a period of maturity of more than one year underwent growth of 102,854 million pesetas (59.6%) in 1999, to total 275,338 million pesetas at the end of the year. 87% of the increase pertains to Caja Laboral term deposits, which regained the prominent role after having been given way to unit trusts in 1998.

Lagun-Aro’s Matured Liabilities Reserve Fund should also be underlined in terms of size. This serves to meet obligations contracted with members receiving capitalisation benefits and at the end of 1999 totalled 87,048 million pesetas.
**Short-term liabilities**

This balance sheet heading fell by 78,652 million pesetas (6.5%) during 1999. This was totally due to the Financial Group, and more specifically to Lagun Aro, which recorded a 108,555 million peseta fall in borrowings, due to the reduction in borrowing for short-term investment objectives, already mentioned in the comments on Current Assets.

Mention should also be made of the growth in off-balance sheet savings schemes, mainly Caja Laboral unit trusts, whose balance came to 372,803 million pesetas at the end of 1999, after recording a 12% fall due to the move towards traditional term deposits.

**VALUE ADDED**

To complete this commentary on MCC’s Balance Sheet, the following table is offered in which a comparison is made of the financial statements for the last two years, after being structured on the basis of the composition of Value Added.

The overall Value Added generated by MCC in 1999 increased by 6.8% to total 327,318 million pesetas. This growth was moderated by the lower interest rates in force in 1999, which meant that the Financial Group recorded a 7.5% reduction in yield, although this was subsequently offset by a reduction in financial expenses.

### Value added generated by Mondragón Corporación Cooperativa

(millions of pesetas)

<table>
<thead>
<tr>
<th>HEADING</th>
<th>1998</th>
<th>1999</th>
<th>Annual Variation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount</td>
<td>% distr.</td>
<td>Amount</td>
</tr>
<tr>
<td>Value Added</td>
<td>306,588</td>
<td>100.0</td>
<td>327,318</td>
</tr>
<tr>
<td>Personnel cost</td>
<td>(140,687)</td>
<td>(45.9)</td>
<td>(159,969)</td>
</tr>
<tr>
<td>Internal Yield</td>
<td>165,901</td>
<td>54.1</td>
<td>167,349</td>
</tr>
<tr>
<td>Financial Costs</td>
<td>(32,970)</td>
<td>(10.7)</td>
<td>(27,105)</td>
</tr>
<tr>
<td>Cash-Flow</td>
<td>132,931</td>
<td>43.4</td>
<td>140,244</td>
</tr>
<tr>
<td>Depreciations</td>
<td>(33,376)</td>
<td>(10.9)</td>
<td>(38,268)</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>99,555</td>
<td>32.5</td>
<td>101,976</td>
</tr>
<tr>
<td>Transfers and other incom</td>
<td>(17,192)</td>
<td>(5.6)</td>
<td>(9,828)</td>
</tr>
<tr>
<td>Lagun-Aro tech. int. Rate</td>
<td>(13,456)</td>
<td>(4.4)</td>
<td>(15,669)</td>
</tr>
<tr>
<td>Surplus on year</td>
<td>68,907</td>
<td>22.5</td>
<td>76,479</td>
</tr>
<tr>
<td>Surplus (in M Euros)</td>
<td>414</td>
<td>22.5</td>
<td>460</td>
</tr>
</tbody>
</table>

The biggest part of this Value Added was generated by the Industrial Group, which with 143,565 million pesetas accounted for 44% of the total. It was followed by the Financial Group with 31%, with the remaining 25% corresponding to the Distribution Group.

Personnel Costs rose by 13.7%, due to the considerable creation of jobs in MCC. Wages accounted for 48.9% of the Value Added generated, which was an increase of 3 points compared to 1998. This was a result of the fall in income of the Financial Group, where the amount of value added accounted for by personnel costs rose from 9.7% in 1998 to 11.1% in 1999, and the incorporation of new companies in the Industrial and Distribution Groups, which means that the comparison between the two years is not totally homogenous.
The downward trend in interest rates in 1998 continued in the first half of 1999, with historic minimum rates for most of the year, before they started to rise again towards the end of the year. This was reflected in MCC’s accounts, as Financial Costs fell significantly by 17.8% compared with 1998, due to a large extent to the lower remuneration on savings administered by the Financial Group. This fall means that the amount of Value Added earmarked for Financial Costs fell by 2.4 points compared to 1998, at 8.3%.

The depreciations recorded by MCC in 1999 totalled 38,268 million pesetas, with year-on-year growth of 14.7%, which is explained by the high level of investment. It should be highlighted that the Distribution Group now accounts for most of the depreciation (17,651 million pesetas, 46.1% of the total), followed very closely by the Industrial Group (17,540 million, 45.8% of the total).

As an effect of the behaviour of costs, a Trading Profit of 101,976 million pesetas was achieved, which was 2.4% higher than the figure achieved in 1998.

Non-trading income consists mainly of transfers to provisions, minority partner interests and other non-trading income, and actuarial adjustments if required. The figure for 1999 came to -9,829 million pesetas, which was 42.8% lower than the figure for 1998.

 Likewise, the trading profit is reduced by the application of the technical interest rate to Lagun-Aro’s reserves in order to restate actuarial liabilities. As a result, the application of this technical interest rate meant a decrease of 15,669 million pesetas in the profits for 1999, which is 16.4% more than in 1998.

Therefore, the Final Surplus on the year totalled 76,479 million pesetas, which is an improvement of 11% over the figure recorded in 1998. This represents 23.4% over the Value Added generated, which is an increase of 0.9 points over the percentage achieved in 1998.

The following table briefly summarises how this Surplus has been distributed, compared with 1998.

### Distribution of Mondragón Corporación Cooperativa Surplus

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount</td>
<td>% distr.</td>
</tr>
<tr>
<td>Company Tax</td>
<td>4,292</td>
<td>6.2</td>
</tr>
<tr>
<td>Education and Coop. Prom. Fund</td>
<td>3,978</td>
<td>5.8</td>
</tr>
<tr>
<td>Interest on Capital Contributions and</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Monetarised Dividends</td>
<td>7,555</td>
<td>11.0</td>
</tr>
<tr>
<td>Capitalised Profit</td>
<td>53,082</td>
<td>77.0</td>
</tr>
<tr>
<td><strong>Total Surplus on Year</strong></td>
<td><strong>68,907</strong></td>
<td><strong>100.0</strong></td>
</tr>
<tr>
<td><strong>Total Surplus (in M Euros)</strong></td>
<td><strong>414</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

The first three headings in the table refer to external payments. The last one covers the significant capitalisation of the remaining Surplus, in the form of co-operative dividends or reserve funds.
Organisational Structure

CONGRESS

Presidency

General Council

INDUSTRIAL GROUP

Automotive

Components

Construction

Industrial Equipment

Household Goods

Engineering and Capital Goods

Machine Tools

FINANCIAL GROUP

DISTRIBUTION GROUP

Research, Training and Education Centres

Social and Management Bodies

STANDING COMMITTEE OF THE CONGRESS

President: Otaegui, Juan Mª
Vice-president: Salegui, Francisco
Members:

Andrés, José Luis
Ansoategui, Juan José
Arabazola, Juan José
Arrieta, Juan José
Celaya, Adrián
Domàica, Ramón
Esnal, Jokin
Gantxegi, Javier
Gamica, Agudín
Gaztanañaga, J. Domingo
Herrera, Miguel
Larramendi, José Mª
Markaide, Agudín
Villaescusa, Emilio

General Secretary: Erdocia, Javier

GENERAL COUNCIL

President: Cancelo, Antonio
Vice-presidents:

Aldekoa, José Mª
Catania, Jesús
Dacosta, Constan
Echeverría, Antonio
Goiñebes, J. Ramón
Maiztegui, Jesús
Otaso, José Luis
Otaegui, Juan Mª
Otaño, Iñaki

Officers:

Gárate, José Ignacio
Golenebe, Jesús Mª
Herrasti, Jesús Mª
Laspiaur, Miguel Angel
Retegui, Javier
Uzkudun, Juan Mª

General Secretary: Erdocia, Javier
Banking
ARO LEASING
C/ Gran Vía 35-6º
48009 Bilbao (Bizkaia)
Tel.: 34 944 244 350
Fax: 34 944 236 669
Activities:
Financial leasing of capital equipment.

CAJA LABORAL
Pº José Mª Arizmendiarrieta s/n
20500 Mondragón (Gipuzkoa)
Tel.: 34 943 719 500
Fax: 34 943 719 778
Servicio.de.Atencion.al.Cliente@cajalaboral.es
http://www.cajalaboral.es
Activities:
Banking.

Insurance
LAGUN ARO VIDA
C/Gran Vía 35-1º
48009 Bilbao (Bizkaia)
Tel.: 34 944 798 300
Fax: 34 944 169 803
Activities:
Life insurance.

Lagun Aro Vida
C/Gran Vía 35-1º
48009 Bilbao (Bizkaia)
Tel.: 34 944 798 300
Fax: 34 944 169 803
Activities:
Life insurance.

Social Welfare
LAGUN ARO
Pº José Mª Arizmendiarrieta s/n
20500 Mondragón (Gipuzkoa)
Tel.: 34 943 793 100
Fax: 34 943 793 531
Email: lagunaro@sarenet.es
Activities:
Social welfare cover for co-operators.

LAGUN ARO VIDA
C/Gran Vía 35-1º
48009 Bilbao (Bizkaia)
Tel.: 34 944 798 300
Fax: 34 944 169 803
Activities:
General insurance.

Batz Sistemas
Bº Torreia 32-34
48140 Igorre (Bizkaia)
Tel.: 34 946 305 000
Fax: 34 946 305 020
Email: Batzcoop@batz.es
Activities:
Injection moulded and overmoulded parts.
Rubber mixes.

CKAUTOXO
Bº Magdalena 2, B
48170 Berriatua (Bizkaia)
Tel.: 34 946 137 000
Fax: 34 946 137 040
Email: ckaubo@ckaubo.es
Activities:
Injection moulded parts.

FIT AUTOMOCION
Barrio San Juan, s/n
Apdo. 8020570 Bergara (Gipuzkoa)
Tel.: 34 943 769 044
Fax: 34 943 769 156
MCC Inversiones have a 66% holding
Activities:
Brake calipers.

LAGOR EDERLAN BORJA
Pol. Barbananca, s/n
50540 Borja
Zaragoza
Tel.: 34 976 866620
Fax: 34 976 866642
Email: a.lazar@borta.fagorederlan.es
Fagor Ederlan has a 100% holding
Activities:
Automotive assemblies.

LAGOR EDERLAN
Gaztrotzak, 42
20540 Escoriatza (Gipuzkoa)
Tel.: 34 943 719 000
Fax: 34 943 719 001
Email: edersa@sarenet.es
Activities:

LAGOR EDERLAN
Gaztrotzak, 42
20540 Escoriatza (Gipuzkoa)
Tel.: 34 943 719 000
Fax: 34 943 719 001
Email: edersa@sarenet.es
Activities:

LUZURIAGA TAFALLA
Tafalla (Navarra)
Tel.: 34 948 700 230
Fax: 34 948 702 054
Email: central@luzuriaga.es
Activities:
Cylinder blocks and heads for engines.

LUZURIAGA USURBIL
C/ Yuki Edti
20170 Usurbil (Gipuzkoa)
Tel.: 34 943 370 200
Fax: 34 943 365 564
Activities:
Brake housings and suspension arms.

MAIER
Pol. Ind. Arabieta, s/n
Apdo. 103
48300 Gernika (Bizkaia)
Tel.: 34 946 258 200
Fax: 34 946 258 219
Email: maier@sarenet.es
Activities:
Plastic injection moulding.
Die making.
Finish: chrome-plating, screen-printing, heat engraving, painting, laser, etc.
MAIER NAVARRA
Polígono Ind. Elordi, s/n
31979 Iraizotz-Ultzama (Navarra)
Tel.: 34 948 309 210
Fax: 34 948 309 333
Email: maier.mgi@sarenet.es

Activities:
Plastic injection moulding.

FERROPLAST
Polígono “A Granxa” Parcela 2, Rua 136
400 Porriño (Pontevedra)
Apdo. 601536210 Vigo
Tel.: 34 986 342 020
Fax: 34 986 342 999
Email: ferroplast@asime.es

Maier has a 51% holding
Activities:
Thermoplastic injection moulding.

MAPSA
Ctra. Echaurri, 11
31160 Orcoyen (Navarra)
Tel.: 34 6051568
Fax: 34 948 325 323
Email: gerencia@mapsa.net

Activities:
Manufacture of aluminium wheel rims. Manufacture of water pump housings. Low pressure and gravity cast aluminium parts.

PROMOAUTO
Portal de Gamarra, 40
Apdo. 628
01080 Vitoria
Tel.: 34 945 199 110
Fax: 34 945 199 110
MCC inversiones has a 50% holding
Activities:
Development of automotive parts.

CONSONNI
Bº Trobika, s/n
48100 Munguia (Bizkaia)
Apdo. 35
Tel.: 34 946 156 311
Fax: 34 946 156 281
Email: consonni@consonni-scoop.es

Activities:
Heating elements for washing appliances, water heaters, central heating equipment, small domestic appliances and industrial use.

COPRECI
Avda. de Alava, 3
E-20550 Arretxabaleta (Gipuzkoa)
Tel.: 34 943 71 94 89
Fax: 34 943 79 23 49
Email: home@copreci.es

Activities:

COPRECI MÉXICO
C/ Uno, nº 736 Z.I.
Guadalajara
Jalisco-México 44940
Tel.: 52 36 610 6065
Fax: 52 36 610 6046
Email: copreci@infoesl.net.mx
Coproci has a 75% holding
Activities:
Valves for gas barbecues and taps for domestic gas cookers.

ZERO
Komenského 274
193 68 Brno u
Czech Republic
Tel.: 420 646 74 54 92
Fax: 420 646 74 54 95
Email: ZERCO@zerco.cz

Activities:
Manufacture of taps and safety systems for domestic gas applications.

EIKA
Etxebarria
Apdo. 20
E-48270 Markina (Bizkaia)
Tel.: 34 946 167 732
Fax: 34 946 167 746
Email: ekia@ekia.es

Activities:

EMBEGA
Pol. Industrial, s/n
Apdo. 63
E-31200 Estella (Navarra)
Tel.: 34 948 54 87 00
Fax: 34 948 54 87 01
Email: embega@embega.es
http://www.embega.com

Activities:
Decorative metal trims. Printed gaskets. Membrane switches.

FAGOR ELECTRONICA
Bl. San Andrés, s/n
Apdo. 33
25008 Mondragón (Gipuzkoa)
Tel.: 34 943 71 25 26
Fax: 34 943 71 28 93
Email: rf.sales@fagorlectronica.es
sc.sales@fagorelectronica.es
http://www.fagorelectronica.com

Activities:
Discrete semiconductors for axial and SMD surface mounting. HYPERRECTIFIER technology. Systems for analog and digital TV reception: Receivers, Modulator, Amplifiers, satellite dishes... Distribution components. Home systems. Electronic subcontracting: regulation and control circuits for the domestic appliance and automotive sectors.

MATZ-ERREKA
Bl. de Barreda, s/n
E-20577 Antzuola (Gipuzkoa)
Tel.: 34 943 78 60 09
Fax: 34 943 76 63 75
Email: matzerreka@matzerreka.mcc.es
http://www.matzerreka.mcc.es

Activities:

ORKLI
Ctra. Zaldibia
E-20240 Ordizia (Gipuzkoa)
Tel.: 34 943 80 50 30
Fax: 34 943 80 51 85
Email: home@orkli.com

Activities:

TAJO
Polígono Ind. Aranguren s/n
Bº Arriaga
E-20180 Oiartzun (Gipuzkoa)
Tel.: 34 943 76 00 00
Fax: 34 943 49 13 63
Email: tajo@ajo.mcc.es

Activities:
List of MCC Companies

Lifts and elevators

ORONA
Pol. Ind. Lasturia
20200 Hernani (Gipuzkoa)
Tel.: 34 943 551 400
Fax: 34 943 550 047
Email: o.sorona@sarenet.es

Activities: Maintenance and repair of lifts and escalators. Maintenance and installation of spatial structures and enclosures. Installation and maintenance of pedestrian doors.

Structures and Handling

BIURRARENA
Pol. Bidebitarte
Donostia Ibilbidea, 28
20014 Astigarraga (Gipuzkoa)
Tel.: 34 943 550 047
Fax: 34 943 554 350
Email: info@rochman.es

Activities: Supply of worked material. Fitting of material in situ.

ECOTÈCNIA
Amíntat, 23-41
08005 Barcelona
Tel.: 34 932 257 600
Fax: 34 932 210 939
Email: ecotecnia@ecotecnia.com

Activities: Design, manufacture and maintenance of wind-power generators and wind farms.

ROCHMAN
48210 Ochandiano (Bizkaia)
Tel.: 34 946 730 546
Fax: 34 946 734 491
Email: info@rochman.com

Activities: Handling, handling installations, packaging and wrapping machines.

URSSA
Camp de los Palacios
Aptdo. 887
20001 San Sebastian (Gipuzkoa)
Tel.: 34 943 789 022
Fax: 34 943 789 024
Email: vicon@adegi.es

Activities: Buildings and towers. Industrial premises.

Leisure and sport

DIKAR
Urarte Kalea, 26
Aptdo. 193 (Pol. Ind. San Lorenzo)
20570 Bergara (Gipuzkoa)
Tel.: 34 943 171 950
Fax: 34 943 174 397
Email: orbea@sarenet.es

Activities: Muzzle-loading weapons.

SHANGHAI DIKAR LEISURE AND SPORTS EQUIPMENT
Mengjing, Village, Huangpu Town
Jinling District, Shanghai
PR. China
Tel.: 8621 59594169
Fax: 8621 59594769
Email: comercial@dikar.es

Activities: Leisure and sport equipment and tools.

IRIZAR
San Andrés, 6
20216 Omaizale (Gipuzkoa)
Tel.: 34 943 809 100
Fax: 34 943 889 101
Email: irizar@irizar.com
http://www.irizar.com

Activities: Coach manufacture.

IRIZAR MAGHREB
O ulja, Km 6.300
Salé - Morocco
Tel.: 212 7 81 01 13
Email: pmendizabal@irizar.com.mx

Activities: Coach manufacture.

IRIZAR MÉXICO
Parque Ind. Bernardo Quintana
Municipio El Marqués
Querétaro, México
Tel.: 55 14 8213336
Fax: 55 14 8213335
Email: pmendizabal@irizar.com.mx

Activities: Coach manufacture.

IRIZAR BRASIL
Botucatu, Brasil
Tel.: 55 14 8213336
Fax: 55 14 8213335
Irizar has a 100% holding

Activities: Coach manufacture.

IRIZAR MÉXICO
Parque Ind. Bernardo Quintana
Municipio El Marqués
Querétaro, México
Tel.: 55 14 8213336
Fax: 55 14 8213335
Email: pmendizabal@irizar.com.mx

Activities: Coach manufacture.

IRIZAR MÉXICO
Parque Ind. Bernardo Quintana
Municipio El Marqués
Querétaro, México
Tel.: 55 14 8213336
Fax: 55 14 8213335
Email: pmendizabal@irizar.com.mx

Activities: Coach manufacture.

IRIZAR MÉXICO
Parque Ind. Bernardo Quintana
Municipio El Marqués
Querétaro, México
Tel.: 55 14 8213336
Fax: 55 14 8213335
Email: pmendizabal@irizar.com.mx

Activities: Coach manufacture.
TIANJIN IRIZAR COACH
218 Hong Qi
Nankai District
Tianjin (China)
Tel.: 86 022 761 3041
Fax: 86 022 761 3345
Irizar has a 36% holding
Activities:
Coach manufacture.

UROLA
Urola-Kalea, s/n
Apdo. 320230 Legazpia (Gipuzkoa)
Tel.: 34 943 737 003
Fax: 34 943 730 926
E-mail: transformado@urola.com
http://www.urola.com
Activities:
Construction of blowing machines for the manufacture of hollow thermoplastic bottles.

AIECOP
Loramendi, s/n
20500 Mondragón (Gipuzkoa)
Tel.: 34 943 712 405
Fax: 34 943 799 212
E-mail: alecop@alecop.es
http://www.alecop.mcc.es
Activities:
Technical educational equipment. Prefabricated electrical installations.

PRODESO
Urbe Auzoa, 10
20230 Mondragón (Gipuzkoa)
Tel.: 34 943 712 630
Fax: 34 943 711 717
Email: prodeso@ctk.es
Activities:
Education and training systems. Consultancy and technical assistance in education. Teaching material. Technological research centres. Company creation and innovation centres. General consultancy.

ALKARGO
Bº Belako, s/n
Apdo. 102
48100 Mungia (Bizkaia)
Tel.: 34 946 740 004
Fax: 34 946 744 417
Email: alkargo@alkargo.es
Activities:

Elkar
Lamendo Beheko Etorbidea
Edificio 4
48180 Ibarra (Bizkaia)
Tel.: 34 944 536 205
Fax: 34 944 535 776
Email: elkar@elkar.es
Activities:

CINAIKE
Concejol, 10
01230 Vitoria (Alava)
Tel.: 34 945 230 146
Fax: 34 945 230 147
Email: alkar@alkargo.es
Activities:

RODK INDUSTRIA GRAFICA
Edificio Danona
Llurba
34 944 536 205
Fax: 34 944 535 776
Email: elkar@elkar.es
Activities:

DANONIA LIOTOGRAFIA
Pol. Ugaledo, s/n
20180 Olartzun (Gipuzkoa)
Tel.: 34 943 491 250
Fax: 34 943 491 660
Email: danona@euskalnet.net
Activities:
Catalogues, Magazines, Books, Posters, Leaflets. Annual Reports.

OISARO
Bº Zikuñaga, 57 F
Polígono Ibarluze
20128 Hernani (Gipuzkoa)
Tel.: 34 944 335 020
Fax: 34 944 335 210
Email: oisaro@oisaro.com
Activities:

OSATU
Travesía de Padure, s/n
48240 Berrioz (Bizkaia)
Tel.: 34 946 225 371
Fax: 34 946 225 391
Activities:

DOMUSA
Bº San Esteban, s/n
20737 Régil
Apdo. 95 - 20730 Azpeitia
Tel.: 34 943 813 899
Fax: 34 943 815 666
Activities:
Industrial boilers.

FAGOR ELECTRODOMÉSTICOS
Bº San Andrés, s/n
Apdo. 49
20505 Mondragón (Gipuzkoa)
Tel.: 34 943 719 100
Fax: 34 943 796 811
Email: fagorelectrodomesticos@mcc.es
http://www.fagorelectrodomesticos.mcc.es
Activities:

EXTRA ELECTROMENAGER
Avenue Hassan II
Mohammedia
BP 179 - Maghreb
Tel.: 212 3 32 74 12
Fax: 212 3 32 74 25
Fagor Electrodomésticos has a 100% holding
Activities:
Manufacture of domestic appliances.

GEYSER GASTECH
Bº San Juan, s/n
Apdo. 151
20510 Bergara (Gipuzkoa)
Tel.: 34 943 769 004
Fax: 34 944 767 136
Fagor Electrodomésticos has a 50% holding
Activities:
Gas water heaters.
Fagor Electrodomesticos and MCC Inversiones have a 50% holding.

Activities: Manufacture of domestic appliances.

Fagor Electrodomesticos
Sanlúcar de Barrameda, 22
20660 Oleiros (Gipuzkoa)
Tel.: 34 943 98 88 87
Fax: 34 943 98 88 88
Email: info@fagorindustrial.com
http://www.fagorindustrial.com

Activities:
- 300 to 3,000 dishes/hour dishwashers.
- Glass washers.
- 7-10-14-25-50 kg. washing machines.
- Ranges. Broth pans.
- Convection and combi steamers (gas and electric).

DANONA
Anari Area, 2
Apdo. 42
20730 Azpeitia (Gipuzkoa)
Tel.: 34 943 015 900
Fax: 34 943 151 481
Email: danona@danona.com
http://www.danona.mcc.es

Activities:
- Veneered and melamine dining room furniture.
- Veneered and melamine bedroom furniture.
- Veneered and melamine children’s bedroom furniture. Upholstered sofas.

Commercial Equipment
FAGOR INDUSTRIAL
Sanlúcar de Barrameda, 22
20660 Oleiros (Gipuzkoa)
Tel.: 34 943 98 88 87
Fax: 34 943 98 88 88
Email: info@fagorindustrial.com
http://www.fagorindustrial.com

Activities:
- Numerical controls.
- Digital readouts.
- Linear and rotary transducers.
- Feed and headstock regulators.
- Feed and headstock motors.

COINMA
Vitoriabidea 4-Z.I.
Ali - Gobeo 01010 Vitoria (Alava)
Tel.: 34 945 241 616
Fax: 34 945 240 637
Email: coinma@sarenet.es
http://www.sidi.es/coinma

Activities:
- Wooden office furniture.
- Insulated panels and doors for coldrooms, cold stores and minibuses.

Automation and Control
FAGOR AUTOMATION
Bl. San Andrés 3/n
20500 Mondragón (Gipuzkoa)
Tel.: 34 943 79 91 112
Fax: 34 943 79 91 112
Email: marketing-info@fagorautomation.mcc.es
http://www.fagorautomation.mcc.es

Activities:
- Numerical controls.
- Digital readouts.
- Linear and rotary transducers.
- Feed and headstock regulators.
- Feed and headstock motors.

LKS CONSULTORIA
Bl. José Nª Arzamendiarria, 5
20500 Mondragón (Gipuzkoa)
Tel.: 34 943 70 33 35
Fax: 34 943 77 01 02
Email: lks@lks.ingenieria.mcc.es
http://www.lks.ingenieria.mcc.es

Activities:
- Consulting in engineering.
- Property valuations.
- Civil Engineering. Building.

LKS INTEL.COM
Plaza Tarín, nº2
20150 Aradabaleta (Gipuzkoa)
Tel.: 34 943 712 451
Fax: 34 943 712 351
Email: intecom@lksingenieria.es
LKS Ingeniería has a 70% holding.

Activities:
- Design and implementation of communication networks.

MSI
MON DRAGON SISTEMAS DE INFORMACIÓN
Ama kandida, 21
20140 Andoain (Gipuzkoa)
Tel.: 34 943 590 400
Fax: 34 943 590 536
Email: arechavaleta@msi.mcc.es
andoain@msi.mcc.es

Activities:
- Account auditing.
I3S
Plaza del Museo, 13ª
48009 Bilbao
Tel.: 34 944 241 993
Fax: 34 944 238 348
MSI, MCC
Inversiones and the Engineering and Consultancy
Subgroup have a
51% holding
Activities:
Consultancy and sale of computer services.

ONDAN
Parque Tecnológico
Edif. 101 módulo C
48016 Zamudio
(Bizkaia)
Tel.: 34 944 522 313
Fax: 34 944 521 047
E-mail:
donan01@sarenet.es
donan02@sarenet.es
http://www.egroups.com/group/ondoan/info.html
Activities:
Engineering/Consulting (Environment).

SEI
Le Forum
64116 Bayonne CEDEX
(Francia)
Tel.: 33 559 580 000
Fax: 33 559 580 199
E-mail:sei@eureka.archimedia.fr
Activities:
Computing and software development.

Metal Forming
AURRENAK
Vibralanda 15
Ali - Gobeo
01010 Vizcaya
Tel.: 34 943 376 012
Fax: 34 943 365 942
Email:
aki@aurrenak.com
Activities:
Tooling for different iron and aluminium casting technologies in the automotive sector.

BATZ
TROQUELERIA
Bº Torrea 32 - 34
48140 Igorre
(Bizkaia)
Tel.: 34 94 6315 707
Fax: 34 94 6315 566
Email:
bosco.diez@teleline.es
Activities:
Die manufacture.

FAGOR
ARRASATE
Bº San Andrés, 20
Apdo. 18
20500 Mondragón
(Gipuzkoa)
Tel.: 34 943 719 999
Fax: 34 943 799 677
Email:
cmerci@fagorarrasate.es
http://www.fagorarrasate.mcc.es
Activities:
Horizontal CNC lathes. Vertical CNC lathes.

SORALUCE
Bº O ituna
E-20510 Bergara
(Gipuzkoa)
Tel.: 34 943 748 050
Fax: 34 943 765 128
Email:
soraluce@soraluce.com
http://www.soraluce.es
Activities:
Moving column milling centres. Fixed bed CNC milling machines. Machining centres. Radial drilling machines.

Machinery for Wood, Tooling and Fixtures
DOIKI
Pol. Ind. Goltzea 5
48269 Malabia
(Bizkaia)
Tel.: 34 943 171 600
Fax: 34 943 174 273
E-mail:
doki@sarenet.es
Activities:
Dimensional verification tooling. High precision mechanics. Electronic pneumatic and mechanical gauges. Machining fixtures.
EGURKO
Basuta Bidea, 9
Apdo. 25
20750 Zumaia (Gipuzkoa)
Tel.: 34 943 860 100
Fax: 34 943 143 107
Email: egurzu@saranet.es

Activities:
- Machinery for wood
- Edge veneering machines
- Profiling machines
- Combined veneering + profiling machines
- Sanding machines

LATZ
Avda. de los Gudaris, s/n
Apdo. 56
20140 Andoain (Gipuzkoa)
Tel.: 34 943 592 512
Fax: 34 943 591 391
Email: mendlab@saranet.es

Activities:
- Standard HSS, HSSCo and solid carbide drills
- Special HSS, HSSCo and solid carbide tools

ORTZA
Pol. Areta, s/n
31620 Huarte-Pamplona (Navarra)
Tel.: 34 948 330 438
Fax: 34 948 330 002
Email: ortza@saranet.es

Activities:
- Machinery for wood
- Equalising and sectioning saws
- Machining centres

ZUBIOLO
Bº Landeta, s/n
20730 Azpeitia (Gipuzkoa)
Tel.: 34 943 157 056
Fax: 34 943 150 026
Email: zubiola@saranet.es

Activities:
- Machinery for wood
- Edge veneering machines
- Profiling machines
- Combined veneering + profiling machines
- Sanding machines

EROSKI
Bº San Agustín, s/n
48230 Elorrio (Bizkaia)
Tel.: 34 946 211 211
Fax: 34 946 211 222
Email: grupoeroski@mcc.es
http://www.eroski.es

Activities:
- Retailing of consumer products in small and large stores: Fruit and vegetables, meat and cold meats, fish, dairy products, groceries, drinks, frozen food, sundries and cleaning materials, textiles, domestic appliances, leisure articles, do-it-yourself, sound and vision, kitchenware, travel and petrol.

ERAMER
Bº San Agustín, s/n
48230 Elorrio (Bizkaia)
Tel.: 34 946 211 211
Fax: 34 946 211 222
78,07% holding
Activities:
- Retailing of consumer products in large stores.
Agricultural-food

AUZO-LAGUN
Untzuri Auzoa, 13
20500 Mondragón (Gipuzkoa)
Tel.: 34 943 794 611
Fax: 34 943 794 366
Email: auzolagun@logiccontrol.es

Activities:
Catering. Cooked dishes.
Cleaning of buildings and premises.
Complete service for the health care sector.

COMISLAGUN
Padre León, 9
Alaquas- Valencia
Tel.: 34 961 988 016
Fax: 34 961 515 907
Email: comislagun@nexo.es

Auzo-Lagun has a 73.4% holding

Activities:
Catering for groups.
Complete service for health care sector.

JANGARRIA
Kabarrri
Ansabain- Navarra
Tel.: 34 946 140 192
Fax: 34 946 131 692

Auzo-Lagun has a 100% holding

Activities:
Catering for groups.
Complete service for health care sector.

BARRENETXE
Oierra. 7
48270 Markina (Bizkaia)
Tel.: 34 946 158 143
Explot. Berriatua:
Tel.: 34 946 151 157
Explot. Etxeberria:
Tel.: 34 946 166 173
Email: barrenetxe@logiccontrol.es

Activities:
Horticulture in greenhouses and the open air.

BEHI-ALDE
Olaetxako Arraunarena (Alava)
Apdo. 44 (Mondragón)
Tel.: 34 945 450 100
Fax: 34 945 450 100

Activities:
Milk: Livestock for breeding and meat.

MIBA
Cba. Etxeberria, s/n
48270 Markina (Bizkaia)
Tel.: 34 946 167 884
Fax: 34 946 167 886
Olaetxako Arraunarena (Alava)
Fax: 34 945 450 239

Activities:
Compound feeds. Small agricultural machinery.
Fertilisers and seeds. Veterinary service.

UNEKEL
Barriada de Berrio, s/n
48230 Elorrio (Bizkaia)
Tel.: 34 946 167 884
Fax: 34 946 167 886

Activities:
Breeding of rabbits.

Research Centres

IDEO
Arintza kalea, 2
Apdo. 80
20870 Eibar (Gipuzkoa)
Tel.: 34 943 748 000
Fax: 34 943 743 004
Email: auzo@ideko.es
http://www.ideko.es

Activities:
Development of and innovation in machine tools and systems.
Product development. Improvement of production processes.
Technical support. Technology monitoring.

IKERLAN
José María Arizmendi Arintza, 2
Apdo. 146
20500 Mondragón (Gipuzkoa)
Tel.: 34 943 771 200
Fax: 34 943 786 844
Email: webmaster@ikerlan.es
http://www.ikerlan.es

Activities:
Contracted R&D projects for the development of new products or for the improvement of production processes.
Mechatronics: electronics and technical design and production systems.
Energy: rational use of energy, renewable energy.

MTG
MAJER TECHNOLOGIE CENTRE
Pol. Ind. Arabaeta
48300 Gernika (Bizkaia)
Tel.: 34 946 259 265
Fax: 34 946 259 258
Email: mtc@sarenet.es

Activities:
Research and development in automotive assemblies and components made with thermoplastics. Development of new technologies.

Education and Training Centres

CIM (AHIZKE)
Avenida de Alava, 4
20500 Mondragón (Gipuzkoa)
Tel.: 34 943 712 055
Fax: 34 943 712 181
http://www.cim-idomas.com

Activities:
Language training.
Translation and interpreting service.

ETEO
ESCULE UNIVERSITY
ESTUDIO EM FRESARBEA
Larrala, 33
20560 Oñati (Gipuzkoa)
Tel.: 34 943 781 311
Fax: 34 943 712 338
Email: eteo00001@sarenet.es

Activities:
Training in business administration.

IRAKASLE ESKOLA
20540 Olarride
Gipuzkoa
Tel.: 34 943 714 157
Fax: 34 943 714 032
Email: ie@et.es

Activities:
University Teacher Training College.

SUPPORT BODIES AND INTERNATIONAL SERVICES

MTC
MIBA
Research Centres

LEA-ARTIBAI
Avenida Auzoa, 19
48270 Markina (Bizkaia)
Tel.: 34 946 167 552
Fax: 34 946 166 674
http://www.learbk.com

Activities:
Technical education.

MONDRAΓON ESKOLA POLITEKNIKOA
C/ Larramendi, 4
20500 Mondragón (Gipuzkoa)
Tel.: 34 943 794 700
Fax: 34 943 791 536
Email: eskola@mep.es

Activities:
Technical education.

MONDRAΓON UBIERTSITATEA
C/ Larramendi, 4
20500 Mondragón (Gipuzkoa)
Tel.: 34 943 794 700
Fax: 34 943 791 536
Email: laculara@mep.es

Activities:
University education.

OTALORA
Palacio O’ZAROLA
Barrio Aozaraza s/n
20550 Aretxabaleta (Gipuzkoa)
Tel.: 34 943 714 406
Fax: 34 943 712 338
Email: glebna@otalora.mcc.es

Activities:
Cooperative and business training.