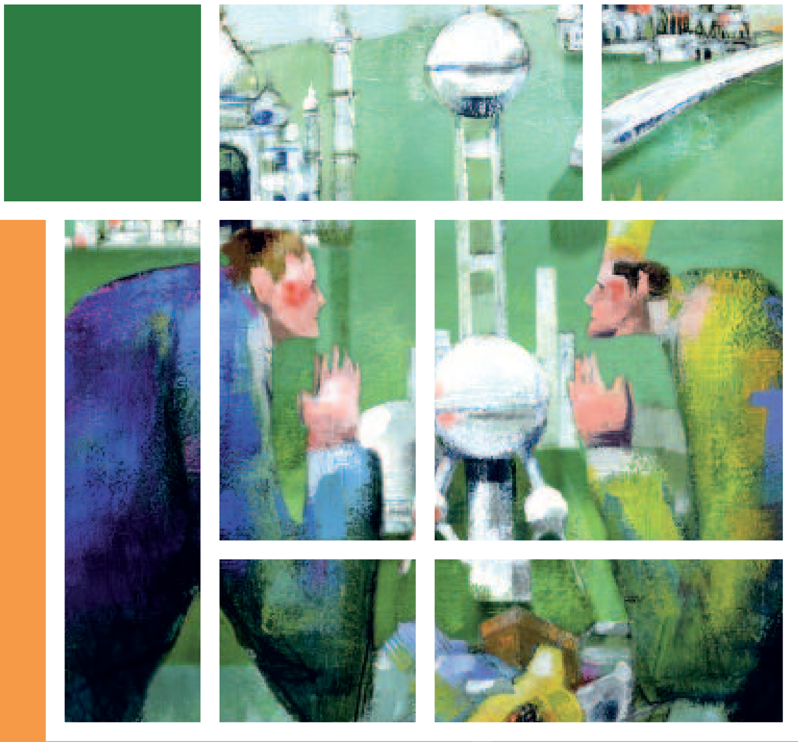
METRO Group

The Spirit of Commerce



Annual Report 2005

Annual Financial Statements of METRO AG

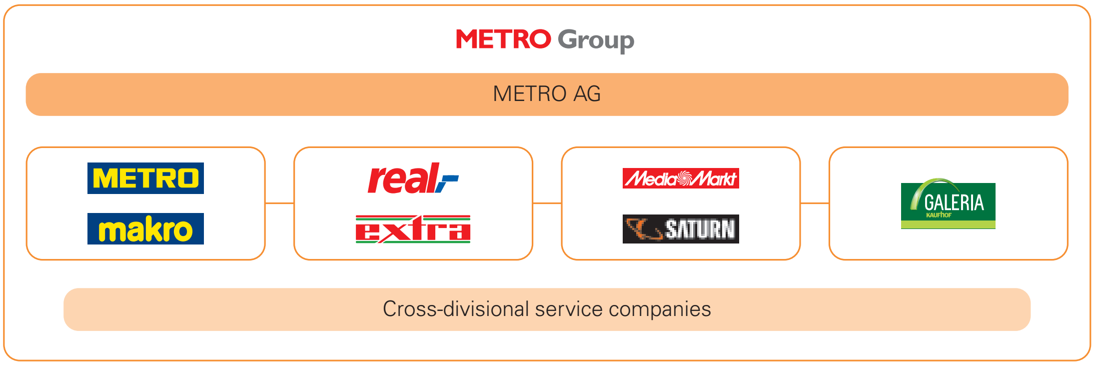
Management report

As the management holding company of the METRO Group, METRO AG is reliant on the direction of the METRO Group in terms of business trends, position and anticipated developments, including risks and opportunities.

Business and economic parameters

Group structure

The METRO Group is headed by METRO AG, which is based in Düsseldorf and acts as a strategic management holding company. The group's operative business is handled by four sales divisions that operate independently with proprietary sales concepts and, in some cases, several sales brands in their respective market segments. Since its public listing in November 2005, the Praktiker sales division has no longer been a part of the METRO Group portfolio. Cross-divisional services such as procurement, logistics, information technology and the procurement of advertising media are bundled in cross-divisional service companies.



Real and Extra

Since 2004, the Extra supermarkets are managed under the umbrella of Real SB-Warenhaus GmbH. In the meantime, the fundamental streamlining of the Extra location portfolio has been largely completed. As a result of the comprehensive organizational combination of Extra with Real, both sales brands have been summarized in one reporting unit ("Real") since Q2 2005.

Other companies

The cross-divisional service companies are included under "other companies" in the management report. These include, among others, METRO Group Asset Management. It handles the complete planning, services and management requirements covering the entire lifecycle of retailing real estate. With more than 800 employees, it services, among others, 1,400 locations of the sales divisions in 12 countries. The Dinea chain of restaurants as well as the Adler fashion stores are also included under "other companies."

EVA – group monitoring

Value-oriented business management as the basis of sustained profitable growth

The METRO Group is dedicated to value-oriented business management based on economic value added (EVA). EVA is an internationally proven management and control instrument that enables companies to assess and position all strategic, operative and investment activities and decisions in terms of their contribution to enterprise value. The group-wide introduction of this key figure at the METRO Group took place in 2000.

The METRO Group's performance potential is reflected by its ability to continuously increase its enterprise value by successfully employing its working capital.

Positive EVA is achieved when the net operating profit exceeds the cost of capital needed to finance working capital. NOPAT is defined as operating profit before financing costs, but after income taxes. The cost of capital represents the expected compensation of the investors for the capital they provide and for their investment risk. It is calculated by multiplying the working capital with the weighted average cost of capital (WACC). In 2005, the weighted average cost of capital of the METRO Group was unchanged from the previous year at 6.5 percent.

Delta EVA, the difference between current EVA and year-earlier EVA, plays a key role in the evaluation of corporate success. The development of delta EVA is thus also a key basis of the variable remuneration system for METRO Group executives.

Calculation of weighted average cost of capital (WACC)

Equity cost of capital

Risk-free rate of return	4 %
+	
Market risk premium	6 %
x beta factor (specific risk premium for the METRO Group)	1.0
=	**10 %**
Weighting at market rates	**46 %**

Debt cost of capital

Risk-free rate of return	4 %
+	
Average long-term risk premium	2 %
=	6 %
– Tax effect (40 %)	–2.4 %
=	**3.6 %**
Weighting at market rates	**54 %**

6.5 % group WACC

The weighted average cost of capital describes the interest claims on invested assets, and is calculated as the average of equity and debt capital costs weighted at market rates. The equity cost of capital is determined on the basis of the capital asset pricing model (CAPM). It is based on the long-term risk-free rate of return, for example German government bonds, of 4 percent. A general, company-specific risk premium of 6 percent is added to this figure, producing an equity cost of capital of 10 percent. The debt cost of capital is also based on the risk-free rate of return to which a long-term average risk premium of 2 percent is added. Assuming a tax rate of 40 percent, this produces a debt cost of capital of 3.6 percent. Both figures are weighted in the weighted average cost of capital in line with the ratio of equity and debt capital at market rates. This produces the aforementioned group WACC of 6.5 percent.

Business development of the sales divisions

The METRO Group continued to expand its position as one of the leading international retailing companies in 2005. Group sales improved again. It was due mostly to the declining development at Real in Germany that some expectations were not met.

The election campaign and the surprising election outcome caused uneasiness among German consumers. Combined with persistently high unemployment and unfavorable economic parameters, this had a negative effect on the consumption behavior of large groups of society, reinforcing the general consumption weakness and consumers' price sensitivity. Aside from the department store business with its high-quality assortment, this affected the Real sales division with its German market focus, which also suffered from the impact of quality problems. In Germany all in all, the Media Markt and Saturn consumer electronics centers boosted their sales, while business was weak in the Real sales division, which is active in food retailing. Sales of Metro Cash & Carry were slightly below the previous year's level.

Despite heightening competition and increasingly challenging parameters, the METRO Group achieved altogether favorable business developments in Western Europe. The high-volume Metro Cash & Carry sales division continued its growth course, in particular in the important markets of France and Italy as well as Spain and Belgium. The cash & carry business suffered a decline in a difficult market environment in Great Britain. Even compared with the high year-earlier level, Media Markt and Saturn achieved solid growth rates in Western Europe.

The METRO Group showed great strength in the growth markets of Eastern Europe. The group posted particularly strong sales and earnings as well as dynamic growth momentum in Russia, Ukraine and Poland.

The METRO Group can also look back to successful business developments in Asia in 2005.

Business development of METRO AG

The business development of METRO AG is linked closely to the development of its stakeholdings. At € 381.0 million, the company's total investment result falls short of the year-earlier level of € 824.4 million. A key event during the reporting year was the initial public offering of Praktiker Bau- und Heimwerkermärkte Holding AG and the related sale of 53 properties used by Praktiker. A total of 26.5 million shares was sold as part of the IPO. The remaining shares are held for sale. In addition, METRO AG sold its stake in Loyalty Partner GmbH in 2005. Investments in the food retail area were written down during the reporting year.
Please refer to the section on METRO AG's earnings position for further details.

Earnings position

Group sales

In fiscal year 2005, the METRO Group boosted sales by 4.2 percent to € 55.7 billion from € 53.5 billion. Adjusted for currency effects, group sales increased by 3.0 percent. Once again, the METRO Group thus solidified its position as one of the biggest international retailing groups in terms of sales in fiscal year 2005.

While sales in Germany fell by 2.2 percent to € 25.9 billion from € 26.5 billion a year earlier, the group boosted its foreign sales by 10.5 percent to € 29.8 billion from € 26.9 billion. The foreign share of group sales reached 53.4 percent and thus markedly exceeded the 50 percent mark on an annual basis for the first time in 2005. The group recorded continued strong growth momentum in Eastern Europe. Sales in this economic area rose by 21.9 percent year-on-year, to € 10.6 billion from € 8.7 billion. Sales increased by 9.7 percent to € 1.2 billion in Asia. The METRO Group posted sales growth of 4.8 percent to € 18.0 billion from € 17.1 billion in Western European countries.

Development of group sales and divisional sales as well as regional sales (net[1])

	2005 € million	2004[2] € million	Changes € million	Changes %
Metro Cash & Carry	28,087	26,442	1,645	6.2
Real (including Extra)	9,922	10,727	–805	–7.5
Media Markt and Saturn	13,306	12,210	1,096	9.0
Galeria Kaufhof	3,575	3,768	–193	–5.1
Others	832	328	504	153.7
METRO Group	**55,722**	**53,475**	**2,247**	**4.2**
of which Germany	25,948	26,541	–593	–2.2
of which abroad	29,774	26,934	2,840	10.5
Western Europe	17,976	17,148	828	4.8
Eastern Europe	10,614	8,707	1,907	21.9
Asia, Africa	1,184	1,079	105	9.7

[1]Sales represent external sales without sales taxes and after the deduction of trade discounts
[2]Previous year adjusted because of discontinued operations

Following its public listing, the Praktiker sales division is no longer associated with the METRO Group and is therefore listed under "discontinued operations." Sales attributable to Praktiker for the period of group association until November 30, 2005, amounted to € 2,789.1 million. Sales in 2004 were € 2,952.7 million.

EBIT

Development of group and divisional EBIT from continuing operations

	2005 € million	2004[1] € million	Changes € million	Changes %
Metro Cash & Carry	1,012.5	963.2	49.3	5.1
Real (including Extra)	(11.7)	135.5	–147.2	–
Media Markt and Saturn	509.8	451.9	57.9	12.8
Galeria Kaufhof	69.2	56.8	12.4	21.8
Others	158.1	115.9	42.2	36.4
EBIT METRO Group	**1,737.9**	**1,723.3**	**14.6**	**0.8**
Financial result	(379.9)	(463.2)	83.3	18.0
Earnings before taxes	**1,358.0**	**1,260.1**	**97.9**	**7.8**
Income taxes	(739.8)	(402.5)	–337.3	–83.8
Earnings from continuing operations	**618.2**	**857.6**	**–239.4**	**–27.9**

[1]Adjustment of prior year amounts due to the application of new accounting methods

Following its public listing, the Praktiker sales division is no longer associated with the METRO Group and is therefore listed under "discontinued operations." EBIT attributable to Praktiker for the period of group association until November 30, 2005, amounted to € 66.7 million. EBIT in 2004 was € 59.3 million.

During the 2005 fiscal year, the METRO Group recorded EBIT from continuing operations of € 1,737.9 million, exceeding the comparable previous year's total of € 1,723.3 million by 0.8 percent. Earnings in Germany plunged by 28.4 percent to € 534.6 million largely because of the negative development of the food retailing business. By contrast, earnings outside Germany jumped 17.3 percent to € 1,213.8 million. The METRO Group experienced significant gains particularly in the expanding markets of Eastern Europe.

Group EBITDA rose to € 2,938 million from € 2,844 million.

Earnings position of METRO AG and profit appropriation

The earnings position of METRO AG is impacted most heavily by investment income, which declined by € 443.5 million compared with the previous year.

The investment result includes income from profit and loss transfer agreements of € 943.9 million as well as income from investments of € 358.5 million. Earnings from profit and loss transfer agreements include income absorption from the Metro Cash & Carry, Media Markt and Saturn and Galeria Kaufhof sales divisions as well as other companies. Aside from operating income, the absorbed income and investment income also include earnings from withdrawals from reserves (€ 190.0 million), which are backed by retained earnings from previous years.

The public offering of Praktiker Bau- und Heimwerkermärkte Holding AG and the related sale of 53 properties used by Praktiker resulted in a low positive investment result. Revenues from the sale of properties used by Praktiker (€ 226.5 million) were netted against book losses from the disposal of Praktiker stocks (€ 130.7 million) and write-downs (€ 91.6 million) on the remaining stocks to a value of € 14.50 per share.

The earnings position was negatively affected by necessary write-downs of € 620.0 million on the book values of stakeholdings in the food retail segment (Metro Einzelhandel Holding GmbH and Real Holding GmbH) that were higher than the group book values in METRO AG's consolidated financial statements in accordance with IFRS. In addition, the company assumed operating losses of the food retail segment.

Book gains of € 45.7 million resulted from the sale of the stakeholding in Loyalty Partner GmbH.

After consideration of other earnings, expenses and taxes, net income amounted to € 115.1 million.

A total of € 200.0 million was withdrawn from other reserves. This amount corresponds to additions to revenue reserves in 2004.

The Management Board of METRO AG will propose to the annual general meeting that, from the reported balance sheet profit of € 337.5 million, a dividend of € 333.6 million be paid and that the balance of € 3.9 million be carried forward to new account. The balance sheet profit of € 337.5 million includes retained earnings of € 22.4 million.

The dividend amounts to:

- € 1.020 per share of common stock and
- € 1.122 per share of preferred stock.

EVA development

The METRO Group again achieved a positive EVA in 2005 and thus made successful use of its capital employed. EVA reached a total of € 305 million after € 318 million the year before. With the exception of Real, each sales division was able to significantly improve its EVA over the previous year's level. The RoCE ("Return on Capital Employed") was on the previous year's level at 8.0 percent.

Sales divisions	NOPAT € million	Capital employed € million	EVA € million	RoCE %	Delta EVA[1] € million
Metro Cash & Carry	820	6,636	389	12.4	12
Real (incl. Extra)	94	5,900	(289)	1.6	–124
Media Markt and Saturn	397	2,029	265	19.6	17
Galeria Kaufhof	78	1,605	(27)	4.8	11
Others	260	4,504	(33)	5.8	85
METRO Group	**1,649**	**20,674**	**305**	**8.0**	**1**

[1]Delta EVA is based on adjusted prior year amounts

Taking into account Praktiker's IPO, capital employed sank to € 20.7 billion. As a result, capital costs fell by € 58 million to € 1,344 million. NOPAT dropped by € 71 million to € 1,649 million. The return on sales in relation to net operating profit remained unchanged from the previous year at 3.0 percent. Capital turnover increased slightly to 2.7 compared with previous year's level.

Financial position

Group financing

METRO AG is responsible for the centralized financial management of the METRO Group. METRO AG acts to ensure that the METRO Group companies have access to the necessary financing for their operating and investing activities at all times and in the most cost-efficient manner possible. The necessary information is provided by a rolling financial budget for the group covering all relevant companies. It is updated quarterly and is subject to a monthly variance analysis. This financial planning, which covers a 12-month planning period, is complemented by weekly rolling 14-day liquidity plans.

METRO AG also controls loan placement and guarantees as well as the granting of financial support in the form of guarantees and letters of comfort for group companies. The following principles apply to all group-wide financial activities:

Financial unity

By presenting one face to the financial markets, the group can optimize its financial market conditions. The interests of the METRO Group, however, invariably take precedence over the interests of individual companies in the group.

Financial leeway

In its relationships with banks and other business partners in the financial arena, the METRO Group consistently maintains its leeway with regard to financial decisions. In the context of the group's bank policy, limits have been defined to ensure that the group can replace one financing partner with another at any time.

Centralized risk management

The METRO Group's financial transactions either are based on financing requirements or are concluded to hedge risks related to underlying business transactions. The METRO Group's total financial portfolio is controlled by METRO AG.

Risk monitoring

The potential effects of changes in financial parameters for the group, such as interest rate or exchange rate fluctuations, are quantified regularly in the context of scenario analyses. Open risk positions, for example the conclusion of financial transactions without an underlying business activity, may be held after accordant approval by the Management Board of METRO AG.

Authorized contractual partners

The METRO Group conducts financial transactions only with contractual partners who have been authorized by METRO AG. The creditworthiness of these contractual partners is tracked regularly. The risk controlling unit of METRO AG's finance department monitors the relevant limits.

Approval processes

All financial transactions of the METRO Group are concluded with METRO AG. In cases where this is not possible for legal reasons, these transactions are concluded directly between a group company and a financial partner, but only after METRO AG has given its approval.

Audit security

The two-signature principle applies within the METRO Group. All processes and responsibilities are laid down in group-wide guidelines. The conclusion of financial transactions is separated from settlement and controlling in organizational terms.

Financial market communication and rating

Candid communication with market participants and rating agencies is a crucial success factor for tapping the debt capital market in order to meet the group's financial requirements. The purpose of ratings, for example, is to communicate the METRO Group's credit rating to potential debt capital investors. Currently, the METRO Group is rated as follows by the two rating agencies:

	2005		2004	
Category	Moody's	Standard & Poor's	Moody's	Standard & Poor's
Long-term	Baa2	BBB	Baa1	BBB
Short-term	P-2	A-2	P-2	A-2
Outlook	stable	stable	negative	stable

Based on its current ratings, the METRO Group has access to all debt capital markets. Capital markets reacted neutrally to the adjustment of the rating by Moody's in November 2005.

Financial liabilities

A debt issuance programme with a nominal volume of € 5 billion was launched in 2000 as a source of long-term financing. Under this program, bonds with maturities of up to 30 years can be issued under German or U.K. law in any currency.

The amount of the floating-rate bond with a nominal volume of € 500 million and a maturity of five years that was issued in October 2004 was raised by € 250 million in January 2005.

For short- and medium-term financing, the METRO Group uses ongoing capital market issuance programs such as the "Euro Commercial Paper Program" launched in 1999, with an authorized volume of up to € 3 billion. Another commercial paper program with a volume of € 2.0 billion was launched in May 2003 to attract, in particular, investor groups on the French capital market. The average amount utilized by the two programs was € 1.6 billion in 2005 (previous year € 1.3 billion).

In addition, the METRO Group has access to syndicated lines of credit totaling € 2,975 million, with terms ending between November 2008 and February 2011. If the credit lines are used, the interest rates range between EURIBOR +20.0 basis points (bps) and EURIBOR +30.0 bps. The average amount drawn on the credit lines in 2005 was € 1,000 million (previous year € 1,023 million).

The contract terms for the syndicated lines of credit provide for a decrease of 2.5 bps in the spread if the credit rating of the METRO Group is raised one step. If the rating is lowered by one step, the spread would increase by 5 to 7.5 bps.

Syndicated lines of credit over € 1,023 million and € 1,500 million ending in July 2005 and October 2006, respectively, were replaced by new syndicated lines of credit with a term of five years and a nominal value of € 1,000 million each in January and December 2005.

Additional bilateral bank lines of credit totaling € 549 million (previous year € 1,096 million) were available to METRO AG as of December 31, 2005. Of this amount, € 549 million (previous year € 1,096 million) had a remaining term of up to one year. On the closing date, € 167 million (previous year € 91 million) of the bilateral lines of credit had been utilized. Of this amount, € 167 million had a remaining term of up to one year (previous year € 91 million).

The following table shows the maturity structure of the bonds. The book and fair values indicated include the accrued interest whose remaining term is less than one year.

Funding	Currency	Issue volume in € 1,000	Remaining term	Par values 31 Dec 2005 in € 1,000	Book values 31 Dec 2005 in € 1,000	Fair values 31 Dec 2005 in € 1,000
Debt Issuance Programme	EUR	314,261	up to 1 year	314,261	365,645	366,777
		1,750,000	1 to 5 years	1,750,000	1,750,000	1,773,000
		–	over 5 years	–	–	–

The following table depicts the interest rate structure of the bonds:

Funding	Interest terms	Currency	Remaining term	Weighted interest rate when issued	Total amount issued in € 1,000
Debt Issuance Programme	Fixed-interest bonds	EUR	up to 1 year	–	–
			1 to 5 years	5.13	1,000,000
			over 5 years	–	–
	Floating-rate bonds	EUR	up to 1 year	3.25	314,261
			1 to 5 years	2.58	750,000
			over 5 years	–	–

The fixed interest rate of short- and medium-term bonds and the repricing dates of all fixed-interest bonds essentially correspond to the displayed remaining terms. The repricing dates for variable interest rates are less than one year.

Cash flows

In fiscal 2005, material cash inflows resulted from the public offering of Praktiker Bau- und Heimwerkermärkte Holding AG, at € 377.2 million, and from the sale of the stakeholding in Loyalty Partner GmbH, at € 47.9 million. In addition, funds from the sale of 53 properties used by Praktiker were partially invested at METRO AG and partially posted under investment income of € 250.3 million by METRO Group Asset Management GmbH & Co. KG. Cash inflows of € 250.0 million resulted from a bond issue. The cash inflows were used essentially to reduce liabilities to banks by € 794.2 million.

Asset position

On the closing date, assets totaled € 11,312.1 million and consisted essentially of € 7,159.2 million in financial assets and € 3,116.1 million in receivables from associated companies. Primarily as a result of the public offering of Praktiker, financial assets declined by € 871.6 million from € 8,030.7 million a year earlier and now amount to 63.3 percent of total assets. As it is held for sale, the stakeholding in Praktiker Bau- und Heimwerkermärkte Holding AG that was not placed on the stock exchange is recognized under other marketable securities at € 339.3 million. Receivables from associated companies increased by € 11.2 million compared with the previous year and represented 27.5 percent of total assets at the closing date. Cash on hand, bank deposits and checks declined by € 679.6 million to € 401.5 million compared with the previous year.

Liabilities consisted of € 4,414.8 million (previous year € 4,633.3 million) in equity and € 6,897.3 million (previous year € 7,808.9 million) in debt capital and deferred income. As of the closing date, the equity ratio amounted to 39.0 percent compared with 37.2 percent a year earlier. The bonds item under financial liabilities increased to € 2,115.6 million from € 1,864.0 million a year earlier, primarily as the result of the issue of a bond with a nominal volume of € 250.0 million. Liabilities to banks were brought close to zero, at € 0.5 million on the closing date, from € 794.7 million a year earlier. Liabilities to associated companies were also reduced markedly to € 4,164.7 million compared with € 4,503.9 million a year earlier.

Summary of the earnings, financial and asset position

The METRO Group continued its profitable growth course and further expanded its position as one of the leading international trade and retail groups during the reporting year. Despite the downward trend at Real Germany, group sales and EBIT continued to grow. The METRO Group rigorously pushed ahead with its international expansion. The foreign share of group sales markedly exceeded the 50 percent threshold.

During the year under review, the public offering of Praktiker and write-downs on investments in the food retail segment left their mark on the net income of METRO AG.

The cash inflows that METRO AG generated during the reporting year were used to reduce liabilities to banks.

The equity ratio of METRO AG rose to 39.0 percent on the closing date from 37.2 percent a year earlier.

The portfolio was focused successfully through the public offering of Praktiker.

Post-year-end developments (supplementary report)

In February 2006, the so-called bird-flu virus appeared for the first time in Western Europe, including Germany. Despite the extensive precautionary measures that have been taken by many countries, the continued spread of the virus subtype that poses a threat to humans, H5N1, cannot be ruled out.

Since the first breakout of bird-flu occurred in Asia in 2003, the METRO Group has taken an extensive number of quality-assurance steps that apply to its purchases of poultry products. The company procures its foods exclusively from producers who are regularly subject to veterinary inspections and from suppliers who have a HACCP certificate and meet hygiene regulations. In addition, it requires guarantees about the safety of the products concerning bird-flu.

The impact that bird flu will have on food retail cannot be predicted at the moment. If the virus continues to spread or if it reappears repeatedly, a growing shift in demand from poultry to other products is likely. The METRO Group is prepared to react flexibly to possible changes in demand. At the moment, however, it is not possible to say whether or how this development would affect the food retail business.

Risk report

Risk management is the targeted protection of existing and future performance potential. The METRO Group sees risk management as an integral part of value-oriented business management. The METRO Group's risk management is based on a systematic process of risk identification, assessment and control for the entire group. Dealing with risks in a controlled manner protects the group's asset, financial and earnings position, and allows the group's management to recognize unfavorable developments early on, e.g. before damages occur. As a result, corrective action can be taken promptly when necessary.

Efficient organization of risk management

The Management Board of METRO AG has set up a central risk management office to ensure that it is continuously and promptly informed of important developments in risk management by a risk management officer. Based on an annual group-wide risk audit, the risk management officer writes a risk report that addresses all essential aspects of potential risks at the METRO Group. An essential function of central risk management at the METRO Group is to ensure the group-wide exchange of information on risk-relevant issues and to develop risk management in all sales divisions and group units. This involves coordinating the group-wide recording and systematic assessment of all essential risks according to uniform standards. The risk management officer compiles the results in a risk portfolio, which provides the basis for determining the METRO Group's total risk exposure.

EVA as a benchmark

When deciding whether to accept risks, the METRO Group's guiding principle is the sustainable increase in enterprise value. The crucial benchmark for corporate success is the principle of economic value added (EVA) that is used across the group. In particular, it is an important criterion for investment decisions. Entrepreneurial risks are taken only if the concomitant risks are manageable and where the opportunities involved promise reasonable value added.

Principles of risk policy

Risks incurred in conjunction with the core processes of wholesale and retail trading are borne by the METRO Group. Core processes in this context are the development and implementation of the relevant business models, the procurement of merchandise and services, decisions on outlet locations, liquidity protection and human resources development relating to specialists and managers. As a matter of principle, the group does not assume risks that are not related to core or support processes.

Decentralized responsibilities

As a trade and retail company, the METRO Group is divided into a management holding company with independently operating sales divisions and cross-divisional service companies that support operating processes. The management principle of decentralization inherent in this structure is also reflected in the way that risks are addressed. They are analyzed, evaluated and controlled efficiently at the source where they occur. Risk management responsibility is assumed by the individual business units. Its administration and realization are controlled by METRO AG.

Clear allocation of responsibilities for risk identification, analysis and assessment

To facilitate the coordinated implementation of measures, the METRO Group has defined clear responsibilities and guidelines for action. Responsibility for risk management has been laid down in several sets of rules, including in the Articles of Association and by-laws of the group companies and in internal group procedures. The risk management manual of METRO AG provides information on how the risk management system works. It offers a comprehensive overview of potential risk areas, assigns responsibility for risk monitoring and provides instructions on how to act. A bottom-up process of risk identification covering all management levels across the group ensures that relevant business risks do not go unnoticed. The early warning system assesses business risks in terms of scope for the three-year planning period. Here the net principle is applied. It describes so-called residual risk, the risk that remains after the implementation of planned risk containment measures.

Central role of group reporting in internal risk communication

Group reporting is the essential vehicle for internal communication of opportunities and risks. Annual risk audits, financial statements and monthly projections as well as regular contacts among the operating units and their controlling companies ensure the continuous and timely exchange of information. The ongoing monitoring of risk areas is achieved with the help of specific indicators. As soon as certain threshold values are exceeded, risk reporting alerts the respective management to relevant developments. Sudden material risks are communicated immediately to the responsible decision-making bodies by means of an emergency notification system created specifically for such situations.

Consistent risk monitoring

Each manager is responsible for overseeing the implementation and effectiveness of risk management. In addition, risk management officers ensure that the risk management system is operational. A self-audit checklist serves to help the business units update and complete their risk management systems on an ongoing basis. METRO AG's group audit department checks central and decentralized risk management to ensure that it is functional, timely, complete, reliable and effective. The group audit department reports directly to the Management Board. In addition, audits are performed at group companies by internal audit departments. In compliance with the provisions of KonTraG (the German Corporate Control and Transparency Law), external auditors submit the risk management system to periodic assessment. The Management Board and the Supervisory Board are informed about the result of this assessment.

For the METRO Group, this results in the following substantial risks (internal and external risks):

Business risks

The industry is characterized by intense competition in wholesaling and retailing as well as by competing merchandising concepts, service offerings and service qualities. Another risk is the typical dependence of the retailing industry on the readiness of consumers to spend money. Although the increasing internationalization of the METRO Group's business reduces its dependence on economic and legal parameters in Germany, the group is simultaneously confronted with additional economic, legal and political risks in other countries. Examples of legal risks are the implementation of the current packaging regulation ("one-way deposit"), the EU directive on waste electrical and electronic equipment, the EU's chemical policy and the EU directive on F-gases (fluorocarbons).

Marketing concepts must be adapted continually to account for changing consumer behavior. The METRO Group supports this process by regularly evaluating internal information and select external sources to be able to identify changes in consumer needs and behavior early on. The group's own market research uses traditional quantitative methods such as time series analyses (e.g. observation of products on the market over a certain period of time) or trend extrapolations (market trend forecasts) based on the analysis of internal sales figures or market research results. Consistent benchmarking vis-à-vis competitors provides ideas for the qualitative improvement of merchandising concepts. The practicability and acceptance of concepts are first verified in test markets and then implemented area-wide as quickly as possible using clear project organization. Continuous fund allocation allows the sales divisions to keep their location portfolios competitive.

Location risks

Ongoing foreign expansion, especially in emerging markets, entails location risks. Comprehensive feasibility studies are one example of how the METRO Group identifies these risks and reduces them. In these studies, the basic framework and opportunities for business activity are analyzed in detail.

Supplier risks

As a trade and retail company, the METRO Group depends on external providers for the supply of goods and services. Careful monitoring of market conditions, working with a broad base of suppliers and using the company's own controls and purchasing policy are effective means of preparing for the contingencies related to the procurement of goods and services. The Food Safety Initiative, which ensures a high food safety standard for all production, processing and distribution levels, is an example of such measures.

IT/logistics risks

Bricks-and-mortar retailing is characterized by a diverse selection of goods and a high merchandise turnover rate. This results in organizational, IT and logistics risks. The METRO Group's international focus, which calls for adapting merchandise assortments to national and local customs, adds to these risks. Any disturbances in the value chain, for example involving the supply of goods, entail the risk of business interruption. To hedge against such risks, the METRO Group uses internal back-up systems, works with several parallel service providers and has special emergency plans. The efficient division of labor and mutual risk control also help reduce operational risks.

Personnel risks

To implement its strategic goals, the METRO Group depends on highly qualified experts and executives. It is an ongoing challenge to recruit and retain such valuable human resources for the group in the face of intense competition. The demand for qualified personnel is particularly high in markets where the METRO Group is expanding. This calls for appropriate programs for in-house employee qualification. Continuing education and employee training activities promoted at all group levels are designed to guarantee the indispensable professional competence of group employees. Human resource management along with training and staff development programs help employees on all group levels develop the requisite entrepreneurial skills. The incorporation of variable pay components linked to business performance on at least three management levels serves this purpose as well. Direct participation in business success (EVA) increases employees' identification with the METRO Group, and enhances their awareness of opportunities and risks in all entrepreneurial decisions.

Litigation and tax risks

Tax risks arise from tax audits, in particular. Litigation risks result, for example, from labor, criminal and civil law proceedings. In addition, judicial review proceedings also represent litigation risks. The company forms provisions to protect against both types of risks.

Financial risks

The financial department of METRO AG manages the financial risks of the METRO Group. These include, in particular,

- price risks,
- liquidity risks,
- creditworthiness risks,
- cash flow risks.

Price risks

For the METRO Group, price risks result from the impact of changes in market interest rates or foreign currency exchange rates on the fair value of a financial instrument.

Interest rate risks are caused by potential changes in the fair value of financial instruments due to changes in market interest rates. Interest rate swaps and interest limitation agreements are used to cap these interest rate risks.

METRO AG's financial liabilities serve mostly to finance its investments in associated companies and loans to group companies. Non-interest-bearing and fixed-interest assets are thus netted against equity, non-interest-bearing and long-term fixed-interest debt capital.

This structure results in an overhang of variable interest liabilities of € -2,631.2 million. An increase in interest rates thus entails an increase in interest expenses (combined with an accordingly higher cash outflow). The notes to the consolidated financial statements include the statement that the group currently does not face any material interest rate risks.

The METRO Group faces currency risks in its international procurement of merchandise and because of costs that are incurred in a currency other than the relevant local currency or are pegged to the price of another currency. The resulting currency risk exposure must be hedged at the time it is incurred. Forex futures, interest rate swaps and currency swaps are used in these cases to limit currency risks.

Interest and currency risks, however, are substantially reduced and limited by the principles laid down in the internal treasury guidelines of the METRO Group. These include a regulation that is applicable throughout the group whereby all hedging operations must adhere to predefined limits and may by no means lead to increased risk exposure. The METRO Group is aware that this severely limits the opportunities to exploit current or expected interest rate and exchange rate movements to optimize results.

Hedging may be carried out only with standard financial derivatives whose correct actuarial and accounting mapping and valuation in the treasury systems is guaranteed.

To quantify the potential market value losses of all financial instruments, METRO AG uses Value-at-Risk calculations (VaR). A variance-covariance approach is used to determine potential changes in the value of financial positions triggered by changes in interest rates and exchange rates within probable fluctuation bands. In accordance with the treasury guidelines, the observation period used to calculate the potential loss is 10 days and is subject to the supposition that because of the extent of the positions not all positions can be liquidated within a short period of time. Other parameters include the historical market data for the past 100 days and a 99 percent confidence level.

Liquidity risks

METRO AG acts as financial coordinator for the METRO Group companies to ensure that they are provided with the necessary financing to fund their operating and investing activities at all times and in the most cost-efficient manner possible. The necessary information is provided by means of a rolling group financial forecast, updated quarterly, and checked monthly for deviations. This financial forecast with a planning horizon of 12 months is complemented by a weekly rolling 14-day liquidity plan.

Funding needs are met by a mix of money market and capital market instruments (time deposits, call money, commercial papers and bonds sold as part of ongoing issue programs) as well as bilateral and syndicated bank loans. The METRO Group has access to sufficient liquidity at all times so that there is no danger of liquidity risks even if an unexpected event has a negative financial impact on the company's liquidity situation.

The liquidity reserve of METRO AG as of December 31, 2005, is stated in the table below:

Static liquidity statement of METRO AG as of December 31, 2005

	€ 1,000	€ 1,000
Balance of intra-group receivables and liabilities due in 2006		(1,048,646)
Assets due in 2006		745,313
Liabilities due in 2006		(522,985)
Balance of liquid funds and terms		**(826,318)**
Unutilized lines of credit and other commitments		
Syndicated lines of credit	2,975,000	
Bilateral lines of credit	382,000	
		3,357,000
Liquidity reserve		**2,530,682**
The following additional, unutilized capital market instruments are available:		
Debt Issuance Programme	1,642,511[1]	
Commercial Paper Program	5,000,000	
	6,642,511	

[1]After availment by the affected Metro companies

Intra-group cash pooling reduces the amount of debt and optimizes the money market and capital market investments of the METRO Group, which has a positive effect on net interest income. Cash pooling allows the surplus liquidity of individual group companies to be used to fund other group companies internally.

In addition, METRO AG draws on all the financial expertise pooled in its finance department to advise the group companies in all relevant financial matters and provide support. This ranges from the elaboration of investment financing concepts through support of the responsible financial officers of the individual group companies in their negotiations with local banks and financial service providers. This ensures, on the one hand, that the financial resources of the METRO Group are optimally employed in Germany and abroad and, on the other hand, that all group companies benefit from the strength and credit standing of the METRO Group in negotiating their financing terms.

Creditworthiness risks

Creditworthiness risks may arise from the total or partial loss of a counterparty, for example through bankruptcy, in connection with monetary investments and derivative financial instruments with positive market values. Within the scope of creditworthiness management, all of the METRO Group's counterparties must comply with certain minimum creditworthiness requirements. In addition, individual maximum exposure limits have been defined.

The basis for creditworthiness management is a system of limits laid down in the treasury guidelines, which is based mainly on the ratings of international rating agencies or internal credit assessments. An individual limit is allocated to every counterparty of the METRO Group. Compliance is constantly monitored by the treasury systems.

The following table shows a breakdown of counterparties by credit ratings:

		Rating classes			Volume in %
Grade	**Moody's**	**Standard & Poor's**	**Monetary investments**	**Derivatives with positive market values**	**Total**
Investment grade	Aaa	AAA	0.0	0.0	98.7
	Aa1 to Aa3	AA+ to AA–	47.5	8.8	
	A1 to A3	A+ to A–	36.8	5.6	
	Baa1 to Baa3	BBB+ to BBB–	0.0	0.0	
Non-investment grade	Ba1 to C	BB+ to C	0.0	0.0	0.0
No rating			1.3	0.0	1.3
Total			**85.6**	**14.4**	**100.0**

The table shows that as of the closing date 98 percent of the capital investment volume, including the positive market values, had been placed with investment grade counterparties, in other words, those with good or very good credit ratings. Most of the counterparties that do not yet have an internationally accepted rating are respected financial institutions whose creditworthiness can be considered flawless based on our own analyses.
The METRO Group's level of exposure to creditworthiness risks is thus very low.

Cash flow risks

A future change in interest rates may cause cash flow from variable interest asset and liability items to fluctuate. A portion of the variable interest rate debt has been hedged with derivative financial instruments. The Treasury Committee, which includes the CFO of METRO AG, determines the extent of these hedging measures on a regular basis. In addition, so-called stress tests are used to determine what impact interest rate changes may have on cash flow.

Summary of the risk situation at the METRO Group

On the whole, the assessment of the current risk situation has shown that there are no risks for the company as a going concern and that no risks that could endanger its existence in the future are currently identifiable.

Outlook

The METRO Group will rigorously push ahead with its return-oriented growth course and its international expansion in fiscal year 2006. The focus on these strategic business goals and the performance strength of the sales concepts provide the foundation for positive overall business development.

The especially high-growth and high-margin sales divisions Metro Cash & Carry and Media Markt and Saturn will forge ahead with the targeted expansion of their market presence in Germany and above all outside Germany. Media Markt plans to enter the Swedish market during the current fiscal year. Russian market entry is planned for the end of 2006 or the beginning of 2007. Metro Cash & Carry plans to open the first wholesale store in Pakistan in 2007. Following positive initial experience on the Russian market, Real will continue its selective international expansion with its market entry in Romania in 2006.

The company has a cautiously optimistic outlook with regard to the development of the domestic business.

As part of its continued profitable growth, the METRO Group strives for another increase in sales and earnings per share as well as economic value added in 2006. METRO AG plans to invest about € 42 million during the current fiscal year.

Report pursuant to § 312 AktG (German Stock Corporation Act)

METRO AG is controlled by Metro Vermögensverwaltung GmbH & Co. KG and other companies of the majority stockholders of Beisheim, Haniel and Schmidt-Ruthenbeck. As a result, the Management Board of METRO AG has prepared a report about relations with associated companies pursuant to § 312 AktG (German Stock Corporation Act).

This report for the fiscal year 2005 received an unqualified auditor's opinion from PKF FASSELT & PARTNER Wirtschaftsprüfungsgesellschaft, Duisburg, and KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Berlin and Frankfurt/Main, and has been submitted to the Supervisory Board. At the end of the report, the Management Board made the following statement:

"The Management Board of METRO AG declares that in every legal transaction the company received an equitable quid pro quo under the circumstances known to the Management Board at the time when these businesses were transacted. Any other actions requiring reporting were neither taken nor omitted."

Balance sheet as per 31 December 2005

Assets

€ 1,000	Note no.	31 Dec 2005	31 Dec 2004
Fixed assets	2		
Intangible assets	3	33,189	11,681
Tangible assets	4	7,286	6,699
Financial assets	5	7,159,153	8,030,726
		7,199,628	8,049,106
Current assets			
Receivables and other assets	6	3,366,288	3,305,846
Other securities	7	339,300	–
Cash on hand, bank deposits and checks	8	401,514	1,081,131
		4,107,102	4,386,977
Prepaid expenses and deferred charges	9	5,405	6,152
		11,312,135	**12,442,235**

Liabilities

€ 1,000	Note no.	31 Dec 2005	31 Dec 2004
Equity			
Capital stock	10	835,419	835,419
Common stock		828,573	828,573
Preferred stock		6,846	6,846
[Contingent capital]	10	[142,141]	[142,141]
Capital reserve	11	2,557,964	2,557,964
Other revenue reserves	12	683,977	883,977
Balance sheet profit	26	337,475	355,961
		4,414,835	4,633,321
Provisions	13	450,247	446,906
Liabilities	14	6,441,132	7,354,123
Deferred income	15	5,921	7,885
		11,312,135	**12,442,235**

Income statement for the fiscal year from 1 January to 31 December 2005

€ 1,000	Note no.	2005	2004
Investment income	20	380,991	824,448
Net financial result	21	(99,357)	(120,219)
Other operating income	22	84,429	107,019
Personnel expenses	23	(33,078)	(43,699)
Depreciation/amortization on intangible and tangible assets	2	(5,898)	(5,097)
Other operating expenses	24	(201,644)	(187,976)
NOPAT		**125,443**	**574,476**
Income tax	25	(7,895)	(31,603)
Other taxes		(2,438)	1,423
Net income		**115,110**	**544,296**
Profit carried forward from the previous year	26	22,365	11,665
Withdrawals from other revenue reserves	12	200,000	–
Additions to other revenue reserves		–	(200,000)
Balance sheet profit	**26**	**337,475**	**355,961**

Notes to the annual financial statements

1. Disclosure, accounting and measurement principles

Various items in the balance sheet and the income statement have been grouped together for the purpose of clarity. To underscore the holding company character of METRO AG, the order of bundled income statement items pursuant to § 275 HGB (German Commercial Code) has been altered in some cases. These items are listed separately in the notes.

Intangible assets are recognized at cost. Tangible assets are stated at cost of purchase or production less cumulative scheduled and non-scheduled write-downs. Scheduled write-downs are conducted in a straight-line manner. Non-scheduled write-downs are effected when an impairment is likely to be sustained. Low-value assets are fully written down in the year of acquisition.

Investments and shares in associated companies are recognized at cost or, if a sustained impairment can be assumed, at the lower of cost or market. Lower valuations are maintained insofar as a higher valuation up to the original cost of purchase is not required.

Loans are recognized at their nominal values. Non-interest-bearing or low-interest loans are discounted to the net present value.

As a matter of principle, receivables and other assets are recognized at their nominal values. The risks inherent in the receivables are considered by means of bad debt allowances. Non-interest-bearing receivables are discounted. Income from investments is, as far as admissible, posted and capitalized in the year in which the cash dividend is paid.

Receivables and liabilities in foreign currency are recognized at cost in adherence to the imparity principle as of the closing date. Hedged foreign currency positions are valued at the respective hedging rate.

Marketable securities are recognized at cost or at the lower of cost or market.

Provisions are formed for identifiable risks, uncertain obligations and anticipated losses on the basis of a reasonable evaluation. Pension provisions are formed based on a basic interest rate of 6 percent corresponding to the actuarial fraction value pursuant to § 6a EStG. METRO AG has made adequate provisions to cover underfunded benevolent funds. Long-term provisions, e.g. for deficient rental cover or employment anniversary bonus commitments, are recognized at their nominal values.

Liabilities are recognized at amounts repayable.

Financial transactions that are part of an economically necessary and accordingly documented hedge relationship with other derivative or primary financial transactions are valued together pursuant to § 264 Section 2 Subsection 1 HGB and common international practice in consideration of the historical cost principle. Unrealized losses within formed valuation units are offset up to the level of unrealized profits. Excess losses are anticipated (accrued), and excess profits remain unrecognized. The formation of valuation units presupposes individual risk compensation, the congruency of interest term and currency, the same credit rating and relative congruency of maturities.

Provisions are formed for anticipated losses from the individual valuation of derivative financial transactions. Unrealized profits are not recognized in the balance sheet.

To improve the clarity and transparency of the annual financial statements and underscore the holding company nature of METRO AG, the disclosure of the following items in the income statement was altered:

Book gains and book losses from the disposal of financial assets or marketable securities are included in investment income in fiscal 2005. In the previous years, these items were listed under other operating income or expenses. For reasons of materiality, an adjustment of prior year amounts was not required.

Notes to the balance sheet of METRO AG

2. Fixed assets

€ 1,000	31 Dec 2005	31 Dec 2004
Intangible assets		
Rights and licenses	5,146	4,004
Advance payments made	28,043	7,677
	33,189	11,681
Tangible assets		
Leasehold improvements	1,171	2,066
Other plant, business and office equipment	6,115	4,633
	7,286	6,699
Financial assets		
Shares in associated companies	6,314,789	7,233,924
Loans to associated companies	793,873	736,494
Investments	13,251	16,034
Other long-term loans	37,240	44,274
	7,159,153	8,030,726
Total	**7,199,628**	**8,049,106**

The following table outlines the development of fixed assets:

€ 1,000	As of 1 Jan 2005	Costs of purchase Addition	Transfer	Disposal	Deprecia-tion (cumulative)	31 Dec 2005	Deprecia-tion for the fiscal year
Intangible assets							
Rights and licenses	6,448	884	3,045	36	5,195	5,146	2,775
Advance payments made	7,677	23,411	(3,045)	–	–	28,043	–
	14,125	24,295	–	36	5,195	33,189	2,775
Tangible assets							
Leasehold improvements	3,922	704	–	2,382	1,073	1,171	360
Other plant, business and office equipment	8,478	5,090	–	2,449	5,004	6,115	2,763
	12,400	5,794	–	4,831	6,077	7,286	3,123
Financial assets							
Shares in associated companies	7,615,399	84,994	(1,114,175)	28,475	242,954	6,314,789	119,210
Loans to associated companies	736,494	46,911	77,472	67,004	–	793,873	–
Investments	19,644	13,625	(1,042)	15,755	3,221	13,251	–
Other long-term loans	44,274	1,046	–	7,204	876	37,240	876
	8,415,811	146,576	(1,037,745)	118,438	247,051	7,159,153	120,086
Total	**8,442,336**	**176,665**	**(1,037,745)**	**123,305**	**258,323**	**7,199,628**	**125,984**

3. Intangible assets

Advance payments on intangible assets essentially concern software systems still in the development phase.

4. Tangible assets

The additions relate to equipment, PC systems and motor vehicles. Disposals refer to assets that either were sold or are no longer being used by the company.

5. Financial assets

In the year under review, additions to shares in associated companies amounting to € 84.994 million are posted. These consist for the most part of a capital increase at METRO Group Asset Management Services GmbH, accounting for € 55.000 million.

The additions to loans to associated companies result from the granting of a long-term loan in the real estate area.

Changes in investments are mostly related to the sale of the stakeholding in Loyalty Partner GmbH.

Transfers of shares in associated companies result from the initial public offering of Praktiker Bau- und Heimwerkermärkte Holding AG. As they are held for sale, the shares are listed under current assets.

The transfer of loans to associated companies relates to a receivable from METRO Group Services Holding GmbH that was previously listed under current assets.

Disposals of shares in associated companies result from a divestment within the METRO Group.

Disposals of loans to associated companies total € 67.004 million and result mainly from the sale of a loan within the METRO Group to Real Holding GmbH.

Disposals of other long-term loans are the result of redemptions.

Write-downs on shares in associated companies were recognized at the lower of cost or market and, at € 110.000 million, relate mostly to Metro Einzelhandel Holding GmbH.

6. Receivables and other assets

€ 1,000	31 Dec 2005	31 Dec 2004
Receivables from associated companies	3,116,061	3,104,856
Receivables from companies with a participating interest	–	2,397
Other assets	250,227	198,593
thereof with a remaining term of more than one year	[16,141]	[17,672]
	3,366,288	**3,305,846**

Interest-bearing tax refund entitlements accounted for the major share, or € 131.765 million of other assets. In addition, this item includes € 85.812 million in interest claims as well as stock options to hedge the stock bonus plan. These options are capitalized at cost and prorated on a straight-line basis over the holding time of the respective plans. This item also includes € 13.261 million in advance payments made.

7. Other securities

The item other securities includes shares held for sale in Praktiker Bau- und Heimwerkermärkte Holding AG. They are valued at the market value on the closing date less anticipated costs to sell.

8. Cash on hand, bank deposits and checks

€ 1,000	31 Dec 2005	31 Dec 2004
Cash on hand/cash en route/checks	34,416	1,976
Bank deposits	367,098	1,079,155
	401,514	**1,081,131**

Bank deposits result from cash-pool income toward the end of the year.

9. Prepaid expenses and deferred charges

In the current prepaid expenses and deferred charges item, discount is reported as the difference between the repayment amount and the loan amount of the euro bonds issued under the debt issuance program amounting to € 3.295 million.

10. Subscribed capital

In terms of amount and composition, e.g. the ratio of common to preferred stock, subscribed capital has not changed versus December 31, 2004, and totals € 835,419,052.27. It is divided as follows:

Class: no-par bearer shares, accounting par value approx. € 2.56 each		31 Dec 2005	31 Dec 2004
Common stock	Shares	324,109,563	324,109,563
	€	828,572,941	828,572,941
Preferred stock	Shares	2,677,966	2,677,966
	€	6,846,111	6,846,111
Total capital stock	**Shares**	**326,787,529**	**326,787,529**
	€	**835,419,052**	**835,419,052**

Each common share of METRO AG grants an equal voting right that allows the stockholder to participate in resolutions at the annual general meeting. In addition, common shares of METRO AG entitle the holder to dividends. In contrast to common shares, preferred shares do not carry any voting rights and are equipped with a preferential right to profits in line with § 21 of the Articles of Association of METRO AG, which state:

"(1) Holders of non-voting preferred stock will receive from the annual net earnings a preferred dividend of € 0.17 per share of preferred stock.

(2) Should the net earnings available for distribution not suffice in any one fiscal year to pay the preferred dividend, the arrears (excluding any interest) shall be paid from the net earnings of future fiscal years in an order based on age, i.e. in such manner that any older arrears are paid off prior to any more recent ones and that the preferred dividends payable from the profit of a fiscal year are not distributed until all of any accumulated arrears have been paid.

(3) After the preferred dividend has been distributed, the common stockholders will receive a dividend of € 0.17 per share of common stock. Thereafter, a non-cumulative extra dividend of € 0.06 per share will be paid to the holders of non-voting preferred stock. The extra dividend shall amount to 10 percent of such dividend as, in accordance with Section 4 herein below, will be paid to the holders of common stock inasmuch as such dividend equals or exceeds € 1.02 per share of common stock.

(4) The holders of non-voting preferred stock and of common stock will equally share in any additional profit distribution at the ratio of their shares in the capital stock."

Contingent capital I and II

On June 4, 2004, a contingent increase in capital stock of € 127,825,000 was resolved (contingent capital I). This contingent capital increase is related to the authorization given to the Management Board to issue by June 3, 2009, and with the consent of the Supervisory Board option bonds and/or convertible bonds for a total par value of € 1,000,000,000 and to grant the bond holders option or conversion rights for up to 50,000,000 new shares of common stock in the company, to establish the corresponding option or conversion duties or provide for the right of the company to repay the bond either in whole or in part with common shares in the company rather than in cash. To date, no option bonds and/or convertible bonds have been issued under the aforementioned authorization of the Management Board.

On July 6, 1999, the annual general meeting resolved to carry out a contingent capital increase of up to € 14,316,173 by issuing up to 5,600,000 common shares to be used for Metro's stock option plan (contingent capital II). Under METRO AG's stock option plan, stock options were granted on September 3, 1999, August 19, 2000, July 23, 2001, July 19, 2002, and June 23, 2003. A total of 507,420 of these options was in effect as of December 31, 2005. In line with the exercise terms, it was determined that eligible participants would be granted cash compensation in lieu of new common shares upon exercise of existing options. The exercise of subscription rights from the stock option plan will therefore not result in an increase in capital stock.

Authorized capital I

On May 23, 2002, the annual general meeting resolved to authorize the Management Board to increase the capital stock, with the prior approval of the Supervisory Board, by issuing new common bearer shares in exchange for cash contributions in one or several tranches for a total maximum of € 40,000,000 (authorized capital I) by May 23, 2007.

A subscription right is to be granted to existing stockholders. However, the Management Board has been authorized to restrict this subscription right, with the prior approval of the Supervisory Board, to the extent required to grant the holders of option bonds and convertible bonds issued by METRO AG and its wholly owned direct or indirect subsidiaries a right to purchase the number of new shares to which they would be entitled upon exercise of their option/conversion rights and to further restrict the subscription right to compensate for fractions of shares from rounding.

In addition, the Management Board has been authorized to restrict the stockholders' subscription rights, with the prior approval of the Supervisory Board, for one or several capital increases under the authorized capital, provided that the total par value of such capital increases does not exceed 10 percent of the capital stock registered in the commercial register at the time the authorized capital is first utilized, and further provided that the issue price of the new shares is not substantially below the market price of listed shares of the same category at the time the initial offering price of the new issue is finally fixed. The Management Board is authorized to determine all further details of the capital increases with the prior approval of the Supervisory Board. To date, authorized capital I has not been used.

Authorized capital II

On May 23, 2002, the annual general meeting resolved to authorize the Management Board, with the prior approval of the Supervisory Board, to increase the company's capital stock by issuing new common bearer shares in exchange for non-cash contributions in one or several tranches for a maximum total of € 60,000,000 by May 23, 2007 (authorized capital II). The Management Board is authorized, with the prior approval of the Supervisory Board, to decide on the restriction of the subscription rights and to determine all further details of the capital increases. To date, authorized capital II has not been used.

Authorized capital III

On June 4, 2004, the annual general meeting authorized the Management Board, with the prior approval of the Supervisory Board, to increase the company's capital stock by issuing new common bearer shares in exchange for cash contributions in one or several tranches for a maximum total of € 100,000,000 by June 3, 2009 (authorized capital III). Existing stockholders shall be granted a subscription right.

However, the Management Board has been authorized to restrict the subscription right, with the prior approval of the Supervisory Board, to the extent required to grant the holders of option bonds and convertible bonds issued by METRO AG and all direct or indirect subsidiaries in which METRO AG holds at least 90 percent of the capital stock a right to purchase the number of new shares they would be entitled to upon exercise of their option/conversion rights and to further restrict subscription rights to compensate for fractions of shares from rounding.

In addition, the Management Board has been authorized to restrict the stockholders' subscription rights, with the prior approval of the Supervisory Board, for one or several capital increases under the authorized capital, provided that the total par value of such capital increases does not exceed 10 percent of the capital stock registered in the commercial register at the time the authorized capital is first utilized, and further provided that the issue price of the new shares is not substantially below the market price of listed shares of the same category at the time the initial offering price of the new issue is finally fixed. The maximum limit of 10 percent of the capital stock decreases in proportion to the amount of capital stock that is comprised of the company's treasury stock issued as part of the authorized capital III under exclusion of the subscription right of the stockholders pursuant to § 71 Section 1 Subsection 8 Sentence 5, § 186 Section 3 Sentence 4 AktG (German Stock Corporation Act). The maximum limit also falls in proportion to the amount of capital stock that is comprised of those shares issued to service option bonds and/or convertible bonds with option or conversion rights or with conversion duties if the bonds were issued during the duration of authorized capital III under the exclusion of the subscription right in the corresponding application of § 186 Section 3 Sentence 4 AktG. To date, authorized capital III has not been used.

Authorized capital IV

The annual general meeting held on June 4, 2004, further authorized the Management Board, with the prior approval of the Supervisory Board, to increase the company's capital stock by issuing new common bearer shares in exchange for non-cash contributions in one or several tranches for a maximum total of € 125,000,000 by June 3, 2009 (authorized capital IV). The Management Board has been authorized, with the prior approval of the Supervisory Board, to decide on the restriction of the subscription right. To date, authorized capital IV has not been used.

Stock buyback

Pursuant to § 71 Section 1, Subsection 8 AktG (German Stock Corporation Act), the annual general meeting held on May 18, 2005, authorized the company to acquire treasury stock up to the equivalent of 10 percent of the capital stock on or before November 18, 2006.

To date, neither the company nor any company controlled or majority-owned by METRO AG or any other company acting on behalf of METRO AG or any company controlled or majority-owned by METRO AG has exercised this authorization (cf. § 160 Section 1, Subsection 2 AktG).

11. Additional paid-in capital

As per December 31, 2005, additional paid-in capital was unchanged at € 2,557.964 million.

12. Other revenue reserves

A total of € 200.000 million was withdrawn from other revenue reserves. This amount corresponds exactly to the allocations to other revenue reserves in the previous year.

13. Provisions

€ 1,000	31 Dec 2005	31 Dec 2004
Pension provisions	134,413	158,957
Tax provisions	124,419	117,626
Other provisions	191,415	170,323
	450,247	**446,906**

Pension provisions of € 116.541 million (previous year € 121.433 million) provide for direct pension commitments, while € 17.347 million (previous year € 37.096 million) has been set aside to cover shortfalls of underfunded benevolent funds. The actuarial valuation of pension provisions was conducted by Prof. Dr. Klaus Heubeck based on the reference tables 2005 G.

Tax provisions adequately provide for tax audit risks. The tax provisions item includes € 0.315 million for deferred tax payables. Other provisions provide for the following:

€ 1,000	31 Dec 2005	31 Dec 2004
Risks from investments	58,819	45,995
Risks from rental contracts	47,334	58,970
Interest on taxes due	35,945	31,161
Litigation risks	16,145	4,184
Commitments to employees	12,789	12,211
Invoices not yet received	9,958	3,101
Risks from financial transactions	3,183	6,866
Other	7,242	7,835
	191,415	**170,323**

Risks from investments include guarantees and warranties to subsidiaries and risks from the divestment of subsidiaries.

Provisions for risks from rental contracts were formed to cover rental and realization risks.

Provisions for risks from financial transactions relate mostly to potential losses from swap trades.

14. Liabilities

€ 1,000	31 Dec 2005 total	Remaining term up to 1 year	1 to 5 years	over 5 years	31 Dec 2004 total
Bonds	2,115,645	365,645	1,750,000	–	1,863,999
Liabilities to banks	492	492	–	–	794,708
Trade payables	7,471	7,471	–	–	5,254
Liabilities to associated companies	4,164,707	4,164,707	–	–	4,503,871
Other liabilities	152,817	149,377	3,416	24	186,291
thereof taxes	[59,243]	[59,243]	–	–	[82,109]
thereof social security	[463]	[463]	–	–	[460]
	6,441,132	**4,687,692**	**1,753,416**	**24**	**7,354,123**

The floating-rate bond with a nominal volume of € 500 million and a maturity of five years that was issued in October 2004 was raised by € 250 million in January 2005.

Liabilities to banks reported in the previous year were nearly completely drawn down.

Trade payables include mainly cost and expense accounts of € 6.822 million.

The decline in liabilities to associated companies results from the reduction of short-term monetary investments of METRO Group companies.

The decline in other liabilities relates mostly to tax liabilities.

There are no liabilities secured by rights of lieu or similar rights.

15. Deferred income

Deferred income includes agio from bonds and one-time payments from the conclusion of interest rate swaps.

16. Contingent liabilities

€ 1,000	31 Dec 2005	31 Dec 2004
Liabilities from guarantee or warranty contracts	4,074,879	4,013,656
thereof for liabilities of associated companies	[4,063,962]	[3,568,894]
thereof to associated companies	[118,400]	[118,400]
Liabilities from sureties and guarantees	66,739	58,910
thereof for liabilities of associated companies	[66,699]	[58,876]
	4,141,618	**4,072,566**

Liabilities from guarantee and warranty contracts include rental guarantees of € 241.006 million. These liabilities are recognized at the respective annual rental rates. They are granted over the full rental term.

17. Other financial liabilities

€ 1,000	31 Dec 2005 total	Remaining term up to 1 year	Remaining term 1 to 5 years	Remaining term over 5 years	31 Dec 2004 total
Commitments from stock tender rights	289,266	36,791	252,475	–	274,394
Obligations from financial derivatives	51,800	25,117	26,683	–	83,139
thereof to associated companies	[25,340]	[15,928]	[9,412]	–	[41,764]
Obligations from loans granted	77,167	9,467	–	67,700	61,246
thereof to associated companies	[77,167]	[9,467]	–	[67,700]	[61,246]
Obligations from rental contracts and leases	352,152	36,763	121,091	194,298	42,265
thereof to associated companies	[3,735]	[2,988]	[747]	–	[2,022]
Other	300	–	300	–	375
	770,685	**108,138**	**400,549**	**261,998**	**461,419**

Commitments from stock tender rights are recognized under consideration of the anticipated sales price at the time of exercise as well as the anticipated exercise date. The prior year amount was adjusted for reasons of comparability.

Unlimited financial obligations from rental contracts were considered up to the earliest possible termination.

The increase in obligations from rental contracts and leases is due to the fact that, in contrast to the previous year, obligations were considered over the full term of the underlying contract rather than merely for one year.

18. Derivative financial instruments

As at the closing date, the following derivative financial instruments were being used to reduce risks:

Interest-rate transactions

€ 1,000	Nominal volume	Fair values positive	Fair values negative	Book values positive	Book values negative
Interest-rate swaps					
Interest-rate swaps as valuation unit with derivative financial transactions	600,000	3,747	3,747		
Interest-rate swaps as valuation unit with primary financial transactions	850,000	5,499			
Other interest-rate swaps	500,000		3,128		
thereof included in:					
Other assets				36,370	
Prepaid expenses and deferred charges				61	
Provisions for risks from financial transactions					3,128
Other liabilities					10,755
Deferred income					2,641
	1,950,000	**9,246**	**6,875**	**36,431**	**16,524**
Caps					
Caps as valuation unit with primary financial transactions	750,000	3,406			
thereof included in:					
Other assets				4,758	
	750,000	**3,406**		**4,758**	

Currency transactions

€ 1,000	Nominal volume	Fair value positive	Fair value negative	Book value positive	Book value negative
Forex futures					
Forex futures as valuation unit with derivative financial transactions	6,606	204	200		
Forex futures as valuation unit with primary financial transactions	268,411	552	589		
Other forex futures	11,400	358	55		
thereof included in:					
Provisions for risks from financial transactions					55
	286,417	**1,114**	**844**		**55**
Currency options					
Currency options as valuation unit with derivative financial transactions	422	26	26		
	422	**26**	**26**		
Interest-rate/currency swaps					
Interest-rate/currency swaps as valuation unit with derivative financial transactions	1,284,859	45,894	45,894		
thereof included in:					
Other assets				817	
Other liabilities					835
	1,284,859	**45,894**	**45,894**	**817**	**835**

The fair values of derivative financial instruments are calculated according to the net present value method and recognized option pricing models based on interest rates and currency exchange rates published by Reuters.

Please refer to no. 1 for details on the balance sheet treatment and measurement of derivative financial instruments.

19. Other legal issues

Status of judicial review proceedings

The share exchange ratios fixed for the 1996 mergers of Asko Deutsche Kaufhaus AG and Deutsche SB-Kauf AG with METRO AG are being reviewed upon application by former stockholders in judicial review proceedings. The applicants claim that the respective share exchange ratios were understated to their detriment.

These two judicial review proceedings are still pending before the Regional Courts of Saarbrücken and Frankfurt/Main.

Resolutions of the annual general meeting on May 22, 2003

Action for avoidance and nullity was lodged before the Regional Court of Düsseldorf, commercial division (file no. 41 O 122/03) against the following resolutions adopted by the annual general meeting of METRO AG on May 22, 2003:

1. The resolution on agenda item 3, with which the annual general meeting approved the acts of the Management Board and

2. The resolution on agenda item 5, with which the annual general meeting elected FASSELT & PARTNER Wirtschaftsprüfungsgesellschaft, Duisburg, as auditor of the company for the 2003 fiscal year.

In a ruling issued on September 28, 2005, the 11th Chamber for Commercial Matters in the Regional Court of Düsseldorf voided the decision on agenda item 5 with which the annual general meeting elected FASSELT & PARTNER Wirtschaftsprüfungsgesellschaft, Duisburg, as auditor for fiscal year 2003.

The chamber dismissed the lawsuit filed against the decision on agenda item 3 with which the annual general meeting approved the acts of the Management Board.

The petitioners and the company have appealed the ruling. As a result, the regional court ruling has not gone into legal effect yet and the decisions that have been challenged remain valid. The appeal is pending in the Higher Regional Court Düsseldorf (I-6 U 241/05). Oral proceedings have not been held yet.

Notes to the income statement of METRO AG

20. Net investment income

€ 1,000	2005	2004
Income from profit and loss transfer agreements	943,892	830,468
Income from investments	358,465	26,716
thereof from associated companies	[357,210]	[23,425]
Expenses from loss absorption	(642,267)	(28,563)
Book gains from the disposal of financial assets	53,739	–
thereof Loyalty Partner GmbH	[45,700]	–
Book losses from the disposal of financial assets	(308)	–
Book losses from the disposal of marketable securities	(130,679)	–
Write-downs on financial assets and marketable securities	(211,751)	(4,173)
thereof Metro Einzelhandel Holding GmbH	[(110,000)]	–
thereof Praktiker Bau- und Heimwerkermärkte Holding AG	[(91,625)]	–
Income from write-ups on financial assets	9,900	–
	380,991	**824,448**

Income from profit and loss transfer agreements included profit absorption from the Metro Cash & Carry, Media Markt and Saturn, Kaufhof sales divisions as well as other companies.

Income from investments related mostly to real estate investments.

Aside from operative results, profits absorbed and investment income included earnings from the dissolution of reserves backed by retained earnings from previous years.

Expenses from loss absorption of € 510.000 million resulted from write-downs on investments in the grocery retail segment.

Book losses of € 130.679 million resulting from the initial public offering of Praktiker Bau- und Heimwerkermärkte Holding AG included the difference between book values and proceeds from the share placement as well as the transaction costs of the public offering.

Write-downs on financial assets and marketable securities resulted from the consideration of the lower of cost or market at the closing date. With respect to the shares held for sale in Praktiker Bau- und Heimwerkermärkte Holding AG, the market value at the closing date and anticipated transaction costs were considered.

Write-ups on financial assets were carried out insofar as the reasons for write-downs carried out in earlier years no longer applied.

21. Financial result

€ 1.000	2005	2004
Other interest and related income	159,252	165,551
thereof from associated companies	[119,672]	[114,708]
Income from long-term loans	41,319	36,375
thereof from associated companies	[38,928]	[32,809]
Other financial income	10,755	11,235
thereof from associated companies	[1,242]	[842]
Interest and similar expenses	(282,911)	(319,642)
thereof to associated companies	[(107,268)]	[(125,536)]
Other financial expenses	(27,772)	(13,738)
	(99,357)	**(120,219)**

As in the previous year, other interest and related income resulted mainly from financial transaction settlement with METRO Group companies.

At € 31.820 million, income from long-term loans was related mostly to a long-term loan to Asset Immobilienbeteiligungen GmbH.

A total of € 203.311 million in interest and related expenses was due to interest from current monetary transactions, while € 79.600 million related to interest on long-term liabilities.

The other financial expenses item primarily included commissions.

22. Other operating income

€ 1,000	2005	2004
Rents	42,260	46,086
Administrative services for subsidiaries	37,974	37,063
Income from the write-back of provisions	1,095	20,068
Book gains from the disposal of assets	162	309
Other income	2,938	3,493
	84,429	**107,019**

Rents primarily reflected transitory real estate rents.

The administrative services for subsidiaries included charged-on services rendered by METRO AG for the sales divisions and cross-divisional service companies of the METRO Group.

23. Personnel expenses

€ 1,000	2005	2004
Wages and salaries	38,237	41,521
Social security contributions, expenses for pensions and related benefits	(5,159)	2,178
thereof for pensions	[(8,391)]	[(878)]
	33,078	**43,699**

In 2005, the stock bonus plan launched in 2004 was continued as a long-term remuneration component. This stock bonus plan foresees an annual cash bonus for senior executives (including the members of the Management Board) that is payable after a period of three years, starting eight weeks after the respective annual general meeting of METRO AG (closing date). METRO AG has hedged the options from this stock option plan and the stock option program launched in previous years by acquiring stock options. The expenses for these transactions will be prorated on a straight-line basis over the term of the respective tranches. In fiscal 2005, they amounted to € 2.378 million (previous year € 1.909 million). For an unhedged part of the option from 2003, a provision of € 0.277 million (previous year € 0.167 million) was formed.

Wages and salaries included year-end payments and provisions for extraordinary payments totaling € 11.583 million (previous year € 16.349 million).

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The decrease in social security contributions and expenses for pensions and related benefits included a gain of € 18.581 million from the reinstatement of the original value of the fund assets of a benevolent program as of the closing date.

24. Other operating expenses

€ 1,000	2005	2004
General administrative expenses	49,354	45,212
Real estate rents	45,922	49,603
Guarantee and warranty risks	23,100	–
Legal and other consulting fees	17,568	28,894
Service fees charged by subsidiaries to METRO AG	15,112	26,234
Allocation of positive synergy effects to sales divisions	14,993	11,015
Litigation risks	12,001	1,468
Write-downs on other assets	4,085	1,788
Other items	19,509	23,762
	201,644	**187,976**

Adequate provisions were formed to account for guarantee and warranty risks to subsidiaries as well as for litigation risks.

The auditor's fee can be broken down as follows:

€ 1,000	2005
KPMG Deutsche Treuhand-Gesellschaft AG	
Audit	620
Other certification or evaluation services	0
Tax consultation services	118
Other services	374
	1,112
PKF FASSELT & PARTNER Wirtschaftsprüfungsgesellschaft	
Audit	1,237
Other certification or evaluation services	445
Tax consultation services	25
Other services	1,370
	3,077

Only services that are consistent with the task as the auditor of the annual financial statements and the consolidated financial statements of METRO AG were provided.

25. Income taxes

This item shows tax expenses netted against tax refunds.

26. Appropriation of balance sheet profit, dividend

In accordance with the resolution of the annual general meeting on May 18, 2005, a dividend totaling € 333.596 million was paid from the total balance sheet profit of € 355.961 million reported for fiscal 2004.

The Supervisory Board and the Management Board of METRO AG propose to the annual general meeting that the reported balance sheet profit of € 337.475 million be used to pay a dividend of € 1.020 per share of common stock and € 1.122 per share of preferred stock for a total € 333.596 million, and that the remaining € 3.879 million be carried forward to new account.

The balance sheet profit of € 337.475 million includes € 22.365 million in profit carried forward from the year before.

Other notes

27. Employees

METRO AG's workforce averaged 297 in fiscal 2005, calculated from the four quarters. This total included two wage earners and 295 salaried employees. Part-time and temporary employees have been converted to full-time equivalents.

28. Stock ownership

Pursuant to § 285 Section 1 no. 11 and 11a HGB (German Commercial Code), the statement of stock ownership of METRO AG is included in a separate list of stock ownership deposited with the commercial register of the District Court of Düsseldorf (HRB 39473).

29. Group affiliation

The annual financial statements of METRO AG, Düsseldorf, are included in the consolidated financial statements of METRO AG, which were prepared in accordance with International Financial Reporting Standards (IFRS). The consolidated financial statements of METRO AG are deposited with the District Court of Düsseldorf (HRB 39473) and published in the Federal Gazette. The publication is made excluding a list of stock ownership pursuant to § 313 HGB.

30. Disclosures pursuant to § 160 Section 1 no. 8 AktG

METRO AG was informed of existing participations pursuant to § 21 Section 1 WpHG (German Securities Trading Act) by means of written notifications as per February 17, 2006, and February 24, 2006.

The contents of the notification of February 17, 2006, were published as follows:

"Franz Haniel & Cie. GmbH, Franz-Haniel-Platz 1, 47119 Duisburg, sent us, METRO AG, Schlüterstraße 1, 40235 Düsseldorf, in accordance with § 21 Subsection 1, 24 of the German Securities Trading Act, a notification dated February 17, 2006 with the following contents:

'We, Franz Haniel & Cie. GmbH, hereby notify you in accordance with §§ 24, 21 Section 1 of the German Securities Trading Act on behalf of our subsidiary, Haniel Finance Deutschland GmbH, Franz-Haniel-Platz 1, 47119 Duisburg, that on February 13, 2006 the share of the voting rights of Haniel Finance Deutschland GmbH in METRO AG, Düsseldorf, exceeded the 5%, 10%, 25% and 50% thresholds and has amounted to 55.62% since this time. A total of 55.62% of the voting rights is attributable to Haniel Finance Deutschland GmbH in accordance with § 22 Section 2 Subsection 1 of the German Securities Trading Act, whereas 39.51% of the voting rights are also attributable in accordance with § 22 Section 1 Subsection 1 Sentence 1 of the German Securities Trading Act.'"

The contents of the notification of February 24, 2006, which was foreseen for immediate publication, were as follows:

"Freshfields Bruckhaus Deringer, Taunusanlage 11, 60329 Frankfurt am Main, sent us, METRO AG, Schlüterstraße 1, 40235 Düsseldorf, in the name of and on behalf of the persons and companies listed below in accordance with § 21 Section 1 of the German Securities Trading Act and in part also in accordance with § 41 Section 2 of the German Securities Trading Act a notification dated February 24, 2006, with the following contents:

'METRO Vermögensverwaltung GmbH & Co. KG, Düsseldorf, has made notifications to you in its own name as well as in the name of and on behalf of the persons and companies listed below, in accordance with § 21 et seq. of the German Securities Trading Act and in part also in accordance with § 41 Section 2 of the German Securities Trading Act, which we, Freshfields Bruckhaus Deringer, Frankfurt, hereby amend in the name of and on behalf of the persons and companies listed below, without there having been a change in the meantime in the participation rights of the persons and companies listed below required to be notified, and which completely read as follows:

1. **METRO Vermögensverwaltung GmbH & Co. KG**

   In accordance with § 21 Section 1 of the German Securities Trading Act (in the version applicable on July 22, 1996), we notify you that on July 22, 1996, the date of first admission of the shares of METRO AG, Düsseldorf, to official trading, the share of voting rights held by METRO Vermögensverwaltung GmbH & Co. KG, Düsseldorf (address: Metro-Straße 1, 40235 Düsseldorf), amounted to more than 5%, 10%, 25% and 50% of the voting rights and in fact amounted at that time to 67.16% of the voting rights. A total of 66.97% of the voting rights was held directly by METRO Vermögensverwaltung GmbH & Co. KG, an additional 0.19% of the voting rights was attributed to it in accordance with § 22 Section 1 Subsection 2 of the German Securities Trading Act (in the version applicable on July 22, 1996).

   In accordance with § 21 Section 1 of the German Securities Trading Act (in the version applicable on November 20, 1998), we further notify you that on November 20, 1998, the share of voting rights held in METRO AG, Düsseldorf, by METRO Vermögensverwaltung GmbH & Co. KG, Düsseldorf (address: Metro-Straße 1, 40235 Düsseldorf), fell below the threshold of 50% and amounted at that time to 43.34% of the voting rights. A total of 43.20% of the voting rights was held directly by METRO Vermögensverwaltung GmbH & Co. KG, an additional 0.14% of the voting rights was attributed to it in accordance with § 22 Section 1 Subsection 2 of the German Securities Trading Act (in the version applicable on November 20, 1998).

   The share of voting rights held in METRO AG, Düsseldorf, by METRO Vermögensverwaltung GmbH & Co. KG, Düsseldorf (address: Metro-Straße 1, 40235 Düsseldorf), on December 28, 2000, amounted, without change, to more than 5%, 10% and 25% of the voting rights and in fact amounted at that time to 45.83% of the voting rights. A total of 40.21% of the voting rights was held directly by METRO Vermögensverwaltung GmbH & Co. KG. An additional 0.13% of the voting rights was attributed to it in accordance with § 22 Section 1 Subsection 2 of the German Securities Trading Act (in the version applicable on December 28, 2000), and an additional 5.49% of the voting rights was attributed to it in accordance with § 22 Section 1 Subsection 3 of the German Securities Trading Act (in the version applicable on December 28, 2000).

   In accordance with § 21 Section 1 of the German Securities Trading Act (in the version applicable on May 23, 2001), we further notify you that on May 23, 2001, the share of voting rights held in METRO AG, Düsseldorf, by METRO Vermögensverwaltung GmbH & Co. KG, Düsseldorf (address: Metro-Straße 1, 40235 Düsseldorf), exceeded the threshold of 50% of the voting rights and amounted at that time to 56.61% of the voting rights. A total of 40.21% of the voting rights was held directly by METRO Vermögensverwaltung GmbH & Co. KG, and an additional 0.13% of the voting rights was attributed to it in accordance with § 22 Section 1 Subsection 2 of the German Securities Trading Act (in the version applicable on May 23, 2001), and an additional 16.27% of the voting rights was attributed to it in accordance with § 22 Section 1 Subsection 3 of the German Securities Trading Act (in the version applicable on May 23, 2001).

In accordance with § 41 Section 2 of the German Securities Trading Act, we further notify you that on April 1, 2002, the share of voting rights held in METRO AG, Düsseldorf, by METRO Vermögensverwaltung GmbH & Co. KG, Düsseldorf (address: Metro-Straße 1, 40235 Düsseldorf), amounted to 55.68% of the voting rights. A total of 39.39% of the voting rights was held by it directly, 16.17% of the voting rights was attributed to it in accordance with § 22 Section 2 Subsection 1 of the German Securities Trading Act and an additional 0.13% of the voting rights was attributed to it in accordance with § 22 Section 1 Subsection 1 Sentence 1 of the German Securities Trading Act. The share of voting rights held in METRO AG, Düsseldorf, by METRO Vermögensverwaltung GmbH & Co. KG, Düsseldorf (address: Metro-Straße 1, 40235 Düsseldorf), on July 1, 2004, amounted, without change, to more than 5%, 10%, 25% and 50% of the voting rights and in fact amounted at that time to 55.68% of the voting rights. A total of 14.51% of the voting rights was held by it directly. An additional 41.17% of the voting rights was attributed to it in accordance with §22 Section 2 Subsection 1 of the German Securities Trading Act, whereof 25% of the voting rights plus one single vote was attributed to it at the same time in accordance with § 22 Section 1 Subsection 1 Sentence 1 of the German Securities Trading Act.

On today's date, February 24, 2006, the share of voting rights held in METRO AG, Düsseldorf, by METRO Vermögensverwaltung GmbH & Co. KG, Düsseldorf, amounted to 55.62% of the voting rights. A total of 14.51% of the voting rights was held by it directly. An additional 41.11% of the voting rights was attributable to it in accordance with § 22 Section 2 Subsection 1 of the German Securities Trading Act, whereof 25% of the voting rights plus one single vote was attributable to it at the same time in accordance with § 22 Section 1 Subsection 1 Sentence 1 of the German Securities Trading Act.

2. METRO Vermögensverwaltung GmbH

In accordance with § 21 Section 1 of the German Securities Trading Act (in the version applicable on July 22, 1996), we notify you that on July 22, 1996, the date of first admission of the shares of METRO AG, Düsseldorf, to official trading, the share of voting rights held by METRO Vermögensverwaltung GmbH (address: Metro-Straße 1, 40235 Düsseldorf), in respect of its capacity as general partner of METRO Vermögensverwaltung GmbH & Co. KG, Düsseldorf, amounted to more than 5%, 10%, 25% and 50% of the voting rights and in fact amounted at that time to 67.16% of the voting rights. A total of 67.16% of the voting rights was attributed to METRO Vermögensverwaltung GmbH, Düsseldorf in accordance with § 22 Section 1 Subsection 2 of the German Securities Trading Act (in the version applicable on July 22, 1996).

In accordance with § 21 Section 1 of the German Securities Trading Act (in the version applicable on November 20, 1998), we further notify you that on November 20, 1998, the share of voting rights held in

METRO AG, Düsseldorf, by METRO Vermögensverwaltung GmbH, Düsseldorf (address: Metro-Straße 1, 40235 Düsseldorf), in respect of its capacity as general partner of METRO Vermögensverwaltung GmbH & Co. KG, Düsseldorf, fell below the threshold of 50% and amounted at that time to 43.34% of the voting rights. A total of 43.34% of the voting rights was attributed to METRO Vermögensverwaltung GmbH in accordance with § 22 Section 1 Subsection 2 of the German Securities Trading Act (in the version applicable on November 20, 1998). The share of voting rights held in METRO AG, Düsseldorf, by METRO Vermögensverwaltung GmbH, Düsseldorf (address: Metro-Straße 1, 40235 Düsseldorf), in respect of its capacity as general partner of METRO Vermögensverwaltung GmbH & Co. KG, Düsseldorf, amounted on December 28, 2000, to more than 5%, 10% and 25% of the voting rights and in fact amounted at that time to 45.83% of the voting rights. A total of 45.83% of the voting rights was attributed to METRO Vermögensverwaltung GmbH in accordance with § 22 Section 1 Subsection 3 of the German Securities Trading Act (in the version applicable on December 28, 2000), whereof 40.34% of the voting rights was attributed to it at the same time in accordance with § 22 Section 1 Subsection 2 of the German Securities Trading Act (in the version applicable on December 28, 2000).

In accordance with § 21 Section 1 of the German Securities Trading Act (in the version applicable on May 23, 2001), we further notify you that on May 23, 2001, the share of voting rights held in METRO AG, Düsseldorf, by METRO Vermögensverwaltung GmbH, Düsseldorf (address: Metro-Straße 1, 40235 Düsseldorf), in respect of its capacity as general partner of METRO Vermögensverwaltung GmbH & Co. KG, Düsseldorf, exceeded the threshold of 50% of the voting rights and amounted at that time to 56.61% of the voting rights. A total of 56.61% of the voting rights was attributed to METRO Vermögensverwaltung GmbH in accordance with § 22 Section 1 Subsection 3 of the German Securities Trading Act (in the version applicable on May 23, 2001), whereof 40.34% of the voting rights was attributed to it at the same time in accordance with § 22 Section 1 Subsection 2 of the German Securities Trading Act (in the version applicable on May 23, 2001).

In accordance with § 41 Section 2 of the German Securities Trading Act, we further notify you that on April 1, 2002, the share of voting rights held in METRO AG, Düsseldorf, by METRO Vermögensverwaltung GmbH, Düsseldorf (address: Metro-Straße 1, 40235 Düsseldorf), in respect of its capacity as general partner of METRO Vermögensverwaltung GmbH & Co. KG, Düsseldorf, amounted to 55.68% of the voting rights. A total of 55.68% of the voting rights was attributed to it in accordance with § 22 Section 2 Subsection 1 of the German Securities Trading Act, whereof 39.51% of the voting rights were attributed to it at the same time in accordance with § 22 Section 1 Subsection 1 Sentence 1.

On today's date, February 24, 2006, the share of voting rights held by Metro Vermögensverwaltung GmbH, Düsseldorf (address: Metro-Straße 1, 40235 Düsseldorf), in respect of its capacity as general partner of METRO Vermögensverwaltung GmbH & Co. KG, Düsseldorf, amounted to 55.62% of the voting rights. A total of 55.62% of the voting rights was attributable to it in accordance with § 22 Section 2 Subsection 1 of the German Securities Trading Act, whereof 39.51% of the voting rights was attributable to it at the same time in accordance with § 22 Section1 Subsection 1 Sentence 1 of the German Securities Trading Act.

3. **METRO Holding GmbH**

In accordance with § 21 Section 1 of the German Securities Trading Act (in the version applicable on July 22, 1996), we notify you that on July 22, 1996, the date of first admission of the shares of METRO AG, Düsseldorf, to official trading, the share of voting rights held by METRO Holding AG, Baar/Switzerland (address: Neuhofstr. 4, 6341 Baar/Switzerland), amounted to more than 5%, 10%, 25% and 50% of the voting rights and in fact amounted at that time to 67.16% of the voting rights. A total of 67.16% of the voting rights was attributed to METRO Holding AG, Baar/Switzerland, in accordance with § 22 Section 1 Subsection 2 of the German Securities Trading Act (in the version applicable on July 22, 1996).

We further notify you that on November 20, 1998, the share of voting rights held in METRO AG, Düsseldorf, by METRO Holding AG, Baar/Switzerland (address: Neuhofstr. 4, 6341 Baar/Switzerland), amounted, without change, to more than 5%, 10%, 25% and 50% of the voting rights and amounted at that time to 53.44% of the voting rights. A total of 53.44% of the voting rights was attributed to METRO Holding AG in accordance with § 22 Section 1 Subsection 2 of the German Securities Trading Act (in the version applicable on November 20, 1998).

In accordance with § 21 Section 1 of the German Securities Trading Act (in the version applicable on October 13, 2000), we further notify you that on October 13, 2000, the share of voting rights held in METRO AG, Düsseldorf, by METRO Holding AG Baar/Switzerland (address: Neuhofstr. 4, 6341 Baar/ Switzerland), fell below the thresholds of 50% and 25% and amounted at that time to 16.18%. A total of 16.18% of the voting rights was attributed to METRO Holding AG in accordance with § 22 Section 1 Subsection 2 of the German Securities Trading Act (in the version applicable on October 13, 2000).

We further notify you that on December 28, 2000, the share of voting rights held in METRO AG, Düsseldorf, by METRO Holding AG, Baar/Switzerland (address: Neuhofstr. 4, 63401Baar/Switzerland), amounted, without change, to more than 5% and 10% of the voting rights and in fact amounted to 10.79% of the voting rights. A total of 10.79% of the voting rights was attributed to METRO Holding AG in accordance with § 22 Section 1 Subsection 2 of the German Securities Trading Act (in the version applicable on December 28, 2000).

Furthermore, we notify you in accordance with § 21 Section 1 of the German Securities Trading Act (in the version applicable on May 23, 2001) that on May 23, 2001, the share of voting rights held in METRO AG, Düsseldorf, by METRO Holding AG, Baar/Switzerland (address: Neuhofstr. 4, 6341 Baar/Switzerland), fell below the thresholds of 10% and 5% and has since then, without change, amounted to 0%.

4. **Ligapart AG**

In accordance with § 21 Section 1 of the German Securities Trading Act (in the version applicable on November 20, 1998), we notify you that on November 20, 1998, the share of voting rights held in METRO AG, Düsseldorf, by Ligapart AG, Baar/Switzerland (address: Neuhofstr. 4, 6341 Baar/Switzerland), exceeded the thresholds of 5% and 10% of the voting rights and amounted at that time to 10.10%. A total of 10.10% of the voting rights was held directly by Ligapart AG.

We further notify you that on December 28, 2000, the share of voting rights held in METRO AG, Düsseldorf, by Ligapart AG, Baar/Switzerland (address: Neuhofstr. 4, 6341 Baar/Switzerland), amounted, without change, to more than 5% and 10% of the voting rights and in fact amounted at that time to 10.79% of the voting rights. A total of 10.79% of the voting rights was held directly by Ligapart AG.

In accordance with § 21 Section 1 of the German Securities Trading Act (in the version applicable on May 9, 2001), we further notify you that on May 9, 2001, the share of voting rights held in METRO AG, Düsseldorf, by Ligapart AG, Baar/Switzerland (address: Neuhofstr. 4, 6341 Baar/Switzerland), fell below the thresholds of 10% and 5% of the voting rights and has since then amounted to 0%.

5. 1. HSB Beteiligungsverwaltung GmbH & Co. KG

In accordance with § 21 Section 1 of the German Securities Trading Act, we notify you that on July 1, 2004, the share of voting rights held in METRO AG, Düsseldorf, by 1. HSB Beteiligungsverwaltung GmbH & Co. KG, Schönefeld-Waltersdorf (address: Am Pechpfuhl 1b, 12529 Schönefeld-Waltersdorf), exceeded the thresholds of 5%, 10%, 25% and 50% and amounted at that time to 55.68% of the voting rights. A total of 25% of the voting rights plus one single vote was held directly by 1. HSB Beteiligungsverwaltung GmbH & Co. KG, and an additional 30.68% of the voting rights was attributed to it in accordance with § 22 Section 2 Subsection 1 of the German Securities Trading Act.

On today's date, February 24, 2006, the share of voting rights held in METRO AG, Düsseldorf, by 1. HSB Beteiligungsverwaltung GmbH & Co. KG, Schönefeld- Waltersdorf, amounted to 55.62% of the voting rights. Without change, 25% of the voting rights plus one single vote was held by it directly, and an additional 30.62% of the voting rights was attributable to it in accordance with § 22 Section 2 Subsection 1 of the German Securities Trading Act.

6. 1. HSB Verwaltung GmbH

In accordance with § 21 Section 1 of the German Securities Trading Act, we notify you that on July 1, 2004, the share of voting rights held in METRO AG, Düsseldorf, by 1. HSB Verwaltung GmbH, Schönefeld-Waltersdorf (address: Am Pechpfuhl 1b, 12529 Schönefeld-Waltersdorf), in respect of its capacity as general partner of 1. HSB Beteiligungsverwaltung GmbH & Co. KG, Schönefeld-Waltersdorf, exceeded the thresholds of 5%, 10%, 25% and 50% and amounted at that time to 55.68% of the voting rights. A total of 55.68% of the voting rights was attributed to it in accordance with § 22 Section 2 Subsection 1 of the German Securities Trading Act, whereof 25% of the voting rights plus one single vote was attributed to it at the same time in accordance with § 22 Section 1 Subsection 1 of the German Securities Trading Act.

On today's date, February 24, 2006, the share of voting rights held in METRO AG, Düsseldorf, by 1. HSB Verwaltung GmbH, Schönefeld-Waltersdorf, in respect of its capacity as general partner of 1. HSB Beteiligungsverwaltung GmbH & Co. KG, Schönefeld-Waltersdorf, amounted, without change, to 55.62% of the voting rights. A total of 55.62% of the voting rights was, without change, attributable to it in accordance with § 22 Section 2 Subsection 1 of the German Securities Trading Act, whereof 25% of the voting rights plus one single vote was attributable to it at the same time in accordance with § 22 Section 1 Subsection 1 Sentence 1 of the German Securities Trading Act.

7. **Haniel Finance B. V.**

We further notify you in accordance with § 21 Section 1 of the German Securities Trading Act (in the version applicable on December 28, 2000) that on December 28, 2000, the share of voting rights held in METRO AG, Düsseldorf, by Haniel Finance B.V., Venlo/Netherlands (address: Hakkesstraat 23A, 5916 PX Venlo, Netherlands), exceeded the thresholds of 5%, 10% and 25% and amounted at that time to 45.83% of the voting rights. A total of 5.39% of the voting rights was held directly by Haniel Finance B.V. and an additional 40.43% of the voting rights was attributed to it in accordance with § 22 Section 1 Subsection 3 of the German Securities Trading Act (in the version applicable on December 28, 2000).

In accordance with § 21 Section 1 of the German Securities Trading Act (in the version applicable on May 23, 2001), we further notify you that on May 23, 2001, the share of voting rights held in METRO AG, Düsseldorf, by Haniel Finance B.V., Venlo/Netherlands (address: Hakkesstraat 23A, 5916 PX Venlo, Netherlands), exceeded the threshold of 50% of the voting rights and amounted at that time to 56.61% of the voting rights. A total of 5.39% of the voting rights was held directly by Haniel Finance B.V. and an additional 51.22% of the voting rights was attributed to it in accordance with § 22 Section 1 Subsection 3 of the German Securities Trading Act (in the version applicable on May 23, 2001).

In accordance with § 41 Section 2 of the German Securities Trading Act, we further notify you that on April 1, 2002, the share of voting rights held in METRO AG, Düsseldorf, by Haniel Finance B.V., Venlo/Netherlands (address: Hakkesstraat 23A, 5916 PX Venlo, Netherlands), amounted to 55.68%. A total of 5.39% of the voting rights was held by it directly and an additional 50.29% of the voting rights was attributed to it in accordance with § 22 Section 2 Subsection 1 of the German Securities Trading Act.

On today’s date, February 24, 2006, the share of voting rights held in METRO AG, Düsseldorf, by Haniel Finance B.V., Venlo/Netherlands, amounted to 55.62% of the voting rights. A total of 5.39% is held directly by it and an additional 50.23% of the voting rights is attributable to it in accordance with § 22 Section 2 Subsection 1 of the German Securities Trading Act.

8. **Franz Haniel & Cie. GmbH**

We further notify you in accordance with § 21 Section 1 of the German Securities Trading Act (in the version applicable on December 28, 2000) that on December 28, 2000, the share of voting rights held in METRO AG, Düsseldorf, by Franz Haniel & Cie. GmbH, Duisburg (address: Franz-Haniel-Platz 1, 47119 Duisburg), exceeded the thresholds of 5%, 10% and 25% and amounted at that time 45.83% of the voting rights. A total of 45.83% of the voting rights was attributed to Franz Haniel & Cie. GmbH in accordance with § 22 Section 1 Subsection 3 of the German Securities Trading Act (in the version applicable on December 28, 2000), whereof 5.39% of the voting rights was attributed to it at the same time in accordance with § 22 Section 1 Subsection 2 of the German Securities Trading Act (in the version applicable on December 28, 2000).

In accordance with § 21 Section 1 of the German Securities Trading Act (in the version applicable on May 23, 2001), we further notify you that on May 23, 2001, the share of voting rights held in METRO AG, Düsseldorf, by Franz Haniel & Cie. GmbH, Duisburg (address: Franz-Haniel-Platz 1, 47119 Duisburg), exceeded the threshold of 50% of the voting rights and amounted at that time to 56.61% of the voting rights. A total of 56.61% of the voting rights was attributed to Franz Haniel & Cie. GmbH in accordance with § 22 Section 1 Subsection 3 of the German Securities Trading Act (in the version applicable on May 23, 2001), whereof 5.39% of the voting rights was attributed to it at the same time in accordance also with § 22 Section 1 Subsection 2 of the German Securities Trading Act (in the version applicable on May 23, 2001).

In accordance with § 41 Section 2 of the German Securities Trading Act, we further notify you that on April 1, 2002, the share of voting rights held in METRO AG, Düsseldorf, by Franz Haniel & Cie. GmbH, Duisburg (address: Franz-Haniel-Platz 1, 47119 Duisburg), amounted to 55.68%. A total of 55.68% of the voting rights was attributed to it in accordance with § 22 Section 2 Subsection 1 of the German Securities Trading Act, whereof 44.91% of the voting rights was attributed to it at the same time in accordance with § 22 Section 1 Subsection 1 Sentence 1 of the German Securities Trading Act.

On today's date, February 24, 2006, the share of voting rights held in METRO AG, Düsseldorf, by Franz Haniel & Cie. GmbH, Duisburg, amounted to 55.62% of the voting rights. A total of 55.62% of the voting rights was attributable to it in accordance with § 22 Section 2 Subsection 1 of the German Securities Trading Act, whereof 44.91% of the voting rights was attributable to it at the same time in accordance with § 22 Section 1 Subsection 1 Sentence 1 of the German Securities Trading Act.

9. Beisheim Holding GmbH

Furthermore, we notify you in accordance with § 21 Section 1 of the German Securities Trading Act (in the version applicable on December 28, 2000) that on December 28, 2000, the share of voting rights held in METRO AG, Düsseldorf, by Beisheim Holding GmbH, Baar/Switzerland (address: Neuhofstraße 4, 6341 Baar, Switzerland), exceeded the thresholds of 5%, 10% and 25% and amounted at that time to 45.83% of the voting rights. A total of 45.83% of the voting rights was attributed to Beisheim Holding GmbH in accordance with § 22 Section 1 Subsection 3 of the German Securities Trading Act (in the version applicable on December 28, 2000).

In accordance with § 21 Section 1 of the German Securities Trading Act, we further notify you that on May 23, 2001, the share of voting rights held in METRO AG, Düsseldorf, by Beisheim Holding GmbH, Baar/Switzerland (address: Neuhofstraße 4, 6341 Baar, Switzerland), exceeded the threshold of 50% of the voting rights and amounted at that time to 56.61% of the voting rights. A total of 5.39% of the voting rights was held directly by Beisheim Holding GmbH and an additional 51.22% of the voting rights was attributed to it in accordance with § 22 Section 1 Subsection 3 of the German Securities Trading Act (in the version applicable on May 23, 2001).

In accordance with § 41 Section 2 of the German Securities Trading Act, we further notify you that on April 1, 2002, the share of voting rights held in METRO AG, Düsseldorf, by Beisheim Holding GmbH, Baar/Switzerland (address: Neuhofstraße 4, 6341 Baar, Switzerland), amounted to 55.68% of the voting rights. A total of 5.29% of the voting rights was held by it directly, and an additional 50.40% of the voting rights was attributed to it in accordance with § 22 Section 2 Subsection 1 of the German Securities Trading Act.

On today's date, February 24, 2006, the share of voting rights held in METRO AG, Düsseldorf, by Beisheim Holding GmbH, Baar/Switzerland, amounted to 55.62% of the voting rights. A total of 5.29% of the voting rights was held by it directly, and an additional 50.34% of the voting rights was attributable to it in accordance with § 22 Section 2 Subsection 1 of the German Securities Trading Act.

10. Prof. Otto Beisheim Stiftung

Furthermore, we notify you in accordance with § 21 Section 1 of the German Securities Trading Act (in the version applicable on December 28, 2000) that on December 28, 2000, the share of voting rights held in METRO AG, Düsseldorf, by Prof. Otto-Beisheim-Stiftung, Baar/Switzerland (address: Neuhofstraße 4, 6431 Baar, Switzerland), exceeded the thresholds of 5%, 10% and 25% and amounted at that time to 45.83% of the voting rights. A total of 45.83% of the voting rights was attributed to Prof. Otto Beisheim Stiftung in accordance with § 22 Section 1 Subsection 3 of the German Securities Trading Act (in the version applicable on December 28, 2000).

In accordance with § 21 Section 1 of the German Securities Trading Act (in the version applicable on May 23, 2001), we further notify you that on May 23, 2001, the share of voting rights held in METRO AG, Düsseldorf, by Prof. Otto Beisheim Stiftung, Baar/Switzerland (address: Neuhofstraße 4, 6431 Baar, Switzerland), exceeded the threshold of 50% of the voting rights and amounted at that time to 56.61% of the voting rights. A total of 5.39% of the voting rights was attributed to Prof. Otto Beisheim Stiftung in accordance with § 22 Section 1 Subsection 2 of the German Securities Trading Act (in the version applicable on May 23, 2001) and an additional 51.22 % of the voting rights was attributed to it in accordance with § 22 Section 1 Subsection 3 of the German Securities Trading Act (in the version applicable on May 23, 2001).

In accordance with § 41 Section 2 of the German Securities Trading Act, we further notify you that on April 1, 2002, the share of voting rights held in METRO AG, Düsseldorf, by Prof. Otto Beisheim Stiftung, Baar/Switzerland (address: Neuhofstraße 4, 6431 Baar, Switzerland), amounted to 55.68% of the voting rights. A total of 5.29% was attributed to it in accordance with § 22 Section 1 Subsection 1 Sentence 1 of the German Securities Trading Act, and an additional 50.40% of the voting rights was attributed to it in accordance with § 22 Section 2 Subsection 1 of the German Securities Trading Act.

On today's date, February 24, 2006, the share of voting rights held in METRO AG, Düsseldorf, by Prof. Otto Beisheim Stiftung, Baar/Switzerland, amounted to 55.62% of the voting rights. A total of 5.29% of the voting rights was attributable to it in accordance with § 22 Section 1 Subsection 1 Sentence 1 of the German Securities Trading Act and an additional 50.34% of the voting rights was attributable to it in accordance with § 22 Section 2 Subsection 1 of the German Securities Trading Act.

11. Suprapart AG

In accordance with § 21 Section 1 of the German Securities Trading Act (in the version applicable on December 28, 2000), we notify you that on December 28, 2000, the share of voting rights held in METRO AG, Düsseldorf, by Suprapart AG, Baar/Switzerland (address: Mühlegasse 36, 6340 Baar, Switzerland), exceeded the thresholds of 5%, 10% and 25% and amounted at that time to 45.83% of the voting rights. A total of 45.83% of the voting rights was attributed to Suprapart AG in accordance with § 22 Section 1 Subsection 3 of the German Securities Trading Act (in the version applicable on December 28, 2000).

In accordance with § 21 Section 1 of the German Securities Trading Act (in the version applicable on May 23, 2001), we further notify you that on May 23, 2001, the share of voting rights held in METRO AG, Düsseldorf, by Suprapart AG, Baar/Switzerland (address: Mühlegasse 36, 6340 Baar, Switzerland), exceeded the threshold of 50% of the voting rights and amounted at that time to 56.61% of the voting rights. A total of 5.39% of the voting rights was held directly by Suprapart AG, and an additional 51.22% was attributed to it in accordance with § 22 Section 1 Subsection 3 of the German Securities Trading Act (in the version applicable on May 23, 2001).

In accordance with § 41 Section 2 of the German Securities Trading Act, we further notify you that on April 1, 2002, the share of voting rights held in METRO AG, Düsseldorf, by Suprapart AG, Baar/Switzerland (address: Mühlegasse 36, 6340 Baar, Switzerland), amounted to 55.68% of the voting rights. A total of 5.39% of the voting rights was held by it directly, and an additional 50.29% of the voting rights was attributed to it in accordance with § 22 Section 2 Subsection 1 of the German Securities Trading Act.

On today's date, February 24, 2006, the share of voting rights held in METRO AG, Düsseldorf, by Suprapart AG, Baar/Switzerland, amounted to 55.62% of the voting rights. A total of 5.39% of the voting rights was held by it directly, and an additional 50.23% was attributable to it in accordance with § 22 Section 2 Subsection 1 of the German Securities Trading Act.

12. Supra Holding AG

In accordance with § 21 Section 1 of the German Securities Trading Act (in the version applicable on December 28, 2000), we notify you that on December 28, 2000, the share of voting rights held in METRO AG, Düsseldorf, by Supra Holding AG, Baar/Switzerland (address: Mühlegasse 36, 6340 Baar, Switzerland), exceeded the thresholds of 5%, 10% and 25% and amounted at that time to 45.83% of the voting rights. A total of 45.83% of the voting rights was attributed to it in accordance with § 22 Section 1 Subsection 3 of the German Securities Trading Act (in the version applicable on December 28, 2000).

In accordance with § 22 Section 1 of the German Securities Trading Act (in the version applicable on May 23, 2001), we further notify you that on May 23, 2001, the share of voting rights held in METRO AG, Düsseldorf, by Supra Holding AG, Baar/Switzerland (address: Mühlegasse 36, 6340 Baar, Switzerland), exceeded the threshold of 50% of the voting rights and amounted at that time to 56.61% of the voting rights. A total of 5.39% was attributed to Supra Holding AG in accordance with § 22 Section 1 Subsection 2 of the German Securities Trading Act (in the version applicable on May 23, 2001), and an additional 51.22% of the voting rights was attributed to it in accordance with § 22 Section 1 Subsection 3 of the German Securities Trading Act (in the version applicable on May 23, 2001).

In accordance with § 41 Section 2 of the German Securities Trading Act, we further notify you that on April 1, 2002, the share of voting rights held in METRO AG, Düsseldorf, by Supra Holding AG, Baar/Switzerland (address: Mühlegasse 36, 6340 Baar, Switzerland), amounted to 55.68% of the voting rights. A total of 5.39% of the voting rights was attributed to it in accordance with § 22 Section 1 Subsection 1 Sentence 1 of the German Securities Trading Act, and an additional 50.29% was attributed to it in accordance with § 22 Section 2 Subsection 1 of the German Securities Trading Act.

On today's date, February 24, 2006, the share of voting rights held in METRO AG, Düsseldorf, by Supra Holding AG, Baar/Switzerland, amounted to 55.62% of the voting rights. A total of 5.39% of the voting rights was attributable to it in accordance with § 22 Section 1 Subsection 1 Sentence 1 of the German Securities Trading Act, and an additional 50.23% of the voting rights was attributable to it in accordance with § 22 Section 2 Subsection 1 of the German Securities Trading Act.

13. Baluba Investment S.A.

In accordance with § 21 Section 1 of the German Securities Trading Act (in the version applicable on December 28, 2000), we notify you that on December 28, 2000, the share of voting rights held in METRO AG, Düsseldorf, by Baluba Investment S.A., Panama (address: c/o Arosemena Noriega & Contreras, Elvira Mendez Street No. 10, Banco do Brasil Building, City of Panama, Republic of Panama), exceeded the thresholds of 5%, 10% and 25% and amounted at that time to 45.83% of the voting rights. A total of 45.83% of the voting rights was attributed to it in accordance with § 22 Section 1 Subsection 3 of the German Securities Trading Act (in the version applicable on December 28, 2000).

In accordance with § 21 Section 1 of the German Securities Trading Act (in the version applicable on May 23, 2001), we notify you that on May 23, 2001, the share of voting rights held in METRO AG, Düsseldorf, by Baluba Investment S.A., Panama (address: c/o Arosemena Noriega & Contreras, Elvira Mendez Street No. 10, Banco do Brasil Building, City of Panama, Republic of Panama), exceeded the threshold of 50% and amounted at that time to 56.61% of the voting rights. A total of 5.39% of the voting rights was attributed to Baluba Investment S.A. in accordance with § 22 Section 1 Subsection 2 of the German Securities Trading Act (in the version applicable on May 23, 2001), and an additional 51.22% of the voting rights was attributed to it in accordance with § 22 Section 1 Subsection 3 of the German Securities Trading Act (in the version applicable on May 23, 2001).

Furthermore, we notify you in accordance with § 21 Section 1 of the German Securities Trading Act (in the version applicable on July 19, 2001) that on July 19, 2001, the share of voting rights held in METRO AG, Düsseldorf, by Baluba Investment S.A., Panama (address: c/o Arosemena Noriega & Contreras, Elvira Mendez Street No. 10, Banco do Brasil Building, City of Panama, Republic of Panama), fell below the thresholds of 50%, 25%, 10% and 5% and has since that time amounted, without change, to 0% of the voting rights.

14. Baluba Investment Ltd.

In accordance with § 21 Section 1 of the German Securities Trading Act (in the version applicable on July 19, 2001), we notify you that on July 19, 2001, the share of voting rights held in METRO AG, Düsseldorf, by Baluba Investment Ltd., St. Peter Port/Guernsey (address: Granary House, The Grange, St. Peter Port, Guernsey, GY1 2QQ, Guernsey), exceeded the thresholds of 5%, 10%, 25% and 50% and amounted at that time to 56.61% of the voting rights. A total of 5.39% of the voting rights was attributed to Baluba Investment Ltd. in accordance with § 22 Section 1 Subsection 2 of the German Securities Trading Act (in the version applicable on July 19, 2001), and an additional 51.22% was attributed to it in accordance with § 22 Section 1 Subsection 3 of the German Securities Trading Act (in the version applicable on July 19, 2001).

We further notify you in accordance with § 41 Section 2 of the German Securities Trading Act that as of April 1, 2002, the share of voting rights held in METRO AG, Düsseldorf, by Baluba Investment Ltd., St. Peter Port/Guernsey (address: Granary House, The Grange, St. Peter Port, Guernsey, GY1 2QQ, Guernsey), amounted to 55.68% of the voting rights. A total of 5.39% of the voting rights was attributed to Baluba Investment Ltd. in accordance with § 22 Section 1 Subsection 1 Sentence 1 of the German Securities Trading Act, and an additional 50.29% of the voting rights was attributed to it in accordance with § 22 Section 2 Subsection 1 of the German Securities Trading Act.

On today's date, February 24, 2006, the share of voting rights held in METRO AG, Düsseldorf, by Baluba Investment Ltd., St. Peter Port/Guernsey, amounted to 55.62% of the voting rights. A total of 5.39% was attributable to Baluba Investment Ltd. in accordance with § 22 Section 1 Subsection 1 Sentence 1 of the German Securities Trading Act, and an additional 50.23% of the voting rights was attributable to it in accordance with § 22 Section 2 Subsection 1 of the German Securities Trading Act.

15. Supra Trust (formerly WEKA Trust)

In accordance with § 21 Section 1 of the German Securities Trading Act (in the version applicable on December 28, 2000), we notify you that on December 28, 2000, the share of voting rights held in METRO AG, Düsseldorf, by CorTrust Reg. as trustee of WEKA Trust, Vaduz/Liechtenstein (address: Pflugstr. 10, FL 9490 Vaduz/Liechtenstein), exceeded the thresholds of 5%, 10% and 25% and amounted at that time to 45.83% of the voting rights. A total of 45.83% of the voting rights was attributed to it in accordance with § 22 Section 1 Subsection 3 of the German Securities Trading Act (in the version applicable on December 28, 2000).

In accordance with § 21 Section 1 of the German Securities Trading Act (in the version applicable on May 23, 2001), we further notify you that on May 23, 2001, the share of voting rights held in METRO AG, Düsseldorf, by CorTrust Reg. as trustee of WEKA Trust, Vaduz/Liechtenstein (address: Pflugstr. 10, FL 9490 Vaduz/Liechtenstein), exceeded the threshold of 50% of the voting rights and amounted at this time to 56.61% of the voting rights. A total of 5.39% of the voting rights was attributed to Supra Trust in accordance with § 22 Section 1 Subsection 2 of the German Securities Trading Act (in the version applicable on May 23, 2001), and an additional 51.22% of the voting rights was attributed to it in accordance with § 22 Section 1 Subsection 3 of the German Securities Trading Act (in the version applicable on May 23, 2001).

In accordance with § 41 Section 2 of the German Securities Trading Act, we further notify you that on April 1, 2002, the share of voting rights held in METRO AG, Düsseldorf, by CorTrust Reg. as trustee of WEKA Trust, Vaduz/Liechtenstein (address: Pflugstr. 10, FL 9490 Vaduz/Liechtenstein) amounted to 55.68% of the voting rights. A total of 5.39% of the voting rights was attributed to it in accordance with § 22 Section 1 Subsection 1 Sentence 1 of the German Securities Trading Act, and an additional 50.29% of the voting rights was attributed to it in accordance with § 22 Section 2 Subsection 1 of the German Securities Trading Act.

In accordance with § 21 Section 1 of the German Securities Trading Act, we further notify you that on January 1, 2005, the share of voting rights held in METRO AG, Düsseldorf, by CorTrust Reg. as trustee of WEKA Trust, Vaduz/Liechtenstein (address: Pflugstr. 10, FL 9490 Vaduz/Liechtenstein), fell below the thresholds of 50%, 25%, 10% and 5% of the voting rights and has since then amounted to 0% of the voting rights.

In accordance with § 21 Section 1 of the German Securities Trading Act, we notify you that on January 1, 2005, the share of voting rights held in METRO AG, Düsseldorf, by R&H Trust Co. (Guernsey) Ltd. as trustee of Supra Trust, St. Peter Port/Guernsey (address: Granary House, The Grange, St. Peter Port, Guernsey, GY1 2QQ, Guernsey), exceeded the thresholds of 5%, 10%, 25% and 50% and amounted at that time to 55.68% of the voting rights. A total of 5.39% of the voting rights was attributed to it in accordance with § 22 Section 1 Subsection 1 of the German Securities Trading Act, and an additional 50.29% of the voting rights was attributed to it in accordance with § 22 Section 2 Subsection 1 of the German Securities Trading Act.

On today's date, February 24, 2006, the share of voting rights held in METRO AG, Düsseldorf, by R&H Trust Co. (Guernsey) Ltd. as trustee of Supra Trust, St. Peter Port/Guernsey, amounted to 55.62% of the voting rights. A total of 5.39% of the voting rights was attributable to it in accordance with § 22 Section 1 Subsection 1 Sentence 1 of the German Securities Trading Act, and an additional 50.23% was attributable to it in accordance with § 22 Section 2 Subsection 1 of the German Securities Trading Act.

16. O.B. Betriebs GmbH

In accordance with § 21 Section 1 of the German Securities Trading Act, we notify you that on February 14, 2002, the share of voting rights held in METRO AG, Düsseldorf, by O.B. Betriebs-GmbH, Munich (address: Helene-Wessel-Bogen 39, 80939 München), exceeded the thresholds of 5%, 10%, 25% and 50% of the voting rights and amounted at that time to 55.79% of the voting rights. A total of 0.06% of the voting rights was held by it directly. The additional 55.72% of the voting rights was attributed to it in accordance with § 22 Section 2 Subsection 1 of the German Securities Trading Act, whereof 39.51% of the voting rights was attributed to it at the same time in accordance with § 22 Section 1 Subsection 1 Sentence 1 of the German Securities Trading Act.

In accordance with § 41 Section 2 of the German Securities Trading Act, we further notify you that on April 1, 2002, the share of voting rights held in METRO AG, Düsseldorf, by O.B. Betriebs-GmbH, Munich (address: Helene-Wessel-Bogen 39, 80939 München), amounted to 55.68%. A total of 0.06% of the voting rights was held by it directly. The additional 55.62% of the voting rights was attributed to it in accordance with § 22 Section 2 Subsection 1 of the German Securities Trading Act, whereof 39.51% of the voting rights was attributed to it at the same time in accordance with § 22 Section 1 Subsection 1 Sentence 1 of the German Securities Trading Act.

On today's date, February 24, 2006, the share of voting rights held in METRO AG, Düsseldorf, by O.B. Betriebs-GmbH, Munich, amounted to 55.62% of the voting rights. A total of 55.62% of the voting rights was attributable to it in accordance with § 22 Section 2 Subsection 1 of the German Securities Trading Act, whereof 39.51% of the voting rights was attributable to it at the same time in accordance with § 22 Section 1 Subsection 1 Sentence 1 of the German Securities Trading Act.

17. O.B.V. Vermögensverwaltungs GmbH & Co. KG

In accordance with § 21 Section 1 of the German Securities Trading Act (in the version applicable on December 28, 2000), we notify you that on December 28, 2000, the share of voting rights held in METRO AG, Düsseldorf, by O.B.V. Vermögensverwaltung GmbH & Co. KG, Düsseldorf (address: Mörsenbroicher Weg 200, 40470 Düsseldorf), exceeded the thresholds of 5%, 10% and 25% and amounted at that time to 45.83% of the voting rights. A total of 0.06% of the voting rights was held by it directly, and an additional 45.77% of the voting rights was attributed to it in accordance with § 22 Section 1 Subsection 3 of the German Securities Trading Act (in the version applicable on December 28, 2000).

In accordance with § 21 Section 1 of the German Securities Trading Act (in the version applicable on May 23, 2001), we further notify you that on May 23, 2001, the share of voting rights held in METRO AG, Düsseldorf, by O.B.V. Vermögensverwaltung GmbH & Co. KG, Düsseldorf (address: Mörsenbroicher Weg 200, 40470 Düsseldorf), exceeded the threshold of 50% of the voting rights and amounted at that time to 56.61% of the voting rights. A total of 0.06% of the voting rights was held by it directly, and an additional 56.55% of the voting rights was attributed to it in accordance with § 22 Section 1 Subsection 3 of the German Securities Trading Act (in the version applicable on May 23, 2001).

In accordance with § 41 Section 2 of the German Securities Trading Act, we further inform you that on April 1, 2002, the share of voting rights held in METRO AG, Düsseldorf, by O.B.V. Vermögensverwaltung GmbH & Co. KG, Düsseldorf (address: Mörsenbroicher Weg 200, 40470 Düsseldorf), amounted to 55.68%. A total of 0.06% of the voting rights was attributed to it in accordance with § 22 Section 1 Subsection 1 Sentence 1 of the German Securities Trading Act. The additional 55.62% of the voting rights was attributed to it in accordance with § 22 Section 2 Subsection 1 of the German Securities Trading Act, whereof 39.51% of the voting rights was attributed to it at the same time in accordance with § 22 Section 1 Subsection 1 Sentence 1 of the German Securities Trading Act.

On today's date, February 24, 2006, share of voting rights held in METRO AG, Düsseldorf, by O.B.V. Vermögensverwaltungs GmbH & Co. KG, Düsseldorf, amounted to 55.62% of the voting rights. A total of 55.62% of the voting rights was attributable to it in accordance with § 22 Section 2 Subsection 1 of the German Securities Trading Act, whereof 39.51% of the voting rights was attributable to it at the same time in accordance with § 22 Section 1 Subsection 1 of the German Securities Trading Act.

18. O.B.V. Vermögensverwaltungs GmbH

In accordance with § 21 Section 1 of the German Securities Trading Act (in the version applicable on December 28, 2000), we notify you that on December 28, 2000, the share of voting rights held in METRO AG, Düsseldorf, by O.B.V. Vermögensverwaltungs GmbH, Düsseldorf (address: Mörsenbroicher Weg 200, 40470 Düsseldorf), in respect of its capacity as general partner of O.B.V. Vermögensverwaltungs GmbH & Co. KG, Düsseldorf, exceeded the thresholds of 5%, 10% and 25% and amounted at that time to 45.83% of the voting rights. A total of 0.06% of the voting rights was attributed to it in accordance with § 22 Section 1 Subsection 2 of the German Securities Trading Act (in the version applicable on December 28, 2000), and an additional 45.77% of the voting rights was attributed to it in accordance with § 22 Section 1 Subsection 3 of German Securities Trading Act (in the version applicable on December 28, 2000). In accordance with § 21 Section 1 of the German Securities Trading Act (in the version applicable on May 23, 2001), we further notify you that on May 23, 2001, the share of voting rights held in METRO AG, Düsseldorf, by O.B.V. Vermögensverwaltungs GmbH, Düsseldorf (address: Mörsenbroicher Weg 200, 40470 Düsseldorf), in respect of its capacity as general partner of O.B.V. Vermögensverwaltungs GmbH & Co. KG, Düsseldorf, exceeded the threshold of 50% of the voting rights and amounted at that time to 56.61% of the voting rights. A total of 0.06% of the voting rights was attributed to it in accordance with § 22 Section 1 Subsection 2 of the German Securities Trading Act (in the version applicable on May 23, 2001), and an additional 56.55% of the voting rights was attributed to it in accordance with § 22 Section 1 Subsection 3 of the German Securities Trading Act (in the version applicable on May 23, 2001).

In accordance with § 41 Section 2 of the German Securities Trading Act, we further notify you that on April 1, 2002, the share of voting rights held in METRO AG, Düsseldorf, by O.B.V. Vermögensverwaltungs GmbH, Düsseldorf (address: Mörsenbroicher Weg 200, 40470 Düsseldorf), in respect of its capacity as general partner of O.B.V. Vermögensverwaltungs GmbH & Co. KG, Düsseldorf, amounted to 55.68%. A total of 0.06% of the voting rights was attributed to it in accordance with § 22 Section 1 Subsection 1

Sentence 1 of the German Securities Trading Act. The additional 55.62% of the voting rights was attributed to it in accordance with § 22 Section 2 Subsection 1 of the German Securities Trading Act, whereof 39.51% of the voting rights was attributed to it at the same time in accordance with § 22 Section 1 Subsection 1 Sentence 1 of the German Securities Trading Act.

On today's date, February 24, 2006, the share of voting rights held in METRO AG, Düsseldorf, by O.B.V. Vermögensverwaltungs GmbH, Düsseldorf (address: Mörsenbroicher Weg 200, 40470 Düsseldorf), in respect of its capacity as general partner of O.B.V. Vermögensverwaltungs GmbH & Co. KG, Düsseldorf, amounted to 55.62% of the voting rights. A total of 55.62% of the voting rights was attributable to it in accordance with § 22 Section 2 Subsection 1 of the German Securities Trading Act, whereof 39.51% of the voting rights were attributable to it at the same time in accordance with § 22 Section 1 Subsection 1 of the German Securities Trading Act.

19. Prof. Dr. Otto Beisheim

In accordance with § 21 Section 1 of the German Securities Trading Act (in the version applicable on December 28, 2000), we notify you that on December 28, 2000, the share of voting rights held in METRO AG, Düsseldorf, by Prof. Dr. Otto Beisheim, Baar/Switzerland (address: Neuhofstr. 4, 6341 Baar, Switzerland), exceeded the thresholds of 5%, 10% and 25% and amounted at that time to 45.83% of the voting rights. A total of 0.06% of the voting rights was attributed to him in accordance with § 22 Section 1 Subsection 2 of the German Securities Trading Act (in the version applicable on December 28, 2000), and an additional 45.77% of the voting rights was attributed to him in accordance with § 22 Section 1 Subsection 3 of the German Securities Trading Act (in the version applicable on December 28, 2000).

In accordance with § 21 Section 1 of the German Securities Trading Act (in the version applicable on May 23, 2001), we further notify you that on May 23, 2001, the share of voting rights held in METRO AG, Düsseldorf, by Prof. Dr. Otto Beisheim, Baar/Switzerland (address: Neuhofstr. 4, 6341 Baar, Switzerland), exceeded the threshold of 50% and amounted at that time to 56.61% of the voting rights. A total of 0.06% of the voting rights was attributed to him in accordance with § 22 Section 1 Subsection 2 of the German Securities Trading Act (in the version applicable on May 23, 2001), and an additional 56.55% of the voting rights was attributed to him in accordance with § 22 Section 1 Subsection 3 of the German Securities Trading Act (in the version applicable on May 23, 2001).

In accordance with § 41 Section 2 of the German Securities Trading Act, we further notify you that on April 1, 2002, the share of voting rights held in METRO AG, Düsseldorf, by Prof. Dr. Otto Beisheim, Baar/Switzerland (address: Neuhofstr. 4, 6341 Baar, Switzerland), amounted to 55.68%. A total of 0.06% of the voting rights was attributed to him in accordance with § 22 Section 1 Subsection 1 Sentence 1 of the German Securities Trading Act. The additional 55.62% of the voting rights was attributed to him in accordance with § 22 Section 2 Subsection 1 of the German Securities Trading Act, whereof 39.51% of the voting rights was attributed to him at the same time in accordance with § 22 Section 1 Subsection 1 Sentence 1 of the German Securities Trading Act.

On today's date, February 24, 2006, the share of voting rights held in METRO AG, Düsseldorf, by Prof. Dr. Otto Beisheim, Baar/Switzerland, amounted to 55.62% of the voting rights. A total of 55.62% of the voting rights was attributable to him in accordance with § 22 Section 2 Subsection 1 of the German Securities Trading Act, whereof 39.51% of the voting rights was attributable to him at the same time in accordance with § 22 Section 1 Subsection 1 of the German Securities Trading Act.

20. BVG Beteiligungs- und Vermögensverwaltung GmbH

In accordance with § 21 Section 1 of the German Securities Trading Act, we notify you that on February 14, 2002, the share of voting rights held in METRO AG, Düsseldorf, by BVG Beteiligungs- und Vermögensverwaltung GmbH, Essen (address: Huyssenallee 44, 45128 Essen), exceeded the thresholds of 5%, 10%, 25% and 50% of the voting rights and amounted at that time to 55.79% of the voting rights. A total of 0.03% of the voting rights was attributed to it in accordance with § 22 Section 1 Subsection 1 Sentence 2 of the German Securities Trading Act. The additional 55.76% of the voting rights was attributed to it in accordance with § 22 Section 2 Subsection 1 of the German Securities Trading Act, whereof 39.51% of the voting rights was attributed to it at the same time in accordance with § 22 Section 1 Subsection 1 Sentence 1 of the German Securities Trading Act.

In accordance with § 41 Section 2 of the German Securities Trading Act, we further notify you that on April 1, 2002, the share of voting rights held in METRO AG, Düsseldorf, by BVG Beteiligungs- und Vermögensverwaltung GmbH, Essen (address: Huyssenallee 44, 45128 Essen), amounted to 55.68%. A total of 0.03% of the voting rights was attributed to it in accordance with § 22 Section 1 Subsection 1 Sentence 2 of the German Securities Trading Act. The additional 55.65% of the voting rights was attributed to it in accordance with § 22 Section 2 Subsection 1 of the German Securities Trading Act, whereof 39.51% of the voting rights was attributed to it at the same time in accordance with § 22 Section 1 Subsection 1 Sentence 1 of the German Securities Trading Act.

On today's date, February 24, 2006, the share of voting rights held in METRO AG, Düsseldorf, by BVG Beteiligungs- und Vermögensverwaltung GmbH, Essen, amounted to 55.62% of the voting rights. A total of 0.03% of the voting rights was attributable to it in accordance with § 22 Section 1 Subsection 1 Sentence 2 of the German Securities Trading Act, and an additional 55.59% of the voting rights was attributable to it in accordance with § 22 Section 2 Subsection 1 of the German Securities Trading Act, whereof 39.51% of the voting rights was attributable to it at the same time in accordance with § 22 Section 1 Subsection 1 Sentence 1 of the German Securities Trading Act.

21. Gebr. Schmidt GmbH & Co. KG

In accordance with § 21 Section 1 of the German Securities Trading Act (in the version applicable on December 28, 2000), we notify you that on December 28, 2000, the share of voting rights held in METRO AG, Düsseldorf, by Gebrüder Schmidt GmbH & Co. KG, Essen (address: Huyssenallee 44, 45128 Essen), exceeded the thresholds of 5%, 10% and 25% and amounted at that time to 45.83% of the voting rights. A total of 0.03% of the voting rights was held by it directly, and an additional 45.79% of the voting rights was attributed to it in accordance with § 22 Section 1 Subsection 3 of the German Securities Trading Act (in the version applicable on December 28, 2000).

In accordance with § 21 Section 1 of the German Securities Trading Act (in the version applicable on May 23, 2001), we further notify you that the share of voting rights held in METRO AG, Düsseldorf, by Gebrüder Schmidt GmbH & Co. KG, Essen (address: Huyssenallee 44, 45128 Essen), exceeded the threshold of 50% of the voting rights and amounted at that time to 56.61% of the voting rights. A total of 0.03% of the voting rights was held by it directly, and an additional 56.58% of the voting rights was attributed to it in accordance with § 22 Section 1 Subsection 3 of the German Securities Trading Act (in the version applicable on May 23, 2001).

In accordance with § 41 Section 2 of the German Securities Trading Act, we further notify you that on April 1, 2002, the share of voting rights held in METRO AG, Düsseldorf, by Gebrüder Schmidt GmbH & Co. KG, Essen (address: Huyssenallee 44, 45128 Essen), amounted to 55.68% of the voting rights. A total of 0.03% of the voting rights was held by it directly. The additional 55.65% of the voting rights was attributed to it in accordance with § 22 Section 2 Subsection 1 of the German Securities Trading Act, whereof 39.51% of the voting rights was attributed to it at the same time in accordance with § 22 Section 1 Subsection 1 Sentence 1 of the German Securities Trading Act.

On today's date, February 24, 2006, the share of voting rights held in METRO AG, Düsseldorf, by Gebrüder Schmidt GmbH & Co. KG, Essen, amounted to 55.62% of the voting rights. A total of 0.03% of the voting rights was held by it directly. The additional 55.59% of the voting rights was attributable to it in accordance with § 22 Section 2 Subsection 1 of the German Securities Trading Act, whereof 39.51% of the voting rights were attributable to it at the same time also in accordance with § 22 Section 1 Subsection 1 Sentence 1 of the German Securities Trading Act.

22. Gebr. Schmidt Verwaltungsgesellschaft mbH

In accordance with § 21 Section 1 of the German Securities Trading Act (in the version applicable on December 28, 2000), we notify you that on December 28, 2000, the share of voting rights held in METRO AG, Düsseldorf, by Gebr. Schmidt Verwaltungsgesellschaft mbH, Essen (address: Huyssenallee 44, 45128 Essen), in its capacity as general partner of Gebr. Schmidt GmbH & Co. KG, Essen, exceeded the thresholds of 5%, 10% and 25% and amounted at that time to 45.83% of the voting rights. A total of 0.03% of the voting rights was attributed to it in accordance with § 22 Section 1 Subsection 2 of the German Securities Trading Act (in the version applicable on December 28, 2000), and an additional 45.79% of the voting rights was attributed to it in accordance with § 22 Section 1 Subsection 3 of the German Securities Trading Act (in the version applicable on December 28, 2000).

In accordance with § 21 Section 1 of the German Securities Trading Act (in the version applicable on May 23, 2001), we further notify you that on May 23, 2001, the share of voting rights held in METRO AG, Düsseldorf, by Gebr. Schmidt Verwaltungsgesellschaft mbH, Essen (address: Huyssenallee 44, 45128

Essen), in its capacity as general partner of Gebr. Schmidt GmbH & Co. KG, Essen, exceeded the threshold of 50% of the voting rights and amounted at that time to 56.61% of the voting rights. A total of 0.03% of the voting rights was attributed to it in accordance with § 22 Section 1 Subsection 2 of the German Securities Trading Act (in the version applicable on May 23, 2001), and an additional 56.58% of the voting rights was attributed to it in accordance with § 22 Section 1 Subsection 3 of the German Securities Trading Act (in the version applicable on May 23, 2001).

In accordance with § 41 Section 2 of the German Securities Trading Act, we further notify you that on April 1, 2002, the share of voting rights held in METRO AG, Düsseldorf, by Gebr. Schmidt Verwaltungsgesellschaft mbH, Essen (address: Huyssenallee 44, 45128 Essen), in its capacity as general partner of Gebr. Schmidt GmbH & Co. KG, Essen, amounted to 55.68%. A total of 0.03% of the voting rights was attributed to it in accordance with § 22 Section 1 Subsection 1 Sentence 1 of the German Securities Trading Act. The additional 55.65% of the voting rights was attributed to it in accordance with § 22 Section 2 Subsection 1 of the German Securities Trading Act, whereof 39.51% of the voting rights was attributed to it at the same time in accordance with § 22 Section 1 Subsection 1 Sentence 1.

On today's date, February 24, 2006, the share of voting rights held in METRO AG, Düsseldorf, by Gebr. Schmidt Verwaltungsgesellschaft mbH, Essen, in its capacity as general partner of Gebr. Schmidt GmbH & Co. KG, Essen, amounted to 55.62% of the voting rights. A total of 0.03% of the voting rights was attributable to it in accordance with § 22 Section 1 Subsection 1 Sentence 1 of the German Securities Trading Act. The additional 55.59% of the voting rights was attributable to it in accordance with § 22 Section 2 Subsection 1 of the German Securities Trading Act, whereof 39.51% of the voting rights was attributable to it at the same time in accordance with § 22 Section 1 Subsection 1 Sentence 1 of the German Securities Trading Act.

23. Dr. Michael Schmidt-Ruthenbeck

In accordance with § 21 Section 1 of the German Securities Trading Act (in the version applicable on December 28, 2000), we notify you that on December 28, 2000, the share of voting rights held in METRO AG, Düsseldorf, by Dr. Michael Schmidt-Ruthenbeck, Zurich/Switzerland (address: Gartenstr. 33, 8002 Zurich, Switzerland), exceeded the thresholds of 5%, 10% and 25% and amounted at that time to 45.83% of the voting rights. A total of 0.03% of the voting rights was attributed to him in accordance with § 22 Section 1 Subsection 2 of the German Securities Trading Act (in the version applicable on December 28, 2000), and an additional 45.79% of the voting rights was attributed to him in accordance with § 22 Section 1 Subsection 3 of the German Securities Trading Act (in the version applicable on December 28, 2000).

In accordance with § 21 Section 1 of the German Securities Trading Act (in the version applicable on May 23, 2001), we further notify you that on May 23, 2001, the share of voting rights held in METRO AG, Düsseldorf, by Dr. Michael Schmidt-Ruthenbeck, Zurich/Switzerland (address: Gartenstr. 33, 8002 Zurich, Switzerland), exceeded the threshold of 50% of the voting rights and amounted at that time to 56.61%

of the voting rights. A total of 0.03% of the voting rights was attributed to him in accordance with § 2 Section 1 Subsection 2 of the German Securities Trading Act (in the version applicable on May 23, 2001), and an additional 56.68% of the voting rights was attributed to him in accordance with § 22 Section 1 Subsection 3 of the German Securities Trading Act (in the version applicable on May 23, 2001).

In accordance with § 41 Section 2 of the German Securities Trading Act, we further notify you that on April 1, 2002, the share of voting rights held in METRO AG, Düsseldorf, by Dr. Michael Schmidt-Ruthenbeck, Zurich/Switzerland (address: Gartenstr. 33, 8002 Zurich, Switzerland), amounted to 55.68%. A total of 0.03% of the voting rights was attributed to him in accordance with § 22 Section 1 Subsection 1 Sentence 1 of the German Securities Trading Act. The additional 55.65% of the voting rights was attributed to him in accordance with § 22 Section 2 Subsection 1 of the German Securities Trading Act, whereof 39.51% of the voting rights was attributed to him at the same time in accordance with § 22 Section 1 Subsection 1 Sentence 1 of the German Securities Trading Act.

On today's date, February 24, 2006, the share of voting rights held in METRO AG, Düsseldorf, by Dr. Michael Schmidt-Ruthenbeck, Zurich/Switzerland, amounted to 55.62% of the voting rights. A total of 0.03% of the voting rights was attributable to him in accordance with § 22 Section 1 Subsection 1 Sentence 1 of the German Securities Trading Act. The additional 55.59% of the voting rights was attributable to him in accordance with § 22 Section 2 Subsection 1 of the German Securities Trading Act, whereof 39.51% of the voting rights was attributable to him at the same time in accordance with § 22 Section 1 Subsection 1 Sentence 1 of the German Securities Trading Act.

We point out that as far as the mentioned percentage rates which were added in accordance with the respective attribution regulations do not sum up to at least the respectively named overall share of voting rights, this is exclusively due to the rounding off to two positions behind the decimal point.'"

31. Management Board and Supervisory Board

Management Board compensation

Compensation in fiscal 2005

Compensation of active members of the Management Board totaled € 8.5 million in fiscal year 2005 (previous year € 10.2 million).

Of this total, fixed compensation accounted for € 3.200 million, variable, performance-based compensation for € 4.251 million and entitlements to stock bonuses granted in 2005 for € 0.947 million (variable compensation with long-term incentives). A total of € 0.085 million was used for other compensation (employer contributions to Germany's social services systems and non-cash benefits for the use of company cars).

The size of the variable, performance-based compensation resulted largely from EVA-based remuneration entitlements. Due to the bonus bank system, the full payout of EVA-based compensation entitlements depends on EVA factors in the coming years. Stock bonus entitlements are stated at their fair value at the time they are granted. Payment of the stock bonus depends on the fulfillment of the specified conditions for the stock bonus plan.

The company has hedged the entitlements from remuneration components with long-term incentives.

Payments after the end of employment

Former members of the Management Board of METRO AG and of the companies merged into METRO AG as well as their surviving dependents received € 3.581 million. METRO AG has made pension provisions of € 40.889 million for this group.

Remuneration of active Management Board members amounted to € 2.3 million in accordance with agreements made in the past. No new entitlements to receive pension or other benefits were issued.

Supervisory Board compensation

The total compensation of all members of the Supervisory Board amounted to a net € 1.6 million for fiscal year 2005. The fixed and performance-based pay components accounted for € 0.9 million and € 0.7 million, respectively, payable after the end of METRO AG's annual general meeting on May 18, 2006.

32. Disclosure of the stock ownership of Management and Supervisory Board members

As of December 31, 2005, the ownership of stocks or related financial instruments of individual Supervisory and Management Board members neither directly nor indirectly exceeded one percent of the stocks issued by the company. The total stock ownership of all Supervisory and Management Board members also amounted to less than one percent at the balance sheet date.

33. Declaration of compliance with the German Corporate Governance Code

The Management and Supervisory Boards of METRO AG in December 2005 issued a declaration of compliance with the recommendations of the Government Commission German Corporate Governance Code pursuant to § 161 of the German Stock Corporation Act, which stockholders can access on the METRO AG Internet homepage (www.metrogroup.de) at any time. The declaration of compliance is included in full in the corporate governance report.

Corporate Boards of METRO AG and their mandates

Members of the Supervisory Board

Prof. Dr. Theo Siegert (Chairman)
until 4 February 2006
Chairman of the Managing Board
of Franz Haniel & Cie. GmbH, until 31 December 2005
a) Celesio AG (Chairman)
ERGO Versicherungsgruppe AG
Takkt AG, since 3 May 2005
b) None

Dr. Eckhard Cordes (Chairman)
since 5 February 2006, Chairman since 20 February 2006
Chairman of the Managing Board
of Franz Haniel & Cie. GmbH, since 1 January 2006
a) Rheinmetall Aktiengesellschaft
b) FIEGE Holding Stiftung & Co. KG –
Supervisory Board, since 5 February 2006

Dr. Wulf H. Bernotat
Chairman of the Board of Management of E.ON AG
a) Allianz AG
E.ON Energie AG (Chairman)
E.ON Ruhrgas AG (Chairman)
RAG AG (Chairman)
b) E.ON US Investments Corp., Delaware (OH), USA –
Board of Directors (Chairman)
E.ON Nordic AB, Malmö, Sweden –
Board of Directors (Chairman)
E.ON UK plc, Coventry, Great Britain –
Board of Directors (Chairman)
E.ON Sverige AB, Malmö, Sweden
(formerly Sydkraft AB, Malmö, Sweden) –
Board of Directors (Chairman)

Prof. Dr. Dr. h. c. Klaus Brockhoff
Honorary professor for business affairs at the Management University "Wissenschaftliche Hochschule für Unternehmensführung – Otto-Beisheim-Hochschule"
a) Steuler Industriewerke GmbH (Chairman)
b) Bucerius/WHU MLB gGmbH –
Supervisory Board, since January 2006
Norddeutsche Private Equity GmbH –
Advisory Board

Klaus Bruns (Vice Chairman)
Chairman of the Group Works Council of METRO AG
Chairman of the General Works Council
of Kaufhof Warenhaus AG
a) Tourismus & Marketing Oberhausen GmbH
b) None

Volker Claus
until 31 August 2005
CPA and tax consultant
a) None
b) Gebr. Schmidt Verwaltungsgesellschaft mbH –
Advisory Board, until 29 April 2005

Ulrich Dalibor
National Chairman of the Retail Section of the Ver.di union
a) Kaufhof Warenhaus AG
b) None

Prof. Dr. Dr. h. c. Erich Greipl
CEO of Metro Vermögensverwaltung GmbH & Co. KG
a) Duales System Deutschland AG (Chairman)
Kaufhof Warenhaus AG
Metro Großhandelsgesellschaft mbH
Real Holding GmbH
b) BBE Unternehmensberatung GmbH –
Board of Directors
KGG Kreditgarantiegemeinschaft Handel
in Bayern GmbH – Board of Directors (Chairman)
Beisheim Holding Schweiz AG, Baar, Switzerland –
Board of Directors (President)

a) Member of other statutory supervisory boards of domestic companies
b) Member of comparable German and foreign boards of business enterprises

Marliese Grewenig
until 24 November 2005
Chairwoman of the Group Works Council and the General Works Council of Praktiker Bau- und Heimwerkermärkte AG
a) Praktiker Bau- und Heimwerkermärkte AG (Vice Chairwoman)
Praktiker Bau- und Heimwerkermärkte Holding AG (Vice Chairwoman), since 30 November 2005
b) None

Jürgen Hennig
Department Head at Metro Großhandelsgesellschaft mbH
a) None
b) None

Anja Kiehne-Neuberg
Section Head of Personnel und Organizational Development of Kaufhof Warenhaus AG
a) None
b) None

Werner Klockhaus
Vice Chairman of the Group Works Council of METRO AG
Vice Chairman of the General Works Council of Real SB-Warenhaus GmbH
a) None
b) None

Peter Küpfer
since 9 September 2005
Business consultant
a) None
b) Gebr. Schmidt GmbH & Co. KG – Advisory Board, since 7 February 2006
Bank Julius Bär & Co. AG, Zurich, Switzerland – Board of Directors (Vice President)
Brändle, Missura & Partner Informatik AG, Zurich, Switzerland – Board of Directors
Holcim AG, Jona, Switzerland – Board of Directors
Karl Steiner AG, Zurich, Switzerland – Board of Directors
LB(Swiss) Privatbank AG, Zurich, Switzerland – Board of Directors
PSW Holding AG, Zurich, Switzerland – Board of Directors
Pilatus Flugzeugwerke AG, Stans, Switzerland – Board of Directors (President)
UFJ Bank (Schweiz) AG, Zurich, Switzerland – Board of Directors
Supra Holding AG, Baar, Switzerland – Board of Directors, since 29 June 2005
Suprapart AG, Baar, Switzerland – Board of Directors, since 29 June 2005
Valora Holding AG, Bern, Switzerland – Board of Directors

Rainer Kuschewski
since 1 January 2005
Secretary of the National Executive Board of the Ver.di union
a) Real Holding GmbH
b) None

Dr. Klaus Mangold
Executive Advisor to the Chairman of DaimlerChrysler AG
a) Jenoptik AG
Leipziger Messe GmbH
b) Rothschild GmbH – Advisory Board (Chairman)
Chubb Corporation, Warren (NJ), USA – Board of Directors
Magna International Inc., Toronto, Canada – Board of Directors

Marianne Meister
Chairwoman of the General Works Council of Metro Großhandelsgesellschaft mbH
a) Metro Großhandelsgesellschaft mbH (Vice Chairwoman)
b) None

Dr. rer. pol. Klaus von Menges
Businessman and Agronomist
a) DEG Deutsche Investitions- und Entwicklungsgesellschaft mbH
MAN Ferrostaal AG
b) None

Dr. e. h. Dipl.-Ing. Bernd Pischetsrieder
Chairman of the Board of Management of Volkswagen AG
a) Audi AG (Chairman)
Dresdner Bank AG
Münchener Rückversicherungs-Gesellschaft
b) Scania AB, Södertälje, Sweden –
Board of Directors (Chairman)
SEAT S.A., Barcelona, Spain –
Consejo de Administración
Tetra-Laval Group, Pully, Switzerland –
Board of Directors

Sylvia Raddatz
Commercial Clerk, Real SB-Warenhaus GmbH,
Sparte Extra-Verbrauchermärkte
a) None
b) Extra Verbrauchermärkte Management GmbH –
Advisory Board (Vice Chairwoman)

Renate Rohde-Werner
Trained Retail Saleswoman, Kaufhof Warenhaus AG
a) None
b) None

Dr. jur. Hans-Jürgen Schinzler
Chairman of the Supervisory Board
of Münchener Rückversicherungs-Gesellschaft
a) Bayerische Hypo- und Vereinsbank AG (Vice Chairman),
until 28 November 2005
Deutsche Telekom AG
Münchener Rückversicherungs-Gesellschaft (Chairman)
b) UnitCredit S.p.A., Genoa, Italy – Board of Directors,
since 11 January 2006

Dr. Manfred Schneider
Chairman of the Supervisory Board of Bayer AG
a) Allianz AG
Bayer AG (Chairman)
DaimlerChrysler AG
Linde AG (Chairman)
RWE AG
TUI AG
b) None

Peter Stieger
since 4 January 2006
Chairman of the General Works Council
of Real SB-Warenhaus GmbH
a) Real Holding GmbH (Vice Chairman)
b) None

Committees of the Supervisory Board and their members

Presidential Committee
Prof. Dr. Theo Siegert (Chairman), until 4 February 2006
Dr. Eckhard Cordes (Chairman), since 20 February 2006
Klaus Bruns (Vice Chairman)
Werner Klockhaus
Dr. Manfred Schneider

Personnel and Nominations Committee
Prof. Dr. Theo Siegert (Chairman), until 4 February 2006
Dr. Eckhard Cordes (Chairman), since 20 February 2006
Klaus Bruns (Vice Chairman)
Werner Klockhaus
Dr. Manfred Schneider

Accounting and Audit Committee
Prof. Dr. Theo Siegert (Chairman), until 4 February 2006
Dr. Eckhard Cordes (Chairman), since 20 February 2006
Klaus Bruns (Vice Chairman)
Volker Claus, until 31 August 2005
Ulrich Dalibor
Prof. Dr. Dr. h. c. Erich Greipl, since 27 October 2005
Anja Kiehne-Neuberg, since 17 March 2005
Dr. jur. Hans-Jürgen Schinzler

Mediation Committee pursuant to § 27 Section 3 MitbestG (German law on codetermination)
Prof. Dr. Theo Siegert (Chairman), until 4 February 2006
Dr. Eckhard Cordes (Chairman), since 20 February 2006
Klaus Bruns (Vice Chairman)
Prof. Dr. Dr. h. c. Erich Greipl
Werner Klockhaus

a) Member of other statutory supervisory boards of domestic companies
b) Member of comparable German and foreign boards of business enterprises

Members of the Management Board

Dr. Hans-Joachim Körber (Chairman and CEO)

a) Bertelsmann AG
   Kaufhof Warenhaus AG (Chairman)
   Real Holding GmbH

b) Loyalty Partner GmbH – Supervisory Board, until 29 January 2006
   LP Holding GmbH – Supervisory Board, since 13 February 2006
   Skandinaviska Enskilda Banken AB, Stockholm, Sweden – Board of Directors
   METRO Group Asset Management GmbH & Co. KG – Shareholders' Committee (Chairman)
   MGP METRO Group Account Processing International AG, Baar, Switzerland – Board of Directors (President), since 14 September 2005
   Wagner International AG, Altstätten, Switzerland – Board of Directors
   Tertia Handelsbeteiligungsgesellschaft mbH – Supervisory Board (Chairman)

Stefan Feuerstein

a) Dinea Gastronomie GmbH (Chairman)
   Real Holding GmbH (Chairman)

b) Extra Verbrauchermärkte Management GmbH – Advisory Board (Chairman)
   GNX GlobalNetXchange, LLC, San Francisco (CA), USA – Board, until 18 October 2005
   MGP METRO Group Account Processing International AG, Baar, Switzerland (formerly Metro SB-Handels AG, Baar, Switzerland) – Board of Directors (President), until 14 September 2005

Zygmunt Mierdorf (Executive Vice President Human Resources)

a) Adler Modemärkte GmbH (Chairman)
   Praktiker Bau- und Heimwerkermärkte AG (Chairman, until 7 December 2005; since then ordinary member)
   Praktiker Bau- und Heimwerkermärkte Holding AG, since 29 November 2005
   Real Holding GmbH

Thomas Unger

a) Praktiker Bau- und Heimwerkermärkte AG, since 28 November 2005
   Praktiker Bau- und Heimwerkermärkte Holding AG, since 29 November 2005
   Real Holding GmbH

b) Assevermag AG, Baar, Switzerland – Board of Directors (President)
   Metro Capital B.V., Venlo, Netherlands – Raad van Commissarissen
   Metro Euro Finance B.V., Venlo, Netherlands – Raad van Commissarissen
   Metro Finance B.V., Venlo, Netherlands – Raad van Commissarissen
   Metro International AG, Baar, Switzerland – Board of Directors (President)
   Metro International Finance B.V., Venlo, Netherlands – Raad van Commissarissen
   Metro Reinsurance B.V., Amsterdam, Netherlands – Raad van Commissarissen

Düsseldorf, February 27, 2006

THE MANAGEMENT BOARD

Dr. Körber

Feuerstein   Mierdorf   Unger

Auditor’s Report

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, and the management report of the METRO AG for the business year from January 1, 2005 to December 31, 2005. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law and supplementary provisions of the articles of incorporation are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with § 317 HGB [„Handelsgesetzbuch“: „German Commercial Code“] and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with German principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and supplementary provisions of the articles of incorporation and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German principles of proper accounting.

The management report is consistent with the annual financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Duisburg, February 27, 2006

PKF FASSELT & PARTNER
Wirtschaftsprüfungsgesellschaft

Dr. Kußmann
Wirtschaftsprüfer

Müller-Kemler
Wirtschaftsprüfer

Cologne, February 27, 2006

KPMG Deutsche Treuhand-Gesellschaft
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Siemes
Wirtschaftsprüfer

Dr. Böttcher
Wirtschaftsprüfer

Report of the Supervisory Board

Supervision of executives and cooperation with the Management Board

During the reporting period, the Supervisory Board of METRO AG carried out the consultation and monitoring duties set forth by law and the company's Articles of Association. It regularly advised the Management Board on the management of METRO AG and the group (hereafter referred to as the "METRO Group") during fiscal year 2005 and constantly supervised the group's executives. The Supervisory Board was involved in all decisions that were of material importance to METRO AG or the group.

The work of the Supervisory Board was based in particular on the oral and written reports given by the Management Board both during and outside meetings held by the Supervisory Board and its committees. The Management Board provided the Supervisory Board with detailed and timely reports about all developments of material importance to the METRO Group. The reports covered in particular proposed business policies and fundamental questions about company planning and strategic development; international expansion; material investment and divestment decisions; profitability; current business developments, including the situation of the METRO Group; risk management and operations of material importance to the profitability and liquidity of the METRO Group. The reports were provided regularly pursuant to § 90 Section 2 of the German Stock Corporation Act. Any deviations in business developments from set plans and objectives were explained by the Management Board stating reasons. All issues that were submitted to the Supervisory Board by the Management Board pursuant to the by-laws of the Supervisory Board and the by-laws of the Management Board as a subject for authorization were decided by the Supervisory Board. The primary issues that were subject to authorization were the initial public offering of the Praktiker sales division, the disposition of real estate, the divestment of shares in Loyalty Partner GmbH as well as the approval of the budget for fiscal year 2006. When the Management Board submitted a proposal for a decision by the Supervisory Board that covered these and other issues, the Supervisory Board regularly received written documentation that could be used to prepare for the decision. No use was made of the rights of inspection and audit granted under § 111 Section 2 Subsection 1 and 2 of the German Stock Corporation Act because no matters requiring clarification arose.

During the reporting period, the Chairman of the Supervisory Board was in regular contact with the Chief Executive Officer. The Chairman of the Supervisory Board was kept abreast of important business developments and pending decisions by the Chief Executive Officer during regular one-on-one meetings. For certain issues, the Supervisory Board heard directly from managers in the group.

The Supervisory Board thoroughly discussed and reviewed all reports and documents that were provided to it. Further details will be provided in the following sections. No objections about the Management Board's activities were raised.

Meetings and decisions of the Supervisory Board

During fiscal year 2005, the Supervisory Board held four meetings. No member of the Supervisory Board attended fewer than half of the meetings. Furthermore, the Supervisory Board took one decision in a written procedure.

During each meeting, the Supervisory Board closely examined current business trends in the METRO Group. In addition, the Chairman of the Supervisory Board gave reports about pivotal issues considered during earlier committee meetings.

The central issues considered during the Supervisory Board meeting held in March 2005 were the annual financial statements of METRO AG and the consolidated financial statements for fiscal year 2004, the management report of METRO AG 2004 and the group's management report 2004, the Management Board's proposal on the appropriation of the balance sheet profit to the annual general meeting in 2005, and the report of the Management Board about relations with associated companies in 2004. The auditor attended this meeting and gave a report about the key findings of his review. Other issues considered during the meeting were preparations for the annual general meeting in 2005 and the continued development of METRO AG's Corporate Governance Code.

The central question addressed during the meeting held in May 2005 was the planned market entry of the Metro Cash & Carry sales division in Pakistan.

In a written decision, the Supervisory Board voted in September 2005 to approve the details of the divestiture of METRO AG's shares in Loyalty Partner GmbH.

During its meeting in October 2005, the Supervisory Board intensely reviewed the strategic options of the Praktiker sales division und the situation of the food retailing business. After extensive discussion of several strategic options, the Supervisory Board gave its approval in principle to the initial public offering of the Praktiker sales division that was favored by the Management Board. Furthermore, the Supervisory Board selected KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Berlin and Frankfurt/Main (KPMG) and Fasselt & Partner Wirtschaftsprüfungsgesellschaft, Duisburg, (Fasselt & Partner) to jointly conduct an audit of the annual financial statements and the consolidated financial statements in 2005. It also agreed on the focal points of the audit and the auditors' fee. Other important issues on the agenda were questions about international expansion, the divestment of real estate and risk management.

During its meeting in December 2005, the Supervisory Board discussed and then approved the group's annual budget for fiscal year 2006 that had been presented by the Management Board. This budget covers the planning for profits, sales, investments, locations, personnel and financing. During the meeting, the board also discussed the strategic objectives for fiscal year 2006. In addition, it reviewed the outcome of the IPO for the Praktiker sales division and the structure of international purchasing. Finally, the Supervisory Board conducted its annual efficiency review and approved the joint declaration of conformity issued by the Management Board and the Supervisory Board with regard to the recommendations of the German Corporate Governance Code in accordance with § 161 of the German Stock Corporation Act. It was determined that no members of the Supervisory Board were subject to conflicts of interest.

Meetings and decisions of the Supervisory Board's committees

To improve its efficiency, the Supervisory Board of METRO AG has formed four committees: the Supervisory Board Presidential Committee; the Personnel and Nominations Committee; the Accounting and Audit Committee; and the Mediation Committee, which was appointed pursuant to § 27 Section 3 of the German Codetermination Act. The Presidential Committee prepares the meetings of the Supervisory Board when the chairman of the Presidential Committee deems it necessary and makes decisions, pursuant to § 107 Section 3 Subsection 2 of the German Stock Corporation Act, about urgent matters and about those issues that have been submitted to it by the Supervisory Board in separate actions. The core responsibilities of the Personnel and Nominations Committee are the personnel issues of the Management Board. The Accounting and Audit Committee basically addresses reporting issues and risk management.

The Accounting and Audit Committee met twice during the reporting year, and held both meetings jointly with the Presidential Committee. In March 2005, the committees basically discussed, in the presence of the auditor, the annual financial statements of METRO AG and the consolidated financial statements for fiscal year 2004, the management report of METRO AG and the group's management report for 2004, the Management Board's proposal on the appropriation of the balance sheet profit, and the report of the Management Board about relations with associated companies 2004. The committees recommended that the Supervisory Board approve the submitted financial statements. During the meeting held in August 2005, the committees recommended to the Supervisory Board that KPMG and Fasselt & Partner be selected to conduct the joint audit of the annual financial statements and consolidated financial statements for 2005 to implement a resolution of the annual general meeting 2005. The recommendation took into consideration the requirements placed on auditors by law and the German Corporate Governance Code. Furthermore, the committees recommended the focal points of the audit that were eventually approved by the Supervisory Board. Other significant points on the agenda were dividend policies and risk management.

The Personnel and Nominations Committee also held two joint meetings with the Presidential Committee during fiscal year 2005. One meeting was held in March and the other in August. The discussion, review and decisions primarily concerned compensation and the remuneration system for members of the Management Board. One decision in particular involved the revision of the stock bonus plan for members of the Management Board.

The Presidential Committee met four times. In addition to the two separate joint meetings it held with the Accounting and Audit Committee and with the Personnel and Nominations Committee, the Presidential Committee conducted a telephone conference in November 2005 to discuss and make a decision about the IPO of the Praktiker sales division.

The Mediation Committee did not have to convene.

Corporate Governance

In the spring of 2005, the Management Board and the Supervisory Board of METRO AG released an updated version of METRO AG's Corporate Governance Code, in which the company explains since 2002 the principles it applies in corporate management and supervision.

The Management Board and the Supervisory Board address the subject of corporate governance at the METRO Group in the Corporate Governance Report. One section of this report examines the principles used in the remuneration system for members of the Management Board.

In December 2005, the Management Board and the Supervisory Board of METRO AG issued the Declaration of Compliance with regard to the recommendations of the Government Commission on the German Corporate Governance Code pursuant to § 161 of the German Stock Corporation Act and made it permanently available to stockholders on the Internet site www.metrogroup.de. The full Declaration of Compliance appears in the Corporate Governance Report.

Before the Supervisory Board meeting in March 2005, the auditors issued a declaration of autonomy required under Clause 7.2.1 of the German Corporate Governance Code. The requirements of Clause 7.2 of the German Corporate Governance Code governing the contractual relationship between the company and its auditors have been fulfilled. Among other things, it was agreed that the auditors would promptly inform the Chairman of the Supervisory Board about any disqualification or bias issues that might arise during the audit. Throughout the audit cycle, the auditors never reported any disqualification or bias issues to the Supervisory Board. Furthermore, the Supervisory Board never had any reason to believe that there were ever any disqualification or bias reasons.

Annual and consolidated financial statements 2005, report on relations with associated companies 2005

The annual financial statements of METRO AG, in consideration of accounting, for fiscal year 2005 that were submitted by the Management Board pursuant to the regulations laid down in the German Commercial Code and the METRO AG management report for 2005 were reviewed jointly by KPMG and

Fasselt & Partner, and were given unqualified approval. The consolidated financial statements 2005 and the group's management report 2005 that METRO AG drew up according to International Financial Reporting Standards (IFRS) were jointly reviewed by KPMG and Fasselt & Partner, and received their unqualified approval. The auditors provided a written report about their findings.

The Supervisory Board reviewed the annual financial statements of METRO AG and the consolidated financial statements for fiscal year 2005, the management report of METRO AG and the group's management report for fiscal year 2005 as well as the Management Board's proposal to the annual general meeting 2006 on the appropriation of the balance sheet profit. For this purpose, these documents and the reports of the auditors were provided in a timely manner to the Supervisory Board, and were discussed and reviewed in detail during the Supervisory Board's annual accounts meeting held in March 2006. The auditors attended this meeting, reported the key findings of their reviews, and were at the Supervisory Board's disposal to answer questions and to provide additional information. The Supervisory Board concurred with the findings of the auditors' review, which found no reason to raise objections. In a concluding finding of its own review, the Supervisory Board determined that it saw no reason to challenge the audits. The Supervisory Board, in particular, supports the conclusions reached by the Management Board in the management report of METRO AG and the group's management report. The Supervisory Board endorses the annual financial statements set up by the Management Board, granting approval to the annual financial statements of METRO AG 2005 which have thus been adopted. The Supervisory Board also supports the Management Board's proposed appropriation of the balance sheet profit.

Pursuant to § 312 of the German Stock Corporation Act, the Management Board of METRO AG wrote a report on relations between the company and associated companies for fiscal year 2005. The auditors jointly reviewed this report, issued a written statement about the findings of their review and issued the following joint opinion:

"After our due audit and assessment we confirm that

1. the factual information in the report is correct,
2. in the legal transactions listed in the report, the company's expenses were not inappropriately high."

This report was submitted to the Supervisory Board together with the audit report, and was discussed and reviewed in detail during the annual accounts meeting of the board held in March 2006. The auditors attended this meeting, reported the key findings of their reviews, and were at the Supervisory Board's disposal to answer questions and to provide additional information. The Supervisory Board concurred with the findings of the auditors' review. In a concluding finding of its own review, the Supervisory Board determined that it saw no reason to challenge the statement of the Management Board at the conclusion of the report.

The aforementioned reviews by the Supervisory Board of the annual and consolidated financial statements 2005, the management reports 2005, the proposed appropriation of the balance sheet profit and the

Management Board's report on relations with associated companies 2005 were prepared during a joint meeting by the Presidential Committee and the Accounting and Audit Committee in March 2006. During this meeting, the committees thoroughly reviewed and discussed the annual and consolidated financial statements, the management reports, the auditing reports, the proposal on the appropriation of the balance sheet profit and the Management Board's report on relations with associated companies and the associated auditing review in the presence of the auditors. The committees recommended that the Supervisory Board approve the submitted financial statements.

Appointments and resignations

Prof. Dr. Theo Siegert stepped down as a member and Chairman of the Supervisory Board effective at the end of February 4, 2006, in a decision that ended his service on the Supervisory Board of METRO AG. His time in office was characterized by his extraordinary foresight and expertise, his strong commitment, and his mediation skills. The Supervisory Board expresses its deep gratitude for his service.

With the resolution of the Düsseldorf District Court, Dr. Eckhard Cordes was appointed as a member of the Supervisory Board in succession of Prof. Dr. Theo Siegert effective February 5, 2006. During a special meeting in February 2006, the Supervisory Board elected Dr. Eckhard Cordes as its new Chairman.

On January 1, 2005, Mr. Rainer Kuschewski followed Dr. Karlheinz Marth, who resigned on December 31, 2004, as an elected substitute member of the Supervisory Board of METRO AG.

Mr. Volker Claus stepped down as a member of the Supervisory Board on August 31, 2005. He was replaced by Mr. Peter Küpfer with the resolution of the Düsseldorf District Court effective on September 9, 2005.

Following the initial public offering of Praktiker Bau- und Heimwerkermärkte Holding AG, Mrs. Marliese Grewenig left the Supervisory Board in accordance with the requirements of the Codetermination Act on November 24, 2005. As her successor, Mr. Peter Stieger was named a member of METRO AG's Supervisory Board by the Düsseldorf District Court effective January 4, 2006.

The Supervisory Board thanks the Management Board, the executives, all employees and workers' representatives for their dedication and successful work.

Düsseldorf, March 2006

THE SUPERVISORY BOARD

Dr. Eckhard Cordes
Chairman

Supplementary information

Financial calendar

Business press conference/ analysts' meeting	22 March 2006
Quarterly report Q1 2006	3 May 2006
Annual general meeting	18 May 2006
Quarterly report Q2 2006	1 August 2006
Quarterly report Q3 2006	31 October 2006

Data on the Metro stock

	Common stock	Preferred stock
Code numbers	725 750	725 753
ISIN codes	DE 000 725 750 3	DE 000 725 753 7
Reuters codes	MEOG.DE	MEOG_p.DE
Bloomberg codes	MEO GR	MEO3 GR
Number of shares	324,109,563	2,677,966

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Concept and editorial:
Petra Rob
Dr. Wolfgang Griepentrog

Realization:
Pleon Kohtes Klewes GmbH

Printing:
Schotte, Krefeld

English language version:
F.A.Z.-Institut

The German version is legally binding.