METRO Group

The Spirit of Commerce

ANNUAL REPORT 2006

Annual Financial Statements of METRO AG





CONTENT

MANAGEMENT REPORT

OVERVIEW OF FISCAL YEAR 2006 AND FORECAST

The METRO Group reached its sales and earnings targets in 2006, experiencing the strongest annual sales growth since 1998. The company continued to forge ahead on its course of profitable growth and rigorous international expansion.

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.

EARNINGS POSITION

- METRO AG raised its investment result to €894.2 million in 2006 after €381.0 million in the previous year
- The sale of the remaining shares in Praktiker Bau- und Heimwerkermärkte Holding AG following the initial public offering resulted in book gains of €143.1 million
- The sale of intangible assets resulted in proceeds of €176.5 million
- Net profit for the year rose to €831.5 million after €115.1 million in the previous year

ASSET AND FINANCIAL POSITION

- Total assets rose to €12,106.9 million after €11,312.1 million in the previous year
- Equity increased by €498.0 million to €4,912.8 million
- The sale of shares in Praktiker Bau- und Heimwerkermärkte Holding AG resulted in cash inflows of €483.9 million
- A bond issue resulted in cash inflows of €200.0 million; a maturing bond with a volume of €314.3 million was redeemed

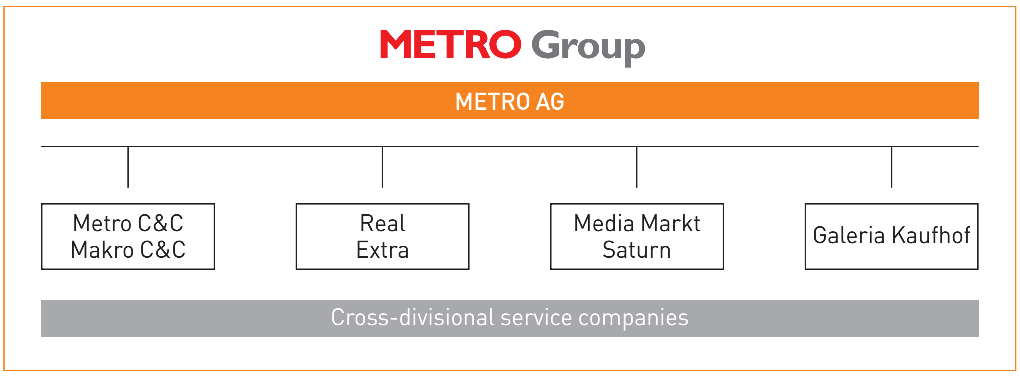
FORECAST FOR THE METRO GROUP

We plan to forge ahead on our profitable growth course in 2007 and 2008. Based on current assessments of future economic and sectoral developments as well as the development of the sales divisions, we expect the METRO Group's business to develop favorably in 2007.

1. GROUP STRUCTURE

Our group of companies 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 merchandizing concepts and, in some cases, several sales brands in their respective market segments. Cross-divisional service companies support the sales divisions by providing group-wide and cross-divisional services in such areas as procurement, logistics, information technology and real estate management.

METRO GROUP AND ITS SALES BRANDS AT A GLANCE



OUR SALES BRANDS

Metro Cash & Carry is the global market leader in self-service wholesaling. Operating under the Metro and Makro brands, it is our biggest and most international sales division with operations in 28 countries. Its product assortment is geared exclusively toward commercial and wholesale customers.

Real is the market leader in the German and Polish hypermarket sectors. The sales division combines two food sales brands under one roof: Real and Extra. With locations in Germany, Poland, Romania, Russia and Turkey, Real represents the large-area hypermarket concept. Extra positions itself as a customer-friendly neighborhood store with supermarkets in Northern and Western Germany as well as in Berlin.

Europe's No. 1 consumer electronics centers: the Media Markt and Saturn sales brands impress with their innovative, high-performance and large-area merchandizing and marketing concepts. Both have been posting strong growth for the past few years and are rigorously expanding their leading market position in Europe.

Galeria Kaufhof is the concept and system leader in the German department store sector and the market leader in Belgium. The sales division's department stores help boost the appeal of shopping zones and city centers with their sophisticated, high-quality assortment presented in product worlds that have an event character.

GROUP-WIDE BUNDLING OF CENTRAL FUNCTIONS

Over the past 10 years, we have implemented a cross-divisional organization of central trade and retail functions, and have bundled these in cross-divisional service companies. This pooling of skills creates synergies that benefit all our sales brands – through cost advantages in procurement or special quality standards.

Procurement

Procurement is one of the key areas of competence of a trade and retail company. MGB METRO Group Buying organizes and is responsible for procurement on a national and international level. Strategic procurement offers all competitive advantages: lower prices, optimal conditions and consistently high quality standards. Our suppliers regard this procurement company as a strong and reliable partner who values long-term business relationships built on mutual trust.

We aim for consistently low procurement costs that allow us to offer our customers low retail prices. This is why the competitiveness and profitability of trade and retail companies depend to a great extent on the professional usage of synergies in procurement. In 2006, MGB optimized its organizational structures in order to better exploit cross-country and cross-divisional potential. As an umbrella organization, the newly founded MGBI METRO Group Buying International GmbH sets the strategic direction of four regional organizations – South, East, West and Central. These bundle the procurement activities for up to eight countries at a time. Thanks to their regional proximity to customers and suppliers, they can acquire tremendous market knowledge and respond even more flexibly to local customer requirements. MGB METRO Group Buying HK Limited based in Hong Kong is responsible for import and export trade with Asia.

Logistics

The right product in the right place at the right time – the ability to master the highly complex challenges related to trade and retail logistics represents an important success factor. Aside from cost efficiency and quality aspects, process safety and flexibility play a key role.

MGL METRO Group Logistics manages the global merchandise flows of the group companies. It oversees the smooth shipment and distribution among our stores.

Aside from central warehousing and distribution, MGL's successful work is based on a proprietary procurement logistics concept. This innovative plan, which has won much praise from experts, offers several benefits: warehousing costs can be reduced significantly as the merchandise collected at the manufacturer is bundled and delivered directly to the stores. In addition, the number of deliveries at the stores' loading ramps declines – which produces cost advantages and environmental benefits.

MGL works with especially high-performance logistics providers around the world. As international companies, they operate transportation networks and transshipment centers in all countries where the METRO Group is present.

Information technology

Managing group-wide data and information flows is just as demanding as managing merchandise flows. MGI METRO Group Information Technology, which has four subsidiaries in Poland, Romania, Russia and Turkey, handles this task. MGI develops merchandise management, logistics and data warehousing systems, among others, and operates one of Europe's biggest group networks. It provides the functionality and performance of the IT infrastructure across divisions, and on a national and international level.

Real estate management

Skillful real estate management is another important success factor in the retail trade. The multifaceted spectrum ranges from strategic location development through commercial, technical and infrastructure management to the integration of properties into the local social or cultural life. METRO Group Asset Management handles the construction and operation of real estate properties used by the METRO Group. It is one of Germany's major retail real estate managers and oversees about 650 METRO Group facilities. METRO Group Asset Management combines a high level of expertise in real estate with trade-specific know-how. Its regional area of activities covers 12 countries: Austria, France, Germany, Great Britain, Greece, Hungary, Italy, Luxembourg, Poland, Russia, Spain and Turkey.

2. BUSINESS DEVELOPMENTS

a) OVERVIEW OF GROUP BUSINESS DEVELOPMENTS

The METRO Group can look back on positive business developments in 2006. The company continued to solidify its position as one of the most important and biggest international retailing groups in terms of sales. With slight sales growth in Germany and a strong increase abroad, group sales reached a record of €59.9 billion. The sales and earnings growth momentum was particularly strong in Eastern Europe. The foreign share of group sales climbed to 55.9 percent. Our continued international expansion made another significant contribution to the business success of the METRO Group. Group EBIT amounted to €1,983 million, exceeding the year-earlier amount by 14.1 percent.

b) BUSINESS DEVELOPMENTS AT METRO AG

Business developments at METRO AG are marked essentially by the development of its investments. At €894.2 million, the total investment result markedly exceeded the previous year's result of €381.0 million. A key event during the reporting year was the sale of all shares in Praktiker Bau- und Heimwerkermärkte Holding AG remaining at METRO AG following Praktiker's initial public offering. In addition, intangible assets were sold to MGS METRO Group Services Holding GmbH in the course of the centralization of intra-company services.

These developments are explained in detail in the description of the earnings position of METRO AG.

3. EARNINGS POSITION

a) GROUP SALES

In fiscal 2006, the METRO Group raised group sales by 7.5 percent to €59.9 billion (previous year €55.7 billion). It was the highest growth rate since 1998. Sales growth accelerated significantly compared with the previous year. The sales volume generated by the newly acquired Géant hypermarkets and Wal-Mart stores was included as of November 1, 2006. It contributed to our positive business development in the amount of €494 million. Without these acquisitions, group sales rose by 6.6 percent in the reporting year, with exchange rate effects accounting for +0.2 percentage points of this.

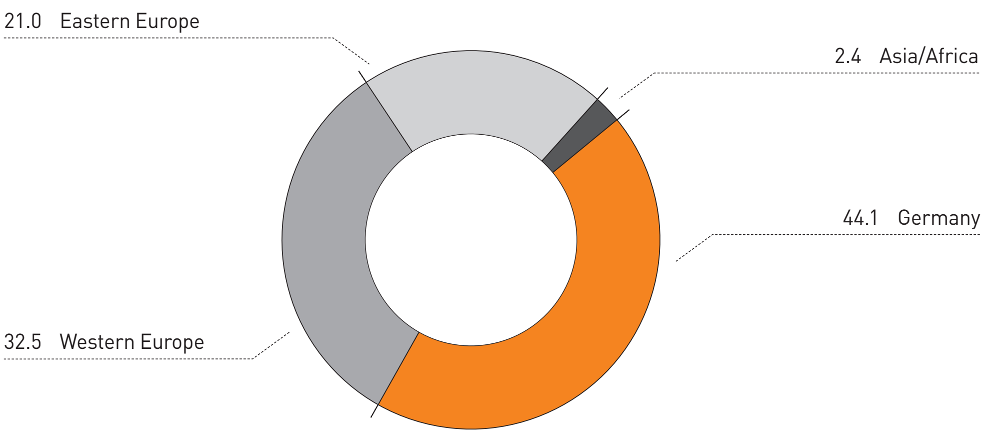
Our German sales increased by 1.8 percent to €26.4 billion in 2006 (previous year €25.9 billion). Adjusted for the acquisition of Wal-Mart's stores, domestic sales were 0.3 percent higher than a year earlier. Group sales abroad rose by 12.4 percent to €33.5 billion (previous year €29.8 billion). At 55.9 percent, the foreign share of group sales reached a record high. Excluding the newly acquired Géant hypermarkets in Poland, foreign sales were up 12.0 percent. Exchange rate effects boosted foreign sales by +0.3 percentage points. Group sales were up by 8.1 percent to €19.4 billion in Western Europe (previous year €18.0 billion). Particularly strong growth was again generated in Eastern Europe, where sales increased by 18.6 percent to €12.6 billion (previous year €10.6 billion). The METRO Group generated sales growth of 20.2 percent to €1.4 billion in Asia/Africa.

DEVELOPMENT OF GROUP SALES BY SALES DIVISIONS AND REGIONS (NET[1])

	2006	2005	Change	
	€ million	€ million	€ million	%
Metro Cash & Carry	29,907	28,087	1,820	6.5
Real	10,378	9,922	456	4.6
Media Markt and Saturn	15,156	13,306	1,850	13.9
Galeria Kaufhof	3,609	3,575	34	0.9
Other companies	832	832	0	–0.2
METRO Group	59,882	55,722	4,160	7.5
of which Germany	26,427	25,948	479	1.8
of which abroad	33,455	29,774	3,681	12.4
Western Europe	19,439	17,976	1,463	8.1
Eastern Europe	12,592	10,614	1,978	18.6
Asia/Africa	1,424	1,184	240	20.2

[1]Sales represent external sales without sales taxes and after the deduction of trade discounts

REGIONAL GROUP SALES 2006 IN PERCENT



b) GROUP EBIT

Group EBIT of the METRO Group rose to €1,983 million in 2006. Adjusted for the effects of Real's repositioning including the acquisitions of the Wal-Mart Germany group as well as the Géant business in Poland, EBIT reached €1,910 million, an increase of 9.9 percent compared to €1,738 million a year earlier. EBIT in Germany increased to €668 million from €535 million, thanks both to the acquisition of the Wal-Mart Germany group and positive earnings developments at Media Markt and Saturn. The key impulse came once again from the group's foreign business, which posted a strong increase in earnings of 7.9 percent to €1,310 million. In Eastern Europe, in particular, EBIT rose by 30.0 percent to €636 million.

The group's EBITDA increased from €2,938 million to €3,233 million during the reporting year.

DEVELOPMENT OF GROUP AND DIVISIONAL EBIT

	2006	2005	Change	
	€ million	€ million	€ million	%
Metro Cash & Carry	1,111	1,013	98	9.7
Real	45	–12	57	–
Media Markt and Saturn	587	510	77	15.2
Galeria Kaufhof	82	69	13	18.1
Other companies/consolidation	158	158	0	0.1
EBIT METRO Group	**1,983**	**1,738**	**245**	**14.1**
Financial result	–449	–380	–69	–18.3
Earnings before taxes	**1,534**	**1,358**	**176**	**13.0**
Income taxes	–484	–740[1]	256	34.5
Earnings from continuing operations	**1,050**	**618**	**432**	**69.8**

[1]In 2005, special effect from write-downs on deferred tax assets from loss carry-forwards at Real Germany of €307 million

c) EARNINGS POSITION OF METRO AG AND PROFIT APPROPRIATION

The earnings position of METRO AG is impacted most heavily by investment income, which rose by €513.2 million to €894.2 million during the reporting year compared with the previous year.

The investment result includes income from profit and loss transfer agreements of €781.8 million (previous year €943.9 million) as well as income from investments of €129.9 million (previous year €358.5 million). Earnings from profit and loss transfer agreements include income absorption from the Metro Cash & Carry, Media Markt and Saturn sales divisions as well as from other companies. Investment income results mostly from real estate companies.

Losses of €161.9 million absorbed during the reporting year (previous year €642.3 million) are primarily attributable to the food retail business.

Book gains of €143.1 million were realized from the sale of the shares in Praktiker Bau- und Heimwerkermärkte Holding AG remaining after the initial public offering.

Intangible assets were sold to MGS METRO Group Services Holding GmbH in the course of the centralization of intra-group services, resulting in other operating income of €176.5 million.

After consideration of other income, expenses and taxes, net profit amounted to €831.5 million (previous year €115.1 million).

After transferring €400.0 million to revenue reserves and considering €3.9 million in profit carried forward from the previous year, the balance sheet profit of METRO AG amounts to €435.4 million.

The Management Board of METRO AG will propose to the annual general meeting that, from the reported balance sheet profit of €435.4 million, a dividend of €366.3 million be paid and that the balance of €69.1 million be carried forward to the new account. The dividend proposed by the Management Board amounts to

- €1.120 per share of common stock
- €1.232 per share of preferred stock.

d) DEVELOPMENT OF ECONOMIC VALUE ADDED (EVA)

Value-focused management forms the foundation for long-range profitable growth

The METRO Group is committed to value-focused company management based on economic value added (EVA). This is an internationally recognized control and management system that makes it possible to measure all strategic, operational and investment activities on the basis of their contribution to increased company value and to make decisions according to it. The METRO Group introduced the EVA system throughout the company in 2000.

The METRO Group's strength is reflected in its ability to continuously boost the company's value through the successful deployment of its capital.

Positive EVA is achieved when the net operating profit after tax (NOPAT) 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 reflects the expected remuneration to investors for the capital they provide and for their investment risk. It is calculated by multiplying the working capital by the weighted average cost of capital (WACC). In 2006, the cost of capital rate of the METRO Group remained unchanged from the previous year at 6.5 percent.

CALCULATION OF WEIGHTED AVERAGE COST OF CAPITAL ("WACC")

Equity cost of capital

Risk-free rate of return	4.5%
+	
Market risk premium	5.0%
x Beta factor (specific risk premium for METRO Group)	1.0
=	**9.5%**
Weighting at market rates	**50%**

Debt cost of capital

Risk-free rate of return	4.5%
+	
Average, long-term risk premium	1.5%
=	6.0%
– Tax effect (40 %)	–2.4%
=	**3.6%**
Weighting at market rates	**50%**

6.5% group WACC

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

DEVELOPMENT OF EVA

In 2006, the METRO Group once again achieved positive EVA and thus made successful use of its capital employed. The METRO Group's EVA climbed to €426 million, compared with €305 million in the previous year. Metro Cash & Carry as well as Media Markt and Saturn once again posted a significant increase in EVA compared to the previous year's totals.

At 8.4 percent, the RoCE (return on capital employed) was higher than the previous year's results.

	NOPAT € million	Capital employed € million	EVA € million	RoCE %	Delta EVA[1] € million
Metro Cash & Carry	899	6,698	463	13.4	79
Real	202	7,489	–285	2.7	5
Media Markt and Saturn	442	2,302	292	19.2	27
Galeria Kaufhof	67	1,440	–27	4.6	0
Other companies/consolidation	288	4,714	–17	6.1	11
METRO Group	1,898	22,643	426	8.4	121

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

Taking into account the acquisitions of the Wal-Mart Germany group and the Géant business in Poland, capital employed rose to €22.6 billion. In the process, capital costs grew by €128 million to €1,472 million. NOPAT rose by €249 million to €1,898 million. The return on sales in relation to net operating profit amounted to 3.2. Capital turnover remained at the previous year's level of 2.6.

4. FINANCIAL POSITION

a) FINANCIAL MANAGEMENT

Principles governing group-wide financial activities

METRO AG is responsible for the centralized financial management of the METRO Group. METRO AG ensures that the METRO Group companies have access to the necessary financing for their operating and investment 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 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 a single face to the financial markets, the group can optimize its financial market conditions.

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.

Centralized 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, including the conclusion of financial transactions without an underlying business activity, may be held exclusively after accordant approval by the Management Board of METRO AG.

Exclusively 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 requirement 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 this is done 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

Transparent and open communication with financial 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. In this respect, the purpose of ratings is to communicate the METRO Group's credit rating to potential debt capital investors. Unchanged from the previous year, the METRO Group is currently rated as follows by two international rating agencies:

	2006	
Category	Moody's	Standard & Poor's
Long-term	Baa2	BBB
Short-term	P-2	A-2
Outlook	stable	stable

Based on its current ratings, the METRO Group has access to all debt capital markets.

Financing measures

The "Debt Issuance Programme" that was begun in 2000 serves as a source of long-term financing. In 2006, the following transactions were conducted within the context of this program:

Type of transaction	Issuance date	Maturity	Maturity date	Nominal volume	Coupon
Redemption	May 2003	3 years	May 2006	€ 314.3 million	variable
New issue	September 2006	4 years	September 2010	€ 200.0 million	variable

For short- and medium-term financing, the METRO Group uses ongoing capital market issuance programs such as the "Euro Commercial Paper Program" begun in 1999 and another Commercial Paper Program geared especially toward French investors. The average amount utilized from both programs was €1,717 million in 2006. In addition, syndicated credit lines of €42 million were used by the closing date as well as bilateral bank facilities totaling €199 million.

Financial liabilities

The "Debt Issuance Programme" that was begun in 2000 serves as a source of **long-term financing** with a nominal volume of €5 billion. This program allows for the issuance of bonds with maturities of up to 30 years under German or English law in any currency.

The floating-rate bond with a nominal volume of €314 million that was due in May 2006 was redeemed. A new floating-rate bond with a nominal volume of €200 million and a maturity of 4 years was issued in September 2006.

For **short- and medium-term financing,** METRO AG 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 €1.7 billion in 2006 (previous year €1.6 billion).

In addition, METRO AG has access to syndicated lines of credit totaling €2,975 million with terms ending between November 2008 and February 2012. 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 2006 was €42 million (previous year €1,000 million).

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

Additional bilateral bank lines of credit totaling €834 million (previous year €549 million) were available to METRO AG as of December 31, 2006. Of this amount, €634 million (previous year €549 million) had a remaining term of up to one year. On the closing date, €199 million (previous year €167 million) of the bilateral lines of credit had been utilized. Of this amount, €199 million has a remaining term of up to one year (previous year €167 million).

The following table shows the maturity structure of the financial liabilities. The book and fair values (market values) indicated include the interest accrued when the maturity is less than one year.

Type of financing	Currency	Total amount issued in € million	Maturity	Nominal values Dec 31, 2006 in € million	Book values Dec 31, 2006 in € million	Fair values Dec 31, 2006 in € million
Bonds	EUR		up to 1 year		53	53
		1,950	1 to 5 years	1,950	1,950	2,008

The following table depicts the interest rate structure of the financial liabilities:

Type of financing	Interest terms	Currency	Maturity	Weighted effective interest rate when issued (%)	Issuance volume in € million
Bonds	Fixed interest	EUR	up to 1 year	–	–
			1 to 5 years	5.13	1,000
			over 5 years	–	–
	Variable interest	EUR	up to 1 year	–	–
			1 to 5 years	3.87	950
			over 5 years	–	–

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

b) CASH FLOWS

During the reporting year, material cash inflows of €483.9 million resulted from the sale of the shares in Praktiker Bau- und Heimwerkermärkte Holding AG remaining at METRO AG following the company's initial public offering. The issue of a floating-rate bond with a maturity of 4 years generated additional cash flows of €200.0 million. In addition, cash inflows in the amount of €131.0 million resulted from the redemption of loans as well as financing transactions with METRO Group companies and other transactions. Cash flows of €314.3 million were used to redeem a floating-rate bond that matured during the reporting year. In total, cash flows increased by €500.6 million as per the closing date compared to the previous year.

5. ASSET POSITION

As per the closing date, assets total €12,106.9 million and are comprised mostly of financial investments to the amount of €8,046.1 million and receivables from associated companies to the amount of €2,909.9 million. The increase of €886.9 million in financial investments, mostly due to new loans to associated companies, to €7,159.2 million now represents 66.5 percent of total assets. The complete divestment of the shares in Praktiker Bau- und Heimwerkermärkte Holding AG, which had been held for sale in the previous year, resulted in a decline in the securities held in current assets item by €339.3 million. Compared to the previous year, receivables to associated companies decreased by €206.2 million and amounted to 24.0 percent of total assets as per the closing date.
Cash on hand, bank deposits and checks rose by €500.6 million to €902.1 million compared to the previous year.

Liabilities are made up of €4,912.8 million (previous year €4,414.8 million) in equity and €7,194.1 million (previous year: €6,897.3 million) in debt and deferred income. The equity ratio amounted to 40.6 percent as per the closing date compared to 39.0 percent a year earlier. In the area of financial liabilities, bonds declined by €112.5 million to €2,003.1 million as per the closing date. Liabilities to banks rose by €7.4 million to €7.9 million. Liabilities to associated companies rose to €4,584.3 million compared to €4,164.7 million in the previous year, while other liabilities were reduced by €23.5 million to €129.3 million as per the closing date.

6. POST-YEAR-END DEVELOPMENTS (SUPPLEMENTARY REPORT)

EVENTS AFTER THE BALANCE SHEET DATE

Events of material importance for the evaluation of the asset, financial and earnings situation of METRO AG and the METRO Group did not occur before February 26, 2007.

7. RISK AND OPPORTUNITIES REPORT

Within the context of its entrepreneurial activities, the METRO Group aims to use opportunities and limit risks. We protect the company's existing and future performance potential through efficient risk management. The METRO Group sees risk management as an integral part of value-oriented business management. The group's risk management is based on a systematic process of risk identification, assessment and control for the entire group. This allows us to recognize unfavorable developments at an early point in time. As a result, corrective action can be taken promptly when necessary. We also ensure that opportunities are identified, assessed and exploited in a targeted manner across the company.

Centralized management and efficient organization

The METRO Group's risk management officer continuously and promptly informs the Management Board of METRO AG of important developments in risk management. Based on an annual group-wide risk audit, the risk management officer writes a risk report that addresses the 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 and opportunities situation.

Group-wide risk management tasks and responsibility for risk management are clearly regulated and mirror the METRO Group's corporate structure. This combines centralized management by the management holding company, METRO AG, with the decentralized operative responsibility of the individual sales divisions. The sales divisions and consolidated subsidiaries are thus responsible for the risks, in particular operative risks. They oversee risk management, while METRO AG supervises its implementation. Risk management is discussed in the Supervisory Board's Accounting and Audit Committee.

Economic value added (EVA) as a risk assessment factor

The crucial benchmark for corporate success is the principle of economic value added (EVA) that is used across the group. When deciding whether to assume specific risks, the METRO Group's guiding principle is the sustainable increase in enterprise value. In particular, EVA 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.

Strict risk policy principles

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 business models, decisions on outlet locations, the procurement of merchandise and services, human resources development relating to specialists and managers as well as liquidity protection. As a matter of principle, the METRO Group does not assume risks that are not related to core or support processes.

Clearly defined risk management details

To guarantee the coordinated implementation of risk activities, all relevant facts have been laid down in several sets of rules, including the articles of association and by-laws of the group companies, internal group procedures and the risk management manual of METRO AG. The latter provides information on how the risk management system works. It offers a comprehensive overview of potential areas of risk, assigns responsibility for risk monitoring and provides instructions on how to act. A bottom-up process of risk – and opportunity – identification covering all management levels across the group ensures that relevant business risks do not go unnoticed. An early warning system assesses business risks in terms of scope for the three-year planning period.

Group reporting promotes internal risk communication

Group reporting is the essential vehicle for the 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. 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

Within the METRO Group, each manager is responsible for overseeing the implementation and effectiveness of risk management in his or her particular area. Risk management officers ensure that the risk management system as a whole is operational, and monitor the timeliness of standards and stipulations. In compliance with the KonTraG (the German Control and Transparency Law), external auditors periodically review our risk management system. The findings are reported to the Management Board and the Supervisory Board.

For the METRO Group, this results in the following substantial internal and external risks that are consistently tied to opportunities arising from our entrepreneurial activities:

Business risks Intense competition, in particular in the German and Western European retail sectors, produces factors that could influence business developments and represent natural business risks. Another general risk is the fluctuating willingness of consumers to spend money. This willingness depends on numerous political, social and economic factors. The continued internationalization of the METRO Group offers the opportunity to offset fluctuating demand in individual countries. At the same time, the group may be confronted with economic, legal or political risks in other countries.

Constant changes in consumption patterns and customer expectations offer opportunities as well as create risks. They require a continuous adaptation and optimization of merchandizing concepts. To recognize market trends and changing consumer expectations early on, we regularly analyze internal information and select external sources. Our group's own market research uses quantitative methods such as time series analyses and market trend forecasts based on the analysis of internal sales figures and market research. The time series analyses include the observation of product segments on the market over a certain period of time. Our sales brands initially test the practicability and acceptance of innovative concept modules in test stores before introducing them systematically and swiftly across the area. Continuous fund allocation allows for the optimization of merchandizing concepts and the modernization of stores. These measures help all sales brands maintain their competitive strength.

Location risks We consider our presence in the large growth regions of Eastern Europe and Asia as a key investment in our group's future. By entering these markets, we use our entrepreneurial opportunity to profit from the rising purchasing power of millions of consumers. However, our rigorous expansion in these economic regions also entails location risks. Comprehensive feasibility studies, which analyze the parameters and opportunities of a foreign commitment in great detail, are one way the METRO Group identifies these risks.

Supplier risks As a trade and retail company, the METRO Group depends on external providers for the supply of goods and services. To prepare for contingencies related to the procurement of goods and services, our company cooperates with a sufficiently large number of suppliers. These suppliers are continually monitored and must adhere to the procurement policy standards of the METRO Group. This includes the stipulations of the Food Safety Initiative, which must be observed by all our suppliers and are designed to ensure a high food safety standard for all production, processing and distribution levels.

IT and logistics risks The highly diverse selection of goods in bricks-and-mortar retailing and the high merchandise turnover rate entail fundamental organizational, IT and logistics risks. The METRO Group's international focus and our concentration on national, regional and local product assortments in the respective countries add 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 backup systems and works with several parallel service providers to reduce its dependency on individual suppliers and service providers. In addition, our group has special emergency plans and adheres to the principle of efficient internal division of labor.

Personnel risks The expertise, dedication and motivation of our employees are key success factors that have a decisive impact on our competitive position. 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 for the best people. The demand for qualified personnel is particularly high in markets where the METRO Group is expanding. This requires appropriate programs for in-house employee qualification. Continuing education and employee training activities promoted at all group levels are designed to guarantee the professional competences of group employees. 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 levels serves this purpose as well. Direct participation in business success 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 in particular in the context of tax audits. Litigation risks result from labor, criminal and civil law proceedings, among others. We protect ourselves adequately against both types of risks by making special provisions.

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

- price risks,
- liquidity risks,
- creditworthiness risks and
- 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. Part of the assets available to the company over the long term are financed via floating-rate debt in the amount of €2,635.1 million. This results in an overhang of variable interest liabilities which means that an increase in interest rates will entail 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 and currency swaps are used in these cases to limit currency risks. Material currency risks currently do not exist.

Share price risks result from stock-based compensation of METRO Group executives. The remuneration (monetary bonus) is essentially based on the stock price development of the Metro common stock. Stock options on the METRO AG common stock are used to cap this risk.

Interest and currency risks are substantially reduced and limited by the principles laid down in the internal treasury guidelines of the METRO Group. These include, for example, 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 system 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 short-term, 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 paper 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.

METRO AG's liquidity reserve as of December 31, 2006, is shown in the following table:

	€ million	€ million
Balance of intra-group receivables and liabilities due in 2007		(1,674.4)
Assets due in 2007		905.2
Liabilities due in 2007		(192.5)
Balance of liquid funds and terms		**(961.7)**
Unutilized lines of credit		
Syndicated lines of credit	2,775.0	
Bilateral lines of credit	635.4	
		3,410.4
Liquidity reserve		**2,448.7**
The following additional, unutilized capital market instruments are available:		
Debt Issuance Program	1,968.4[1]	
Commercial Paper Program	5,000.0	
	6,968.4	

[1]Available framework 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 supporting 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 are 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	18.8	0.0	98.1
	Aa1 to Aa3	AA+ to AA-	52.1	9.2	
	A1 to A3	A+ to A-	13.7	4.3	
	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			1.9	0.0	1.9
Total			**86.5**	**13.5**	**100.0**

The table shows that as of the closing date about 98 percent of the capital investment volume, including the positive market value of derivatives, 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 risk is thus very low.

Cash flow risks A future change in interest rates may cause cash flow from variable interest rate asset and debt items to fluctuate. Part 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, stress tests are used to determine what impact interest-rate changes may have on cash flow.

For information on uncompleted and unrecognized transactions, please refer to the explanations on derivative financial instruments in the notes.

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 can be identified at the moment.

8. OUTLOOK

FORECASTS ON BUSINESS DEVELOPMENTS AT THE METRO GROUP

We intend to forcefully continue our growth strategies in 2007 and 2008. On the basis of economic forecasts, the sector's business situation and developments in the sales divisions, we expect positive results for the METRO Group in 2007.

We expect the METRO Group's profitable growth strategy to lead to sales growth of about 6 percent and an even higher increase in EBIT before special items over the medium term. For fiscal year 2007 we project sales growth of 8 or 9 percent including the acquisitions of the Wal-Mart Germany group and the Géant business in Poland.

We are also striving to increase economic value added (EVA), our key measure of the company's success. As a result, the foundation would be laid for proposing an attractive dividend to the annual general meeting in the future.

Our investments in the current store network, including the switch of the Wal-Mart stores to the Real brand, and in our organic expansion are expected to total about €2.5 billion in 2007. As a result of continuing international expansion, the number of employees will continue to grow.

We are working to further extend our position as a leading international trade and retail company. In the process, we will continue to assume our social responsibility. We are focusing particularly on sensitizing consumers about a healthful lifestyle with a balanced diet and ample exercise. We stress the message through our long-term initiative called "Gut für Dich" (Good for You).

Investments of about €40 million are earmarked for METRO AG during the current fiscal year.

9. REMUNERATION REPORT

STOCK-BASED COMPENSATION FOR EXECUTIVES

In 1999, METRO AG introduced a program of stock-based remuneration. The members of the Management Board and other executives of METRO AG as well as managing directors and executives of the operative METRO Group companies are eligible.

In the past, the executives of METRO AG and the cross-divisional service companies received options from a **stock option program**. The executives of the sales divisions received so-called **stock appreciation rights** that result in a cash payment when exercised.

Participation in the stock option program gave participants the right to acquire METRO AG common stock at a previously determined price for a set period of time. The exercise terms and conditions of the stock option program stipulated that the company may grant the qualifying SOP beneficiaries cash compensation in lieu of the delivery of new common stock, which is equal to the difference between the opening price and the applicable closing price of Metro stock at the time the options are exercised. This option was used by all beneficiaries of the program with regard to all subscription rights issued.

The stock options and stock appreciation rights held in the group during fiscal year 2006 changed as follows:

STOCK OPTIONS/STOCK APPRECIATION RIGHTS (METRO GROUP)

	2006		2005	
	Stock options units	Stock appreciation rights units	Stock options units	Stock appreciation rights units
Outstanding as per Jan 1	507,420	1,460,120	1,476,693	3,155,760
Issued	0	0	0	0
Exercised	471,020	1,263,650	575,503	1,058,365
Expired/forfeited	5,470	107,890	393,770	637,275
Outstanding as per Dec 31	30,930	88,580	507,420	1,460,120

The rights with a maturity of approximately one year can be exercised following the end of a three-year blocking period. The rights may be exercised only if the stock price of METRO AG exeeded the basis price by at least 30 percent (exercise hurdle) during the last 20 consecutive trading days before the options were exercised after the end of the blocking period.

The terms of the tranches existing at the end of 2006 are listed in the following table:

				Stock options		Stock appreciation rights	
Tranche	Expiration date	Basis price	Exercise hurdle	Dec 31, 2006 units outstanding	Dec 31, 2005 units outstanding	Dec 31, 2006 units outstanding	Dec 31, 2005 units outstanding
2002	8 weeks after AGM in 2006	€28.73	€37.35	0	23,920	0	77,170
2003	8 weeks after AGM in 2007	€26.99	€35.09	30,930	483,500	88,580	1,382,950

In the year under review, 21,250 stock options and 62,480 stock appreciation rights were exercised from the 2002 tranche. The average strike price per right was €43.87. A total of 2,670 stock options and 14,690 stock appreciation rights were forfeited.

From the 2003 tranche, 449,770 stock options and 1,201,170 stock appreciation rights were exercised in the year under review. The average strike price per right was €44.09. A total of 2,800 stock options and 93,200 stock appreciation rights were forfeited, and the remaining term of the rights that may still be exercised from the 2003 tranche ends on July 18, 2007.

In fiscal year 2004, a five-year **stock bonus program** was introduced to replace the stock option program. In contrast to the previous granting of subscription rights, this program provides the entitlement to stock bonuses. The size of the cash bonus depends on the performance of the Metro stock price and the parallel consideration of benchmark indices.

The stock bonus program is divided into a tranche for each year, with the target parameters being calculated separately for each tranche. The maturity of each tranche is three years. The last tranche will be granted in 2008.

The size of the bonus initially depends on the ratio of opening price and target price.

The opening price of each tranche corresponds to the arithmetic mean of the closing prices of the METRO AG common stock in XETRA trading of Deutsche Börse AG in Frankfurt/Main on the 20 last consecutive trading days before the closing date (eight weeks after the respective annual general meeting).

The target price, upon which the full bonus is granted, is calculated based on the opening price and assumes a stock price increase of 15 percent over the course of three years. Whether the target price has been reached is determined by means of the arithmetic mean of the closing prices of the company's common stock in XETRA trading on the last 20 consecutive trading days before expiration of the relevant three-year period. The bonus increases or decreases proportionately when the stock price exceeds or falls below the 15 percent price target.

The size of the respective bonus also depends on the performance of the Metro stock compared with relevant German and European stock indices. When the Metro stock has outperformed these indices, the stock bonus is raised to 120 percent. When it underperforms, it is reduced to 80 percent. Outperformance or underperformance applies when the Metro stock exceeds or falls below the aforementioned average by more than 10 percent. Outperformance or underperformance is determined analogous to the determination of whether the target price has been reached.

The stock bonus is granted only if the terms of employment within the METRO Group have not been ended unilaterally or a contract termination has not been reached by mutual consent at the time of maturity. In addition, the payment of stock bonuses is limited to the amount of the fixed salary. Any potential excess amounts are used to raise the stock bonus during the following three years when the latter is lower than the target bonus.

The conditions of the tranches granted to executives so far are listed in the following table:

STOCK BONUS

Tranche	Due date	Basis price	Target price	Total target bonus
2004	July 2007	€37.14	€42.71	€21,610,000
2005	July 2008	€41.60	€47.84	€23,825,000
2006	July 2009	€43.15	€49.62	€25,510,000

The target bonus values are based on the assumption that the target prices are attained. The value of the stock bonus paid in 2006 was €32,764,776 at the time of payment and was calculated by independent experts using the Monte Carlo method.

COMPENSATION OF MANAGEMENT BOARD MEMBERS

Compensation for members of the Management Board is a component of an integrated compensation system for executives of the METRO Group. It creates performance incentives for the long-term growth of the company's value, and contains both fixed and variable elements. Total remuneration and the individual compensation components are geared appropriately to the responsibilities of each individual board member, his personal performance, the performance of the entire board and the economic situation of METRO AG.

Variable, performance-based compensation

The variable, performance-based compensation for members of the Management Board is determined in large part by the development of economic value added (EVA) and can also include the achievement of individually determined targets.

Positive EVA is achieved when the net operating profit exceeds the cost of capital needed to finance working capital. NOPAT (Net Operating Profit After Tax) is defined as operating profit before financing costs, but after income taxes. The cost of capital represents the 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 fiscal year 2006, 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 therefore also a key basis of the EVA-based remuneration system for members of the Management Board. The EVA compensation system is based on a comparison of delta EVA with defined targets that were set by the Supervisory Board's Personnel and Nominations Committee under consideration of capital market expectations of value creation. If a target is achieved, an agreed-upon target bonus is paid in full (bonus factor 1.0).

Balanced remuneration systems consider not only the short-term, but also the medium- and long-term development of enterprise value. This is why the annual bonus entitlements from the EVA-based remuneration system are combined with a medium-term bonus bank. Even if the calculated bonus for any one year exceeds the target, it is only paid in full up to the target bonus. Any bonus amount in excess of the target bonus is initially credited to the bonus bank. Irrespective of the payment of the target bonus, a fixed percentage of the bonus bank deposit is paid out each year, with the remaining amount being carried forward. A negative bonus results in a reduction of bonus bank deposits. The negative bonus bank deposit for the sales divisions and METRO AG is capped at a value of –1.0. If a bonus factor of more than +2.0 is generated in one or both of the two fiscal years following the capping, the remuneration share resulting from the bonus factor in excess of +2.0 is offset against the capping of the bonus bank. The bonus bank thus serves to balance bonus payments and to promote sustainable management decisions favoring long-term value creation.

The Personnel and Nominations Committee of METRO AG's Supervisory Board sets the conditions for EVA-based Management Board remuneration, in particular the targets for the development of delta EVA, the target bonuses and the bonus bank system. By Management Board resolution, these conditions apply equally to all METRO Group executives. The Personnel and Nominations Committee supervises the systematic determination of EVA and the calculation of the EVA-based variable component of Management Board remuneration.

Stock-based compensation with long-term incentives

A stock option program forms another variable component of Management Board remuneration. It is tied to the direction of the METRO AG stock price and the sustained success of the METRO Group, and measures up to ambitious relevant benchmarks. The actual receipt of compensation from this program is linked to the fulfillment of all preconditions.

The stock option program was introduced in fiscal year 2004 as a result of a decision by the Presidential Committee and the Personnel and Nominations Committee of the Supervisory Board at METRO AG for members of the Management Board. It corresponds to the previously mentioned stock option program for executives of the METRO Group. The target bonuses for members of the Management Board are set each year by the Supervisory Board's Presidential Committee and the Personnel and Nominations Committee. The payment of the bonus can be limited by a decision of the Committee.

Remuneration in fiscal year 2006

The relevant individual amounts for the members of the Management Board are as follows[1]:

€ 1,000	Fixed salary	Variable, performance-based remuneration	Stock bonus 2006	Other remuneration	Total compensation
Dr. Hans-Joachim Körber	1,000	3,150	514	2	4,666
Zygmunt Mierdorf	800	2,100	424	9	3,333
Frans W. H. Muller[2]	333	856	424	97	1,710
Thomas Unger	683	1,789	424	12	2,908
Prof. Stefan Feuerstein[3]	467	560	0	39	1,066
Total	3,283	8,455	1,786	159	13,683

[1]The company's pro rata expenses for stock-based compensation with maturities in fiscal year 2006 or later must also be shown pursuant to §§ 285 Sentence 1 No. 9a, 314 Section 1 No. 6a German Commercial Code: Dr. Körber €1,050,000, Mr. Mierdorf €867,000, Mr. Muller €73,000, Mr. Unger €867,000 and Prof. Feuerstein €243,000
[2]Member of the Management Board since Aug 1, 2006
[3]Member of the Management Board until July 31, 2006

The amount of the variable, performance-based compensation for fiscal year 2006 results from EVA-based compensation entitlements whose complete payment is dependent, as a result of the bonus bank system, on EVA factors from past and future years.

In addition, stock-bonus entitlements with long-term incentives that were granted in fiscal year 2006 (stock bonuses) have to be posted at their fair value at the time of granting (see above table).

Due to the granting of a monetary target bonus, a number of subscription rights in accordance with §§ 285 Sentence 1 No. 9 a, 314 Section 1 No. 6 a German Commercial Code cannot be released. The payment of the bonuses depends on the previously described conditions of the stock option plan.

Other remuneration includes non-cash benefits from the provision of company cars and benefits related to guidelines for promoting international mobility among executives of the METRO Group.

Payment after the end of employment

In fiscal year 2006 a total of €2.3 million was used for remuneration of active members of the Management Board of METRO AG for services after the end of their employment. Individually, the amounts totaled:

€ 1,000 (rounded)	
Dr. Hans-Joachim Körber	1,722
Zygmunt Mierdorf	536
Total	2,258

The previously listed amounts also cover allocations to reserves for payments following the end of the employment contracts of Dr. Körber and Mr. Mierdorf. These commitments materially provide for a one-time capital sum to be granted when they leave the company. This will be determined on the basis of the average compensation from the past two calendar years, consisting of salary and performance-based compensation. It will amount to at least the salary and performance-based compensation on the basis of a simple EVA bonus. Dr. Körber will receive twice the amount of the calculated total. Mr. Mierdorf will receive this single total.

Furthermore, this provision concerns insurance premiums to cover pension commitments for Dr. Körber that increase from the profit sharing of the insurance contract and are adjusted annually to meet the increased cost of living. For Mr. Mierdorf, provisions are being made for pension commitments that will be paid out when Mr. Mierdorf turns 60, or if he were to become permanently incapacitated or his employment contract were to be terminated prematurely or not renewed. In the latter two cases, other income will be deducted from the pension commitments. The pension commitment for Mr. Mierdorf is also adjusted annually to cover the increased cost of living. Both commitments were made before their appointment to the Management Board.

Should the employment contract be canceled prematurely as a result of changes in oversight and strategy, Dr. Körber and Mr. Mierdorf will retain the entitlements arising from the employment contracts even if they terminate the contract. No such agreements have been reached with employees.

Total compensation of former members of the Management Board

Former members of the Management Boards of METRO AG and the companies that were merged into METRO AG as well as their surviving dependents received €6.2 million. The provisions for current pensions and pension entitlements made for this group totaled €40.4 million.

COMPENSATION OF THE MEMBERS OF THE SUPERVISORY BOARD

Remuneration of members of the METRO AG Supervisory Board is regulated by § 13 of METRO AG's Articles of Association.

Aside from the reimbursement of cash expenses, the members of the Supervisory Board of METRO AG receive a fixed payment and a performance-based payment. Fixed compensation amounts to €35,000 per board member. The performance-related remuneration component is based on earnings before taxes and minorities (EBT) in the METRO AG financial statements. Each member of the Supervisory Board receives €600 per €25 million in EBT exceeding an EBT (before regular goodwill amortization) of €100 million for the average of fiscal year 2006 and the two preceding fiscal years.

The individual size of fixed and performance-based Supervisory Board remuneration takes into account the duties and responsibilities of the individual Supervisory Board members by consideration of special assignments. The compensation of the chairman of the Supervisory Board is three times higher than that of an ordinary member of the Supervisory Board; that of the vice chairman and the chairmen of the Committees is twice as high; and that of the other members of the committees one and a half times higher, respectively. A Supervisory Board member who holds several offices receives compensation for only one office, in the case of different levels of remuneration for the most highly paid office.

The total compensation of all members of the Supervisory Board amounted to a net €1.7 million in fiscal year 2006. The fixed component accounted for €0.9 million and the performance-based element for €0.8 million. The performance-based compensation will be payable after METRO AG's annual general meeting on May 23, 2007.

The following individual totals apply in fiscal year 2006:

In €	Fixed compensation	Performance-based compensation
Dr. Eckhard Cordes, Chairman (since February 2006)	96,250	86,592
Prof. Dr. Theo Siegert, Chairman (until February 2006)	17,500	15,744
Klaus Bruns, Vice Chairman	70,000	62,976
Dr. Wulf H. Bernotat	35,000	31,488
Prof. Dr. Dr. h.c. Klaus Brockhoff	35,000	31,488
Ulrich Dalibor	52,500	47,232
Prof. Dr. Dr. h.c. mult. Erich Greipl	52,500	47,232
Jürgen Hennig	35,000	31,488
Anja Kiehne-Neuberg	52,500	47,232
Werner Klockhaus	52,500	47,232
Peter Küpfer	35,000	31,488
Rainer Kuschewski	35,000	31,488
Dr. Klaus Mangold	35,000	31,488
Marianne Meister	35,000	31,488
Dr. rer. pol. Klaus von Menges	35,000	31,488
Dr.-Ing. e.h. Bernd Pischetsrieder	35,000	31,488
Sylvia Raddatz	35,000	31,488
Renate Rohde-Werner	35,000	31,488
Dr. jur. Hans-Jürgen Schinzler	52,500	47,232
Dr. Manfred Schneider	52,500	47,232
Peter Stieger	35,000	31,488
Total	918,750	826,560

In fiscal year 2006, the members of the Supervisory Board of METRO AG received €0.1 million in net compensation for Supervisory Board mandates (and in one case for an advisory council mandate) at group companies. The amounts listed in the following table apply to the individual members of the METRO AG Supervisory Board. Beyond this, the members of the Supervisory Board were not granted any remuneration or benefits for work performed, in particular consulting and brokerage services, on behalf of other companies of the METRO Group in the sense of Subsection 5.4.7 of the German Corporate Governance Code.

OTHER INTRA-GROUP COMPENSATION

In €	
Ulrich Dalibor	33,200
Prof. Dr. Dr. h. c. mult. Erich Greipl	49,800
Rainer Kuschewski	6,136
Marianne Meister	9,000
Sylvia Raddatz	9,000
Peter Stieger	9,203
Total	116,339

The above amounts do not include the remuneration entitlements of one Supervisory Board member from intra-group Supervisory Board mandates of which the Supervisory Board member waived the payment.

10. NOTES PURSUANT TO § 289 SECTION 4 GERMAN COMMERCIAL CODE

COMPOSITION OF CAPITAL

On December 31, 2006, the capital stock of METRO AG totaled €835,419,052.27. It is divided into a total of 326,787,529 no-par-value bearer shares. The proportional value per share amounted to about €2.56.

The capital stock is broken down into the following types of stock:

Common stock	Shares	324,109,563	
	Proportional value of the capital stock in €	828,572,941	(Yields 99.18%)
Preferred stock	Shares	2,677,966	
	Proportional value of the capital stock in €	6,846,111	(Yields 0.82%)
Total capital stock	Shares	326,787,529	
	€	835,419,052	

Each share of common stock of METRO AG grants an equal voting right. In addition, common stock of METRO AG entitles the holder to dividends. In contrast to common stock, preferred stock does not carry any voting rights and is 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."

Other rights associated with common and preferred stock include in particular the right to attend the annual general meeting (§ 118 Section 1 Stock Corporation Law), the right to information (§ 131 Stock Corporation Law) and the right to file a legal challenge or a complaint for nullity (§§ 245 No. 1–3, 246, 249 Stock Corporation Law). In addition to the previously mentioned right to receive dividends, stockholders have a subscription right when the capital stock is increased (§ 186 Section 1 Stock Corporation Law), a claim to liquidation proceeds after the closure of the company (§ 271 Stock Corporation Law) and claims to compensation and settlements as a result of certain structural measures, particularly those pursuant to §§ 304 ff., 320 b, 327 b of the Stock Corporation Law.

LIMITATIONS RELEVANT TO VOTING RIGHTS

According to information obtained by the Management Board, an agreement has been set up among O.B. Betriebs GmbH, Overpart GmbH (formerly Beisheim Holding GmbH), BVG Beteiligungs- und Vermögensverwaltung GmbH, Franz Haniel & Cie. GmbH, Haniel Finance B.V., Haniel Finance Deutschland GmbH, METRO Vermögensverwaltung GmbH & Co. KG, METRO Vermögensverwaltung GmbH, the 1. HSB Beteiligungsverwaltung GmbH & Co. KG and the 1. HSB Verwaltung GmbH to coordinate the exercise of voting rights associated with shares of METRO AG, which can be regarded as restrictions in the sense of § 289 Section 4 No. 2 German Commercial Code.

CAPITAL INTERESTS

Notes pursuant to § 289 Section 4 No. 3 German Commercial Code – direct and indirect (pursuant to § 22 German Securities Trading Act) capital interests that exceed 10 percent of the voting rights:

Name/company	Direct/indirect stakes exceeding 10 percent of voting rights
METRO Vermögensverwaltung GmbH & Co. KG, Düsseldorf	direct and indirect
METRO Vermögensverwaltung GmbH, Düsseldorf	indirect
1. HSB Beteiligungsverwaltung GmbH & Co. KG, Schönefeld-Waltersdorf	direct and indirect
1. HSB Verwaltung GmbH, Schönefeld-Waltersdorf	indirect
Haniel Finance B.V., Venlo/Netherlands	indirect
Haniel Finance Deutschland GmbH, Duisburg	indirect
Franz Haniel & Cie. GmbH, Duisburg	indirect
Prof. Otto Beisheim Stiftung, Baar/Switzerland	Indirect
O.B. Betriebs GmbH, Munich	indirect
O.B.V. Vermögensverwaltungs GmbH & Co. KG, Düsseldorf	indirect
O.B.V. Vermögensverwaltungs GmbH, Düsseldorf	indirect
Overpart GmbH (formerly Beisheim Holding GmbH), Baar/Switzerland	indirect
Prof. Dr. Otto Beisheim, Baar/Switzerland	indirect
BVG Beteiligungs- und Vermögensverwaltung GmbH, Essen	indirect
Gebr. Schmidt GmbH & Co. KG, Essen	indirect
Gebr. Schmidt Verwaltungsgesellschaft mbH, Essen	indirect
Dr. Michael Schmidt-Ruthenbeck, Zurich/Switzerland	indirect

The above information is based on notifications under § 21 of the German Securities Trading Act which METRO AG received and released in fiscal year 2006.

REGULATIONS GOVERNING THE APPOINTMENT AND REMOVAL OF MANAGEMENT BOARD MEMBERS, AND CHANGES TO THE ARTICLES OF ASSOCIATION

In instances when members of the Management Board are appointed and removed, legal regulations laid down in §§ 84, 85 of the German Stock Corporation Act and §§ 30, 31, 33 of the German Codetermination Act apply. A supplementary regulation is contained in § 5 in the METRO AG's Articles of Association. It states:

"(1) The Management Board shall consist of at least two members.

(2) Apart from this, the Supervisory Board shall determine the number of members on the Management Board."

Changes to the Articles of Association at METRO AG are determined principally in accordance with §§179, 181, 133 of the German Stock Corporation Act. Numerous other sections of the Stock Corporation Act would apply to a change to the Articles of Association, and modify or supersede the previously mentioned regulations, e.g., §§ 182 ff. of the Stock Corporation Act during capital increases, §§ 222 ff. of the Stock Corporation Act during capital reductions or § 262 of the Stock Corporation Act during the dissolution of the AG. Pursuant to § 14 of METRO AG's Articles of Association, changes that would affect only the text of the Articles of Association may be decided by the Supervisory Board without a vote by the annual general meeting.

AUTHORITIES OF THE MANAGEMENT BOARD

Authorities to issue new shares

In accordance with § 202 Section 1 of the Stock Corporation Act, the annual general meeting can authorize the Management Board to increase the capital stock through the issuance of new shares against deposit. The following authorizations exist at the moment:

Authorized capital I

On May 23, 2002, the annual general meeting resolved to authorize the Management Board to increase the capital stock, with the 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 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 exclude 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 further authorize the Management Board, with the 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 issues for a maximum total of €60,000,000 by May 23, 2007 (authorized capital II). The Management Board is authorized, with the 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 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 cash contributions in one or several issues 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 rule out 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 of the 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 of the Stock Corporation Act. 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 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 issues for a maximum total of €125,000,000 by June 3, 2009 (authorized capital IV). The Management Board has been authorized, with the approval of the Supervisory Board, to decide on the restriction of the subscription right. To date, authorized capital IV has not been used.

Stock option program

The annual general meeting of July 6, 1999, approved a stock option plan for executives.

Within the framework of METRO AG's stock option program, the Management Board distributed stock options to executives in the years 1999–2003. On December 31, 2006, a total of 30,930 options remained in effect. In compliance with the agreed terms of exercise, it was decided that cash compensation would be provided to executives entitled to the options in place of new shares of common stock when the existing subscription rights were exercised.

Authority to acquire the company's own stock

METRO AG is authorized to acquire its own stock in accordance with § 71 of the German Stock Corporation Act.

On the basis of § 71 Section 1 No. 8 of the Stock Corporation Act, the annual general meeting decided on May 18, 2006:

"a) On or before November 18, 2007, the company is hereby authorized to acquire the company stock of any share class. The authorization shall be limited to the acquisition of shares that make up a maximum of 10 percent of the capital stock that existed as of the date that this resolution was adopted. The authorization may be exercised in whole or in part, in the latter case several times. It also may be exercised either for common stock or for preferred stock only.

b) The stock may be acquired on the stock exchange or through a public tender offer made to all company stockholders.

- If the shares are acquired on the stock exchange, the price per share paid by the company (excluding incidental transaction prices) may not exceed or fall below the arithmetic average of the closing auction price of the company shares of the same class in the XETRA trading system (or in a comparable system that replaces the XETRA system) at the Frankfurt Stock Exchange during the last three trading days immediately preceding the acquisition by more than 10 percent.

- If the shares are acquired through a public tender offer made to all stockholders of the company, the offered purchase price per share may not exceed or fall below the arithmetic average of the closing auction price of company shares of the same class in the XETRA trading system (or in a comparable system that replaces the XETRA system) at the Frankfurt Stock Exchange during the last three trading days immediately preceding the date of the announcement of the offer by no more than 20 percent. A public tender offer may provide for preferred acceptance of sell offers for small numbers of stock up to 100 shares per stockholder.

c) In addition to selling acquired shares on the stock exchange or by offer to all stockholders, the Management Board is authorized, subject to approval of the Supervisory Board, to use the company shares acquired in accordance with the authorization granted in paragraph a) above for any of the following purposes:

(1) Listing of company shares on international stock exchanges where they had not been admitted to trading yet.

(2) Transfer of company shares to a third party as part of a company merger or of the acquisition of companies, divisions of other companies or interests in other companies.

(3) Redemption of company shares, without the redemption and implementation of such being subject to another decision by the annual general meeting.

(4) Sale of company shares through means other than the stock exchange or an offer to all stockholders provided that the stock is sold for a cash payment and at a price that is not substantially lower than the stock market price for company shares of the same class at the time of the purchase. The foregoing authorization shall be limited to the acquisition of shares collectively representing no more than 10 percent of the capital stock. The limit of 10 percent of the capital stock shall be reduced by the amount of capital stock represented by any shares issued (a) during the effective period of this authorization in the course of any capital increase by exclusion of subscription rights pursuant to § 186 Section 3 Sentence 4 of the German Stock Corporation Act or (b) to service option bonds and/or convertible bonds with option or conversion rights or conversion obligations if such bonds were issued during the effective period of the authorization by exclusion of the subscription rights by analogous application of § 186 Section 3 Sentence 4 of the Stock Corporation Act.

(5) Issuance of stock to holders of option bonds or convertible bonds of the company or its affiliates in accordance with the terms and conditions applicable to such bonds, including the issuance of stock based on the exercise of subscription rights that, in the event of a sale of treasury stock through an offer to stockholders may be granted to holders of option or convertible bonds of the company or any of its affiliates to the same extent that holders of such option or convertible bonds would have had a subscription right to company stock after exercising their option and conversion rights or performing their option or conversion obligations. The shares issued on the basis of this authorization shall collectively not exceed 10 percent of capital stock if such stock is used to service conversion and option rights or conversion obligations that were issued or created by analogous application of § 186 Section 3 Sentence 4 of the German Stock Corporation Act. Stock issued or sold by direct or analogous application of § 186 Section 3 Sentence 4 of the German Stock Corporation Act during the effective period of this authorization to the date of use of treasury stock shall count towards the aforementioned limit.

d) The authorizations granted in Paragraph c) may be exercised on one or several occasions, in whole or in part. The price at which shares of the company are initially listed on foreign stock exchanges pursuant to the authorization in Paragraph c) No. (1) and (4) or are sold to third parties for cash payments shall not fall below the arithmetic average of the closing auction price of company shares in the same category in the XETRA trading system (or in a comparable system that replaces the XETRA system) at the Frankfurt Stock Exchange during the last five trading days immediately preceding the date of the listing on the exchange or a legally binding agreement with a third party by more than 5 percent.

e) Subscription rights shall be excluded if treasury stock is used for any of the purposes authorized in Paragraph c) No. (1), (2), (4) and (5).“

Authorization for issuing option bonds and convertible bonds

The annual general meeting on June 4, 2004, authorized the Management Board, with the approval of the Supervisory Board, to issue bearer and/or registered option and/or convertible bonds by June 3, 2009, in one or several tranches totaling up to a nominal value of €1,000,000,000 with a maturity of at least 15 years and to grant the option bond holders option rights or owners of convertible bonds conversion rights for new shares of common stock in the company in proportion to the capital stock of up to €127,825,000 pursuant to option bond or convertible bond conditions.

In addition to euros, the option bonds and/or convertible bonds may be issued – limited to the equivalent euro value – in the legal currency of an OECD country. The option bonds and/or convertible bonds may also be issued by the affiliates (§ 18 of the German Stock Corporation Act) of METRO AG in which METRO AG directly or indirectly holds at least 90 percent of the capital stock. In this case, the Management Board is authorized to assume the guarantee for the option bonds/convertible bonds on behalf of the company and to grant option or convertible bond rights for new shares of METRO AG common stock to the holders of option or convertible bonds.

All stockholders are entitled to a subscription right. The option bonds or convertible bonds should be assumed by a lending institution or a consortium of banks under the condition that they will be offered to the stockholders. The company must also ensure the stockholders' legal subscription right when the option bonds and/or convertible bonds are issued by a 90 percent direct or indirect group company of METRO AG. The Management Board, however, is authorized, with the approval of the Supervisory Board, to exclude odd-lot amounts resulting from subscription conditions from the subscription right of stockholders and to preclude the subscription right insofar as it is necessary to grant holders of previously issued option and convertible rights at the time of the new issue or holders of option or convertible bonds containing option and conversion obligations a subscription right to the extent that they would be entitled after exercising the option or conversion rights or after fulfilling option and conversion obligations.

The Management Board is further authorized, with the approval of the Supervisory Board, to exclude the subscription right of stockholders to option and/or convertible bonds insofar that the Management Board has concluded after a mandatory review that the issue price of the option or convertible bonds does not significantly fall below their hypothetical market value as calculated by recognized financial-mathematic methods. This authorization to issue option or convertible bonds under the exclusion of the subscription right in accordance with § 186 Section 3 Sentence 4 German Stock Corporation Act applies only so far as the shares being issued to satisfy conversion option rights do not collectively exceed 10 percent of the capital stock that existed as of the date of the initial exercise of this authorization. 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 stock issued during the authorization period under the exclusion of the subscription right in accordance with § 186 Section 3 Sentence 4 of the Stock Corporation Act in connection with a capital increase or sold from a pool of treasury stock.

In the case of the issuance of option bonds, one or several options are added to every partial debenture that, according to the option conditions, entitle the owner to acquire the company's common stock. The proportionate share of capital stock that is allotted to the subscription shares for each partial debenture may not exceed the nominal value of the option bond. Under the option and bond conditions, fractional amounts of stock may be turned into complete shares, including upon the payment of an additional sum. The maximum period of the option right is 15 years.

In the case of the issuance of convertible bonds, the holders of the debentures receive the indefeasible right to transform their convertible debentures under the conditions of the convertible bonds into the company's common stock. The conversion ratio results from dividing the nominal value or the issue amount of a partial debenture that is below the nominal value by the fixed conversion price for a common share of company stock. The convertible bond conditions can stipulate that the conversion ratio is variable and the conversion price can be altered within a fixed band depending on the course of the common stock's price during the authorization period. In any case, the conversion ratio can be rounded up or down to a whole number. In addition, a cash payment can be set. Furthermore, it can be stipulated that non-convertible amounts will be combined and/or settled with a money payment.

The convertible bond or option conditions can constitute a convertible or option obligation at the end of the duration period or at some other point in time, or provide for the right of the company to grant, at the time of maturity of the convertible or option bonds, shares of common stock in the company or in another listed business to bondholders completely or partially in the place of the payment of the due amount upon maturity.

In each case, the bond conditions can stipulate that, in the case of the exercise of conversion or options (including as a result of a conversion or warrant option or as a result of the company's exercise of a stock issuance option) some treasury stock can be granted. It can further be stipulated that the company will not provide company stock to people entitled to conversions or options. Rather, the amount will be paid in cash. Under the bond conditions, this amount will correspond to the volume-weighted average of the price of the METRO AG's common stock in XETRA trading on the Frankfurt Stock Exchange or in an equivalent successor system on at least two successive trading days during the period of 10 trading days before and 10 trading days after the announcement of the conversion or the exercise of the option.

The individually fixed option or conversion price for a share of common stock must amount to at least 80 percent of the volume-weighted average of the price of the METRO AG's common stock in XETRA trading on the Frankfurt Stock Exchange or an equivalent successor system on 10 trading days before the Management Board's decision about issuing option bonds or convertible bonds. Deviations may be made for cases of option and conversion obligations or the issuance of stock on the basis of the exercise of a company voting right. In this case, the bond conditions must provide for a warrant or conversion price for a share of the company's common stock that is at least 80 percent of the volume-weighted average of the price of the METRO AG's stock in XETRA trading on the Frankfurt Stock Exchange or in an equivalent successor system during the reference time period of 3 to 20 trading days before the maturity of the option bond or convertible bond or the start of an option obligation.

For the concession of the subscription right, the individually determined option and conversion price for a share of common stock (subject to the special regulation covering cases of option or conversion obligation or the transmittal of stock on the basis of a voting right of the company) must amount to at least 80 percent of the volume-weighted average of the price of the METRO AG's common stock in XETRA trading on the Frankfurt Stock Exchange or in an equivalent successor system during the days on which the subscription rights to option bonds and convertible bonds were traded on the Frankfurt Stock Exchange, with the exception of both final days of the subscription right trading. In each of the described cases, § 9 Section 1 of the German Stock Corporation Act shall remain unaffected.

Irrespective of § 9 Section 1 of the German Stock Corporation Act, the option and conversion price will be discounted as a result of an antidilution clause following a more detailed determination of the option or convertible-bond conditions, if the company, during the option or conversion term, increases the capital stock including a subscription right to its stockholders or raises capital from the company's financial resources or issues or guarantees further option bonds or convertible bonds or option rights and does not grant a subscription right to holders of option and conversion rights to the extent to which they are entitled after the exercise of the option or conversion right. In addition, the conditions could provide for, in cases of a reduction in capital or other exceptional measures or events, including unusually high dividends or a takeover by a third party, an adjustment of the option and conversion rights or option or conversion obligations or the regulations concerning the exercise of company options for a supply of stock.

The Management Board is authorized to clarify the additional details concerning the issue and conditions of option bonds and/or convertible bonds, particularly the interest rate, issue price, maturity and denominations, option or conversion price and option or conversion period, or to determine in consultation with the departments of the group companies issuing the option bonds and/or convertible bonds.

FUNDAMENTAL AGREEMENTS RELATED TO THE CONDITIONS OF A TAKEOVER AND COMPENSATION AGREEMENTS IN CASE OF A TAKEOVER

As a borrower, METRO AG is a party to three consortium loan contracts that the lender may cancel in the case of a takeover inasmuch as the credit rating of METRO AG also drops in a way stipulated in the contract. The requirements of a takeover are, first, that the stockholders who controlled METRO AG at the time when each contract was signed lose this control. The second requirement is the takeover of control of METRO AG by one or several parties. The lending banks may cancel the contract and demand the return of the loan only if the takeover and the drop in the credit rating occur cumulatively. In 2006, the average amount used from the consortium loan contracts was €217 million.

In the event that a takeover led to a significant change in strategy, the Management Board members Dr. Körber and Mr. Mierdorf would be authorized to resign from their board positions at the end of the third month that followed the change in control and strategy and to terminate their employment contracts. In the event of such an extraordinary termination of their employment contracts, Dr. Körber and Mr. Mierdorf would retain the remuneration entitlements arising from each contract.

11. DECLARATION PURSUANT TO § 312 AKTG (GERMAN STOCK CORPORATION ACT)

Pursuant to § 312 AktG (German Stock Corporation Act), the Management Board of METRO AG has prepared a report about relations with associated companies for fiscal year 2006. 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."

This report received an unqualified audit opinion from KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Berlin and Frankfurt/Main. The Management Board will immediately submit this report to the Supervisory Board together with the auditor's report.

ANNUAL FINANCIAL STATEMENTS

BALANCE SHEET AS PER DECEMBER 31, 2006

ASSETS

€ 1,000	Note no.	Dec 31, 2006	Dec 31, 2005
Fixed assets	2		
Intangible assets	3	7,788	33,189
Tangible assets	4	6,761	7,286
Financial assets	5	8,046,101	7,159,153
		8,060,650	7,199,628
Current assets			
Receivables and other assets	6	3,141,034	3,366,288
Securities	7	0	339,300
Cash on hand, bank deposits and checks	8	902,082	401,514
		4,043,116	4,107,102
Prepaid expenses and deferred charges	9	3,100	5,405
		12,106,866	11,312,135

LIABILITIES

€ 1,000	Note no.	Dec 31, 2006	Dec 31, 2005
Equity			
Capital stock	10	835,419	835,419
Common stock		828,573	828,573
Preferred stock		6,846	6,846
(Contingent capital)		[142,141]	[142,141]
Capital reserve	11	2,557,964	2,557,964
Revenue reserve	12	1,083,977	683,977
Balance sheet profit	26	435,426	337,475
		4,912,786	4,414,835
Provisions	13	461,894	450,247
Liabilities	14	6,728,952	6,441,132
Deferred income	15	3,234	5,921
		12,106,866	11,312,135

INCOME STATEMENT FOR THE FISCAL YEAR FROM JANUARY 1 TO DECEMBER 31, 2006

€ 1,000	Note no.	2006	2005
Investment income	20	894,203	380,991
Net financial result	21	(69,123)	(99,357)
Other operating income	22	264,779	84,429
Personnel expenses	23	(66,208)	(33,078)
Depreciation/amortization on intangible and tangible assets	2	(4,877)	(5,898)
Other operating expenses	24	(187,911)	(201,644)
NOPAT		**830,863**	**125,443**
Income tax	25	2,506	(7,895)
Other taxes		(1,822)	(2,438)
Net income		**831,547**	**115,110**
Profit carried forward from the previous year	26	3,879	22,365
Withdrawals from other revenue reserves		–	200,000
Additions to other revenue reserves	12	(400,000)	–
Balance sheet profit	26	435,426	337,475

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 on a straight-line basis. Non-scheduled write-downs to the lower of cost or market 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 uncertain obligations and anticipated losses from uncompleted transactions on the basis of a reasonable evaluation. Long-term provisions for anticipated losses from uncompleted transactions are recognized at their discounted values. 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.

Liabilities are recognized at amounts repayable.

Derivative financial instruments that are part of an economically necessary and accordingly documented hedge relationship with other derivative or primary financial instruments 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, an equal 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.

NOTES TO THE BALANCE SHEET OF METRO AG

2. FIXED ASSETS

€ 1,000	Dec 31, 2006	Dec 31, 2005
Intangible assets		
Rights and licenses	4,743	5,146
Advance payments made	3,045	28,043
	7,788	**33,189**
Tangible assets		
Leasehold improvements	971	1,171
Other plant, business and office equipment	5,790	6,115
	6,761	**7,286**
Financial assets		
Shares in associated companies	6,483,247	6,314,789
Loans to associated companies	1,534,636	793,873
Investments	13,251	13,251
Other long-term loans	14,967	37,240
	8,046,101	**7,159,153**
Total	8,060,650	7,199,628

The following table outlines the development of fixed assets:

€ 1,000	Costs of purchase						
	Jan 1, 2006	Addition	Reclassification/ transfer	Disposal	Depreciation (cumulative)	Dec 31, 2006	Depreciation for fiscal year
Intangible assets							
Rights and licenses	10,341	1,283	3,446	3,871	6,456	4,743	3,245
Advance payments made	28,043	26,589	(3,446)	48,141	–	3,045	–
	38,384	**27,872**	**–**	**52,012**	**6,456**	**7,788**	**3,245**
Tangible assets							
Leasehold improvements	2,244	25	–	10	1,288	971	218
Other plant, business and office equipment	11,119	1,573	–	1,040	5,862	5,790	1,414
	13,363	**1,598**	**–**	**1,050**	**7,150**	**6,761**	**1,632**
Financial assets							
Shares in associated companies	6,557,743	4,133,301	–	4,076,135	131,662	6,483,247	–
Loans to associated companies	793,873	786,793	–	46,030	–	1,534,636	–
Investments	16,472	–	–	–	3,221	13,251	–
Other long-term loans	38,116	138	–	22,411	876	14,967	–
	7,406,204	**4,920,232**	**–**	**4,144,576**	**135,759**	**8,046,101**	**–**
Total	7,457,951	4,949,702	–	4,197,638	149,365	8,060,650	4,877

3. INTANGIBLE ASSETS

Rights and licenses as well as advance payments on intangible assets essentially concern software systems. Disposals result from the sale of intangible assets to MGS METRO Group Services Holding GmbH in connection with the centralization of intra-group services.

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 €4,133,301,000 are posted. These consist for the most part, of a restructuring in the amount of €3,887,079,000 which led to investments being bundled in a new subholding by means of a merger or a non-cash contribution. This exchange of shares was carried out at book values. Other additions of €235,956,000 relate to capital increases through non-cash contributions at MGS METRO Group Services Holding GmbH. These non-cash contributions were also carried out at book values.

Disposals of shares in associated companies to the amount of €4,076,135,000 essentially concern book values from restructurings through merger and non-cash contributions.

The additions in loans to associated companies of €786,793,000 result from the granting of interest-bearing, long-term loans to METRO Group companies.

The disposals in loans to associated companies result from scheduled and early redemptions.

The disposals in other long-term loans are related to redemptions.

6. RECEIVABLES AND OTHER ASSETS

€ 1,000	Dec 31, 2006	Dec 31, 2005
Receivables from associated companies	2,909,902	3,116,061
Other assets	231,132	250,227
thereof with a remaining term of more than one year	[17,222]	[16,141]
	3,141,034	3,366,288

Interest-bearing tax refund entitlements accounted for the major share, or €139,664,000 of other assets. In addition, this item includes €39,321,000 in interest claims as well as stock options to hedge the stock bonus plan to the amount of €23,032,000.

7. OTHER SECURITIES

The complete elimination of this item (other securities) results from the sale of all shares in Praktiker Bau- und Heimwerkermärkte Holding AG remaining at METRO AG after the initial public offering.

8. CASH ON HAND, BANK DEPOSITS AND CHECKS

This item includes essentially bank deposits of €899,874,000 resulting 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 Programme" amounting to €1,887,000.

10. SUBSCRIBED CAPITAL

In terms of amount and composition, i.e. the ratio of common to preferred stock, subscribed capital has not changed versus December 31, 2005 and totals €835,419,052.27.

It is divided as follows:

No-par-value bearer shares, accounting par value approx. €2.56		Dec 31, 2006	Dec 31, 2005
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 share of common stock of METRO AG grants an equal voting right that allows the stockholder to participate in resolutions at the annual general meeting. In addition, common stock of METRO AG entitles the holder to dividends. In contrast to common stock, preferred stock does not carry any voting rights and is 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 stock 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 shares of common stock 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 30,930 of these options was still outstanding as of December 31, 2006. In line with the exercise terms, it was until now determined that eligible participants would be granted cash compensation in lieu of new common stock upon exercise of existing options. The exercise of subscription rights from the stock option plan therefore did 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 exclude 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 rule out 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, 2006, authorized the company to acquire treasury stock up to the equivalent of 10 percent of the capital stock on or before November 18, 2007.

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, 2006, additional paid-in capital was unchanged at €2,557,964,000.

12. OTHER REVENUE RESERVES

Following an addition of €400,000,000, the other revenue reserves included in this item amount to €1,083,977,000 at the closing date.

13. PROVISIONS

€ 1,000	Dec 31, 2006	Dec 31, 2005
Provisions for pensions and similar commitments	136,508	134,413
Tax provisions	118,663	124,419
Other provisions	206,723	191,415
	461,894	450,247

Pension provisions of €113,188,000 (previous year €116,541,000) provide for direct pension commitments, while €18,345,000 (previous year €17,347,000) has been set aside to cover shortfalls of underfunded benevolent funds. The actuarial valuation of pension provisions was based on the 2005 G reference tables of Prof. Dr. Klaus Heubeck.

Tax provisions adequately provide for tax audit risks. The tax provisions item includes €126,000 for deferred tax payables.

Other provisions provide for the following:

€ 1,000	Dec 31, 2006	Dec 31, 2005
Risks from investments	54,402	58,819
Risks from rental contracts	42,082	47,334
Interest on taxes due	35,903	35,945
Litigation risks	24,961	16,145
Commitments to employees	23,204	12,789
Risks from financial transactions	16,777	3,183
Cost accounts not yet received	5,514	9,958
Other	3,880	7,242
	206,723	191,415

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.

14. LIABILITIES

€ 1,000	Dec 31, 2006 total	Remaining term up to 1 year	Remaining term 1 to 5 years	Remaining term over 5 years	Dec 31, 2005 total
Bonds	2,003,108	53,108	1,950,000	–	2,115,645
Liabilities to banks	7,920	7,920	–	–	492
Trade payables	4,260	4,260	–	–	7,471
Liabilities to associated companies	4,584,333	4,584,333	–	–	4,164,707
Other liabilities	129,331	127,188	2,120	23	152,817
thereof taxes	[86,364]	[86,364]	[–]	[–]	[59,243]
thereof social security	[1,661]	[1,661]	[–]	[–]	[463]
	6,728,952	4,776,809	1,952,120	23	6,441,132

During the reporting year, a floating-rate bond was reduced by € 314,261,000. A floating-rate bond with a nominal volume of € 200,000,000 and a term of 4 years was issued in September 2006.

Trade payables include cost and expense accounts of € 4,260,000.

The increase in liabilities to associated consolidated companies results essentially from short-term monetary investments of METRO Group companies.

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	Dec 31, 2006	Dec 31, 2005
Liabilities from guarantee or warranty contracts	3,817,691	4,074,879
thereof for liabilities of associated companies	[3,807,201]	[4,063,962]
thereof to associated companies	[–]	[118,400]
Liabilities from sureties and guarantees	99,662	66,739
thereof for liabilities of associated companies	[99,619]	[66,699]
	3,917,353	4,141,618

Liabilities from guarantee and warranty contracts include rental guarantees of €230,827,000. These liabilities are recognized at the respective annual rental rates. They are granted over the full rental term.

17. OTHER FINANCIAL LIABILITIES

€ 1,000	Dec 31, 2006 total	Remaining term up to 1 year	Remaining term 1 to 5 years	Remaining term over 5 years	Dec 31, 2005 total
Commitments from stock tender rights	301,216	36,797	264,419	–	289,266
Obligations from loans granted	355	355	–	–	77,167
thereof to associated companies	[355]	[355]	[–]	[–]	[77,167]
Obligations from rental contracts and leases	402,555	42,174	140,236	220,145	352,152
thereof to associated companies	[3,781]	[3,025]	[756]	[–]	[3,735]
Other	105	105	–	–	300
	704,231	79,431	404,655	220,145	718,885

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.

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

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	200,000	3,537	3,537		
thereof with associated companies	[100,000]		[3,537]		
thereof with external counterparties	[100,000]	[3,537]			
Interest rate swaps as valuation unit with primary financial transactions	850,000	15,109			
thereof with external counterparties	[850,000]	[15,109]			
Other interest rate swaps	500,000	6,062			
thereof with external counterparties	[500,000]	[6,062]			
thereof included in:					
Other assets				24,601	
Prepaid expenses and deferred charges				6	
Other liabilities					3,124
Deferred income					1,368
	1,550,000	24,708	3,537	24,607	4,492
Caps					
Caps as valuation unit with primary financial transactions	750,000	7,438			
thereof with external counterparties	[750,000]	[7,438]			
thereof included in:					
Other assets				3,495	
	750,000	7,438		3,495	

CURRENCY TRANSACTIONS

€ 1,000	Nominal volume	Fair values positive	Fair values negative	Book values positive	Book values negative
Forex futures					
Forex futures as valuation unit with derivative financial transactions	80,176	1,152	1,152		
thereof with associated companies	[40,088]	[1,093]	[59]		
thereof with external counterparties	[40,088]	[59]	[1,093]		
Forex futures as valuation unit with primary financial transactions	329,222	2,624	223		
thereof with external counterparties	[329,222]	[2,624]	[223]		
	409,398	3,776	1,375		
Currency options					
Currency options as valuation unit with derivative financial transactions	884	5	5		
thereof with associated companies	[442]		[5]		
thereof with external counterparties	[442]	[5]			
	884	5	5		
Interest rate/currency swaps					
Interest rate/currency swaps as valuation unit with derivative financial transactions	150,632	23,206	23,206		
thereof with associated companies	[75,316]	[23,206]			
thereof with external counterparties	[75,316]		[23,206]		
Interest rate/currency swaps as valuation unit with primary financial transactions	39,651		3,464		
thereof with external counterparties	[39,651]		[3,484]		
Other interest rate/currency swaps	412,261		17,158		
thereof with associated companies	[357,910]		[14,876]		
thereof with external counterparties	[54,351]		[2,282]		
thereof included in:					
Other assets				1,355	
Other liabilities					1,745
Other provisions					16,777
	602,544	23,206	43,828	1,355	18,522

EQUITY TRANSACTIONS

€ 1,000	Nominal volume	Fair values positive	Fair values negative	Book values positive	Book values negative
Stock options					
Tranche 2004	4,135	46,432			
Tranche 2005	4,086	39,550			
Tranche 2006	1,531	16,124			
thereof included in:					
Other assets				23,032	
	9,752	102,106		23,032	

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.

The nominal volume of derivative financial instruments is shown in absolute amounts.

The nominal volume of stock options used to hedge the stock bonus programs represents the number of stock options, whereby the ratio of stock options to subscription right is 1:1.

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

19. OTHER LEGAL ISSUES

Status of legal challenge

The share exchange ratio set for the incorporation of Asko Deutsche Kaufhaus AG and Deutsche SB-Kauf AG into METRO AG in 1996 is undergoing judicial review in appraisal processes initiated by former stockholders. The former stockholders maintain that the exchange ratio was set too low, putting them at a disadvantage.

These two legal challenges are pending in district courts located in Saarbrücken and Frankfurt/Main.

Resolutions of the annual general meeting of May 22, 2003

The Higher Regional Court in Düsseldorf (file no. I-6 U 241/06) on December 14, 2006, ruled in the appeals procedure on the legal challenge filed by Dr. Hereth against the resolutions of the annual general meeting in 2003 regarding the approval of the acts of the Management Board (TOP 3) and the election of the auditor for fiscal year 2003 (TOP 5). It fully dismissed the petitioner's appeal against the dismissal of his lawsuit challenging the approval of the acts of the Management Board. The court voided the appointment by the annual general meeting 2003 of the auditor for fiscal year 2003 on account of an infringement against the rotation principle laid down in § 319 Section 3 No. 6 HGB a. F. The ruling is not yet effective. Even if the court's ruling were to become effective, however, it would not impact the effectiveness and existence of the annual financial statements for 2003, according to several expert opinions solicited by the company's Management Board.

NOTES TO THE INCOME STATEMENT OF METRO AG

20. INVESTMENT RESULT

€ 1,000	2006	2005
Income from profit and loss transfer agreements	781,823	943,892
Income from investments	129,918	358,465
thereof from associated companies	[129,918]	[357,210]
Expenses from loss absorption	(161,884)	(642,267)
Book gains from the disposal of financial assets	1,211	53,739
thereof Loyalty Partner GmbH	[–]	[45,700]
Book losses from the disposal of financial assets	–	(308)
Book gains (previous year book losses) from the disposal of marketable securities	143,135	(130,679)
Write-downs on financial assets and marketable securities	–	(211,751)
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
	894,203	380,991

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

Income from investments relates mostly to real estate investments.

The grocery retail segment accounts for most of the expenses from loss absorption.

Book gains to the amount of €143,135,000 resulted from the sale of the remaining shares in Praktiker Bau- und Heimwerkermärkte Holding AG following its initial public offering.

21. FINANCIAL RESULT

€ 1,000	2006	2005
Other interest and related income	162,500	159,252
thereof from associated companies	[131,727]	[119,672]
Income from long-term loans	44,247	41,319
thereof from associated companies	[42,648]	[38,928]
Other financial income	29,852	10,755
thereof from associated companies	[19,093]	[1,242]
Interest and similar expenses	(269,833)	(282,911)
thereof to associated companies	[(112,089)]	[(107,268)]
Other financial expenses	(35,889)	(27,772)
	(69,123)	(99,357)

As in the previous year, other interest and similar income result mainly from financial settlement transactions with METRO Group companies.

At €31,820,000, income from long-term loans relates mostly to a long-term loan to Asset Immobilienbeteiligungen GmbH.

A total of €186,541,000 in interest and related expenses was due to interest from current monetary transactions, while €83,292,000 related to interest on long-term liabilities.

The other financial expenses item primarily includes an addition to the provision for anticipated losses from uncompleted transactions from the write-back of a valuation unit in the amount of 16,777,000.

In the same context, corresponding earnings in the amount of €16,254,000 from the premature termination of a swap trade resulted in the other financial income item.

22. OTHER OPERATING INCOME

€ 1,000	2006	2005
Disposal of intangible assets	176,468	–
Rental income	40,498	42,260
Administrative services for subsidiaries	22,094	37,974
Write-back of provisions	8,378	1,095
Investment subsidies	6,047	–
Write-back of a write-down from the previous year	3,614	–
Other income	7,680	3,100
	264,779	84,429

Intangible assets were sold to MGS Metro Group Services Holding GmbH in the course of the centralization of intra-company services. In this context, income of €176,468,000 resulted in consideration of disposals at book values of €68,232,000.

Rental income and investment subsidies are netted against corresponding other operating expenses.

The administrative services for subsidiaries include 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	2006	2005
Wages and salaries	47,452	38,237
Social security contributions, expenses for pensions and related benefits	18,756	(5,159)
thereof for pensions	[15,088]	[(8,391)]
	66,208	33,078

The stock bonus plan launched in 2004 as a long-term remuneration component was continued during the reporting year. The expenses for these transactions amounted to €2,869,000 in fiscal year 2006 (previous year €2,378,000).

Wages and salaries included year-end payments and provisions for extraordinary payments totaling €17,672,000 (previous year €11,583,000).

The increase in social withholdings and expenses for pensions and related benefits is due to the fact that a dissolution of provisions for underfunded benevolent funds had resulted from the appreciation of cash assets during the previous year.

24. OTHER OPERATING EXPENSES

€ 1,000	2006	2005
General administrative expenses	54,368	49,354
Real estate rents	45,278	45,922
Service fees charged by subsidiaries to METRO AG	23,998	15,112
Legal and other consultancy	14,993	17,568
Allocation of positive synergy effects to sales divisions	10,180	14,993
Litigation risks	8,941	12,001
Write-downs on other assets	4,498	4,085
Guarantee and warranty risks	–	23,100
Other items	25,655	19,509
	187,911	201,644

Adequate provisions were formed to account for litigation risks.

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

€ 1,000	2006
KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft	
Audit	1,900
Other certification or evaluation services	327
Tax consultation services	49
Other services	134
	2,410

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. The balance of €2,506,000 results from a claim to the tax office on account of a corporation tax credit.

26. APPROPRIATION OF BALANCE SHEET PROFIT, DIVIDENDS

In accordance with the resolution of the annual general meeting on May 18, 2006, a dividend of €1.020 per share of common stock and €1.122 per share of preferred stock, or a total €333.6 million was paid from the balance sheet profit of €337.5 million reported for fiscal year 2005. The remaining amount of €3.9 million was carried forward to new account.

The Management Board of METRO AG will propose to the annual general meeting that the reported balance sheet profit of €435.4 million for fiscal year 2006 be used to pay a dividend of €1.120 per share of common stock and €1.232 per share of preferred stock for a total €366.3 million, and that the remaining €69.1 million be carried forward to new account. The balance sheet profit of €435.4 million includes €3.9 million in profit carried forward from the year before.

OTHER NOTES

27. EMPLOYEES

METRO AG's workforce averaged 326 in fiscal year 2006, calculated from the four quarters. This total included two wage earners and 324 salaried employees. Part-time and temporary employees have been converted to full-time equivalents.

28. STOCK OWNERSHIP

The disclosures required pursuant to § 285 Sentence 1 No. 11 and 11a HGB (German Commercial Code) are included in a separate list of stock ownership. In accordance with § 287 Sentence 2 HGB, this list is included in the notes.

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). They are presented to the operator of the electronic Federal Gazette and then published in the electronic Federal Gazette.

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, February 24, 2006, March 7, 2006, May 26, 2006, and September 8, 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 Section 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 were published 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 requiring notification, 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 Section 1 Subsection 1 Sentence 1 of the German Securities Trading Act.

3. METRO Holding AG

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, 6341 Baar, 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 to 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: 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 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: Neuhofstr. 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: Neuhofstr. 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: 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 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: Neuhofstr. 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 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: Neuhofstr. 4, 6341 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 § 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 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: Pflugstrasse 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: Pflugstrasse 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: Pflugstrasse 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: Pflugstrasse 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 55.73% 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. Vermögensverwaltungs 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. Vermögensverwaltungs 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. Vermögensverwaltungs 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 Beteiligungsund 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 § 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 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.'"

The contents of the notification of March 7, 2006, were published as follows:

"METRO Vermögensverwaltung GmbH & Co. KG, Metro-Straße 8, 40235 Düsseldorf, sent us, METRO AG, Schlüterstraße 1, 40235 Düsseldorf, in accordance with § 21 et seq. of the German Securities Trading Act and also in accordance with § 41 Section 2 Sentence 1 of the German Securities Trading Act, notification dated March 7, 2006, with the following contents:

'We, METRO Vermögensverwaltung GmbH & Co. KG, hereby notify you in the name and on behalf of the companies listed below as follows:

1. Ritter und Partner Holding Anstalt

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 Ritter und Partner Holding Anstalt, Vaduz, Liechtenstein (address: Pflugstrasse 12, FL-9490 Vaduz, Liechtenstein), amounted 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. 45.83% of the voting rights were attributed to Ritter und Partner Holding Anstalt in accordance with § 22 Section 1 No. 3 of the German Securities Trading Act (in the version applicable on December 18, 2000).

We further 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 Ritter und Partner Holding Anstalt, Vaduz, Liechtenstein (address: Pflugstrasse 12, FL-9490 Vaduz, Liechtenstein), exceeded the threshold of 50% of the voting rights and amounted at that time to 56.61% of the voting rights. 5.39% of the voting rights were attributed to Ritter und Partner Holding Anstalt in accordance with § 22 Section 1 No. 2 of the German Securities Trading Act (in the version applicable on May 23, 2001) and a further 51.22% of the voting rights were attributed to it in accordance with § 22 Section 1 No. 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 Ritter und Partner Holding Anstalt, Vaduz, Liechtenstein (address: Pflugstrasse 12, FL-9490 Vaduz, Liechtenstein), amounted to 55.68% of the voting rights. 5.39% of the voting rights were attributed to Ritter und Partner Holding Anstalt in accordance with § 22 Section 1 Sentence 1 No. 1 of the German Securities Trading Act and a further 50.29% of the voting rights were attributed to it in accordance with § 22 Section 2 Sentence 1 of the German Securities Trading Act.

Furthermore, we notify you in accordance with § 21 Section 1 of the German Securities Trading Act that on January 1, 2005, the share of voting rights held by Ritter und Partner Holding Anstalt, Vaduz, Liechtenstein (address: Pflugstrasse 12, FL-9490 Vaduz, Liechtenstein), fell below the thresholds of 50%, 25%, 10% and 5% of the voting rights and has since then, without change, amounted to 0%.

2. Praesidial Stiftung

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 Praesidial Stiftung, Vaduz, Liechtenstein (address: Pflugstrasse 12, FL-9490 Vaduz, Liechtenstein), amounted to more than 5%, 10% and 25% and in fact amounted at that time to 45.83% of the voting rights. 45.83% of the voting rights were attributed to Praesidial Stiftung in accordance with § 22 Section 1 No. 3 of the German Securities Trading Act (in the version applicable on December 28, 2000).

We further 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 Praesidial Stiftung, Vaduz, Liechtenstein (address: Pflugstrasse 12, FL-9490 Vaduz, Liechtenstein), exceeded the threshold of 50% of the voting rights and amounted at that time to 56.61% of the voting rights. 5.39% of the voting rights were attributed to Praesidial Stiftung in accordance with § 22 Section 1 No. 2 of the German Securities Trading Act (in the version applicable on May 23, 2001) and a further 51.22% of the voting rights were attributed to it in accordance with § 22 Section 1 No. 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 Praesidial Stiftung, Vaduz, Liechtenstein (address: Pflugstrasse 12, FL-9490 Vaduz, Liechtenstein), amounted to 55.68% of the voting rights. 5.39% of the voting rights were attributed to Praesidial Stiftung in accordance with § 22 Section 1 Sentence 1 No. 1 of the German Securities Trading Act and a further 50.29% of the voting rights were attributed to it in accordance with § 22 Section 2 Sentence 1 of the German Securities Trading Act.

Furthermore, we notify you in accordance with § 21 Section 1 of the German Securities Trading Act that on January 1, 2005, the share of voting rights held by Praesidial Stiftung, Vaduz, Liechtenstein (address: Pflugstrasse 12, FL-9490 Vaduz, Liechtenstein), fell below the thresholds of 50%, 25%, 10% and 5% of the voting rights and has since then, without change, amounted to 0%.

3. Rawlinson & Hunter Limited

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 Rawlinson & Hunter Limited, St. Peter Port, Guernsey (address: Granary House, The Grange, St. Peter Port, Guernsey GY1 2QQ, Guernsey), amounted 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. 5.39% of the voting rights were attributed to Rawlinson & Hunter Limited in accordance with § 22 Section 1 Sentence 1 No. 1 of the German Securities Trading Act and a further 50.29% of the voting rights were attributed to it in accordance with § 22 Section 2 Sentence 1 of the German Securities Trading Act.

At today's date, March 7, 2006, the share of voting rights held in METRO AG, Düsseldorf, by Rawlinson & Hunter Limited, St. Peter Port, Guernsey, amounts to 55.62% of the voting rights. 5.39% of the voting rights are attributed to Rawlinson & Hunter Limited in accordance with § 22 Section 1 Sentence 1 No. 1 of the German Securities Trading Act and a further 50.23% of the voting rights are attributed to it in accordance with § 22 Section 2 Sentence 1 of the German Securities Trading Act.'"

The contents of the notification of May 26, 2006, were published as follows:

"By letter dated May 26, 2006, METRO Vermögensverwaltung GmbH & Co. KG, Metro-Straße 1, 40235 Düsseldorf, sent us, METRO AG, Schlüterstraße 1, 40235 Düsseldorf, a notification pursuant to § 21 et seq. of the German Securities Trading Act and § 41 Section 2 Sentence 1 of the German Securities Trading Act, concerning the shares of voting rights held in METRO AG, Düsseldorf/a correction to the notification of March 7, 2006 concerning Praesidial Stiftung, a party obliged to notify, with the following content:

'In the name and on behalf of Praesidial Stiftung, Vaduz, Liechtenstein, we, METRO Vermögensverwaltung GmbH & Co. KG, provided notifications to you on March 7, 2006 (published on March 14, 2006) pursuant to § 21 et seq., 41 Section 2 of the German Securities Trading Act. Due to a clerical error of Praesidial Stiftung there was a mix-up of the numbers with regard to the shareholdings of Ritter and Partner Holding Anstalt, a party also obliged to provide notification, and with regard to the notifications of Praesidial Stiftung which we hereby amend in the name and on behalf of Praesidial Stiftung and Dr. Peter Ritter Familienstiftung, Vaduz, Liechtenstein, as follows:

On December 28, 2000, May 23, 2001 and April 1, 2002, Praesidial Stiftung held no voting rights in METRO AG, Düsseldorf.

Pursuant to § 21 Section 1 of the German Securities Trading Act (in the version applicable on December 28, 2000), we hereby notify you that on December 28, 2000, the share of voting rights held in METRO AG, Düsseldorf, by Dr. Peter Ritter Familienstiftung, Vaduz, Liechtenstein (address: Pflugstrasse 12, FL-9490 Vaduz, Liechtenstein), exceeded the thresholds of 5%, 10% and 25% and amounted to 45.83% of the voting rights at that time. 45.83% of the voting rights were attributed to Dr. Peter Ritter Familienstiftung pursuant to § 22 Section 1 No. 3 of the German Securities Trading Act (in the version applicable on December 28, 2000).

Pursuant to § 21 Section 1 of the German Securities Trading Act (in the version applicable on May 23, 2001), we hereby further notify you that on May 23, 2001, the share of voting rights held in METRO AG, Düsseldorf, by Dr. Peter Ritter Familienstiftung, Vaduz, Liechtenstein (address: Pflugstrasse 12, FL-9490 Vaduz, Liechtenstein), exceeded the threshold of 50% of the voting rights and amounted to 56.61% of the voting rights at that time. 5.38% of the voting rights were attributed to Dr. Peter Ritter Familienstiftung pursuant to § 22 Section 1 No. 2 of the German Securities Trading Act (in the version applicable on May 23, 2001) and a further 51.22% of the voting rights were attributed to it pursuant to § 22 Section 1 No. 3 of the German Securities Trading Act (in the version applicable on May 23, 2001).

Pursuant to § 41 Section 2 of the German Securities Trading Act, we hereby further notify you that on April 1, 2002, the share of voting rights held in METRO AG, Düsseldorf, by Dr. Peter Ritter Familienstiftung, Vaduz, Liechtenstein (address: Pflugstrasse 12, FL-9490 Vaduz, Liechtenstein), amounted to 55.68% of the voting rights. 5.39% of the voting rights were attributed to Dr. Peter Ritter Familienstiftung pursuant to § 22 Section 1 Sentence 1 No. 1 of the German Securities Trading Act and a further 50.29% of the voting rights were attributed to it pursuant to § 22 Section 2 Sentence 1 of the German Securities Trading Act.'

Pursuant to § 21 Section 1 of the German Securities Trading Act, we hereby further notify you that on January 1, 2005, the share of voting rights held by Dr. Peter Ritter Familienstiftung, Vaduz, Liechtenstein (address: Pflugstrasse 12, 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%.'"

The contents of the notification of September 8, 2006, were published as follows:

"By letter dated September 8, 2006, Dr. Mutter Rechtsanwaltsgesellschaft mbH, Metzlerstraße 21, 60594 Frankfurt am Main, sent to us, METRO AG, Schlüterstraße 1, 40235 Düsseldorf, for and on behalf of Suprapart AG, Supra Holding AG, Baluba Investment Ltd. Guernsey and R&H Trust Co. (Guernsey) Ltd., as trustee of Supra Trust and of Rawlinson & Hunter Limited notifications pursuant to § 21 et. seq. German Securities Trading Act with the following content:

'In accordance with § 21 et. seq. German Securities Trading Act, we inform you that on September 7, 2006, the share of voting rights held by Suprapart AG, Baar, Switzerland (address: Mühlegasse 36, 6340 Baar, Switzerland), in METRO AG, Düsseldorf, fell below the thresholds of 50%, 25%, 10% and 5% of the voting rights and, since then, has amounted to 0%.

In accordance with § 21 et. seq. German Securities Trading Act, we further inform you that on September 7, 2006, the share of voting rights held by Supra Holding AG, Baar, Switzerland (address: Mühlegasse 36, 6340 Baar, Switzerland) in METRO AG, Düsseldorf, fell below the thresholds of 50%, 25%, 10% and 5% of the voting rights and, since then, has amounted to 0%.

In accordance with § 21 et. seq. German Securities Trading Act, we also inform you that on September 7, 2006, the share of voting rights held by Baluba Investment Ltd., St. Peter Port, Guernsey (address: Granary House, The Grange, St. Peter Port, Guernsey GY1 2QQ, Guernsey) in METRO AG, Düsseldorf, fell below the thresholds of 50%, 25%, 10% and 5% of the voting rights and, since then, has amounted to 0%.

In accordance with § 21 et. seq. German Securities Trading Act, we further inform you that, on September 7, 2006, the share of voting rights held by R&H Trust Co. (Guernsey) Ltd., as trustee of Supra Trust, of St. Peter Port, Guernsey (address: Granary House, The Grange, St. Peter Port, Guernsey GY1 2QQ, Guernsey) in METRO AG, Düsseldorf, fell below the thresholds of 50%, 25%, 10% and 5% of the voting rights and, since then, has amounted to 0%.'"

In accordance with § 21 et. seq. German Securities Trading Act, we also inform you that on September 7, 2006, the share of voting rights held by Rawlinson & Hunter Limited, St. Peter Port, Guernsey (address: Granary House, The Grange, St. Peter Port, Guernsey GY1 2QQ, Guernsey), in METRO AG, Düsseldorf, fell below the thresholds of 50%, 25%, 10% and 5% of the voting rights and, since then, has amounted to 0%.'"

31. MANAGEMENT BOARD AND SUPERVISORY BOARD

Company expenses for Management Board compensation in fiscal year 2006

The company's expenses for the remuneration of the active members of the Management Board essentially consist of a fixed salary and performance-based entitlements as well as the prorated expenses on all stock-based remuneration with expiry dates in fiscal year 2006 or later.

The size of the variable, performance-based compensation for fiscal year 2006 results from EVA-based remuneration entitlements and thus from the company's performance during the current fiscal year. Due to the bonus bank system, the full payout of EVA-based compensation entitlements depends on EVA factors in the coming years and thus on the company's performance in the coming years.

In accordance with statutory requirements, the value of stock-based compensation allocated to activities during the fiscal year is the main determinant of the amount that flows into overall compensation. If the remuneration is granted for board member activities relating to future periods, only the portion of the value of stock-based compensation that applies to the respective fiscal year is to be disclosed. Accordingly, the stock bonuses granted in 2006 and the stock-based compensation granted in previous years must be considered in prorated amounts as long as their expiry dates are in fiscal year 2006 or later. In this context, hedging transactions carried out by the company are not considered.

Due to the granting of a monetary target bonus, a number of subscription rights in accordance with §§ 285 Sentence 1 No. 9 a, 314 Section 1 No. 6 a German Commercial Code cannot be disclosed. The payment of the bonuses depends on the previously described conditions of the stock option plan.

The company's expenses for the remuneration of active members of the Board of Management in fiscal year 2006 amounts to €14,997,000. This includes €3,283,000 in fixed salaries, €8,455,000 in performance-based entitlements, €3,100,000 in variable entitlements with long-term incentives and €159,000 in other remuneration.

Other remuneration includes non-cash benefits from the provision of company cars and benefits related to guidelines for promoting international mobility among executives of the METRO Group.

Compensation of former members of the Management Board

Former members of the Management Board of METRO AG and of the companies merged into METRO AG as well as their surviving dependants received €6,212,000. METRO AG has made pension provisions of €40,369,000 for this group.

The disclosures pursuant to § 285 Sentences 1 No. 9 a Sentences 5 to 9 German Commercial Code can be found in the extensive remuneration report in chapter 9 of the management report.

Supervisory Board compensation

The total compensation of all members of the supervisory board amounted to a net €1,745,000 for fiscal year 2006.

Additional information on Supervisory Board compensation can be found in the extensive remuneration report in chapter 9 of the management report.

32. DECLARATION OF COMPLIANCE WITH THE GERMAN CORPORATE GOVERNANCE CODE

The Management and Supervisory Boards of METRO AG in December 2006 issued a declaration of compliance with the recommendations of the government commission of the 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.

CORPORATE BOARDS OF METRO AG AND THEIR MANDATES

Members of the Supervisory Board

Dr. Eckhard Cordes (Chairman)
since February 5, 2006, Chairman since February 20, 2006
Chairman of the Managing Board of
Franz Haniel & Cie. GmbH
a) Celesio AG (Chairman), since April 27, 2006
Deutsche Bahn AG, from July 1, 2006 to August 28, 2006
Rheinmetall Aktiengesellschaft
TAKKT AG, since May 31, 2006
b) FIEGE Holding Stiftung & Co. KG –
Advisory Board (Chairman), since February 5, 2006,
Chairman since April 3, 2006
Air Berlin PLC, London, Great Britain –
Board of Directors, since May 9, 2006
Aktiebolaget SKF, Gothenburg, Sweden –
Board of Directors, since April 25, 2006

Prof. Dr. Theo Siegert (Chairman)[1]
until February 4, 2006
former Chairman of the Managing Board of
Franz Haniel & Cie. GmbH
a) Celesio AG (Chairman)
ERGO Versicherungsgruppe AG
TAKKT AG
b) None

Dr. Wulf H. Bernotat
Chairman of the Board of Management of E.ON AG
a) Allianz SE (formerly Allianz AG)
Bertelsmann AG, since May 22, 2006
E.ON Energie AG (Chairman)
E.ON Ruhrgas AG (Chairman)
RAG AG (Chairman)
b) E.ON Nordic AB, Malmö, Sweden –
Board of Directors (Chairman)
E.ON Sverige AB, Malmö, Sweden –
Board of Directors (Chairman)
E.ON UK plc, Coventry, Great Britain –
Board of Directors (Chairman)
E.ON US Investments Corp., Delaware (OH), USA –
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 October 30, 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

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

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

[1]The information on Prof. Dr. Siegert relates to the date of his resignation from the Supervisory Board
a) Member of other statutory supervisory boards of domestic companies
b) Member of comparable German and foreign boards of business enterprises

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

Anja Kiehne-Neuberg
Section Head of Personnel 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
Business Consultant
a) None
b) Gebr. Schmidt GmbH & Co. KG – Advisory Board, since February 7, 2006
Bank Julius Bär & Co. AG, Zurich, Switzerland – Board of Directors (Vice President until April 12, 2006; since then ordinary member)
Brändle, Missura & Partner Informatik AG, Zurich, Switzerland – Board of Directors
Holcim Ltd., Jona, Switzerland – Board of Directors
Karl Steiner AG, Zurich, Switzerland – Board of Directors
Karl Steiner Holding AG (formerly PSW Holding AG), Zurich, Switzerland – Board of Directors (Vice President since July 3, 2006)
LB (Swiss) Privatbank AG, Zurich, Switzerland – Board of Directors
Peter Steiner Holding AG, Zurich, Switzerland – Board of Directors, since July 3, 2006
PILATUS Flugzeugwerke AG, Stans, Switzerland – Board of Directors (President), until June 27, 2006
UFJ Bank (Schweiz) AG, Zurich, Switzerland – Board of Directors, until April 19, 2006
Supra Holding AG, Baar, Switzerland – Board of Directors
Suprapart AG, Baar, Switzerland – Board of Directors
Valora Holding AG, Bern, Switzerland – Board of Directors

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

Dr. Klaus Mangold
Chairman of the German Committee on Eastern European Economic Relations
Chairman of the Supervisory Board of Rothschild GmbH
a) Drees & Sommer AG
Jenoptik AG
Leipziger Messe GmbH
Universitätsklinikum Freiburg (public corporation)
b) Rothschild GmbH – Supervisory Board (Chairman)
Chubb Corporation, Warren (NJ), USA – Board of Directors
Magna International Inc., Toronto, Canada – Board of Directors
Rothschild Europe B.V. – Raad van Commissarissen (Vice-Chairman)

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

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

Dr.-Ing. e. h. Bernd Pischetsrieder
former Chairman of the Board of Management of Volkswagen AG
a) Audi AG (Chairman), until December 31, 2006
Dresdner Bank AG
Münchener Rückversicherungs-Gesellschaft
b) Scania AB, Södertälje, Sweden – Board of Directors (Chairman)
SEAT S.A., Barcelona, Spain – Consejo de Administración, until December 31, 2006
Tetra-Laval Group, Pully, Switzerland – Board of Directors

Sylvia Raddatz
Commercial Clerk,
Extra Verbrauchermärkte Deutschland GmbH
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) Deutsche Telekom AG, until May 31, 2006
Münchener Rückversicherungs-Gesellschaft (Chairman)
b) UnitCredit S.p.A., Milan, Italy – Board of Directors, since January 11, 2006

Dr. Manfred Schneider
Chairman of the Supervisory Board of Bayer AG
a) Allianz AG, until October 13, 2006
Bayer AG (Chairman)
DaimlerChrysler AG
Linde AG (Chairman)
RWE AG
TUI AG
b) None

Peter Stieger
since January 4, 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 mandates

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

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

Accounting and Audit Committee
Dr. Eckhard Cordes (Chairman), from February 20, 2006 until March 14, 2006 and since May 2, 2006
Prof. Dr. Theo Siegert (Chairman), until February 4, 2006
Klaus Bruns (Vice Chairman)
Ulrich Dalibor
Prof. Dr. Dr. h.c. mult. Erich Greipl
Anja Kiehne-Neuberg
Dr. jur. Hans-Jürgen Schinzler

Mediation Committee pursuant to § 27 Section 3 MitbestG (German law on co-determination)
Dr. Eckhard Cordes (Chairman), since February 20, 2006
Prof. Dr. Theo Siegert (Chairman), until February 4, 2006
Klaus Bruns (Vice Chairman)
Prof. Dr. Dr. h. c. mult. 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 January 24, 2006
LP Holding GmbH – Supervisory Board, since February 13, 2006
Air Berlin PLC, London, Great Britain – Board of Directors, since May 9, 2006
Skandinaviska Enskilda Banken AB, Stockholm, Sweden – Board of Directors

Prof. Stefan Feuerstein[1]
until July 31, 2006

a) Dinea Gastronomie GmbH (Chairman), until July 31, 2006
Real Holding GmbH (Chairman), until July 31, 2006

b) Extra Verbrauchermärkte Management GmbH – Advisory Board (Chairman), until July 31, 2006

Zygmunt Mierdorf
(Executive Vice President Human Resources)

a) Adler Modemärkte GmbH (Chairman)
Praktiker Bau- und Heimwerkermärkte AG
Praktiker Bau- und Heimwerkermärkte Holding AG
Real Holding GmbH (Chairman since August 15, 2006)
TÜV SÜD AG, since May 12, 2006

b) Extra Verbrauchermärkte Management GmbH – Advisory Board (Chairman), since August 1, 2006, Chairman since September 12, 2006
METRO Group Asset Management GmbH & Co. KG – Shareholders' Committee (Chairman)
MGP METRO Group Account Processing International AG, Baar, Switzerland – Board of Directors (President)
Wagner International AG, Altstätten, Switzerland – Board of Directors
Tertia Handelsbeteiligungsgesellschaft mbH – Supervisory Board (Chairman)

Frans W. H. Muller
since August 1, 2006

a) Dinea Gastronomie GmbH (Chairman), since August 1, 2006, Chairman since September 12, 2006
Real Holding GmbH, since August 1, 2006

b) Metro Distributie Nederland B.V. – Raad van Commissarissen

Thomas Unger

a) Praktiker Bau- und Heimwerkermärkte AG, until June 27, 2006
Praktiker Bau- und Heimwerkermärkte Holding AG, until June 27, 2006
Real Holding GmbH

b) Assevermag AG, Baar, Switzerland – Board of Directors (President)
Metro Capital B.V., Venlo, Netherlands – Raad van Commissarissen, until November 30, 2006
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 26, 2007

THE MANAGEMENT BOARD

Dr. Körber

Mierdorf

Muller

Unger

[1]The information on Prof. Feuerstein refers to the time of his departure from the Board of Management
a) Member of other statutory supervisory boards of domestic companies
b) Member of comparable German and foreign boards of business enterprises

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, Düsseldorf, for the business year from January 1, 2006 to December 31, 2006. 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.

Cologne, February 27, 2007

KPMG Deutsche Treuhand-Gesellschaft
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Siemes
Wirtschaftsprüfer (Auditor)

Dr. Böttcher
Wirtschaftsprüfer (Auditor)

REPORT OF THE SUPERVISORY BOARD

Dear Stockholders,

The METRO Group (the group including METRO AG) further strengthened its market leadership in 2006 – just in time for its 10th anniversary. The positive business results show that the retailing company has taken the right course in its long-range strategy. In the years ahead, the company is determined to continuously extend its established position through sustainable value creation.

Progress in retail is directly related to personal dedication, skill and a total focus on the customer. The Supervisory Board would like to express its thanks to the Management Board, executives, employees and employee representatives for their energetic and successful work.

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 during fiscal year 2006 and constantly supervised the management. The Supervisory Board was involved in all decisions that were of material importance to METRO AG or the METRO 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. Other report topics included profitability, current business developments, including the position of the METRO Group, as well as risk management, operations of material importance for the profitability and liquidity of the METRO Group and important investment and divestment decisions. 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.

The Supervisory Board – or, in one case, the Presidential Committee that had been authorized to act by the Supervisory Board – approved all matters that were submitted to it 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. These matters included updating and improving the by-laws of the Management Board, and the sale of a real estate portfolio and the remaining shares of Praktiker Bau- und Heimwerkermärkte Holding AG that went public in 2005. In addition, the Supervisory Board approved the takeover of Wal-Mart's business in Germany and two international acquisitions (Géant Poland and Marktkauf Russia). The Supervisory Board also endorsed the group's annual budget for fiscal year 2007 submitted by the Management Board. In these and other instances, the Supervisory Board regularly received written documentation for preparing the decision. No use was made of the rights of inspection and audit granted under § 111 Section 2 Sentence 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 or external consultants.

The Supervisory Board thoroughly discussed and reviewed all reports and documents that were submitted 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

In fiscal year 2006, the Supervisory Board met six times, including five regularly scheduled meetings and one extraordinary meeting. No member of the Supervisory Board attended fewer than half of the meetings. Furthermore, the Supervisory Board made one decision in a written procedure.

During each regular 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 and results of earlier committee meetings. Finally, the Management Board reported continuously about progress in its review of the notifications by major stockholders of METRO AG about their shareholdings pursuant to the German Securities Trading Act. These notifications were made up for by these stockholders. The other major issues considered during the Supervisory Board meetings are summarized in the following information and in "Appointments and resignations."

The focus of the Supervisory Board's meeting in March 2006 was the annual financial statements of METRO AG and the consolidated financial statements for fiscal year 2005, the management report of METRO AG 2005 and the group's management report 2005, the Management Board's proposal on the appropriation of the balance sheet profit to the annual general meeting 2006 and the report of the Management Board about relations with associated companies in 2005. The auditors attended this meeting and gave a report about the key findings of their review. Other items on the agenda included preparations for the annual general meeting 2006, including the Supervisory Board's report to the annual general meeting, and the Corporate Governance Report. The Supervisory Board also authorized the Presidential Committee to make a decision about approving the sale of the remaining shares in Praktiker Bau- und Heimwerkermärkte Holding AG. The Supervisory Board endorsed the sale of a real estate portfolio, and the updating and improvement of the by-laws of the Management Board and Supervisory Board.

During the meeting held in July 2006, the Supervisory Board intensively considered personnel matters of the Management Board. The appointment of Prof. Feuerstein to the Management Board of METRO AG was amicably ended as of July 31, 2006, and Mr. Muller was appointed to a five-year term on the Management Board as of August 1, 2006. The Supervisory Board also passed a revised assignment of responsibilities for the Management Board. Other matters on the agenda were two METRO Group investment projects: the Supervisory Board approved the acquisition of the hypermarkets of Géant in Poland and endorsed the takeover of Wal-Mart's business in Germany. During this meeting, it also discussed the introduction of a group-wide uniform compliance system.

In a written process, the Supervisory Board decided in August 2006 to extend Mr. Unger's term on the Management Board by five years as of August 1, 2007. This extension was unanimously supported during the Supervisory Board meeting held in July.

During its meeting in October 2006, the Supervisory Board discussed the METRO Group's risk management. Furthermore, it entrusted KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Berlin and Frankfurt/Main, (KPMG) to conduct an audit of the annual financial statements and the consolidated financial statements in 2006. It also agreed on the focal points of the audit and the auditor's fee.

In December 2006, the Supervisory Board thoroughly discussed and then approved the group's annual budget for fiscal year 2007 that had been presented by the Management Board. This budget covers the planning for profits, sales, investments, locations, personnel and financing. In the process, the strategic goals for fiscal year 2007 were discussed as well. The Supervisory Board also passed its declaration of compliance with the recommendations of the German Corporate Governance Code in accordance with § 161 of the German Stock Corporation Act.

Meetings and decisions of the Supervisory Board's committees

To improve its efficiency, the Supervisory Board of METRO AG has formed four committees: the 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 Sentence 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 personnel issues concerning the Management Board. The Accounting and Audit Committee basically addresses accounting issues, including interim reports, and risk management.

During the fiscal year, the Accounting and Audit Committee met in March, May, July, September, October and December for a total of seven times. Three of the meetings were held with the Presidential Committee.

In March 2006, the Accounting and Audit Committee and the Presidential Committee discussed, in the presence of the auditor, the annual financial statements of METRO AG and the consolidated financial statements for fiscal year 2005, the management report of METRO AG, the group's management report for 2005, the Management Board's proposal to the annual general meeting on the appropriation of the balance sheet profit, and the report of the Management Board about relations with associated companies 2005. The committees recommended to the Supervisory Board that the statements set up be approved and the Management Board's proposal on the appropriation of the balance sheet profit be endorsed. During the May 2006 meeting, the Accounting and Audit Committee elected Dr. Cordes as its chairman.

In fiscal year 2006, the Accounting and Audit Committee also discussed all quarterly reports of METRO AG before their release. Other significant advisory issues during the reporting period were the makeup of notifications of major stockholders about their shareholdings pursuant to the German Securities Trading Act, risk management in the METRO Group and preparation of the Supervisory Board's decision to conclude the auditing contract with the auditing firm. In the process, the committee passed on recommendations to the Supervisory Board about the focal points of the audit. These points were approved in turn by the board.

The Personnel and Nominations Committee met three times during fiscal year 2006. These meetings – held jointly with the Presidential Committee – took place in March, July and December. In addition, the committee also made three decisions outside the context of a meeting. During the reporting period, the Personnel and Nominations Committee concentrated particularly on membership changes in the Management Board and on the extension of Mr. Unger's contract for the Management Board. Other key issues handled by the committee were the compensation and remuneration systems of Management Board members and their professional activities outside the METRO Group.

The Presidential Committee held a total of six meetings, including three with the Accounting and Audit Committee (in March, May and September 2006) as well as with the Personnel and Nominations Committee (in March, July and December 2006). In April 2006, the Presidential Committee discussed as part of a decision-making process conducted outside the context of a meeting the sale of METRO AG's remaining shares in the Praktiker group.

The Mediation Committee did not have to meet.

Corporate Governance

The Management Board and the Supervisory Board report about the METRO Group's corporate governance in the Corporate Governance Report for 2006.

At the end of fiscal year 2006, the Management Board and the Supervisory Board of METRO AG issued an unlimited 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 at the Internet site www.metrogroup.de. The full Declaration of Compliance appears in the Corporate Governance Report 2006.

Before the Supervisory Board's meeting in March 2006, the auditor 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 auditor 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 2006, report on relations with associated companies 2006

The set up annual financial statements of METRO AG, in consideration of accounting, for fiscal year 2006 that were submitted by the Management Board pursuant to regulations laid down in the German Commercial Code and the METRO AG management report for 2006 as well as the consolidated financial statements 2006 compiled by METRO AG according to International Financial Reporting Standards (IFRS) and the group's management report 2006 were reviewed by KPMG and were given unqualified approval. The auditor provided a written report about the findings.

In the reporting year, the auditing focal point set by the Supervisory Board was the processing of payment receipts in the METRO Group. The Supervisory Board reviewed the annual financial statements of METRO AG and the consolidated financial statements for fiscal year 2006, the management report of METRO AG and the group's management report for fiscal year 2006 as well as the Management Board's proposal to the annual general meeting 2007 on the appropriation of the balance sheet profit. For this purpose, these documents and the reports of the auditor 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 2007. The auditor attended this meeting, reported the key findings of the reviews, and was at the Supervisory Board's disposal to answer questions and to provide additional information. The Supervisory Board concurred with the findings of the auditor's review, which found no reason to raise objections. In a concluding finding of its own review, the Supervisory Board determined that no objections have to be made. 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. As a result, the annual financial statements of METRO AG 2006 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 about relations with associated companies for fiscal year 2006. The auditor reviewed this report, issued a written statement about the findings of the review and issued the following 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 in a timely manner, and was discussed and reviewed particularly in terms of thoroughness and accuracy during the annual accounts meeting of the board held in March 2007. The auditor attended this meeting, reported the key findings of the review, and was at the Supervisory Board's disposal to answer questions and to provide additional information. The Supervisory Board concurred with the findings of the auditor's review. In a concluding finding of its own review, the Supervisory Board determined that no objections have to be made with respect to 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 2006, the management reports 2006, the proposed appropriation of the balance sheet profit and the Management Board's report about relations with associated companies 2006 were prepared during a joint meeting by the Presidential Committee and the Accounting and Audit Committee in March 2007. During this meeting, the committees thoroughly reviewed and discussed the annual and consolidated financial statements, the management reports, the auditing reports of the auditor, the proposal on the appropriation of the balance sheet profit, the Management Board's report on relations with associated companies and the associated auditing review in the presence of the auditor. The committees recommended that the Supervisory Board approve the set up financial statements and endorse the Management Board's recommendation for appropriation of the balance sheet profit.

Notes on statements pursuant to §§ 289 Section 4, 315 Section 4 of the German Commercial Code

The management report of METRO AG and the group's management report for fiscal year 2006 contains statements pursuant to § 289 Section 4 of the German Commercial Code or § 315 Section 4 of the German Commercial Code, respectively. It is the view of the Supervisory Board that these statements comply with legal requirements. The management report and the group's management report describe the composition of METRO AG's capital stock and the rights attached to the common and preferred shares of METRO AG. In addition, it is reported that, according to information of the Management Board, an agreement to coordinate the exercise of voting rights from shares in METRO AG has been reached among individual companies listed in the management report. Furthermore, the direct and indirect stakes (in accordance to § 22 of the German Securities Trading Act) in the capital stock of METRO AG that exceed 10 percent of voting rights are listed. The Management Board's statements are based on notifications that METRO AG received in fiscal year 2006 pursuant to § 21 of the German Securities Trading Act. The legal and Articles of Association regulations governing the appointment and removal of members of the Management Board as well as those addressing changes in the Articles of Association are quoted. The authority of the Management Board to issue or buy back stock, particularly the authority to acquire the company's own shares, as decided by the annual general meeting on May 18, 2006, is discussed. The termination rights associated with three consortium loan contracts of METRO AG are described. Under these conditions, the lending banks can cancel each contract and can demand back an issued loan if the credit rating of METRO AG should be downgraded as a result of a change in controlling interests at METRO AG. Finally, the rights of two Management Board members in connection with a control and strategy change at METRO AG are presented.

Appointments and resignations

Prof. Dr. Siegert resigned from his positions as a member and chairman of the Supervisory Board at the end of February 4, 2006, ending his service on the Supervisory Board of METRO AG. With the resolution of the Düsseldorf District Court, Dr. Eckhard Cordes was appointed to the Supervisory Board as the successor to Prof. Dr. Theo Siegert effective February 5, 2006. During an extraordinary meeting in February 2006, the Supervisory Board elected Dr. Eckhard Cordes as its new Chairman. In accordance to the German Corporate Governance Code, Dr. Cordes resigned from his office at the end of the annual general meeting in 2006. On May 18, 2006, this meeting elected Dr. Cordes as a member of the Supervisory Board of METRO AG. On the same day, the Supervisory Board reelected Dr. Cordes as chairman.

On May 18, 2006, the annual general meeting elected Mr. Küpfer to the Supervisory Board of METRO AG. Mr. Küpfer was named a member of the Supervisory Board in fiscal year 2005 with the resolution of the Düsseldorf District Court. Under the German Corporate Governance Code, this appointment was limited to the end of the regularly scheduled annual general meeting in 2006.

As a result of the initial public offering by Praktiker Bau- und Heimwerkermärkte Holding AG, Ms. Grewenig left the Supervisory Board on November 24, 2005, pursuant to the regulations of the German Codetermination Act. As her successor, Mr. Stieger became a member of the Supervisory Board of METRO AG on January 4, 2006, with the resolution of the Düsseldorf District Court.

Düsseldorf, in March 2007

THE SUPERVISORY BOARD

Dr. Eckhard Cordes
Chairman

SUPPLEMENTARY INFORMATION

FINANCIAL SCHEDULE

Annual business press conference/analysts' meeting	March 21, 2007
Quarterly financial report Q1	May 3, 2007
Annual general meeting	May 23, 2007
Half-year financial report H1/Q2	August 2007
Quarterly financial report Q3	October 30, 2007

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Disclaimer

This annual report contains certain statements that are neither reported financial results nor other historical information. These forward-looking statements are subject to risk and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements. Many of these risks and uncertainties relate to factors that are beyond the METRO Group's ability to control or estimate precisely, such as future market and economic conditions, the behavior of other market participants, the ability to successfully integrate acquired businesses and achieve anticipated synergies and the actions of government regulators. Readers are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date of this presentation. The METRO Group does not undertake any obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date of these materials.

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