METRO Group

MADE TO TRADE.

FRESH THINKING!

SHAPE 2012 IS TAKING US FORWARD

ANNUAL REPORT

CONSOLIDATED FINANCIAL STATEMENTS OF METRO AG

2009

Contents

METRO Group in figures[1]

€ million		2009	2008[2]	Change in %	2007[2]
Key financial figures					
Sales (net)		65,529	67,955	-3.6	64,210
Metro Cash & Carry		30,613	33,143	-7.6	31,698
Real		11,298	11,635	-2.9	11,003
Media Markt and Saturn		19,693	18,993	3.7	17,444
Galeria Kaufhof		3,539	3,607	-1.9	3,556
Others		386	577	-33.2	509
EBITDA		3,077	3,337	-7.8	3,343
EBITDA before special items		3,328[3]	3,540[3]	-6.0	3,343
EBIT		1,681	1,985	-15.3	2,078
EBIT before special items		2,024[3]	2,222[3]	-8.9	2,078
Metro Cash & Carry		936[3]	1,139	-17.8	1,243
Real		52[3]	6[3]	–	-16
Media Markt and Saturn		608[3]	603	0.8	610
Galeria Kaufhof		119[3]	115	3.4	107
Real Estate		551[3]	538	2.4	
Others		-230[3]	-158	-45.6	134
Consolidation		-12	-21[3]	46.8	
Financial result		-631	-574	-10.0	-517
Earnings before taxes		1,050	1,411	-25.6	1,561
Earnings before taxes and special items		1,393[3]	1,648[3]	-15.5	1,561
Net profit for the period		519	558	-6.9	983
thereof from continuing operations		519	987	-47.4	1,001
thereof from discontinued operations		0	-429	–	-18
Net profit for the period before special items[4]		824[5]	722[5]	14.1	1,051
Earnings per share from continuing operations	€	1.17	2.54	-53.9	2.58
Earnings per share from continuing operations before special items[5, 6]	€	2.10	3.04	-31.0	2.77
Dividend per ordinary share	€	1.18[7]	1.18	–	1.18
Dividend per preference share	€	1.298[7]	1.298	–	1.298
Cash flow from operating activities		2,571	2,637	-2.5	3,158
Investments		1,517	2,423	-37.4	2,154
Depreciation/amortisation		1,396	1,352	3.2	1,265
Equity		5,992	6,061	-1.1	6,498
Equity ratio	%	17.8	17.9	–	19.2
Net debt		4,231	4,600	-8.0	4,300
Employees (annual average headcount)		286,091	290,940	-1.7	275,520
Locations		2,127	2,111[8]	0.8	2,097
Selling space (1,000 sqm)		12,629	12,302[8]	2.7	11,779

[1] Only continuing operations (discontinued operations: 2007 and 2008 Extra and Adler; 2009 Adler)
[2] Adjustment due to first-time adoption of new and revised IFRS
[3] 2009 (2008) adjusted for special items from Shape 2012: in EBITDA by €251 million (€203 million), including €104 million (€0 million) at Metro Cash & Carry, €16 million (€223 million) at Real, €4 million (€0 million) at Media Markt and Saturn, €57 million (€0 million) at Galeria Kaufhof, €5 million (€0 million) in the Real Estate segment, €65 million (€0 million) in the "others" segment and €0 million (€-20 million) in the consolidation segment; in EBIT and earnings before taxes by €343 million (€237 million), including €143 million (€0 million) at Metro Cash & Carry, €16 million (€224 million) at Real, €5 million (€0 million) at Media Markt and Saturn, €58 million (€0 million) at Galeria Kaufhof, €15 million (€0 million) in the Real Estate segment, €106 million (€0 million) in the "others" segment as well as €0 million (€13 million) in the consolidation segment
[4] Including discontinued operations
[5] 2009 and 2008 adjusted for special items from Shape 2012
[6] After minority interests
[7] Subject to approval by the Annual General Meeting
[8] The 84 Dinea locations have been reclassified from the "others" segment to the Galeria Kaufhof segment. They are no longer counted as independent locations in the Galeria Kaufhof segment, but attributed to the respective Galeria Kaufhof location. As a result, the locations are no longer disclosed separately

METRO GROUP

METRO Group is one of the world's largest and most international retailing companies. About 290,000 employees[1] from more than 150 nations work at about 2,100 locations in 33 countries. Our sales brands Metro and Makro Cash & Carry, Media Markt and Saturn command leading market positions in their respective segments. Real is one of the leading hypermarket operators, Galeria Kaufhof is the concept and system leader in its market. The sales brands prove their trading skills and performance strength every single day.

METRO CASH & CARRY

Metro Cash & Carry is the global market leader in the cash & carry sector. Operating under the brands of Metro and Makro, it is our biggest and most international sales division. Its assortment is aimed exclusively at commercial and wholesale customers.

REAL

Real is one of the leading hypermarket operators in Germany and Poland. With stores in Germany, Poland, Romania, Russia, Turkey and Ukraine, Real represents the large-format hypermarket concept.

MEDIA MARKT AND SATURN

Europe's No. 1 in consumer electronics retailing: the sales brands of Media Markt and Saturn succeed with innovative, powerful and large-scale sales and marketing concepts. For years, both have been generating dynamic growth and rigorously extending their leadership across Europe.

GALERIA KAUFHOF

Galeria Kaufhof is the concept and system leader in Germany's department store segment and the market leader in Belgium. The sales division's department stores enrich shopping areas and city centres with a high-quality assortment – emotionally presented in product worlds.

REAL ESTATE

METRO Group Asset Management manages METRO Group's real estate assets in 32 countries. Its responsibilities include active value enhancement of the portfolio, the development of new stores and locations as well as the management of existing locations.

[1] Annual average by headcount

METRO Group
MADE TO TRADE.

FRESH THINKING!

SHAPE 2012 IS TAKING US FORWARD

ROME: BEHIND THE SCENES
METRO Group and the secret of delicious Italian cuisine
PAGE 06

SHAPE 2012 : MAGAZINE
1#2009

THERE'S A BIT OF SHAPE 2012 IN PAOLO'S PASTA, TOO

Shape 2012 is our programme to boost efficiency and increase value

Our business is all about customers like Paolo Allegrini, owner of the popular trattoria “Antica Taverna” at 12 Via di Monte Giordano in Rome. Customers like Allegrini – and millions of others in 33 countries around the world – shop at one of our stores every day: in our Metro Cash & Carry wholesale stores, our Real hypermarkets, our Media Markt and Saturn consumer electronics stores, or our Galeria Kaufhof department stores. Our innovative sales formats and consistent customer focus have made us one of the world’s most important international retailers. And we want to improve even further.

Shape 2012 is our programme to boost efficiency and increase value. It is helping us to sharpen our customer focus, step up our market proximity and raise overall profitability. As well as benefiting customers like Paolo Allegrini, this is good news for our employees and shareholders.

This magazine describes a day in the life of Paolo Allegrini and the daily routine at his trattoria. After all, his success story forms part of our own; and the newest chapter in this story is Shape 2012. And who better to ask for a reference than our customers themselves?

But let us start by describing Shape 2012 in a little more depth.

Customer focus
\+ internationalisation

= more growth momentum

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You can also find an overview of what we have achieved so far with Shape 2012 on our Internet page.

METRO Group

*On the left you can see
our formula for success.*

*"Is it that simple?"
you may ask.
And our answer is:
"Yes, the truth is always simple!"*

*Dr Eckhard Cordes,
Chairman of the Management Board,
explains what it's all about –*

turn the page to find out.

What are the benefits of Shape 2012, Dr Cordes?

Five questions for the Chairman of the Management Board of METRO AG

→ What is Shape 2012 all about?

Shape 2012 is our programme to boost efficiency and increase value. Our aim is to focus even more strongly on our customers and markets.

→ What does Shape 2012 mean for the Company?

We are simplifying structures, making them as decentralised as possible and as centralised as necessary. This will make us more flexible, more transparent and more efficient. We are cutting our costs and, at the same time, gaining market shares. Shape 2012 generates sustainable and international growth – it already started bearing fruit in the financial year 2009.

→ What role do the sales divisions play?

They have assumed complete responsibility for their operational business – from procurement and logistics to sales. After all, they know best what their customers want. And they are close to the market.

→ What will change for staff?

Our employees need to be able to think and act in an entrepreneurial manner. With Shape 2012, we are giving them the freedom to do just that. Their commitment and passion for our business are crucial to our success.

→ And how will your customers benefit from Shape 2012?

They will find all the products and services they want at our stores – at attractive prices!

METRO Group

"As decentraly as possible, as centraly as necessary"

Dr Eckhard Cordes outlines the main focal points of Shape 2012.

NEW MANAGEMENT MODEL
promotes market and customer centricity

+ UNDIVIDED RESPONSIBILITY
for sales divisions in the operational business

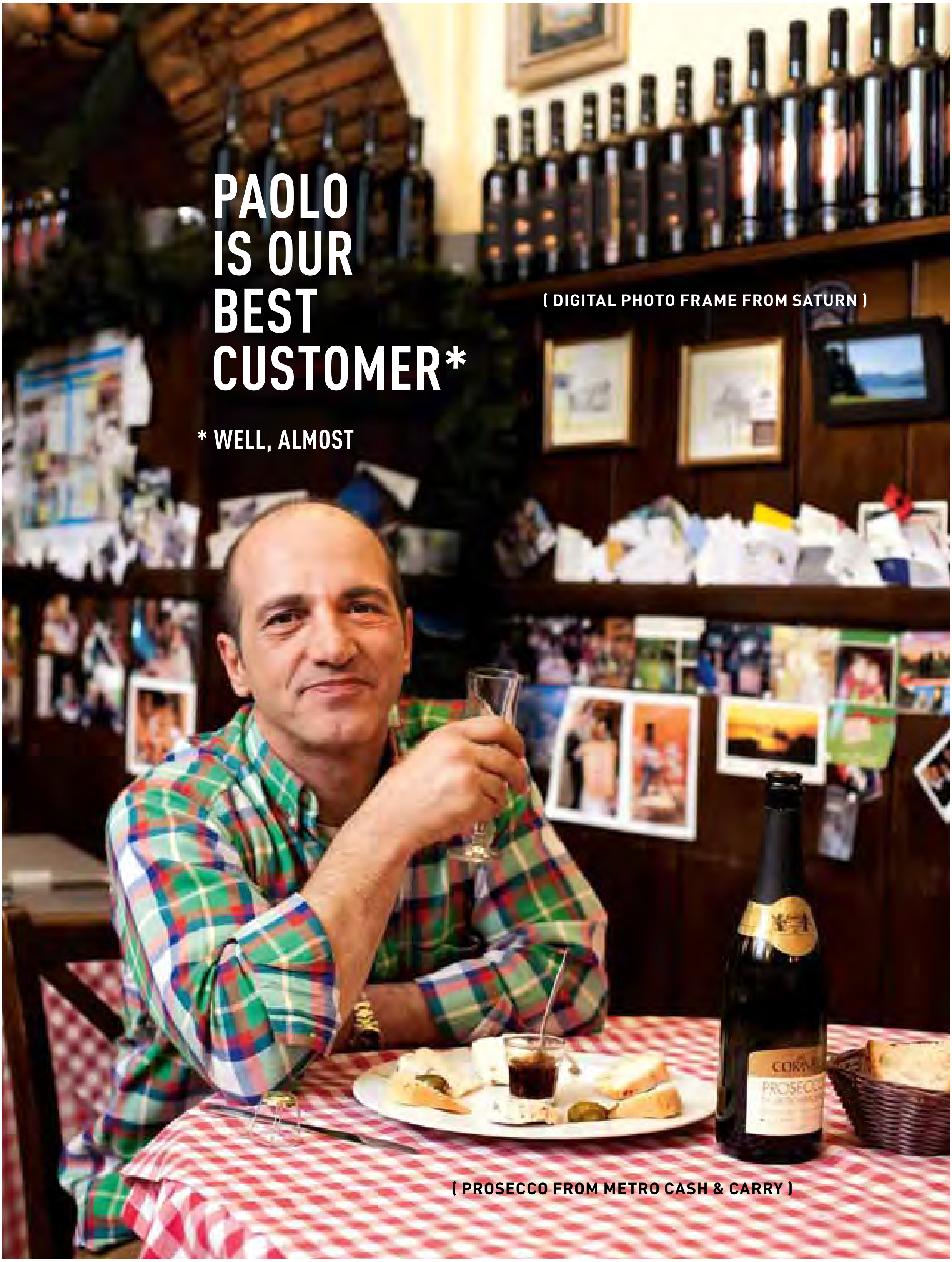
+ STREAMLINED ORGANISATIONAL STRUCTURE
for finance and compliance

+ REAL ESTATE PORTFOLIO AS A PROFIT CENTRE
making its own contribution to value

+ CENTRAL RETURN TARGETS
for strict management

= Potential profitability increase from 2012 onwards:

€ 1,500,000,000 A YEAR


PAOLO IS OUR BEST CUSTOMER*
* WELL, ALMOST
(DIGITAL PHOTO FRAME FROM SATURN)
(PROSECCO FROM METRO CASH & CARRY)

We give our all – for Paolo's trattoria!

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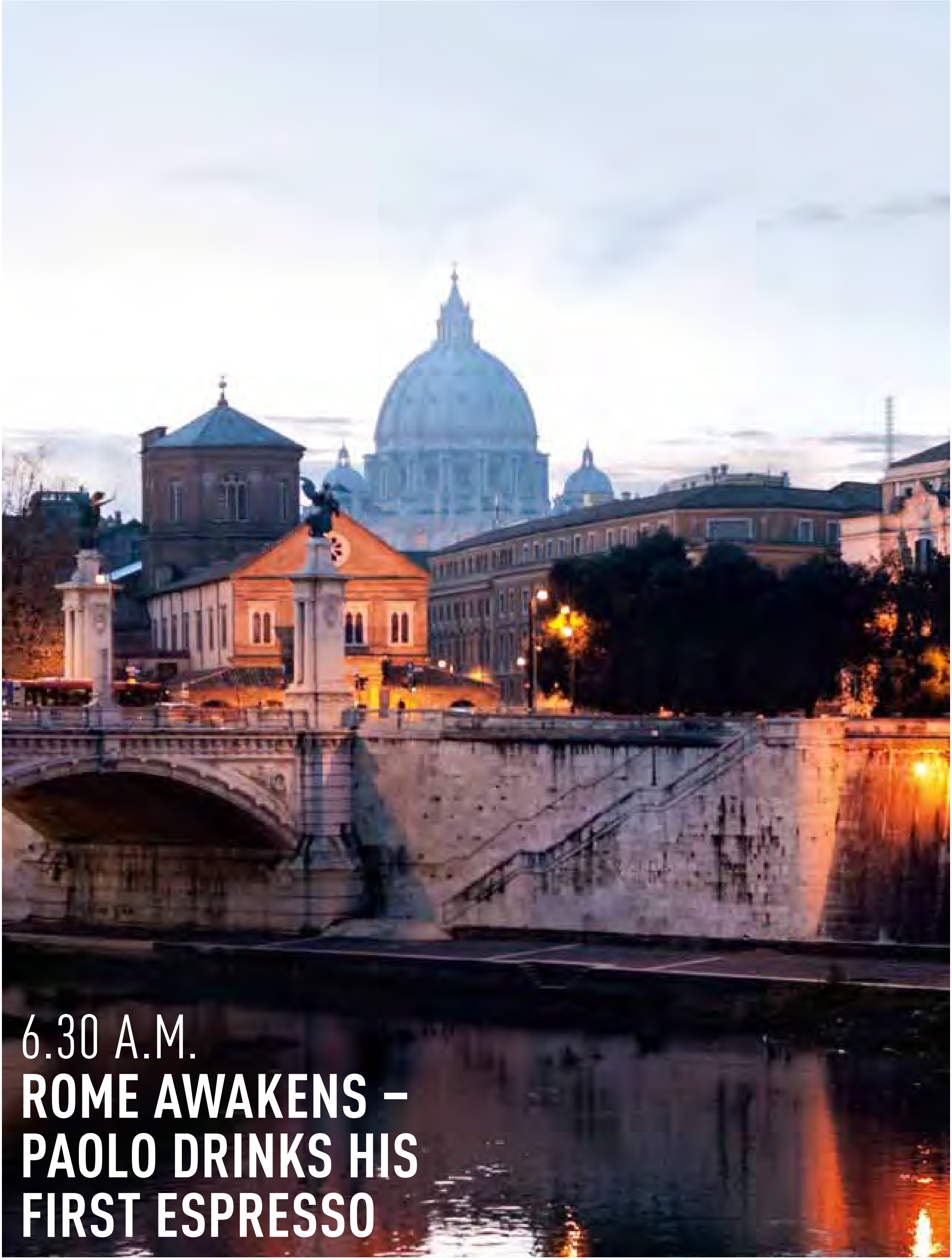
For almost 20 years now, Paolo Allegrini has been living in Rome's Via di Monte Giordano where he runs a small trattoria. He and his wife Veronica swear by the traditional Roman recipes of their home town, but they are also big fans of their own spaghetti con melanzane e ricotta, hearty minestrone and rich panna cotta.

Customers at Antica Taverna know that they can rely on the trattoria's skilled team and the culinary talents of Paolo Allegrini. He in turn relies on his local Metro Cash & Carry wholesale store on the outskirts of Rome. That's where he buys the top-quality ingredients for his dishes: aubergines, tomatoes, garlic, aromatic olive oil, ricotta, fresh herbs and, of course, coffee beans to make espresso. Employees at the store know exactly what products a customer like Paolo Allegrini needs and they are always happy to help.

We spent a day with Paolo Allegrini, his regulars and his kitchen staff to see if we could find out what makes this the best trattoria in the Castel Sant'Angelo area. We spoke to Daniela Sirbo and Giovanni Mancuso, who have been serving Paolo's customers for years.

Unfortunately, we didn't discover exactly what it is that makes the pasta at Antica Taverna taste so good. But we did find out that it's not just Metro Cash & Carry but also Real, Media Markt, Saturn and Galeria Kaufhof that Paolo Allegrini and his customers know and love.

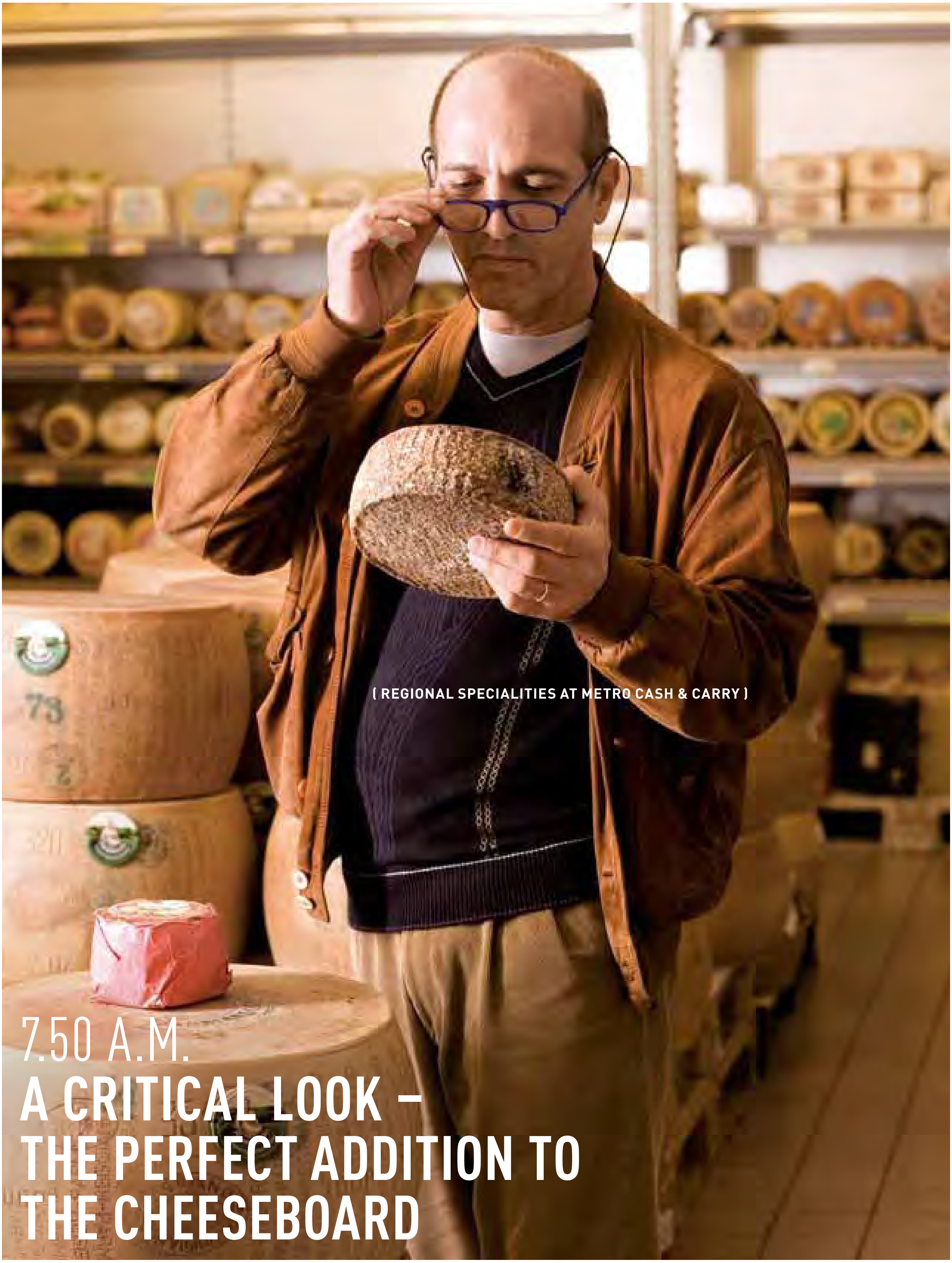
By the way: Paolo Allegrini did let us in on one little secret. It is the native olive oil from Metro Cash & Carry that gives his sautéed aubergines their hint of fruitiness.



6.30 A.M.
ROME AWAKENS – PAOLO DRINKS HIS FIRST ESPRESSO

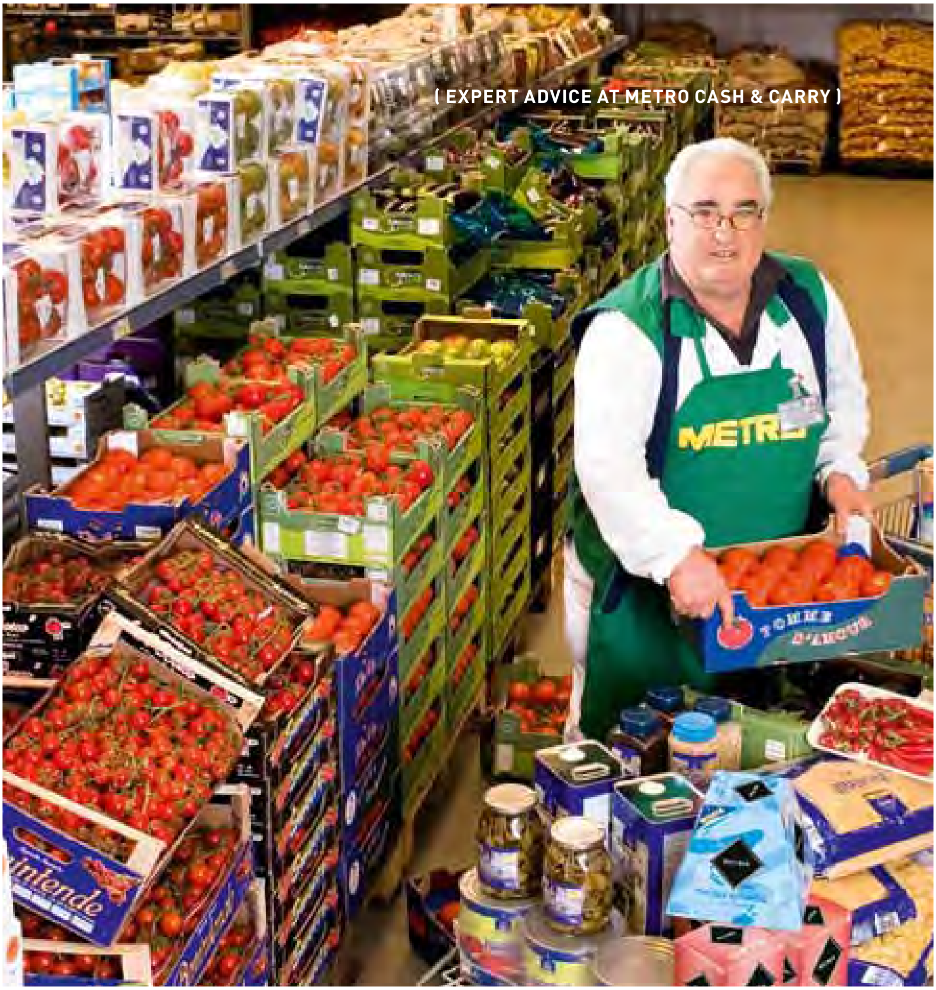
7.15 A.M.

LUIGI BRINGS THE FRESH FLOWERS, PAOLO IS ALREADY ON HIS WAY TO METRO CASH & CARRY



(REGIONAL SPECIALITIES AT METRO CASH & CARRY)

7.50 A.M.
A CRITICAL LOOK – THE PERFECT ADDITION TO THE CHEESEBOARD



(EXPERT ADVICE AT METRO CASH & CARRY)

Fresh every day and always top quality – Giulio Gentili knows what tastes best

The Metro Cash & Carry wholesale store on the outskirts of Rome stocks more than 14,400 food and approximately 22,000 nonfood products. Its range of goods and services is perfectly tailored to the needs of professional customers like Paolo Allegrini. Thanks to Shape 2012, METRO Group's sales divisions can now further improve the way they cater for their customers' requirements and shopping habits. They have complete responsibility for their own day-to-day business – from the procurement of goods to logistics and sales. This gives employees like Giulio Gentili greater scope, enabling them to offer their customers even better advice.







Everything Paolo needs – 9 of 36,400 products

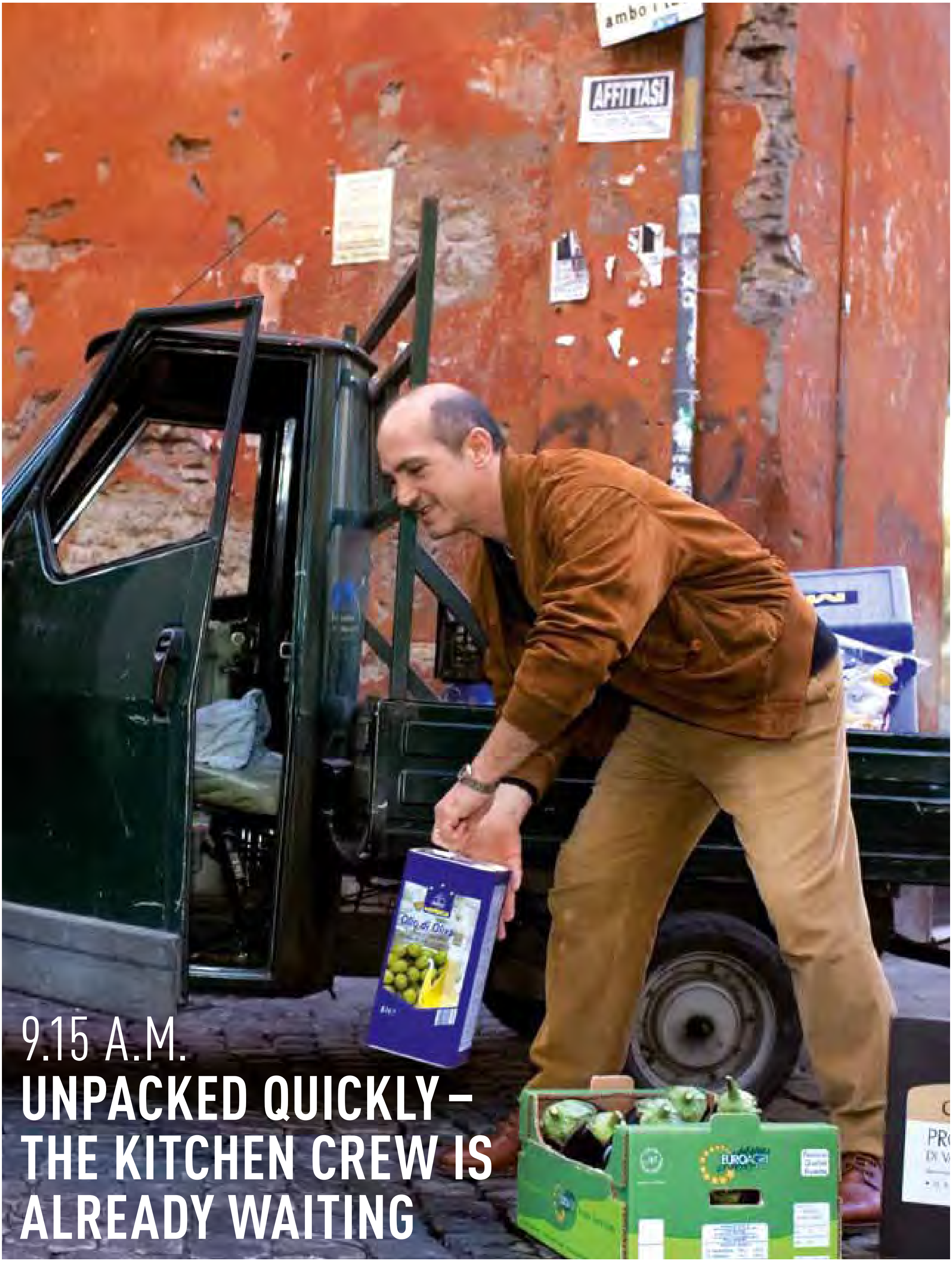
The extensive product offering at Metro Cash & Carry wholesale stores includes fresh fruit and vegetables, regional specialities and a large selection of own-brand products. These own-brand products were completely overhauled in 2009 to provide professional customers with even better support in their day-to-day business. For example, Metro Cash & Carry offers special own-brand products for hotels and restaurants along with a selection of both good value and premium products. That means Paolo Allegrini saves money on his shopping without having to compromise on quality.

(WHOLESALE STORE MANAGED BY METRO GROUP ASSET MANAGEMENT)

(MOBILE PHONE FROM SATURN)

(COOLING BOXES FROM METRO CASH & CARRY)

8.40 A.M.
THE SHOPPING IS DONE – TIME TO GET BUSY IN THE KITCHEN



9.15 A.M.

UNPACKED QUICKLY – THE KITCHEN CREW IS ALREADY WAITING

(CHALK MARKER FROM METRO CASH & CARRY)

10.15 A.M.
DANIELA LOVES ROMAN CLASSICS

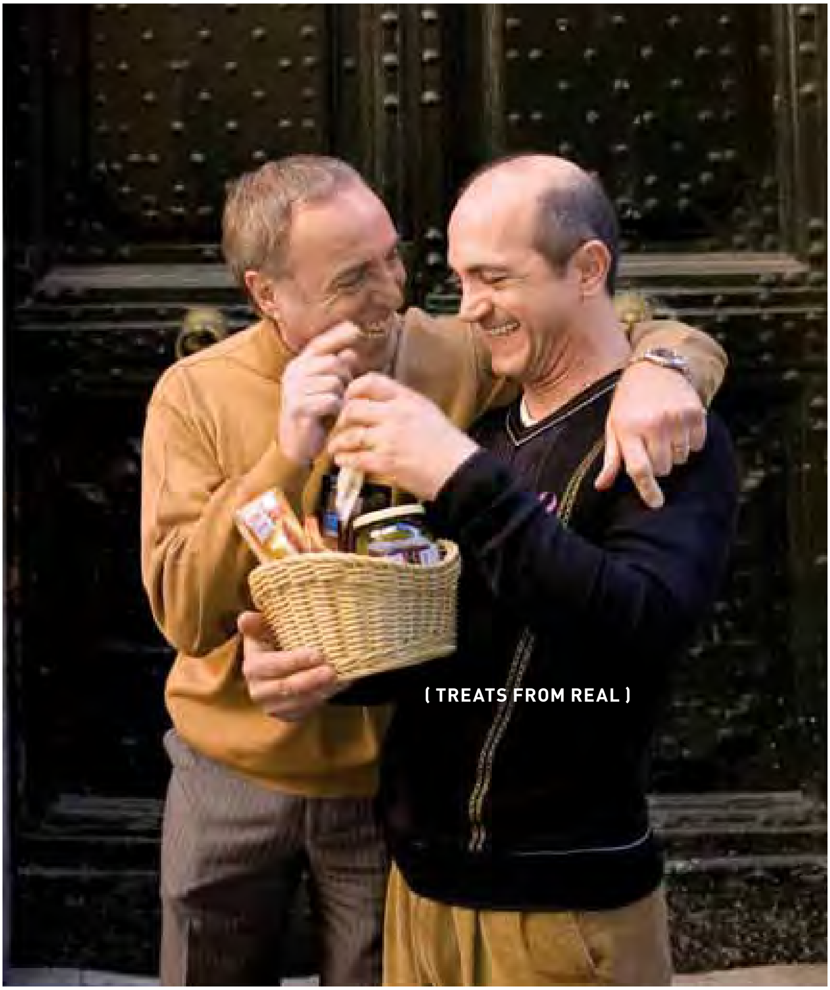
11.45 A.M.

BACK FROM GERMANY – ENZO'S FIRST CAPPUCCINO IN ROME TASTES TWICE AS GOOD

→ p. 17

Espresso and dark chocolate – Enzo Ponti's favourite way to relax

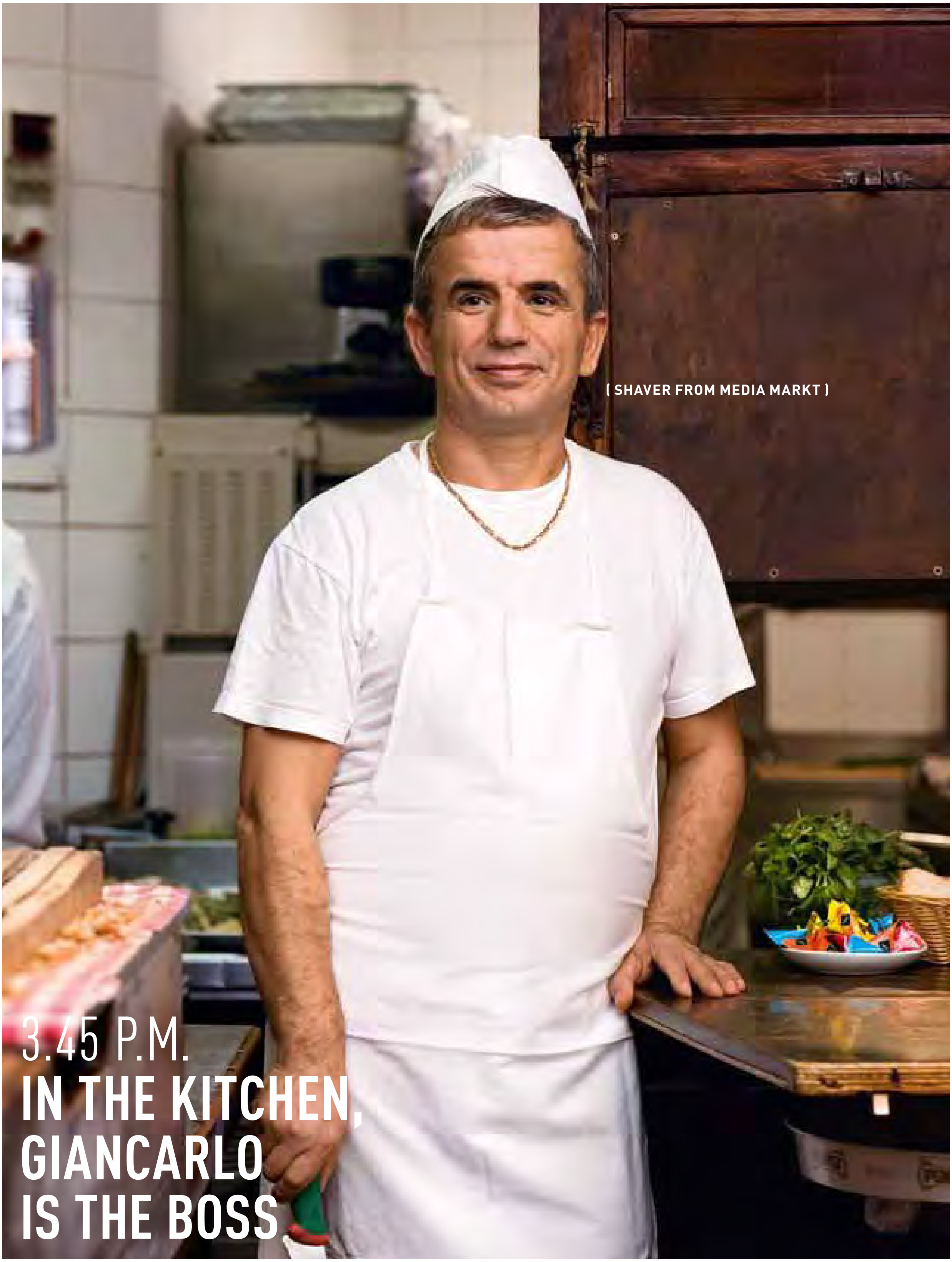
METRO Group's sales divisions offer their customers a comprehensive range of products and services. While Metro Cash & Carry is targeted specifically at professional customers, Real, Media Markt, Saturn and Galeria Kaufhof cater for all consumers' needs. Their portfolios cover a broad spectrum from food to consumer electronics, electrical and kitchen appliances and also clothing. The range of goods offered in Germany is particularly large, as Enzo Ponti knows. He has been living and working in the country for ten years. As Germany is METRO Group's domestic market, all sales divisions are represented there.



A gift from Düsseldorf? Paolo Allegrini is delighted

Whenever Enzo Ponti visits his home town of Rome, he always heads straight on over to see his good friend Paolo Allegrini. As usual, he has brought him a gift from Germany: a basket packed with delicacies, including choice specialities from Real Selection and high-quality products from the Real Quality range. This great selection has made Enzo Ponti a loyal customer of Real.

2.45 P.M.
ANTONIO
– TAP DANCER, SINGER AND A REGULAR CUSTOMER FOR ALMOST 20 YEARS



3.45 P.M.
IN THE KITCHEN, GIANCARLO IS THE BOSS

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(HAIR COLOUR FROM REAL)
(LIPSTICK FROM REAL)
8.30 P.M.
GÜLAY LOVES
PAOLO ALLEGRINI'S
DELICIOUS PLEASURES

Paolo Allegrini's customers are happy – and so are we

Customers love the good food, fresh ingredients and excellent service provided by Paolo Allegrini and his team: that's why Antica Taverna is usually packed in the evenings. The importance of a product offering tailored precisely to customer needs is something the 290,000 or so employees at METRO Group also understand. Shape 2012 is helping them to focus even more strongly on their customers and work even more efficiently. We believe this is important because we strive to exceed our customers' expectations rather than merely meet them.

11.30 P.M.
A SHORT BREAK JUST BEFORE MIDNIGHT – GIOVANNI TURNS THE MUSIC UP

(CUP FROM METRO CASH & CARRY)

(COFFEE BEANS FROM METRO CASH & CARRY)

2.00 A.M.
THE KITCHEN IS CLEAN, ONE LAST CAPPUCCINO – FINITO!

METRO Group

We give 100 percent – in 33 countries around the world!

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When Paolo Allegrini shops at his local Metro Cash & Carry wholesale store in Rome, he can be sure of finding the very best in terms of quality, freshness, price, service and advice. How can we be so sure? Simple: METRO Group is a global company with a strong local presence. Our employees are close to our customers. This enables the sales divisions to tailor their in-store ranges flexibly to suit local conditions and shopping habits. For example, approximately 90 percent of the products at Paolo's Metro Cash & Carry wholesale store come from Italy. But to provide customers with extra variety, the wholesaler also stocks numerous specialities from all four corners of the globe.

With Shape 2012, METRO Group is giving its sales divisions complete responsibility for their day-to-day business – from procurement and logistics to sales. Decentralised structures ensure that customers at Metro Cash & Carry, Real, Media Markt, Saturn and Galeria Kaufhof can always find the products they want. They are also assured of top quality and affordable prices. Furthermore, these structures make sure that we provide both business and private customers with precisely the service they need.

Highly flexible sales formats are one of METRO Group's strengths, and this is something we can capitalise on as we continue to expand at international level. METRO Group boasts the expertise and experience of a global group paired with the customer-specific knowledge of its local stores. This makes a major contribution to our dynamic growth – in every single one of the 33 countries we currently operate in.

OCTOBER#2009

METRO CASH & CARRY

High-growth market in Central Asia

Since gaining independence in 1991, Kazakhstan has been going through a rapid process of modernisation. The country is now one of the most interesting regions in Central Asia. Private consumption is also continuously increasing. The number of hotels, restaurants, service providers and offices is growing, but the country is still lagging behind in terms of modern retail formats. Metro Cash & Carry recognised this opportunity and became the first international wholesale company to open a store in Kazakhstan on 27 October 2009.

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OCTOBER#2009

REAL

A leading position in Eastern Europe

Ukraine's first Real hypermarket has a selling space of approximately 8,500 square metres and a range comprising some 25,000 items. The sales division opened the store near Odessa on 16 October 2009. Local businesses also benefit from our international expansion as some 80 percent of the products sold are sourced from Ukrainian suppliers. Local employees were recruited to fill almost all of the 420 jobs created by the hypermarket.

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JANUARY#2009

MEDIA MARKT

30 years old and still going strong

Billed as nothing less than "The anniversary of the year", the celebrations to mark Media Markt's 30th birthday began in January 2009. For 30 weeks, Europe's number one consumer electronics store celebrated by offering its customers a series of different special offers, accompanied by a large-scale advertising campaign. For example, with the "Media Markt group saver", customers purchasing four products were given the lowest-priced item for free. The "On-the-spot incentive for Germany" helped customers buying a new product worth over 500 euros by giving them an anniversary voucher.

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OCTOBER#2009

SATURN

Decentralised and successful

Saturn opened its first consumer electronics store in Turkey at Forum Istanbul – Europe's largest shopping centre – on 29 October 2009. The sales brand is now offering its tried and trusted combination of the latest brand-name goods, permanently low prices and high-quality service in the city on the Bosporus. Following the market entry into Turkey, Saturn now operates in 13 countries. The company's decentralised sales concept fosters international expansion: the managing directors at each location make all the important decisions for their own consumer electronics stores.

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AUGUST#2009

GALERIA KAUFHOF

A pioneer for 130 years

On 14 August 1879, businessman Leonhard Tietz opened a small shop in Stralsund. From a start-up capital of 3,000 thalers, it grew to become the cornerstone of one of Europe's leading department store chains. 130 years later, Galeria Kaufhof is a concept and system leader that drives high-street retail. The sales division has achieved this success by repeatedly reinventing itself over the years and always moving with the times. Galeria Kaufhof celebrated the anniversary of the company's foundation with a special advertising campaign throughout Germany.

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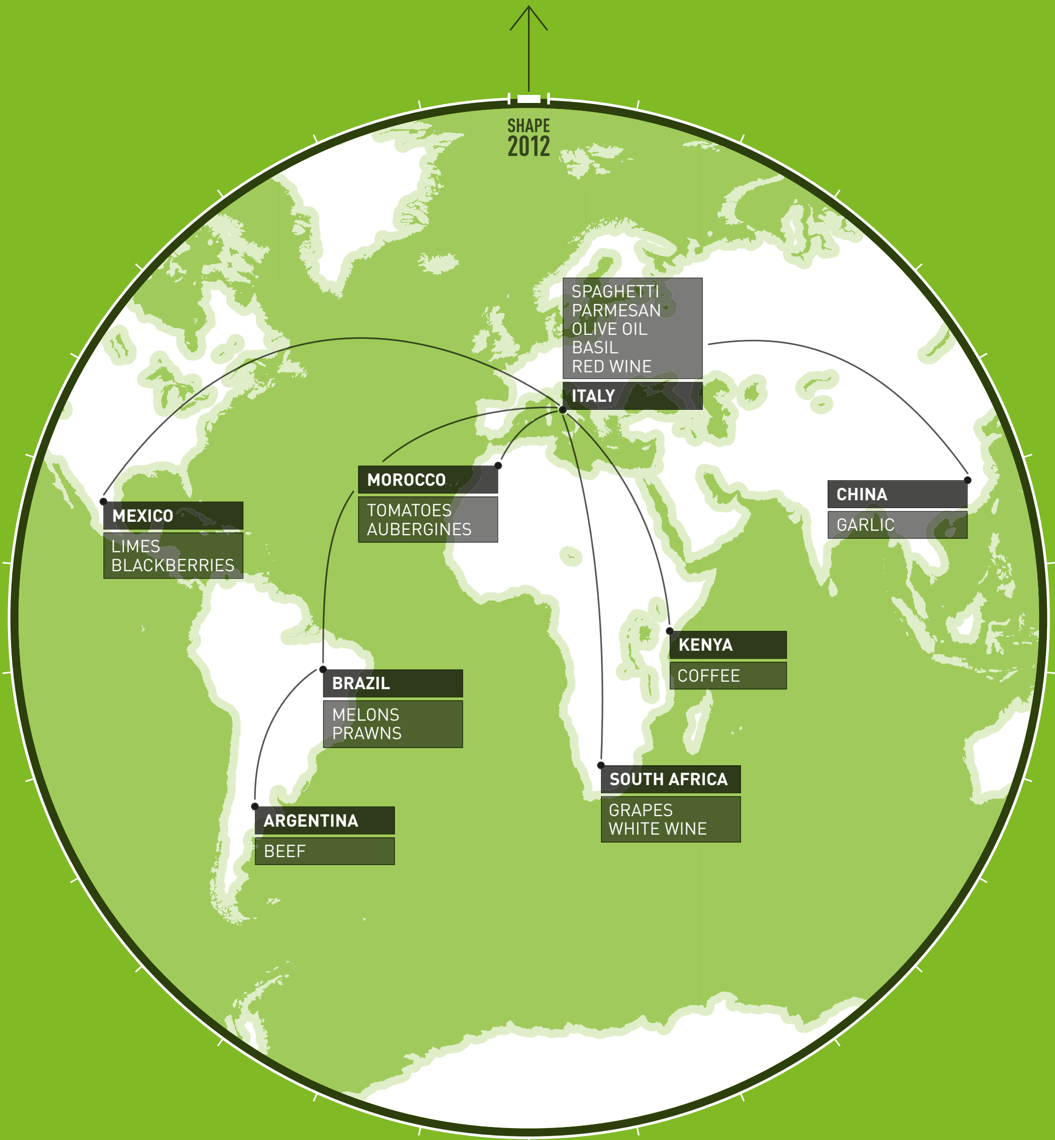
AUGUST#2009

METRO GROUP ASSET MANAGEMENT

Using sunshine to save energy

In summer 2009, METRO Group Asset Management opened the Meydan Merter shopping centre in Istanbul. Covering an area of some 45,000 square metres, the complex was designed by the Turkish star architect Murat Tabanlıoğlu. One of the centre's special features is a solar-powered air-conditioning system, which uses energy from the sun to cool the building.

METRO GROUP'S
SUPPLY ROUTES



OUR LOGISTICS FOR PAOLO

Read our online report for more information about Shape 2012. You will find photos, a film and Paolo's very own recipe, and also comprehensive figures, data and facts for the financial year 2009. Go to:

www.metrogroup.de/annualreport

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The quick link feature will take you straight to the according content and further information online. Just use the search box on the home page of our online report.

Our efficiency- and value-enhancing programme

Dear Ladies and Gentlemen,

METRO Group's strategic positioning has proven itself during a time of global economic and financial crisis.

We have strengthened our customer focus, forged ahead with our expansion course, enhanced our sales divisions' market position and further optimised our corporate processes and structures. Our efficiency and value-enhancing programme Shape 2012, which was conceived in pre-crisis times, represents the core of this strategy. It enables us to meet future challenges and shape the necessary change process on our own.

Since 2009, our sales divisions have had full responsibility for their operational business. As a result, Metro Cash & Carry, Real, Media Markt and Saturn as well as Galeria Kaufhof are now able to respond even better and more flexibly to customer needs. We have centralised key strategic functions such as finance, controlling and compliance in order to manage our Group more efficiently. Clearly defined objectives provide for transparency and rigorous business management.

The roll-out of the new corporate structures was completed during the reporting year. As a result, Shape 2012 produced initial tangible results in 2009, contributing €208 million to earnings. METRO Group generated sales of €65.5 billion in 2009. In contrast to general market trends, currency-adjusted sales increased slightly compared to the previous year.

In addition, Shape 2012 has produced to a can-do attitude across our Company. The sales divisions' newly gained operational freedom strengthens the entrepreneurial spirit of each individual employee. Our dedicated staff enables us to implement necessary changes.

The positive developments reaffirm our determination to rigorously pursue our chosen strategic path. Leveraging our size, our diversity and our economic strength, we can continue to shape tomorrow's retail markets.

We are counting on the continued support of our employees, business partners and shareholders. On behalf of the entire Management Board, I would like to thank you for putting your trust into a strong and successful METRO Group.

Sincerely,

DR ECKHARD CORDES
CHAIRMAN OF THE MANAGEMENT BOARD AND CEO OF METRO AG

WHAT EFFECT DOES SHAPE 2012 HAVE?

Customer focus
+ internationalisation
= more growth momentum

We are strong in the market – and we are growing!

With structures that are as decentrally as possible and as centrally as necessary.

With a portfolio geared towards our customers' needs. With our four international sales divisions and active real estate management.

METRO

с 3 декабря по 16 декабря 2009 года WWW.METRO-CC.RU №25(126)

Томаты МК
Украина

СУПЕР METRO ЦЕНА

1 кг

30.00
27.27*

Майонез Провансаль МОСКОВСКИЙ
1 кг

СУПЕР METRO ЦЕНА

59.00
50.00*

Морской волк (сибасс) 300/400 (Турция)

СУПЕР METRO ЦЕНА

1 кг

249.01

Творожный сыр Bayernland 70%
1,5 кг

329.00
299.10*

ПРИ ПОКУПКЕ ОТ 4 ШТУК СКИДКА 10%

Свежий крем-сыр Фарми немецкого производителя Bayernland обладает нежным и тонким вкусом, он незаменим в профессиональной кулинарии. Творожный сыр компании Bayernland Идеально подходит для чизкейков, суши и других блюд с использованием творожного сыра.

ТОЛЬКО В METRO

aro

Масло оливковое первого отжима ARO
5 л

1 151.00
1 046.36*

Масло из оливковых выжимок ARO
5 л

858.00
780.00*

Масло оливковое ARO
5 л

1 120.00
1 018.18*

Oferte valabile în perioada: 11.02.2010 - 24.02.2010

real,- fără egal

Portocale plasă
1kg

~~2,59~~

2,39 / buc

FESTIVALUL PREȚURILOR fără egal!

TiP

Ulei floarea soarelui
1 L

~~3,75~~

ALASKA
Pachet cuptor cu microunde MWD2820G + blender de mână STM1200
Cuptor cu microunde MWD2820G:
6 nivele de putere
timer digital 60 minute
funcție dezghețare
Blender de mână STM 1200:
720 W
cană din plastic
posibilitate de montare pe perete

2 ANI GARANȚIE

cele mai bune OFERTE

~~313,99~~

1000 W putere grill | control digital | 20 L capacitate | 800 W putere microunde real,- fără egal

PE 3,4 ŞI 5 DECEMBRIE
MAGAZINUL ESTE DESCHIS
PÂNĂ LA ORA 1:00 NOAPTEA.
PENTRU CADOURI ÎNTÂRZIATE DE MOŞ NICOLAE!

CALITATE LA PREŢURI NEAŞTEPTATE

VALENTINO
Panettone
500 g

7,99

MURFATLAR
Mugur de Viţă
Merlot
vin roşu
demidulce
0,75 L

2+1 GRATIS

Preţ / 3 buc: 14,38 lei

7,19 /buc

ACER
Notebook 15,6" EX5635ZG
procesor Intel Dual Core T4300,
frecvenţă 2,10GHz,
display 15.6" HD WXGA CristalBright,
cameră web, cititor carduri 5 în1,
cititor optic: DVD RW,
Bluetooth 2.0,
wireless: 802.11a/b/g/ Draft-N,
autonomie ridicată- baterie: 6 celule,
Linux

2 ANI GARANŢIE

Video: Nvidia Geforce 105M 512MB DDRII

2099,00

Rată


INTE PUCKAT
Julhandla allt på samma ställe.
Canon
EOS
450D
Paket med superzoom 18-200 mm
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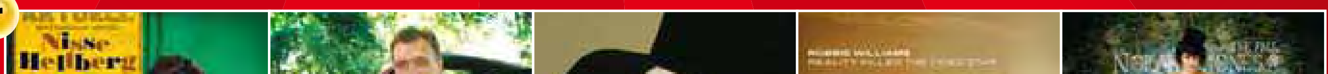

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More value

METRO Group

Sales of €65.5 billion, EBIT before special items of €2.0 billion
with 2,127 locations in 33 countries

Metro Cash & Carry → CASH & CARRY

Sales of €30.6 billion, EBIT before special items of €936 million
with 668 locations in 30 countries

Real → HYPERMARKETS

Sales of €11.3 billion, EBIT before special items of €52 million
with 441 locations in 6 countries

Media Markt and Saturn → CONSUMER ELECTRONICS STORES

Sales of €19.7 billion, EBIT before special items of €608 million
with 818 locations in 16 countries

Galeria Kaufhof → DEPARTMENT STORES

Sales of €3.5 billion, EBIT before special items of €119 million
with 141 locations in 2 countries

Real Estate

EBIT before special items of €551 million
with real estate assets in 32 countries

Others

Sales of €0.4 billion, EBIT before special items of €-230 million
with 59 locations

METRO makro real MediaMarkt SATURN GALERIA Kaufhof METRO Group Asset Management

Management Board

Dr Eckhard Cordes
CHAIRMAN AND CEO

Responsibilities: Communication, Public Affairs & Corporate Social Responsibility, Group Corporate Development, M&A, Investor Relations, Legal Affairs & Governance (including Compliance)
Profile: Dr Eckhard Cordes was born in Neumünster in 1950. He has been CEO and Chairman of METRO AG since November 2007, appointed through 31 October 2012.

Thomas Unger
VICE-CHAIRMAN

Responsibilities: Media Markt and Saturn, Galeria Kaufhof, Real Estate, Internal Audit, Programme Office Shape 2012
Profile: Thomas Unger was born in Creglingen in 1960. He has been a member of the Management Board of METRO AG since 2002. He was Chief Financial Officer (CFO) until 31 July 2009 and became Vice-Chairman in August 2009. Thomas Unger is appointed through 31 July 2012.

Olaf Koch
CHIEF FINANCIAL OFFICER (CFO)

Responsibilities: Accounting, Finance Governance Centre, Planning & Controlling, Tax, Treasury, Del Credere/Collection, Insurance
Profile: Olaf Koch, born in Bad Soden am Taunus in 1970, has been a member of METRO AG's Management Board since September 2009. He is appointed through 13 September 2013.

Zygmunt Mierdorf

EXECUTIVE VICE-PRESIDENT HUMAN RESOURCES, CHIEF HUMAN RESOURCES OFFICER (CHRO), CHIEF INFORMATION OFFICER (CIO)

Responsibilities: Chief Information Office, Collective Bargaining & Labour Law, Compensation & Benefits, Corporate HR, Executive Management Development, Information Management, Information Technology
Profile: Zygmunt Mierdorf was born in Frankfurt am Main in 1952. He held senior management positions at several METRO AG companies from 1991 before being appointed to METRO AG's Management Board in 1999. As Executive Vice-President Human Resources, he has been responsible for personnel & social affairs, among other duties, since 2000. He also became CHRO and CIO in September 2009. Zygmunt Mierdorf is appointed through 31 December 2013.[1]

Frans W. H. Muller

Responsibilities: Metro Cash & Carry, Advertising
Profile: Frans W. H. Muller, born in Nieuwer-Amstel, Netherlands, in 1961, has been working at METRO Group since 1997, initially as Operations Director at Makro Cash & Carry in the Netherlands. He was appointed to the Management Board of METRO AG in August 2006. In February 2008, he also became CEO of Metro Cash & Carry. Frans W. H. Muller is appointed through 31 July 2011.

Joël Saveuse

Responsibilities: Real, Import, Supply Chain Council
Profile: Joël Saveuse was born in Tours-en-Vimeu, France, in 1953. He has been CEO of Real since September 2007. In addition, he was appointed to the Management Board of METRO AG in April 2008. Since September 2009, he has been responsible for Import (MGB Hongkong) as well as for the Supply Chain Council of MGL METRO Group Logistics. Joël Saveuse is appointed through 7 April 2011.

[1] Mr Mierdorf's appointments as member of the Management Board and Executive Vice-President Human Resources ended on 1 March 2010. The Supervisory Board transferred the mandate of Excecutive Vice-President Human Resources and the associated responsibilities to Dr Cordes. The information technology-related responsibilities were assumed by Mr Koch.

We would like to thank all those who contributed to our Company's success during the past year and are shaping METRO Group's future together with us.

We will leverage our Shape 2012 programme to strengthen our sales divisions' customer focus and markedly increase our corporate value and process efficiency. We are determined to forge ahead on our chosen course over the coming years:

with team spirit, determination and – success.

THE MANAGEMENT BOARD OF METRO AG

METRO Group

Strategy
Investment
Business
Service

Strategy

Interview with the Chairman of the Management Board

Dr Eckhard Cordes speaks about the financial year 2009, the initial benefits of the efficiency and value-enhancing programme Shape 2012 and the challenges facing METRO Group.

→ Dr Cordes, the global economy contracted in 2009 for the first time in several decades. How did METRO Group perform in this environment? The global downturn weighed on private consumption and, of course, left its mark on the retail industry as well. Compared with other sectors, however, the sales decline was relatively moderate. Some regions, such as Asia, even started posting positive growth rates again in the first and above all the second half of the year. Nonetheless, there is no getting around this crisis. METRO Group implemented countermeasures early on, including a targeted reduction of its investments and the optimisation of its financing structure, for example through successful bond issues. This has enabled us to maximise our entrepreneurial freedom – with the result that the Group has held up well overall. Sales in 2009 amounted to €65.5 billion and even rose slightly when adjusted for currency effects. This means that we managed to post slight growth despite the crisis. Earnings before special items reached more than €2 billion and were thus in line with our expectations. At the end of 2009, we operated 2,127 stores in 33 countries worldwide. At 80, the number of new store openings was lower than in previous years. Nonetheless, we managed to strengthen our market position in most countries.

→ What role does the efficiency and value-enhancing programme Shape 2012 that you launched at the start of 2009 play in this process? I would like to emphasise that this programme was not a response to the economic and financial crisis. Rather, Shape 2012 is an integral element of our long-term strategy with a focus on the sustained profitable growth of our Company. The key questions addressed by this strategy are: how we can prepare METRO Group for upcoming challenges. What do we have to change to respond even better to our customers' needs? Where can we increase our efficiency and reduce our costs? And how do we ensure that our Group, with its roughly 290,000 employees, is efficiently managed? The consideration of such issues is a key responsibility of the Management Board of METRO AG and not merely a short-term response to demanding but temporary external factors such as the difficult economic situation.

→ Your response to these questions … is Shape 2012. The programme is divided into 2 phases: the first phase, which involves the adaptation of our organisational structures, was largely completed in mid-2009. Our centralised procurement organisation has been dissolved, and our sales divisions have been given full operational responsibility – from procurement and logistics to sales operations. This decentralisation represents a paradigm change for METRO Group: we are building the foundation for a growing entrepreneurial spirit across the Group. Our customers, already the focus of all we do, will be understood, advised and served even better. The extension of our sales divisions' responsibilities will contribute decisively to the Group's growth momentum. At the same time, we have further centralised Group functions that play an important role in strategic management. This includes such functions as finance, controlling and compliance. All of this will make our operations more transparent.

→ What is the focus of the second phase? Shape 2012 aims for a profit improvement potential of €1.5 billion from 2012. The second phase will focus on realising this profit improvement potential. Cost reductions will account for about €800 million. Measures to boost our growth and margins will contribute an additional €700 million.

→ Can you provide some more details about these measures? We are currently taking 6,000 individual earnings improvement steps around the world. They include campaigns to address key customer groups at the level of the sales divisions, the own-brand strategy of our sales divisions as well as the use of new distribution channels. Each measure adopts the same basic approach: potential earnings contributions are identified and progress is monitored continuously – from the initial idea to its implementation and financial impact.

→ Can you report any initial successes? Yes, Shape 2012 generated a contribution of about €208 million to our business success in the past financial year. As a result of this success, I am optimistic about the future. Shape 2012 will help us to remain on our long-term profitable growth path.

→ Metro Cash & Carry, however, suffered a drop in sales in 2009. Metro Cash & Carry is our most international sales division with a particularly strong presence in Eastern Europe. True, negative currency effects in this region had an adverse impact on this business. However, given the macroeconomic environment, Metro Cash & Carry actually performed rather well in the financial year 2009. The sales division has successfully continued its expansion and opened its first store in Kazakhstan. This makes us the first wholesaler to enter this market and – again – a pioneer. Our market entry in Egypt will represent the next milestone to be reached in 2010. The foundations for our first wholesale store there were laid during the reporting year. Despite all these international activities, we are certainly not losing sight of our domestic market, Germany. Here, we are refocusing more strongly on the needs of commercial customers, our core target group. In this context, we have introduced a modified pricing strategy, focused assortments, a revised own-brand concept and a delivery service, among other things. In addition, Metro Cash & Carry is testing an assortment design that is geared even more closely towards the needs of commercial customers in 5 concept stores across Germany.

→ You demanded a substantial earnings improvement of Real when you became CEO. How much progress has been made in the repositioning of this sales division? The economic and financial crisis, whose impact could not be foreseen at the start of 2008, is certainly not making the repositioning of Real in Germany any easier. But we are still moving forward, a fact that is confirmed by our earnings developments in 2009. New concepts and more efficient processes have not only boosted earnings, but also led to increased customer satisfaction. Its assortment of own-brand products, which was further expanded in 2009, has also been embraced by customers. Our firm belief in Real's success is highlighted by our investments in new stores. Real is doing well on an international level, particularly in Eastern Europe. In October 2009, the sales division also entered the Ukrainian market.

→ It seems that Media Markt and Saturn are crisis-proof. Media Markt and Saturn is in a class of its own – a finding that was endorsed by the division's performance in an unfavourable

"With Shape 2012, we have strategically positioned our Company for the future."

environment for the consumer electronics industry in crisis year 2009. After all, this business is more cyclical than food retail and more dependent on consumers' confidence. But there are good reasons for our solid performance: Media Markt and Saturn has a unique concept. In addition, the sales division's employees have a distinct entrepreneurial spirit. Advertising, including the campaign celebrating Media Markt's 30th anniversary, also played a part in the division's success. In 2009, both sales brands reaffirmed their leading position in European consumer electronics retailing and continued to grow their sales. We added market share in all our markets in 2009 and opened our 800th consumer electronics store during the past financial year. We will continue on this dynamic growth path in 2010. This year's agenda includes Media Markt's market entry in China and the addition of the Internet as a distribution channel.

→ How about your department stores? In Germany, in particular, this sales format was in the news because of insolvency cases in 2009. I remain fully convinced that the department store has a future in Germany. Our own sales division Galeria Kaufhof proves this as it operates very successfully based on a convincing concept. The department store has to deal with continually changing parameters and adapt to new trends ever more frequently. Galeria Kaufhof has shown that this is possible. This is why I regard the current development as a major opportunity. However, that does not change the fact that we still do not consider this sales division as one of our strategic business areas. Over the long run, it will be better able to fully tap its potential with a different partner. But we are in no rush: as a highly profitable business, Galeria Kaufhof also contributes to our Group's success.

→ A novelty in 2009 was the separate reporting of your real estate business. Why did you make this decision? In line with our previous announcements, this move takes account of the fact that the trade and real estate businesses represent different asset classes. At the same time, we are making the contribution of our real estate assets to our corporate value and the financing of growth transparent to our shareholders.

→ The Metro share performed very well in 2009. Is that an endorsement of your strategy? With Shape 2012, we have strategically positioned our Company for the future. Our Company is in a very good position to achieve sustained and profitable growth. This new strategic positioning is also meeting with an increasingly positive response from capital market participants. We will propose a dividend of €1.18 to our shareholders at the Annual General Meeting. This underscores the solid positioning and reliability of METRO Group even in challenging economic times.

→ How will your business develop in 2010? We expect economic parameters to remain challenging in 2010. Nonetheless, we still see many opportunities for our strong formats. We will markedly accelerate our international growth again and, to this end, have raised our investment budget to about €1.9 billion. The number of new store openings will also increase substantially in 2010. The focus will remain on the growth regions of Eastern Europe and Asia. Media Markt will open its first store in China. In addition, Metro Cash & Carry will enter the Egyptian market. The rigorous implementation of the efficiency and value-enhancing programme Shape 2012 will markedly boost METRO Group's long-term earnings strength. The new structures have meanwhile been introduced. The task now is to tap existing potential step by step and press ahead with the implementation of Shape 2012. In this way, we will assure METRO Group's profitable growth over the long term.

METRO Group strategy

METRO Group

METRO Group is the world's third-largest retail group in terms of sales. Operational responsibility lies with the sales divisions Metro Cash & Carry, Real, Media Markt and Saturn as well as Galeria Kaufhof, all of which command a leading position in their respective market segments. The Group's real estate business is managed by METRO Group Asset Management. METRO Group's goal is to provide for the long-term appreciation of its corporate value through profitable and sustained growth. Maximum customer orientation, strategic expansion, the sales divisions' positioning and efficient processes create the foundation for this. METRO Group is characterised by a corporate management that fosters self-initiative on the part of each individual employee. The guiding principle is: as decentrally as possible, as centrally as necessary.

Customer orientation

METRO Group focuses on its customers' needs in everything that it does. For the sales divisions, this means adjusting their concepts flexibly to consumers' and commercial customers' living and shopping habits. This calls for demand-orientated assortments with a compelling range of products, quality and price. The high level of customer orientation is also mirrored in individual assistance provided to customers, a comfortable shopping experience and exclusive services. The sales divisions' strong local roots enable employees to identify customer demands and location-specific characteristics at an early stage and respond appropriately. At the same time, the sales divisions profit from the strength of a global Group. METRO Group stands for entrepreneurial passion, performance strength and market knowledge. The brand message "Made to trade.", which was introduced in May 2009, sums up METRO Group's self-image.

Positioning and expansion

With its 4 sales divisions, METRO Group is well positioned and internationally successful. The large-format wholesale concepts Metro Cash & Carry, Real as well as Media Markt and Saturn form the core of its business concept. They operate in

33 countries in Europe, Asia and Africa and individu-ally fuel their international expansion. Sensible acquisitions can support and accelerate this development.

METRO Group operates in markets characterised by different degrees of market maturity. The sales divisions adapt their product range to country-specific characteristics in order to strengthen customer retention and international expansion – without altering their fundamental sales format.

METRO Group's international positioning strengthens its resistance to economic slowdowns in individual countries or regions. In its expansion, the Company has a long-term focus on potential growth markets with growing economic strength and favourable purchasing power trends.

Efficient processes and structures

METRO AG acts as the management holding company of METRO Group. Based on a planning and budgeting process, METRO AG actively manages the sales divisions' strategic decisions and the centralised allocation of capital and resources to the sales divisions. The retail and real estate businesses are consistently separated to account for the distinct differences between these asset classes.

METRO Group aims to improve its process efficiency to be able to tap existing and new markets even better. This is why Shape 2012 employs the maxim: as decentrally as possible, as centrally as necessary. METRO Group's efficiency and value-enhancing programme is described in more detail in the chapter "Shape 2012".

Shape 2012 will markedly reduce the Group's complexity. The new organisation is characterised by progressive structures with full operational responsibility at the level of the sales divisions. This facilitates greater customer orientation, improved cost management and gains in efficiency. The sales divisions are given the entrepreneurial freedom they need to meet the centrally defined strategic goals and profitability targets.

Metro Cash & Carry 401

Metro Cash & Carry is the international market leader in the cash & carry business and a key driver of METRO Group's growth. The sales division's assortment, services and end-to-end solutions are tailored to the requirements of professional customers: hotel, restaurant and kiosk operators, catering firms, small and medium-sized retailers, hospitals, public authorities as well as service providers.

With a global presence in 30 countries under the brand names of Metro and Makro, Metro Cash & Carry is METRO Group's most international sales division. The German offering is rounded off by the C+C Schaper brand. Metro Cash & Carry will remain on its profitable growth course and continue to expand in future. In particular, the sales division will focus on expanding its distribution network in Eastern Europe and Asia.

Flexible sales concept

Metro Cash & Carry offers its customers a broad range of top-quality products at favourable prices. The assortment of a wholesale store comprises up to 20,000 food and up to 30,000 nonfood items. This includes a broad range of fresh products such as fruit, vegetables, meat and fish. The flexible sales concept is another strong point of Metro Cash & Carry. The 3 store formats Classic, Junior and Eco form the core of this sales concept with different amounts of selling space and assortment depth. The Classic format with a retail space of 10,000 to 16,000 square metres dominates in Western Europe. The Junior format, with selling space of 6,500 to 8,500 square metres, is largely used in Eastern Europe and Asia. The Eco wholesale stores with a selling space of 2,500 to 6,500 square metres specialise in fresh produce. They play a key role in France as well as in Southern Europe and Japan.

Greater customer proximity

Metro Cash & Carry has developed and implemented a multitude of measures aimed at boosting its customer orientation in the context of Shape 2012. Milestones reached in 2009 include the introduction of a new own-brand strategy. The existing portfolio was streamlined substantially and reduced to 6 own brands geared towards the requirements of Metro Cash & Carry's core target groups. Horeca Select, for example, offers products for professional kitchens, while the own brand H-Line targets hotel operators. The sales division's own brands cost on average 10 to 20 percent less than comparable brand products and meet the highest quality standards. In this way, Metro Cash & Carry is positioning itself as a partner for professionals who bolsters their competitive strength. The sales division's objective is to raise the revenue share of its own brands to 20 percent from the current 11 percent over the medium term. Another important novelty is the successive introduction of a nationwide delivery service in Germany from February 2009. Orders are placed with the nearest wholesale store by telephone, fax or e-mail. With this offer, Metro Cash & Carry expanded its stationary business model to gain new customers and improve its service for existing customers.

Concept markets with new assortment and price structures

In 2009, Metro Cash & Carry Germany tested a new assortment structure in 5 concept markets. The sales division fundamentally overhauled its product range and tailored it even more closely to the requirements of professional customers. Instead of lowering the prices of alternating groups of select items, the concept markets offer their customers permanently low prices. In addition, new types of services accelerate the shopping process. In the case of order picking, for example, store staff will put together the desired products for customers who merely have to pick up and pay for their items. In addition, Metro Cash & Carry offers expanded advisory services in the concept stores. Specially trained customer assistance employees help customers select suitable products and inform them about new items. Commercial customers can learn about the sales division's end-to-end solutions, including advice on the interior decoration of restaurants, in special store facilities. In 2010, Metro Cash & Carry will evaluate its experience with the concept stores. Measures that have proven themselves can then successively be introduced in other stores as well.

International market leader

Metro Cash & Carry operates in 30 countries on 3 continents – under rather diverse parameters. While trade structures are highly advanced in the Western European markets, many Eastern European, Asian and African markets are still at an early stage of their development. In 2009, Metro Cash & Carry opened its first store in Kazakhstan and prepared its market entry in Egypt for 2010. All in all, the number of newly opened wholesale stores totalled 18 during the reporting year, with more than half of this group located in Asia. Metro Cash & Carry also reached an important milestone in the Russian market with the opening of its 50th wholesale store in Kirov.

Fast market penetration thanks to optimised processes

Shape 2012 resulted in a further decentralisation of Metro Cash & Carry's decision-making processes and a realignment of the company's structures. The sales division manages its operational business largely from the 3 regions "Western Europe and Middle East, North Africa", "Central and Eastern Europe" as well as "Asia". The responsible regional centres in Düsseldorf, Vienna and Singapore work closely with the national subsidiaries to implement local concepts and consider local customer needs.

Real 402

"One store, you won't need more!" ("Einmal hin. Alles drin.") Real's brand message sums up the strengths of the hypermarket concept. The sales division offers a multifaceted food assortment with a large share of fresh products, complemented by an attractive range of nonfood items – at an attractive price-performance ratio. The sales division's 441 locations in 6 countries have selling space of 4,000 to 15,000 square metres; the assortment comprises up to 80,000 different articles. In Germany, Real launched a far-reaching repositioning at the start of 2008, which has been supported by a comprehensive marketing campaign. As a result, Real has been able to improve its key financial figures. In addition, the sales division managed to distinctly sharpen its brand profile.

The right offer for each customer

Real stands for consistent customer orientation. Consumers will find the right products for their particular requirements in Real hypermarkets. At the same time, they profit from the assortments' high quality and freshness, wide range, favourable prices, product theme worlds and numerous services. Real stresses these benefits in the marketing campaign it continued in 2009. Research conducted by BBDO Consulting confirms that the message is being heard: according to the agency's study, Real managed to improve its brand strength in 2009 by 18 places compared to the previous year, ranking it second among food retail brands and ahead of all relevant system competitors. Such awards as the Salescup for the "Best Trade Promotion in 2009", the "Golden Egg 2009" and the more than 60 prizes for speciality breads of Real's in-house bakery by the German Agricultural Society (Deutsche Landwirtschafts-Gesellschaft e.V., DLG) underscore Real's distinct customer orientation and product quality.

Growing share of own-brand products

From 2008 to 2009, Real successively introduced the new own brands Real Quality, Real Bio and Real Selection. In 2009, the number of own-brand products totalled about 2,400. In addition, Real's TiP brand is one of Germany's most well-known own budget-priced labels. With its own brands, Real offers favourably priced alternatives to classical brand products. They help to strengthen customer retention and boost gross profit. Over the medium term, Real aims to generate up to 25 percent of food sales with own-brand products.

Responsible assortment design

Under Shape 2012, Real has been given full decision-making responsibility for the design of its assortment and can thus respond faster to customer needs and new trends. Fair and sustainably produced food products are a case in point. Among other things, Real included the exclusive "Bauernmilch" brand for dairy products in its assortment in March 2009 to strengthen the position of regional milk producers. Here the sales division has adopted a partnering approach in its relationship with regional farmers and cooperatives. Real provides participating farmers with access to a new distribution channel offering a long-term stream of revenues. As part of a partnership with the German animal rights association (Tierschutzbund), the sales division decided to stop selling eggs from battery chickens starting in October 2009. In addition, Real is promoting sustainable fishery. For example, the high-quality products of Real's new own brand Real Quality fulfil the Marine Stewardship Council (MSC) standard.

Optimisation of market presence and distribution network

To strengthen its market presence, the sales division integrated about 1,500 new concepts into its stores in Germany alone by the end of 2009. 10 hypermarkets were completely redone in 2009 or replaced by new buildings. As early as the financial year 2008, Real also decided to sell 33 locations that were not expected to perform well over the long term. This decision was preceded by a comprehensive analysis of the distribution network as part of the sales division's repositioning. The affected stores were spun off into an independent company. The goal is to turn these locations to account. Despite the difficult economic environment, the sales division managed to find a solution for the majority of these locations during the reporting year. Successor companies were found for the overwhelming majority, meaning that affected employees' jobs were continued. Real is engaged in intensive discussions regarding the locations for which no conclusion has been reached so far.

Continually growing international presence

Outside of Germany, the Real sales division operates stores in Poland, Romania, Russia, Ukraine and Turkey. In Poland, the sales division remains one of the country's leading hypermarket operators. On 25 June 2009, Real continued its expansion in Eastern Europe with the opening of its 100th store outside Germany, holding its own in a challenging economic environment. In Istanbul alone, 3 new stores that set standards in terms of shopping atmosphere and assortment depth were opened in attractive locations. In 2009, Real strengthened its market presence in Russia and Romania, in particular, opening a total of 7 new stores in these countries. In autumn 2009, the sales division entered the Ukrainian market. The country's first Real hypermarket is located in Odessa. Real will continue to press ahead with its expansion strategy and open up additional stores in Eastern Europe. In 2010, the focus will be on large cities like Moscow and Bucharest.

Media Markt and Saturn

A comprehensive assortment including the latest brand products, permanently low prices and high service quality make Media Markt and Saturn the No. 1 in European consumer electronics retailing. The division's success is based, among other things, on a consistent dual-brand strategy. Media Markt and Saturn operate independently in the market and compete against each other. Both feature decentralised organisational structures, dedicated employees and distinct innovative strength.

Decentrally organised, successful together

The competitive culture between Media Markt and Saturn plays a key role in the dynamic growth of the 2 sales brands. They operate independently of each other and have their own separate management. In addition, the individual consumer electronics stores operate as independent companies. The store managers hold a stake of up to 10 percent in their respective company and make their own decisions about marketing, product range, pricing and staffing. This ensures that the consumer electronics stores can respond optimally and flexibly to local customer requirements and regional particularities.

Fit for the future

Media Markt and Saturn are highly innovative. Their recipe for success includes their ability to identify trends and integrate them into their operational business. For example, the sales division will be focusing more strongly on a multichannel strategy and complement its stationary sales concept with own online shops for the 2 sales brands. In future, technical services will be available online as well as offline. In addition, customers will be able to buy and download music as well as video films and, at a later stage, computer games, software and e-books in the Internet shops. Thanks to a novel type of information and consulting platform, customers can obtain quick and comprehensive information. The Internet offer is closely interlinked with the consumer electronics stores. Customers will continue to be able to do their shopping, collect their purchases and use services locally. With this multichannel strategy, Media Markt and Saturn can respond optimally to changing customer requirements.

No. 1 in Europe

Media Markt and Saturn are on a growth course in their European markets. The sales division's goal is to establish itself as customers' local and national first choice in each market covered. Media Markt and Saturn now operate more than 800 locations in 16 countries and generate over half of their sales outside Germany. Within Europe, the sales division is the market-leading operator of consumer electronics stores. Media Markt and Saturn opened 50 new stores during the reporting year alone – including the first Saturn consumer electronics store in Turkey.

Advertising with an impact

The success of Media Markt and Saturn can also be attributed to the stores' individual marketing strategies. Both sales brands are known for their unusual campaigns and catchy brand slogans – in Germany as well as in other countries. Each campaign considers national and regional characteristics. But the principle is always the same: Media Markt and Saturn ads are designed to be informative, polarising and alluring all at the same time.

Galeria Kaufhof

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With a consistent brand strategy, Galeria Kaufhof has transformed itself from a generalist into a multi-specialist with high-performance international assortments and high-quality own brands. The sales division, whose product and service portfolio measures up to that of specialty shops and vertical providers, positions itself as an unmistakable and successful lifestyle brand in city-centre retailing. Most Galeria Kaufhof stores are located in prime city centre locations. In Germany, the sales division operates under the Galeria Kaufhof and Kaufhof names, in Belgium under Galeria Inno. Its portfolio also includes the Sportarena sales format and, since 2009, Dinea. This service company operates the gastronomy sections of the department stores.

High-calibre department stores

Galeria Kaufhof continues to evolve in a customer-oriented manner. For example, the sales division introduced new lifestyle offers at numerous locations in 2009, integrated additional brand stores into its stores and adapted department sizes to the requirements of different locations and customers. The Galeria Kaufhof store in the CentrO shopping centre in Oberhausen, Germany, for example, was completely rebuilt, with 3,800 square metres of selling space being added. This store boasts Europe's biggest department store floor space, at 10,500 square metres. During the reporting year, the sales division also advanced its format strategy and reclassified its department stores based on specific local requirements, including customer structures, rather than store size. "Galeria Kaufhof Weltstadt" (cosmopolitan city) stores, for example, attract a supraregional customer base, while Galeria Kaufhof stores are largely visited by regional customers. The city stores, meanwhile, attract local customers. This classification enables Galeria Kaufhof to respond even better to the requirements and expectations of customers at individual locations and manage assortments and resources more efficiently.

High-quality, up-to-the-minute assortments

Galeria Kaufhof generates more than 50 percent of its sales with its clothing assortments. The need to quickly adapt to fashion trends and ever more frequent replacements of collections represent major challenges for department store processes and systems. The sales division has already reached a high standard in merchandise management that is considered exemplary at an international level and must be continually and rigorously advanced. As part of the Shape 2012 programme, Galeria Kaufhof has therefore set the goal of meeting location-specific customer requirements even better in future. To this end, the sales division has introduced a new merchandise management system that considers 3 criteria in one planning process: current fashion trends, local customer demand and structures, as well as the size of retail spaces.

Galeria Kaufhof continued the so-called trading-up strategy during the reporting year. This means that the sales division has further developed its assortment of international and own brands – so-called exclusive brands – in mid- to upper-price segments and taken on new, attractive lifestyle brands. The "exclusive brand management" project that the sales division has launched as part of Shape 2012 aims to increase own brands' share of sales and continually improve margins in this segment. Trendy fashion, cost-efficient procurement and high quality standards are key elements of this effort.

Effective, sustained marketing

Changed process structures, a new creative concept and the centralisation of so-called art buying – purchases of creative services – have contributed to substantial cost savings in marketing, resulting in more favourable terms and conditions, among other things. In addition, Galeria Kaufhof is working to enhance its advertising approach. Galeria Kaufhof is also committed to sustainability principles in marketing. For example, the sales division uses FSC-certified paper that meets the standards of the Forest Stewardship Council for responsible forestry for its brochures. New, environmentally friendly materials are used in decoration. An innovative concept for the use of lifestyle images in the stores ensures that materials are used for longer periods of time.

Future-oriented positioning

Galeria Kaufhof regularly analyses market conditions and the stores' local environment to ensure the long-term profitability of its department stores. The sales division continued to optimise its portfolio of locations in 2009 on the basis of these findings, and adapted it to local market and customer requirements. It was against this backdrop that Galeria Kaufhof decided in 2009 to sell 4 stores after their leases end in 2010. The respective locations are Krefeld (Ostwall), Leipzig-Paunsdorf, Ludwigshafen and Mülheim an der Ruhr.

At Galeria Kaufhof, employees in all departments work on the continuous optimisation of internal processes and systems to render them even more customer-orientated. The sales division has bundled all projects in the Galeria 2012 programme, which is fully integrated into Shape 2012. Galeria Kaufhof offers additional services in its stores, including delivery services and special orders. Here, customers are given the opportunity to order products from all listed suppliers – including items that are not part of Galeria Kaufhof's assortment.

Real Estate 404

With real estate assets in 32 countries, METRO Group has the most international real estate portfolio in the global wholesale and retail industry. METRO Group Asset Management manages the real estate activities of the Group. Its responsibilities comprise active portfolio development, assistance in the development and construction of retail properties, customised operating services and expert energy management. In consideration of real estate properties' long-term development perspective, METRO Group began reporting its real estate activities as an independent segment in 2009. Aside from sustained portfolio protection, the goal is to continually enhance portfolio value. In addition, the services of METRO Group Asset Management, which have so far been used mostly within the Company, are supposed to be expanded and increasingly offered in the market.

Targeted division of responsibilities

As part of Shape 2012, METRO Group Asset Management was positioned as an independent profit centre with 3 business units. METRO Group Real Estate Management manages the real estate portfolio. Centre International is responsible for the 70 shopping centres in Germany, Poland and Turkey as well as international project development and construction management. Facility Services offers comprehensive commercial, technical and infrastructure-related operational services.

Value-enhancing management of the real estate portfolio

The METRO Group portfolio managed by the Real Estate Management business unit comprises more than 700 retail properties in 32 countries. The rental space of the managed properties amounts to about 10 million square metres. The real estate management is based on regular analyses and assessments of global and local markets, locations and properties. Building on this, the business unit develops a performance-orientated portfolio strategy, innovative and lucrative real estate formats as well as location- and property-specific strategies. Cyclically optimised divestments as well as profitable investments in new locations contribute to systematic and sustained earnings and value growth.

International centre management

As one of Europe's leading centre management companies, METRO Group Asset Management operates 70 shopping centres and centre locations with more than 3,000 tenants in Germany, Poland and Turkey. The Centre International business unit has its own offices in Saarbrücken, Düsseldorf, Böblingen, Warsaw, Istanbul, Moscow and Budapest. Local-market know-how and cost-efficient operations contribute to the unit's success. In August 2009, the real estate firm opened its 10th shopping centre in Turkey in Istanbul. The "Meydan Merter" centre features a roof that can be opened or closed depending on the weather. In addition, one of Europe's largest solar thermal plants is used to cool and heat the centre.

Experts in project development and construction management

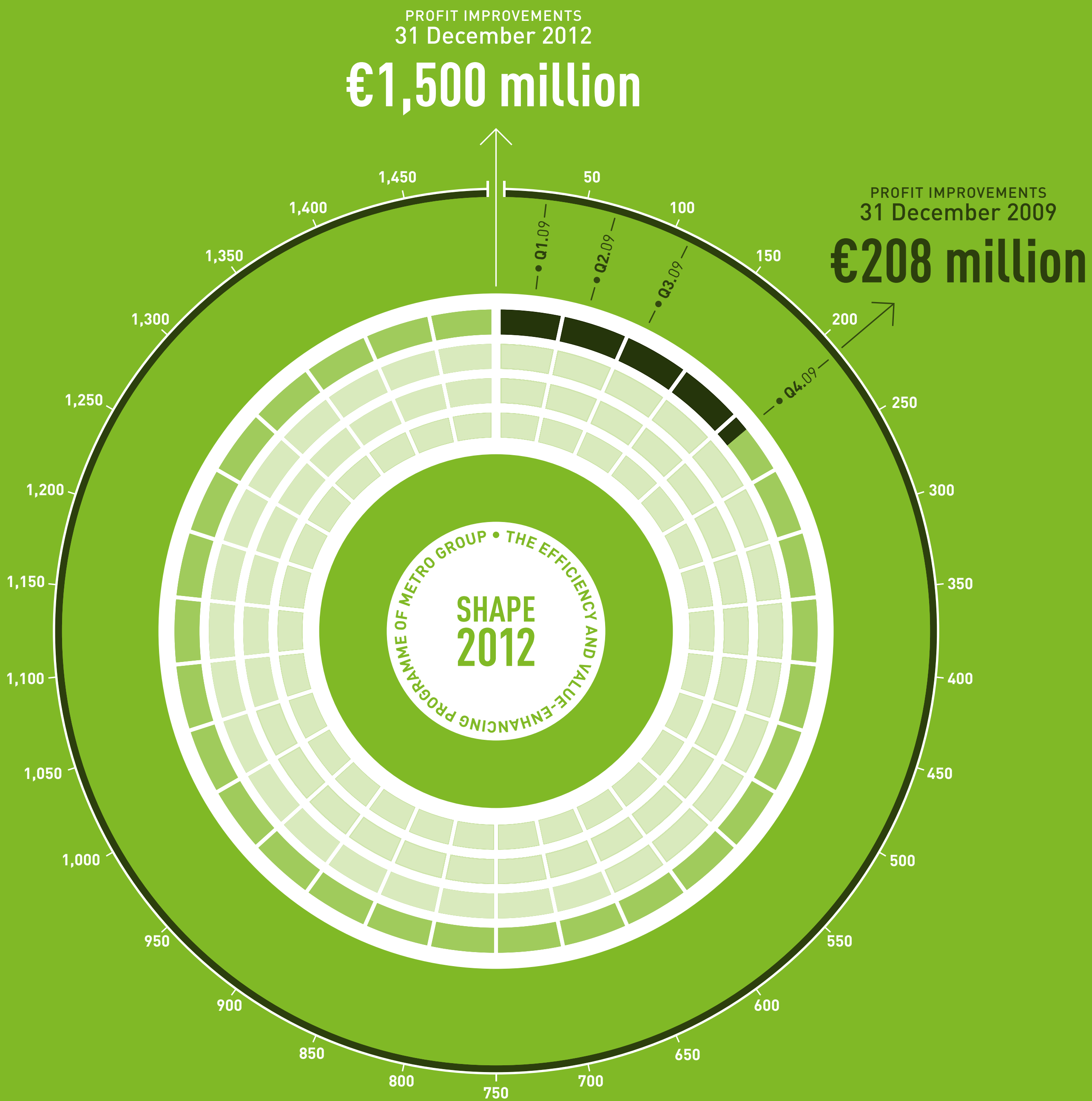
From new buildings to modernisation, renovations and extensions – METRO Group Asset Management offers turnkey solutions covering the diverse requirements of retail properties. A team of project developers, architects and engineers works closely with the sales divisions as well as with investors and managers of shopping centres. The aim is to account for individual location- and country-specific requirements.

Effective services from a single source

METRO Group Asset Management offers solutions for holistic and sustainable retail and commercial real estate management. This includes infrastructure, commercial and technical facility management. In 2009, the responsible business unit managed more than 1,700 properties and realised synergies through pooled services procurement. The goal is to protect the value of the managed retail and commercial properties throughout their entire life cycle based on modern and effective facility management.

Efficiency and environmental sustainability

Energy management plays an increasingly critical role in the long-term value retention and optimal management of real estate properties. METRO Group Asset Management helps its partners to optimise the energy consumption of existing properties and implement innovative concepts to increase efficiency – including that of new buildings. This is achieved with energy-saving building services as well as heating and ventilation systems, among other things. Renewable energy sources such as geothermal, solar thermal, photovoltaic and wind energy or the use of green roofs in air conditioning are successfully tested and used across the globe.


PROFIT IMPROVEMENTS
31 December 2012
€1,500 million
PROFIT IMPROVEMENTS
31 December 2009
€208 million
Q1.09
Q2.09
Q3.09
Q4.09
50
100
150
200
250
300
350
400
450
500
550
600
650
700
750
800
850
900
950
1,000
1,050
1,100
1,150
1,200
1,250
1,300
1,350
1,400
1,450
SHAPE 2012
PROGRAMME OF METRO GROUP • THE EFFICIENCY AND VALUE-ENHANCING

Shape 2012

Since it was founded in 1996, METRO Group has experienced rapid growth, evolving from a Company with 16 sales divisions that generated about 96 percent of its sales in Germany to a focused international retailing group. In 2009, METRO Group generated only about 40 percent of its sales in its domestic market of Germany. In the past, each of its 4 sales divisions, Metro Cash & Carry, Real, Media Markt and Saturn as well as Galeria Kaufhof, generally appeared as independent companies in the marketplace. Numerous services, however, were bundled in cross-divisional service companies, including such key functions as procurement and logistics. In addition, the Company has optimised its portfolio repeatedly in recent years. Optimisation measures include the initial public offering of Praktiker Bau- und Heimwerkermärkte in 2005, the sale of the Extra supermarkets in 2008 as well as the divestment of the Adler fashion stores in 2009.

The clear division of responsibilities within the Company has furthered METRO Group's dynamic expansion in recent years. In the process, the Company's organisational structure has been adapted to its fast growth and internationalisation. METRO Group strives to optimally respond to altered business parameters at all times while rigorously living up to its commitment to market and customer centricity. This also includes the Company's financial management, which flexibly adapts the Company to changing conditions.

On 20 January 2009, METRO Group launched its efficiency and value-enhancing programme Shape 2012 with the aim of ensuring the Company's sustained profitable growth over the long term. The programme aims for profit improvement potential of €1.5 billion from 2012. Cost savings, which are likely to be fully reflected in income from 2011, account for about €800 million of this. The rest is expected to come from productivity gains and other profit-boosting measures, such as the tapping of new customer groups. These measures will be fully reflected in income from 2012. Shape 2012 contributed €208 million to earnings for the financial year 2009.

Under Shape 2012, each sales division and each segment of METRO Group contributes a defined total. Metro Cash & Carry will contribute €700 million in profit improvement potential from 2012, Real will account for €400 million, Media Markt and Saturn for €250 million, Galeria Kaufhof, Real Estate and "others" for €50 million each.

Key areas of action

The maxim of Shape 2012 is: as decentrally as possible, as centrally as necessary. The changes implemented as part of this programme are designed, in particular, to simplify the Company's organisational structures, to transfer full operational responsibility to the sales divisions, and strengthen the Finance, Controlling and Compliance functions at the holding company level. Shape 2012 enables METRO Group to respond even faster and more flexibly to its customers' needs. The programme comprises 5 areas of action:

1.
Promotion of market and customer centricity

METRO Group is decentralising operational decision-making authorities. To increase local-market centricity, the sales divisions and national subsidiaries are given greater individual responsibilities. In future, for example, Metro Cash & Carry, the most international sales division, will manage its operational activities largely from the 3 regions "Western Europe and Middle East, North Africa", "Central and Eastern Europe" as well as "Asia".

2.
Undivided operational responsibility of the sales divisions

In future, Metro Cash & Carry, Real, Media Markt and Saturn as well as Galeria Kaufhof will be responsible for the entire supply chain – from procurement and logistics to sales. Functions that have so far been handled at the Group level are being transferred to the sales division level.

3.
Optimised organisational structure for finance and compliance – strengthened human resources focus

The Finance, Controlling and Compliance functions are managed centrally and directly at the holding company level. This organisational structure facilitates the Group's financial management and ensures more effective compliance and risk management for the entire Company. The Board department Human Resources is being strengthened to account for the growing importance of executive recruiting and retention. METRO AG takes over the Company-wide recruitment and support of highly qualified executives.

4.
Real estate portfolio as profit centre

To render the value contribution transparent, METRO Group's real estate portfolio is being managed as a profit centre and shown separately in segment reporting.

5.
Strict management through centralised return targets

METRO Group's new management structures enable the Company to focus even more strongly on cost management and efficiency gains. This applies, in particular, to administrative functions. Operational units that do not meet return requirements will be systematically restructured or disposed of.

Reorganisation largely completed

As early as the first half of 2009, METRO Group prepared and implemented its key changes in corporate structures. One objective was to improve internal cooperation and to provide for simpler and more transparent core processes within the Company.

Effective 31 December 2009, responsibility for the key functions of procurement logistics and infrastructure provision was fully transferred to the sales divisions. In countries where METRO Group is represented with several companies, Supply Chain Councils manage the activities of the METRO Group companies in charge of logistics.

Meanwhile, business areas that are crucial to the management and oversight of the Company were centralised further. This concerns, in particular, Finance, Controlling and Compliance, which have been managed by METRO AG based in Düsseldorf since mid-2009.

Necessary personnel changes implemented

Shape 2012 also calls for personnel adjustments. The programme will affect about 17,000 jobs around the world by 2012. As far as possible, the adjustments are to be carried out through normal turnover, which means that not all vacant positions are being refilled. METRO Group has already eliminated about 8,600 jobs (full-time equivalents) under Shape 2012. This figure corresponds to the balance of expansion-related personnel increases less personnel adjustments related to Shape 2012 including the divestment of locations.

Start of transformation phase

On the basis of the new organisational structure, all METRO Group segments are developing their own measures to achieve the desired sales and earnings improvements. One focus is on projects that allow METRO Group to bolster and expand its competitive position in countries where METRO Group already does business.

Since the start of Shape 2012, more than 6,000 measures that can contribute to profit growth have been developed. They include, among other things:

- Metro Cash & Carry has introduced a delivery service in several markets, including Germany, Austria, the Czech Republic, Italy and Russia. Customers can order the desired goods in their chosen wholesale store. Employees package the products and deliver them on the following day or even the same day. The service added more than €100 million to sales volume in Germany alone.
- At Real, the new own brands Real Quality, Real Bio and Real Selection continued their positive development in 2009. Sales of the new Real own brands and TiP in the food area grew by more than 10 percent year on year in 2009. The Real Quality brand is the key driver of this trend. Its brand claim, “Brand quality, consistently better prices.”, now covers more than 1,500 products.
- As part of the supply chain optimisation programme in 2009, the Media-Saturn group of companies adapted the use of warehousing structures to actual demand. In view of the current market situation and order processes, the stock optimisation resulted in a substantial reduction of used and rented (external) warehouse space.
- Galeria Kaufhof has adjusted its marketing structures and redefined processes. The centralisation of art buying, the use of new materials in visual merchandising and a new creative concept, for example, produced cost savings. At the same time, the sales division enhanced the quality of its advertising approach in 2009.

Rigorous implementation

METRO Group generated earnings improvements of about €208 million from Shape 2012 during the reporting year, although most of the projects that have been launched so far have not yet had an impact on Group earnings. To record the current status of individual measures, the Company has defined 5 degrees of implementation which reflect the life cycle of a measure from idea generation to financial impact on the Company’s results.

As part of Shape 2012, METRO Group will from 2010 focus on assessing all existing measures, implementing promising projects and realising the associated profit improvements as fast as possible. In addition, new measures must be developed to prepare for changing economic parameters. The focus will be on:

- Customer orientation
- Procurement
- Own-brand products
- New business models
- Processes in stores and locations
- Administrative processes
- Logistics and supply chain management

Effective management

All sales divisions and companies of METRO Group operate so-called programme offices. Their task is to manage their respective Shape 2012 measures, to offer support and help project managers to implement these measures.

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The year in review

An overview of selected events during the financial year 2009

20 January 2009
METRO Group launches the efficiency and value-enhancing programme Shape 2012. The aim of this programme is to secure METRO Group's profitable growth over the long term.

13 February 2009
Economically effective 1 January 2009, METRO Group divests its Adler fashion stores.

24 March 2009
Media Markt announces a partnership with Foxconn Technology Group as part of its preparations for market entry in China in 2010.

30 April 2009
In view of the challenging market environment, rating agency Standard & Poor's downgrades METRO Group's long-term rating from "BBB+" to "BBB".

12 May 2009
In the presence of the German families minister, Galeria Kaufhof signs the so-called Berlin Declaration, reaffirming its entrepreneurial commitment to a proactive approach towards demographic change.

13 May 2009
METRO Group's new brand message, "Made to trade.", reflects the Company's entrepreneurial spirit, performance strength and market expertise.

1 July 2009
The establishment of a new organisational structure marks the first milestone of METRO Group's Shape 2012 programme. In future, all sales divisions have undivided responsibility for the entire supply chain in their operational business.

1 August 2009
Thomas Unger becomes Vice-Chairman of the Management Board of METRO AG. The Supervisory Board appoints Olaf Koch as the new Chief Financial Officer. He takes office on 14 September 2009.

6 August 2009
METRO Group Asset Management opens its 10th shopping centre in Turkey, "Meydan Merter" in Istanbul. Real and Media Markt are major tenants of the modern shopping mall, which stands out with its open-roof design and solar thermal plant.

14 August 2009
Galeria Kaufhof celebrates its 130th anniversary with a Germany-wide anniversary campaign.

18 September 2009
METRO Group and the Foxconn Technology Group conclude a cooperation agreement paving the way for Media Markt's expansion into the Chinese market.

22 September 2009
METRO Group establishes a Sustainability Board to develop Group-wide standards on sustainable activities. Sustainability becomes a strategic pillar of METRO Group's business.

16 October 2009
The Real sales division expands into Ukraine with the opening of the first hypermarket near Odessa.

27 October 2009
Metro Cash & Carry opens the first wholesale store in Kazakhstan. At the same time, the sales division lays the foundation for the opening of its first store in Egypt, scheduled for summer 2010.

29 October 2009
Saturn begins operations in Turkey by opening its first store there. The new store in Paris becomes the sales brand's largest consumer electronics store in France.

24 November 2009
The first Media Markt store opened in Munich 30 years ago. The sales brand celebrates its anniversary with a major campaign launched at the start of 2009.

9 December 2009
METRO Group concludes a partnership with UNIDO (United Nations Industrial Development Organization) aimed at fighting hunger in developing and emerging countries.

16 December 2009
METRO Group and the city of Düsseldorf agree on an exclusive partnership for the world's fair 2010. Under the agreement, a METRO Group exhibit will be part of the Düsseldorf pavilion at the EXPO in Shanghai, China, from 1 May to 31 October 2010.

METRO Group

Strategy
Investment
Business
Service

Investment

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Metro shares

For global stock markets, the financial year 2009 was a year split in two: the first quarter was marked by the global economic downturn. Poor macroeconomic and financial data and bankruptcies even among larger companies shaved another more than 20 percent off Germany's DAX blue-chip index. On 6 March 2009, the index closed at a new 5-year low of 3,666.

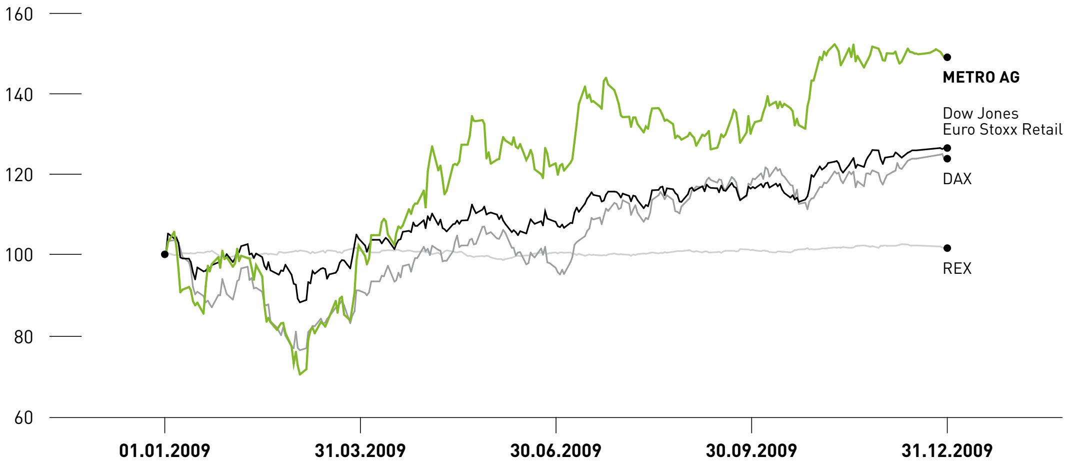
The impact of concerted interventions by global central banks and governments prevented the financial crisis from spiralling out of control. Partial nationalisations in the financial sector and massive state guarantees contributed to the progressive stabilisation of global markets. This development was further supported by comprehensive fiscal stimulus programmes and targeted subsidies aimed at boosting consumption.

All of this resulted in a change of mood on global stock markets. Starting in April, share prices recovered noticeably across the globe. A spectacular rally took the DAX more than 60 percent higher between March and December 2009. On 29 December, the index closed at its year's high of 6,011. In the end, the DAX gained 23.8 percent over the year.

METRO AG's ordinary share was not immune to broad market developments during the reporting period. At the beginning of 2009, economic developments in Eastern Europe and the associated currency depreciation caused analysts and investors to view the Metro share more critically. The share fell by 27 percent over 2 months. Although the market reacted positively to the announcement of the efficiency and value-enhancing programme Shape 2012 on 20 January 2009, this provided only a temporary respite from the downward trend. Investors and analysts began to regain faith in METRO Group once the annual results for 2008 were presented at the end of March. Shape 2012 and METRO Group's strong market positions helped to restore market participants' confidence in the Company. Since then, Metro's share has uncoupled itself from the DAX and performed markedly better than Germany's leading index. With a gain of 49.0 percent, the Metro share ranked fifth among DAX members in 2009 and was thus able to recover part of the losses suffered in 2008.

The favourable performance of the Metro ordinary share is also confirmed by a comparison with the relevant retail index, Dow Jones Euro Stoxx Retail, which closed the year up 26.4 percent. While the index slightly outperformed the DAX, its performance clearly lagged behind the Metro share. The Metro share also performed markedly better than less risky assets. The German bond index REX, a proxy of German sovereign bonds with fixed coupons and remaining terms of 0.5 to 10.5 years, rose by just 1.6 percent in 2009.

Market trend of Metro shares (%)



Performance comparison of Metro ordinary share in 2009 vs. DAX vs. Dow Jones Euro Stoxx Retail vs. REX

METRO Group	DAX	Dow Jones Euro Stoxx Retail	REX
49.0%	23.8%	26.4%	1.6%

Source: Bloomberg

Metro shares 2007–2009 (€)

		2009	2008	2007
Annual closing price	Ordinary share	42.57	28.57	57.44
	Preference share	35.00	29.00	44.20
Annual high	Ordinary share	43.50	57.51	66.70
	Preference share	37.50	46.00	60.00
Annual low	Ordinary share	20.07	17.67	49.34
	Preference share	21.90	19.00	40.00
Cash dividend	Ordinary share	1.18[1]	1.18	1.18
	Preference share	1.298[1]	1.298	1.298
Dividend yield based on closing price for the year (%)	Ordinary share	2.8[1]	4.1	2.1
	Preference share	3.7[1]	4.5	2.9
Market capitalisation (€ billion)		13.9	9.3	18.7

Data based on XETRA closing prices
[1] Subject to the resolution of the Annual General Meeting
Source: Bloomberg

Information about the Metro shares

	Ordinary share	Preference share
Code number	725 750	725 753
ISIN code	DE 000 725 750 3	DE 000 725 753 7
Reuters code	MEOG.DE	MEOG_p.DE
Bloomberg code	MEO GR	MEO3 GR
Number of shares	324,109,563	2,677,966

Shareholder structure 502

The principal shareholders Haniel, Schmidt-Ruthenbeck and Beisheim are the major shareholders of METRO AG. According to the information available to METRO AG, they held 65.87 percent of the voting rights of METRO AG at the end of 2008.

In October 2009, METRO AG was informed that the Beisheim shareholder group had disposed of shares, reducing its share of voting rights to 13.21 percent. Based on the available voting rights notifications, the 3 major shareholders therefore now hold 60.62 percent of voting shares of METRO AG.

As a result of this change in the shareholder base, the free float share has risen to 39.38 percent from 34.13 percent. The free float share is held by a multitude of international and national investors. Notifications from fund management firms and other data sources indicate that German investors account for the latest single share, followed by British and North American investors. In addition, METRO AG's shareholder base includes an estimated 60,000 private investors.

Market capitalisation and index inclusion 503

At the end of December 2009, METRO AG's market capitalisation stood at €13.9 billion, making it one of Germany's largest companies and a member of the German DAX blue-chip index. Qualification for index inclusion is determined by free-float-weighted market capitalisation. This has increased as a result of the previously mentioned placement of a share package in October 2009. Aside from the strong share price performance, this caused METRO AG to move up 6 places and rank 23rd in terms of market capitalisation at the end of the year. METRO AG also ranked 23rd in terms of trading turnover – an improvement of 5 places. Overall, trading turnover in 2009 was distinctly lower than a year earlier. On an average trading day, 1.1 million ordinary shares of METRO AG were traded compared with 1.6 million a year earlier.

METRO Group's importance in national and international capital markets is also underscored by its inclusion in major stock market indices. The most important of these include the Dow Jones Euro Stoxx, the respective sector index Dow Jones Euro Stoxx Retail and the Morgan Stanley Capital International (MSCI) Euro. Moreover, the Metro shares are listed in the Dow Jones Sustainability World Index and the DAXglobal Sarasin Sustainability Germany.

Dividend 504

At the Annual General Meeting on 5 May 2010, the Management Board will propose a dividend of €1.18 per ordinary share and €1.298 per preference share for the financial year 2009. This would correspond to a dividend yield of 2.8 percent on the closing share price for 2009 for the Metro ordinary share. Based on earnings per share from continued operations before special items of €2.10, the dividend yield would amount to 56.2 percent.

Award-winning investor relations 505

METRO Group places a very high priority on its dialogue with shareholders and analysts. In all communication with capital markets, the principles of fair disclosure apply: timeliness, continuity, credibility and equal treatment. Irrespective of current stock market sentiment and the performance of the Metro share, comprehensive and transparent capital market communication is considered indispensable. With its long-term outlook, the Investor Relations team contributes decisively to the value-orientated development strategy of the Company.

Important investor relations events in the reporting year included the presentation of sales developments of the previous year in January 2009. A detailed account of developments during the financial year 2008 was given at the annual analysts and investor conference in Düsseldorf in March 2009. Conference calls on our quarterly reports with the Management Board rounded out the dissemination of relevant corporate news. All events were broadcast live over the Internet.

As part of its communication with investors and analysts, METRO Group held presentations in every important financial centre in Europe and the United States. To round off our direct dialogue with the capital markets, we conducted 11 conferences and 35 road show days in 20 countries as well as held a large number of talks and guided store visits at the Düsseldorf location of METRO AG. The 445 one-on-one and group discussions resulted in nearly 1,000 contacts.

Currently about 40 analysts from all highly regarded national and international banks track METRO Group. Their reports, including current analyses and investment recommendations, are regularly posted on our Investor Relations pages on the Internet.

At the end of 2009, 33 percent of analysts recommended the Metro share as a "buy", 31 percent rated it "hold" and 36 percent gave it a "sell" rating. The median value of share price targets amounted to €40.00.

METRO Group also places a high priority on an intensive dialogue with private investors. An estimated 60,000 private investors are shareholders of the Company. METRO Group's Investor Relations department sought the direct dialogue with private investors on 14 December 2009 when it addressed a large number of private investors at the "Düsseldorfer Aktienforum".

The issue of sustainability is becoming increasingly important, with capital market inquiries about this subject picking up markedly. The Investor Relations department has responded to this development and is increasingly reporting about these aspects of METRO Group as well.

In 2009, METRO AG's capital market communication again won several awards. The specialist magazine "IR Magazine" awarded METRO AG the title "Best Investor Relations Work in Germany". METRO AG finished first in the individual rankings of Thomson Reuters' annual Extel survey and second in the team assessment for the retail sector. Based on its total score, METRO AG was ranked 30th among 1,157 companies. The international business magazine "Institutional Investor" honoured METRO Group for the best investor relations work in the European retail sector – for the sixth consecutive time. In addition, METRO AG is praised for its home page and its comprehensive and detailed information in rankings of external institutes.

METRO Group

Strategy
Investment
Business
Service

Business

Report of the Supervisory Board

Franz M. Haniel
CHAIRMAN OF THE SUPERVISORY BOARD

Dear Shareholders,

The effects of the global financial and economic crisis dominated the financial year 2009. The Supervisory Board of METRO AG has responded to the crisis by intensifying its consultations with the Management Board. As early as December 2008, both Boards decided to allow for more flexible planning for the financial year 2009. On this basis, the latest insights into the effects of the crisis could be reviewed, discussed and, where necessary, reflected in adjusted planning during the reporting year. Together, we have managed to successfully steer METRO Group[1] through an exceptionally challenging financial year.

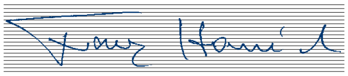
Irrespective of the global crisis, the Management Board, with the support of the Supervisory Board, initiated the efficiency and value-enhancing programme Shape 2012. Shape 2012 is designed to render METRO Group even more transparent and customer-centric, less complex and more efficiently manageable. The Supervisory Board has discussed the strategic and structural measures associated with this project several times. The programme's progress will continue to feature regularly on the agenda of Supervisory Board meetings in future.

Both the impact of the financial and economic crisis and Shape 2012 have required hard work and dedication on the part of METRO Group employees. On behalf of the Supervisory Board of METRO AG, I would like to thank them for their willingness to embrace change and their entrepreneurial energy.

Supervision of executives and cooperation with the Management Board

The Supervisory Board carried out the consultation and monitoring duties set forth by law and the Company's Articles of Association. It thoroughly advised the Management Board on the management of

[1] METRO Group including METRO AG



Franz M. Haniel
CHAIRMAN OF THE SUPERVISORY BOARD

→ Franz M. Haniel has been Chairman of the Supervisory of METRO AG since 2007. He was born in Oberhausen in 1955, holds a diploma in mechanical engineering and an MBA from INSEAD. After working as a consultant for management consultancy Booz Allen & Hamilton, he joined the investment firms of the Quandt family in 1986. In 2000, he became managing director of Giesecke & Devrient. He has been Chairman of the Supervisory Board of Franz Haniel & Cie. GmbH since 2003.

METRO AG and METRO Group and constantly supervised the management. The Supervisory Board was involved in all decisions that were of material importance to METRO AG or METRO Group.

The work of the Supervisory Board was based on the oral and written reports pursuant to § 90 of the German Stock Corporation Act, which the Management Board provided 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 METRO Group. The reports covered, in particular, proposed business policies and fundamental questions about company planning. Other report topics included profitability, current business developments, including the position of METRO Group, risk management, in-house monitoring systems, compliance, operations of material importance for the profitability and liquidity of METRO Group, as well as 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 and announced the applicable countermeasures.

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 Management Board as a subject for authorisation. These matters included the sale of the Adler fashion stores and of a real estate portfolio, resolutions on the implementation of Shape 2012, Media Markt's expansion into China as well as transactions concerning individual Metro Cash & Carry national subsidiaries. The Supervisory Board also endorsed changes in the organisational structures of the Management Board including the business division plan as well as the annual budget for the financial years 2009 and 2010. 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.

The Chairman of the Supervisory Board was in regular contact with the Chairman of the Management Board. The Chairman of the Supervisory Board was kept abreast of important business developments and pending decisions by the Chairman of the Management Board during regular face-to-face meetings.

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.

Conflicts of interest

No conflicts of interest among members of the Management and Supervisory Boards that must be disclosed to the Supervisory Board arose in the financial year 2009.

In 2009, the Management Board asked the Supervisory Board to extend rental contracts of individual Metro Cash & Carry locations in Germany. Indirect shareholders of the lessor are the three major METRO AG shareholders Haniel, Schmidt-Ruthenbeck and Beisheim. Although no conflict of interest existed in terms of legal-formal criteria, the members of the Supervisory Board associated with the major shareholders, Franz M. Haniel, Prof. Dr Dr h.c. mult. Erich Greipl and Peter Küpfer, explained the background to the Supervisory Board and refrained from participating in the relevant Supervisory Board vote.

Another vote of the Supervisory Board during the reporting year concerned the sale of the Adler fashion stores. In the run-up to this vote, it was clear that the member of the Supervisory Board Ms Angelika Zinner could have a conflict of interest in her role as Chairwoman of the General Works Council of the Adler fashion stores. However, there were no concrete indications of any actual personal conflict of interest between Ms Zinner's interests or the interests of companies close to her, on the one hand, and METRO Group, on the other. As a result, Ms Zinner participated in the Supervisory Board vote.

Meetings and resolutions of the Supervisory Board

In the financial year 2009, the Supervisory Board met seven times.

The German Corporate Governance Code recommends that a note be included in this report if a member of the Supervisory Board attended fewer than half of all Supervisory Board meetings in any one financial year. In the financial year 2009, a member of the Supervisory Board left the Board at the beginning of March 2009 and could therefore not attend at least half of the Board meetings.

During each regular meeting, the Supervisory Board held in-depth discussions about METRO Group business developments. In addition, the Chairmen of the Supervisory Board committees gave regular reports about topics and results of previous Supervisory Board meetings.

Key issues covered by Supervisory Board meetings and resolutions in 2009 at a glance

January 2009 – In an extraordinary meeting, the Supervisory Board renewed Zygmunt Mierdorf's appointment as Executive Vice-President Human Resources of METRO AG again and through 31 December 2013.

February 2009 – Following the completion of a bidding process initiated by the Management Board, the Supervisory Board endorsed the sale of the Adler fashion stores in an extraordinary meeting.

March 2009 – The Supervisory Board's audit meeting focused on the annual and consolidated financial results for the financial year 2008, the management report of METRO AG for 2008, the Group management report for 2008, the Management Board's proposal for the appropriation of the balance sheet profit at the Annual General Meeting 2009 as well as the Management Board's report about relations with associated companies in 2008. The auditors attended this meeting and gave a report about the key findings of their review. Other items of the agenda of this meeting were the continued development of the remuneration system for members of the Management Board and preparations for the Annual General Meeting 2009, including the report of the Supervisory Board and the corporate governance report. Subject to the election of the auditors by the Annual General Meeting in 2009, the audit assignments for the annual and consolidated financial statements for 2009 and the abbreviated half-year financial statements and interim management report 2009 were also adopted. Together with the Management Board, the Supervisory Board also used the March meeting to review and newly endorse the annual budget for 2009, which was approved in December 2008, with a view to current assessments of the impact of the financial and economic crisis.

May 2009 – At a meeting immediately prior to the start of the Annual General Meeting, the Management Board reported about current business developments.

July 2009 – Effective 1 August 2009, the Supervisory Board appointed Mr Thomas Unger, METRO AG Chief Financial Officer since 2002, as Vice-Chairman of the Management Board. In this function, Mr Unger is the Board member responsible for Media Markt and Saturn, Galeria Kaufhof, Real Estate, Internal Audit and the Programme Office Shape 2012. The Supervisory Board appointed Mr Olaf Koch as new Chief Financial Officer. Another item on the agenda of this meeting was the consultation with the Management Board regarding the strategic development of Metro Cash & Carry Germany. The Supervisory Board visited two stores of the sales division in Brussels, where the meeting was held, in order to obtain practical insights into the challenges and development potential of the cash & carry business model. Other focal topics included the Management Board's reports on the status of Real's restructuring programme and Media Markt's planned market entry in China as well as a Supervisory Board resolution on the implementation of the efficiency and value-enhancing programme Shape 2012.

October 2009 – The Management Board informed the Supervisory Board about current business developments and progress made in the implementation of Shape 2012 as well as restructuring measures initiated at Metro Cash & Carry Germany. Other items on the agenda of the October meeting included the Company's risk position, the continued development of the risk management and compliance system as well as executive development within METRO Group. In addition, the Supervisory Board intensely considered altered legal parameters and new corporate governance standards on management remuneration. A Supervisory Board resolution concerned the continued development of Metro Cash & Carry Romania. The meeting concluded with the regular efficiency review of the Supervisory Board that had been prepared in advance using a questionnaire.

December 2009 – The Management Board reported about business policy plans and fundamental corporate planning issues. The report covered the sales, earnings, financial, investment and personnel planning for 2010 as well as the Company's medium-term plans. The Supervisory Board adopted the annual Group budget for the financial year 2010. Additional information of the Management Board concerned the areas of corporate social responsibility and advancing preparations for Media Markt's Chinese market entry. At the December meeting, the Supervisory Board adopted the annual budget for 2010 as well as the sale of a real estate portfolio and the conclusion of rental contracts for Metro

Cash & Carry locations. In addition, it approved its resolution on the declaration of compliance with the recommendations of the German Corporate Governance Code pursuant to § 161 of the German Stock Corporation Act as well as new by-laws of the Supervisory Board, the Accounting and Audit Committee and the Management Board. The results of the efficiency review of the Supervisory Board conducted in October were given particular consideration here.

Meetings and resolutions of the Supervisory Board committees

In the financial year 2009, the Supervisory Board of METRO AG had five committees: the Presidential Committee, the Personnel Committee, the Accounting and Audit Committee, the Nominations Committee and the Mediation Committee pursuant to § 27 Section 3 of the German Co-determination Act.

Accounting and Audit Committee – The Accounting and Audit Committee primarily handles accounting and auditing issues as well as risk management and compliance. In the financial year 2009, the committee met five times. Regular meetings were held in March, May, July, October and December, whereby the Accounting and Audit Committee met together with the Presidential Committee on one occasion.

The March 2009 meeting (held together with the Presidential Committee) essentially served to prepare the Supervisory Board's balance sheet meeting. The Accounting and Audit Committee reviewed the annual and consolidated financial statements for 2008, the management reports as well as the report of the Management Board on relations with associated companies. The results of the audit were discussed in the presence of the auditors. The Accounting and Audit Committee made concrete recommendations on the Supervisory Board's resolutions in the audit meeting. These included the recommendation that the Supervisory Board approve the Management Board's proposal on the appropriation of the balance sheet profit. In addition, the Accounting and Audit Committee prepared the assignment of the auditing mandates for the annual and Group financial statements 2009 as well as for the Group's half-year report 2009 by the Supervisory Board.

The other meetings of the Accounting and Audit Committee focused on the quarterly reports and the half-year report of METRO AG prior to their publication. Other significant topics of discussion included the Company's internal monitoring systems and anti-fraud measures, the audit report and the Management Board's risk report. The status and development of the Compliance, Risk Management and Internal Auditing functions were discussed in great detail. The relevant concepts presented by the Management Board met with the full support of the Accounting and Audit Committee. The committee's other topics of discussion in the financial year 2009 included METRO Group's corporate governance, dependency issues and corporate tax planning.

Personnel Committee – The Personnel Committee deals primarily with personnel issues concerning the Management Board. In the financial year 2009, five committee meetings were held: two scheduled meetings in March and October (held jointly with the Presidential Committee) and three extraordinary meetings in January and July.

The work of the Personnel Committee was dominated by preparations for the resolutions of the Supervisory Board regarding the planned changes in the Management Board. In addition, the committee discussed the remuneration and the remuneration system for members of the Management Board in great detail. In March 2009, the system of performance-orientated Management Board compensation was changed with the consent of the Supervisory Board. In October 2009, the Personnel Committee thoroughly discussed the German Act on the Appropriateness of Management Board Compensation, which took effect in summer 2009 and has created new legal parameters for the determination of Management Board compensation. The committee identified no need for short-term changes to the Company's Management Board remuneration system.

Presidential Committee – The Presidential Committee deals with the corporate and regional strategy, the monitoring of compliance with legal regulations and the application of the German Corporate Governance Code. In consideration of § 107 Section 3 Sentence 3 of the German Stock Corporation Act, the Presidential Committee makes decisions about urgent matters and matters submitted to it by the Supervisory Board.

During the reporting year, the Presidential Committee met three times, including one joint meeting with the Accounting and Audit Committee (March 2009) and two joint meetings with the Personnel Committee (March and October 2009).

Nominations Committee, Mediation Committee – The Nominations Committee has the responsibility of proposing suitable candidates for the Supervisory Board's election proposals to the Annual General Meeting. In the financial year 2009, no Supervisory Board elections took place at the Annual General Meeting of METRO AG, so that the Nominations Committee did not have to convene.

The Mediation Committee formulates proposals for the appointment and dismissal of members of the Management Board in cases pursuant to § 31 of the German Co-determination Act. The Mediation Committee did not have to meet in the financial year 2009.

Corporate governance

The Management Board and the Supervisory Board report on METRO Group's corporate governance in the corporate governance report for 2009.

In December 2009, the Management Board and the Supervisory Board of METRO AG issued their latest 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 shareholders on the Internet site www.metrogroup.de. The full declaration of compliance appears in the corporate governance report 2009.

Before the Supervisory Board's meeting in March 2009, the auditor issued a declaration of autonomy, required under Subsection 7.2.1 of the German Corporate Governance Code. The requirements of Subsection 7.2 of the German Corporate Governance Code governing the contractual relationship between the Company and its auditors have thus 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. Until the conclusion of the audit on 1 March 2010, 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 issues.

Annual and consolidated financial statements 2009, report on relations with associated companies 2009

The annual financial statements of METRO AG, in consideration of accounting, for the financial year 2009 that were submitted by the Management Board pursuant to regulations laid down in the German Commercial Code, the METRO AG management report for 2009, the consolidated financial statements 2009 compiled by METRO AG according to International Financial Reporting Standards (IFRS) and the Group's management report 2009 were reviewed by KPMG AG Wirtschaftsprüfungsgesellschaft and were given unqualified approval. The auditor provided a written report on the findings.

The Supervisory Board reviewed the annual financial statements of METRO AG and the consolidated financial statements for the financial year 2009, the management report of METRO AG and the Group's management report for the financial year 2009 as well as the Management Board's proposal to the Annual General Meeting 2010 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 2010. 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 – even in the absence of the Management Board. The auditor did not report any material weaknesses of the internal monitoring and risk management system with regard to the accounting process. The auditor also provided information on services rendered in addition to auditing services. According to the information provided, no disqualification or bias issues arose. 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 were necessary. 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 has endorsed the annual financial statements made by the Management Board. As a result, the annual financial statements of METRO AG 2009 have been adopted. The Supervisory Board also supports the Management Board's proposed appropriation of the balance sheet profit after considering shareholders' interest in a disbursement and the Company's interests in further retained earnings.

Pursuant to § 312 of the German Stock Corporation Act, the Management Board of METRO AG prepared a report about relations with associated companies for the financial year 2009. 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,
3. no circumstances related to the measures listed in the report required an assessment deviating materially from that of the Management Board."

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 that the Supervisory Board held in March 2010. 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 information – even in the absence of the Management Board. 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 2009 annual and consolidated financial statements, the 2009 management reports, the proposed appropriation of the balance sheet profit, and the Management Board's 2009 report about relations with associated companies were prepared during a joint meeting by the Presidential Committee and the Accounting and Audit Committee in March 2010. During this meeting, the committees thoroughly reviewed and discussed the annual and consolidated financial statements, the management reports, the auditor's auditing reports, 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 Accounting and Audit Committee recommended that the Supervisory Board approve the prepared financial statements and endorse the Management Board's recommendation for appropriation of the balance sheet profit.

Appointments and resignations

Ms Angelika Zinner's mandate as a member of the Supervisory Board ended on 6 March 2009. By resolution of the District Court of Düsseldorf, she was succeeded by Mr Uwe Hoepfel on 2 May 2009.

Düsseldorf, March 2010

The Supervisory Board

FRANZ M. HANIEL
CHAIRMAN

Corporate governance report

Pursuant to the recommendation of subsection 3.10 of the German Corporate Governance Code, the Management Board and Supervisory Board of METRO AG deliver the following report on corporate governance at METRO Group.[1]

The Management Board and Supervisory Board of METRO AG are firmly committed to the principles of transparent, responsible corporate governance and supervision. They attach great importance to good corporate governance standards.

Declaration of compliance with the German Corporate Governance Code

The Management and Supervisory Boards of METRO AG discuss METRO Group's corporate governance practices at least once a year – most recently during the Supervisory Board meeting in December 2009. The discussions focus on implementing the recommendations of the German Corporate Governance Code. The conclusion for the financial year 2009 was that METRO AG implements all recommendations of the code without exception. As a result, the Management Board and Supervisory Board of METRO AG made the following declaration of compliance in December 2009 pursuant to § 161 of the German Stock Corporation Act. This can be accessed permanently by shareholders on the website www.metrogroup.de:

"The Management Board and the Supervisory Board hereby declare

that METRO AG fully complies with the recommendations of the Commission of the German Corporate Governance Code in its version of 18 June 2009 published by the Federal Ministry of Justice in the official part of the electronic Federal Bulletin.

Furthermore, the Management Board and the Supervisory Board declare that METRO AG has complied with the applicable recommendations of the Commission since the last declaration of compliance in December 2008."

During the financial year 2009, the Management and Supervisory Boards of METRO AG reinforced their voluntary commitment to the German Corporate Governance Code through a new determination in the boards' by-laws. It states:

> "The Management Board and Supervisory Board of METRO AG base their actions on the relevant valid recommendations of the German Corporate Governance Code and only deviate from the code's recommendations in well-founded exceptional cases. If the Management Board or Supervisory Board intend to deviate from a recommendation, the organs inform each other of the planned move prior to its implementation."

[1] As a statement on corporate management pursuant to § 289a of the German Commercial Code, the corporate governance report is also part of the management report of METRO AG 2009

Suggestions of the German Corporate Governance Code

The declaration of compliance issued by METRO AG's Management Board and Supervisory Board, in accordance with the law, is directed only at the recommendations of the German Corporate Governance Code. In addition to the recommendations, the code contains suggestions that a company can, but does not have to address.

METRO AG follows the vast majority of suggestions laid down in the German Corporate Governance Code. In the financial year 2009, there were only two points that were not fully implemented:

1. Subsection 2.3.4 of the code calls for enabling shareholders to follow the Annual General Meeting via modern communication media such as the Internet. As in previous years, METRO AG broadcast only the speech by the Chairman of the Management Board in the financial year 2009. Further proceedings from the Annual General Meeting were not broadcast over the Internet. This practice will be continued in the financial year 2010.

2. Subsection 3.6 of the code applies to co-determined supervisory boards. It calls for representatives of shareholders and employees to separately prepare supervisory board meetings and, if necessary, with members of the management board. Members of METRO AG's Supervisory Board hold joint preparatory meetings. However, this is done as needed and not before every Supervisory Board meeting.

Corporate management practices

The German Corporate Governance Code emphasises the Management and Supervisory Boards' obligation to ensure the Company's continued existence and sustainable value creation in accordance with the principles of the social market economy. In the exercise of this responsibility, the Management Board of METRO AG has gone beyond legal requirements and developed and established guidelines and standards within the Company. The issues of compliance, risk management and sustainability are of particular importance to METRO Group's sustained value creation as an international retail group.

Compliance: continuation of Group-wide programme
In 2009, the Management Board of METRO AG launched the efficiency and value-enhancing programme Shape 2012. Under this programme, METRO Group is centralising business areas that are key to the Group's financial management and supervision. Compliance is one of these. This structural adjustment is also being implemented with a view to METRO Group's international character and complexity and takes account of increasing regulatory requirements affecting METRO AG as the listed holding company of METRO Group. Accordingly, the Management Board in March 2009 agreed on a substantially enhanced compliance concept that is now being rolled out across the Group's businesses.

METRO Group's business principles, which go back to 2007, represent the core component of the Group-wide compliance programme, but the future compliance system also comprises additional elements. Aside from an organisational reinforcement and additional staffing, the programme aims for the sustained prevention of regulatory infringements within the Company. In organisational terms, this results in a clear delineation vis-à-vis the Internal Audit department. Risk prevention is carried out through the systematic identification of all behavioural risks, the creation of organisational structures and rigorous risk monitoring by the responsible divisions of METRO Group. In terms of content, too, compliance will thus be even more broadly based within METRO Group.

The necessary toolbox for rigorous monitoring of behavioural risks includes, above all, the assignment of clear responsibilities, the adaptation or introduction of clear behavioural guidelines and the development and provision of sensible risk management and control processes. Added to this must be special training courses for managers and employees as well as sustainable communications regarding the need for an effective compliance management system. Employees within the compliance organisation have started the long-term Group-wide roll-out of these elements. The responsible management teams, all employees at the management companies of METRO Group's sales divisions and all national subsidiaries will in future be able to draw on the support and advice of Compliance Officers.

Compliance within METRO Group thus aims to prevent or at least hinder regulatory infringements. The Chief Compliance

Officer reports directly to the Chairman of the Management Board of METRO AG, Dr Eckhard Cordes.

Additional information on the subject of compliance can be found on the website www.metrogroup.de in the section Company – Compliance. The business principles for employees of METRO AG are also available for download there.

Risk management

METRO Group's risk management forms another integral component of value-oriented corporate management. It helps management to exploit opportunities and limit risks, and is based on systematic and Group-wide risk reporting. As a result, unfavourable developments are recognised at an early stage, allowing for the timely introduction of appropriate countermeasures. In addition, existing opportunities are identified, evaluated and realised in a systematic manner.

In the financial year 2009, METRO Group launched a project for the restructuring of its risk management system. The goal of this project is to continue to improve risk detection and risk assessments at an operational level, that is, at the level of METRO Group's globally active subsidiaries. METRO AG sets standards in the effective and harmonised Group-wide creation of structures and processes, and sets centralised risk management requirements.

Sustainability and responsibility

In order to continue its profitable growth and optimise its capital allocation, METRO Group has to ensure that it manages its core business in a sustainable manner. This means that social and environmental requirements must be considered at an early stage in all activities along the supply chain.

The aim of METRO Group's sustainability management is to protect the foundations of its future business in a responsible manner. To this end, the relevant social and environmental challenges faced by the trade and retail industry must be continually identified. The resulting concrete actions and objectives help the Company to exploit potential opportunities and minimise its risks. The key focus is on the areas of action of employees, the supply chain, products, the environment, corporate social responsibility and stakeholder dialogue.

Integrated management systems and an organisational structure with clearly defined responsibilities are key preconditions of a sustainability approach that contributes to the long-term increase in company value. For this reason, the Management Board of METRO AG has created a Sustainability Board, which is chaired by METRO AG's CEO, Dr Eckhard Cordes. By recommending binding sustainability targets, guidelines and actions to METRO AG's Management Board, the Sustainability Board contributes to the continued development of the Company's sustainability strategy. In addition, the Board determines key topics and key performance indicators to measure the Company's sustainability performance.

The Sustainability Board is assisted by four working groups that develop concepts and prepare the Board's decisions. The working groups focus on the subject areas of quality, health and the environment, energy and resource management, employees and social affairs as well as social policies and stakeholder dialogue.

METRO Group's sales divisions ensure that the measures adopted by the Management Board are practically and rigorously applied in the day-to-day business environment. They comment on the suggestions of the working groups and contribute their own proposals. In addition, they report on the progress of projects and provide the data necessary for performance measurement.

Additional information on the subject of sustainability and responsibility is available on the website www.metrogroup.de in the section Sustainability and Responsibility. The Company's Sustainability Report is also available for download here.

Our employees

In the financial year 2009, about 290,000 employees from more than 150 nations were the architects of METRO Group's success. METRO Group pursues an innovative, forward-looking personnel policy with the aim of attracting and retaining sufficient numbers of skilled and dedicated employees in a competitive global environment. METRO Group manages to get people excited about the Company and the retail sector by offering multifaceted career prospects and opportunities for personal growth, rigorous training and qualification programmes as well as by promoting cultural diversity.

A constructive, fair and open social dialogue is a key factor in reaching corporate goals. METRO Group advocates fair and equitable working conditions around the world. Within its own stores and companies, it is unreservedly committed to the four core labour standards of the International Labour Organization (ILO).

Extensive information on the subject of employees is available on the website www.metrogroup.de in the section Jobs and Career. Information on the Management Board's projects on work conditions, training, further education and employee loyalty as well as on the core labour standards of the ILO can also be called up on the website www.metrogroup.de in the section Sustainability and Responsibility – Employees.

High supply chain standards

METRO Group's suppliers also have to meet high standards along the entire supply chain – from the manufacturing site to the store shelf. These include demanding quality specifications as well as the consideration of human rights, animal welfare and environmental aspects. Prohibitions of forced labour, child labour or any other form of exploitation form an integral part of METRO Group's supplier agreements.

With respect to imports of certain products from outside the European Union, METRO Group has pledged to screen and monitor its suppliers and to help them to introduce better working conditions. METRO Group is a founding member of the Business Social Compliance Initiative, or BSCI, whose objective is to ensure basic human rights in the production and supply chain. In order to guarantee minimum social standards in the product manufacturing stage, METRO Group makes compliance with the BSCI Code of Conduct mandatory for its suppliers.

The BSCI Code of Conduct and background information on the BSCI management system are available on the website www.metrogroup.de in the section Sustainability and Responsibility – Supply Chain or at www.bsci-eu.org.

Efficient energy management and resource protection

METRO Group focuses on sparing and efficient use of energy and resources at its various sites in order to continually reduce the cost and environmental impact of its operations. Employee training and the use of state-of-the-art technology help to markedly reduce consumption of electricity and heat in the stores. In addition, METRO Group enhances its energy efficiency through work process optimisation and technological modernisation. Renewable energy is purchased as green electricity and generated in the Company's own plants.

The year 2009 saw the opening of the shopping centre "Meydan Merter" in Istanbul, Turkey, which was developed by METRO Group's real estate subsidiary METRO Group Asset Management. The 1,200 square metre collector field of the centre's solar chilling plant captures the sun's radiation energy, producing warm water that can then be used in the building's air-conditioning system. During summer, the energy is used to power an absorption refrigeration system that covers the shopping centre's air-conditioning needs.

Additional information on this subject can be found on the website www.metrogroup.de in the section Sustainability and Responsibility – Environment.

Division of duties and areas of responsibility between the Management Board and the Supervisory Board

The key element of corporate governance for German stock corporations is the clear division between corporate management on the one hand and corporate supervision on the other. Duties and areas of responsibility are clearly divided between the Management Board and the Supervisory Board. The standards actively practised within METRO Group augment this fundamental structure specified by German Stock Corporation Act.

The Management Board

The Management Board of METRO AG has six members: Dr Eckhard Cordes (Chairman), Thomas Unger (Vice-Chairman), Olaf Koch, Zygmunt Mierdorf, Frans W. H. Muller and Joël Saveuse.[1]

Information on each member of the Management Board including their respective responsibilities and terms of office is available on the Internet at www.metrogroup.de in the section Company – The Boards – Management Board.

Additional information on the members of the Management Board is included in the "Management Board" chapter.

[1] Mr Mierdorf's appointment as a member of the Management Board ended on 1 March 2010

The Management Board is responsible for running METRO AG and the Group, with METRO AG acting as a strategic management holding company. METRO Group's sales divisions have undivided responsibility for the operational business. The management duties of the Management Board include, in particular, the development and implementation of the Group's strategic positioning in coordination with the Supervisory Board. In addition, the Management Board of METRO AG ensures the availability of investment funds and decides on their allocation within the Group. METRO AG also handles the Group-wide task of attracting and supporting highly qualified managers. METRO AG's other holding company tasks include the provision of the organisational structures and control and monitoring systems needed to ensure effective business management. All METRO Group sales divisions are represented on the Management Board to ensure that key Group functions are effectively orientated towards necessary operational requirements. The Chief Executive Officer of Metro Cash & Carry was appointed to the Management Board of METRO AG in 2006; the Chief Executive Officer of Real joined the Management Board in 2008. The Vice-Chairman is in charge of advising and supervising the management of the Galeria Kaufhof and Media Markt and Saturn sales divisions.

Fundamental regulations governing the working relationship within the Management Board are specified in the by-laws the Management Board has adopted with the consent of the Supervisory Board. The members of the Management Board assume joint responsibility for the Group's overall management. They work as a team and regularly inform each other of important measures and developments in their respective areas of responsibility. Irrespective of the Management Board's collective responsibility, the individual members of the Management Board manage their respective business segments on their own responsibility. Matters requiring a Board resolution are specified in the by-laws of the Management Board. The Chairman of the Management Board is responsible for the coordination of all business segments and the Board's representation towards shareholders and the public. In addition, he is the first point of contact for the Supervisory Board Chairman.

In accordance with the by-laws of the Management Board, resolutions of the Management Board are made in meetings that are required to take place at least every two weeks and in practice are generally held on a weekly basis. The by-laws of the Management Board include specifications outlining the convention and agenda of these meetings as well as the required majorities for Management Board resolutions.

The Supervisory Board

Pursuant to the German Co-determination Act, METRO AG's Supervisory Board is composed of ten shareholder representatives and ten employee representatives.

Shareholder representatives	Employee representatives
Franz M. Haniel, Chairman	Klaus Bruns, Vice-Chairman
Dr Wulf H. Bernotat	Ulrich Dalibor
Jürgen Fitschen	Hubert Frieling
Prof. Dr Dr h. c. mult. Erich Greipl	Andreas Herwarth
Peter Küpfer	Uwe Hoepfel
Marie-Christine Lombard	Werner Klockhaus
Prof. Dr Klaus Mangold	Rainer Kuschewski
Dr-Ing. e. h. Bernd Pischetsrieder	Xaver Schiller
M. P. M. (Theo) de Raad	Peter Stieger
Dr jur. Hans-Jürgen Schinzler	Angelika Will

Status: 1 March 2010

Information on the personnel composition of the Supervisory Board as well as additional information on each member of the Supervisory Board is also available on the Internet at www.metrogroup.de in the section Company – The Boards – Supervisory Board.

The Supervisory Board of METRO AG advises the Management Board and monitors its corporate management including its attainment long-term corporate and Group objectives. The Supervisory Board is brought into the planning of the development of METRO Group by the Management Board to the same degree that it is included in decisions about important measures. Aside from its legally prescribed approval obligations, the Supervisory Board has determined its own approval requirements for certain actions and business dealings of the Management Board.

The Supervisory Board of METRO AG regularly convenes for five regular meetings in each financial year. Guidelines on the scheduling of meetings and resolutions are laid down in the by-laws of the Supervisory Board. Details on the meetings and the collaboration between the Management and Supervisory Boards of METRO AG in the financial year 2009 can be found in the report of the Supervisory Board.

The Management Board informs the Supervisory Board in accordance with legal stipulations, the regulations of the German Corporate Governance Code, possible regulations in the by-laws of the Management Board, the Supervisory Board or Supervisory Board committees and in cases where the Supervisory Board has special information needs.

Supervisory Board committees

Five committees support the Supervisory Board in its work, contributing greatly to the Board's overall efficiency. The committees' concrete assignments were newly defined by a resolution of the Supervisory Board at the end of 2009 and include the following:

Presidential Committee

The Supervisory Board Presidential Committee addresses the following issues:

- the results on the continued development of the Group and regional strategy of METRO AG and its dependent subsidiaries;
- monitoring compliance with legal stipulations and the application of the German Corporate Governance Code. The Presidential Committee prepares the annual declaration of compliance;
- resolutions in cases when rapid determination is needed to avoid significant disadvantages, which cannot be achieved at the level of the Supervisory Board;
- other issues the Supervisory Board has assigned to the Presidential Committee via resolution.

The by-laws of the Supervisory Board of METRO AG call for the Chairman of the Supervisory Board to head the Presidential Committee. The Supervisory Board Presidential Committee includes Messrs Franz M. Haniel (Chairman), Klaus Bruns (Vice-Chairman), Dr Wulf H. Bernotat and Werner Klockhaus.

Personnel Committee

The Personnel Committee helps the Supervisory Board prepare the following issues and may present recommendations for resolutions:

- appointment and discharge of members of the Management Board;
- determination of the remuneration system for members of the Management Board and determination or, if required, reduction of the respective Management Board salary.

Instead of the Supervisory Board, the Personnel Committee decides on the following issues, in particular:

- non-remuneration-relevant elements of employment contracts with members of the Management Board;
- approval of ancillary activities of members of the Management Board, in particular Supervisory Board mandates outside of METRO Group;
- succession planning for the Management Board;
- certain legal transactions with members of the Management Board, for example pursuant to § 112 of the German Stock Corporation Act;
- granting of loans to members of the Management Board and Supervisory Board; if the granting of a loan to a member of the Management Board can be regarded as part of his or her remuneration, the Personnel Committee, however, will merely prepare the draft resolution for the Supervisory Board;
- approval of contracts with members of the Supervisory Board pursuant to § 114 of the German Stock Corporation Act.

METRO AG's by-laws also call for the Chairman of the Supervisory Board to chair the Personnel Committee. Members of the Personnel Committee include Messrs Franz M. Haniel (Chairman), Klaus Bruns (Vice-Chairman), Dr Wulf H. Bernotat and Werner Klockhaus.

Accounting and Audit Committee

The Accounting and Audit Committee supports the Supervisory Board particularly in matters pertaining to accounting and financial reporting, dependency controlling, auditing, compliance and risk management. In lieu of the Supervisory Board, the Committee handles the following key duties:

- addressing accounting issues and monitoring the accounting process;
- discussing the quarterly and half-year financial reports;
- monitoring the audit, in particular scrutinising the impartiality required of the auditor and the supplemental services provided by the auditor as well as determining the audit's focus;
- handling issues related to Group tax planning;
- handling issues related to dependency controlling with regard to METRO AG.

In addition, the Accounting and Audit Committee prepares Supervisory Board meetings and presents draft resolutions. The preparatory tasks of the Accounting and Audit Committee include, in particular:

- monitoring the effectiveness of the risk management system, internal auditing, internal control systems and so-called anti-fraud measures;
- handling issues related to compliance and supervision of the compliance system within METRO Group;
- auditing the annual and consolidated financial statements including the respective management reports;
- inspection of the dependency report;
- Supervisory Board's nomination of an auditor at the Annual General Meeting as well as commissioning the audit assignment to the auditors and preparation of the fee agreement;
- medium-term planning of the annual budget of METRO Group;
- compliance monitoring and submission of declaration of compliance in accordance with § 161 of the German Stock Corporation Act.

The Chairman of the Accounting and Audit Committee is elected by its members. The personal requirements tied to this office are laid down in the committee's by-laws: the Chairman must be impartial and possess professional knowledge in the areas of accounting and auditing as well as internal control measures (financial expert). The Chairman must be a shareholder representative. The position of Chairman or Vice-Chairman of the Accounting and Audit Committee should not be assigned to a former member of the Management Board whose appointment was terminated less than two years previously. In the interest of good corporate governance, the Chairman of the Supervisory Board should also not serve as Chairman or Vice-Chairman of the Accounting and Audit Committee at the same time. Based on these requirements, the Accounting and Audit Committee has elected Dr jur. Hans-Jürgen Schinzler as Chairman of the Committee. The requirements of §§ 107 Section 4, 100 Section 5 of the German Stock Corporation Act are thereby fulfilled.

The other members should possess sufficient professional knowledge and experience in accounting and auditing as well as internal control processes. Ideally, one member should, in addition, possess specialist knowledge in the area of corporate governance and compliance.

Members of the Accounting and Audit Committee include, aside from Dr jur. Hans-Jürgen Schinzler, Messrs Klaus Bruns (Vice-Chairman), Prof. Dr Dr h. c. mult. Erich Greipl, Franz M. Haniel, Xaver Schiller and Peter Stieger.

Nominations Committee

The shareholder representatives of the Supervisory Board of METRO AG are elected at the Annual General Meeting. The Supervisory Board submits proposals for election with the support of the Nominations Committee. The Committee regularly looks for suitable candidates and makes recommendations to the Supervisory Board. In the process, the Committee considers both legal stipulations and the recommendations of the German Corporate Governance Code on the appointment of the Supervisory Board. When making suggestions, the Nominations Committee ensures that a qualified appointment to the Committees is possible.

The Nominations Committee is comprised exclusively of shareholder representatives. In line with the by-laws of the Supervisory Board, it consists of the Supervisory Board Chairman as well as two impartial shareholder representatives. With this appointment policy, the Supervisory Board of METRO AG underscored its commitment to take advice from a committee tied to the interests of all shareholders when determining suitable candidates for Supervisory Board membership.

Members of the Nominations Committee include Messrs Franz M. Haniel (Chairman), Dr-Ing. e. h. Bernd Pischetsrieder and Dr jur. Hans-Jürgen Schinzler.

Mediation Committee

The German Co-determination Act (MitbestG 1976) prescribes the establishment of a Mediation Committee. The Mediation Committee submits personnel proposals to the Supervisory Board when the two-thirds majority required for appointing and removing members of the Management Board has not been achieved.

Members of the Mediation Committee include Messrs Franz M. Haniel, Klaus Bruns, Prof. Dr Dr h. c. mult. Erich Greipl and Werner Klockhaus.

Information provided to the Supervisory Board by Committees and the Management Board
The respective Committee Chairman promptly informs the Supervisory Board of Committee deliberations and resolutions. Usually, an oral report is made at the next Supervisory Board meeting.

The Management Board's information obligations to the Supervisory Board and its Committees are governed by an information guideline that is part of the Management Board's by-laws. Its specifications regarding information and reporting policies are substantiated by the meeting and subject schedule of the Supervisory Board and its Committees. It prescribes at what time regular and focus topics must be discussed jointly by the Management and Supervisory Boards or with the Committees. The meeting and subject schedule is part of the Supervisory Board's by-laws.

Efficiency reviews of the Supervisory Board
The Supervisory Board of METRO AG regularly reviews the efficiency of its activities. The latest efficiency review was conducted in the financial year 2009 based on the evaluation of an intragroup questionnaire. The efficiency review had concrete consequences for the interaction between the Company's Management and Supervisory Boards. For example, the previously mentioned meeting and subject schedule was developed in consideration of the results of the 2009 efficiency review.

Transparent corporate management

Good corporate governance presupposes transparency vis-à-vis METRO AG shareholders. The website www.metrogroup.de serves as an important information source for METRO AG shareholders, the capital market and the general public. Aside from a host of information on METRO Group operating units and sales divisions, the site contains the financial reports and ad hoc announcements of METRO AG as well as other publications pursuant to the German Securities Trading Act. Dates for the most important regular publications and events (trading statements, annual reports as well as quarterly and half-year reports, the annual business press conference, analysts' meetings and the Annual General Meeting) appear on the website in a financial calendar at regular intervals in a timely manner. In addition, shareholders and the interested reader can access documentation on the annual business press conference as well as the analysts' meeting and presentations shown as part of road shows, investor conferences and information events for retail investors. Furthermore, shareholders and interested readers can subscribe to an electronic investor relations newsletter.

The Annual General Meeting
METRO AG's Annual General Meeting gives its shareholders the opportunity to use their legal rights, that is, to exercise their rights to vote as well as to address questions to the Company's Management Board, in particular.

To help shareholders exercise their individual rights at the Annual General Meeting, documents and information for each Annual General Meeting are made available ahead of time on the website of METRO Group. In addition to legally prescribed documents, this information includes, in particular, the latest annual report.

The registration and legitimisation procedure for METRO AG's Annual General Meeting is in line with German Stock Corporation Act and international standards. Each shareholder who would like to participate in an Annual General Meeting of METRO AG and exercise his or her voting right there must register and supply proof of the right to participate and exercise voting rights. Written proof of share ownership in German or English from the institution maintaining the securities deposit account satisfies this requirement. Deposit of shares is not necessary. Proof of share ownership corresponds to the beginning of the 21st day before each Annual General Meeting. Like the registration for the Annual General Meeting, it must be submitted to METRO AG at the address specified in the invitation within the timeframe specified by law and the Articles of Association. Concrete registration and participation conditions are made public in the invitation for each Annual General Meeting.

Shareholders who are unable to or do not wish to attend the Annual General Meeting in person may exercise their voting rights through a proxy. The necessary voting right authorisation must be provided in writing. To the benefit of shareholders, eased formal stipulations apply in certain cases. These are described in the invitation to the Annual General Meeting, for example, for voting right authorisations to banks or shareholder associations.

Shareholders can also authorise Company-appointed proxies to exercise their voting rights (known as proxy voting). The following rules apply: in addition to voting right authorisations, shareholders must also pass instructions on how to exercise these voting rights. The proxies appointed by the Company are obliged to vote according to these instructions. Authorisations and instructions to the proxies appointed by the Company may be submitted via the Internet or in writing. METRO AG proxies are also available for assignment of voting rights during the Annual General Meeting for those shareholders who initially participate in an Annual General Meeting but who want to leave early without forgoing the exercise of their voting rights; naturally, the right to appoint other proxies to exercise one's voting rights is not affected by this. The details on proxy voting are listed in the invitation to each Annual General Meeting.

In the interest of shareholders, the Chairman of the Annual General Meeting, as a rule the Chairman of the Supervisory Board, works to ensure that the Annual General Meeting is conducted efficiently and effectively. In line with the German Corporate Governance Code, the objective is to complete a standard METRO AG Annual General Meeting after four to six hours at the latest.

Directors' dealings, share ownership by members of the Management and Supervisory Boards

Pursuant to § 15a of the German Securities Trading Act (WpHG), members of the Management and Supervisory Boards of METRO AG must inform METRO AG of any transactions involving own Metro shares or related financial instruments, in particular derivatives. This obligation also applies to persons who are in close relationship with members of these two corporate bodies. No disclosure requirement applies as long as the transactions conducted by a board member and the person who is in close relationship with the board member do not reach a total amount of €5,000 by the end of the calendar year.

METRO AG is obliged by law to disclose all notifications of so-called directors' dealings that it has received. In the financial year 2009, METRO AG received no such notifications. Future notifications will, where applicable, be published on the Internet at www.metrogroup.de in the section Investor Relations – Publications – Directors' Dealings.

METRO AG also observes transparency recommendations that extend beyond the legal obligations as laid down in Subsection 6.6 of the German Corporate Governance Code. METRO AG thus discloses transactions involving the Company's shares, ownership of METRO AG shares or related financial instruments by members of the Management or Supervisory Boards when it directly or indirectly exceeds one percent of the shares issued by METRO AG. If the total share ownership of all members of the Management and Supervisory Boards exceeds 1 percent of the shares issued by the Company, the total ownership is stated separately for the Management Board and the Supervisory Board. The threshold values of one percent were not reached in the financial year 2009.

Accounts audit

At the Annual General Meeting of METRO AG on 13 May 2009, KPMG AG Wirtschaftsprüfungsgesellschaft (KPMG) was elected to be the auditor for the financial year 2009. The Supervisory Board's commissioning of the contract to carry out the accounts audit was prepared by the Accounting and Audit Committee and considered the recommendations listed in Subsection 7.2 of the German Corporate Governance Code.

Throughout the audit, KPMG made no reports to the Supervisory Board regarding grounds for disqualification or conflicts. There was also no evidence that any existed. Furthermore, in the course of the audit, there were no unexpected, substantial findings and events concerning Supervisory Board functions. As a result, an extraordinary report from the auditor to the Supervisory Board was not required. The auditor found no deviations from the Management and Supervisory Boards' statements of compliance with the German Corporate Governance Code.

Remuneration report 2009

The remuneration report for 2009 can be found in chapter 8 of the Group management report. The Supervisory Board thoroughly reviewed the remuneration report and adopted its contents in the context of the corporate governance report pursuant to Subsection 3.10 of the German Corporate Governance Code.

→ In-depth information on the topic of corporate governance at METRO Group can be found on the website www.metrogroup.de in the Company section.

Group management report

Group management report

Overview of the financial year 2009 and forecast

Sales of METRO Group grew by 0.2 percent in currency-adjusted terms. Sales declined by 3.6 percent in euro terms. At €2,024 million, EBIT before special items was 8.9 percent lower than a year earlier.

Earnings position

- In 2009, METRO Group raised its sales by a currency-adjusted 0.2 percent; in euro terms, sales declined by 3.6 percent to €65.5 billion, in particular due to negative currency effects
- International Group sales increased by a currency-adjusted 0.7 percent, with adverse currency effects shaving 6.2 percentage points off sales
- Group EBIT before special items reached €2.0 billion (previous year: €2.2 billion)
- Shape 2012 contributed about €208 million to EBIT
- Net profit for the period declined to €519 million from €558 million a year earlier and included special items from Shape 2012 totalling €305 million
- Earnings per share from continuing operations before special items decreased to €2.10 from €3.04 a year earlier

Financial and asset position

- Investments declined by €0.9 billion to €1.5 billion
- Balance-sheet net debt fell by €0.4 billion to €4.2 billion
- Standard & Poor's lowers long-term rating from "BBB+" to "BBB"; Moody's leaves rating unchanged at "Baa2"
- Cash flow from continuing operations was unchanged from a year earlier at €2.6 billion
- Total assets and equity declined slightly to €33.7 billion and €6.0 billion, respectively; equity ratio remained practically unchanged at 17.8 percent

Forecast

Sales
METRO Group continues to expect to generate annual growth rates of more than 6 percent over the medium term. In 2010, the Company expects sales to increase from the previous year's level, but to fall short of that target. Aside from the economic situation, this will be due to the lower number of store openings in 2009 and 2010.

Earnings
METRO Group's strategy aims for long-term profitable growth, that is disproportionate earnings growth compared to sales growth. The Company aims for earnings growth, measured in terms of EBIT before special items, of more than 10 percent over the medium term. In the process, Shape 2012 will generate incremental positive earnings contributions and will be fully effective from 2012.

Due mostly to the contribution of Shape 2012, METRO Group expects earnings before special items to noticeably exceed the 2009 figure in 2010. The extent of the improvement, however, depends considerably on the course of economic parameters.

1. Group structure

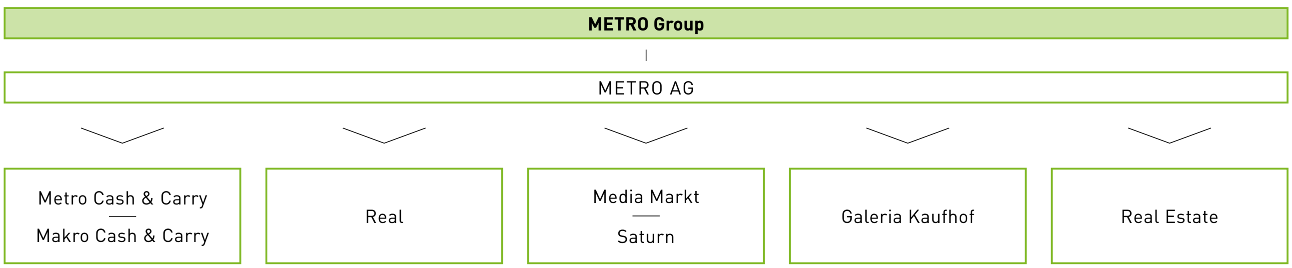
METRO Group established a new Group structure in conjunction with Shape 2012 during the reporting year. The maxim of this change is: as decentrally as possible, as centrally as necessary. The Company continues to be headed by METRO AG based in Düsseldorf. As a strategic management holding company, METRO AG manages, among other things, the Group-wide Finance, Controlling and Compliance functions. The Group's operative business is handled by its 4 sales divisions: Metro Cash & Carry, Real, Media Markt and Saturn as well as Galeria Kaufhof, which in some cases operate in the market with several sales brands. They have undivided responsibility for their entire supply chain – from procurement to sales. METRO Group's real estate portfolio is managed by METRO Group Asset Management, which acts as an independent profit centre.

By a contractual agreement of 13 February 2009, the Adler fashion stores were sold to the fund management firm BluO beta equity Limited. Adler is shown as a discontinued operation in the annual report. The 2008 and 2009 financial results of METRO Group have been adjusted for the results of the Adler fashion stores.

On 31 December 2009, the sales divisions assumed responsibility for the central functions of procurement, logistics and infrastructure provision.

Cross-divisional service companies support the sales divisions by providing Group-wide and cross-divisional services.

Overview of METRO Group and its segments



Segments of METRO Group

Metro Cash & Carry is the global market leader in the cash & carry sector. Operating under the Metro and Makro brands, it is now present in 30 countries. Its product assortment is tailored precisely to the needs of commercial customers, including hotels and restaurant operators as well as catering firms.

Real is one of the leading hypermarket operators in Germany and Poland. The sales division also operates stores in Romania, Russia, Ukraine and Turkey. All stores stand out as a result of their comprehensive product assortment which includes a large proportion of fresh produce.

One sales division, two strong brands: **Media Markt and Saturn** are Europe's No. 1 in consumer electronics retailing. Decentralised organisational structures, attractive assortments and innovative marketing contribute to the success of the sales division, which now operates in 16 countries.

Galeria Kaufhof is the concept and system leader in the German department store sector and the market leader in Belgium, where the sales division operates under the name of Galeria Inno. The high-quality, international assortment, the pleasant ambience and the comprehensive service offering provide for an inspiring and event-orientated shopping experience.

METRO Group Asset Management manages METRO Group's real estate assets in 32 countries. Its responsibilities include active value enhancement of the portfolio, the development of new stores and locations as well as the management of existing locations.

Portfolio of locations by country and sales division

Country	Metro Cash & Carry 2009	Metro Cash & Carry 2008	Real 2009	Real 2008	Media Markt and Saturn 2009	Media Markt and Saturn 2008	Galeria Kaufhof 2009	Galeria Kaufhof 2008	Others 2009	Others 2008	METRO Group 2009	METRO Group 2008
Germany	**124**	**126**	**333**	**343**	**375**	**367**	**126**	**126**	**59**	**108[1]**	**1,017**	**1,070[1]**
Austria	12	12			34	33					46	45
Belgium	11	11			18	15	15	15			44	41
Denmark	5	5									5	5
France	91	91			32	29					123	120
Italy	48	48			99	92					147	140
Luxembourg					1	1					1	1
Netherlands	17	17			32	30					49	47
Portugal	11	11			9	9					20	20
Sweden					16	14					16	14
Switzerland					20	18					20	18
Spain	34	34			61	57					95	91
United Kingdom	30	33									30	33
Western Europe excl. Germany	**259**	**262**			**322**	**298**	**15**	**15**			**596**	**575**
Bulgaria	11	11									11	11
Croatia	6	6									6	6
Czech Republic	13	13									13	13
Greece	9	9			10	9					19	18
Hungary	13	13			22	22					35	35
Kazakhstan	1										1	
Moldova	3	3									3	3
Poland	29	29	54	53	53	50					136	132
Romania	24	24	24	20							48	44
Russia	52	48	15	12	20	14					87	74
Serbia	5	5									5	5
Slovakia	5	5									5	5
Turkey	14	13	14	11	16	8					44	32
Ukraine	25	23	1								26	23
Eastern Europe	**210**	**202**	**108**	**96**	**121**	**103**					**439**	**401**
China	42	38									42	38
India	5	5									5	5
Japan	6	4									6	4
Morocco	8	8									8	8
Pakistan	5	2									5	2
Vietnam	9	8									9	8
Asia/Africa	**75**	**65**									**75**	**65**
International	**544**	**529**	**108**	**96**	**443**	**401**	**15**	**15**			**1,110**	**1,041**
METRO Group	**668**	**655**	**441**	**439**	**818**	**768**	**141**	**141**	**59**	**108[1]**	**2,127**	**2,111[1]**

[1] The 84 Dinea locations have been reclassified from the "others" segment to the Galeria Kaufhof segment. They are no longer counted as independent locations in the Galeria Kaufhof segment, but attributed to the respective Galeria Kaufhof location. As a result, the locations are no longer disclosed separately

2. Economic parameters

Global economic slump in 2009

In the course of the financial and global economic crisis, the global economy suffered the steepest slump since the 1930s, a slump that lasted into the first quarter of 2009. Following the bankruptcy of US investment bank Lehman Brothers in September 2008, the real estate and financial crisis emanating from the United States accelerated dramatically and sent most global economies into a deep recession.

As a result, global foreign trade collapsed. Around the world, industrial production contracted sharply, with industrial output in the eurozone dropping by an average annual rate of over 15 percent compared to the previous year. Global governments and central banks joined forces to prevent a looming collapse of the financial system and bolster the economy by providing bank guarantees and massive economic stimulus programmes. This additional liquidity, however, could not prevent a tightening of the lending situation in many countries during the interim. This resulted in growing uncertainty, declining investments and a clear unwillingness among consumers to spend money.

The recession-induced increase in unemployment weighed on private consumption, although less than the overall economy. Sales incentives – such as the car scrap allowance programme in Germany – and relatively stable consumer prices, particularly in Western Europe, offered some measure of support to declining purchasing power.

In 2009, the global economy shrank for the first time in 60 years. Following real growth of 1.5 percent in 2008, global growth declined by more than 2 percent in 2009. The economic downturn affected all global regions, although to different degrees. While Asia (excluding Japan) recovered faster than any other region, the reverberations of the crisis continued into the second half of the year across Eastern Europe.

Western Europe

At the beginning of 2009, Western Europe was mired in a recession. The impact of the financial and economic crisis caused a severe economic slump. The major economies of Germany and France were the first to show signs of recovery during the second quarter. The upward trend proved markedly slower in Italy, Spain and the United Kingdom. Domestic real estate crises weighed on the latter 2 countries, in particular. All in all, economic output in the Western European economies dropped by about 4 percent in 2009 following a slight increase of 0.6 percent a year earlier.

Development of gross domestic product in key global regions and Germany
Percentage change year-to-year

	2009	2008
Asia	0.1	2.4
World	-2.1	1.5
North America	-2,7	0,5
Western Europe	-4.0	0.6
Germany	-5.0	1.0
Eastern Europe	-6.2	4.5

Source: FERI

Eastern Europe

The financial and economic crisis also spread across the countries of Eastern Europe in 2009. Massive currency devaluations, the withdrawal of capital and declining export demand from Western Europe weighed heavily on regional economies, with some affected more severely than others. Although the steep currency devaluation lessened, the region continued to suffer from declining direct investments and persistently depressed export demand. Among the countries in which METRO Group operates, Hungary, Romania, Russia and Ukraine were hit hardest. The Czech and Polish economies defied regional trends and proved more robust in 2009 – in fact, Poland was the only European country to post positive economic growth.

Asia/Africa

Even the Asian economies failed to fully withstand the financial and economic crisis. Nonetheless, most countries in which METRO Group operates proved robust in a global comparison. The same applies to Morocco, the only African country where METRO Group had a presence in 2009. While Asia felt the effects of the massive drop in global export demand, most regional banks were less affected by the financial crisis than banks in the United States and Europe.

Development of gross domestic product of METRO Group countries 2009

Real percentage change year-to-year

	2009	2008
China	8.5	9.6
India	6.3	7.3
Vietnam	5.3	6.2
Morocco	4.7	4.3
Pakistan	3.7	2.0
Poland	1.6	4.9
Switzerland	-1.5	1.8
Kazakhstan	-1.8	3.2
Greece	-2.0	2.0
France	-2.2	0.3
Portugal	-2.8	0.0
Serbia	-2.9	5.5
Belgium	-2.9	0.8
Austria	-3.4	2.0
Spain	-3.6	0.9
Netherlands	-4.0	2.0
Czech Republic	-4.4	2.5
Slovakia	-4.4	6.4
Sweden	-4.5	-0.2
Denmark	-4.7	-0.9
United Kingdom	-4.8	0.5
Italy	-4.9	-1.0
Bulgaria	-4.9	6.0
Luxembourg	-5.0	-0.9
Japan	-5.0	-1.2
Germany	-5.0	1.0
Croatia	-5.6	2.4
Turkey	-5.7	0.9
Hungary	-6.3	0.7
Moldova	-6.5	7.2
Romania	-6.6	7.1
Russia	-9.0	5.7
Ukraine	-15.1	2.3

Bolstered by large-scale economic stimulus programmes, China's economy grew by more than 8 percent in 2009. Building on growing domestic demand, India's economy also largely defied the crisis and recorded growth of more than 6 percent. Only Japan posted 5 percent lower economic output compared to the previous year.

Disproportionately moderate impact on global consumer goods retailing

The global economic slump also left its marks on retailing trends in 2009. Retail sales declined particularly in Western and Eastern Europe. Compared to the overall economy, however, the decline was rather moderate. With the exception of Japan, the retail business in the Asian countries in which METRO Group operates continued to grow during the reporting year.

The competitive landscape is still characterised by different players and sector structures in the individual regions and countries. However, the continuing internationalisation efforts of globally active retail groups impressively reflect the existing medium-term growth potential. METRO Group exploits the resulting opportunities in the context of its targeted expansion in the growth regions of Eastern Europe and Asia.

Western Europe and Germany

In the course of the recession, retail sales in Western Europe declined by 4 percent in 2009. This figure also reflected the increase in unemployment and the resulting drop in purchasing power. Lower retail prices, tax relief and consumption incentives prevented a steeper drop.

Germany also experienced a downward trend in its retail industry. With the extensive use of short time, increasing unemployment rates could be slowed down. However, a decline in purchasing power was still noticeable. This was partially due to the government's car scrap allowance programme, which directed parts of disposable incomes to the automotive sector and thus withdrew it from other segments of the retail sector. Stable consumer prices and tax relief, including the repayment of commuter tax benefits, had a positive impact. At 2.5 percent, the overall decline in German retail sales was therefore lower than the average for the remaining eurozone countries.

Eastern Europe
The retail trade was also unable to separate itself from macroeconomic developments in Eastern Europe. Following double-digit growth rates in 2008, the sector was on a steep downward trend in most countries in 2009. Romania, Bulgaria and Slovakia were hit hardest. Poland, Russia and Turkey posted higher sales, but – with the exception of Poland – distinctly lower growth momentum. In contrast to Europe-wide trends, consumer prices continued to rise noticeably in large parts of Eastern Europe, although less than in 2008.

Asia
Asia recovered fastest from the financial and economic crisis and continued to post rising retail sales in 2009. Although top performer China recorded double-digit sales growth again, annual growth rates in the region were markedly lower than a year earlier.

Metro Cash & Carry: development of the cash & carry business

The Metro Cash & Carry sales division remains the undisputed global leader in the cash & carry segment in terms of sales and internationalisation. In 2009, Metro Cash & Carry entered Kazakhstan, extending its international presence to 30 countries.

In 2009, sector developments in Germany and Western Europe were overshadowed by the economic crisis. Food sales declined – also as a result of falling prices. In addition, adverse developments in the hotel and restaurant business dampened demand in the cash & carry segment.

In Eastern Europe, the collapse of many regional economies and steep currency depreciation weighed on sector developments. A general unwillingness among consumers to spend money was particularly apparent in nonfood segments. Sales declines among so-called trader customers (small and medium-sized retailers) also had a negative effect on the cash & carry business.

Meanwhile, the previous years' positive trends continued in the Asian cash & carry business in 2009. The expansion of Metro Cash & Carry contributed substantially to the sector's regional growth. Nonetheless, the Asian markets, with their often traditional trade structures, continue to offer high potential in the cash & carry business.

Real: development of the food retail business

Following its market entry in Ukraine in October 2009, the Real sales division now operates in 5 major Eastern European growth regions. By forging ahead with its selective growth strategy, Real is rigorously strengthening its market position.

Food retail sales in Germany declined slightly during the past financial year. Aside from the expected increase in demand for own-brand products, market developments were characterised primarily by declining food prices. In the absence of positive volume effects, discount operators in particular suffered declining sales of fast-moving consumer goods in 2009. In comparison, supermarkets with selling space of more than 2,500 square metres fared better. In the course of its restructuring, Real again managed to outperform comparable competitors in terms of like-for-like sales.

Eastern European food retailers posted another strong sales increase in local currency terms in 2009. This development is largely due to strong food price hikes. The modern large-area hypermarkets largely managed to gain market share again in the Eastern European markets. The respective market share shrank slightly in Turkey and Ukraine, however.

Media Markt and Saturn: developments in consumer electronics retailing

The Media Markt and Saturn sales division once again expanded its market-leading position in German and European consumer electronics retailing in 2009. Irrespective of the economic crisis, Media Markt and Saturn not only performed better than most regional markets, but also defied negative sector trends with positive growth rates in most cases.

German consumer electronics retailing proved to be crisis-proof in the reporting year: total sales were slightly higher than a year earlier. Media Markt and Saturn served as a key pillar of the sector and managed to substantially extend their market share again. The catchy marketing campaign celebrating Media Markt's 30th anniversary made a positive contribution here.

In the shadow of the economic crisis, consumer electronics retailing weakened across Western Europe in 2009. Media Markt and Saturn impressively defied this sector-wide trend: the sales division managed to substantially boost both sales and its market share.

In the course of the economic crisis, consumer-electronics sales in Eastern Europe declined in 2009 compared to a strong previous year. Here, too, Media Markt and Saturn outperformed the market and managed to gain market share in all countries. In Russia and Turkey, in particular, the sales division recorded very strong sales growth despite distinctly adverse market developments.

Galeria Kaufhof: developments in the department store business

The Galeria Kaufhof sales division once again outgrew the market in a year that proved to be as challenging for the German department store business as expected. The sales division markedly extended its market share. As a result of this performance, the concept and system leader in the department store sector underscored the demand for the Galeria format in the German retail business.

As in past years, business developments in the German department store business trailed overall retail trade developments in 2009. The continuing consolidation process in the department store and textile sectors, which resulted in the withdrawal of a number of well-known competitors, intensified the adverse sector development. Thanks to its distinct market positioning, Galeria Kaufhof was able to profit from this development again and outperform its market.

Galeria Inno in Belgium also continued the past years' successful course: while overall retail sales in Belgium stagnated, Galeria Inno posted a strong increase in sales.

Real estate: developments in the real estate business

The turbulent capital market environment resulting from the global financial and economic crisis is also impacting real estate markets around the globe. It should be noted, however, that the commercial real estate market has proven stable, particularly in comparison with office markets. Demand for prime commercial properties remains intact. For example, continually strong demand in German city centre locations prevented rental declines in these market segments.

While investments in commercial real estate were high in 2006 and 2007, the investment market has been hit harder since 2008 than the rental market. This was reflected in a significant decline in direct investments in European commercial real estate markets as well as in stable rental markets. Real estate markets in Spain, the United States and the UK suffered the steepest price corrections. Central and Eastern European markets also experienced declining capital values. Initial signs of recovery emerged during the third quarter of 2009. For example, direct investments in commercial real estate across Europe rose to €18 billion, which corresponds to an increase of 40 percent compared to the year-earlier period. Markets like Germany, Russia and Sweden continued to be dominated by local investors, while France, Spain and the United Kingdom recorded distinct interest from so-called cross-border investors between July and September compared to the first quarter of 2009. Yields across Europe are showing signs of stabilisation in accordance with the growing willingness to invest.

Due mostly to distinctly positive economic impulses from China, commercial real estate markets in Asia recovered during the second half of 2009 following a phase of weakness. Along with a rise in transaction volumes, real estate prices started to increase across the region.

3. Earnings position

Overview of Group business developments

Despite the global economic and financial crisis, METRO Group can look back on favourable business developments in the year 2009. The Company continued to strengthen its market position in many countries. Group sales declined by 3.6 percent to €65.5 billion, a trend that was due mostly to negative currency effects. International sales accounted for 59.5 percent of METRO Group's total sales. As in previous years, the Company's continued international expansion contributed decisively to its business success. At €1,681 million, Group EBIT was €304 million lower than in the previous year. Adjusted for special items from Shape 2012, Group EBIT amounted to €2,024 million, which corresponds to a drop of 8.9 percent or €198 million from the previous year's level.

Sales and earnings developments

In the financial year 2009, METRO Group **sales** fell by 3.6 percent to €65.5 billion (previous year: €68.0 billion). Adjusted for negative currency effects, Group sales increased by 0.2 percent compared to the previous year. Given the challenging market environment, this represents a satisfying sales development.

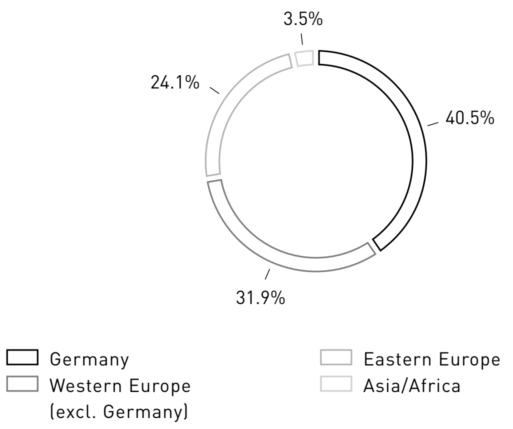
In Germany, sales declined slightly by 0.6 percent to €26.5 billion (previous year: €26.7 billion) during the reporting year. In this context, it should be noted that METRO Group continued to supply the Extra supermarkets, which were sold on 1 July 2008, for an interim period until the third quarter of 2008. In addition, the Company divested the operative business of AXXE Reisegastronomie during the reporting year. Adjusted for these effects, sales in Germany remained roughly stable in 2009 (-0.1 percent). However, METRO Group's sales outgrew those of the market in Germany during the reporting year. Outside Germany, negative currency effects caused Group sales to decline by 5.5 percent to €39.0 billion (previous year: €41.3 billion). Negative currency effects shaved 6.2 percentage points off international sales growth. Adjusted for these effects, sales actually grew by 0.7 percent. At 59.5 percent, the international

Development of Group sales by sales divisions and regions

			Change in %		
	2009 € million	2008[1] € million	In €	Currency effects	Deviation in local currency
Metro Cash & Carry	30,613	33,143	-7.6	-5.1	-2.5
Real	11,298	11,635	-2.9	-4.2	1.3
Media Markt and Saturn	19,693	18,993	3.7	-1.8	5.5
Galeria Kaufhof	3,539	3,607	-1.9	0.0	-1.9
Others	386	577	-33.2	–	–
METRO Group	**65,529**	**67,955**	**-3.6**	**-3.8**	**0.2**
thereof Germany	26,511	26,665	-0.6	0.0	-0.6
thereof international	39,018	41,290	-5.5	-6.2	0.7
Western Europe	20,932	20,993	-0.3	-0.6	0.3
Eastern Europe	15,766	18,084	-12.8	-14.2	1.4
Asia/Africa	2,320	2,213	4.8	4.2	0.6

[1] Adjustment of previous year's figures due to first-time adoption of new IFRS

Group sales of METRO Group 2009
by region



share of sales was slightly lower than a year earlier. In Western Europe, sales dropped by 0.3 percent to €20.9 billion (previous year: €21.0 billion). Adjusted for currency effects, sales in the region increased by 0.3 percent. Sales in Eastern Europe plunged by 12.8 percent to €15.8 billion (previous year: €18.1 billion). Aside from the challenging economic environment, this can be attributed above all to adverse currency effects. Measured in local currencies, METRO Group achieved sales growth of 1.4 percent in this region. The Company generated 4.8 percent higher sales of €2.3 billion (previous year: €2.2 billion) in Asia/Africa. Sales in local currencies increased by 0.6 percent.

METRO Group's EBIT decreased by €304 million or 15.3 percent to €1,681 million. Special items include one-time expenses related to the efficiency and value-enhancing programme Shape 2012 totalling €343 million. **EBIT** before special items declined by €198 million, or 8.9 percent, to €2,024 million.

In spite of the economic and financial crisis, the Real, Media Markt and Saturn and Galeria Kaufhof sales divisions as well as the Real Estate segment were able to boost their adjusted EBIT compared to the previous year. Metro Cash & Carry failed to match the previous year's level.

EBIT in Germany declined by €56 million to €334 million. Even adjusted for the above-mentioned special items from Shape 2012, EBIT fell €40 million short of the year-earlier figure at €587 million. The negative development in Eastern Europe caused EBIT trends in the international business, adjusted for expenses related to Shape 2012, to also point downwards. In Eastern Europe, EBIT before special items dropped by 25.6 percent to €765 million. EBIT before special items in Western Europe, in turn, increased by 16.3 percent to €708 million. EBIT before special items in the Asia/Africa region was unchanged from the previous year.

Group **EBITDA** fell to €3,077 million from €3,337 million during the reporting year. Adjusted for special items, EBITDA declined to €3,328 million from €3,540 million in the financial year 2009. In Germany, EBITDA reached €1,032 million, including costs related to the Shape 2012 programme. Adjusted for special items, EBIT in Germany stood at €1,225 million (previous year: €1,295 million).

Development of Group and divisional EBIT/EBITDA

	EBITDA[1]		EBIT[1]	
€ million	**2009**	**2008[2]**	**2009**	**2008[2]**
Metro Cash & Carry	1,165	1,406	936	1,139
Real	235	191	52	6
Media Markt and Saturn	851	839	608	603
Galeria Kaufhof	223	223	119	115
Real Estate	959	927	551	538
Other	-87	-22	-230	-158
Consolidation	-18	-24	-12	-21
METRO Group	**3,328**	**3,540**	**2,024**	**2,222**

[1] 2009 (2008) adjusted for special items from Shape 2012: in EBITDA by €251 million (€203 million), including €104 million (€0 million) at Metro Cash & Carry, €16 million (€223 million) at Real, €4 million (€0 million) at Media Markt and Saturn, €57 million (€0 million) at Galeria Kaufhof, €5 million (€0 million) in the Real Estate segment, €65 million (€0 million) in the "others" segment and €0 million (€-20 million) in the consolidation segment; in EBIT by €343 million (€237 million), including €143 million (€0 million) at Metro Cash & Carry, €16 million (€224 million) at Real, €5 million (€0 million) at Media Markt and Saturn, €58 million (€0 million) at Galeria Kaufhof, €15 million (€0 million) in the Real Estate segment, €106 million (€0 million) in the "others" segment as well as €0 million (€13 million) in the consolidation segment
[2] Adjustment due to initial application of new and amended IFRS

Divisional sales and earnings developments

Metro Cash & Carry

Sales of Metro Cash & Carry declined by 7.6 percent during the reporting year (currency-adjusted: -2.5 percent). On a like-for-like basis, currency-adjusted sales fell by 4.9 percent. Sales developments were marked by a widespread unwillingness of consumers to spend money in the nonfood segment resulting from the economic crisis, a trend that was particularly noticeable in Eastern Europe.

In Germany, sales of Metro Cash & Carry declined by 3.9 percent to €5.5 billion compared to the previous year. Like-for-like sales dropped by 5.2 percent. Aside from weaker demand for nonfood products, this was attributable to declining food prices, in particular for dairy products, meat as well as fruit and vegetables.

Metro Cash & Carry's sales in Western Europe declined by 4.1 percent to €12.1 billion (like-for-like sales decline: -3.8 percent). In this region, the high-volume markets of France and Italy, in particular, recorded only small sales declines compared to the previous year.

Business parameters were particularly challenging in Eastern Europe. On the one hand, the drop in regional sales of 15.0 percent was due to substantially lower demand for nonfood products. On the other, the depreciation of most Eastern European currencies weighed heavily on sales developments. Adjusted for currency effects, sales in Eastern Europe were just 2.0 percent lower than a year earlier.

Sales trends in the Asia/Africa region were positive. Compared to the previous year, sales rose by 8.1 percent to €2.1 billion. Even adjusted for currency effects, sales growth still amounted to 3.1 percent.

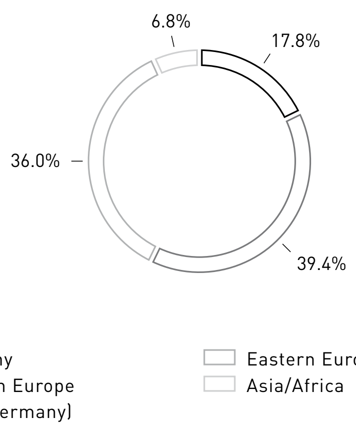
The sales division's international sales declined by 8.4 percent to €25.2 billion from €27.5 billion. Adjusted for exchange-rate effects, international sales decreased by 2.2 percent. The sales division's international share of sales declined to 82.2 percent from 82.9 percent. This was partially due to the markedly negative currency effects.

Key figures Metro Cash & Carry 2009
in year-to-year comparison

	2009 € million	2008[1] € million	Change in % In €	Change in % Currency effect	Change in % Deviation in local currency	Change in % Like-for-like (local currency)
Sales	30,613	33,143	-7.6	-5.1	-2.5	-4.9
Germany	5,454	5,677	-3.9	0.0	-3.9	-5.2
Western Europe	12,072	12,585	-4.1	-1.0	-3.1	-3.8
Eastern Europe	11,020	12,968	-15.0	-13.0	-2.0	-6.2
Asia/Africa	2,067	1,913	8.1	5.0	3.1	-4.7
EBITDA	1,165[2]	1,406	-17.2	-	-	-
EBIT	936[2]	1,139	-17.8	-	-	-
EBIT margin (%)	3.1[2]	3.4	-	-	-	-
Locations (number)	668	655	-	-	-	-
Selling space (1,000 sqm)	5,291	5,176	2.2	-	-	-

[1] Adjustment due to first-time adoption of new and revised IFRS
[2] Before special items from Shape 2012

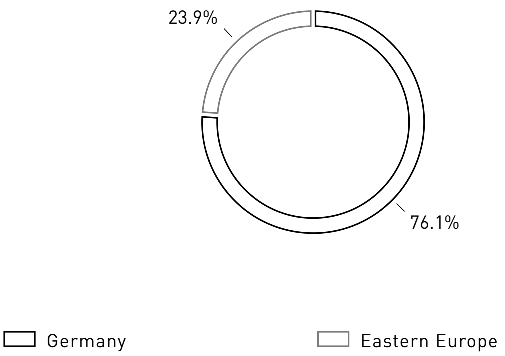
Sales of Metro Cash & Carry 2009
by region



In conjunction with Shape 2012, 3 unprofitable stores were closed in the United Kingdom. In Germany, 2 stores of the Schaper sales brand were sold to competitors. As of 31 December 2009, Metro Cash & Carry operated 668 locations in 30 countries, including 124 stores in Germany, 259 in Western Europe, 210 in Eastern Europe and 75 in Asia/Africa. The total selling space amounted to 5.3 million square metres.

As a result of the negative sales trend, large currency effects and special items from Shape 2012, EBIT of Metro Cash & Carry dropped by 30.4 percent to €793 million (previous year: €1,139 million). Adjusted for these special items, **EBIT** declined by 17.8 percent to €936 million. Despite this negative earnings development, Metro Cash & Carry proved its high earnings strength with its EBIT margin of 3.1 percent before special items from Shape 2012 even in a challenging economic environment.

Sales of Real 2009
by region



Key figures Real 2009
in year-to-year comparison

	2009 € million	2008[1] € million	Change in % In €	Change in % Currency effect	Change in % Deviation in local currency	Change in % Like-for-like (local currency)
Sales	11,298	11,635	-2.9	-4.2	1.3	0.0
Germany	8,593	8,750	-1.8	0.0	-1.8	-0.7
Eastern Europe	2,705	2,885	-6.2	-18.6	12.4	2.4
EBITDA	235[2]	191[2]	22.1	-	-	-
EBIT	52[2]	6[2]	-	-	-	-
EBIT margin (%)	0.5[2]	0.1[2]	-	-	-	-
Locations (number)	441	439	-	-	-	-
Selling space (1,000 sqm)	3,184	3,148	1.1	-	-	-

[1] Adjustment due to first-time adoption of new and revised IFRS
[2] Before special items from Shape 2012

Real

Due mostly to unfavourable currency effects, **sales** of Real declined by 2.9 percent to €11.3 billion (previous year: €11.6 billion) in the financial year 2009. Adjusted for negative currency effects, sales rose by 1.3 percent compared to the previous year.

In 2009, the divestment of 10 unprofitable stores impacted sales developments of the German Real hypermarkets. Due mostly to the trimming of the distribution network and the associated decline in selling space, sales volume fell by 1.8 percent to €8.6 billion (previous year: €8.8 billion). Like-for-like sales fell by 0.7 percent. In a challenging economic environment, Real made further strides in its repositioning: for example, the share of the own brands Real Quality, Real Bio and Real Selection was markedly boosted and the store network optimised further.

Sales in Eastern Europe dropped by 6.2 percent to €2.7 billion (previous year: €2.9 billion). Adjusted for negative currency effects, sales rose by 12.4 percent compared to the previous year. Double-digit growth in Romania and Russia contributed to this positive development. Like-for-like sales adjusted for currency effects increased by 2.4 percent.

Real raised its EBIT by €254 million to €36 million (previous year: €-218 million). **EBIT** before special items related to Shape 2012 increased by €46 million to €52 million. Expenses from Shape 2012 totalling €224 million for 2008 and €16 million for the reporting year were adjusted. The earnings improvement reflects initial successes in the repositioning of Real in Germany. The increase in EBIT was due to distinct margin-related improvements in gross profit and cost savings in Germany. Real's decline in EBIT in Eastern Europe was due to negative currency effects, above all in Poland.

Media Markt and Saturn

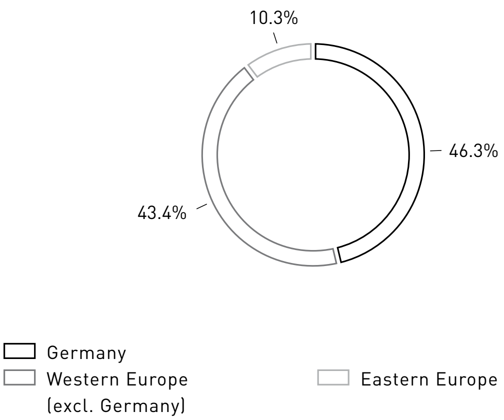
In the financial year 2009, the Media Markt and Saturn sales division continued to expand its leading position in European consumer electronics retailing and gain market share in a difficult economic environment. The sales division boosted its **sales** by 3.7 percent to €19.7 billion from €19.0 billion. Like-for-like sales declined by 0.4 percent.

In Germany, numerous marketing campaigns in conjunction with the celebrations of Media Markt's 30th anniversary lifted sales of Media Markt and Saturn to €9.1 billion from €8.7 billion. This corresponds to an increase of 5.1 percent. Like-for-like sales in Germany rose by 2.6 percent despite the continued consolidation of the divisional network of locations.

Media Markt and Saturn continued to increase their international sales by 2.5 percent to €10.6 billion. In local currencies, sales growth amounted to 5.9 percent. Like-for-like sales declined by 3.1 percent.

Sales in Western Europe grew by 5.5 percent, while a decline of 8.6 percent was recorded in Eastern Europe. Eastern European

Sales of Media Markt and Saturn 2009
by region



markets, in particular, were hit by strong currency effects in 2009 in the course of the economic crisis. Adjusted for currency effects, sales grew by 7.7 percent in Eastern Europe. The sales division's international sales share reached 53.7 percent of total sales (previous year: €54.3 percent).

In a difficult market environment, Media Markt and Saturn raised **EBIT** before special items from Shape 2012 to €608 million from €603 million during the reporting year. Earnings developments in Eastern Europe had an adverse effect as they were characterised by a crisis-related sales drop and negative currency effects. Including special items from Shape 2012, EBIT was unchanged from the previous year's level at €603 million.

Galeria Kaufhof

Despite the negative overall business development in the department store segment and the severe recession during the financial year 2009, the Galeria Kaufhof sales division successfully defended its position as concept and system leader among German department stores during the reporting year. The sales division celebrated its 130th anniversary in 2009.

Sales of Galeria Kaufhof were only 1.9 percent lower than a year earlier at €3.5 billion. Like-for-like sales declined by 2.2 percent. The successful optimisation of the assortment in line with customer requirements regarding style, timeliness and quality resulted in stronger customer loyalty.

The Belgian Galeria Inno department stores raised sales by 1.6 percent (like-for-like: 2.1 percent) to €322 million.

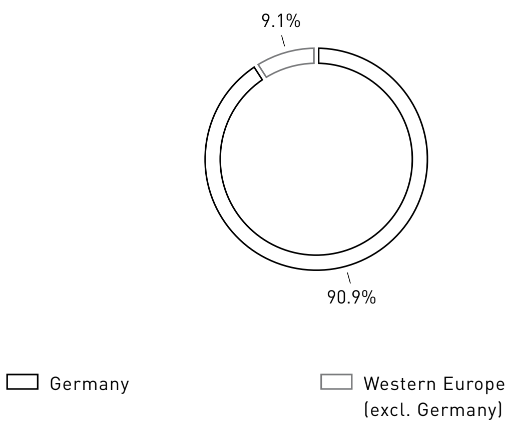
At the end of 2009, Galeria Kaufhof operated 141 department stores, including 126 locations in Germany and another 15 in Belgium.

Key figures Media Markt and Saturn 2009
in year-to-year comparison

	2009 € million	2008[1] € million	Change in % In €	Currency effects	Deviation in local currency	Like-for-like (local currency)
Sales	19,693	18,993	3.7	-1.8	5.5	-0.4
Germany	9,114	8,670	5.1	0.0	5.1	2.6
Western Europe	8,538	8,091	5.5	0.0	5.5	-1.9
Eastern Europe	2,041	2,232	-8.6	-16.3	7.7	-8.3
EBITDA	851[2]	839	1.4	-	-	-
EBIT	608[2]	603	0.8	-	-	-
EBIT margin (%)	3.1[2]	3.2	-	-	-	-
Locations (number)	818	768	-	-	-	-
Selling space (1,000 sqm)	2,633	2,439	8.0	-	-	-

[1] Adjustment due to first-time application of new and revised IFRS
[2] Before special items from Shape 2012

Sales of Galeria Kaufhof 2009
by region

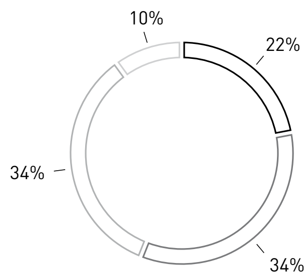


Key figures Galeria Kaufhof 2009
in year-to-year comparison

	2009 € million	2008[1] € million	Change in % In €	Currency effects	Deviation in local currency	Like-for-like (local currency)
Sales	3,539	3,607	-1.9	0.0	-1.9	-2.2
Germany	3,217	3,289	-2.2	0.0	-2.2	-2.6
Western Europe	322	318	1.3	0.0	1.3	2.1
EBITDA	223[2]	223	0.2	-	-	-
EBIT	119[2]	115	3.4	-	-	-
EBIT margin (%)	3.4[2]	3.2	-	-	-	-
Locations (number)	141	141	-	-	-	-
Selling space (1,000 sqm)	1,501	1,489	0.7	-	-	-

[1] Adjustment due to first-time adoption of new and revised IFRS
[2] Before special items from Shape 2012

Property locations (701 locations)
by region



In the financial year 2009, **EBIT** of Galeria Kaufhof was €54 million lower than a year earlier at €61 million. This figure includes special items in the amount of €58 million from Shape 2012, which were spent mostly on the streamlining of the store network. EBIT before special items from Shape 2012 amounted to €119 million, an increase of 3.4 percent compared with the previous year. The EBIT margin was raised again to 3.4 percent. Value-adding measures in the merchandise business and efficient cost management were the key drivers of this earnings improvement.

Real Estate

On 1 January 2009, METRO Group began to show its real estate assets as a separate segment in Group reporting. The segment comprises all real estate assets owned by METRO Group in 32 countries.

The international expansion, active asset and portfolio management as well as increased resource efficiency are supposed to safeguard the Company's real estate assets over the long term and systematically increase their value. The new real estate assets are supposed to be built in the growth markets of Eastern Europe and Asia, in particular, while attractive properties and buildings in the saturated markets of Western Europe will be sold to finance this expansion.

In the financial year 2009, **EBIT** was practically unchanged from the previous year at €536 million (previous year: €538 million) and included non-scheduled write-downs, mostly on real estate properties, of €59 million (previous year: €43 million).

This result can be attributed mostly to rental income from tenancies among METRO Group sales divisions. EBIT before special items related to Shape 2012 reached €551 million during the reporting year after €538 million a year earlier. The earnings improvement reflects, above all, the increase in rental income resulting from the expansion of Metro Cash & Carry.

Others

The "others" segment comprises METRO AG, the cross-divisional service companies and the restaurant groups Grillpfanne and

Financial result and taxes

€ million	2009	2008[1]
Earnings before interest and taxes (EBIT)	1,681[2]	1,985[2]
Result from associated companies	0	0
Other investment results	15	14
Interest income/expenses (net result)	-553	-486
Other financial results	-93	-102
Net financial income	**-631**	**-574**
Earnings before taxes EBT	**1,050[2]**	**1,411[2]**
Income taxes	-531	-424
Income from continuing operations	**519[3]**	**987[3]**
Income from discontinued operations after taxes	0	-429
Net profit for the period	**519[3]**	**558[3]**

[1] Adjustment due to first-time adoption of new and revised IFRS
[2] Includes special items from Shape 2012 of €343 million (previous year: €237 million) in 2009
[3] Includes special items from Shape 2012 after taxes of €305 million (previous year: €165 million) in 2009

AXXE Reisegastronomie. Sales amounted to €386 million in the reporting year, €191 million below the previous year's figure. The decline is due to the continuation of deliveries to the Extra supermarkets, which were sold on 1 July 2008, through the end of the third quarter of 2008 as well as to the divestment of the operative business of AXXE Reisegastronomie during the reporting year. EBIT of €-336 million (previous year: €-158 million) includes €106 million in special items from Shape 2012. At €-230 million, EBIT before special items from Shape 2012 was €72 million below the previous year's figure. This was mostly due to underutilisation of logistics structures.

Financial result

The financial result comprises above all the net interest result of €-553 million (previous year: €-486 million) and other financial results of €-93 million (previous year: €-102 million). While interest expenses remained unchanged, interest income from loans and receivables including cash and cash equivalents declined by €67 million.

Additional information on the financial results is contained in the notes to the consolidated financial statements in nos. 6 to 8.

€ million	2009	2008
Taxes paid or due	495	552
thereof Germany	(158)	(154)
thereof international	(337)	(398)
Deferred taxes[1]	36	-128
thereof Germany	(42)	(-127)
thereof international	(-6)	(-1)
	531	**424**

[1] Adjustment of previous year's figures due to first-time adoption of new and revised IFRS

The decline in taxes paid or due resulted largely from declining earnings in Eastern Europe. Deferred tax income for 2008 in Germany primarily comprised effects from the recognition of deferred tax assets related to financial instruments (€-38 million) as well as restructuring measures related to Shape 2012 at Real (€-72 million).

Additional information about income taxes is contained in the notes to the consolidated financial statements in no. 10 ("Income taxes").

Group net profit and earnings per share

In 2009, net profit for the period (Group net profit) totalled €519 million, 6.9 percent lower than in the previous year. Net of minority interests, the Group's net profit attributable to the shareholders of METRO AG amounted to €383 million.

Net profit for the period comprises one-time expenses totalling €305 million related to Shape 2012. Adjusted for these expense items, net profit for the period amounted to €824 million.

In the financial year 2009, METRO Group generated earnings per share of €1.17 (previous year: €1.23). As in the previous year, the calculation was based on a weighted number of 326,787,529 shares. Group net profit attributable to the shareholders of METRO AG of €383 million was distributed according to this number of shares. There was no dilution in the reporting year or in the previous year.

Earnings per share from continuing operations before special items, that is adjusted for one-time expenses related to Shape 2012, amounted to €2.10 (previous year: €3.04).

				Change	
		2009	2008[1]	Absolute	%
Income from continuing operations	€ million	519	987	-468	-47.4
Income from discontinued operations after taxes	€ million	0	-429	429	-
Net profit for the period[2]	€ million	519[2]	558[2]	-39	-6.9
thereof attributable to minority interests	€ million	136	157	-21	-12.9
thereof attributable to shareholders of METRO AG[3]	€ million	383[3]	401[3]	-18	-4.5
Earnings per share[4, 5]	€	1.17[3]	1.23[3]	-0.06	-4.5
Earnings per share from continuing operations before special items[5, 6]	€	2.10	3.04	-0.94	-31.0

[1] Adjustment due to first-time adoption of new and revised IFRS
[2] Includes special items from Shape 2012 after taxes of €305 million (previous year: €165 million)
[3] Includes special items from Shape 2012 after taxes of €303 million (previous year: €165 million)
[4] Including discontinued operations
[5] After minority interests
[6] Adjusted for special items from Shape 2012

EBIT after Cost of Capital (EBITaC)

Value-creating management forms the foundation for sustainable profitable growth

METRO Group's strength is reflected in its ability to continuously increase the Company's value through growth and operational efficiency as well as optimal capital deployment. METRO Group has been using value-orientated performance metrics since 2000 to ensure the Company's sustained value creation. Positive value contribution is achieved when earnings before interest (EBIT) exceeds the cost of capital needed to finance the average capital employed. During the reporting year, the calculation of the previously used key performance indicator EVA (Economic Value Added) was changed to ensure a more focused orientation towards METRO Group's value drivers. In addition, the exclusive focus on balance sheet figures is intended to provide for increased comprehensibility.

The value contribution is calculated using the key performance indicator EBITaC (EBIT after Cost of Capital).

EBITaC = EBIT[1] – cost of capital
= EBIT[1] – (capital employed x WACC)

[1]Special items from Shape 2012 periodised over 4 years

METRO Group's goal to create value through profitable growth continues to form the basis of corporate management. The determination of value creation using EBITaC provides for a concentration on the key drivers of the operative business that management can influence. These drivers include increases in operational efficiency, value-creating growth and the optimisation of capital employed. The efficiency and value-enhancing programme Shape 2012 contributes, in particular, to increases in operational efficiency and the optimisation of capital employed. Value-creating growth, in turn, continues to derive largely from METRO Group's strategy of investing in the high-margin growth regions of Eastern Europe and Asia.

The cost of capital reflects the expected remuneration to investors for the capital they provide and for their investment risk before taxes. It is calculated by multiplying the capital employed by the Weighted Average Cost of Capital (WACC).

In 2009, METRO Group's cost of capital before taxes amounted to 10.0 percent. It corresponds to the minimum return on capital demanded by capital providers. This demand derives from the return that investors would generate from alternative investments in a portfolio of shares and bonds with a similar level of risk. The cost of capital reflects the entire cost of employed capital, which means that it includes both equity and debt capital costs.

Capital employed represents interest-carrying assets. It essentially comprises 2 components: fixed assets and net working capital. In contrast to the previous practice applied to such items as restructuring expenses in the determination of Economic Value Added, one-time effects are not capitalised within capital employed. The use of balance sheet items to determine EBITaC enhances the comprehensibility compared to the consideration of system-related adjustments in the

EQUITY COST OF CAPITAL

Risk-free rate of return	4.2%
+	
Market risk premium	5.0%
x Beta factor (specific risk premium for METRO Group)	1.0
=	**9.2%**

Weighting at market rates 58%

DEBT COST OF CAPITAL

Risk-free rate of return	4.2%
+	
Average long-term risk premium	1.5%
=	5.7%
– Tax effect	-1.8%
=	**3.9%**

Weighting at market rates 42%

7.0% Group WACC after taxes

Tax effect (1–30.5%)

10.0% Group WACC before taxes

calculation of Economic Value Added. Following the introduction of the Real Estate segment, all locations owned by the sales divisions are reported as part of the Real Estate segment. This provides for comparability among sales divisions even without consideration of cash rental values in capital employed. As a matter of principle, capital employed represents average business assets calculated on the basis of quarterly balance sheets. The use of averages offers the benefit of allowing for a consideration of the development of capital employed during the year in calculations.

In the calculation of EBITaC, special items from Shape 2012 in the reporting year are generally distributed over four years on a straight-line basis and considered in earnings before interest and taxes (EBIT). This periodisation of special items relating to the key performance ratio EBITaC is carried out for economic reasons and is not used on other key ratios listed in the annual report. Special items from Shape 2012 that were recorded in the financial year 2009 are largely the result of an optimisation of the location portfolio, selling spaces and organisational structures. As the respective positive EBIT effects largely arise with a time lag to expenses, the distribution of these special items over several years provides for an accurate presentation of operative performance. As a result, short-term special effects do not fully impact earnings during the period in which they occur. Given the fact that performance-based incentives for members of the management are also based on the EBITaC system, the Company also strives to ensure that measures which create value over the long term are not abandoned because of negative short-term earnings effects.

While the performance-based remuneration of members of the sales divisions' management is based on the achievement of specific EBITaC targets for individual countries and sales divisions, the performance-based remuneration of METRO AG's Management Board is based on the return on capital employed (RoCE) as well as net profit for the period (net earnings) of METRO Group. The RoCE is directly related to the performance metric EBITaC and is calculated by dividing reported EBIT by average capital employed.

RoCE = EBIT / capital employed

Special effects such as special items from Shape 2012, goodwill write-downs, restructurings and changes in tax systems can distort the key performance indicators RoCE and net profit for the period. The Supervisory Board may decide to distribute material special effects over several years. The additional integration of net profit for the period into the remuneration system for the Management Board of METRO AG rewards not only value creation in terms of EBITaC but also tax-optimised corporate management as well as earnings growth.

The results of the EBITaC analysis are used, among other things, for the management of METRO Group's portfolio as well as for the allocation of investment funds. Medium- to long-term effects on value creation are the key factor determining the allocation of investment funds. As a result, the cash value of future value added represents the key criterion for all investments within METRO Group. In order to provide for value creation as well as sufficient liquidity, the value added of investment projects, free cash flow and the cash recovery period are used as additional liquidity-based key performance metrics. Above all in times of capital squeeze, a ranking of alternative investment projects represents an important success factor in corporate management.

In the financial year 2009, METRO Group successfully deployed its business assets and achieved a positive EBITaC of €246 million. After periodisation of special items from Shape 2012 in the amount of €343 million and consideration of periodised expenses for the streamlining of the Real store network from 2008, EBIT for 2009 totalled €1,879 million. The rigorous optimisation of the portfolio and net working capital accompanied by reduced investments as a result of the global financial crisis had a positive effect on capital employed. Average capital employed stood at €16,277 million, with capital costs amounting to €1,633 million. The positive development of capital costs, however, failed to completely offset the effect from reduced EBIT. As a result, EBITaC remained below the previous year's figure. The Metro Cash & Carry and Media Markt and Saturn sales divisions achieved positive value added again in 2009. Galeria Kaufhof also earned its cost of capital. Real posted a significant increase in EBITaC compared to the previous year.

€ million	2009	2008[1]	Delta
EBIT before special items from Shape 2012	2,024	2,222	-198
EBIT after periodisation of special items from Shape 2012[2]	1,879	2,163	-284
Ø capital employed	16,277	16,888	-611
WACC before taxes	10.0%	10.0%	–
Cost of capital	-1,633	-1,694	61
EBITaC	246	469	-223

[1] Previous year's figure adjusted accordingly
[2] The effects of the special items from Shape 2012 are distributed over 4 years

Balance sheet profit of METRO AG and profit appropriation

Dividend distribution is based on METRO AG's annual financial statements prepared under German commercial law. The balance sheet and income statement of METRO AG prepared in accordance with the German Commercial Code (HGB) are as follows:

Income statement for the financial year from 1 January to 31 December 2009 prepared under the German Commercial Code (HGB)

€ million	2009	2008
Investment income	772.2	1,061.2
Financial result	-111.2	-409.5
Other operating income	139.1	137.1
Personnel expenses	-87.1	-53.9
Depreciation/amortisation on intangible and tangible assets	-2.1	-2.6
Other operating expenses	-151.7	-157.1
NOPAT	**559.2**	**575.2**
Income tax	-25.5	10.7
Other taxes	6.4	0.5
Net income	**540.1**	**586.4**
Profit carried forward from the previous year	9.7	9.2
Additions to revenue reserves	-140.0	-200.0
Balance sheet profit	**409.8**	**395.6**

Balance sheet profit of METRO AG and profit appropriation
For the financial year 2009, METRO AG posted investment income of €772.2 million, compared to €1,061.2 million in the previous year. In consideration of other income, expenses and taxes as well as the transfer of €140.0 million to revenue reserves, the Company reported a balance sheet profit of €409.8 million compared to €395.6 million in 2008.

The Management Board of METRO AG will propose to the Annual General Meeting that, from the reported balance sheet profit of €409.8 million, a dividend of €385.9 million be paid and that the balance of €23.9 million be carried forward to the new account. The balance sheet profit of €409.8 million includes retained earnings of €9.7 million. The dividend proposed by the Management Board amounts to

→ €1.180 per ordinary share and
→ €1.298 per preference share.

Balance sheet as of 31 December 2009 according to the German Commercial Code (HGB)

Assets

€ million	31.12.2009	31.12.2008
Fixed assets		
Intangible assets	2.4	1.9
Tangible assets	4.1	4.7
Financial assets	8,319.3	7,975.6
	8,325.8	**7,982.2**
Current assets		
Receivables and other assets	1,638.5	2,120.4
Cash on hand, bank deposits and cheques	1,294.8	1,255.0
	2,933.3	**3,375.4**
Prepaid expenses and deferred charges	**11.8**	**10.1**
	11,270.9	**11,367.7**

Liabilities

€ million	31.12.2009	31.12.2008
Equity		
Share capital	835.4	835.4
Ordinary shares	828.6	828.6
Preference shares	6.8	6.8
(Contingent capital)	(127.8)	(127.8)
Capital reserve	2,558.0	2,558.0
Reserves retained from earnings	1,664.0	1,524.0
Balance sheet profit	409.8	395.6
	5,467.2	**5,313.0**
Provisions	**295.9**	**303.3**
Liabilities	**5,507.7**	**5,751.3**
Deferred income	**0.1**	**0.1**
	11,270.9	**11,367.7**

Special items from Shape 2012 by sales division

€ million		2009 As reported	2008[1] As reported	2009 Special items	2008 Special items	2009 Before special items	2008[1] Before special items
EBITDA		3,077	3,337	251	203	3,328	3,540
thereof	Metro Cash & Carry	1,061	1,406	104	0	1,165	1,406
	Real	219	-32	16	223	235	191
	Media Markt and Saturn	847	839	4	0	851	839
	Galeria Kaufhof	166	223	57	0	223	223
	Real Estate	954	927	5	0	959	927
	Others	-152	-22	65	0	-87	-22
	Consolidation	-18	-4	0	-20	-18	-24
EBIT		1,681	1,985	343	237	2,024	2,222
thereof	Metro Cash & Carry	793	1,139	143	0	936	1,139
	Real	36	-218	16	224	52	6
	Media Markt and Saturn	603	603	5	0	608	603
	Galeria Kaufhof	61	115	58	0	119	115
	Real Estate	536	538	15	0	551	538
	Others	-336	-158	106	0	-230	-158
	Consolidation	-12	-34	0	13	-12	-21
Earnings before taxes EBT		1,050	1,411	343	237	1,393	1,648
Earnings per share from continuing operations (€)		1.17	2.54	0.93	0.50	2.10	3.04

[1] Adjustment due to first-time adoption of new and revised IFRS

Special items from Shape 2012 by region

€ million		2009 As reported	2008[1] As reported	2009 Special items	2008 Special items	2009 Before special items	2008[1] Before special items
EBITDA		3,077	3,337	251	203	3,328	3,540
thereof	Germany	1,032	1,092	193	203	1,225	1,295
	Western Europe excl. Germany	968	912	42	0	1,010	912
	Eastern Europe	1,072	1,345	13	0	1,085	1,345
	Asia/Africa	3	-3	6	0	9	-3
	International	2,043	2,254	61	0	2,104	2,254
	Consolidation	2	-9	-3	0	-1	-9
EBIT		1,681	1,985	343	237	2,024	2,222
thereof	Germany	334	390	253	237	587	627
	Western Europe excl. Germany	656	609	52	0	708	609
	Eastern Europe	734	1,028	31	0	765	1,028
	Asia/Africa	-45	-33	10	0	-35	-33
	International	1,345	1,604	93	0	1,438	1,604
	Consolidation	2	-9	-3	0	-1	-9
Earnings before taxes EBT		1,050	1,411	343	237	1,393	1,648
Earnings per share from continuing operations (€)		1.17	2.54	0.93	0.50	2.10	3.04

[1] Adjustment due to first-time adoption of new and revised IFRS

4. Financial and asset position

Financial management

Principles and objectives of financial activities

METRO AG is responsible for the centralised financial management of METRO Group. METRO AG acts to ensure that 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 financial budget for the Group, which covers all relevant companies and is updated monthly. In addition, METRO AG provides 14-day liquidity plans.
Loan placement and collateralisation as well as the granting of financial support in the form of guarantees and letters of comfort for Group companies are also controlled centrally by METRO AG. The following principles apply to all Group-wide financial activities:

Financial unity

By presenting one face to the financial markets, the Group can optimise its financial market conditions.

Financial leeway

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

Centralised risk management

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

Centralised risk monitoring

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

Exclusively authorised contractual partners

METRO Group conducts financial transactions only with contractual partners who have been authorised by METRO AG. The creditworthiness of these contractual partners is tracked on a daily basis based on their ratings. In addition, the risk controlling unit of METRO AG's finance department monitors the relevant limits continuously.

Approval requirement

As a matter of principle, all financial transactions of 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 after METRO AG has given its approval.

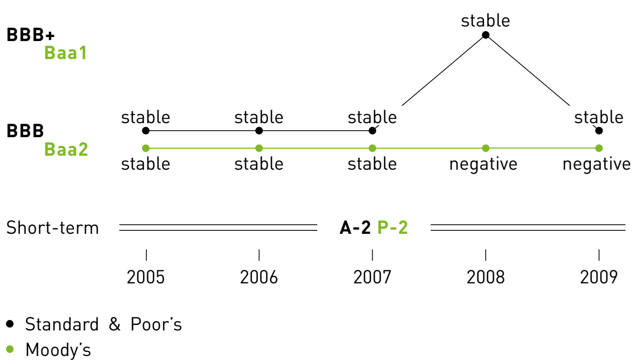
Audit security

The 2-signature principle applies within 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 organisational terms.

Ratings

Ratings communicate METRO Group's credit rating to potential debt capital investors and facilitate access to international capital markets. In April 2009, rating agency Standard & Poor's downgraded METRO Group's long-term credit rating to "BBB". The following table illustrates the development of long- and short-term ratings over the past 5 years:

Rating development and outlook



METRO Group's current ratings by the 2 international rating agencies Moody's and Standard & Poor's are as follows:

	2009	
Category	**Moody's**	**Standard & Poor's**
Long-term	Baa2	BBB
Short-term	P-2	A-2
Outlook	negative	stable

Based on its current ratings, METRO Group has access to all financial markets.

Financing measures

The Debt Issuance Programme serves as a source of long-term financing. In 2009, we conducted the following transactions in the context of this programme:

In addition, METRO Group issued a 5-year promissory note bond with a volume of €156.5 million, which includes a variable tranche amounting to €126.0 million and 2 fixed-interest tranches amounting to €10.5 million with a 5.811 percent fixed interest rate and €20.0 million with a 5.704 percent fixed interest rate, respectively.

For short- and medium-term financing, METRO Group uses ongoing capital market issuance programmes, among others. These include the Euro Commercial Paper Programme and another Commercial Paper Programme geared especially to French investors. The average amount utilised from both programmes in 2009 was €1,629 million. In addition, METRO Group used bilateral bank facilities and syndicated credit lines totalling €1,214 million as per the balance sheet date.

For further information on financing programmes and credit lines, see the notes to the consolidated financial statements in no. 36 "Financial liabilities".

Type of transaction	Issue date	Term	Maturity	Nominal volume	Coupon
New issue	March 2009	6 years	March 2015	€1,000 million	7.625% fixed
New issue	June 2009	2 years	June 2011	€350 million	3.625% fixed
New issue	July 2009	5 years	July 2014	€600 million	5.750% fixed
New issue	July 2009	3 years	July 2012	RON100 million (€23.8 million)	11.550% fixed
Redemption	October 2004	5 years	October 2009	€750 million	variable

Credit facilities of METRO Group

	31 Dec 2009			31 Dec 2008		
€ million	**Total**	**Up to 1 year**	**Over 1 year**	**Total**	**Up to 1 year**	**Over 1 year**
Bilateral lines of credit	2,467	1,246	1,221	2,292	1,066	1,226
Utilisation	-1,214	-534	-680	-1,283	-825	-458
Unutilised bilateral lines of credit	1,253	712	541	1,009	241	768
Syndicated lines of credit	2,975	0	2,975	2,975	0	2,975
Utilisation	0	0	0	-250	0	-250
Unutilised syndicated lines of credit	2,975	0	2,975	2,725	0	2,725
Total lines of credit	5,442	1,246	4,196	5,267	1,066	4,201
Total utilisation	-1,214	-534	-680	-1,533	-825	-708
Total unutilised lines of credit	**4,228**	**712**	**3,516**	**3,734**	**241**	**3,493**

Aside from the established issuance programmes – which METRO Group was able to use even during difficult market phases – the Company had access to sufficient liquidity via comprehensive, generally multi-year credit lines at all times.

Investments/divestments

In the financial year 2009, METRO Group invested €1.5 billion, a decline of €0.9 billion compared to the previous year. This decline reflects the announced reduction of investments in the financial year 2009. During the reporting year, investments in the continued international expansion of the Metro Cash & Carry, Real and Media Markt and Saturn sales divisions accounted for a large share of investments. In addition, METRO Group invested in the modernisation of its existing network of locations.

			Change	
€ million	**2009**	**2008[1]**	**Absolute**	**%**
Metro Cash & Carry	220	336	-116	-34.5
Real	193	250	-57	-22.8
Media Markt and Saturn	353	402	-49	-12.3
Galeria Kaufhof	57	128	-71	-55.7
Real Estate	580	1,060	-480	-45.3
Others	114	247	-133	-53.6
METRO Group	**1,517**	**2,423**	**-906**	**-37.4**

[1] Adjustment due to first-time adoption of new IFRS

Metro Cash & Carry invested €0.1 billion less during the reporting year than in 2008. The sales division opened 18 new stores around the world. All are located in the fast-growing regions of Eastern Europe and Asia. 4 stores each were added to the existing store portfolio in Russia and China, with 3 stores added in Pakistan and 2 respectively in Ukraine and Japan. 1 store each was opened in Vietnam and Turkey. The opening of a store in Kazakhstan marked the sales division's entry into this new market. In addition, Metro Cash & Carry modernised numerous stores in Western Europe and Germany. In the context of Shape 2012, 3 stores were disposed of in the United Kingdom. In Germany, 2 C+C Schaper stores were transferred to competitors.

Investments at **Real** declined by €0.1 billion to €0.2 billion during the reporting year. The sales division invested €0.1 billion in its expansion during the financial year 2009. Real added 12 stores to its network of locations, including 4 in Romania, 3 each in Russia and Turkey and 1 in Poland and Ukraine, respectively. In this way, the sales division continued to strengthen its position as one of the leading hypermarket operators in Eastern Europe. In addition, 10 locations were divested as part of the streamlining of the Real store network in Germany in 2009. Real also forged ahead with the conceptual repositioning of its existing locations and invested in modernisation, particularly in Germany.

At €0.4 billion, investments of **Media Markt and Saturn** were slightly lower in 2009 compared to the previous year. Funds were used above all to open 50 new locations: 8 in Germany, 24 in other Western European markets and another 18 in Eastern Europe. In addition, Media Markt and Saturn implemented restructuring and modernisation measures across Europe, with a focus on Germany.

Investments of **Galeria Kaufhof** totalled €0.1 billion during the reporting year, a substantial drop compared to the previous year. Investments were focused on numerous modernisation projects based on the Galeria concept in Germany and Belgium.

Investments in the **Real Estate** segment amounted to €0.6 billion in the reporting year, €0.5 billion less than in the previous year. Investments were used mostly to acquire real estate assets in connection with the expansion of the Metro Cash & Carry and Real sales divisions. The decline in this segment reflects the announced year-on-year drop in the number of new store openings by the sales divisions.

At €0.1 billion, the investment volume in the **"others"** segment was €0.1 billion lower in the reporting year compared to the previous year. The investments were largely attributable to intangible assets.

Investment obligations amounted to €0.2 billion. Information on this is included in the notes to the consolidated financial statements in no. 19 "Other intangible assets", no. 20 "Tangible assets" and no. 21 "Investment properties".

From divestments, METRO Group received cash and cash equivalents of €0.2 billion, which resulted primarily from the sale of real estate. Additional information on divestments is included in the consolidated financial statements "Cash flow statement" and the notes to the consolidated financial statements in no. 40 "Notes on the consolidated cash flow statement".

Consolidated cash flow statement[1]

The cash flow statement serves to identify and display the cash flows that METRO Group generated or employed in the financial year from current operating, investing and financing activities. In addition, it shows the cash positions at the beginning and at the end of the financial year.

During the reporting year, total cash flow of €2,571 million (previous year: €2,637 million) was generated from current operating activities of continuing operations. Investing activities of continuing operations led to cash outflows of €1,162 million (previous year: €1,728 million). This results in a year-on-year increase in cash flow from continuing operations before financing activities of €500 million to €1,409 million in 2009. Cash flow from financing activities of continuing operations showed outflows of €1,302 million (previous year: €395 million).

At the end of 2009, METRO Group's balance sheet showed equity of €5,992 million compared with €6,061 million in the previous year. Revenue reserves declined by €53 million. Taking the dividend payment for 2008 (€386 million) and the contribution of period income attributable to shareholders of METRO AG (€383 million) into consideration, this decline essentially derived from currency translation differences. The equity ratio declined by just 0.1 percentage points to 17.8 percent. The share of revenue reserves in equity totalled 39.6 percent compared to 40.1 percent in the previous year.

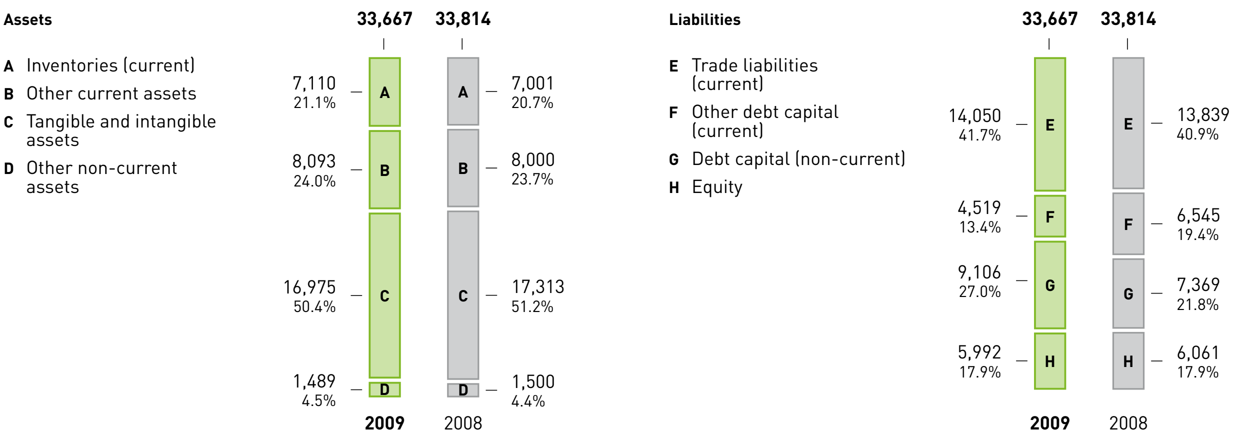
Cash flow

€ million	2009	2008[2]
Cash flow from operating activities of continuing operations	2,571	2,637
Cash flow from operating activities of discontinued operations	-18	14
Cash flow from operating activities (total)	**2,553**	**2,651**
Cash flow from investing activities of continuing operations	-1,162	-1,728
Cash flow from investing activities of discontinued operations	0	-12
Cash flow from investing activities (total)	**-1,162**	**-1,740**
Cash flow from continuing operations before financing activities	**1,409**	**909**
Cash flow from financing activities of continuing operations	-1,302	-395
Cash flow from financing activities of discontinued operations	36	-9
Cash flow from financing activities (total)	**-1,266**	**-404**
Total cash flows	**125**	**507**
Currency effects on cash and cash equivalents	-4	-51
Change in cash and cash equivalents due to initial consolidations	1	0
Change in cash and cash equivalents (total)	**122**	**456**

[1] Abridged version. The complete version is shown in the consolidated financial statements and the notes to the consolidated financial statements in no. 40 "Notes to the consolidated cash flow statement".
[2] Adjustment due to first-time adoption of new and revised IFRS

Capital structure METRO Group[1]

€ million



[1] Adjustment due to first-time adoption of new and revised IFRS

€ million	Note no.	31 Dec 2009	31 Dec 2008[1]
Equity	31	5,992	6,061
Subscribed capital		835	835
Capital reserves		2,544	2,544
Reserves retained from earnings		2,375	2,428
Minority interests in equity		238	254

[1] Adjustment due to first-time adoption of new and revised IFRS

Net financial debt after netting of cash and cash equivalents according to the balance sheet as well as monetary investments with financial debts, including finance leases, totalled €4,231 million compared with €4,600 million in 2008. Non-current financial liabilities increased by €1,712 million to €6,743 million, current financial liabilities declined by €1,957 million to €1,491 million. In the financial year 2009, cash and cash equivalents rose by €122 million to €3,996 million.

€ million	31 Dec 2009	31 Dec 2008
Cash and cash equivalents according to the balance sheet	3,996	3,874
Monetary investments[1]	7	5
Financial liabilities (incl. finance leases)	8,234	8,479
Net financial debt	**4,231**	**4,600**

[1] Shown in the balance sheet under "other receivables and assets (current)"

The debt capital ratio rose slightly by 0.1 percentage points to 82.2 percent. Current liabilities account for 67.1 percent of total debt after 73.4 percent in the previous year. The change is largely attributable to issuance of long-term bonds in 2009.

Expansion-related trade liabilities increased by €211 million to €14,050 million in 2009 and were netted against exchange rate effects particularly in Eastern Europe and inventory optimisation. In the financial year 2009, liabilities connected to "assets held for sale" declined by €146 million as a result of the sale of the Adler fashion stores.

Information on the maturity, currency and interest rate structure of financial liabilities as well as on the lines of credit is included in the notes to the financial statements in no. 36 "Financial liabilities".

€ million	Note no.	31 Dec 2009	31 Dec 2008[1]
Non-current liabilities		9,106	7,369
Provisions for pensions and similar commitments	32	978	964
Other provisions	33	502	533
Financial liabilities	34, 36	6,743	5,031
Other liabilities	34, 37	667	620
Deferred tax liabilities	24	216	221
Current liabilities		**18,569**	**20,384**
Trade payables	34, 35	14,050	13,839
Provisions	33	561	522
Financial liabilities	34, 36	1,491	3,448
Other liabilities	34, 37	2,202	2,163
Income tax liabilities	34	265	266
Liabilities connected to assets held for sale	30	0	146

[1] Adjustment due to first-time adoption of new and revised IFRS

Further information on the development of liabilities can be found in the notes to the consolidated financial statements in the numbers listed in the table.

Asset position

In the financial year 2009, total assets declined slightly by €147 million to €33,667 million. Non-current assets decreased by €349 million to €18,464 million in 2009, while current assets increased by €202 million to €15,203 million.

Non-current assets

€ million	Note no.	31 Dec 2009	31 Dec 2008[1]
Non-current assets		18,464	18,813
Goodwill	17, 18	3,992	3,960
Other intangible assets	17, 19	497	552
Tangible assets	17, 20	12,244	12,524
Investment properties	17, 21	129	133
Financial assets	17, 22	113	144
Other receivables and assets	23	463	450
Deferred tax assets	24	1,026	1,050

[1] Adjustment due to first-time adoption of new and revised IFRS

The decline in tangible assets in the amount of €280 million is primarily attributable to reduced investing activities and currency effects.

Additional information on the development on non-current assets is shown in the notes to the consolidated financial statements in the numbers listed in the table.

Current assets

€ million	Note no.	31 Dec 2009	31 Dec 2008[1]
Current assets		15,203	15,001
Inventories	25	7,110	7,001
Trade receivables	26	544	446
Financial assets		38	8
Other receivables and assets	23	2,993	3,116
Income tax refund entitlements		405	326
Cash and cash equivalents	29	3,996	3,874
Non-current assets held for sale	30	117	230

[1] Adjustment due to first-time adoption of new and revised IFRS

Inventories rose by €109 million to €7,110 million. The increase was primarily attributable to the expansion of the Media Markt and Saturn as well as Real sales divisions, with inventory optimisation at all sales divisions as well as currency effects offsetting part of the expansion-related increase. The increase in trade receivables by €98 million was largely attributable to an increase in commission business as well as a calendar-related delayed payment settlement. In the financial year 2009, "non-current assets held for sale" declined by €113 million as a result of the sale of the Adler fashion stores. "Investment properties" recognised as of 31 December 2009 concern Real Estate.

Additional information on the development of current assets is shown in the notes to the consolidated financial statements in the numbers listed in the table.

5. Employees

Foundation for entrepreneurialism

A company that is highly committed to customer orientation needs employees who can live up to this claim in their day-to-day work environment. METRO Group can rely on its qualified, motivated and dedicated staff.

In the financial year 2009, METRO Group employed an average 286,091 employees, 1.7 percent fewer than a year earlier. Measured in full-time equivalents, the total number of employees stood at 251,338 – which corresponds to a drop of 3,119 employees, or 1.2 percent, compared to the previous year. In Germany, the number of employees declined by 2,879 to 96,941 full-time equivalents, a drop of 2.9 percent year-on-year. Employment in the other countries where METRO Group operates declined by 240 to 154,397 full-time equivalents. That is 0.2 percent fewer employees than a year earlier.

Restructurings related to the efficiency and value-enhancing programme Shape 2012 were a key reason for this negative trend. To a large extent, personnel cuts were carried out in a fair manner using normal turnover. In addition, many Group companies refrained from recruiting new staff. Vacant positions were not refilled.

Workforce of METRO Group (annual average)

Workforce by headcount

	Germany	International	Total	
2009	**116,791**	**169,300**	**286,091**	(-1.7%)
2008	120,989	169,951	290,940	

Workforce by full-time equivalents

	Germany	International	Total	
2009	**96,941**	**154,397**	**251,338**	(-1.2%)
2008	99,820	154,637	254,457	

In Germany, the turnover rate amounted to 14.6 percent. The Group-wide figure stood at 20.8 percent in 2009 and reached 25.3 percent in the dynamic growth markets of Eastern Europe. This figure mirrors the heightening competition for the best specialists and managers.

In contrast to sector trends, the share of part-time workers at METRO Group continued to decline. In 2009, 30.5 percent (previous year: 31.3 percent) of all employees were working part-time. In Germany, that figure stood at 45.4 percent (previous year: 45.9 percent). Employees' average age rose from 35.7 to 36.2 years, and average tenure increased to 8.0 years from 7.4 years.

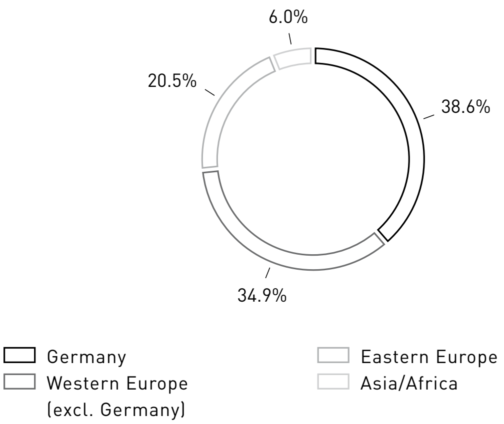
Personnel policy supports long-term growth
Demographic change is producing new challenges for companies across the globe. Such factors as increasing life expectancies and declining birth rates are changing the structure of the population as well as the make-up of companies' workforces. METRO Group expects competition for qualified workers and executives to continue to increase as demographic factors are causing the labour pool to shrink further, particularly in Europe. In order to maintain its long-term competitiveness under these parameters, METRO Group is working with far-sighted personnel concepts based on structural analyses and forecasting tools. Key personnel measures include training and education, the integration of employees, active diversity management as well as health management.

METRO Group's goal is to maintain its employees' commitment, qualifications and employability throughout their working lives. The underlying conviction is that only well-trained, motivated and healthy employees will really understand and address their customers' needs and thereby contribute to the Company's business success.

Demand-orientated training
METRO Group meets a large share of its demand for qualified workers and executives through in-house training. In 2009, the total number of apprentices worldwide amounted to 10,201, although the dual vocational training system is practiced only in Germany, Austria and Switzerland. The Group

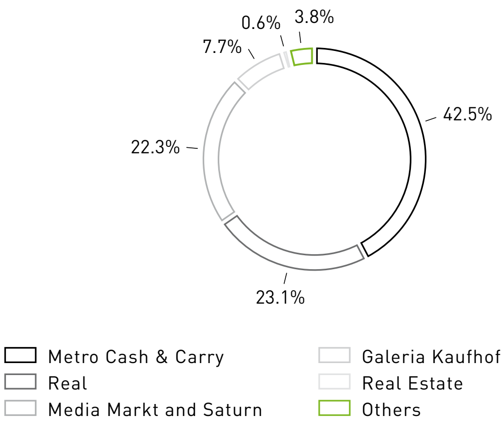
Employees by region

Full-time equivalents



Employees by segments

Full-time equivalents



ranked among Germany's leading providers of vocational training in 2009 with 8,300 trainees in more than 25 professions and a share of apprentices of 8.6 percent. Across Germany, 2,300 school-leavers began their training at METRO Group during the reporting year – about 750 fewer than a year earlier. This decline can be attributed to the strategic decision in favour of more demand-orientated vocational training programmes. METRO Group continues to assure the high quality of its vocational training schemes. Around 96 percent of apprentices at METRO Group in Germany have successfully passed their final exams. For many years, the Company has regularly offered about two-thirds of its apprentices a job within the Group after the successful completion of their training.

In order to enhance students' understanding of the business world, provide better professional guidance in schools and position METRO Group as an attractive employer, the sales divisions cooperate with schools in the neighbourhood of their stores. This cooperation has been rigorously expanded over the past ten years. During the reporting year, more than 130 of these learning partnerships were being maintained in Germany alone.

In addition, as part of the EU-sponsored Leonardo da Vinci programme, METRO Group and its European social partners have developed qualification modules for the retail industry that are recognised across Europe. Under the name European Commerce Competence (EuCoCo), the Company offers PC-based learning programmes that have been integrated into operational training schedules and online learning platforms. These programmes are also used in vocational education centres, among other things. Since the end of 2009, EuCoCo has been available in German, English, Polish, Romanian and Turkish, which means that the programme can also be used outside Germany.

METRO Group also offers attractive training opportunities for disabled people, including through its VAmB ("Verzahnte Ausbildung mit Berufsbildungswerken" or "integrated training with vocational education centres") programme that was launched in 2004. This scheme offers young people with learning disabilities practical training in METRO Group stores in combination with theoretical training in vocational education centres. METRO Group has received several awards for this project, which has provided training to more than 200 young people to date. As an integrative training scheme, VAmB has now been introduced into the normal operations of the vocational education centres.

Advantage through diversity

METRO Group is an "equal opportunity employer": it offers the same opportunities to all employees and applicants regardless of sex, age, race, ethnic background, sexual identity, possible disabilities, religion or faith.

The diversity of METRO Group's workforce mirrors its corporate structure and thus customer structure. METRO Group considers this to be an opportunity and aims to tap the potential of this diversity through active diversity management. Under the motto "Advantage through diversity", the Company has launched numerous measures to optimally exploit the potential offered by its diverse workforce. This includes the intercultural partnership programme "NewIn", which enables new employees to quickly settle into METRO Group and embrace its corporate culture.

In the reporting year, METRO Group employed 6,112 people with recognised severe disabilities, including 5,564 in Germany, 242 in the rest of Western Europe and 306 in Eastern Europe. In 2009, the regional authority of Rhineland awarded METRO Group its "disability-friendly" rating for outstanding commitment.

In 2009, 16.3 percent of METRO Group employees were at least 50 years old. In Germany, 27.7 percent of employees belonged to this age group. METRO Group hired 485 employees in the over 50s age group across Germany in 2009. At an international level, the corresponding total was 880.

Holistic health management

METRO Group was among the first companies to set up a systematic corporate health management. Its health drive GO was launched as early as 2004. This programme comprises recommendations for a healthy diet, ergonomic work-place design and exercises designed to strengthen employees' physical and mental fitness. Under the Company's "Employee Assistance Programme" (EAP), employees can solicit professional external advice on professional, family-related, personal and health-related questions anonymously and free of charge. The health drive GO has been particularly well received. In mid-2009, it was introduced at Metro Cash & Carry Poland as part of a pilot project.

Group-wide retirement model

METRO Group's "Future Package" helps employees to expand their supplemental pension plan. The Group-wide pension programme provides additional voluntary benefits that go beyond the stipulations of collective bargaining agreements. In Germany, 60,556, or 50.3 percent of all employees, took advantage of this opportunity in 2009.

Constructive social partnership

METRO Group fosters Group-wide social dialogue. The Company places particular emphasis on an international social exchange. METRO Group is one of few retailing groups in Europe to have a European works council. The Euro Forum currently has 25 members from 14 European Union member states. They engage in an annual discussion with the Management Board of METRO AG. In addition, METRO Group regularly participates in the European social dialogue of retailers – EuroCommerce and UNI-Europa – moderated by the European Commission. The Group also proactively supports technological progress in the retail trade. The International Labour Organization (ILO) frequently turns to METRO Group as a respected expert on the impact of new technologies on the working environment in the retail trade.

As a multinational Company, METRO Group attaches great value to defining global minimum standards in dealings with its employees. This is why the Management Board has approved the guidelines on fair working conditions and social partnership that were enacted in 2004 and revised in 2006. With these guidelines, METRO Group has adopted the fundamental principles of the ILO across the Group. They include the acknowledgement of the freedom of association, the effective acceptance of the right to conduct collective negotiations, the abolition of all forms of forced or compulsory labour, the elimination of child labour and an end to discrimination in the workplace.

It is part of the social dialogue to debate particular issues with the social partner. In Germany, the ver.di union in spring 2009 terminated the collective-bargaining agreements for the wholesale and export trade as well as for the retail industry. METRO Group representatives made a decisive contribution to new agreements, which factor in macroeconomic factors. METRO Group actively promotes non-discriminatory, fair and performance-enhancing as well as economically acceptable collective-bargaining agreements. In addition, METRO Group actively works towards improving the parameters for employers in the wholesale and retail trade.

Development of employee numbers by country and sales division (average full-time equivalents[1])

Country	Metro Cash & Carry 2009	Metro Cash & Carry 2008	Real 2009	Real 2008	Media Markt and Saturn 2009	Media Markt and Saturn 2008	Galeria Kaufhof 2009	Galeria Kaufhof 2008	Real Estate 2009	Real Estate 2008	Others 2009	Others 2008	METRO Group 2009	METRO Group 2008
Germany	**14,995**	**15,787**	**32,119**	**33,233**	**23,578**	**22,633**	**18,221**	**19,314**	**760**	**769**	**7,268**	**8,084**	**96,941**	**99,820**
Austria	1,868	1,893			2,065	2,011	8	26					3,941	3,930
Belgium	2,821	2,916			1,217	1,158	1,062	1,260					5,100	5,334
Denmark	515	570			12								527	570
France	8,253	8,383			1,806	1,725				7			10,059	10,115
Italy	3,926	4,173			6,042	5,783					25	35	9,993	9,990
Luxembourg					65	17			2	2			67	19
Netherlands	2,991	3,049			2,063	2,204					8	7	5,062	5,260
Portugal	1,506	1,604			792	802							2,298	2,406
Spain	3,082	3,298			5,297	5,986					8	13	8,387	9,296
Sweden					1,257	979							1,257	979
Switzerland					1,122	1,086					83	85	1,206	1,171
United Kingdom	3,696	4,226			2								3,698	4,226
Total Western Europe	**28,658**	**30,113**			**21,740**	**21,749**	**1,070**	**1,286**	**2**	**9**	**124**	**140**	**51,594**	**53,297**
Bulgaria	2,478	2,590									8	7	2,485	2,597
Croatia	1,307	1,463											1,307	1,463
Czech Republic	3,471	3,469											3,471	3,469
Greece	1,097	1,197			936	842			1	2	2	6	2,036	2,047
Hungary	2,952	3,221			1,490	1,719			59	45	17	16	4,518	5,000
Kazakhstan	189												189	
Moldova	693	772											693	772
Poland	7,026	7,165	11,092	11,055	5,383	5,301			277	285	300	300	24,077	24,105
Romania	5,639	6,390	8,282	7,568					4	7	354	311	14,279	14,276
Russia	11,056	10,537	4,036	3,606	2,043	1,815			116	88	615	279	17,866	16,324
Serbia	1,259	1,294											1,259	1,294
Slovakia	1,257	1,326											1,257	1,326
Turkey	2,800	2,687	2,141	1,926	1,029	661			147	162	132	153	6,248	5,588
Ukraine	7,482	6,857	359	141					78		24	21	7,942	7,019
Total Eastern Europe	**48,704**	**48,967**	**25,909**	**24,297**	**10,881**	**10,336**			**682**	**587**	**1,452**	**1,093**	**87,628**	**85,280**
China	7,104	8,309									656	659	7,760	8,968
Egypt	83	8											83	8
India	1,475	1,772											1,475	1,772
Japan	537	437											537	437
Morocco	1,442	1,306											1,442	1,306
Pakistan	1,402	1,078											1,402	1,078
Vietnam	2,477	2,493											2,477	2,493
Total Asia/Africa	**14,519**	**15,401**									**656**	**659**	**15,175**	**16,060**
International	**91,881**	**94,481**	**25,909**	**24,297**	**32,621**	**32,085**	**1,070**	**1,286**	**684**	**596**	**2,232**	**1,892**	**154,397**	**154,637**
METRO Group	**106,876**	**110,268**	**58,028**	**57,530**	**56,199**	**54,718**	**19,291**	**20,600**	**1,444**	**1,365**	**9,500**	**9,976**	**251,338**	**254,457**

[1] Including possible rounding differences

Development of employee numbers by country and sales division (by headcount as of closing date 31.12.)

	Metro Cash & Carry		Real		Media Markt and Saturn		Galeria Kaufhof		Real Estate		Others		METRO Group	
Country	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Germany	**17,347**	**18,440**	**42,082**	**44,277**	**26,725**	**25,829**	**23,334**	**25,067**	**893**	**901**	**6,795**	**8,675**	**117,176**	**123,189**
Austria	2,123	2,130			2,428	2,354		32					4,551	4,516
Belgium	4,042	3,925			1,427	1,305	1,443	1,548					6,912	6,778
Denmark	744	810			25								769	810
France	8,683	8,850			2,149	1,929				7			10,832	10,786
Italy	4,697	4,890			6,996	6,403					19	37	11,712	11,330
Luxembourg					62	73			2	2			64	75
Netherlands	5,232	5,161			3,795	3,902					9	9	9,036	9,072
Portugal	1,521	1,733			846	884							2,367	2,617
Spain	3,545	3,707			6,571	6,919					5	14	10,121	10,640
Sweden					1,708	1,542							1,708	1,542
Switzerland					1,309	1,199					87	90	1,396	1,289
United Kingdom	4,596	5,702			5								4,601	5,702
Total Western Europe	**35,183**	**36,908**			**27,321**	**26,510**	**1,443**	**1,580**	**2**	**9**	**120**	**150**	**64,069**	**65,157**
Bulgaria	2,540	2,963									7	7	2,547	2,970
Croatia	1,264	1,453											1,264	1,453
Czech Republic	3,530	3,713											3,530	3,713
Greece	1,210	1,307			1,077	1,016				2		6	2,287	2,331
Hungary	2,958	3,276			1,483	1,733			71	47	17	18	4,529	5,074
Kazakhstan	319												319	
Moldova	702	779											702	779
Poland	7,442	7,804	12,035	12,303	5,276	5,669			275	286	306	307	25,334	26,369
Romania	5,731	6,598	8,736	8,668					3	6	374	347	14,844	15,619
Russia	13,600	14,518	4,309	3,833	2,428	2,050			155	150	580	516	21,072	21,067
Serbia	1,283	1,321											1,283	1,321
Slovakia	1,206	1,410											1,206	1,410
Turkey	2,882	2,963	2,550	2,105	1,262	779			142	168	122	146	6,958	6,161
Ukraine	7,675	7,587	558	188					21		24	24	8,278	7,799
Total Eastern Europe	**52,342**	**55,692**	**28,188**	**27,097**	**11,526**	**11,247**			**667**	**659**	**1,430**	**1,371**	**94,153**	**96,066**
China	6,833	8,141									588	697	7,421	8,838
Egypt	108	33											108	33
India	1,369	1,764											1,369	1,764
Japan	789	654											789	654
Morocco	1,457	1,401											1,457	1,401
Pakistan	1,355	1,370											1,355	1,370
Vietnam	2,411	2,476											2,411	2,476
Total Asia/Africa	**14,322**	**15,839**									**588**	**697**	**14,910**	**16,536**
International	**101,847**	**108,439**	**28,188**	**27,097**	**38,847**	**37,757**	**1,443**	**1,580**	**669**	**668**	**2,138**	**2,218**	**173,132**	**177,759**
METRO Group	**119,194**	**126,879**	**70,270**	**71,374**	**65,572**	**63,586**	**24,777**	**26,647**	**1,562**	**1,569**	**8,933**	**10,893**	**290,308**	**300,948**

Development of employee numbers by country and sales division (full-time equivalents[1] as of closing date 31.12.)

	Metro Cash & Carry		Real		Media Markt and Saturn		Galeria Kaufhof		Real Estate		Others		METRO Group	
Country	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**
Germany	**14,842**	**15,733**	**31,796**	**33,128**	**24,002**	**23,245**	**18,924**	**20,065**	**759**	**771**	**6,482**	**8,175**	**96,804**	**101,116**
Austria	1,901	1,891			2,124	2,049		26					4,025	3,966
Belgium	3,093	3,007			1,333	1,217	1,124	1,307					5,551	5,531
Denmark	509	567			24								533	567
France	8,318	8,444			2,031	1,849				7			10,349	10,300
Italy	4,010	4,182			6,497	5,978					19	37	10,526	10,197
Luxembourg					59	70			2	2			61	72
Netherlands	3,090	3,130			2,112	2,236					8	8	5,210	5,374
Portugal	1,437	1,624			806	846							2,243	2,470
Spain	3,175	3,329			5,778	6,195					5	14	8,957	9,538
Sweden					1,391	1,289							1,391	1,289
Switzerland					1,156	1,081					80	84	1,237	1,165
United Kingdom	3,417	4,182			5								3,421	4,182
Total Western Europe	**28,950**	**30,356**			**23,315**	**22,810**	**1,124**	**1,332**	**2**	**9**	**112**	**143**	**53,504**	**54,650**
Bulgaria	2,520	2,944									7	7	2,527	2,951
Croatia	1,244	1,428											1,244	1,428
Czech Republic	3,483	3,648											3,483	3,648
Greece	1,093	1,155			999	936				2		5	2,092	2,098
Hungary	2,899	3,207			1,473	1,728			71	47	17	18	4,460	5,000
Kazakhstan	319												319	
Moldova	702	779											702	779
Poland	7,026	7,354	11,021	11,218	5,225	5,617			275	286	303	305	23,849	24,779
Romania	5,691	6,508	8,654	8,593					3	6	371	345	14,719	15,451
Russia	10,842	11,479	4,309	3,833	2,418	2,044			106	116	580	514	18,254	17,985
Serbia	1,283	1,321											1,283	1,321
Slovakia	1,195	1,370											1,195	1,370
Turkey	2,789	2,893	2,279	1,896	1,262	779			142	168	122	146	6,594	5,881
Ukraine	7,675	7,587	558	188					21		24	24	8,278	7,799
Total Eastern Europe	**48,758**	**51,670**	**26,820**	**25,728**	**11,377**	**11,104**			**618**	**625**	**1,424**	**1,363**	**88,997**	**90,491**
China	6,833	8,141									588	697	7,421	8,838
Egypt	108	32											108	32
India	1,344	1,739											1,344	1,739
Japan	601	495											601	495
Morocco	1,457	1,401											1,457	1,401
Pakistan	1,355	1,370											1,355	1,370
Vietnam	2,411	2,476											2,411	2,476
Total Asia/Africa	**14,108**	**15,654**									**588**	**697**	**14,696**	**16,351**
International	**91,817**	**97,681**	**26,820**	**25,728**	**34,692**	**33,914**	**1,124**	**1,332**	**620**	**634**	**2,124**	**2,204**	**157,197**	**161,493**
METRO Group	**106,659**	**113,414**	**58,616**	**58,856**	**58,694**	**57,159**	**20,048**	**21,397**	**1,378**	**1,405**	**8,606**	**10,378**	**254,001**	**262,609**

[1] Including possible rounding differences

Human resources development as a strategic pillar of business success

Talented managers are a critical strategic success factor in METRO Group's efforts to continually expand its international business success in the complex and dynamic world of retail. The Group's human resources development ensures sufficient long-term management capacities across the globe through its Talent Management Strategy. In this way, it accounts for the continually growing importance of management recruitment, selection, promotion and retention.

Centralised executive development boosts competitive strength

The reinforcement and centralisation of all executive development measures are key components of Shape 2012. During the past financial year, METRO Group bundled all Group-wide measures concerning senior-level managers within METRO AG and newly positioned its strategic activities within the scope of a global Talent Management Strategy.

Systematic talent management fostering executives' professional growth and opening career paths in all 33 countries covered by METRO Group forms the basis for this. The talent-management tools – a transparent leadership model, continuous potential assessments and succession planning as well as the Corporate University with its management development programmes – provide for a global talent pipeline.

New leadership model

In the reporting year, METRO Group finalised its management structure. For one thing, the new model specifies transparent requirements concerning all executives. In addition, it allows for efficient individual international and cross-company careers. The system renders the individual responsibilities and value contributions of Group managers comparable.

Regular feedback enabling personal development

The annual assessment of potential provides executives and employees with an evaluation of their performance and skills based on METRO Group's core competencies. Subsequent feedback sessions provide the basis for personal development schedules. This process ensures that highly talented people are identified at an early stage and retained within the Group.

Corporate University teaches skills

The Corporate University serves the implementation of tailor-made development plans. In 2009, as in previous years, it successfully promoted the extension of current and future executives' competencies through training and education within Management Development Programmes. In cooperation with renowned international partners such as St. Gallen University and the Institut Européen d'Administration des Affaires (INSEAD) in Fontainebleau, more than 200 executives and management recruits have taken part in the 5 programmes offered by the Corporate University. In 2009, as in previous years, the members of the Management Board of METRO AG personally contributed to executive development as lecturers and mentors of the Corporate University.

Long-term succession planning

Succession planning at METRO Group ensures that key positions can continue to be filled with the best executives. As part of its talent management programme, METRO Group conducts meaningful analyses of potential management recruits. The in-house appointment rate for the top 3 management levels stood at 75.6 percent in 2009. The objective of 75 percent was thus attained.

Employee dedication and loyalty

Dedicated employees are a critical precondition for METRO Group's long-term competitiveness. For this reason, the Company has been conducting employee surveys to measure employees' and executives' loyalty and dedication since 2002. These form the basis of concrete measures aimed at optimising collaboration within teams and team performance.

Attracting future executives

METRO Group's consistent positioning as an attractive employer helps the Group to attract talented management recruits. Key focal areas are close partnerships with select universities and technical colleges, collaboration with student organisations and intensive mentoring for interns. The Meeting Metro event has been held annually since 2002. It aims to familiarise students with the retail industry while offering them the opportunity to experience METRO Group and its sales divisions and cross-divisional service companies and also learn about the diverse entry-level and career options. In the reporting year, METRO Group addressed about 9,500 interested students through Meeting Metro.

Women in management positions

As an equal opportunity employer, METRO Group offers all of its employees equal career opportunities. This principle, which is firmly anchored in its corporate philosophy, is also reflected in the human resources strategy. One of METRO Group's key objectives is to strengthen the position of female managers at all Group levels and across countries and sales divisions. A special campaign in this area is the "Women in management positions" initiative, which was launched in 2004 and acts as a growing network of female managers. The share of women in the top management levels currently stands at 17.8 percent.

Metro Education supports young workers in Eastern Europe

For the past 9 years, METRO Group has been conducting the training programme Metro Education to support its international expansion through qualified staff in its stores. The goal of this programme is to prepare school leavers for positions in the retail industry. Metro Education is offered in Poland, Russia, Romania, the Czech Republic, Slovakia and, since 2009, Ukraine. It comprises trade-specific courses at vocational schools as well as practical experience in METRO Group's sales divisions. During the reporting year, 3,525 people participated in the programme. Metro Education has become so successful that it is now recognised by the countries listed above, with the exception of Ukraine.

In addition, select students can acquire well-founded professional skills by completing a dual training programme certified by the German Chamber of Foreign Trade (Deutsche Auslandshandelskammer, AHK). In 2009, METRO Group trained 18 apprentices in Poland.

To promote qualified executives, METRO Group offers the Metro Student degree in cooperation with the University of Wrocław, Poland. Trade-specific degree courses and practical phases in the sales divisions provide the students with profound theoretical and practical trade know-how as well as attractive career prospects.

6. Innovation management

For METRO Group, innovation represents a key precondition for sustained growth and improved earnings strength as well as corporate value. For this reason, the Company consistently works to strategically advance its business processes, subsuming all relevant research and development work under its innovation management (previously "Advanced Retailing"). METRO Group regards itself as a driving force in the modernisation process of the German and international retail industry. It leverages its leading position to rigorously address challenges, including changing customer requirements and rising cost pressure in the retail industry. For this reason, innovation management covers a broad range of topics – from the systematic identification of relevant developments to the implementation of future-orientated projects in the sales divisions' operative business.

METRO Group's innovation management aims, in particular, to provide for an even more pleasing and stimulating shopping experience for its customers. In addition, the Company strives to further increase the efficiency of cooperative relationships with suppliers and industrial partners. METRO Group's innovation concept therefore comprises new customer-orientated service concepts as well as modern technologies. These are primarily used to protect resources as well as to simplify and speed up employees' work processes. In this way, employees can focus on their core assignment: the provision of expert support and advice to customers.

As part of its innovation management, METRO Group provides resources that the individual segments can use to develop demand-orientated solutions and implement pilot projects. This includes test facilities and development cooperations. In the interest of a consistent dialogue, the teams at METRO AG and the cross-divisional service companies work hand in hand with the sales divisions' experts. The Company-wide partnership provides for the establishment of relevant know-how and qualifications within METRO Group. In addition, it ensures that developed innovations meet the needs of the respective segment.

When introducing new concepts and technological innovation, METRO Group focuses on an open, constructive dialogue with all affected parties. It is involved in national and international bodies where it actively engages in the development of relevant standards. METRO Group holds special training sessions for employees to prepare its staff for such things as the introduction of new processes.

Projects which previously fell under METRO Group's Advanced Retailing unit which were rigorously continued during the reporting year and supplemented by specific measures at the level of the individual sales divisions. The Company's goal remains to test new concepts in practice, to apply innovative technologies in its stores and warehouses, and to extend their use in cooperation with suppliers and business partners. Modern information and communication technologies (ICT) and radio frequency identification (RFID), which enables the contactless recording of products and merchandise movements in EDP systems, form the core of these activities.

Platform for future-orientated projects

Since 2002, the METRO Group Future Store Initiative has decisively contributed to strengthening the Company's leading role in the international retail industry. Together with partners from academia and the consumer goods, services and IT sectors, METRO Group develops and tests innovative solutions answering the operative challenges faced by its sales divisions. In each case, the work focuses on the customer and customer-specific needs.

The METRO Group Future Store in Tönisvorst, North Rhine-Westphalia, serves as an important test platform for this initiative. Together with the partners of the METRO Group Future Store Initiative, the Real division has been using this special hypermarket since 2008 to test the practicality of new concepts and technologies used to address customers and design stores and assortments. In 2009, Real successively introduced innovations that had passed the Future Store test at more than

100 other locations. These included such technologies as multimedia terminals as well as sales concepts like "Der Meistermetzger" (The Master Butcher) or the newly designed chemist's section "beauty & more".

Offers for tomorrow's customers

The increasing influence of the Internet on the shopping habits of many customer groups is one of the key challenges faced by the retail industry and a key focus of METRO Group's innovation management. The goal is to combine the advantages of online shopping with those of stationary retailing in order to create sustained unique selling propositions on the basis of service, authenticity and quality.

The operational introduction of Internet-based shopping services represents a first step that METRO Group's sales divisions undertook in 2009. For example, Galeria Kaufhof offers its customers a virtual wedding list. The service allows bridal couples to create a personalised homepage listing their desired gifts. Wedding guests can reserve the gifts online and pick them up from their local Galeria Kaufhof store or have them delivered to their home or to the wedding reception. In addition, users can upload videos or add entries to a guest book.

The sales divisions are also using modern communication technologies to offer wholesale customers optimised services. With "Metro Drive", for example, Metro Cash & Carry France is giving its customers the opportunity to order goods around the clock by telephone, fax or over the Internet. Employees compile the merchandise. Customers can then pick up their orders at a "Drive Station". These stations are located in cities without a wholesale store. Goods are provided by the nearest wholesale store. Customers can choose from an assortment of 35,000 articles.

Mobile services, which can be used anywhere with the help of mobile phones, represent another example of the use of information and communication technologies. Building on the successful pilot tests in the Future Store in Tönisvorst, Real began to offer its German customers the opportunity to create electronic shopping lists in 2009. The "mobile Real shopping list" can be called up at any time and from any place and replaces hand-written notes. The service is available for more than 600 different communication devices. A rigorous expansion of the mobile service offer is scheduled for 2010, including the addition of smartphone applications.

Operative use and new areas of application for RFID

Radio Frequency Identification (RFID) will fundamentally alter the process chain in the consumer goods industry. It helps retailers to continually optimise logistics and warehousing processes. The heart of this technology is the smart chip, or transponder, a tiny computer chip equipped with an antenna. An electronic product code (EPC) is stored on the smart chip and can be read without any direct contact by an RFID reader. This indicates product information in the merchandise management system – including the product's origin, manufacturer or best before date.

METRO Group has been using RFID in operative logistics processes since 2007. The technology facilitates more efficient processes in goods receipt at about 400 Group locations, making METRO Group the biggest user of RFID in the European retail sector to date. The technology is used at Metro Cash & Carry in Germany and France as well as at Real and in the central warehouses of MGL METRO Group Logistics in Germany. It produces substantial benefits both for METRO Group's sales divisions and for its suppliers and logistics partners as it speeds up loading and unloading. Based on the RFID infrastructure that is available along the entire process chain, METRO Group tapped new areas of application for the technology in 2009. These include special pallets with currently advertised articles whose route from the manufacturer to the shelf can be traced and monitored more efficiently with the help of RFID. This enables METRO Group to ensure that its goods are available at the right time, to improve customer satisfaction and to boost sales. During the reporting year, the Company also paved the way for the use of RFID in article surveillance. The Company plans to also leverage the available process benefits in the operative day-to-day business in 2010.

7. Sustainability management

Companies can achieve long-term profitable growth only if they manage their business in a sustainable manner. This is why METRO Group considers environmental and social requirements in all business decisions and processes. The goal is to ensure the Company's future viability and create added value for customers, employees, investors and business partners.

Efficient energy and resource management is one of the key pillars of sustainability management, along with the implementation of high supply chain standards, fair dealings with employees and business partners as well as an open dialogue with key stakeholders. In the financial year 2009, the rigorous implementation of concrete goals and measures in these focal areas helped METRO Group to optimise its business processes and further strengthen its market position.

Sustainability Board established

During the reporting year, METRO Group established a Sustainability Board to further systemise and optimise Group-wide sustainability management. The goal is to bundle and manage existing measures and projects, and establish new sustainability standards within the Company. Aside from the heads of METRO AG's corporate departments, each METRO Group sales division is represented on the Sustainability Board by a member of its management. The Board is chaired by Dr Eckhard Cordes, Chairman of the Management Board and CEO of METRO AG. The composition of the Sustainability Board ensures that decisions and measures are practical and geared towards day-to-day operations. The members are:

Chairman	
Dr Eckhard Cordes	Chairman of the Management Board and CEO of METRO AG
Vice-Chairman and coordination	
Dr Michael J. Inacker	Head of Corporate Communications, Public Affairs & CSR
Representatives of the sales divisions	
Jürgen Pahl	EBD Metro Cash & Carry International
Dr Hans-Jörg Gidlewitz	Member of the Management Board of Real
Dr Rolf Hagemann	Member of the Management Board of Media Saturn Holding
Thomas Storck	Member of the Management Board of Galeria Kaufhof
Prof. Michael Cesarz	Member of the Management Board of METRO Group Asset Management
Representatives of the relevant corporate departments of METRO AG	
Henning Gieseke	Head of Investor Relations
Dr Rolf Giebeler	Head of Legal Affairs & Governance
Dr Rainhardt von Leoprechting	Head of Corporate Relations
Dr Jürgen Pfister	Head of Corporate HR
Hans-Jürgen Matern	Head of Strategic Quality Management
Marion Sollbach	Head of Sustainability Management
Advisory members	
Peter Wübben	Head of Corporate Communications Metro Cash & Carry International
Albrecht von Truchsess	Head of Corporate Communications Real
Sven Jacobsen	Head of Corporate Communications Media Saturn Holding
Stefanie Grüter	Head of Corporate Communications Galeria Kaufhof
Bettina Feldgen	Head of Corporate Communications METRO Group Asset Management

4 working groups develop concepts and prepare decisions for the Sustainability Board. Each team is responsible for 1 of 4 strategic topics, which METRO Group newly defined during the reporting year:

→ Quality, health and the environment
→ Energy and resource management
→ Employees and social affairs
→ Social policies and stakeholder dialogue

With the repositioning of its sustainability management, METRO Group has responded to the rising expectations of various stakeholder groups. For example, investors and analysts are increasingly considering sustainability performance as a relevant variable for business developments. More and more customers are taking corporate responsibility for granted. And employees are increasingly expecting their employer to do business in a sustainable manner. METRO Group is consistently guided by the principle of sustainable business management in its core business. At the same time, the Company can tap opportunities for sales growth and cost reductions. For example, METRO Group is optimising its energy management and merchandise logistics, setting itself apart from its competitors through product innovations, and is entering strategic partnerships based on mutual trust. With its commitment, METRO Group shows that it is leveraging sustainability as a key growth and value creation factor.

Quality, health and the environment

The sales divisions of METRO Group offer their customers a large number of high-quality own-brand products. The Company is directly responsible for these products. This means that it must guarantee the product safety and quality of these products, and comply with environmental and social standards. That is why METRO Group commits its industrial partners to strict standards along the entire process chain. These include high quality standards, humane working conditions and environmental and animal welfare standards.

Supplier training expanded further

METRO Group procures up to 90 percent of the products in its stores from local manufacturers or growers. In numerous markets that METRO Group is entering as part of its international expansion, the Company helps local suppliers to produce in accordance with internationally accepted standards – such as GLOBALGAP and Global Food Safety Initiative (GFSI). In 2009, supplier training once again represented a focal area of METRO Group's sustainability activities.

On the occasion of the Expo Central China, one of the biggest trade fairs in China, which was held at the end of April 2009 in Hefei, Metro Cash & Carry presented the "Star Farm" project. It involves a procurement organisation for agricultural products that the cash & carry operator has set up in cooperation with the Chinese Ministry of Trade and local authorities. The objective of this project is to further increase the share of direct procurement, to modernise the entire process chain for agricultural products, to set up a tracking and tracing system and to generally improve food safety standards. In the context of "Star Farm", Metro Cash & Carry is training Chinese farmers in such areas as standardised processing.

Fit for the global market

In December 2009, METRO Group also concluded a strategic partnership with the United Nations Industrial Development Organisation (UNIDO). The partners' objective is to fight hunger in emerging and developing countries through joint projects focusing on improved food safety standards. In the context of this programme, METRO Group is training local farmers in food safety and hygiene issues, among other things. These measures are designed to help to boost the volume of marketable products and improve growers' incomes. The first project launched as part of this initiative was started in Egypt during the reporting year. Here, suppliers are trained to qualify for internationally accepted quality standards. The project is designed to enable farmers as well as small and medium-sized companies to market their products domestically as well as on international markets. Similar projects are planned in Kazakhstan, Pakistan and India.

Energy and resource management

After reaching record highs in the summer of 2008, energy and commodity prices dropped substantially amid the global financial and economic crisis in the reporting year, but still remained at a generally high level. Given the slow global economic recovery and the increasing scarcity of finite resources, METRO Group expects energy prices to continue to rise over the medium term. To improve its carbon footprint and reduce its operating costs, the Company is continually expanding its activities in the area of energy and resource management. Energy efficiency in the construction and renovation of METRO Group stores and outlets plays a key role here. METRO Group already ranks among the pioneers in the international retail industry in this area.

Intelligent cooling solutions cut energy consumption

In 2009, Galeria Kaufhof equipped restructured Galeria Gourmet departments with new cold stores. These are equipped with special glass doors which ensure that less cold air escapes into the sales area. In Aalborg, Denmark, Metro Cash & Carry has introduced the walk-in chilling cabinet as an energy-efficient alternative to individual cold stores. In a room separated by glass walls, an air-conditioning system maintains a constant temperature of around 0 degrees Celsius. Thermal jackets are provided to ensure a comfortable shopping ambience for customers.

A solar-powered air-conditioning plant installed on the roof of the "Meydan Merter" shopping centre in Istanbul is the special feature of the centre that was opened in August 2009. A 1,200 square metre collector field captures the sun's radiation energy, producing warm water that can then be used to heat the building. During summer, the energy is used to power an absorption refrigeration system that covers the shopping centre's air-conditioning needs.

Facilitating sustainable consumption

METRO Group's goal is to enable its customers to consume in a sustainable manner. Electronic equipment is a case in point: electronic appliances like washing machines, dryers and refrigerators or freezers account for up to 45 percent of private households' total electricity consumption. To facilitate customers' decision in favour of particularly energy-efficient appliances, the Saturn sales brand launched an energy-saving campaign at the beginning of June 2009: any customer who bought an appliance with an energy rating of A+ or A++ received a shopping voucher worth up to €100. While customers profit from the proven reduction of their electricity consumption, Saturn uses the highly visible campaign to strengthen its position as one of the leading players in European consumer electronics retailing.

Employees and social affairs

METRO Group pursues an innovative, forward-looking personnel policy with the aim of attracting and retaining sufficient numbers of skilled and dedicated employees in a competitive global environment. METRO Group manages to get people excited about the Company and the retail sector by offering multifaceted career prospects and opportunities for personal growth, rigorous training and qualification programmes as well as by promoting cultural diversity.

Reinforced investments in training and further education

METRO Group's international expansion requires continuous access to skilled recruits. By offering professional qualification opportunities to young people, METRO Group invests in its own future while making an important contribution to society. At the beginning of 2009, for example, the Media Markt and Saturn sales division extended its long-term partnership with the University of Ingolstadt and initiated the introduction of the English-language "International Retail Management" degree course. It aims to qualify management recruits for a career at the international locations of retail groups. Students earn a bachelor of arts degree in a 7-semester programme. Aside from internships, Media Markt and Saturn as well as the university offer a host of workshops, seminars and presentations in order to facilitate the exchange between theory and practice.

METRO Group regularly offers its employees a multitude of training and education opportunities. Store employees, in particular, can use computer-based learning programmes – so-called e-learning – as a supplement to existing training measures. The e-learning programmes of Metro Cash & Carry, for example, focus on such topics as product training courses on fish or product quality. More than 20 learning modules facilitate the targeted deepening of specialist knowledge at an individual pace. The programmes are available in several languages and will successively be introduced at other international locations as well.

Social policy and stakeholder dialogue

Each day, millions of people come into contact with METRO Group or its sales divisions. This entails a special corporate responsibility for customers, employees and investors. To do justice to this responsibility, METRO Group must be fully familiar with the expectations of its manifold stakeholders. For this reason, METRO Group fosters a regular dialogue with its stakeholders, creating the foundation for long-term, trusting relationships in the process.

Optimally fulfilling customer requirements

Daily customer contacts are one of the key pillars of the stakeholder dialogue. Metro Cash & Carry operates the Group's largest and most modern customer contact centre in Kiev, Ukraine. Complaints management is one of the key tasks of this centre. In addition, the centre assists customers in the registration process, manages returns of the special offer newsletter Metro-Post, invites customers and potential customers to new openings, and informs them about local and national advertising campaigns. In addition, the centre fulfils a key marketing function and enables the Company to carry out independent surveys.

An example at Real shows that consumers can influence assortment policies as well: at the request of its customers, the sales division stopped sales of eggs produced by battery hens in Germany in autumn 2009. In numerous discussions, Real learned that customers prefer other types of eggs. Starting as early as 2008, Real supported the recommendations of the German animal rights association "Deutscher Tierschutzbund" to choose organic, free-range or free-run eggs on posters and shelf information in all its German stores.

With its commitment to actively shaping demographic change, the Galeria Kaufhof sales division is focusing on the needs of customers from all generations. In its department stores, the division implements the concept of a "Galeria for Generations". Broad aisles facilitate barrier-free shopping, while a discreet soundscape and bright lighting ensure a pleasant ambience. The merchandise is clearly laid out and labelled; in addition, ample seating offers a chance to rest. The concept creates a more comfortable shopping experience for customers in all age groups. In special workshops on assortment design, the Company joins suppliers and experts in developing beautifully designed products that can be used intuitively by all customer groups.

Real and Galeria Kaufhof receive sustainability awards

In a test on the social responsibility of German retail groups conducted by the German consumer association "Die Verbraucher Initiative e. V.", the Real and Galeria Kaufhof sales divisions were awarded a bronze prize. As part of the test, about 500 retail groups were invited to fill out an extensive questionnaire related to their environmental and social activities. The aim of the study was to offer consumers guidance and practical information for the assessment of retail groups' social responsibility.

8. Remuneration report

Share-based compensation for executives

METRO AG has been implementing share-based remuneration programmes since 1999 to enable executives to participate in the Company's performance and reward their contribution to METRO Group's sustained business success compared to its competitors. The members of the Management Board and other executives of METRO AG as well as managing directors and executives of defined METRO Group companies are eligible.

Stock option programme (1999–2003)
No rights from the stock option programme were outstanding in the financial year 2009.

Share bonus programme (2004–2008)
The final tranche of the share bonus programme launched in 2004 was granted in 2008. The programme is based on cash bonuses whose size depends on the performance of the Metro share price in parallel consideration of benchmark indices. The programme is divided into a tranche for each year, with the target parameters being calculated separately for each tranche. The full bonus is paid when the share price reaches the target price and so-called equal performance compared to the benchmark indices. The maturity of each tranche is 3 years. The conditions of the tranches for 2004 to 2008 are shown in the following table:

Tranche	Due date	Basis price	Target price	Total target bonus
2004	July 2007	€37.14	€42.71	Paid
2005	July 2008	€41.60	€47.84	Expired
2006	July 2009	€43.15	€49.62	Expired
2007	July 2010	€61.61	€70.85	€16,270,000
2008	July 2011	€41.92	€48.21	€18,155,000

The target bonus values are based on the condition that the target prices are attained. The share bonuses granted in 2007 and 2008 have yet to be paid out. Payments will be made following the end of the respective 3-year term.

The share bonus is granted only if the terms of employment within METRO Group have not been ended unilaterally and a contract termination has not been reached by mutual consent at the time of maturity. In addition, the payment of share bonuses can be limited to the gross amount of the annual fixed salary.

Performance share plan and share ownership guidelines (2009–2013)
During the reporting year, METRO Group replaced the previous share bonus programme with a performance share plan.

Under this scheme, executives are given an individual target amount for the performance share plan (target value) in accordance with the significance of their functional responsibilities. The target number of performance shares is calculated by dividing this target value by the share price upon allotment (based on the average price of the Metro share during the 3 months up to the allotment date). A performance share entitles its holder to a cash payment matching the price of the Metro share on the payment date (based on the average price of the Metro share during the 3 months up to the payment date).

Based on the relative performance of the Metro share compared to the median of the DAX 30 and Dow Jones Euro Stoxx Retail stock market indices – total return – the final number of payable performance shares is determined after the end of a performance period of at least 3 and at most 4.25 years. It corresponds to the target number of shares when an equal performance with said stock market indices is achieved. Up to an outperformance of 60 percent, the number increases on a straight-line basis to a maximum of 200 percent of the target amount. Up to an underperformance of 30 percent, the number is accordingly reduced to a minimum of 50 percent. In the case of an underperformance of more than 30 percent, the number is reduced to 0.

Payment can be made at 6 possible times. The earliest payment date is 3 years after allotment of the performance shares. From this time, payment can be made every 3 months. Executives can choose the payment date upon which they wish to exercise their performance shares. The payment cap amounts to 5 times the target value. Payment is made only if the terms of employment within METRO Group have not been ended unilaterally and a contract termination has not been reached by mutual consent at the time of maturity.

In order to strengthen executives' commitment and promote sustainable behaviour, METRO Group introduced so-called share ownership guidelines along with its performance share plan. As a precondition of payments of performance shares, eligible executives are obliged to undertake a significant continuous self-financed investment in Metro shares up to the end of the 3-year blocking period. This ensures that, as shareholders, they will directly participate in share price gains as well as potential losses of the Metro share. The required investment volume amounts to between about 50 percent and 85 percent of the individual target value.

The value of the performance shares allotted in 2009 amounted to €34.6 million at the time of the allotment and was calculated by external experts using recognised financial-mathematical methods (Monte Carlo simulation).

Tranche	End of blocking period	3-month average share price prior to allotment date	Number of performance shares
2009	August 2012	€36.67	807,927

Compensation of members of the Management Board

Compensation of members of the Management Board is a component of an integrated compensation system for executives of METRO Group. It creates performance incentives for the long-term growth of the Company's value and contains both fixed and variable elements. In addition, members of the Management Board as well as other executives have participated in a Company pension plan since 2009. Total remuneration and the individual compensation components are geared appropriately to the responsibilities of each individual board member, his personal performance and the Company's economic situation, and fulfil legal stipulations regarding customary remuneration. The remuneration structure is geared towards sustainable corporate growth.

Remuneration in the financial year 2009

The relevant individual amounts for the members of the Management Board in 2009 are as follows:

€1,000	Fixed salary	Performance-based entitlements[1]	Share-based remuneration[2]	Other remuneration	Total
Dr Eckhard Cordes	1,000	1,962	701	177	3,840
Thomas Unger	800	1,308	584	94	2,786
Olaf Koch[3]	239	389	0	5	633
Zygmunt Mierdorf	800	1,308	584	75	2,767
Frans W. H. Muller	800	1,308	584	189	2,881
Joël Saveuse[4]	800	1,308	584	85	2,777
Total	**4,439**	**7,583**	**3,037**	**625**	**15,684**

[1] Shown here is the performance-based remuneration for 2009, which will be paid out in 2010
[2] Shown here is the fair value at the time of granting the 2009 tranche of the performance share plan
[3] Member of the Management Board since 14 September 2009
[4] Aside from his remuneration as a member of the Management Board of METRO AG, Mr Saveuse also received a fixed salary of €200,000 as well as performance-based components of €149,000 from his appointment as managing director of subsidiaries

Remuneration in the financial year 2009

The relevant individual amounts for the members of the Management Board in 2009 are as follows:

The individual remuneration components are explained in more detail in the following:

Fixed salary

The fixed salary is paid in 12 monthly instalments.

Performance-based compensation

The performance-based compensation of members of the Management Board is determined mainly by the development of net earnings and return on capital employed (RoCE) and can also include the achievement of individually determined targets. The use of the key ratio net earnings in combination with RoCE rewards profitable growth of METRO Group. Net earnings principally amount to profit for the period. The Supervisory Board may resolve an adjustment by special items.

The members of the Management Board receive a set amount per €1 million of net earnings and 0.01 percentage point of RoCE above a minimum value of 7 percent. The amounts are set by the Supervisory Board based on the Company's strategy and medium-term objectives. They are regularly reviewed and adjusted if necessary.

A cap applies to payouts of performance-based compensation.

Share-based compensation

Share-based remuneration forms another variable component of Management Board remuneration. Members of the Management Board participate in the performance share plan for executives described above.

Effective from the financial year 2009, the performance share plan was introduced for members of the Management Board by resolution of the Personnel Committee of METRO AG's Supervisory Board with the consent of the entire Supervisory Board. It corresponds to the performance share plan for METRO Group executives. A cap applies to payouts from the performance share plan. The target value for the 2009 tranche of the performance share plans amounts to €0.6 million for Dr Cordes, which corresponds to an allotment of 16,362 performance shares. The target value amounts to €0.5 million each for Messrs Mierdorf, Muller, Saveuse and Unger. This corresponds to an allotment of 13,635 performance shares. Mr Koch, a member of the Management Board since September 2009, has not yet received any performance shares under the 2009 tranche of the performance share plan.

The members of the Management Board also have to fulfil share ownership guidelines to be eligible for the performance share plan. The size of the self-financed investment in Metro shares was also determined by resolution of the Presidential Committee of the Supervisory Board and the Personnel Committee of METRO AG's Supervisory Board, and applies to the entire term of the performance share plan. The required investments amount to €0.5 million for Dr Cordes, and €0.4 million each for Messrs Mierdorf, Muller, Saveuse and Unger.

The long-term share investment promotes the long-term structure and orientation towards sustainable business development of the remuneration system and results in a healthy balance of the various remuneration elements.

In addition to the tranche of the performance share plan allocated in 2009, the members of the Management Board hold entitlements from the expiring share bonus programme described above. The target values for the 2007 tranche of the share bonus programme amount to €0.33 million each for Messrs Mierdorf, Muller and Unger. For the 2008 tranche of the share bonus programme, the target value for Dr Cordes is €0.40 million; those for Messrs Mierdorf, Muller, Saveuse and Unger amount to €0.33 million each.

The cost from all tranches of share-based remuneration programmes applicable in the financial year 2009 amounts to €0.25 million for Dr Cordes and €0.21 million each for Messrs Mierdorf, Muller, Saveuse and Unger.

Other remuneration

Other remuneration consists of non-cash benefits and expense allowances.

Services after the end of employment

Since 1 January 2009, members of the Management Board have received entitlements to Company pension provisions. The entitlements are made as defined-contribution direct benefits. The Company pension plan is financed by the Management Board and the Company based on an apportionment of "7 + 7 + 7". When a member of the Management Board makes a contribution of 7 percent of his defined target remuneration, the Company will contribute the same. Depending on the economic situation, the Company will pay the same amount again.

In view of the macroeconomic environment, the additional amount has been suspended and the Company's contribution is currently capped at €0.1 million per year.

Contributions bear interest at market rates with a guarantee on paid-in contributions. Payment can be made in the form of capital, instalments or a lifelong pension. A minimum benefit is granted in the case of invalidity or death.

Furthermore, Mr Mierdorf holds entitlements from the time prior to his appointment to the Management Board. According to the material content of this commitment, he will receive a one-off capital amount when he leaves the Company. This commitment is calculated based on the average remuneration of the last 2 calendar years consisting of fixed salary and performance-based remuneration, and amounts to at least the total of 1 annual fixed salary plus performance-based remuneration based on the target bonus for 1 year. In addition, the commitment comprises benefits that would be paid out when Mr Mierdorf turns 60, if he were to become permanently incapacitated or his employment contract were to be terminated prematurely or not renewed. In the latter 2 cases, other income would be credited against the pension commitment. The pension commitment for Mr Mierdorf is adjusted annually to cover the increased cost of living.

In the financial year 2009, a total of €0.5 million was used for remuneration of active members of the Management Board of METRO AG for services after the end of their employment. Of this, €0.1 million each went to Dr Cordes, Mr Mierdorf, Mr Muller, Mr Saveuse and Mr Unger, with Mr Koch accounting for €0.03 million. The cash value of these commitments amounts to €4.6 million. Of this, Dr Cordes, Mr Muller, Mr Saveuse and Mr Unger account for €0.1 million each, Mr Koch for €0.03 million and Mr Mierdorf for €4.2 million.

Total compensation of former members of the Management Board

Former members of the Management Board of METRO AG and the companies that were merged into METRO AG as well as their surviving dependants received €4.3 million. The cash value of commitments for current pensions and pension entitlements made for this group totalled €47.4 million.

Compensation of members of the Supervisory Board

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

In addition to 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-based remuneration component is based on earnings before taxes and minority interests (EBT) in the METRO AG financial statements. Each member of the Supervisory Board receives €600 per €25 million in EBT exceeding an average EBT of €100 million for the financial year 2009 and the 2 preceding years. The sales tax payable on the fixed and performance-based compensation is reimbursed to the members of the Supervisory Board in accordance with § 13 Section 5 of METRO AG's Articles of Association.

The individual amount of fixed and performance-based Supervisory Board remuneration takes into account the duties and responsibilities of the individual members of the Supervisory Board by considering special assignments. The compensation of the Chairman of the Supervisory Board is 3 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 1.5 times higher. A member of the Supervisory Board who holds several offices receives compensation for only one office; in the case of different levels of remuneration for the most highly paid office (§ 13 Section 3 Sentence 3 of the Articles of Association).

Remuneration factor:	
Supervisory Board Chairman	• • •
Vice-Chairman	• •
Committee Chairmen	• •
Committee members	◗ •
Members of the Supervisory Board	•

The total compensation of all members of the Supervisory Board amounted to €1.72 million in the financial year 2009.

The fixed and performance-based components accounted for €0.92 million and €0.8 million, respectively. The performance-based compensation will be payable after METRO AG's Annual General Meeting on 5 May 2010.

The relevant individual amounts for the financial year 2009 are as follows:

€	Fixed salary	Performance-based remuneration
Franz M. Haniel, Chairman	105,000	89,856
Klaus Bruns, Vice-Chairman	70,000	59,904
Dr Wulf H. Bernotat	52,500	44,928
Ulrich Dalibor	35,000	29,952
Jürgen Fitschen	35,000	29,952
Hubert Frieling	35,000	29,952
Prof. Dr Dr h. c. mult. Erich Greipl	52,500	44,928
Andreas Herwarth	35,000	29,952
Uwe Hoepfel (since May 2009)	23,333	19,968
Werner Klockhaus	52,500	44,928
Peter Küpfer	35,000	29,952
Rainer Kuschewski	35,000	29,952
Marie-Christine Lombard	35,000	29,952
Prof. Dr Klaus Mangold	35,000	29,952
Dr-Ing. e. h. Bernd Pischetsrieder	35,000	29,952
M. P. M. (Theo) de Raad	35,000	29,952
Xaver Schiller	52,500	44,928
Dr jur. Hans-Jürgen Schinzler	70,000	59,904
Peter Stieger	52,500	44,928
Angelika Will	35,000	29,952
Angelika Zinner (until March 2009)	8,750	7,488
Total	**924,583**	**791,232**

No remuneration applied to membership of the Supervisory Board's Nominations Committee, with 1 member waiving payment for the committee work. The other members of the Nominations Committee hold other Supervisory Board offices so that additional compensation is precluded in accordance with § 13 Section 3 Sentence 3 of the Articles of Association.

In the financial year 2009, the members of the Supervisory Board of METRO AG received €0.19 million in compensation from the Group companies for Supervisory Board mandates 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 companies of METRO Group in the sense of Subsection 5.4.6 of the German Corporate Governance Code.

Other intragroup compensation

€	
Klaus Bruns	49,800
Ulrich Dalibor	8,500
Prof. Dr Dr h. c. mult. Erich Greipl	49,800
Uwe Hoepfel	49,800
Rainer Kuschewski	6,136
Xaver Schiller	6,000
Peter Stieger	9,203
Angelika Will	6,000
Total	**185,239**

The above amounts do not include the remuneration entitlements of 1 member of the Supervisory Board from intragroup Supervisory Board mandates of which the member of the Supervisory Board waived the payment. The sales tax payable on compensation is reimbursed to the members of the Supervisory Board.

9. Notes pursuant to § 315 Section 4 of the German Commercial Code and explanatory report of the Management Board

Composition of capital (§ 315 Section 4 No. 1 of the German Commercial Code)

On 31 December 2009, the share capital of METRO AG totalled €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 share capital is broken down into the following types of shares:

Ordinary shares		
Shares	324,109,563	
Proportional value of the share capital in €	828,572,941	(yields 99.18%)
Preference shares		
Shares	2,677,966	
Proportional value of the share capital in €	6,846,111	(yields 0.82%)
Total share capital		
Shares	326,787,529	
€	835,419,052	

Each ordinary share of METRO AG grants an equal voting right. In addition, ordinary shares of METRO AG entitle the holder to dividends. In contrast to ordinary shares, preference shares do not carry voting rights and give a preferential entitlement to profits in line with § 21 of the Articles of Association of METRO AG, which state:

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

(2) Should the net earnings available for distribution not suffice in any one financial year to pay the preference dividend, the arrears (excluding any interest) shall be paid from the net earnings of future financial 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 preference dividends payable from the profit of a financial year are not distributed until all of any accumulated arrears have been paid.

(3) After the preference dividend has been distributed, the holders of ordinary shares will receive a dividend of €0.17 per ordinary share. Thereafter, a non-cumulative extra dividend of €0.06 per share will be paid to the holders of non-voting preference shares. 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 ordinary shares inasmuch as such dividend equals or exceeds €1.02 per ordinary share.

(4) The holders of non-voting preference shares and of ordinary shares will equally share in any additional profit distribution in the proportion of their shares in the share capital."

Other rights associated with ordinary and preference shares include in particular the right to attend the Annual General Meeting (§ 118 Section 1 of the German Stock Corporation Act), the right to information (§ 131 of the German Stock Corporation Act) and the right to file a legal challenge or a complaint for nullity (§§ 245 No. 1–3, 246, 249 of the German Stock Corporation Act). In addition to the previously mentioned right to receive dividends, shareholders principally have a subscription right when the share capital is increased (§ 186 Section 1 of the German Stock Corporation Act), a claim to liquidation proceeds after the closure of the Company (§ 271 of the German Stock Corporation Act) and claims to compensation and settlements as a result of certain structural measures, particularly those pursuant to §§ 304 ff., 320b, 327b of the German Stock Corporation Act.

Limitations relevant to voting rights (§ 315 Section 4 No. 2 of the German Commercial Code)

During the reporting year, an agreement existed among Otto Beisheim Betriebs GmbH, Otto Beisheim Holding GmbH, BVG Beteiligungs- und Vermögensverwaltung GmbH, Franz Haniel & Cie. GmbH, Haniel Finance B.V., Haniel Finance Deutschland GmbH, Haniel Beteiligungsfinanzierungs GmbH & Co. KG, Haniel Beteiligungs-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. To the knowledge of the

Management Board of METRO AG, Otto Beisheim Betriebs GmbH and Otto Beisheim Holding GmbH terminated this agreement with effect from 1 October 2009. The agreement between the other companies remains intact, however.

To the knowledge of the Management Board, an agreement also exists between BVG Beteiligungs- und Vermögensverwaltungs GmbH, Franz Haniel & Cie. GmbH, Haniel Finance Deutschland GmbH and Haniel Finance B.V. to coordinate the joint exercise of interests from the METRO AG shares economically attributable to the shareholder groups Haniel and Schmidt-Ruthenbeck.

The aforementioned agreements can be regarded as restrictions in the sense of § 315 Section 4 No. 2 of the German Commercial Code.

In addition, legal restrictions on voting rights may exist, for example in the sense of § 136 of the German Stock Corporation Act or, insofar as the Company holds own shares, in the sense of § 71b of the German Stock Corporation Act.

Capital interests (§ 315 Section 4 No. 3 of the German Commercial Code)

Notes pursuant to § 315 Section 4 No. 3 of the German Commercial Code – direct and indirect (pursuant to § 22 of the 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
Haniel Beteiligungsfinanzierungs GmbH & Co. KG, Duisburg	Direct and indirect
Haniel Beteiligungs-GmbH, Duisburg	Indirect
Franz Haniel & Cie. GmbH, Duisburg	Indirect
Prof. Otto Beisheim Stiftung, Baar/Switzerland	Indirect
Otto Beisheim Betriebs GmbH, Munich	Indirect
Otto Beisheim Group GmbH & Co. KG, Düsseldorf	Indirect
Otto Beisheim Verwaltungs GmbH, Düsseldorf	Indirect
Otto 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, in particular, on notifications under § 21 of the German Securities Trading Act that METRO AG received and released in the financial years 2006, 2007 and 2009.

Notifications of voting rights published by METRO AG can be found on the website www.metrogroup.de under Investor Relations.

Owners of shares with special rights and type of voting rights control where capital interests are held by employees (§ 315 Section 4 No. 4 and 5 of the German Commercial Code)

The Company has not issued any shares with special rights pursuant to § 315 Section 4 No. 4 of the German Commercial Code. No capital interests are held by employees pursuant to § 315 Section 4 No. 5 of the German Commercial Code.

Regulations governing the appointment and removal of members of the Management Board, and changes to the Articles of Association (§ 315 Section 4 No. 6 of the German Commercial Code)

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 Co-determination Act apply. A supplementary regulation is contained in § 5 in METRO AG's Articles of Association. It states:

"(1) The Management Board shall have not less than two members.
(2) Apart from this the actual number of members of the Management Board will be determined by the Supervisory 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 German Stock Corporation Act would apply to a change to the Articles of Association, and modify or supersede the previously mentioned regulations, for example §§ 182 ff. of the German Stock Corporation Act during capital increases, §§ 222 ff. of the German Stock Corporation Act during capital reductions or § 262 of the German 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 (§ 315 Section 4 No. 7 of the German Commercial Code)

Authorities to issue new shares

In accordance with § 202 Section 1 of the German Stock Corporation Act, the Annual General Meeting can authorise the Management Board to increase the share capital through the issuance of new shares against deposit. 3 such authorisations currently exist. One authorisation permits the Management Board to increase the share capital by issuing new ordinary shares in exchange for cash contributions; a second authorisation permits the Management Board to increase the share capital by issuing new ordinary shares in exchange for non-cash contributions, and the third permits both variants. These authorisations are designed to enable the Company to tap additional equity as a long-term means of finance. Adequate equity capital is of critical importance for the Company's financing and, in particular, its continued international expansion. At the moment, no concrete plans exist to make use of these authorisations. The following details apply:

Authorised capital I

On 23 May 2007, the Annual General Meeting resolved to authorise the Management Board to increase the share capital, with the consent of the Supervisory Board, by issuing new ordinary bearer shares in exchange for cash contributions in one or several tranches for a total maximum of €40,000,000 (authorised capital I) by 23 May 2012. A subscription right is to be granted to existing shareholders. However, the Management Board has been authorised to restrict this subscription right, with the consent of the Supervisory Board, to the extent required to grant the holders of warrant and convertible bonds issued by METRO AG and its wholly owned direct or indirect subsidiaries a right to purchase the number of new ordinary shares to which they would be entitled upon exercise of their warrant/conversion rights and to further exclude the subscription right to compensate for fractions of shares from rounding. In addition, the Management Board has been authorised to restrict shareholders' subscription rights, with the consent of the Supervisory Board, for one or several capital increases under the authorised capital, provided that the total par value of such capital increases does not exceed 10 percent of the share capital registered in the commercial register at the time the authorised capital is first utilised, and further provided that the issue price of the new ordinary shares is not substantially below the market price of the Company's listed ordinary shares of the same category at the time the initial offering price of the new issue is finally fixed. The Management Board is authorised to determine all further details of the capital increases with the consent of the Supervisory Board. To date, authorised capital I has not been used.

Authorised capital II

On 23 May 2009, the Annual General Meeting resolved to further authorise the Management Board, with the consent of the Supervisory Board, to increase the Company's share capital by issuing new ordinary bearer shares in exchange for non-cash contributions in one or several issues for a maximum total of €60,000,000 by 23 May 2012 (authorised capital II). The Management Board is authorised, with the consent 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, authorised capital II has not been used.

Authorised capital III

On 13 May 2009, the Annual General Meeting further authorised the Management Board, with the consent of the Supervisory Board, to raise the Company's share capital by up to €225,000,000 through 12 May 2014 by issuing new bearer ordinary shares in exchange for cash or non-cash capital contributions, at once or in several stages (authorised capital III). Shareholders are to receive subscription rights thereto. However, the Management Board is authorised, with the consent of the Supervisory Board, to exclude residual amounts from shareholder subscription rights. The Management Board is also authorised, with the consent of the Supervisory Board, to exclude shareholder subscription rights insofar as shares are issued in exchange for non-cash capital contributions for the purpose of corporate mergers or for the acquisition of companies, divisions of companies or interests in companies. The Management Board is further authorised, with the consent of the Supervisory Board, to exclude subscription rights in the event of a capital increase in exchange for cash capital contributions to the extent necessary to grant subscription rights to new shares to the holders of warrant or convertible bonds issued by METRO AG and affiliates thereof in which METRO AG holds at least 90 percent of shares, directly or indirectly, in the scope to which they would be entitled upon exercise of the warrant or conversion rights or fulfilment of the warrant or conversion obligations. The Management Board is further authorised, with the consent of the Supervisory Board, to exclude shareholder subscription rights for one or more capital increases if the capital increase is executed in exchange for cash capital contributions, the aggregate par value of such capital increases does not exceed 10 percent of the Company's share capital and the issue price of the new shares is not substantially lower than the stock exchange price of existing shares of the same class at the time of final definition of the issue price. The limit of 10 percent of the Company's share capital is diminished by the share of the share capital represented by the Company's own shares which are sold during the term of authorised capital III while excluding shareholder subscription rights according to §§ 71 Section 1 No. 8 Sentence 5, 186 Section 3 Sentence 4 of the German Stock Corporation Act. The limit is further diminished by the share of the share capital represented by shares which are issued to service warrant or convertible bonds with warrant or conversion rights or obligations insofar as the bonds in question are issued during the term of authorised capital III while excluding subscription rights in analogous application of § 186 Section 3 Sentence 4 of the German Stock Corporation Act. The Management Board is authorised, with the consent of the Supervisory Board, to define further details of the capital increases. The new shares may be acquired by banks if the latter agree to tender them to the shareholders. To date, authorised capital III has not been used.

Authority to buy back the Company's own shares

METRO AG is authorised to buy back its own shares in accordance with § 71 of the German Stock Corporation Act.

On the basis of § 71 Section 1 No. 8 of the German Stock Corporation Act, the Annual General Meeting decided on 13 May 2009:

"a) The Company is hereby authorised to acquire shares of the Company of any share class on or before 12 November 2010. The authorisation shall be limited to the acquisition of shares collectively representing a maximum of 10 percent of the share capital issued as of the date the Annual General Meeting resolution is passed. The authorisation may be exercised in whole or in part, in the latter case also several times. It may also be exercised for the acquisition of either ordinary shares or preference shares only.

b) Shares may be acquired on the stock exchange or by way of a public tender offer.

   (1) If shares are acquired on the stock exchange, the purchase price per share (excluding incidental transaction costs) paid by the Company shall not be more than 5 percent above or below the arithmetic mean of the closing prices quoted for shares of the Company of the same share class on the XETRA trading system (or a functionally comparable successor system replacing the XETRA system) of the Frankfurt Stock Exchange during the three trading days immediately preceding the date of acquisition.

   (2) If shares are acquired by way of a public tender offer, the purchase price per share offered and paid by the Company (not including incidental transaction costs) shall not be more than 10 percent above or below the arithmetic mean of the closing prices quoted for shares of the Company of the same share class on the XETRA trading system (or a functionally comparable successor system replacing the XETRA system) of the Frankfurt

Stock Exchange during the three trading days immediately preceding the date of announcement of the offer. If the public tender offer is oversubscribed, shares may be acquired in proportion to the respective stakes of the tendering shareholders in the Company or in proportion to the number of tendered shares. Commercial rounding may be used to avoid fractional shares.

c) In addition to selling acquired Company shares on the stock exchange or by offer to all shareholders, the Management Board is hereby authorised, with the consent of the Supervisory Board, to use Company shares acquired in accordance with the authorisation granted in letter a) above or on the basis of an earlier authorisation for any of the following purposes:

(1) Listing of ordinary shares of the Company on any foreign stock exchanges where it was not hitherto admitted for trading. The initial listing price of these shares may not be more than 5 percent below the arithmetic mean of the closing prices for shares of the Company of the same share class on the XETRA trading system (or in a functionally comparable system replacing the XETRA system) on the Frankfurt Stock Exchange during the last five days of trading preceding the date of stock exchange listing;

(2) Transfer of ordinary shares of the Company to third parties in connection with corporate mergers or in connection with the acquisition of other companies, divisions of other companies or interests in other companies;

(3) Redemption of shares of the Company, without the need for any further resolution by the Annual General Meeting authorising such redemption and implementation of such. Such redemption may also be accomplished without a reduction in capital by adjusting the proportional value of the remaining no-par-value shares to the share capital of the Company. In this case, the Management Board is authorised to adjust the number of no-par-value shares in the Articles of Association;

(4) Sale of ordinary shares of the Company by means other than via the stock exchange or via an offer to all shareholders, provided that the sale is for cash payment and at a price not substantially lower than the stock exchange price in effect for listed ordinary shares of the Company with the same terms on the date of sale. The foregoing authorisation shall be limited to the sale of ordinary shares collectively representing no more than 10 percent of the share capital. The limit of 10 percent of the share capital shall be reduced by the pro-rata amount of share capital represented by any shares issued (a) during the effective period of this authorisation in the course of any capital increase under exclusion of subscription rights according to § 186 Section 3 Sentence 4 of the German Stock Corporation Act, or (b) to service bonds with warrant or convertible bonds providing for warrant or conversion rights or obligations, insofar as such bonds were issued during the effective period of this authorisation under exclusion of subscription rights by analogous application of § 186 Section 3 Sentence 4 of the German Stock Corporation Act;

(5) Delivery of ordinary shares to holders of warrant or convertible bonds of the Company or its affiliates, according to the terms and conditions applicable to such warrant or convertible bonds; this also applies to the delivery of ordinary shares based upon the exercise of subscription rights, which in the event of a sale of Company ordinary shares through an offer to all shareholders may be granted to holders of warrant or convertible bonds of the Company or any of its affiliates, to the same extent that holders of such warrant or convertible bonds would have subscription rights for ordinary shares of the Company after exercising the warrant or conversion rights or performing the warrant or conversion obligations. The ordinary shares transferred based upon this authorisation shall collectively not exceed a pro-rata amount of 10 percent of the share capital. Shares 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 authorisation up to the date of use shall count towards the aforementioned limit.

d) The authorisations granted in letter c) above may be exercised on one or several occasions, in whole or in part, individually or collectively.

e) The subscription rights of shareholders shall be excluded if Company ordinary shares are used for any of the purposes authorised in letter c), nos. (1), (2), (4) and (5) above."

The authorisation for the repurchase of own shares serves the possible applications listed in letter c):

Among other things, the authorisation is intended to enable the Company to buy back own ordinary shares for listings, by exclusion of subscription rights, at foreign exchanges where the Company's ordinary shares are not yet listed. In addition, the authorisation is supposed to enable the Company to use own ordinary shares as payment by exclusion of subscription rights in the context of business combinations or acquisitions of companies, divisions of companies or interests in companies. The Company is also supposed to be able to tire own shares without a renewed resolution by the Annual General Meeting. In addition, the authorisation shall allow the Company to sell own ordinary shares by exclusion of subscription rights other than via the exchange or an offer to shareholders against cash payment. This is supposed to enable the Company, in particular, to issue own ordinary shares at short notice. The Annual General Meeting of 13 May 2009 authorised the Management Board, with the consent of the Supervisory Board, to issue warrant or convertible bonds made out to the bearer. Rather than implementing a capital increase, it may prove sensible to fully or partly serve the resulting subscription rights with treasury ordinary shares.

Authorisation to issue warrant or convertible bonds

The Annual General Meeting of 13 May 2009 authorised the Management Board by means of 2 resolutions (authorisation I and authorisation II), with the consent of the Supervisory Board, to issue warrant or convertible bonds made out to the bearer (in aggregate, "bonds") with an aggregate par value of up to €1,500,000,000 prior to 12 May 2014, at once or in several stages, and to grant the holders of warrant or convertible bonds with warrant or conversion rights or impose warrant or conversion obligations upon them for ordinary bearer shares in the Company representing up to €127,825,000 of the share capital in accordance with the terms of the warrant or convertible bonds. Bonds carrying warrant or conversion rights or obligations will count towards the aforementioned aggregate par value of up to €1,500,000,000 so that this aggregate par value may be utilised only once under authorisations I and II.

The bonds may also be issued by an affiliate of METRO AG in terms of § 18 of the German Stock Corporation Act in which METRO AG holds at least 90 percent of shares, directly or indirectly. In that case, the Management Board is authorised, with the consent of the Supervisory Board, to assume a guarantee for those bonds on behalf of the Company and grant their holders warrant or conversion rights to ordinary bearer shares in METRO AG or impose warrant or conversion obligations upon them.

Shareholders will be granted statutory subscription rights in that the bonds will be acquired by a bank or syndicate of banks contingent upon agreement to offer the bonds to the shareholders. If bonds are issued by an affiliate of METRO AG in terms of § 18 of the German Stock Corporation Act in which METRO AG holds at least 90 percent of shares, directly or indirectly, the Company must ensure that statutory subscription rights are granted to the shareholders of METRO AG in accordance with the above sentence.

However, the Management Board is authorised, with the consent of the Supervisory Board, to exclude shareholder subscription rights for residual amounts arising from proportional subscriptions to the extent necessary to grant or impose warrant or conversion rights or obligations with respect to the holders of existing warrant or conversion rights or obligations in the amount to which they would be entitled after exercise of the warrant or conversion right or fulfilment of the warrant or conversion obligation.

The Management Board is also authorised, with the consent of the Supervisory Board, to entirely exclude shareholder subscription rights to bonds issued in exchange for cash payment carrying warrant or conversion rights or obligations insofar as the Management Board concludes, after careful review, that the issue price of the bonds is not substantially lower than the hypothetical market value ascertained using recognised mathematical methods. This authorisation to exclude subscription rights applies for bonds which are issued with warrant or conversion rights or obligations to ordinary shares comprising no more than 10 percent of the share capital both at the time the authorisation takes effect or – if this value is lower – at the time the authorisation is exercised. The following count towards the aforementioned 10 percent limit:

→ new ordinary shares issued from authorised capital excluding subscription rights according to § 186 Section 3 Sentence 4 of the German Stock Corporation Act during the term of the authorisation prior to the issuance of bonds with warrant or conversion rights or obligations without subscription rights according to § 186 Section 3 Sentence 4 of the German Stock Corporation Act,

→ ordinary shares acquired based on the authorisation of the Annual General Meeting according to § 71 Section 1 No. 8 of the German Stock Corporation Act and sold according to § 71 Section 1 No. 8 Sentence 5, § 186 Section 3 Sentence 4 of the German Stock Corporation Act during the term of such authorisation, prior to the issuance of bonds with warrant or conversion rights or obligations excluding subscription rights according to § 186 Section 3 Sentence 4 of the German Stock Corporation Act,

→ ordinary shares to be issued upon the exercise of warrant or conversion rights or obligations based on bonds with warrant or conversion rights or obligations issued under authorisation I according to § 186 Section 3 Sentence 4 of the German Stock Corporation Act while excluding subscription rights, insofar as those bonds were issued prior to the issuance of bonds with warrant or conversion rights or obligations excluding subscription rights under authorisation II according to § 186 Section 3 Sentence 4 of the German Stock Corporation Act,

→ ordinary shares issued upon the exercise of warrant or conversion rights or obligations based on bonds with warrant or conversion rights or obligations issued under authorisation II according to § 186 Section 3 Sentence 4 of the German Stock Corporation Act while excluding subscription rights, insofar as those bonds were issued prior to the issuance of bonds with warrant or conversion rights or obligations excluding subscription rights under authorisation I according to § 186 Section 3 Sentence 4 of the German Stock Corporation Act.

If bonds carrying warrant or conversion rights or obligations are issued under authorisation I, the warrant or conversion price is determined based on the rules in § 4 Section 8 of the Company's Articles of Association.

If bonds carrying warrant or conversion rights or obligations are issued under authorisation II, the warrant or conversion price is determined based on the rules in § 4 Section 12 of the Company's Articles of Association.

In the case of bonds carrying warrant or conversion rights or obligations, the warrant or conversion price may be adjusted in order to preserve the value of such rights or obligations in the event their value is diluted, without prejudice to § 9 Section 1 of the German Stock Corporation Act, unless such an adjustment is also provided for by law. The terms of the bonds may also provide for an adjustment of warrant or conversion rights or obligations in case of a capital reduction or other extraordinary measures or events (e.g. unusually high dividends, acquisition of control by third parties). In case of the acquisition of control by third parties, the terms of the bonds may provide for adjustment of the warrant or conversion price in accordance with typical market terms.

The terms of the bonds may grant the Company the right, in lieu of providing ordinary shares upon the exercise of warrant or conversion rights, to make a cash payment corresponding to the volume-weighted average price of ordinary shares on the XETRA trading system (or a functionally comparable successor system replacing the XETRA system) of the Frankfurt Stock Exchange during the ten trading days after the exercise of warrant or conversion rights is announced for the number of ordinary shares which would otherwise be delivered. If the Company announces that it will exercise its right to make a cash payment after the exercise of warrant or conversion rights, the 10 stock exchange days do not begin until 3 trading days after the Company's announcement that it will make a cash payment. The terms of the bonds may also state that the warrant or convertible bonds may, at the Company's option, be converted into existing ordinary shares in the Company or shares in another exchange-listed company, in lieu of conversion into new ordinary shares from contingent capital, and that warrant rights or obligations can be fulfilled through the delivery of such shares.

The terms of the bonds may also call for a warrant or conversion obligation at the end of the term (or at any other time), or authorise the Company to grant bond holders ordinary shares in the Company or shares in another exchange-listed company upon maturity of bonds carrying warrant or conversion rights (including bonds which mature due to termination), in whole or in part, in lieu of a maturity payment in cash. The percentage of the Company's share capital represented by the ordinary shares in the Company issued upon the exercise of warrant or conversion rights may not exceed the par value of the bonds. §§ 9 Section 1, 199 Section 2 of the German Stock Corporation Act apply.

The Management Board is authorised, with the consent of the Supervisory Board, to determine the further details pertaining to the issuance and terms of the bonds, particularly the yield, issue price, term, division into shares, rules for the protection against dilution and the warrant or conversion period, or to define such details in consultation with the corporate officers of the affiliate of METRO AG which issues the warrant or convertible bonds.

The authorisations to issue bonds are designed to expand METRO AG's financing leeway and provide the Company with flexible and short-term access to financing upon the emergence of favourable capital market conditions, in particular. Issues of bonds with conversion or warrant rights on shares of METRO AG provide a means of raising capital at attractive conditions. The convertible and warrant premiums attained flow to the Company. The additionally foreseen possibility of not only granting conversion and warrant rights, but also introducing warrant and conversion obligations, and allowing the Company to opt for the full or partial redemption of bonds with own shares rather than cash, extends the Company's leeway in the design of this financing instrument.

Fundamental agreements related to the conditions of a takeover (§ 315 Section 4 No. 8 of the German Commercial Code)

As a borrower, METRO AG is a party to 3 syndicated loan agreements that the lender may cancel in the case of a takeover inasmuch as the credit rating of METRO AG also and as a result of the takeover drops in a way stipulated in the contract. The requirements of a takeover are, first, that the shareholders 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 a resulting drop in the credit rating occur cumulatively. In 2009, the average amount used from the syndicated loan agreements was €125 million. The hedging of syndicated loans in the manner described above is standard market practice and serves the purpose of creditor protection.

Compensation agreements in case of a takeover (§ 315 Section 4 No. 9 of the German Commercial Code)

No compensation agreements with the members of the Management Board or employees have been concluded with a view towards takeover offers.

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10. Accounting-related internal monitoring and risk management system

METRO Group's accounting-related internal control and risk management system employs coordinated instruments and measures for the prevention or early detection, assessment and elimination of risks. The Accounting department of METRO AG is responsible for the Group-wide implementation of instruments and measures.

Overarching responsibility for all processes related to the preparation of the consolidated and individual financial statements of METRO AG rests with the Board department of the Chief Financial Officer of METRO AG, Mr Olaf Koch. The actual preparation of the financial statements in the legal sense, however, is the responsibility of the Management Board of METRO AG. Following the preparation of the financial statements, the annual accounts are audited and approved by the auditor. They are then discussed and reviewed by the Supervisory Board of METRO AG. The auditor attends this Supervisory Board meeting, reports the key findings of his audit and answers additional questions. Barring any objections on the part of the Supervisory Board, the annual financial statements are approved by the Supervisory Board. The annual financial statements of METRO AG are released once this approval is given.

IFRS accounting guideline

The (interim) consolidated financial statements of METRO AG are prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the European Commission. A Group-wide IFRS auditing guideline that is compulsory for all companies included in the consolidated financial statements ensure the uniform Group-wide application of accounting procedures in accordance with IFRS. The guideline explains IFRS regulations to Group companies and makes stipulations regarding accounting measurements. To monitor compliance with the IFRS accounting guideline, the management of each Group company is obliged to confirm compliance by means of a letter of representation for the reporting of each financial statement. The IFRS accounting guideline covers all IFRS relevant to METRO AG and does not relate only to certain accounting events. The Accounting department of METRO AG is responsible for ensuring compliance with this guideline. The IFRS accounting guideline is continually adapted to reflect amendments to IFRS and separately communicated to all companies included in the consolidated financial statements.

Accounting processes of companies included in the consolidated financial statements

The preparation of the individual financial statements of consolidated companies according to IFRS for consolidation purposes is principally carried out in SAP-based accounting systems (SAP-FI). The organisational separation of central and subledger accounting (for example, asset accounting) provides for clear assignments among individual tasks related to the preparation of the financial statements. It also provides for a functional separation that ensures control processes such as the 2-signature principle. These systems are used to prepare the individual financial statements of a large share of Group companies based on a centrally managed table of accounts using uniform accounting rules. The medium-term plan is to prepare all individual IFRS financial statements of METRO Group companies in a centralised, SAP-based accounting system (SAP-FI) according to centralised rules and processes.

The consolidation of financial data in the context of Group reporting is carried out by means of a centralised, SAP-based consolidation system (SAP EC-CS). All consolidated METRO Group companies are linked to this system without exception. This system provides for a uniform accounts table used by all consolidated companies in accordance with the IFRS accounting guideline. The accounts tables for the individual IFRS financial statements and the consolidated financial statements are interlinked.

Aside from failure to comply with accounting rules, risks can also arise from failure to observe formal deadlines. An online planning tool was introduced to help avoid these risks and document the obligatory processes required in the context of the preparation of individual and consolidated financial statements under IFRS, their sequence and the responsible persons. It is used to monitor content and timing of the processes related to the preparation of the individual and consolidated financial statements under IFRS. This provides for the necessary tracking and tracing systems to ensure that risks of overarching Group units can be detected and eliminated early on.

The planning tool divides the process of preparing the individual financial statements into key milestones, which in turn are divided into individual activities. In terms of content, these milestones and activities are geared towards METRO Group's IFRS accounting guideline and thus reflect its implementation. Compliance with additional deadlines and milestones that are provided centrally by the planning tool for the purpose of structuring and coordinating the preparation of the consolidated financial statements is monitored by METRO AG's Accounting department. The scheduling and monitoring of the milestones and activities required to achieve these Group milestones as part of the preparation of individual financial statements are part of the responsibilities of the respective company's management.

Once they have been transmitted from the individual financial statements under IFRS to the SAP-based consolidation system, the financial data are subjected to an automated plausibility review in relation to accounting-specific context and dependencies. Any errors or warning messages generated by the system during this validation process must be addressed by the person responsible for the individual financial statement before the data are transmitted to the consolidation facility.

The report in which each Group company provides a comparison of key items of the balance sheet and the income statement with prior-year figures as well as relevant comments represents another monitoring instrument. Each Group company must provide this report to METRO AG in the context of the preparation of individual financial statements.

Access regulations for accounting-related EDP systems (SAP-FI) provide for IT security. Each company included in the consolidated financial statements is subject to the regulations concerning IT security. These regulations are summarised in an IT security guideline, with Group-wide compliance being monitored by the Internal Audit department. This ensures that users only have access to the information and systems needed to fulfil their specific task.

Accounting processes in the context of consolidation

The planning tool also divides the process of preparing the consolidated financial statements into key milestones, activities and deadlines. In the process, the completion of typical consolidation measures – including sales elimination, expense and income, liability and capital consolidation – represents specific milestones in the preparation of the consolidated financial statements. Personnel responsibilities for the consolidation measures mentioned above are documented in consideration of stand-in arrangements.

The Group also relies on external service providers to handle support activities related to the preparation of the consolidated financial statements. These services essentially relate to valuations of real estate, pension obligations and share-based remuneration.

The consolidation measures required to prepare the consolidated financial statements are subjected to various systematic and manual controls. The automated plausibility reviews (validations) used in individual financial statements data also apply to the consolidation measures. Additional monitoring mechanisms at Group level include target-performance comparisons as well as analyses dealing with the composition and changes of individual items in the balance sheet and the income statement. Compliance with internal controls covering the preparation and accounting process in the context of the compilation of the consolidated financial statements is regularly monitored by the Internal Audit department.

Access regulations for the consolidation system SAP EC-CS are designed to ensure adherence to IT security regulations (writing and reading authorisations). Authorisations to use the consolidation system are provided centrally by METRO AG and presuppose approval from the Accounting and Planning & Controlling departments. This ensures that users only have access to data they require to fulfil their specific tasks.

Independent audit/control

Internal auditing

The Internal Audit department provides independent and objective audit and consulting services within METRO Group and supports the Management Board and METRO Group executives in reaching their goals through a potential-orientated assessment of key management and business processes. In coordination with the Management Board and the Group companies, the Internal Audit department develops a risk-orientated annual audit and project plan.

Based on the described principles, the Internal Audit department carries out individual audits of the controls governing the process of preparing the consolidated financial statements, the implementation of the IFRS accounting guideline and Group accounting processes within METRO Group. In the process, focal topics are defined as part of risk-orientated planning for the annual audit.

External audit

The IFRS accounting guideline is reviewed by the auditor of the consolidated financial statements and made available to the auditors of the companies included in the consolidated financial statements. These, in turn, confirm the consistent application of the IFRS accounting guideline by the companies included in the consolidated financial statements.

In addition, the individual IFRS financial statements prepared by the Group companies for consolidation purposes and the consolidated financial statements of METRO AG are reviewed and monitored for compliance with applicable accounting regulations by the respective auditors. The interim consolidated financial statements for the 6-month period undergo an auditor's review and the full-year consolidated financial statements are audited. The final auditor's opinion on the consolidated financial statements is published in the Annual Report.

11. Risk report

Risk management at METRO Group is an integral part of value-creating business management. It helps the Company's management to exploit opportunities and limit risk and is based on a systematic process of risk identification, assessment and control for the entire Group. Unfavourable developments are recognised at an early stage, and the necessary countermeasures are put into place. In addition, Group-wide opportunities are identified, assessed and seized in a systematic manner.

Centralised management and efficient organisation

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 the risk report. The most critical responsibilities of central risk management include ensuring the Group-wide exchange of information on risk-relevant issues and developing 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 that provides the basis for determining METRO Group's total risk and opportunities situation.

Group-wide risk management tasks and responsibility for risk management are clearly regulated and mirror METRO Group's corporate structure. This combines centralised management by the management holding company METRO AG with the decentralised 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. The Supervisory Board and its Accounting and Audit Committee work intensely on risk management.

EBIT after Cost of Capital (EBITaC) as a risk assessment criterion

EBITaC (EBIT after Cost of Capital) is a key benchmark for corporate success. The degree of readiness to assume risk also focuses on this key metric and thus follows the principle of sustainably increasing enterprise value. As a matter of principle, METRO Group takes entrepreneurial risks only if they are manageable and if 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 METRO Group. The core processes include the development and implementation of business models, decisions on store locations, the procurement and sale of merchandise and services, human resources development relating to specialists and managers, as well as liquidity protection. As a matter of principle, METRO Group does not assume risks that are not related to these core processes or support processes.

Clearly defined risk management details

The coordinated application of risk management tools is assured by the compilation of all relevant facts in guidelines. These include the Articles of Association and by-laws of Group companies, internal Group procedures and the risk management manual of METRO AG that provides information on how the risk management system works, offers a comprehensive overview of potential risk areas, assigns responsibility for monitoring and provides instructions on how to act. Risks, as well as opportunities, are identified in a bottom-up process that extends through all management levels. An early warning system assesses business risks in terms of scope for a planning period fixed at 3 years.

Group reporting promotes internal risk communication

Group reporting is the central vehicle for internal risk communication. It is complemented by risk management reporting. The aim is to allow for a structured and continuous monitoring of risks and document this in line with legal stipulations.

As a matter of principle, all METRO Group companies conduct an annual risk inventory as per 30 June of each year. In the process, individual risks are described and assessed based on set indicators. The management of the sales divisions and the cross-divisional service companies report their risk inventory to the risk officer of METRO AG. In addition, he receives a list of all risks in their areas of responsibility. The process concludes with METRO AG's risk officer summing up the notifications from the central departments and companies and presenting the entire risk portfolio of METRO AG to the Management Board.

An emergency notification system takes effect in case of sudden serious risks for the asset, financial and earnings position of METRO Group. In this case, the Management Board of METRO AG directly and promptly receives the necessary information.

Consistent risk monitoring

Within 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 provisions of KonTraG (the German Control and Transparency Law), external auditors submit our early detection system to a periodic review. The results of this review are presented to the Management Board and Supervisory Board.

Opportunity management

The timely recognition and exploitation of opportunities is a critical entrepreneurial duty and secures long-term success. At METRO Group, risk and opportunity management are viewed as 2 distinct responsibilities. Ascertaining and communicating opportunities is an integral part of the management and controlling systems between the consolidated subsidiaries and the holding company. It is the responsibility of the management of the sales divisions, cross-divisional service companies and the central holding units to identify, analyse and exploit operative opportunities. The individual management groups examine detailed market and competition analyses, market scenarios, the relevant cost drivers and critical success factors, including those in the Company's political environment. In the supplementary and forecast report, we describe the opportunities that we expect to have in future years.

Presentation of the risk situation

METRO Group primarily faces the internal and external risks that are described in the following section.

Business and sector risks

During the reporting period, business parameters changed as a result of the general deterioration of the economic environment in the METRO Group regions and capital market developments. The overall risks concerning short- to medium-term developments in the retail trade and thus METRO Group are therefore likely to have increased. Although the effects of the global financial crisis on sales, procurement, currency and refinancing markets remain difficult to gauge, METRO Group is determined to continue to strengthen its position as a leading international retailing group.

Retail business

The particularly intense competition in the German and Western European retail trade creates conditions that could influence business developments and represent natural business risks. A fundamental business risk is consumers' fluctuating propensity to consume, a factor that depends on numerous political, social and economic parameters and represents a markedly higher risk in the current macroeconomic environment. Consumers are likely to continue to cut back their spending in anticipation of more difficult economic times. This applies both to consumer staples and to larger purchases such as household appliances and consumer electronics.

On the one hand, the international positioning of METRO Group requires it to consider possible economic, legal and political risks. On the other hand, the continuing internationalisation of METRO Group offers the opportunity to offset fluctuating demand in individual countries.

Constantly shifting consumer behaviour and customer expectations pose a risk and an opportunity and call for a continuous adaptation and optimisation of merchandising concepts. To recognise market trends and changing consumer expectations early on, we regularly analyse internal information and selected external sources. The 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 also include the observation of product segments on the market over a certain period of time. The sales brands of METRO Group initially examine the practicability and acceptance of innovative concept modules in test stores before introducing them systematically and swiftly in other stores. Continuous fund allocation allows for the optimisation of merchandising concepts and the modernisation of stores. These measures help all sales brands to secure and expand their competitive strength.

Strategic company risks

Locations

METRO Group considers the setting-up and expansion of its presence in the major growth regions of Eastern Europe and Asia as critical investments in the future. By entering these markets, METRO Group uses its entrepreneurial opportunity to profit from the rising purchasing power of millions of consumers. Location risks associated with expansion into these economic regions, including changing fundamental conditions, are identified by doing such things as conducting feasibility studies that carefully analyse the fundamentals and opportunities of an investment. Essentially, growth aspirations remain intact in spite of current global economic developments. However, there is a risk that growth rates will lag behind the target included in current planning over the next few years. This may be due to a lower number of new store openings or to weaker developments in existing locations.

Portfolio changes

In past years, the portfolio of METRO Group has continuously been optimised. All portfolio changes and the strategic and investment decisions related to them focus on value creation for the Company. As a result, risks associated with changes in the portfolio are minimised.

Risks related to business performance

Suppliers

As a retailing company, METRO Group depends on external providers for the supply of goods and services. In the current difficult economic environment, suppliers must protect their own liquidity. There is a higher risk of insolvencies among suppliers and thus of an at least temporary disruption to supplies of individual goods or groups of merchandise. To prevent disruptions in the supply of goods and to avoid becoming dependent on individual companies, METRO Group works with a variety of suppliers. All suppliers are continually monitored and have to adhere to the procurement policy standards of METRO Group. In particular, these standards include those tested by the Global Food Safety Initiative like the International Food Safety Standard and the GLOBALGAP certification for agricultural products. They are binding for all suppliers in every product group. They help to ensure the safety of foods on all cultivation, production and sales levels.

IT and logistics

The highly diverse selection of goods in bricks-and-mortar retailing and the high stock turnover entail fundamental organisational, IT and logistics risks. METRO Group's international focus and concentration on national, regional and local product assortments in the respective countries add to these risks. Any disruptions in the supply chain, for example in the supply of goods, could lead to business interruptions. METRO Group minimises these risks by using internal backup systems and specific contingency plans. In addition, it reduces its dependency by expanding the group of business partners and follows the principle of efficient internal division of labour.

Human resources risks

The expertise, dedication and motivation of our employees are key success factors that have a decisive impact on our competitive position. One prerequisite to achieve strategic goals are highly qualified experts and managers. It is an ongoing challenge to recruit and retain such valuable employees for the Group, in particular in the face of intense competition for the best people. This makes in-house qualification measures indispensable. To foster the requisite entrepreneurial skills among its employees, METRO Group optimises training and professional development programmes for employees on all levels. Training courses and systematic measures that help employees to grow in professional terms promote entrepreneurial thinking and actions among employees. Variable and performance-based pay components serve as an incentive. Direct participation in business success increases employees' identification with METRO Group and enhances their awareness of risks and opportunities in all entrepreneurial decisions.

Legal risks, tax risks
Legal risks arise primarily from labour and civil law cases. In addition, risks for METRO Group may arise from preliminary investigations, for example in the context of possible infringements of cartel or competition law. Tax risks are mainly connected to external audits.

Financial risks
Financial risks include liquidity risks, price risks, creditworthiness risks and risks arising from cash flow fluctuations.

These risks and their management are described in the notes to the consolidated financial statements in no. 43 "Management of financial risks".

Summary of the risk situation

METRO Group's risk situation has not changed compared to the previous year. To evaluate the present risk situation, risks were not only examined in isolation: the interdependencies between risks were analysed and rated according to their probability. The assessment has shown that the overall risks are manageable. There are no potentially ruinous risks for the Company and no risks can be identified that could endanger the Company's future existence. The Management Board of METRO AG currently does not expect any fundamental change in the risk situation.

12. Supplementary and forecast report

Events after the balance sheet date

On 14 January 2010, the Federal Cartel Office searched the former business premises of MGB METRO Group Buying GmbH. The Federal Cartel Office investigation is still at an early stage, and the authority has raised no concrete and individualised allegations against MGB METRO Group Buying GmbH or any other METRO Group company. As a result, the Company currently cannot comment on the possible impact of these investigations on the consolidated financial statements of METRO AG.

On 22 February 2010, METRO AG issued a 7-year bond with a volume of €750 million and a coupon of 4.25 percent.

Further events that are of material importance to an assessment of the earnings, financial and asset position of METRO AG and METRO Group did not occur by 1 March 2010 (date of release of the accounts for presentation to and approval by the Supervisory Board).

Economic outlook

The global economic recovery that started in mid-2009 continued in January and February 2010, with emerging markets recovering faster than developed economies. However, the upswing is not yet self-sustaining and still relies heavily on global stimulus programmes and the growth momentum of individual economies, above all China. A number of other factors are dampening the upswing as well: the effects of government stimulus programmes will dissipate noticeably during the year. The financial sector will have to consolidate further, which could cause banks to tighten their lending policies. Unemployment and bankruptcy filings are likely to continue to increase during the year, dampening private consumption further. In many countries, fiscal policy measures have resulted in a steep increase in public sector debt, which is placing a sustained burden on government budgets. In addition, central banks are likely to gradually abandon their expansive monetary policy. At least in Europe and Asia, however, expansive monetary policies are unlikely to lead to higher inflation over the next few months. On the contrary, price increases are likely to remain relatively moderate in 2010 given the slow economic recovery.

Forecast of sector trends and developments at METRO Group

Overall, METRO Group expects market growth momentum to remain weak during the current year. Global economic growth is also not expected to return to pre-crisis rates in 2011. Meanwhile, most economies are growing from a low base following last year's steep decline. Even if the recovery progresses at different paces in individual regions, European economies, in particular, are unlikely to return to growth rates seen in 2008 before 2012.

Western Europe
METRO Group expects the Western European economies to continue on their moderate recovery path over the short term. However, economic stimulus and stabilisation programmes are being phased out in 2010. In addition, growing unemployment and the need for further consolidation in the banking sector coupled with a potentially more restrictive lending policy are dampening the upswing. In view of the expected economic setbacks, METRO Group thinks economic growth will continue to fall short of pre-crisis levels in 2011. The Western European economies are recovering at different speeds. Among the major economies, growth prospects are relatively favourable in France and Germany. Given the combination of a financial and real estate crisis, Spain faces another challenging year in 2010.

Eastern Europe
METRO Group expects the economic recovery to progress more slowly in Eastern Europe than in Western Europe. Individual countries continue to struggle with the effects of the financial and economic crisis. The outlook depends on demand from Western Europe as much as on the development of foreign direct investments, which plunged in 2009. The Eastern European currencies have recovered somewhat from their heavy losses in 2009. The inflation rate, which had been relatively high as a result of currency effects in some countries during the previous year, is likely to trend downward in most Eastern European countries in 2010. METRO Group expects price increases in the region of nearly 10 percent to be limited to a few countries in 2010, including Russia and Ukraine.

The incipient recovery is progressing at various rates in the Eastern European countries. While Bulgaria, Ukraine and Hungary are likely to continue to post rather weak growth in 2010, METRO Group adopts a positive view on growth prospects for Poland and Turkey. Economic developments in Russia, in turn, are subject to a number of uncertainties. The expected increase in energy prices, however, will have a positive effect on the country as oil and gas account for two-thirds of its exports.

Despite the currently slow recovery of the Eastern European economies, METRO Group sees strong economic growth potential in Eastern Europe and Asia beyond 2010. Due partly to continually high backlog demand, Eastern European economies are likely to develop high economic momentum again over the medium term.

Asia
Asia has been the first global region to emerge from the financial and economic crisis. Despite persistent risks, METRO Group expects the region to remain on its growth course in 2010 and 2011. The Japanese economy is expected to experience a modest recovery in 2010. China's and India's strong economic growth and resulting increase in domestic demand are also fuelling the recovery in other Asian economies.

Forecast for sector trends and developments at METRO Group

The year of 2009 was a challenging year even though the retail sector was affected less heavily by the financial and economic crisis than other sectors. METRO Group expects the retail sector to profit relatively little from the economic recovery in 2010 in particular. Many countries are experiencing rising unemployment rates, which are likely to continue to weigh on private consumption and the retail industry in 2010. Although tax cuts will provide some measure of relief in a number of countries, including Germany, the late-cyclical retail industry will continue to feel the effects of the crisis in 2010. METRO Group expects the market environment to improve from 2011. In the process, the economic parameters will impact the different segments of the retail industry to varying degrees.

Metro Cash & Carry
The global economic crisis continues to overshadow the cash & carry business. METRO Group expects the varying impact of the crisis and varying rates of economic recovery – among regions as well as within regions – to result in divergent trends within the cash & carry business in 2010 and 2011. In the process, the economic development of business segments and customers will play a key role.

Growth momentum in the German and Western European cash & carry business is likely to remain weak. The hotel and restaurant trade is forecast to recover only slowly, a development that would translate to weak demand for food items. Demand for nonfood items is likely to experience a merely incremental recovery.

The Eastern European cash & carry business is expected to continue to grow in local currency terms, although at a distinctly slower pace than before the economic crisis. This is mostly due to the drop in demand for nonfood items. Food sales, in turn, are expected to grow thanks also to price increases. All in all, METRO Group projects a broadly based positive development of the cash & carry business in Eastern Europe from 2011. Growth of the cash & carry business in Asia is set to continue over the next 2 years. With the exception of Japan, the region has staged the fastest recovery from the economic crisis.

The high degree of internationalisation of Metro Cash & Carry enables the sales division to cushion the effects of the economic crisis and focus on a redirection of its expansion course towards current and future growth markets. The sales division's rate of expansion will pick up again in 2010 and 2011, with the focus remaining on the regions of Asia/Africa and Eastern Europe. With its market entry in Egypt, Metro Cash & Carry will continue its successful expansion strategy in 2010.

Real
As consumer staples, food products are largely immune to cyclical fluctuations. As a result, METRO Group expects demand for food products in Germany to remain stable in 2010 and 2011 compared to the previous year. Meanwhile, the trend towards low-price own-brand products is likely to continue. Due to intense competition on the part of the discount stores, the scope for price hikes in the food segment remains limited. As a result, METRO Group does not expect meaningful sales growth in the German food retail trade in 2010.

The Eastern European food retail industry will continue its transition from traditional trading structures to modern food retail concepts over the next 2 years and continue to grow in the process. METRO Group expects the large-area hypermarkets to remain growth drivers in the food retail trade and extend their market share over the next few years. Food price increases are expected to continue to fuel sectoral growth. METRO Group expects the loss of purchasing power and discretionary spending capacities resulting from the economic crisis to fuel the significance of own brands in Eastern Europe.

In view of forecast developments in the food retail industry, Real will continue to roll out its own-brand strategy in Germany and Eastern Europe. In addition, Real will continue its successful repositioning in Germany and expand its position as one of Eastern Europe's leading hypermarket operators by continuing its selective expansion.

Media Markt and Saturn

Compared to other segments of the retail industry, consumer electronics retailing is disproportionately susceptible to changes in macroeconomic parameters. As a result of the varying regional effects of the economic crisis on the labour market and consumer demand, sectoral trends will continue to diverge over the coming years.

In 2010, major sport events such as the Winter Olympics and the World Cup are expected to fuel demand in Germany and Western Europe. Demand for modern flat-screen televisions will rise again; the sector projects record sales in Germany in 2010. At the same time, manufacturers' continually high innovative strength is stoking demand. Aside from new consumer electronics and information technology products such as the eReader or netbooks, the appeal of innovative electronic devices also remains high. Nonetheless, the consumer electronics retail segment in Germany and Western Europe is unlikely to experience growth in 2010.

Consumer electronics retailing in Eastern Europe is slowly recovering from the previous year's sales slump. Irrespective of strong demand for basic electrical and electronic equipment, the economic crisis has left many consumers strapped for cash and unable to afford new product purchases. For this reason, METRO Group expects that consumers' overall reluctance to spend money will persist in 2010. From 2011 at the latest, however, Eastern European consumer electronics sales should develop favourably again.

Irrespective of broad sectoral trends, Media Markt and Saturn will continue their growth course and gain additional market share over the next 2 years. Both sales brands will propel their expansion and thereby extend their market leadership in Germany and Europe. In addition, market entry into the attractive and fast-growing Chinese market is scheduled for 2010. Aside from stationary sales, Media Markt and Saturn will push the Internet retail channel.

Galeria Kaufhof

The department store and clothing sector is faced with continually challenging parameters in 2010 and 2011. METRO Group expects the German department store business to lag overall retail trends at least in 2010. This development is due partly to the effects of the previous year's market consolidation. In addition, the process of sectoral consolidation is not yet complete and will continue over the next 2 years.

In recent years, Galeria Kaufhof repeatedly proved its ability to master challenging parameters and continued to extend its market share. The clear strategic positioning of the system and concept leader in the department store business provides the foundation for the continuation of its relatively favourable development over the next 2 years. The Galeria format will remain a fixed feature of the German retail landscape.

Overall statement on the economic situation: management's assessment of the economic situation

As a retail group, METRO Group cannot fully decouple from macroeconomic developments in its respective markets. However, we are using our concept strength to continue to expand our market share.

The global recovery is likely to continue at a slow pace in 2010. On the one hand, leading indicators in some markets indicate that a bottom may have been reached. On the other, some markets display no sign of a self-sustaining upswing so far. METRO Group has responded to this development. Although the investment budget for 2010 has been raised, it remains below the medium-term level. METRO Group expects the global economy to continue to normalise in 2011.

Planned changes in business policy

METRO Group will rigorously continue the repositioning of its business policy that was initiated by the introduction of Shape 2012. The development and adaptation of the sales formats to special regional characteristics, particularly with respect to individual assortments, is a continuous process. At Metro Cash & Carry, the focus is clearly on professional, commercial customers. However, the countries covered by this sales division are in different stages of economic development. In mature markets, in particular, Metro Cash & Carry is increasingly focusing on delivery services to optimally exploit untapped potential in its key customer groups in the gastronomy and retail sectors. The Media Markt and Saturn sales division is working on dovetailing its successful stationary business with an innovative Internet platform. To this end, the sales division is developing its business model based on the strategic dimension of sales channels, product offerings and customer touch points. An online shop will initially be set up in the Netherlands and in Austria, and will subsequently be rolled out in other European countries as well. In addition, Media Markt and Saturn will markedly expand their offering of digitised content and supplement it with additional services relevant to consumer electronics retailing. The sales division's long-term goal is to serve as a partner to its customers beyond the actual transaction phase in all areas of relevance to consumer electronics.

Efficiency and value-enhancing programme Shape 2012

The Shape 2012 programme, which was launched in January 2009, is outlined in great detail in this annual report in the chapter on Shape 2012. The aim of this programme is to secure METRO Group's long-term profitable growth. To this end, the Company's organisation structures have been streamlined in order to achieve the highest possible level of growth momentum and customer centricity. At the same time, drastic cost savings have been realised. Even before the onset of the economic crisis, METRO Group had planned Shape 2012 as a long-term programme aimed at preparing the Company for future challenges, including changing customer needs and specific market conditions. The profit improvement potential targeted for 2012 and beyond amounts to €1.5 billion. The resulting earnings improvement depends on the development of macroeconomic parameters in our sales markets. METRO Group will regularly report on the progress and success of Shape 2012.

The Company will continue to work on the rigorous implementation of measures in 2010 and 2011. Aside from improvements in overhead costs, initial value contributions from increased productivity will emerge during the year. The contribution of Shape 2012 is likely to markedly exceed the previous year's level in 2010. METRO Group also expects special items to occur in connection with the implementation of this programme in 2010. However, in line with the Company's planning, the negative effects will be markedly lower than in 2009.

Non-financial targets

Aside from financial targets, METRO Group also pursues non-financial, so-called "soft" targets. These include customer and employee satisfaction, which is regularly measured in scientifically based surveys. METRO Group has also defined and published numerous non-financial goals in the area of sustainability. They concern the areas of supply chain/products, environment, employees as well as society and social affairs. An updated and supplemented overview of these goals will be provided in the Company's next Sustainability Report, which will be published in May 2010.

Future sales markets

METRO Group currently operates in 33 countries in Europe, Asia and Africa. The Company aims to continue to grow through existing and new locations in these markets. In addition, METRO Group is conducting feasibility studies to examine entry opportunities for METRO Group sales divisions in other countries. In general, the first METRO Group segment which enters new markets is Metro Cash & Carry. Depending on the respective market's maturity and potential, entry opportunities for Real and Media Markt and Saturn may subsequently arise as well.

In addition, Media Markt and Saturn can tap new sales potential through the supplementation of their business model by an online sales channel.

METRO Group plans to expand the sales divisions' country portfolio in 2010 by adding a new Metro Cash & Carry store in Egypt and a new Media Markt store in China.

Future use of new sales formats, technologies and processes/future products and services

As a retailing group, METRO Group continually works on the continued development of its sales formats with respect to customer approaches, product offers and processes. This work builds on continuous analyses of constantly changing customer requirements. The findings of these analyses also flow into the design of new retail formats that METRO Group regularly tests. This includes, for example, P18 – a Metro Cash & Carry prototype for trading areas with a high population density in the centre of Paris.

Research and development at Metro Cash & Carry focuses, in particular, on own-brand products. The key aim here is to develop innovative solutions for professional customers. Media Markt and Saturn are also currently examining the potential of own-brand products.

In the area of process optimisation, METRO Group works closely with leading technology providers. In Radio Frequency Identification (RFID) – a technology for the contactless identification of merchandise – the Company is a key development partner of industry and one of the major drivers of the establishment of RFID standards in the retail sector. RFID technology harbours substantial potential for the exploitation of value creation reserves along the supply chain.

Expected earnings situation: outlook for the sales divisions of METRO Group

Metro Cash & Carry

Metro Cash & Carry is METRO Group's most international sales division by far. Its professed goal is to continue on its profitable long-term growth course and achieve its medium-term goal of 6 percent annual sales growth. To this end, the sales division plans to open 40 stores per year in future. Aside from Eastern Europe, expansion in Asia plays a key role here. After markedly reducing the number of new store openings in 2009, Metro Cash & Carry plans to return to a focus on its medium-term goal with about 30 new store openings in 2010. Due mostly to the economic situation, sales trends will again fall short of target rates in 2010. In the previous year, sales trends were marked by partially severe negative price effects. Metro Cash & Carry does not expect this trend to continue in 2010, however.

All regions covered by Metro Cash & Carry were affected by the global economic crisis in 2009. The resulting challenges faced by these countries diverge markedly, though. For example, Western Europe is dominated by highly mature markets to which Metro Cash & Carry has adapted very well in most cases. However, the sales division has to make considerable adjustments in Germany. As a result, this is a key priority on this year's Shape 2012 agenda. More than in the past, the concept stores are designed to be geared towards professional customers. In addition, the sales division aims for a trend reversal created by a wealth of cost optimisation and productivity enhancement measures. Most Eastern European markets are still in an early phase of development, although the degree of maturity also differs substantially in this region. METRO Group continues to identify substantial potential in Eastern Europe as the store networks are much less dense there compared to Western Europe. The Asian and African economies, meanwhile, are still in the very early stages of their development. As a pioneer of modern mass distribution, Metro Cash & Carry is helping to lay the foundation for modern infrastructure in these markets.

Even more than in the past, Metro Cash & Carry plans to focus on the customer and varying regional customer requirements in the future. As the availability and direct access to producers are becoming ever more crucial, the sales division is intensifying relationships with suppliers, for example through qualification measures. In this way, the sales division paves the way for long-term partnerships that secure its long-term profitable growth. At the same time, the sales share of own-brand products is set to increase further in 2010 and 2011 and reach 20 percent over the medium term.

With the roll-out of Shape 2012, Metro Cash & Carry is creating the basis for greater operating leeway combined with rising sales and earnings.

Real

In the financial year 2009, Real Germany recorded further progress in its turnaround programme. The restructuring process is supported by a varied action package. The sharpening of Real's brand profile plays a key role in this respect and is being pursued through a continued expansion of the share of own-brand products, in particular in the food area. The sales division aims for a medium-term sales share of own-brand products of about 25 percent in this area.

Real plans to complete the optimisation of its German store network in the context of Shape 2012 during the current year. Expenses for the disposal of unprofitable locations were already considered in the financial statements for 2008. As a result of the omission of losses incurred by these unprofitable locations, Real Germany projects positive earnings contributions in 2010 and 2011.

Real plans to open 5 new international stores. Despite the current economic situation in Eastern Europe, the sales division sees further untapped potential for profitable growth in its country portfolio. As a result, the expansion in this region will be rigorously continued in 2010 and 2011.

Media Markt and Saturn

Even during the crisis, Media Markt and Saturn continued to gain market share and solidify their leading market position within Europe. The sales division's long-term goal is to establish itself as the global market leader. Following a slight moderation of its expansion strategy in the reporting year, the sales division is planning to return to its medium-term target of more than 70 new store openings a year as early as 2011. About 60 new store openings are scheduled for 2010. This includes the sales division's market entry in China with strong medium- to long-term growth prospects. Media Markt and Saturn are optimally prepared as they will enter this market together with a partner who can draw on several years of experience in the Chinese market. Expansion in Turkey, Sweden and Russia is already high up on the sales division's agenda.

Major sport events such as the Winter Olympics and the World Cup as well as the growing penetration of high-definition televisions are expected to provide sales momentum in 2010. Media Markt and Saturn do not expect sales growth to return to the past years' level of more than 10 percent, but the sales division believes it will clearly outgrow its market and thus gain additional market share.

Galeria Kaufhof

As in previous years, Galeria Kaufhof posted solid results in a challenging financial year of 2009. Building on its trading-up strategy, the sales division made significant strides in its operating business during its 130th anniversary year. Indeed the department store serves as a mirror of zeitgeist. This is why it is forced to continually reinvent itself – at ever shorter intervals. Galeria Kaufhof is optimising its store network in the context of Shape 2012 and will close 4 German department stores in 2010. The respective costs have been considered in the financial statements for 2009 and will not have a negative effect on this year's accounts.

Against this backdrop, Galeria Kaufhof also projects solid developments in 2010 and 2011 and continues to invest in the modernisation of its German and Belgian locations.

Real Estate

The number of real estate assets managed by METRO Group is growing in sync with the Company's expansion. As a result, METRO Group expects to generate rising earnings from this business based on higher rental income over the next few years. Active portfolio management is expected to generate annual earnings contributions in the middle double-digit million euros.

METRO Group

The situation will remain challenging in 2010. Whether the current year will bring a trend reversal depends particularly on economic developments in Eastern Europe. The negative trend had not intensified further by the end of the fourth quarter of 2009. Whether this can be interpreted as an indication of a trend reversal will be seen only during the course of the first half of 2010.

Sales

METRO Group maintains its medium-term forecast of over 6 percent sales growth per year. For 2010, the Company expects sales to exceed the previous year's level but to still fall short of this target level. Aside from the macroeconomic situation, this is attributable to the lower number of new store openings in 2009 and 2010.

Earnings

METRO Group's strategy aims for long-term profitable growth, that is, disproportionately higher growth of earnings than sales. The Company's medium-term growth target for EBIT before special items is more than 10 percent per year. Shape 2012 will unleash its positive earnings impact successively and become fully effective from 2012.

Due mostly to the contributions of Shape 2012, METRO Group projects earnings before special items for 2010 to noticeably exceed the level of 2009. The extent of the earnings improvement, however, is closely dependent on the development of macroeconomic parameters.

Income statement

The structure of the income statement in 2010 will not deviate significantly from that of 2009. METRO Group projects disproportionately low increases in expense items – adjusted for special items from Shape 2012. The Shape 2012 measures will generate savings in selling expenses and general administrative expenses, in particular. In addition, the programme will have a positive impact on gross profit.

Dividend

Ever since its establishment, METRO AG has disbursed an annual dividend. In the context of a dynamic dividend policy, the size of dividend payouts principally depends on the development of earnings per share before special items. In future, METRO AG intends to continue to pay a competitive and attractive dividend compared to other DAX 30 companies and retail groups.

Financial position

Financing measures

Private as well as institutional investors regard METRO Group as a solidly financed company. In 2009, the Company continued to improve its maturity profile by issuing several bonds and a promissory note loan. METRO Group thus remains solidly financed in 2010. The redemption of a €200 million bond maturing in September 2010 is adequately considered in current financial planning.

Investments

METRO Group's medium-term plans comprise annual investments of more than €2.2 billion in the modernisation of its store network and its international expansion. After investments of €1.5 billion in the financial year 2009, the investment budget for 2010 will be raised to about €1.9 billion. While the number of new store openings will remain below the Company's medium-term target in 2010, it will be higher than in the previous year. Medium-term planning foresees the opening of 40 new Metro Cash & Carry stores a year, about 15 new Real stores and more than 70 new Media Markt and Saturn stores.

Cash development

Debt and liquidity developments at retailing companies are characterised by a high share of fourth-quarter sales in total annual sales. At the end of the year, METRO Group has above-average liquidity as well as higher trade payables. During the first quarter, both debt and liquidity return to a more normal level. The cost-cutting measures already introduced are designed to strengthen the Company's liquidity and reduce its net debt.

Employees

With an average of about 290,000 employees around the world in 2009, METRO Group is one of the world's major employers. In the course of its expansion, the Company increases its workforce by an average of more than 8,000 people a year. METRO Group expects to continue to create new jobs in particular in the context of its expansion. The Company will maintain its recruitment and training approach, and offer apprenticeships to young people. However, Shape 2012 will also result in job cuts in 2010.

Sustainability

METRO Group's Sustainability Report describes the Company's objectives for improvement in the areas of supply chain/products, environment, employees as well as society and social affairs. One long-term objective is to reduce the Company's specific CO_2 emissions by 15 percent by 2015 from 406 kilograms per square metre of selling space in 2006. An interim report on the realisation of these objectives will be included in the Sustainability Report 2009, which will be published in May 2010.

Opportunities from changed parameters

Strategic business opportunities
Even a difficult environment harbours opportunities for METRO Group. Difficult parameters enable the Company, as in the past, to exploit competitors' weaknesses and expand its market share. METRO Group expects further competitors to drop out of the market or reduce their business in 2010 – although at a lower rate than in 2009. As in the past, the Company will examine to what extent specific cases offer an opportunity to acquire businesses or individual locations.

Performance-related opportunities
METRO Group's increased customer orientation – partly through its Shape 2012 programme – offers an opportunity to markedly improve METRO Group business developments. The aim is to achieve €1.5 billion in earnings improvements by 2012 and beyond.

Opportunities through qualified employees and managers
Employees are the foundation of METRO Group's success. Their development produces opportunities. Demographic changes will make the recruitment of qualified employees and managers increasingly difficult over the next few years. This is why METRO Group is intensifying its dialogue with universities and implementing internship programmes, among other things, that comprise work in operating departments as well as overarching training events. METRO Group managers receive training and further education at the "Metro Academy". The development of key global management recruits is now being monitored on a centralised basis, with the Management Board deciding on their promotion. Building on these measures, METRO Group strives to retain qualified and motivated employees over the long term and tap the related potential.

Overall statement on the expected course of METRO Group

METRO Group will continue on its profitable growth course and thus expand its position as one of the leading international retail groups over the next few years. The year of 2010 will not be an easy year and it remains to be seen whether macroeconomic trends reverse during the course of the year. However, METRO Group feels well prepared for the future and can build on a successful portfolio of sales divisions. In addition, with Shape 2012, the Company is implementing a programme that will accompany METRO Group into a successful and profitable future.

Overview

	2009	2010
Investments (€ billion)	1.5	~1.9
New store openings		
Metro Cash & Carry	18	~30
Real	12	~5
Media Markt and Saturn	50	~60
Sales growth (%)	-3.6	0–6
Earnings (before special items)	2,024	above previous year

Consolidated financial statements

Consolidated financial statements

Income statement
for the financial year from 1 January to 31 December 2009

€ million	Note no.	2009	2008[1]
Net sales	1	**65,529**	**67,955**
Cost of sales		-51,664	-53,646
Gross profit on sales		**13,865**	**14,309**
Other operating income	2	1,307	1,399
Selling expenses	3	-11,854	-12,221
General administrative expenses	4	-1,589	-1,426
Other operating expenses	5	-48	-76
Earnings before interest and taxes EBIT		**1,681**	**1,985**
Result from associated companies		0	0
Other investment result	6	15	14
Interest income	7	129	196
Interest expenses	7	-682	-682
Other financial result	8	-93	-102
Net financial result		**-631**	**-574**
Earnings before taxes EBT		**1,050**	**1,411**
Income taxes	10	-531	-424
Income from continuing operations		**519**	**987**
Income from discontinued operations after taxes	42	0	-429
Net profit for the period		**519**	**558**
Profit attributable to minority interests	11	136	157
from continuing operations		(136)	(157)
from discontinued operations		(0)	(0)
Profit attributable to shareholders of METRO AG		383	401
from continuing operations		(383)	(830)
from discontinued operations		(0)	(-429)
Earnings per share in €	12	**1.17**	**1.23**
from continuing operations		(1.17)	(2.54)
from discontinued operations		(0.00)	(-1.31)

[1] Adjustment due to first-time adoption of new and revised IFRS as well as a change in disclosure

Reconciliation from net profit for the period to comprehensive income

€ million	2009	2008[1]
Net profit for the period	**519**	**558**
Other comprehensive income		
Change in revaluation reserve	0	0
Actuarial gains/losses	0	0
Currency translation differences from the conversion of the accounts of foreign operations	-78	-464
Effective portion of gains/losses from cash flow hedges	10	-38
Gains/losses from the revaluation of financial instruments in the category "available for sale"	0	0
Income tax attributable to components of "other income"	16	37
Total comprehensive income	**467**	**93**
Comprehensive income attributable to minority interests	133	144
Comprehensive income attributable to shareholders of METRO AG	334	-51

[1] Adjustment due to first-time adoption of new and revised IFRS

Balance sheet as of 31 December 2009

Assets € million	Note no.	As of 31 Dec 2009	As of 31 Dec 2008[1]	As of 1 Jan 2008[1]
Non-current assets		**18,464**	**18,813**	**18,886**
Goodwill	17, 18	3,992	3,960	4,328
Other intangible assets	17, 19	497	552	515
Tangible assets	17, 20	12,244	12,524	12,332
Investment properties	17, 21	129	133	116
Financial assets	17, 22	113	144	152
Other receivables and assets	23	463	450	490
Deferred tax assets	24	1,026	1,050	953
Current assets		**15,203**	**15,001**	**14,976**
Inventories	25	7,110	7,001	7,328
Trade receivables	26	544	446	508
Financial assets		38	8	28
Other receivables and assets	23	2,993	3,116	3,062
Entitlements to income tax refunds		405	326	275
Cash and cash equivalents	29	3,996	3,874	3,433
Assets held for sale	30	117	230	342
		33,667	**33,814**	**33,862**

[1] Adjustment due to first-time adoption of new and revised IFRS

Statement of changes in equity[1]

€ million	Share capital	Capital reserve	Effective portion of gains/ losses from cash flow hedges	Currency translation differences from the conversion of the accounts of foreign operations
1 Jan 2008	835	2,544	95	86
Dividends	0	0	0	0
Comprehensive income	0	0	-38	-451
Capital balance from acquisition of shares	0	0	0	0
31 Dec 2008/1 Jan 2009	835	2,544	57	-365
Dividends	0	0	0	0
Comprehensive income	0	0	10	-75
Capital balance from acquisition of shares	0	0	0	0
31 Dec 2009	**835**	**2,544**	**67**	**-440**

[1] Changes in equity are explained in the notes to the consolidated financial statements in no. 31 ("Equity")
[2] Adjustment of previous year's figures due to first-time adoption of new and revised IFRS

Liabilities € million	Note no.	As of 31 Dec 2009	As of 31 Dec 2008[1]	As of 1 Jan 2008[1]
Equity	31	**5,992**	**6,061**	**6,498**
Share capital		835	835	835
Capital reserve		2,544	2,544	2,544
Reserves retained from earnings		2,375	2,428	2,865
Minority interests		238	254	254
Non-current liabilities		**9,106**	**7,369**	**7,357**
Provisions for pensions and similar commitments	32	978	964	973
Other provisions	33	502	533	524
Financial liabilities	34, 36	6,743	5,031	5,030
Other liabilities	34, 37	667	620	647
Deferred tax liabilities	24	216	221	183
Current liabilities		**18,569**	**20,384**	**20,007**
Trade liabilities	34, 35	14,050	13,839	14,088
Provisions	33	561	522	576
Financial liabilities	34, 36	1,491	3,448	2,708
Other liabilities	34, 37	2,202	2,163	2,268
Deferred tax liabilities	34	265	266	337
Liabilities related to assets held for sale	30	0	146	30
		33,667	**33,814**	**33,862**

[1] Adjustment due to first-time adoption of new and revised IFRS

Income tax attributable to components of "other income"	Other earnings reserves	Total reserves retained from earnings[2]	Total	thereof attributable to "other income"	Minority interests	thereof attributable to "other income"	Total equity
-36	2,720	2,865	6,244		254		6,498
0	-386	-386	-386		-144		-530
37	401	-51	-51	(-452)	144	(-13)	93
0	0	0	0		0		0
1	2,735	2,428	5,807		254		6,061
0	-386	-386	-386		-124		-510
16	383	334	334	(-49)	133	(-3)	467
0	-1	-1	-1		-25		-26
17	**2,731**	**2,375**	**5,754**		**238**		**5,992**

Cash flow statement[1]

€ million	2009	2008[2]
EBIT	1,681	1,985
Depreciation of tangible and other intangible assets	1,396	1,352
Change in provisions for pensions and other provisions	-9	87
Change in net working capital	130	294
Income taxes paid	-560	-640
Other	-67	-441
Cash flow from operating activities of continuing operations	**2,571**	**2,637**
Cash flow from operating activities of discontinued operations	-18	14
Total cash flow from operating activities	**2,553**	**2,651**
Corporate acquisitions	-8	-7
Investments in tangible assets (excl. finance leases)	-1,189	-2,281
Other investments	-191	-246
Divestment of Adler (previous year: divestment of Extra)	-34	467
Disposal of fixed assets	260	339
Cash flow from investing activities of continuing operations	**-1,162**	**-1,728**
Cash flow from investing activities of discontinued operations	0	-12
Total cash flow from investing activities	**-1,162**	**-1,740**
Profit distribution		
to METRO AG shareholders	-386	-386
to other shareholders	-124	-144
Raising of financial liabilities	3,169	2,891
Redemption/repayment of financial liabilities	-3,371	-2,128
Interest paid	-676	-655
Interest received	123	207
Profit and loss transfers and other financing activities	1	-140
Cash outflow from financing of discontinued operations	-38	-40
Cash flow from financing activities of continuing operations	**-1,302**	**-395**
Cash flow from financing activities of discontinued operations	36	-9
Total cash flow from financing activities	**-1,266**	**-404**
Total cash flows	**125**	**507**
Exchange rate effects on cash and cash equivalents	-4	-51
Change in cash and cash equivalents due to first-time consolidation of companies	1	0
Total change in cash and cash equivalents	**122**	**456**
Total cash and cash equivalents on 1 January	3,874	3,443
Total cash and cash equivalents on 31 December	3,996	3,899
Less cash and cash equivalents from discontinued operations on 31 December	0	25
Cash and cash equivalents from continuing operations on 31 December	**3,996**	**3,874**

[1] The cash flow statement is explained in the notes in no. 40 ("Notes to the cash flow statement")
[2] Adjustment due to first-time adoption of new and revised IFRS

Notes

Segment reporting[1, 2]

Operating segments

	Continuing Group operations							
	Metro Cash & Carry		Real		Media Markt and Saturn		Galeria Kaufhof	
€ million	2009	2008	2009	2008	2009	2008	2009	2008
External sales (net)	30,613	33,143	11,298	11,635	19,693	18,993	3,539	3,607
Internal sales (net)	14	6	1	1	0	2	3	6
Total sales (net)	30,627	33,149	11,299	11,636	19,693	18,995	3,542	3,613
EBITDAR	1,740	2,010	633	378	1,382	1,322	437	480
EBITDA	1,061	1,406	219	-32	847	839	166	223
Depreciation/amortisation	268	267	183	186	244	236	105	108
EBIT	793	1,139	36	-218	603	603	61	115
Investments	220	336	193	250	353	402	57	128
Segment assets	6,885	7,125	3,708	3,656	6,279	5,773	1,070	1,162
thereof non-current	(3,767)	(3,727)	(2,518)	(2,488)	(1,726)	(1,661)	(478)	(530)
Segment liabilities	6,495	6,539	2,199	2,328	7,096	6,389	956	1,237
Selling space (in 1,000 sqm)	5,291	5,176	3,184	3,148	2,633	2,439	1,501	1,489
Locations (number)	668	655	441	439	818	768	141	141

Regional segments

	Continuing Group operations							
	Germany		Western Europe excl. Germany		Eastern Europe		Asia/Africa	
€ million	2009	2008	2009	2008	2009	2008	2009	2008
External sales (net)	26,511	26,665	20,932	20,993	15,766	18,084	2,320	2,213
Internal sales (net)	18	15	12	4	0	1	636	774
Total sales (net)	26,529	26,680	20,944	20,997	15,766	18,085	2,956	2,987
EBITDAR	1,636	1,656	1,210	1,125	1,221	1,468	15	8
EBITDA	1,032	1,092	968	912	1,072	1,345	3	-3
Depreciation/amortisation	698	702	312	303	338	317	48	30
EBIT	334	390	656	609	734	1,028	-45	-33
Investments	514	779	256	414	626	1,055	121	175
Segment assets	11,901	12,198	7,569	7,641	7,135	6,999	1,241	1,247
thereof non-current	(6,827)	(7,293)	(4,369)	(4,424)	(5,151)	(5,014)	(845)	(772)
Segment liabilities	8,184	8,051	5,978	5,602	3,768	4,032	547	559
Selling space (1,000 sqm)	6,000	6,047[3]	2,990	2,912	3,112	2,876	527	467
Locations (number)	1,017	1,070[3]	596	575	439	401	75	65

[1] Segment reporting is explained in no. 41 ("Segment reporting")
[2] Adjustment of previous year's figures due to first-time adoption of new and revised IFRS
[3] The 84 Dinea locations have been reclassified from the "others" segment to the Galeria Kaufhof segment. They are no longer counted as independent locations in the Galeria Kaufhof segment, but attributed to the respective Galeria Kaufhof location. As a result, the locations and their selling spaces are no longer disclosed separately in the "others" segment or the region Germany

Continuing Group operations								Discontinued Group operations	
Real Estate		Others		Consolidation		METRO Group			
2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
0	0	386	577	0	0	65,529	67,955	50	1,196
0	0	5,889	6,255	-5,907	-6,270	0	0	0	0
0	0	6,275	6,832	-5,907	-6,270	65,529	67,955	50	1,196
-1	8	-90	35	-17	15	4,084	4,248	n/a	n/a
954	927	-152	-22	-18	-4	3,077	3,337	-1	-16
418	389	184	136	-6	30	1,396	1,352	0	325
536	538	-336	-158	-12	-34	1,681	1,985	-1	-341
580	1,060	114	247	0	0	1,517	2,423	1	12
8,645	8,696	2,111	2,136	-1,224	-984	27,474	27,564	0	78
(8,367)	(8,523)	(512)	(732)	(-155)	(-157)	(17,213)	(17,504)	(0)	(0)
600	479	2,123	1,757	-1,263	-929	18,206	17,800	0	80
0	0	20	50[3]	0	0	12,629	12,302[3]	0	293
0	0	59	108[3]	0	0	2,127	2,111[3]	0	120

Continuing Group operations						Discontinued Group operations	
International		Consolidation		METRO Group			
2009	2008	2009	2008	2009	2008	2009	2008
39,018	41,290	0	0	65,529	67,955	50	1,196
648	779	-666	-794	0	0	0	0
39,666	42,069	-666	-794	65,529	67,955	50	1,196
2,446	2,601	2	-9	4,084	4,248	n/a	n/a
2,043	2,254	2	-9	3,077	3,337	-1	-16
698	650	0	0	1,396	1,352	0	325
1,345	1,604	2	-9	1,681	1,985	-1	-341
1,003	1,644	0	0	1,517	2,423	1	12
15,945	15,887	-372	-521	27,474	27,564	0	78
(10,365)	(10,210)	(21)	(1)	(17,213)	(17,504)	(0)	(0)
10,293	10,193	-271	-444	18,206	17,800	0	80
6,629	6,255	0	0	12,629	12,302[3]	0	293
1,110	1,041	0	0	2,127	2,111[3]	0	120

Notes to the Group accounting principles and methods

Accounting principles

METRO AG's consolidated financial statements as of 31 December 2009 were prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), London. They comply with all mandatory applicable accounting standards and interpretations adopted by the European Union as of this date. Compliance with these standards and interpretations ensures a true and fair view of the asset, liabilities, financial position and profit or loss of METRO AG.

The consolidated financial statements in their present form comply with the stipulations of § 315a of the German Commercial Code (HGB). Together with Directive (EC) No. 1606/2002 of the European Parliament and Council of 19 July 2002 concerning the application of international accounting standards, they form the legal basis for group accounting according to international standards in Germany.

These financial statements are based on the historical cost principle except for financial instruments recognised at fair value and assets and liabilities that are recognised at fair value as hedged items within a fair value hedge. Furthermore, non-current assets held for sale and disposal groups are recognised at fair value minus disposal costs as long as this value is lower than the carrying amount. In addition, liabilities from cash-settled share-based remuneration are recognised at fair value.

The income statement has been prepared using the cost of sales method.

Certain items in the income statement and the balance sheet have been combined to increase transparency and informative value. These items are listed separately and described in detail in the notes.

The consolidated financial statements have been prepared in euros. All amounts are stated in million euros (€ million) unless otherwise indicated. Amounts below €0.5 million are rounded and reported as 0.

The following accounting methods were used in the preparation of the consolidated financial statements.

Application of new accounting methods

Revised and new accounting methods

The revised and supplemented accounting standards and interpretations as well as those newly issued by the IASB, the application of which was mandatory for METRO AG in the financial year 2009, were applied for the first time to the present consolidated financial statements:

IFRS 1 (First-time Adoption of International Financial Reporting Standards) in conjunction with IAS 27 (Consolidated and Separate Financial Statements)

In the first-time adoption of IFRS, the cost of purchasing an investment may be recognised either at fair value or carrying amount in accordance with the previously applied national accounting standards in the individual IFRS financial statements. In addition, dividends of subsidiaries, joint ventures and associated companies must consistently be recognised as income in the income statement of the individual financial statements even if they result from events preceding the acquisition date. Where, under certain conditions, an intragroup restructuring results in the creation of a new parent company that recognises its holding in the former parent company at cost in its individual financial state-ments, the cost of purchase is measured based on the new parent company's share in the carrying amount of the former parent company's equity capital at the time of restructuring.
The amendments to IFRS 1 in conjunction with the amended IAS 27 refer exclusively to individual financial statements and had no effect on the consolidated financial statements of METRO AG.

IFRS 2 (Share-based Payment)

The amended IFRS 2 stipulates that vesting conditions may only comprise service- and performance-based conditions. Other conditions do not represent vesting conditions and must therefore be included in the fair value of share-based remuneration at the time of granting. In addition, all cancellations, irrespective of whether they are effected by the employee or the company, must be recognised in the same manner. This means that the expenses that prior to the cancellation would have been spread over the remaining service life must be recognised immediately in the case of cancellation.

These amendments to IFRS 2 had no effect on the consolidated financial statements of METRO AG.

IFRS 7 (Financial Instruments: Disclosures)

The amended IFRS 7 requires more detailed disclosures on financial instruments measured at fair value. It calls for separate notes on each class of financial instruments determined by the company explaining the determination of the fair value. The amendments establish a three-level hierarchy for disclosing fair value that reflects the market significance of the inputs used to determine the fair values. Additional disclosures are required if the fair value is largely measured using inputs that are not based on observable market data. These include, in particular, a reconciliation from the fair value at the beginning of the financial year to the fair value at the end of the financial year as well as a sensitivity analysis of inputs included in the measurement.

In addition, the amendments clarify that disclosures on liquidity risks must include a presentation by maturities for both derivative and non-derivative financial liabilities.

The adoption of the amended IFRS 7 requires additional disclosures in the notes regarding the fair value hierarchy. For this purpose, financial instruments within METRO Group were classified in accordance with the categories provided by IFRS 7. The required disclosures on liquidity risks were already fulfilled in the past. Aside from the additional disclosure requirements in the notes, this amendment had no effect on the consolidated financial statements of METRO AG.

IFRS 8 (Operating Segments)

IFRS 8 applicable from 1 January 2009 replaces IAS 14 (Segment Reporting). In the classification of operating segments, the new standard requires a management approach under which segment information is presented on the same basis as that used for internal reporting purposes. This means that segments whose business activities are not primarily geared towards the generation of external sales may be classified as reportable. As a result of the first-time adoption of IFRS 8, the entire real estate property of METRO Group is therefore presented as a separate segment. Real estate property was previously disclosed both under sales divisions and in the "others" segment. Real estate property is to a large extent leased at market rates within the Group.

Since the beginning of 2009, the Dinea restaurants, which are part of Galeria Kaufhof, have been disclosed as part of the Galeria Kaufhof segment as they are part of the respective department stores in both legal terms and spatial terms and represent an integral component of Galeria Kaufhof's business activities. The Dinea restaurants were previously included in the "others" segment. For the same reason, and in deviation from the previous approach, the locations of the Dinea restaurants are no longer counted separately, but attributed to the respective Galeria Kaufhof department store. This has no effect on the number of Galeria Kaufhof locations. However, it means that Group disclosures state 84 fewer locations.

All business activities that do not classify as operating segments according to IFRS 8 are subsumed in the "others" segment together with non-reportable operating segments. The consolidation is separated and no longer reported together with the "others" segment. As in the past, equivalent information on the Metro regions is disclosed in addition to the information on the operating segments. This is done in the interest of transparency although no such stipulation is made in IFRS 8.

The relevant segment data for the financial year 2008 were adjusted for better comparability.

IAS 1 (Presentation of Financial Statements)

As a result of the revision of IAS 1, the presentation of net profit/loss for the period in the income statement was supplemented by the determination of "other comprehensive income" in the separate total comprehensive income reconciliation. "Other comprehensive income" includes components not recognised through profit or loss. Both make up so-called "total comprehensive income".

The statement of changes in equity was supplemented by a presentation of the components of reserves retained from earnings that are related to "other comprehensive income".

In addition, the income tax effects relating to the individual components of "other comprehensive income" are disclosed in the notes.

The revised IAS 1 only requires a more detailed presentation of the accounts components. Other than this, the revision had no effect on the consolidated financial statements of METRO AG.

IAS 23 (Borrowing Costs)

Since 1 January 2009, in contrast to the previous measurement option, borrowing costs that are directly attributable to the acquisition, construction or manufacture of a so-called qualifying asset must be capitalised as a component of the cost of purchase or manufacture. Qualifying assets are defined as non-

financial assets that take a substantial period of time to prepare for their intended use or sale.
In the financial year 2009, no event requiring the application of the revised IAS 23 occurred at METRO Group.

IAS 32 (Financial Instruments: Presentation) in conjunction with IAS 1 (Presentation of Financial Statements)
The revised IAS 32 and IAS 1 deal with the classification of equity and liabilities. Under certain conditions, separate accounts compiled under IFRS now provide for the option to also include callable instruments in equity that previously had to be reported under liabilities.
As these revisions apply exclusively to IFRS separate accounts and are not adopted into consolidated accounts, the application of the revised standards had no effect on the consolidated financial statements of METRO AG.

IAS 38 (Intangible Assets)
IAS 38 was revised as part of the so-called "Improvements to IFRSs 2008". It prescribes the treatment of expenses that create future economic benefits but do not result in an (intangible) asset. In the case of supply of goods, related expenses are recognised when the company obtains the right of access to those goods. In the case of services rendered, the expenses are recognised when the services are received. In particular, advertising expenses, for example for marketing brochures, must now be recognised when they are produced by the supplier and when the company could demand delivery.
The amendment of IAS 38 results in a partial deferral of expenses to the respective previous period. Figures for the previous year have been adjusted accordingly. In the financial years 2008 and 2009, the amendment of IAS 38 did not have any material effects on the consolidated financial statements of METRO AG.

IFRIC 9 (Reassessment of Embedded Derivatives) in conjunction with IAS 39 (Financial Instruments: Recognition and Measurement)
Where financial instruments are reclassified from the category "at fair value through profit or loss", all embedded derivatives must be revalued. This can result in a separate recognition in the accounts.
As the option to reclassify financial instruments was not used within METRO Group, the revised IFRIC 9 had no effect on the consolidated financial statements of METRO AG.

IFRIC 13 (Customer Loyalty Programmes)
Award credits that a company grants its customers in the context of customer loyalty programmes must be presented as individually separable components of multiple element arrangements in accordance with IAS 18 (Revenue) if they fall under the scope of IFRIC 13. The sales transaction therefore comprises at least two components to which revenue must be allocated: a principal service (sale of goods or rendering of services) and the granting of award credits. The share of revenues attributable to the granting of award credits must be recognised only when the award credits can be considered fulfilled through redemption, expiry or transfer of the obligation to third parties.
The previous year's figures were adjusted for better comparability in the context of the retrospective application of IFRIC 13.

In the context of the "Improvements to IFRSs 2008", amendments made to other standards were immaterial to METRO AG and therefore had no effect on the consolidated financial statements of METRO AG.

A number of other accounting standards and interpretations were newly adopted or revised by the IASB that will be binding from 1 January 2010 at the earliest, insofar as they are approved by the European Commission and relevant to METRO AG:

Standard/ Interpretation	Title	Application at METRO AG from	Approved by EU[1]
IFRS 1	First-time Adoption of International Financial Reporting Standards (Revised)	1 Jan 2010	Yes
IFRS 1	First-time Adoption of International Financial Reporting Standards (Improvements to IFRSs 2008)	1 Jan 2010	Yes
IFRS 1	First-time Adoption of International Financial Reporting Standards (Amendment: Additional Exemptions for First-time Adopters)	1 Jan 2010	No
IFRS 2	Share-based Payment (Amendment: Group Cash-settled Share-based Payment Transactions)	1 Jan 2010	No
IFRS 3	Business Combinations (Revised)	1 Jan 2010	Yes
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations (Improvements to IFRSs 2008)	1 Jan 2010	Yes
IFRS 9	Financial Instruments	1 Jan 2013	No
IAS 24	Related Party Disclosures (Revised)	1 Jan 2011	No
IAS 27	Consolidated and Separate Financial Statements (Amendment)	1 Jan 2010	Yes
IAS 32	Financial Instruments: Presentation (Amendment: Classification of Rights Issues)	1 Jan 2011	Yes
IAS 39	Financial Instruments: Recognition and Measurement (Amendment: Eligible Hedged Items)	1 Jan 2010	Yes
IFRIC 12	Service Concession Arrangements	1 Jan 2010[2]	Yes
IFRIC 14	IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (Amendment: Prepayments of a Minimum Funding Requirement)	1 Jan 2011	No
IFRIC 15	Agreements for the Construction of Real Estate	1 Jan 2010[2]	Yes
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	1 Jan 2010[2]	Yes
IFRIC 17	Distributions of Non-cash Assets to Owners	1 Jan 2010	Yes
IFRIC 18	Transfers of Assets from Customers	1 Jan 2010	Yes
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	1 Jan 2011	No
Diverse	Improvements to IFRSs 2009	1 Jan 2010	No

[1] As of 31 December 2009
[2] No application in the financial year 2009 as not yet endorsed by EU

At this point, the first-time application of the aforementioned accounting regulations is not expected to have a material impact on the Group's asset, financial and earnings position.

Changed disclosure

Starting in the financial year 2009, income from marketing services and similar income generated in dealings with former subsidiaries is netted against the related expense items to render the economic import of this transit item more transparent. A reclassification of these types of income was effected retroactively without an effect on income. The adjustment of the previous year's figures was reported under other operating income (€-119 million), cost of sales (€-10 million), other operating expenses (€16 million) and selling expenses (€113 million). The changes exclusively concerned the "others" segment.

Consolidation group

Besides METRO AG, the consolidated financial statements comprise all subsidiaries in which METRO AG controls the financial and business policy through a majority of voting rights or according to the Articles of Association, company contract or contractual agreement. These include 669 German (previous year: 669) and 581 international (previous year: 558) subsidiaries controlled by METRO AG in accordance with IAS 27 (Consolidated and Separate Financial Statements) in conjunction with SIC-12 (Consolidation – Special Purpose Entities).

The group of consolidated companies changed as follows compared to the previous year:

As of 1 January 2009	1,228
Changes in the financial year 2009:	
Companies merged with other consolidated subsidiaries	-18
Disposal of shareholdings	-1
Other disposals	-12
Newly founded companies	46
Acquisitions	8
As of 31 December 2009	**1,251**

Additions from newly founded companies (46 companies) and acquisitions (8) are due mainly to the expansion of Media Markt and Saturn.

Inasmuch as they are of particular significance, effects from changes in the consolidation group are explained in detail in the respective balance sheet items.

2 associated companies (previous year: 3) and 6 joint ventures (previous year: 4) were valued according to the equity method. A total of 9 companies (previous year: 11) in which METRO AG holds between 20 and 50 percent of the voting rights were valued at cost because they did not qualify as associated companies or because materiality considerations made the use of the equity method unnecessary.

A complete list of Group companies and associated companies is published in the electronic Federal Gazette. An overview of all material Group companies is shown in no. 55 ("Overview of major fully consolidated Group companies").

Consolidation principles

The financial statements of German and foreign subsidiaries included in the consolidated accounts are prepared using uniform accounting and valuation methods as required by IAS 27.

Consolidated companies that, unlike METRO AG, do not close their financial year on 31 December prepared interim financial statements for consolidation purposes.

Capital consolidation is accomplished using the purchase method. For business combinations that took place prior to 1 January 2004, pursuant to IAS 22 (Business Combinations), capital consolidation was effected by offsetting the carrying amounts of the investments against the revalued pro rata equity of the subsidiaries as of their acquisition dates. Any positive differences remaining after the allocation of hidden reserves and charges were capitalised as goodwill and amortised to income on a straight-line basis in accordance with their useful lives. With the first-time application of IFRS 3 (Business Combinations), scheduled straight-line amortisation of goodwill was discontinued from 1 January 2004. From this date, goodwill is tested for impairment regularly once a year, or more frequently if changes in circumstances indicate a possible impairment, and written down to the lower recoverable amount if applicable. For business acquisitions as of 1 January 2004, hidden reserves and charges attributable to minority interests must be disclosed and reported as "minority interests" in accordance with IFRS 3. Also in accordance with IFRS 3, any negative differences remaining after the allocation of hidden reserves and charges after another review during the period in which the business combination took place are amortised to income. As a rule, retroactive purchase price adjustments implemented after the first-time consolidation are reported as equity with no effect on the net profit.

Investments accounted for under the equity method are treated in accordance with the principles applying to full consolidation, with existing goodwill being included in the recognition of the investment, and non-scheduled amortisation of this goodwill being included in income from associated companies in the financial result. Any deviating accounting and measurement methods used in the financial statements' underlying equity valuation are retained as long as they do not substantially contradict METRO Group's uniform accounting and measurement methods.

Any write-ups or write-downs to shares in consolidated subsidiaries carried in the individual financial statements have been reversed.

Intragroup profits and losses are eliminated, sales revenues, expenses and income as well as receivables and liabilities and/or provisions existing among consolidated subsidiaries are consolidated. Interim results in fixed assets or inventories resulting from intragroup transactions are eliminated unless they are of minor significance. Third-party debt is consolidated to the extent that the prerequisites for such consolidation are met. In accordance with IAS 12 (Income Taxes), deferred taxes are recognised for consolidated transactions.

Currency translation

In the subsidiaries' separate financial statements, transactions in foreign currency are valued at the rate prevailing on the transaction date. Exchange rate fluctuations up to the closing date are taken into account in the valuation of receivables and payables in foreign currency. The resulting gains and losses are recognised in income. Currency translation differences from receivables and payables in foreign currency, which must be regarded as a net investment in a foreign business operation, are reported as reserves retained from earnings with no effect on net profit.

The annual financial statements of foreign subsidiaries are translated into euros according to the functional currency concept of IAS 21 (The Effects of Changes in Foreign Exchange Rates). The functional currency is defined as the currency of the primary economic environment of the subsidiary. Since all consolidated companies operate as financially, economically and organisationally autonomous entities, their respective local currency is the functional currency. Assets and liabilities are therefore converted at the average exchange rate prevailing on the closing date, whereas income statement items are translated at the annual average exchange rate. Differences from the translation of the financial statements of non-German subsidiaries do not affect income and are shown as a separate item under reserves retained from earnings. Such currency differences are recorded as income in the year in which foreign subsidiaries are deconsolidated.

In the financial year 2009, no functional currency of a consolidated company was classified as hyperinflationary as defined by IAS 29 (Financial Reporting in Hyperinflationary Economies).

The following exchange rates were applied in the translation of key currencies outside the European Monetary Union that are of major significance for METRO Group:

		Average exchange rate in €		Period-end exchange rate in €	
		2009	2008	31 Dec 2009	31 Dec 2008
Egyptian pound	EGP	7.74040	7.99790	7.85800	7.66556
Bosnian mark	BAM	1.95583	1.95583	1.95583	1.95583
Pound sterling	GBP	0.89129	0.79671	0.88810	0.95250
Bulgarian lev	BGN	1.95583	1.95583	1.95583	1.95583
Chinese renminbi	CNY	9.52269	10.22478	9.83500	9.49560
Danish krone	DKK	7.44634	7.45596	7.44180	7.45060
Hong Kong dollar	HKD	10.80623	11.45292	11.17090	10.78580
Indian rupee	INR	67.27274	63.54301	66.49150	67.76650
Japanese yen	JPY	130.33060	152.29292	133.16000	126.14000
Kazakh tenge	KZT	206.08600	176.92040	213.95000	170.89000
Croatian kuna	HRK	7.34100	7.22507	7.30000	7.35550
Moroccan dirham	MAD	11.25572	11.34761	11.31905	11.26080
Moldovan leu	MDL	15.51803	15.22707	17.64260	14.74080
Pakistani rupee	PKR	114.09848	103.63797	121.37110	111.46560
Polish złoty	PLN	4.32764	3.51616	4.10450	4.15350
New Romanian leu	RON	4.23794	3.68428	4.23630	4.02250
Russian rouble	RUB	44.11781	36.43811	43.15400	41.28300
Swedish krona	SEK	10.62298	9.62255	10.25200	10.87000
Swiss franc	CHF	1.51010	1.58681	1.48360	1.48500
Serbian dinar	RSD	93.90046	81.43360	95.88880	88.60100
Singapore dollar	SGD	2.02369	2.07626	2.01940	2.00400
Slovak koruna[1]	SKK	30.12600	31.27759	30.12600	30.12600
Czech koruna	CZK	26.43568	24.97028	26.47300	26.87500
New Turkish lira	TRY	2.16211	1.90775	2.15470	2.14880
Ukrainian hryvnia	UAH	10.87168	7.71252	11.50094	10.85546
Hungarian forint	HUF	280.39477	251.81423	270.42000	266.70000
US dollar	USD	1.39415	1.47062	1.44060	1.39170
Vietnamese dong	VND	23,796.97000	24,040.01000	25,723.81000	23,905.31000

[1] Fixed rate for euro conversion

Income statement

Recognition of income and expenses

In accordance with IAS 18 (Revenue), **net sales** and **other operating income** are reported immediately upon rendering of the service or delivery of the goods or merchandise and hence upon transfer of the risk to the customer. Net sales are shown after deduction of rebates and discounts.

Operating expenses are recognised as expenses upon availment or causation.

As a rule, **dividends** are recognised when the legal claim to payment arises.

Interest is recognised as income or expenses on an accrual basis using the effective interest method where applicable.

Income taxes

Income taxes concern direct taxes on income and deferred taxes.

Balance sheet

Intangible assets

In accordance with IFRS 3 (Business Combinations), **goodwill** is capitalised. Goodwill resulting from business combinations is attributed to the group of so-called "cash-generating units" (CGU) that benefits from the synergies of this business combination. In accordance with IAS 36 (Impairment of Assets), a CGU is defined as the smallest identifiable group of assets that generates cash inflows largely independently from the cash inflows of other assets or groups of assets. As a rule, single locations represent CGUs at METRO Group. Goodwill within METRO Group is monitored at the level of the organisational unit sales division per country for internal management purposes. Goodwill impairment tests are therefore conducted at the level of this respective group of cash-generating units.

Capitalised goodwill is tested for impairment regularly once a year, or more frequently if changes in circumstances indicate a possible impairment. If applicable, it will be written down on an unscheduled basis. No write-up is performed if the reasons for a non-scheduled write-down in previous years have ceased to exist.

To determine a possible impairment, the recoverable amount of a CGU is compared to the respective carrying amount of the CGU. The recoverable amount is the higher of value in use and fair value less selling expenses that is determined as the present value of future cash flows. An impairment of the goodwill allocated to a CGU applies only if the recoverable amount is lower than the carrying amount.

Purchased other intangible assets are recognised at cost of purchase. **Internally generated intangible assets** are capitalised at cost of manufacture for their development if the capitalisation criteria of IAS 38 (Intangible Assets) are met. The cost of manufacture includes all expenditure directly attributable to the manufacturing process. This may include the following costs:

Direct costs	Direct material costs
	Direct production costs
	Special direct production costs
Overhead (directly attributable)	Material overhead
	Production overhead
	Depreciation of fixed assets
	Development-related administrative costs

Debt capital costs are factored into the determination of the cost of production only in the case of so-called qualified assets pursuant to IAS 23 (Borrowing Costs). Qualified assets are defined as non-financial assets that take a substantial period of time to prepare for their intended use or sale. Research costs are not capitalised but recognised immediately as expenses.

All other intangible assets have a **limited useful life** and are therefore subject to scheduled straight-line write-downs.

Capitalised self-created and purchased software as well as comparable intangible assets are written down over a period of 3 to 5 years, licenses over their useful life. These intangible assets are examined for indications of impairment at each closing date. Non-scheduled amortisation is effected if the recoverable amount is below the amortised cost. The assets are written back if the reasons for non-scheduled amortisation implemented in previous years have ceased to exist.

Tangible assets

Tangible assets used in operations for a period of more than one year are recognised at cost less scheduled depreciation. The optional new measurement method under IAS 16 (Property, Plant and Equipment) is not applied. The manufacturing cost of internally generated assets includes both direct costs and appropriate portions of attributable overhead. Financing costs are only capitalised in relation to qualified assets as a component of cost of purchase or production. **Investment allowances** received are offset against the purchase or manufacturing cost of the corresponding asset. **Reinstatement obligations** are included in the cost at the discounted settlement value. The capitalised reinstatement costs are proportionately depreciated over the useful life of the asset.

Tangible assets are depreciated solely on a straight-line basis. Throughout the Group, scheduled depreciation is based on the following useful lives:

Buildings	10 to 33 years
Leasehold improvements	8 to 15 years or shorter rental contract duration
Business and office equipment	3 to 13 years
Machinery	3 to 8 years

The assets will be written down using a non-scheduled depreciation if there are any indications of impairment and if the recoverable amount is below the amortised cost. The assets are written back if the reasons for non-scheduled depreciation have ceased to exist.

In accordance with IAS 17 (Leases), economic ownership of **leased assets** is attributable to the lessee if all the material risks and rewards incidental to ownership of the asset are transferred to the lessee (finance lease). If economic ownership is attributable to METRO Group companies, the leased asset is capitalised at fair value or at the lower present value of the minimum lease payments when the lease is signed. In analogy to the comparable purchased tangible assets, leased assets are subjected to scheduled depreciation over their useful lives or the lease term if the latter is shorter. However, if it is sufficiently certain that ownership of the leased asset will be transferred to the lessee when the term of the lease ends, the asset is depreciated over its useful life. Payment obligations resulting from the future lease payments are carried as liabilities.

Investment properties

In accordance with IAS 40 (Investment Property), **investment properties** comprise properties that are held to earn rentals and/or for capital appreciation. In analogy to tangible assets, they are recognised at cost less scheduled and potentially required non-scheduled depreciation based on the historical cost model. Measurement at fair value through profit or loss does not apply. Scheduled depreciation of investment properties is effected over a useful life of 15 to 33 years. Furthermore, the fair value of these properties is stated in the notes. It is determined either on the basis of recognised measurement methods or independent expert opinions.

Financial assets

Financial assets that do not represent **associated companies** under IAS 28 (Investments in Associates) or joint ventures under IAS 31 (Interests in Joint Ventures) are recognised in accordance with IAS 39 (Financial Instruments: Recognition and Measurement). Depending on the classification required under IAS 39, financial assets are capitalised either at (amortised) cost or fair value, and recognised on the date of purchase.

Investments are assets to be classified as “available for sale”. They are measured at their fair values including transaction costs for the first reporting period. If the fair value of these financial assets can be reliably determined in subsequent periods, they are recognised at fair value. If there are no active markets and if the fair values cannot be determined without undue effort, they are recognised at cost. **Securities** are classified as "held to maturity", "available for sale" or "fair value through profit or loss". The category "fair value through profit or loss" comprises all financial assets classified as "held for trading" as the fair value option of IAS 39 is not applied within METRO Group. This is underscored by the fact that the entire category is described as "held for trading" in the notes to the consolidated financial statements. **Loans** are classified as "loans and receivables" and therefore recognised at amortised cost based on the effective interest method. Financial assets designated as hedged items as part of a value hedge are recognised at fair value through profit or loss.

Fluctuations in the value of "available for sale" financial assets are recognised in equity without being reported as a profit or loss – taking account of deferred taxes where applicable. The amounts recognised without being reported as a profit or loss are not transferred to net income for the respective period until they are disposed of or a sustained impairment of the assets has occurred.

If there are any indications of impairment, the respective financial asset is tested for impairment and, if necessary, the asset is written down by way of a non-scheduled depreciation.

Deferred taxes

Deferred taxes are determined in accordance with IAS 12, according to which likely future tax benefits and liabilities are recognised for temporary differences between the carrying amounts of assets or liabilities in the consolidated financial statements and their tax base. Anticipated tax savings from the use of tax loss carry-forwards expected to be recoverable in future periods are capitalised.

Deferred tax assets in respect of deductible temporary differences and tax loss carry-forwards exceeding the deferred tax liabilities in respect of taxable temporary differences are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred tax assets and deferred tax liabilities are netted if these income tax assets and liabilities concern the same tax authority and refer to the same tax subject or a group of different tax subjects that are jointly assessed for income tax purposes.

Inventories

In accordance with IAS 2 (Inventories), merchandise carried as **inventories** is reported at cost of purchase. The cost of purchase is determined either on the basis of a separate valuation of additions from the perspective of the procurement market or by means of the weighted average cost method.

Merchandise is valued as of the closing date at the lower of cost or net realisable value. Merchandise is written down on a case-by-case basis if the anticipated net realisable value declines below the carrying amount of the inventories. Such net realisable value corresponds to the anticipated estimated selling price less the estimated direct costs necessary to make the sale.

When the reasons for a write-down of the merchandise have ceased to exist, the write-down is reversed.

Trade receivables

In accordance with IAS 39, **trade receivables** are classified as "loans and receivables" and recognised at amortised cost. Where their recoverability appears doubtful, the trade receivables are recognised at the lower recoverable amount. Aside from the required specific bad debt allowances, a lump-sum bad debt allowance is carried out to account for the general credit risk.

Other receivables and assets

The other financial assets in the **other receivables and assets** item that are classified as "loans and receivables" under IAS 39 are recognised at amortised cost.

The **deferred income** item comprises transitory deferrals.

Other assets include investments and derivative financial instruments to be classified as "held for trading" in accordance with IAS 39. They are recognised at their fair value, which corresponds to the cost of purchase net of transaction costs, for the first recognition period. Where the fair values of these financial instruments can subsequently be reliably determined, such fair values are carried. Where no active markets exist and the fair values cannot be determined without undue effort, the assets are carried at cost. All other receivables and assets are also recognised at amortised cost.

If there are any indications of impairment, the assets will be tested for impairment and, if necessary, written down by way on a non-scheduled depreciation.

Deferred income tax assets and liabilities

The disclosed **deferred income tax assets and liabilities** concern domestic and foreign income taxes for the reporting year as well as prior years. They are determined in compliance with the tax laws of the respective business country.

Cash and cash equivalents

Cash and cash equivalents comprise cheques, cash on hand and bank deposits with a term of up to 3 months and are recognised at their respective nominal values.

Provisions

The actuarial measurement of **pension provisions** for Company pension plans is effected in accordance with the projected unit method stipulated by IAS 19 (Employee Benefits). This method takes account of pensions and pension entitlements known at the closing date as well as of future pay and pension increases using biometric data. Where the pension obligations determined or the actual net present value of the pension assets increase or decrease between the beginning and end of a financial year as a result of experience-based adjustments or changes in underlying actuarial assumptions (for example the discount rate or the expected return of pension assets), this will result in so-called actuarial gains or losses. Based on the exercise of a measurement option, these are recognised using the corridor method at METRO Group. Under this method, actuarial gains and losses are recognised only if their cumulative, non-recognised amount exceeds the higher of 10 percent of the present value of the pension obligations and 10 percent of the fair value of the pension assets. In that case, the actuarial gains or losses exceeding the corridor will be spread over the average residual service life of the employees within pension entitlements as of the subsequent year and recognised as income or expenses. The corridor method accounts for the fact that actuarial gains and losses may offset each other over the long term. As an alternative to the described corridor method, IAS 19 permits any systematic method that results in faster amortisation of actuarial gains and losses. It is also possible to opt for immediate disclosure with or without reporting as a loss. As a result, actuarial gains and losses would fully impact provisions and the income statement as well as equity and thus entail a high degree of volatility. The interest element of the transfer to the provision contained in the expenditure for pensions is shown as interest paid under the financial result. **Provisions for pensions and similar commitments** are formed on the basis of actuarial valuations under IAS 19.

In accordance with IAS 37 (Provisions, Contingent Liabilities and Contingent Assets), **(other) provisions** are formed if de jure or de facto obligations to third parties exist that are based on past business transactions or events and will probably result in an outflow of financial funds that can be reliably determined. The provisions are stated at the anticipated settlement amount with due regard to all identifiable risks attached, and are not offset against any claims to recourse. The settlement amount with the highest possible probability of occurrence is used.

Provisions for deficient rental cover in the case of location risks related to leased objects are based on a consideration of individual locations. The same applies to continued locations in so far as a deficient cover for the respective location arises from current corporate planning. The provision maximally amounts to the size of the deficient cover resulting from a possible subleasing.

Provisions for restructuring measures are recognised in so far as the factual restructuring commitment was formalised by means of the adoption of a detailed restructuring plan and its communication vis-à-vis those affected as of the closing date. Restructuring provisions comprise only obligatory restructuring expenses that are not related to the Company's current activities.

Provisions for guarantees are formed based on past capitalised guarantees and sales during the financial year.

Long-term provisions, for example for deficient rental cover or reinstatement obligations, are recognised at their settlement amounts discounted to the balance sheet date.

Liabilities

Trade liabilities are recognised at amortised cost.

In principle, all **financial liabilities** are recognised at amortised cost using the effective interest method in accordance with IAS 39 as the fair value option is not applied within METRO Group. Financial liabilities designated as the hedged item in a fair value hedge are carried as liabilities at their fair value. The fair values indicated for the financial liabilities have been determined on the basis of the interest rates prevailing on the closing date for the remaining terms and redemption structures.

In principle, financial liabilities from finance leases are carried at the present value of future minimum lease payments.

Other liabilities are carried at their settlement amounts unless they represent derivative financial instruments or commitments to stock tender rights, which are recognised at fair value under IAS 39. Deferred income comprises transitory deferrals.

Contingent liabilities

Contingent liabilities are, on the one hand, **potential** obligations arising from past events whose existence is confirmed only by the occurrence or non-occurrence of uncertain future events that are not entirely under the Company's control. On the other hand, contingent liabilities represent **current** obligations arising from past events for which, however, an outflow of resources is not considered probable or whose size cannot be determined with sufficient certainty. According to IAS 37, such liabilities should not be recognised in the balance sheet but disclosed in the notes.

Accounting for derivative financial instruments/ hedge accounting

Derivative financial instruments are exclusively used to reduce risks, in accordance with the respective Group guideline.

In accordance with IAS 39, all derivative financial instruments are recognised at fair value and shown under other receivables and assets or other liabilities.

Derivative financial instruments are measured on the basis of interbank terms and conditions, possibly including the credit margin or stock exchange price applicable to METRO Group. The bid and ask prices at the balance sheet date are applied. Where no stock exchange prices are used, the fair value is determined by means of acknowledged measurement methods. The recognised fair values correspond to the amounts for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's-length agreement.

Gains and losses from derivative financial instruments designated as qualified hedges in the framework of a fair value hedge or for which a qualified hedge relationship could not be established in accordance with the provisions of IAS 39 and which, accordingly, did not qualify for **hedge accounting** are recognised through profit or loss. Results from derivative financial instruments for which a cash flow hedge has been formed and whose effectiveness has been established are carried in equity without being reported as a profit or loss up to the date of realisation of the hedge transaction. Any potential changes in results due to the ineffectiveness of these financial instruments are recognised in the income statement and immediately reported as a profit or loss.

Accounting for share-based remuneration
The share bonuses granted under the **share-based remuneration system** are classified as "cash-settled share-based remuneration". Proportionate provisions measured at the fair value of the obligations entered are formed for these payments. The proportionate formation of the provisions is prorated over the underlying blocking period and recognised in income as personnel expenses. To the extent that the granted share-based payments are hedged, the corresponding hedging transactions are recognised at fair value and included under other receivables and assets. The portion of the hedges' value fluctuation that corresponds to the value fluctuation of the share-based payments is recognised in personnel expenses. The surplus amount of value fluctuations is recognised in equity without being reported as a profit or loss.

Accounting for non-current assets held for sale and discontinued operations
In accordance with IFRS 5 (Non-current Assets Held for Sale and Discontinued Operations), **a non-current asset** is classified as "held for sale" if the respective carrying amount is to be realised above all through a sale rather than through continued utilisation. A sale must be planned and realisable within the subsequent 12 months. The asset is measured at the lower of carrying amount and fair value less costs to sell and presented separately in the balance sheet.

In accordance with IFRS 5, a component of an entity is classified as a **discontinued operation** if it is held for sale or has already been disposed of. The discontinued operation is measured at the lower of carrying amount and fair value less costs to sell. Discontinued operations are presented separately in the income statement, the balance sheet, the cash flow statement and the segment reporting, and explained in the notes. With the exception of the balance sheet, prior-year amounts are restated accordingly.

Summary of chosen measurement methods

Position	Measurement method
Assets	
Goodwill	At cost (subsequent measurement: impairment test)
Other intangible assets	
Acquired other intangible assets	At (amortised) cost
Internally generated intangible assets	At cost of development (direct costs and overheads)
Tangible assets	At (amortised) cost
Investment properties	At (amortised) cost
Financial assets	
Loans and receivables	At (amortised) cost
Held to maturity	At (amortised) cost
Held for trading	At fair value through profit or loss
Available for sale	At fair value through profit or loss
Inventories	Lower of cost and net realisable value
Trade receivables	At (amortised) cost
Cash and cash equivalents	At nominal value
Assets held for sale	Lower of carrying amount and fair value less costs to sell
Liabilities	
Provisions	
Pension provisions	Projected unit credit method
Other provisions	At settlement value (highest probability of occurrence)
Financial liabilities	At (amortised) cost
Other liabilities	At settlement value
Trade payables	At (amortised) cost

Use of assumptions and estimates
The preparation of the consolidated financial statements was based on a number of **assumptions** and **estimates** that had an

effect on the value and presentation of the reported assets, liabilities, income and expenses as well as contingent liabilities. These assumptions and estimates mainly relate to the assessment of the recoverability of goodwill, the Group-wide establishment of useful lives, the measurement of provisions (for example, for restructurings, pensions or location risks) and the feasibility of future tax savings, in particular from loss carry-forwards. In addition, assumptions and estimates concern above all the determination of fair values and the cost of purchase in the context of first-time consolidations. The actual values may deviate from the assumptions and estimates in individual cases. Changes are taken into account at the time new information becomes available.

Capital management

The aim of the capital management strategy of METRO Group is to secure the Company's continued business operations, to enhance its enterprise value, to create solid capital resources to finance its profitable growth and to provide for attractive dividend payments and capital service.

The capital management strategy of METRO Group has remained unchanged compared to the previous year.

EBIT after Cost of Capital (EBITaC)

METRO Group pursues a value-orientated corporate management approach based on EBIT after Cost of Capital (EBITaC). The focus is on the successful deployment of business assets and the achievement of a value contribution for METRO Group exceeding the cost of capital.

Further information on the development of EBIT after Cost of Capital is included in the Group management report in the section "EBIT after Cost of Capital (EBITaC)".

Rating

METRO Group's ratings by two international agencies communicate the Company's creditworthiness to potential debt capital investors. Based on its current ratings, METRO Group has access to all debt capital markets.

Detailed information on the METRO Group rating can be found in the Group management report in the "Financial management" section.

Equity and debt capital, net balance sheet debt in the consolidated financial statements

Equity amounted to €5,992 million (previous year: €6,061 million), while debt capital reached €27,675 million (previous year: €27,753 million). Net balance sheet debt amounted to €4,231 million compared to €4,600 million in the previous year.

€ million	31 Dec 2009	31 Dec 2008
Equity	**5,992**	**6,061**
Debt capital	**27,675**	**27,753**
Net debt	**4,231**	**4,600**
Financial liabilities (incl. finance leases)	8,234	8,479
Cash and cash equivalents	3,996	3,874
Term deposits > 3 months < 1 year	7	5

Local capital requirements

The capital market strategy of METRO Group consistently aims to ensure that the Group companies' capital resources comply with local requirements. During the reporting year, all external capital requirements were fulfilled. This includes, for example, adherence to a maximum level of indebtedness or a fixed equity ratio.

Notes on business combinations

Due to the indirect acquisition of 53 percent of the share in 24-7 Entertainment AG, Berlin (now called 24-7 Entertainment GmbH, Berlin), the 24-7 group with group companies in Germany, Denmark, the United Kingdom and Switzerland became part of the Media Markt and Saturn segment on 30 June 2009. The business activities of the acquired companies essentially comprise the development and operation of Internet platforms for downloads of digital contents.

The preliminary cost of the business combination amounts to €28 million and consists of the purchase price paid in the financial year (€8 million) as well as contingent purchase price obligations (€20 million).

The contingent purchase price obligations result from stock tender rights of the minority shareholders. The business combination was accordingly presented as though 100 percent of the shares had been acquired.

The business combination was recognised in accordance with IFRS 3.

As the fair values of the identified assets, liabilities, contingent liabilities and purchase costs had not been finally determined by the time the financial statements were being prepared, the first-time recognition as of 30 June 2009 pursuant to IFRS 3.62 must be considered preliminary.

The preliminary purchase costs of €28 million were netted against the following book values of assets and liabilities at the time of purchase:

€ million	Carrying amount at acquisition	Adjustment	Fair value
Goodwill	0	21	21
Other intangible assets	0	2	2
Deferred tax assets	2	0	2
Trade receivables	2	0	2
Other receivables and assets	1	0	1
Cash and cash equivalents	1	0	1
Deferred tax liabilities	0	-1	-1
Trade liabilities	-4	0	-4
Other liabilities	-3	0	-3
Total acquired assets and liabilities			**21**
Minority interests			7
Cost of purchase			**28**
Contingent purchase price obligations			-20
Cash outflow			**8**

Goodwill of €21 million resulting from the business combination essentially reflects future synergies related to the establishment of new distribution channels at Media Markt and Saturn. In accordance with the impact of these synergies on the future results of the Media Markt and Saturn sales division, the goodwill was fully attributed to the Media Markt and Saturn segment.

Since the time of purchase, the 24-7 Group has contributed €-3 million to the Group's operating results for 2009.

Assuming the business combination had been effected on 1 January 2009, Group sales would have been €8 million higher and the Group's operating result €-4 million lower. These pro-forma figures merely serve the purpose of comparison. They neither necessarily represent the values that would have resulted if the business combination had been effected on 1 January 2009 nor provide any indication of future results.

Notes to the consolidated income statement

1. Sales

Breakdown of (net) sales:

€ million	2009	2008[1]
Metro Cash & Carry	30,613	33,143
Real	11,298	11,635
Media Markt and Saturn	19,693	18,993
Galeria Kaufhof	3,539	3,607
Others	386	577
	65,529	**67,955**

[1] Adjustment due to first-time adoption of new IFRS

The sales listed in the “others” segment were mainly generated by MGB METRO Group Buying at €253 million (previous year: €299 million) and Axxe/Grillpfanne at €73 million (previous year: €112 million).

A total of €39.0 billion (previous year: €41.3 billion) in sales was generated by Group companies based outside of Germany.

For a breakdown of sales by divisions and regions, see the segment reporting.

2. Other operating income

€ million	2009	2008
Rents	477	513
Services/cost refunds[1]	294	286
Services rendered to suppliers	225	225
Gains from the disposal of fixed assets and from write-ups	95	117
Income from damages and indemnities	15	15
Income from construction services	9	37
Income from sale-and-lease-back transactions	4	9
Miscellaneous	188	197
	1,307	**1,399**

[1] Adjustment of previous year's figures due to a change in disclosure

The decrease in other operating income is primarily attributable to lower income from rents, from the disposal of fixed assets and from construction services.

Other operating income comprises, among other items, income from canteen revenues, income from the derecognition of statute-barred liabilities, revenues from recycling, public aid, other reimbursements and a multitude of additional items.

3. Selling expenses

€ million	2009	2008
Personnel expenses	5,825	5,819
Cost of materials[1]	6,029	6,402
	11,854	**12,221**

[1] Adjustment of previous year's figures due to first-time adoption of revised IFRS and a change in disclosure

Selling expenses declined exclusively as a result of lower cost of materials.

In the area of personnel expenses, savings from already initiated Shape measures are offset by expansion-related cost increases – in particular at Media Markt and Saturn – as well as additional special items from Shape 2012.

The cost of materials, in particular advertising, consulting and travel costs, markedly decreased. In addition, the previous year's high restructuring expenses (expenses from Shape 2012 at Real) compared with substantially lower special items from Shape 2012 during the reporting year.

4. General administrative expenses

€ million	2009	2008
Personnel expenses	831	733
Cost of materials	758	693
	1,589	**1,426**

The increase in personnel expenses results mostly from the higher restructuring expenses from Shape 2012 compared to the previous year. This applies equally to the change in personnel expenses and cost of materials.

5. Other operating expenses

€ million	2009	2008
Losses from the disposal of fixed assets	23	26
Expenses for construction services	5	33
Miscellaneous[1]	20	17
	48	**76**

[1] Adjustment of previous year's figures due to a change in disclosure

Losses from the disposal of fixed assets apply primarily to the sales divisions Metro Cash & Carry, Media Markt and Saturn, Real and the Real Estate segment.

The decline in expenses on construction services is netted against lower income from construction services in the amount of €9 million (previous year: €37 million).

The other operating expenses comprise a multitude of individual circumstances.

6. Other investment result

Profit distribution accounts for the main portion of other investment result in the amount of €15 million (previous year: €14 million).

7. Interest income/interest expenses

Net interest income can be broken down as follows:

€ million	2009	2008
Interest income	129	196
thereof finance leases	(1)	(2)
thereof pension provisions	(42)	(46)
thereof financial instruments of the IAS 39 measurement categories:		
loans and receivables including cash and cash equivalents	(61)	(116)
held to maturity	(0)	(0)
held for trading incl. derivatives within hedges in accordance with IAS 39	(6)	(9)
available for sale	(0)	(0)
Interest expenses	-682	-682
thereof finance leases	(-112)	(-108)
thereof pension provisions	(-105)	(-97)
thereof financial instruments of the IAS 39 measurement categories:		
held for trading incl. derivatives within hedges in accordance with IAS 39	(-25)	(-17)
other financial liabilities	(-380)	(-399)
	-553	**-486**

Interest income and interest expenses from financial instruments are assigned to IAS 39 measurement categories on the basis of the underlying transaction.

8. Other financial result

€ million	2009	2008
Other financial income	392	655
thereof currency effects	(342)	(445)
thereof hedging transactions	(46)	(202)
Other financial expenses	-485	-757
thereof currency effects	(-352)	(-619)
thereof hedging transactions	(-109)	(-113)
Other financial result	**-93**	**-102**
thereof financial instruments of IAS 39 measurement categories:		
loans and receivables incl. cash and cash equivalents	(13)	(-89)
held to maturity	(0)	(0)
held for trading	(-62)	(88)
available for sale	(0)	(0)
other financial liabilities	(-35)	(-89)
thereof fair value hedges:		
underlying transactions	(0)	(-19)
hedging transactions	(0)	(19)
thereof cash flow hedges:		
ineffectiveness	(-2)	(2)

The other financial income and expenses from financial instruments are assigned to measurement categories on the basis of the underlying transactions pursuant to IAS 39. Besides income and expenses from the measurement of financial instruments according to IAS 39, this also includes the measurement of foreign currency positions according to IAS 21.

The overall result from currency effects and measurement results from hedging transactions and hedging relationships totals €-73 million (previous year: €-85 million) and stems mostly from foreign currency financing in Romania, Russia and Moldova. For possible effects from currency risks, see no. 43 “Management of financial risks”.

9. Net results according to measurement categories

The key effects on earnings from financial instruments are as follows:

2009 € million	Investments	Interest	Fair value measure-ments	Currency translation	Disposals	Impairment	Other	Net result 2009
Loans and receivables including cash and cash equivalents	0	61	0	13	0	-40	0	34
Held to maturity	0	0	0	0	0	0	0	0
Held for trading incl. derivatives within hedges in accordance with IAS 39	0	-19	-64	0	0	0	0	-83
Available for sale	15	0	0	0	0	0	0	15
Other financial liabilities	0	-380	0	-23	5	0	-11	-409
	15	**-338**	**-64**	**-10**	**5**	**-40**	**-11**	**-443**

2008 € million	Investments	Interest	Fair value measure-ments	Currency translation	Disposals	Impairment	Other	Net result 2008
Loans and receivables incl. cash and cash equivalents	0	116	0	-91	6	-63	1	-31
Held to maturity	0	0	0	0	0	0	0	0
Held for trading incl. derivates within hedges in accordance with IAS 39	0	-8	90	0	0	0	0	82
Available for sale	14	0	0	0	0	0	0	14
Other financial liabilities	0	-399	0	-83	6	0	-5	-481
	14	**-291**	**90**	**-174**	**12**	**-63**	**-4**	**-416**

Earnings and expenses from financial instruments are assigned to measurement categories on the basis of the underlying transactions pursuant to IAS 39.

Investment income is included in other investment income. Interest income and expenses are part of the net interest result. Fair value measurements and effects from currency translations are included in other financial result. Income effects from the disposal of other financial liabilities are included in earnings before interest and taxes (EBIT). In the same manner, expenses from write-downs are essentially included in earnings before interest and taxes (EBIT) and are detailed in no. 27 "Impairments of capitalised financial instruments". Remaining financial income and expenses, which are included in other financial result, primarily concern bank commissions and similar expenses that are incurred within the context of assets and liabilities.

10. Income taxes

Income taxes include taxes on income paid or due in the individual countries as well as deferred tax liabilities. Since 2008, the German companies of METRO Group have been subject to an average tax rate of 14.70 percent on business income. The corporate income tax amounts to 15.00 percent (previous year: 15.00 percent), plus a 5.50 percent solidarity surcharge on corporate income tax (previous year: 5.50 percent). The aggregate tax rate is 30.53 percent (previous year: 30.53 percent).

Deferred taxes are determined on the basis of the tax rates expected in each country upon realisation. In principle, the rates applied are those contained in valid laws or legislation that has been passed at the time of the closing date.

Non-German income tax is calculated on the basis of the respective laws and regulations applying in the individual countries. The income tax rates applied to foreign companies vary in a range from 0.00 (tax holidays) to 40.69 percent.

€ million	2009	2008
Taxes paid or due	495	552
thereof Germany	(158)	(154)
thereof international	(337)	(398)
Deferred taxes[1]	36	-128
thereof Germany	(42)	(-127)
thereof international	(-6)	(-1)
	531	**424**

[1] Adjustment of previous year's figures due to first-time adoption of new and revised IFRS

As in the previous year, deferred taxes in Germany were impacted by deferred tax assets in the amount of €60 million (previous year: €66 million) resulting from the capitalisation of loss carry-forwards at METRO AG. Due to the efficiency and value-enhancing programme Shape 2012, the METRO AG tax group is likely to experience positive trends in taxable results in future, which means that deferred tax assets on loss carry-forwards within the METRO AG tax group can partially be considered recoverable.

Deferred tax income from the previous year in Germany essentially concerned effects from the recognition of deferred taxes related to financial instruments (€-38 million) and restructuring measures from Shape 2012 at Real (€-72 million).

Included in paid or due taxes is €12 million in tax income (previous year: €20 million) that is attributable to earlier periods.

Deferred tax assets with an effect on income from the creation and dissolution of temporary differences amount to €127 million (previous year: €53 million in deferred tax assets).

Deferred tax liabilities of the financial year include €2 million in tax expenses from changes in tax rates (previous year: €12 million).

Income taxes in the amount of €16 million raised equity without consideration of currency translation differences and without an effect on income (previous year: €37 million).

During the previous year, deferred tax liabilities in the amount of €92 million were reclassified to discontinued operations.

Tax expenses are fully attributed to the result from ordinary operations.

At €531 million (previous year: €424 million), income tax expenses are €210 million higher (previous year: €6 million lower) than the expected tax expenses of €321 million (previous year: €430 million) that would have resulted if the German corporate income tax rate had been applied to the Group's taxable income for the year.

Reconciliation of estimated to actual income tax expenses:

€ million	2009	2008
Earnings before taxes[1]	1,050	1,411
Expected income tax expenses (30.53%)	321	430
Effects of differing national tax rates	-62	-93
Tax expenses and income relating to other periods	-12	-20
Non-deductible business expenses	75	105
Other deviations	209	2
thereof not recognised or impaired losses	(161)	(76)
	531	**424**

[1] Adjustment of previous year's figure due to first-time adoption of new and revised IFRS

11. Profit attributable to minority interests

Of profit attributable to minority interests, profit shares accounted for €173 million (previous year: €195 million) and loss shares for €37 million (previous year: €38 million). This mainly concerns profit/loss shares of minority interests in the Metro Cash & Carry and Media Markt and Saturn sales divisions.

12. Earnings per share

METRO AG defines earnings per share as earnings per ordinary share. In 2008, holders of preference shares of METRO AG were entitled to a dividend of €1.298 that was €0.118 higher than that paid to holders of ordinary shares. In the calculation of earnings per share, this additional dividend is deducted from profits attributable to METRO AG shareholders.

Earnings per share are determined by dividing earnings attributable to METRO AG shareholders by a weighted number of issued shares.

There was no dilution in the financial year 2009 or the year before from so-called potential shares.

	2009	2008
Weighted number of no-par-value shares outstanding	326,787,529	326,787,529
Income attributable to METRO AG shareholders (€ million)	383	401
Earnings per share (€)	**1.17**	**1.23**

Earnings per share of preference shares amount to €1.29 (previous year: €1.35) in the financial year 2009 and thus exceed earnings per share by the amount of the additional dividend of €0.118.

Earnings per share from continuing operations total €1.17 (previous year: €2.54).

13. Depreciation/amortisation

€ million	2009	2008
Scheduled depreciation on tangible and intangible assets and investment properties	1,280	1,302
Non-scheduled write-downs on tangible assets, intangible assets (including goodwill) and investment properties	116	50
Non-scheduled write-downs on non-current financial assets	1	0
	1,397	**1,352**

Non-scheduled write-downs were included in selling expenses to the amount of €75 million (previous year: €50 million) and to the amount of €41 million in administrative expenses (previous year: €0 million), with intangible assets and fixed assets accounting for €43 million and €73 million of non-scheduled write-downs, respectively.

Metro Cash & Carry accounts for €15 million of the non-scheduled write-downs, the Real Estate segment for €59 million (previous year: €43 million) and other companies for €43 million (previous year: €7 million).

14. Cost of materials

The cost of sales includes the following cost of materials:

€ million	2009	2008
Cost of raw materials, supplies and goods purchased[1]	51,422	53,558
Cost of services purchased	85	71
	51,507	**53,629**

[1] Adjustment of previous year's figures due to a change in disclosure

15. Personnel expenses

Personnel expenses can be broken down as follows:

€ million	2009	2008
Wages and salaries	5,910	5,808
Social security payments, expenses for pensions and related employee benefits	1,275	1,267
thereof pension expenses	(73)	(69)
	7,185	**7,075**

In the financial year 2009, expenses relating to severance payments within METRO Group amounted to €40 million (previous year: €26 million).

Personnel expenses also include prorated expenses for share-based payments totalling €12 million (previous year: income of €9 million).

Annual average number of Group employees:

Number of employees	2009	2008
Blue collar/white collar	286,091	290,940
Apprentices/trainees	10,201	10,522
	296,292	**301,462**

The above figure includes an absolute number of 87,369 (previous year: 91,008) part-time employees. The percentage of employees working outside of Germany (full-time equivalents) rose to 61.4 percent from 60.8 percent in the previous year.

16. Other taxes

Other taxes (for example, tax on land and buildings, motor vehicle tax, excise tax and transaction tax) of €173 million (previous year: €134 million) are included in the cost of sales and the selling and administrative expenses.

Notes to the balance sheet

17. Tangible and intangible assets

€ million	Goodwill	Other intangible assets	Tangible assets	Investment properties	Financial assets	Total fixed assets
Acquisition or production costs						
At 1 Jan 2008	4,328	1,153	20,060	292	178	26,011
Currency translation	-32	-10	-594	0	1	-635
Additions to consolidation group	0	0	12	0	0	12
Additions	1	213	2,230	0	24	2,468
Disposals	-337	-27	-920	-57	-33	-1,374
Transfers	0	0	-91	91	0	0
At 31 Dec 2008/1 Jan 2009	3,960	1,329	20,697	326	170	26,482
Currency translation	1	-1	-108	0	1	-107
Additions to consolidation group	0	0	12	0	0	12
Additions	49	169	1,298	2	33	1,551
Disposals	-18	-39	-749	-60	-47	-913
Transfers	0	0	-50	50	-33	-33
At 31 Dec 2009	3,992	1,458	21,100	318	124	26,992
Depreciation/amortisation						
At 1 Jan 2008	0	638	7,728	176	26	8,568
Currency translation	0	-8	-211	0	0	-219
Additions, scheduled	0	158	1,149	8	0	1,315
Additions, non-scheduled	312	4	46	0	0	362
Disposals	-312	-15	-498	-30	0	-855
Write-ups	0	0	-3	0	0	-3
Transfers	0	0	-38	39	0	1
At 31 Dec 2008/1 Jan 2009	0	777	8,173	193	26	9,169
Currency translation	0	-1	-3	0	0	-4
Additions, scheduled	0	169	1,104	7	0	1,280
Additions, non-scheduled	0	43	73	0	1	117
Disposals	0	-27	-448	-45	-15	-535
Write-ups	0	0	-9	0	0	-9
Transfers	0	0	-34	34	-1	-1
At 31 Dec 2009	0	961	8,856	189	11	10,017
Book value at 1 Jan 2008	4,328	515	12,332	116	152	17,443
Book value at 31 Dec 2008	3,960	552	12,524	133	144	17,313
Book value at 31 Dec 2009	**3,992**	**497**	**12,244**	**129**	**113**	**16,975**

The current financial year includes disposals of real estate assets in the amount of €245 million. Non-scheduled write-downs mainly concern impairment of intangible assets and real estate assets.

18. Goodwill

Of goodwill in the amount of €3,992 million (previous year: €3,960 million) as of 31 December 2009, €3,671 million (previous year: €3,640 million) concerns differences resulting from the capital consolidation, and €321 million (previous year: €320 million) concerns goodwill taken from individual financial statements.

In June 2009, Media Markt and Saturn acquired the 24-7 Entertainment group. This acquisition results in goodwill of €21 million.

As a result of the recognition of shareholders' stock tender rights, goodwill of Media Markt and Saturn declined by €14 million in 2009 (previous year: reduction by €23 million).

In the financial year 2009, the non-controlling shareholders of Metro Cash & Carry Romania were granted stock tender rights. The recognition of these put options in the balance sheet resulted in goodwill of €27 million.

At the closing date, the breakdown of goodwill among the major cash-generating units was as shown below:

€ million	31 Dec 2009	31 Dec 2008
Real Germany	1,083	1,083
Metro Cash & Carry France	398	398
Metro Cash & Carry Netherlands	352	351
Metro Cash & Carry Poland	258	258
Metro Cash & Carry Hungary	239	239
Media Markt and Saturn Germany	232	216
Metro Cash & Carry Germany	223	223
Metro Cash & Carry Italy	171	171
Metro Cash & Carry Belgium	145	145
Real Poland	144	142
Metro Cash & Carry Portugal	91	91
Media Markt and Saturn Italy	76	77
Kaufhof department stores Belgium	57	57
Media Markt and Saturn Spain	51	52
Metro Cash & Carry Spain	51	51
Metro Cash & Carry Greece	45	45
Metro Cash & Carry United Kingdom	37	37
Metro Cash & Carry Romania	37	10
Metro Cash & Carry Austria	27	27
Media Markt and Saturn Netherlands	22	22
Media Markt and Saturn Austria	17	17
Metro Cash & Carry China	17	17
Media Markt and Saturn Poland	17	17
Media Markt and Saturn Switzerland	17	17
Real Russia	16	17
Metro Cash & Carry Denmark	16	16
Kaufhof department stores Germany	14	14
Metro Cash & Carry Morocco	10	10
Other companies	129	140
	3,992	**3,960**

In accordance with IFRS 3 in conjunction with IAS 36, goodwill is tested for impairment once a year. This is carried out at the level of a group of so-called cash-generating units. In the case of goodwill, this group is the organisational unit sales division per country. In the impairment test, the book value of the cash-generating unit is compared with the recoverable amount. The recoverable amount is defined as the fair value less selling expenses, which is calculated from discounted future cash flows. Expected future cash flows are based on a qualified planning process under consideration of the intragroup experience as well as macroeconomic data collected by third-party sources. As a rule, the detailed planning period comprises three years. As in the previous year, the growth rates considered at the end of the detailed planning period are generally 1.0 percent. The capitalisation rate as the weighted average cost of capital (WACC) was determined using the capital asset pricing model. The capitalisation rates determined for the individual cash-generating units amount to between 6.7 and 11.7 percent (previous year: 8.0 to 10.9 percent).

As of 31 December 2009, the prescribed annual impairment test confirmed the recoverability of all capitalised goodwill. Non-scheduled write-downs were therefore not required.

A sensitivity analysis was carried out in addition to the impairment test. The assumption of a growth rate of 0 percent did not result in any write-down requirement. Conversely, an increase in capitalisation rates by 10 percent each would not result in non-scheduled goodwill write-downs for any of the cash-generating unit.

19. Other intangible assets

The other intangible assets have a finite useful life and are therefore amortised as scheduled. The non-scheduled write-downs concern software. In the previous year, the non-scheduled write-downs concerned lease rights at €2 million and concessions/rights/licences at €2 million.

The additions to amortisations on other intangible assets are shown in selling expenses at an amount of €60 million (previous year: €66 million) and in administrative expenses at an amount of €152 million (previous year: €95 million). In the previous year, an additional €1 million was attributable to income from discontinued operations.

€ million	Concession franchises, trademark and similar rights, licences and other such rights	(thereof internally generated intangible assets)	Total
Acquisition or production costs			
At 1 Jan 2008	1,153	(544)	1,153
Currency translation	-10	(-3)	-10
Additions to consolidation group	0	(0)	0
Additions	213	(134)	213
Disposals	-27	(-7)	-27
Transfers	0	(-3)	0
At 31 Dec 2008/1 Jan 2009	1,329	(665)	1,329
Currency translation	-1	(0)	-1
Additions to consolidation group	0	(0)	0
Additions	169	(108)	169
Disposals	-39	(-3)	-39
Transfers	0	(-1)	0
At 31 Dec 2009	1,458	(769)	1,458
Depreciation/amortisation			
At 1 Jan 2008	638	(278)	638
Currency translation	-8	(-1)	-8
Additions, scheduled	158	(95)	158
Additions, non-scheduled	4	(0)	4
Disposals	-15	(-1)	-15
Write-ups	0	(0)	0
Transfers	0	(-1)	0
At 31 Dec 2008/1 Jan 2009	777	(370)	777
Currency translation	-1	(0)	-1
Additions, scheduled	169	(103)	169
Additions, non-scheduled	43	(41)	43
Disposals	-27	(-1)	-27
Write-ups	0	(0)	0
Transfers	0	(-2)	0
At 31 Dec 2009	961	(511)	961
Book value on 1 Jan 2008	515	(266)	515
Book value on 31 Dec 2008	552	(295)	552
Book value on 31 Dec 2009	**497**	**(258)**	**497**

Research and development expenses recognised in expenses essentially concern internally generated software and amounted to €79 million (previous year: €221 million) in the financial year 2009.

As in the previous year, there are no material limits to the title or right to dispose of intangible assets. Purchasing obligations amounting to €2 million (previous year: €4 million) for intangible assets were made.

20. Tangible assets

€ million	Land and buildings	Plant and machinery	Other plant, business and office equipment	Assets under construction	Total
Acquisition or production costs					
At 1 Jan 2008	13,877	14	5,878	291	20,060
Currency translation	-364	-1	-207	-22	-594
Additions to consolidation group	12	0	0	0	12
Additions	617	2	654	957	2,230
Disposals	-474	0	-429	-17	-920
Transfers	540	0	209	-840	-91
At 31 Dec 2008/1 Jan 2009	14,208	15	6,105	369	20,697
Currency translation	-82	0	-16	-10	-108
Additions to consolidation group	11	0	1	0	12
Additions	409	1	390	498	1,298
Disposals	-426	0	-293	-30	-749
Transfers	424	0	134	-608	-50
At 31 Dec 2009	14,544	16	6,321	219	21,100
Depreciation/amortisation					
At 1 Jan 2008	4,023	11	3,689	5	7,728
Currency translation	-72	-1	-138	0	-211
Additions, scheduled	599	1	549	0	1,149
Additions, non-scheduled	45	0	1	0	46
Disposals	-158	0	-340	0	-498
Write-ups	-3	0	0	0	-3
Transfers	-37	0	-1	0	-38
At 31 Dec 2008/1 Jan 2009	4,397	11	3,760	5	8,173
Currency translation	-4	0	1	0	-3
Additions, scheduled	575	1	528	0	1,104
Additions, non-scheduled	62	0	11	0	73
Disposals	-196	0	-252	0	-448
Write-ups	-9	0	0	0	-9
Transfers	-21	0	-11	-2	-34
At 31 Dec 2009	4,804	12	4,037	3	8,856
Book value on 1 Jan 2008	9,854	3	2,189	286	12,332
Book value on 31 Dec 2008	9,811	4	2,345	364	12,524
Book value on 31 Dec 2009	**9,740**	**4**	**2,284**	**216**	**12,244**

Additions to tangible assets resulted mainly from the opening of new Metro Cash & Carry, Real and Media Markt and Saturn stores.

While the increase in tangible assets at Metro Cash & Carry and Real was largely due to expansion in Eastern Europe, the increase at Media Markt and Saturn primarily resulted from new openings in Eastern and Western Europe.

Effects of currency translation reduced tangible assets by €105 million (previous year: €383 million). These stemmed largely from exchange rate developments in Russia, Romania, Ukraine and, in the opposite direction, from the United Kingdom.

Limitations to the disposal of assets in the form of liens and encumbrances amounted to €384 million (previous year: €552 million).

Purchasing obligations for tangible assets in the amount of €182 million (previous year: €231 million) were made.

Assets used by the Group under the terms of finance lease agreements were valued at €1,113 million (previous year: €1,257 million). The assets involved are mainly leased buildings.

Finance leases generally have terms of 15 to 25 years with options under expiration to extend them at least once for five years. The interest rates in the leases vary by market and date of signing between 5.7 percent and 17.3 percent.

In addition to finance leases, METRO Group also signed other types of leases classified as operating leases based on their economic value. Operating leases generally have an initial term of up to 15 years. The interest rates in the leases are based partly on variable and partly on fixed rents.

Payments due under finance and operating leases in the indicated period are shown below:

€ million	Up to 1 year	1 to 5 years	Over 5 years
Finance leases 31 Dec 2009			
Future lease payments due (nominal)	224	824	1,501
Discount	-15	-247	-678
Present value	209	577	823
Operating leases 31 Dec 2009			
Future lease payments due (nominal)	1,393	4,494	4,071

€ million	Up to 1 year	1 to 5 years	Over 5 years
Finance leases 31 Dec 2008			
Future lease payments due (nominal)	243	863	1,608
Discount	-19	-173	-652
Present value	224	690	956
Operating leases 31 Dec 2008			
Future lease payments due (nominal)	1,341	4,257	4,091

The previous year's figures include the present values of obligations from finance leases for future payments from the rental of Adler properties in the amount of €51 million.

In addition, the previous years' nominal values of obligations from operating leases include future payments from the rental of Adler properties in the amount of €247 million.

Future payments due on finance leases contain payments amounting to €99 million (previous year: €137 million) for options to purchase assets at favourable prices.

The nominal value of future lease payments to METRO Group coming from the subleasing of assets held under finance leases amounts to €419 million (previous year: €451 million).

The nominal value of future lease payments due to METRO Group resulting from the subleasing of assets held under operating leases amounts to €1,102 million (previous year: €1,082 million).

Net profit for the period includes payments made under leasing agreements amounting to €1,470 million (previous year: €1,396 million) and payments received under subleasing agreements amounting to €404 million (previous year: €431 million).

Contingent lease payments from finance leases recognised as expenses during the period amount to €8 million (previous year: €12 million).

Contingent lease payments from operating leases recognised as expenses during the period amount to €58 million (previous year: €34 million).

Leasing payments due in the indicated periods from entities outside METRO Group (METRO Group as lessor) are shown below:

€ million	Up to 1 year	1 to 5 years	Over 5 years
Finance leases 31 Dec 2009			
Future lease payments due (nominal)	4	14	10
Discount	0	-2	-6
Present value	4	12	4
Operating leases 31 Dec 2009			
Future lease payments due (nominal)	49	123	125

€ million	Up to 1 year	1 to 5 years	Over 5 years
Finance leases 31 Dec 2008			
Future lease payments due (nominal)	4	16	12
Discount	0	-3	-7
Present value	4	13	5
Operating leases 31 Dec 2008			
Future lease payments due (nominal)	25	71	103

From the perspective of the lessor, the non-guaranteed residual value must be added to the nominal minimum lease payments of €28 million (previous year: €32 million) in existing finance leases. The non-guaranteed residual value amounts to €5 million (previous year: €7 million) for the financial year. The resulting gross investment amount is €33 million (previous year: €39 million). In addition, there is an unrealised amount from finance leases of €8 million (previous year: €10 million).

21. Investment properties

Investment properties are recognised at amortised cost. As of 31 December 2009, this amounted to €129 million (previous year: €133 million). The fair value of these properties is determined by means of internationally recognised measurement methods, in particular the comparative value method and the discounted cash flow method. It totals €203 million (previous year: €194 million). Rental income from these properties amounts to €15 million (previous year: €15 million). The related expenses amount to €10 million (previous year: €11 million). Expenses of €1 million (previous year: €1 million) resulted from properties without rental income.

Limitations to the disposal of assets in the form of liens and encumbrances amounted to €61 million (previous year: €66 million). Purchasing obligations for "investment properties" in the amount of €2 million (previous year: €1 million) were made.

22. Financial assets (non-current)

€ million	Loans	Investments	Securities	Total
Acquisition or production costs				
At 1 Jan 2008	136	40	2	178
Currency translation	1	0	0	1
Additions to consolidation group	0	0	0	0
Additions	23	0	1	24
Disposals	-30	-1	-2	-33
Transfers	0	0	0	0
At 31 Dec 2008/1 Jan 2009	130	39	1	170
Currency translation	1	0	0	1
Additions to consolidation group	0	0	0	0
Additions	33	0	0	33
Disposals	-32	-15	0	-47
Transfers	-32	-1	0	-33
At 31 Dec 2009	100	23	1	124
Depreciation/amortisation				
At 1 Jan 2008	10	16	0	26
Currency translation	0	0	0	0
Additions, non-scheduled	0	0	0	0
Disposals	0	0	0	0
Write-ups	0	0	0	0
Transfers	0	0	0	0
At 31 Dec 2008/1 Jan 2009	10	16	0	26
Currency translation	0	0	0	0
Additions, non-scheduled	1	0	0	1
Disposals	0	-15	0	-15
Write-ups	0	0	0	0
Transfers	0	-1	0	-1
At 31 Dec 2009	11	0	0	11
Book value on 1 Jan 2008	126	24	2	152
Book value on 31 Dec 2008	120	23	1	144
Book value on 31 Dec 2009	**89**	**23**	**1**	**113**

The carrying amounts of investments contain €1 million (previous year: €1 million) in investments in 2 associated companies (previous year: 3 associated companies), which are recognised at equity.

23. Other receivables and assets

€ million	31 Dec 2009			31 Dec 2008			1 Jan 2008		
		Remaining term			Remaining term			Remaining term	
	Total	Up to 1 year	Over 1 year	Total	Up to 1 year	Over 1 year	Total	Up to 1 year	Over 1 year
Due from suppliers	1,739	1,736	3	1,780	1,780	0	1,759	1,759	0
Other tax receivables	363	363	0	417	417	0	402	402	0
Prepaid expenses and deferred charges	370	101	269	347	99	248	323	76	247
Other assets[1]	984	793	191	1,022	820	202	1,068	825	243
	3,456	**2,993**	**463**	**3,566**	**3,116**	**450**	**3,552**	**3,062**	**490**

[1] Adjustment of previous year's figures due to first-time adoption of revised IFRS

Receivables due from suppliers comprise future compensation for suppliers (for example, bonuses, advertising).

The item of prepaid expenses and deferred charges includes prorated rental, leasing and interest prepayments as well as other deferments.

The other assets item comprises primarily receivables/other assets in the real estate area, receivables from credit card transactions and receivables from other financial transactions.

24. Deferred tax assets/deferred tax liabilities

Deferred taxes on loss carry-forwards and temporary differences amount to €1,026 million, a decline of €24 million compared with the previous year. The carrying amount of deferred tax liabilities decreased to €216 million, €5 million lower than the previous year's level.

Deferred taxes recognised concern the following balance sheet items:

€ million	31 Dec 2009		31 Dec 2008		1 Jan 2008	
	Asset	Liability	Asset	Liability	Asset	Liability
Goodwill	291	171	328	158	431	148
Other intangible assets	164	45	179	39	221	42
Tangible assets and investment properties	134	653	128	677	113	747
Financial assets	6	9	10	4	19	9
Inventories	92	35	91	29	70	21
Other receivables and assets[1]	139	74	120	73	83	99
Provisions for pensions and similar obligations	115	11	107	10	108	8
Other provisions	104	27	104	36	103	31
Financial liabilities	414	4	510	3	585	3
Other liabilities	114	46	111	40	103	56
Outside basis differences	0	6	0	6	0	13
Loss carry-forwards	318	0	216	0	111	0
Total	1,891	1,081	1,904	1,075	1,947	1,177
Offset	-865	-865	-854	-854	-994	-994
Book value of deferred taxes	**1,026**	**216**	**1,050**	**221**	**953**	**183**

[1] Adjustment of previous year's figures due to first-time adoption of new and revised IFRS

In accordance with IAS 12, deferred taxes relating to differences between the carrying amount of a subsidiary's pro rata assets and liabilities in the balance sheet and the investment book value for this subsidiary in the parent company's tax statement must be created (so-called outside basis differences) if the tax benefit is likely to be realised in future. No deferred taxes were recognised for retained earnings of subsidiaries as these earnings will be reinvested over an indefinite period of time or are not subject to relevant taxation.

No deferred taxes were created from corporate income tax losses of €5,686 million (previous year: €6,310 million), business tax losses of €6,523 million (previous year: €6,901 million), temporary differences of €92 million (previous year: €73 million) and interest carry-forwards of €6 million (previous year: €26 million) as a short-term utilisation of these losses is not expected. The losses are largely in Germany and can be carried forward indefinitely.

Tax effects on components of other comprehensive income

€ million	2009 Before taxes	2009 Taxes	2009 After taxes	2008 Before taxes	2008 Taxes	2008 After taxes
Change in revaluation reserve	0	0	0	0	0	0
Currency translation differences from the conversion of the accounts of foreign operations	-78	5	-73	-464	30	-434
Effective share of gains/losses from cash flow hedges	10	-2	8	-38	12	-26
Gains/losses from the revaluation of financial instruments in the category "available for sale"	0	0	0	0	0	0
Remaining income tax on other comprehensive income	0	13	13	0	-5	-5
	-68	**16**	**-52**	**-502**	**37**	**-465**

25. Inventories

€ million	31 Dec 2009	31 Dec 2008
Food merchandise	2,011	2,026
Nonfood merchandise	5,099	4,975
	7,110	**7,001**

Inventories can be broken down by sales division as follows:

€ million	31 Dec 2009	31 Dec 2008
Metro Cash & Carry	2,263	2,477
Real	1,027	960
Media Markt and Saturn	3,014	2,724
Galeria Kaufhof	508	533
Others	298	307
	7,110	**7,001**

The increase in inventories is largely attributable to the expansion – in particular in the international business – of the sales divisions Media Markt and Saturn and Real. This is netted against exchange rate effects primarily in the Eastern European markets and stock optimisation measures in all sales divisions.

Inventories include write-downs of €348 million (previous year: €353 million).

26. Trade receivables

Trade receivables amount to €544 million (previous year: €446 million). Of that total, €2 million (previous year: €4 million) is due in over one year.

Trade receivables increased by €98 million due mostly to an increase in commission business and a calendar-related payment deferment.

27. Impairments of capitalised financial instruments

Impairments of capitalised financial instruments that are measured at amortised cost are as follows:

€ million	Category "loans and receivables"	Category "held to maturity"
At 1 Jan 2008	168	0
Currency translation	-4	0
Change in consolidation group	0	0
Additions	105	0
Dissolution	-40	0
Utilisation	-31	0
Transfers	12	0
At 31 Dec 2008/1 Jan 2009	210	0
Currency translation	-1	0
Change in consolidation group	0	0
Additions	105	0
Dissolution	-63	0
Utilisation	-55	0
Transfers	0	0
At 31 Dec 2009	**196**	**0**

Negative earnings effects from impairment in the amount of €40 million (previous year: €63 million) existed in the "loans and receivables" category. This also includes earnings from the receipt of cash and cash equivalents from receivables of €2 million (previous year: €2 million) released due to expected irrecoverability. As in the previous year, no earnings effects existed in the category "held to maturity".

28. Book values of overdue capitalised financial instruments not adjusted for bad debt

The following capitalised financial instruments were overdue as of the closing date and were not adjusted for bad debt:

		thereof not adjusted for bad debt and overdue as of the closing date				
€ million	Total book value 31 Dec 2009	Within the last 90 days	For 91 to 180 days	For 181 to 270 days	For 271 to 360 days	For over 360 days
Assets						
in the category "loans and receivables"	3,107	152	6	0	2	8
in the category "held to maturity"	9	0	0	0	0	0
in the category "held for trading"	35	0	0	0	0	0
in the category "available for sale"	23	0	0	0	0	0
	3,174	**152**	**6**	**0**	**2**	**8**

		thereof not adjusted for bad debt and overdue as of the closing date				
€ million	Total book value 31 Dec 2008[1]	Within the last 90 days	For 91 to 180 days	For 181 to 270 days	For 271 to 360 days	For over 360 days
Assets						
in the category "loans and receivables"	3,008	377	52	8	3	15
in the category "held to maturity"	0	0	0	0	0	0
in the category "held for trading"	79	0	0	0	0	0
in the category "available for sale"	24	0	0	0	0	0
	3,111	**377**	**52**	**8**	**3**	**15**

[1] Adjustment due to first-time adoption of new and revised IFRS

Loans and receivables due within the last 90 days largely result from standard business payment transactions without or with short-term payment targets. For non-adjusted loans and receivables over 90 days overdue, there is no indication as of the closing date that debtors will not fulfil their payment obligations. This is also the case for all capitalised financial instruments that are not overdue and not adjusted for bad debt.

29. Cash and cash equivalents

€ million	31 Dec 2009	31 Dec 2008
Cheques and cash on hand	149	153
Bank deposits	3,847	3,721
	3,996	**3,874**

For further details, see no. 40 "Notes to the cash flow statement".

30. Assets held for sale/liabilities related to assets held for sale

In September 2008, METRO Group decided to divest of the Adler fashion stores. As a result, all assets and liabilities held for sale of the Adler fashion stores were treated as assets held for sale according to IFRS 5 and accounted for in the balance sheet item "assets held for sale" or "liabilities related to assets held for sale" from September 2008.

By contractual agreement of 13 February 2009, METRO Group sold the Adler fashion stores to the restructuring fund BluO beta equity Limited. The sale was approved by the German Federal Cartel Office on 2 March 2009 and by the Austrian Federal Cartel Authority on 5 March 2009. The disposal became effective on 28 February 2009 and was shown in the interim consolidated financial statements of METRO Group as of 31 March 2009. This resulted in a reduction of assets held for sale by €113 million as well as the dissolution of liabilities related to assets held for sale in the amount of €146 million.

In addition, two real estate properties with a combined book value of €38 million were reclassified to non-current assets as a result of the decision to utilise them within the Group. As a result of the addition of a property and retroactive capitalisations regarding real estate assets already included in assets held for sale, the value of this balance sheet item increased by €38 million.

METRO Group assumes that the properties recognised as "assets held for sale" will be sold during the course of 2010. Non-scheduled depreciation of these properties to their fair value less cost to sell was not required. They are shown in the segment reporting item "segment assets" in the amount of €117 million in the Real Estate segment.

31. Equity

In terms of amount and composition, i.e. the ratio of ordinary to preference shares, subscribed capital has not changed compared with 31 December 2008 and totals €835,419,052.27. It is divided as follows:

No-par-value bearer shares, accounting par value approx. €2.56		31 Dec 2009	31 Dec 2008
Ordinary shares	Shares	324,109,563	324,109,563
	€	828,572,941	828,572,941
Preference shares	Shares	2,677,966	2,677,966
	€	6,846,111	6,846,111
Total share capital	Shares	326,787,529	326,787,529
	€	835,419,052	835,419,052

Each ordinary share of METRO AG grants one voting right. In addition, ordinary shares of METRO AG entitle the holder to dividends. In contrast to ordinary shares, preference shares of METRO AG do not carry voting rights and give preferential entitlement to profits in line with § 21 of the Articles of Association of METRO AG, which state:

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

(2) Should the net earnings available for distribution not suffice in any one financial year to pay the preference dividend, the arrears (excluding any interest) shall be paid from the net earnings of future financial 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 preference dividends payable from the profit of a financial year are not distributed until all of any accumulated arrears have been paid.

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

(4) The holders of non-voting preference shares and of ordinary shares will equally share in any additional profit distribution in the proportion of their shares in the share capital."

Contingent capital I and II

The Annual General Meeting on 13 May 2009 resolved a contingent increase in the share capital by up to €127,825,000, divided into up to 50,000,000 ordinary bearer shares (contingent capital I). This contingent capital increase is connected to the authorisation of the Management Board to issue warrant or convertible bearer bonds, with the consent of the Supervisory Board, with a nominal value of up to €1,500,000,000 in one or several tranches by 12 May 2014, to grant the holders of these bonds warrant or convertible rights to up to 50,000,000 new ordinary shares in the Company, to create the respective warrant or convertible obligations or to provide for the Company's right to redeem the bonds by providing ordinary shares in METRO AG, in whole or in part, in lieu of a cash payment (authorisation I). To date, no warrant and/or convertible bonds have been issued based on the aforementioned authorisation I.

The Annual General Meeting on 13 May 2009 resolved a second contingent increase in the share capital by up to €127,825,000, divided into up to 50,000,000 ordinary bearer shares (contingent capital II). This contingent capital increase is connected to a second authorisation of the Management Board to issue warrant or convertible bearer bonds, with the consent of the Supervisory Board, with a nominal value of up to €1,500,000,000 in one or several tranches by 12 May 2014 and to grant the bond holders warrant or convertible rights to up to 50,000,000 new ordinary shares in the Company, to provide for the respective warrant or conversion obligations or to provide for the Company's right to redeem the bonds by providing ordinary shares in METRO AG, in whole or in part, in lieu of cash payment (authorisation II). To date, no warrant and/or convertible bonds have been issued based on authorisation II.

The total volume of issuable warrant or convertible bonds based on the above-mentioned authorisations I and II is capped at a total nominal amount of up to €1,500,000,000. As a result, this total nominal amount can only be used once based on the utilisation of authorisation I and II.

The contingent increase in share capital by up to €127,825,000, which the Annual General Meeting resolved on 4 June 2004, in connection with the authorisation of the Management Board to issue warrant and/or convertible bonds, with the consent of the Supervisory Board, with a total nominal volume of up to €1,000,000,000 by 3 June 2009, was annulled by resolution of the Annual General Meeting on 13 May 2009.

Authorised capital I

On 23 May 2007, the Annual General Meeting resolved to authorise the Management Board to increase the share capital, with the consent of the Supervisory Board, by issuing new ordinary bearer shares in exchange for cash contributions in one or several tranches for a total maximum of €40,000,000 (authorised capital I) by 23 May 2012.

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

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

Authorised capital II

On 23 May 2007, the Annual General Meeting resolved to further authorise the Management Board, with the consent of the Supervisory Board, to increase the Company's share capital by issuing new ordinary bearer shares in exchange for non-cash contributions in one or several tranches for a maximum total of €60,000,000 by 23 May 2012 (authorised capital II). The Management Board is authorised, with the consent 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, authorised capital II has not been used.

Authorised capital III

On 13 May 2009, the Annual General Meeting further authorised the Management Board, with the consent of the Supervisory Board, to raise the Company's share capital by up to €225,000,000 by 12 May 2014 by issuing new ordinary bearer shares in exchange for cash or non-cash capital contributions, in one or several tranches (authorised capital III). Shareholders are to receive subscription rights thereto.

However, the Management Board is authorised, with the consent of the Supervisory Board, to exclude residual amounts from shareholder subscription rights. The Management Board is also authorised, with the consent of the Supervisory Board, to exclude shareholder subscription rights insofar as shares are issued in exchange for non-cash capital contributions for the purpose of corporate mergers or for the acquisition of companies, divisions of companies or interests in companies.

The Management Board is further authorised, with the consent of the Supervisory Board, to exclude subscription rights in the event of a capital increase in exchange for cash capital contributions to the extent necessary to grant subscription rights to new shares to the holders of warrant or convertible bonds issued by METRO AG and affiliates thereof in which METRO AG holds at least 90 percent of shares, directly or indirectly, in the scope to which they would be entitled upon exercise of the warrant or conversion rights or fulfilment of the warrant or conversion obligations. The Management Board is further authorised, with the consent of the Supervisory Board, to exclude shareholder subscription rights for one or more capital increases if the capital increase is executed in exchange for cash capital contributions, the aggregate par value of such capital increases does not exceed 10 percent of the Company's share capital and the issue price of the new shares is not substantially lower than the stock exchange price of existing shares of the same class at the time of final definition of the issue price. The limit of 10 percent of the Company's share capital is diminished by the share of the share capital represented by the Company's own shares which are sold during the term of authorised capital III while excluding shareholder subscription rights according to §§ 71 Section 1 No. 8 Sentence 5, 186 Section 3 Sentence 4 of the German Stock Corporation Act. The limit is further diminished by the share of the share capital represented by shares which are issued to service warrant or convertible bonds with warrant or conversion rights or obligations insofar as the bonds in question are issued during the term of authorised capital III while excluding subscription rights in analogous application of § 186 Section 3 Sentence 4 of the German Stock Corporation Act. The Management Board is authorised, with the consent of the Supervisory Board, to define further details of the capital increases. The new shares may be acquired by banks if the latter agree to tender them to the shareholders. To date, authorised capital III has not been used.

With the resolution of the Annual General Meeting on 13 May 2009 regarding authorised capital III, the authorisation of the Management Board to raise the Company's share capital, with the consent of the Supervisory Board, by issuing new ordinary bearer shares against cash contribution in one or several tranches by up to €100,000,000 by 3 June 2009 was annulled.

Authorised capital IV

The Annual General Meeting on 13 May 2009 annulled the authorisation of the Management Board to raise the Company's share capital with the consent of the Supervisory Board by issuing new ordinary bearer shares against cash contribution in one or several tranches by up to €125,000,000 by 3 June 2009 (authorised capital IV).

Share buyback

On the basis of § 71 Section 1 No. 8 of the German Stock Corporation Act, the Annual General Meeting on 13 May 2009 authorised the Company to acquire treasury stock up to the equivalent of 10 percent of the share capital on or before 12 November 2010.

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 of any company controlled or majority-owned by METRO AG has exercised this authorisation.

Capital reserve

The capital reserve amounts to €2,544 million (previous year: €2,544 million)

Reserves retained from earnings

€ million	31 Dec 2009	31 Dec 2008	1 Jan 2008
Valuation reserve pursuant to IAS 39 (incl. deferred taxes)	84	58	59
Reserve for currency translation	-440	-365	86
Other reserves[1]	2,731	2,735	2,720
	2,375	**2,428**	**2,865**

[1] Adjustment of previous year's figures due to first-time adoption of new and revised IFRS

Changes in reserves retained from earnings include, among other things, measurement effects with no effect on income pursuant to IAS 39 plus deferred taxes thereon. In the financial year under review, a total of €26 million (previous year: €-1 million) was reported in equity with no effect on income. This was mainly attributable to the measurement of cash flow hedges and deferred taxes thereon. This change includes €-7 million (previous year: €10 million) from derecognition. Of this total, €-4 million (previous year: €12 million) is attributable to inventories and €-3 million (previous year: €-2 million) to the financial result. In addition, the change also comprises €1 million (previous year: €-14 million) from the initial and subsequent measurement of derivative financial instruments as well as €16 million (previous year: €-34 million) from fair value changes in hedges for share-based remuneration that are not reported as a profit or loss. As in the previous year, in the category of assets classified as "available for sale", no income or expenses were recognised in income. These measurement effects create an overall offset against an opposite tax effect of €16 million (previous year: €37 million).

In addition, a reduction in equity due to currency translation differences of €75 million (previous year: €-451 million) is primarily attributable to Russia, Ukraine, Hungary, Pakistan, Romania and Serbia, while increases in equity due to currency translation differences stem mostly from the United Kingdom and Poland.

Under consideration of the dividend payout for 2008 (€-386 million), the remaining increase in revenue reserves to €2,731 million resulted mainly from the transfer of the net profit for the period due to shareholders of METRO AG for 2009 (€383 million).

Minority interests

Minority interests are the shares held by third parties in the share capital of the consolidated subsidiaries. At year-end, minority interests amounted to €238 million (previous year: €254 million). Significant minority interests exist primarily in Media-Saturn-Holding GmbH.

Appropriation of balance sheet profit, dividends

Dividend distribution of METRO AG is based on METRO AG's annual financial statements prepared under German law.

As resolved by the Annual General Meeting on 13 May 2009, a dividend of €1.180 per ordinary share and €1.298 per preference share, for a total of €385.9 million, was paid in the financial year 2009 from the reported net profit of €395.6 million for 2008. The remaining amount of €9.7 million was carried forward to the new account.

The Management Board of METRO AG will propose to the Annual General Meeting to pay from the reported net profit of €409.8 million for 2009 a dividend of €1.180 per ordinary share and €1.298 per preference share for a total of €385.9 million, and to carry the remaining amount of €23.9 million forward to the new account. The net profit of €409.8 million for 2009 includes profit carried forward of €9.7 million.

32. Provisions for pensions and similar commitments

€ million	31 Dec 2009	31 Dec 2008
Pension provisions (employer's commitments)	575	579
Provisions for indirect commitments	239	222
Provisions for severance benefits	83	86
Provisions for company pension upgrades	5	4
Provisions for company pension plans	902	891
Other provisions for commitments similar to pensions	76	73
	978	**964**

Provisions for company pension plans consist, for the most part, of defined benefit plans directly from the employer (employer's commitments) and defined benefit plans from external providers (benevolent funds in Germany and international pension funds). The external providers' assets serve exclusively to finance the pension commitments and qualify as plan assets pursuant to IAS 19. The benefits under the different plans are based on performance and length of service. Furthermore, the length-of-service benefits are guaranteed certain fixed amounts.

The most important pension plans are described in the following.

Germany
The essential plans generally foresee monthly pension benefits. The amounts are either fixed or depend on the length of service. In individual cases, state pension insurance entitlements are to be charged against these entitlements. Entitlements to widow's and widower's pensions also apply.

United Kingdom
There is a performance-orientated benefit plan with commitments to retirement benefits, early retirement benefits, disability benefits and surviving dependents' benefits. The amount of the benefits depends on the length of service and the final income subject to pension.

Italy
In Italy, employees receive payments upon termination of their employment relationship, irrespective of the reasons for termination. A pension reform law that took effect on 1 January 2007 is designed to promote company and individual retirement provisions. Companies with more than 50 employees are required to transfer employee entitlements incurred after the enforcement date to the newly established state fund.

Belgium
There are both retirement pensions as well as capital commitments whose size depends on the length of service and income. In addition, benefits are paid to employees aged 58 and older who become unemployed.

The above pension commitments are valued on the basis of actuarial calculations in accordance with IAS 19 using the legal, economic and tax circumstances of each country. The commitments exist almost exclusively in the European area. They are calculated on the basis of an assumed rate of interest of 5.40 percent (previous year: 5.85 percent), average wage and salary increases of 2.00 percent in Germany (previous year: 2.25 percent) and 2.12 percent abroad (previous year: 2.69 percent) as well as average pension increases of 1.93 percent (previous year: 1.94 percent). The anticipated average return from plan assets amounts to 4.87 percent (previous year: 5.05 percent). The employee turnover rate is determined separately for each business, taking age/length of service into account. The average employee turnover rate in Germany is 3.00 percent (previous year: 3.00 percent). The actuarial calculations are based on country-specific mortality tables. Calculations for the German Group companies are based on the 2005 G tables from Prof. Dr Klaus Heubeck, which have been modified by new data from the Federal Statistics Office.
The previously used method was further developed for the determination of the calculatory interest rate as of 31 December 2009. Based on the previously used method, the calculatory interest rate would have been 5.85 percent. The effect of conversion from 5.85 percent to 5.40 percent resulted in an increase in actuarial losses of €83 million. As a result, amortisation of actuarial losses for 2010 will increase by €18 million.

Breakdown of the present value of plan assets by asset category:

%	31 Dec 2009	31 Dec 2008
Fixed-interest securities	61	39
Shares, funds	18	15
Real estate	13	14
Money market investments and cash	0	26
Other assets	8	6
	100	**100**

The expected average rate of interest is 4.2 percent (previous year: 4.6 percent) for fixed-interest securities, 7.8 percent (previous year: 7.9 percent) for shares and funds and 6.2 percent (previous year: 5.9 percent) for real estate. In the previous year, the assumed rate of interest for money market investments and cash was 2.6 percent. The respective rate of interest takes into account country-specific factors and is based on factors such as the expected long-term interest rates and dividend payouts as well as the expected capital growth of the investment portfolio.

Plan assets include properties used by METRO Group in the amount of €103 million (previous year: €100 million).

The actual gain from plan assets amounted to €55 million (previous year: loss of €35 million) in the financial year 2009.

The financing status that results from the balance of the plan assets' net present value and fair value developed as follows over the past five years:

€ million	31 Dec 2009	31 Dec 2008	31 Dec 2007	31 Dec 2006	31 Dec 2005
Net present value	1,944	1,827	1,861	2,034	2,199
Plan assets	-870	-845	-936	-907	-844
Financing status	1,074	982	925	1,127	1,355
Experience-based adjustment of plan liabilities	2	-3	-1	-14	-15
Experience-based adjustment of plan assets	13	-82	-10	10	52

In the financial year 2010, payments to external pension providers are expected to amount to €37 million.

Changes in the net present value of defined benefit obligations (DBO) and plan assets of external pension providers are shown in the chart below:

€ million	2009	2008
Net present value (DBO)		
At 1 Jan	1,827	1,861
Interest expenses	102	100
Service cost	31	31
Transfer of assets	0	-1
Past service cost	0	1
Curtailment/compensation	-1	0
Plan costs	-1	-1
Pension payments	-128	-125
Actuarial gains (-)/losses (+)	105	-12
Change in consolidation group	2	4
Currency translation	7	-26
Reclassification of Adler to "assets held for sale"	0	-5
At 31 Dec	**1,944**	**1,827**
Changes in plan assets		
At 1 Jan	845	936
Expected income on plan assets	42	47
Plan costs	-1	-1
Transfers	0	0
Pension payments	-74	-76
Employer contributions	31	34
Contributions from plan participants	7	7
Actuarial gains (+)/losses (-)	13	-82
Currency translation	7	-19
Reclassification of Adler to "assets held for sale"	0	-1
At 31 Dec	**870**	**845**
Financing status		
Net present value (DBO), not fund-financed	721	694
Net present value (DBO), wholly or partly fund-financed	1,223	1,133
Subtotal	1,944	1,827
Market value of plan assets	-870	-845
At 31 Dec	1,074	982
Actuarial gains (+)/losses (-) not yet considered	-243	-156
Past service cost	-7	-9
Account not shown as an asset due to definition of IAS 19.58 (b)	0	3
Net liabilities on 31 Dec	**824**	**820**

In addition, liabilities of €2 million (previous year: €2 million) were measured in line with local criteria.

Provisions for company pension plans in the amount of €902 million (previous year: €891 million) are netted against assets for indirect pension plans, particularly in the United Kingdom and the Netherlands, of €76 million (previous year: €69 million). That leaves a net liability of €826 million (previous year: €822 million).

The increase in actuarial losses essentially results from the increase in the net present value of pension obligations due to the reduction of the calculatory interest rate from 5.85 percent to 5.40 percent.

The pension expenses of the direct and indirect company pension plans can be broken down as follows:

€ million	2009	2008
Interest expense on net present value (DBO)	102	100
Expected return on plan assets	-42	-47
Recognised actuarial gains (-)/losses (+)	6	-2
Service cost[1]	24	24
Curtailment	0	0
Asset limitation	-3	1
Past service cost	1	2
	88	**78**

[1] Netted against employees' contributions

In addition, expenses of €0 million (previous year: €1 million) were incurred in connection with locally measured commitments.

In addition to expenses from defined benefit pension commitments, expenses for payments to external pension providers relating to defined benefit commitments of €48 million (previous year: €43 million) were considered in the financial year 2009.

The **other provisions for commitments similar to pensions** essentially comprise commitments from employment anniversary allowances, death benefits and pre-retirement part-time plans. Provisions amounting to €33 million (previous year: €34 million) were formed for commitments from pre-retirement part-time plans. The corresponding expenses amount to €9 million (previous year: €3 million).

The commitments are valued on the basis of actuarial calculations. As a matter of principle, the parameters used are identical to those employed in the company pension plan.

33. Other provisions (non-current)/provisions (current)

In the reporting year other provisions (non-current)/provisions (current) changed as follows:

€ million	Real-estate-related obligations	Obligations from merchandise trading	Restructuring	Taxes	Miscellaneous	Total
At 1 Jan 2009	218	161	316	157	203	1,055
Currency translation	0	0	0	0	-1	-1
Addition	80	96	119	93	120	508
Disposal	-68	-10	-43	-55	-32	-208
Utilisation	-53	-93	-82	-20	-73	-321
Interest portion in addition/change in interest rate	9	2	9	5	0	25
Transfers	48	1	-49	9	-4	5
At 31 Dec 2009	**234**	**157**	**270**	**189**	**213**	**1,063**
Non-current	151	33	70	159	89	502
Current	83	124	200	30	124	561
At 31 Dec 2009	**234**	**157**	**270**	**189**	**213**	**1,063**

Provisions for real-estate-related obligations essentially concern location risks in the amount of €92 million (previous year: €56 million), uncovered rental commitments in the amount of €72 million (previous year: €62 million), reinstatement obligations in the amount of €20 million (previous year: €24 million) as well as rental commitments in the amount of €16 million (previous year: €30 million).

Other real estate obligations in the amount of €34 million (previous year: €43 million) stem essentially from maintenance obligations.

Significant components of the obligations from merchandise trading are provisions for rebates from the Payback programme in the amount of €85 million (previous year: €86 million) as well as provisions for guarantee services in the amount of €54 million (previous year: €49 million).

The other provisions item contains mainly litigation costs/risks in the amount of €40 million (previous year: €35 million), gratuity commitments of €9 million (previous year: €14 million) as well as surety and guarantee risks of €4 million (previous year: €5 million). Provisions for share-based remuneration amount to €13 million (previous year: €1 million).

Supplementary explanations on share-based remuneration are provided in no. 50 "Share-based compensation for executives".

Transfers concern both reclassifications within other provisions and reclassifications between other provisions and other balance sheet items.

34. Liabilities

€ million	31 Dec 2009 total	Remaining term: Up to 1 year	1 to 5 years	Over 5 years	31 Dec 2008 total	1 Jan 2008 total
Trade payables	**14,050**	**14,050**	**0**	**0**	**13,839**	**14,088**
Bonds	4,037	327	2,716	994	3,836	3,315
Due to banks	1,214	534	324	356	1,533	1,647
Promissory note loans	867	12	855	0	707	204
Bills of exchange	507	507	0	0	584	572
Liabilities from finance leases	1,609	111	462	1,036	1,819	2,000
Financial liabilities	**8,234**	**1,491**	**4,357**	**2,386**	**8,479**	**7,738**
Other tax liabilities	522	522	0	0	585	628
Prepayments received on orders	36	36	0	0	32	31
Payroll	850	842	8	0	862	907
Liabilities from other financial transactions	51	50	1	0	38	71
Deferred liabilities[1]	407	120	222	65	313	297
Miscellaneous liabilities	1,003	632	357	14	953	981
Other liabilities	**2,869**	**2,202**	**588**	**79**	**2,783**	**2,915**
Income tax liabilities	**265**	**265**	**0**	**0**	**266**	**337**
	25,418	**18,008**	**4,945**	**2,465**	**25,367**	**25,078**

[1] Adjustment of previous year's figures due to first-time adoption of new IFRS

35. Trade liabilities

The increase in trade payables is mainly due to the expansion – in particular in the international business – of the sales divisions Real and Media Markt and Saturn. This is netted against exchange rate effects above all in the Eastern European markets as well as stock optimisation.

36. Financial liabilities

A "Debt Issuance Programme" provides **long-term financing.** The following transactions were carried out under this programme in 2009:

Type of transaction	Date of issue	Maturity	Maturity date	Nominal volume	Coupon
New issue	March 2009	6 years	March 2015	€1,000 million	7.625% fixed
New issue	June 2009	2 years	June 2011	€350 million	3.625% fixed
New issue	July 2009	5 years	July 2014	€600 million	5.750% fixed
New issue	July 2009	3 years	July 2012	RON 100 million (€23.8 million)	11.550% fixed
Redemption	October 2004	5 years	October 2009	€750 million	variable

In addition, a 5-year promissory note loan in the amount of €156.5 million was issued during the reporting period, including a €126 million variable-interest tranche, a €10.5 million fixed-interest tranche with a coupon of 5.811 percent and a €20.0 million fixed-income tranche with a coupon of 5.704 percent.

For **short- and medium-term financing,** METRO Group uses ongoing capital market issuance programmes such as a "Euro Commercial Paper Programme" with an authorised volume of up to €2.0 billion. Another "Commercial Paper Programme" with a volume of €3.0 billion is aimed, in particular, at investor groups on the French capital market. The average amount utilised by both programmes was €1.6 billion (previous year: €2.5 billion).

In addition, METRO Group has access to syndicated lines of credit totalling €2,975 million (previous year: €2,975 million) with terms ending between December 2010 and March 2013. If the credit lines are used, the interest rates range between EURIBOR +20.0 basis points (BP) and EURIBOR +30.0 BP. The average amount drawn on the credit lines in 2009 was €125 million (previous year: €301 million), the average amount drawn as of the closing date was €0 million (previous year: €250 million).

The contract terms for the syndicated lines of credit provide for a decrease of 2.5 BP in the spread if 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 BP.

Additional bilateral bank lines of credit totalling €2,467 million (previous year: €2,292 million) were available to METRO Group as of 31 December 2009. Of this amount, €1,246 million (previous year: €1,066 million) had a remaining term of up to 1 year. On the closing date, €1,214 million (previous year: €1,283 million) of the bilateral lines of credit had been utilised. Of this amount, €534 million (previous year: €825 million) has a remaining term of up to 1 year.

Unutilised lines of credit of METRO Group:

	31 Dec 2009			31 Dec 2008		
€ million	**Total**	**Up to 1 year**	**Over 1 year**	**Total**	**Up to 1 year**	**Over 1 year**
Bilateral lines of credit	2,467	1,246	1,221	2,292	1,066	1,226
Utilisation	-1,214	-534	-680	-1,283	-825	-458
Unutilised bilateral lines of credit	1,253	712	541	1,009	241	768
Syndicated lines of credit	2,975	0	2,975	2,975	0	2,975
Utilisation	0	0	0	-250	0	-250
Unutilised syndicated lines of credit	2,975	0	2,975	2,725	0	2,725
Total lines of credit	5,442	1,246	4,196	5,267	1,066	4,201
Total utilisation	-1,214	-534	-680	-1,533	-825	-708
Total unutilised lines of credit	**4,228**	**712**	**3,516**	**3,734**	**241**	**3,493**

In addition, bills of exchange in the amount of €507 million (previous year: €584 million) were used for short-term financing.

The defaulting of a lender can be covered at any time by the existing unutilised credit facilities or the available money and capital market programmes. METRO Group therefore does not bear a significant credit default risk.

METRO Group principally does not provide collateral for financial liabilities. One exception concerns the first-time consolidation of Asset Immobilienbeteiligungen GmbH & Co. KG and its subsidiaries in 2003. Collateral in the amount of €486 million (previous year: €609 million) was provided for the financial liabilities of these companies as of 31 December 2009.

The following table shows the maturity structure of the financial liabilities. The book values and fair values (market values) indicated include the interest accrued when the maturity is less than 1 year.

			31 Dec 2009				31 Dec 2008			
Funding	**Currency**	**Remaining term**	**Total amount issued in million currency**	**Par values € million**	**Book values € million**	**Fair values € million**	**Total amount issued in million currency**	**Par values € million**	**Book values € million**	**Fair values € million**
Bonds	EUR	up to 1 year	200	200	326	326	1,850	1,850	1,892	1,897
		1 to 5 years	2,700	2,700	2,692	2,978	1,950	1,950	1,944	2,149
		over 5 years	1,000	1,000	994	1,230	0	0	0	0
	RON	up to 1 year	0	0	1	1	0	0	0	0
		1 to 5 years	100	24	24	24	0	0	0	0
		over 5 years	0	0	0	0	0	0	0	0
Liabilities to banks (excl. open account)	EUR	up to 1 year	309	309	310	355	517	517	517	557
		1 to 5 years	177	177	177	176	172	172	172	173
		over 5 years	348	348	348	350	408	408	408	409
	CNY	up to 1 year	464	47	47	47	888	94	94	94
		1 to 5 years	486	49	49	49	546	58	58	58
		over 5 years	0	0	0	0	0	0	0	0
	JPY	up to 1 year	669	5	5	5	3,300	27	27	27
		1 to 5 years	8,928	60	69	60	3,828	30	30	38
		over 5 years	0	0	0	0	0	0	0	0
	Others	up to 1 year	0	86	86	86	0	113	111	111
		1 to 5 years	0	28	29	28	0	28	28	28
		over 5 years	0	8	8	8	0	12	12	12
Promissory note loans	EUR	up to 1 year	0	0	12	12	0	0	9	9
		1 to 5 years	857	857	855	894	700	700	698	720
		over 5 years	0	0	0	0	0	0	0	0

Redeemable loans that are shown under liabilities to banks are listed with the remaining terms corresponding to their redemption dates. For remaining terms of over 1 year, the indicated fair value of these loans generally includes the book value. The difference between the book value and the fair value of the entire loan is shown in maturities under 1 year.

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

The fixed interest rate for short- and medium-term financial liabilities and the repricing dates of all fixed-interest liabilities essentially correspond to the displayed remaining terms. The repricing dates for variable interest rates are less than 1 year.

The effects that changes in interest rates concerning the variable portion of financial liabilities have on the net profit for the period and the equity of METRO Group are described in detail in no. 43 "Management of financial risks".

				31 Dec 2009		31 Dec 2008	
Funding	Interest terms	Currency	Remaining term	Weighted effective rate of interest when issued (%)	Total amount issued in € million	Weighted effective rate of interest when issued (%)	Total amount issued in € million
Bonds	Fixed interest	EUR	up to 1 year	-	0	4.04	1,100
			1 to 5 years	5.65	2,700	6.02	1,750
			over 5 years	7.63	1,000	-	0
		RON	up to 1 year	-	0	-	0
			1 to 5 years	11.55	24	-	0
			over 5 years	-	0	-	0
	Variable interest	EUR	up to 1 year	0.98	200	5.73	750
			1 to 5 years	-	0	3.93	200
			over 5 years	-	0	-	0
Liabilities to banks (excl. open account)	Fixed interest	EUR	up to 1 year	3.54	309	5.89	267
			1 to 5 years	5.34	170	5.48	165
			over 5 years	5.21	346	5.35	405
		CNY	up to 1 year	4.67	47	5.64	94
			1 to 5 years	5.16	49	6.69	58
			over 5 years	-	0	-	0
		Others	up to 1 year	9.38	86	9.08	113
			1 to 5 years	-	0	-	0
			over 5 years	-	0	-	0
	Variable interest	EUR	up to 1 year	-	0	3.71	250
			1 to 5 years	4.39	7	4.39	7
			over 5 years	4.39	2	4.39	3
		JPY	up to 1 year	1.72	5	1.25	27
			1 to 5 years	4.01	60	7.88	30
			over 5 years	-	0	-	0
		Others	up to 1 year	-	0	-	0
			1 to 5 years	6.06	28	7.09	28
			over 5 years	3.03	8	4.47	12
Promissory note loans	Fixed interest	EUR	up to 1 year	-	0	-	0
			1 to 5 years	4.50	244	4.32	213
			over 5 years	-	0	-	0
	Variable interest	EUR	up to 1 year	-	0	-	0
			1 to 5 years	2.06	613	4.40	487
			over 5 years	-	0	-	0

37. Other liabilities

€ million	31 Dec 2009 Total	31 Dec 2009 Remaining term Up to 1 year	31 Dec 2009 Remaining term Over 1 year	31 Dec 2008 Total	31 Dec 2008 Remaining term Up to 1 year	31 Dec 2008 Remaining term Over 1 year	1 Jan 2008 Total	1 Jan 2008 Remaining term Up to 1 year	1 Jan 2008 Remaining term Over 1 year
Other tax liabilities	522	522	0	585	585	0	628	628	0
Payroll	850	842	8	862	832	30	907	878	29
Deferred income[1]	407	120	287	313	82	231	297	66	231
Other liabilities	1,090	718	372	1,023	664	359	1,083	696	387
	2,869	**2,202**	**667**	**2,783**	**2,163**	**620**	**2,915**	**2,268**	**647**

[1] Adjustment of previous year's figures due to first-time adoption of new IFRS

The decline in other tax liabilities is mainly attributable to lower sales tax liabilities in Germany.

Other liabilities listed among other liabilities include numerous individual items such as liabilities to customers, liabilities from other financial transactions, liabilities from real estate, liabilities from costs for the annual accounts and pre-payments on orders received. In addition, this item includes commitments from stock tender rights.

38. Undiscounted cash flows of financial liabilities

The undiscounted cash flows of financial liabilities, trade payables and derivatives carried as liabilities are as follows:

€ million	Book value 31 Dec 2009	Cash flows 2010 Interest	Cash flows 2010 Redemption	Cash flows 2011–2014 Interest	Cash flows 2011–2014 Redemption	Cash flows after 2014 Interest	Cash flows after 2014 Redemption
Financial liabilities							
Bonds	4,037	233	327	683	2,716	76	994
Liabilities to banks	1,214	48	534	93	324	11	356
Promissory note loans	867	25	12	77	855	0	0
Bills of exchange	507	0	507	0	0	0	0
Finance leases	1,609	113	111	362	462	465	1,036
Trade payables	14,050	0	14,050	0	0	0	0
Fixed-interest derivatives carried as liabilities	15	0	0	15	0	0	0
Currency derivatives carried as liabilities	28	0	18	0	10	0	0
Commodity derivatives carried as liabilities	16	0	16	0	0	0	0

€ million	Book value 31 Dec 2008	Cash flows 2009 Interest	Cash flows 2009 Redemption	Cash flows 2010–2013 Interest	Cash flows 2010–2013 Redemption	Cash flows after 2013 Interest	Cash flows after 2013 Redemption
Financial liabilities							
Bonds	3,836	143	1,892	334	1,944	0	0
Liabilities to banks	1,533	62	825	111	288	19	420
Promissory note loans	707	29	9	75	698	0	0
Bills of exchange	584	0	584	0	0	0	0
Finance leases	1,819	94	138	298	526	436	1,155
Trade payables	13,839	0	13,839	0	0	0	0
Fixed-interest derivatives carried as liabilities	8	8	0	0	0	0	0
Currency derivatives carried as liabilities	27	0	27	0	0	0	0
Commodity derivatives carried as liabilities	0	0	0	0	0	0	0

39. Book values and fair values according to measurement category

The book values and fair values of financial instruments shown in the balance sheet are as follows:

	31 Dec 2009				
		Balance sheet valuation			
€ million	Book value	(Amortised) cost	Fair value affecting income	Fair value not affecting income	Fair value
Assets	**33,667**	**n/a**	**n/a**	**n/a**	**n/a**
Loans and receivables	**3,107**	**3,107**	**0**	**0**	**3,118**
Loans and advance credit granted	129	129	0	0	131
Receivables due from suppliers	1,739	1,739	0	0	1,739
Trade receivables	544	544	0	0	544
Other financial assets	695	695	0	0	704
Held to maturity	**9**	**9**	**0**	**0**	**9**
Held for trading	**35**	**0**	**35**	**0**	**35**
Derivative financial instruments not part of a hedge under IAS 39	35	0	35	0	35
Securities	0	0	0	0	0
Available for sale	**23**	**22**	**0**	**1**	**n/a**
Investments	22	22	0	0	n/a
Securities	1	0	0	1	1
Derivative financial instruments within hedges under IAS 39	**17**	**0**	**0**	**17**	**17**
Cash and cash equivalents	**3,996**	**3,996**	**0**	**0**	**3,996**
Assets not classified under IFRS 7	**26,480**	**n/a**	**n/a**	**n/a**	**n/a**
Liabilities	**33,667**	**n/a**	**n/a**	**n/a**	**n/a**
Held for trading	**50**	**0**	**50**	**0**	**50**
Derivative financial instruments not part of a hedge under IAS 39	50	0	50	0	50
Other financial liabilities	0	0	0	0	0
Other financial liabilities	**22,507**	**22,507**	**0**	**0**	**23,096**
Financial liabilities excl. finance leases (incl. underlying hedging transactions under IAS 39)	6,625	6,625	0	0	7,222
Trade payables	14,050	14,050	0	0	14,050
Other financial liabilities	1,832	1,832	0	0	1,824
Derivative financial instruments within hedges under IAS 39	**9**	**0**	**0**	**9**	**9**
Liabilities not classified under IFRS 7	**11,101**	**n/a**	**n/a**	**n/a**	**n/a**
Unrealised profit (+)/loss (-) from total difference between fair value and book value					**-578**

31 Dec 2008					
		Balance sheet valuation[1]			
€ million	Book value	(Amortised) cost	Fair value affecting income	Fair value not affecting income	Fair value
Assets	**33,814**	**n/a**	**n/a**	**n/a**	**n/a**
Loans and receivables	**3,008**	**3,008**	**0**	**0**	**2,996**
Loans and advance credit granted	128	128	0	0	120
Receivables due from suppliers	1,780	1,780	0	0	1,780
Trade receivables	446	446	0	0	446
Other financial assets	654	654	0	0	650
Held to maturity	**0**	**0**	**0**	**0**	**0**
Held for trading	**79**	**0**	**79**	**0**	**79**
Derivative financial instruments not part of a hedge under IAS 39	76	0	76	0	76
Securities	3	0	3	0	3
Available for sale	**24**	**22**	**0**	**2**	**n/a**
Investments	22	22	0	0	n/a
Securities	2	0	0	2	2
Derivative financial instruments within hedges under IAS 39	**25**	**0**	**0**	**25**	**25**
Cash and cash equivalents	**3,874**	**3,874**	**0**	**0**	**3,874**
Assets not classified under IFRS 7	**26,804**	**n/a**	**n/a**	**n/a**	**n/a**
Liabilities	**33,814**	**n/a**	**n/a**	**n/a**	**n/a**
Held for trading	**46**	**0**	**46**	**0**	**46**
Derivative financial instruments not part of a hedge under IAS 39	28	0	28	0	28
Other financial liabilities	18	0	18	0	18
Other financial liabilities	**22,249**	**22,249**	**0**	**0**	**22,530**
Financial liabilities excl. finance leases (incl. underlying hedging transactions under IAS 39)	6,660	6,660	0	0	6,942
Trade payables	13,839	13,839	0	0	13,839
Other financial liabilities	1,750	1,750	0	0	1,749
Derivative financial instruments within hedges under IAS 39	**7**	**0**	**0**	**7**	**7**
Liabilities not classified under IFRS 7	**11,512**	**n/a**	**n/a**	**n/a**	**n/a**
Unrealised profit (+)/loss (-) from total difference between fair value and book value					**-293**

[1] Adjustment due to first-time adoption of new and revised IFRS

Due to their mostly short terms, the fair values of receivables due from suppliers, trade receivables and cash and cash equivalents essentially correspond to their book values.

The measurement of the fair value of bonds, promissory note loans and bank loans is based on the market interest rate curve following the zero coupon method without consideration of credit spreads. The amounts comprise the interest prorated to the closing date.

The fair values of all other financial assets and liabilities that are not listed on an exchange correspond to the present value of payments underlying these balance sheet items. The calculation was based on the applicable country-specific yield curves as of the closing date.

The following table depicts the financial instruments that are recognised at fair value in the balance sheet. These are classified into a three-level fair value hierarchy whose levels reflect the degree of closeness to the market of the data used in the determination of the fair values:

€ million	Total	Level 1	Level 2	Level 3
Assets	**36**	**1**	**35**	**0**
Held for trading				
Derivative financial instruments not part of a hedge under IAS 39	35	0	35	0
Available for sale				
Securities	1	1	0	0
Liabilities	**50**	**0**	**50**	**0**
Held for trading				
Derivative financial instruments not part of a hedge under IAS 39	50	0	50	0
Total	**-14**	**1**	**-15**	**0**

The measurement of securities (level 1) is carried out based on quoted market prices on active markets.

Interest rate swaps and forex transactions (all level 2) are measured using the mark-to-market method based on quoted exchange rates and market yield curves.

The fair value of commodity derivatives (level 2) is calculated as the average of the past month's price noted on the exchange.

No transfers between levels 1 and 2 were effected during the reporting period.

Other notes

40. Notes to the cash flow statement

In accordance with IAS 7 (Statement of Cash Flows), the consolidated statement of cash flows describes changes in the Group's liquid funds through cash inflows and outflows during the reporting year.

The cash flow statement distinguishes between changes in cash levels from operating, investing and financing activities. Following the divestment of the Adler fashion stores and of the Extra supermarkets in the previous year, the cash flows of these discontinued operations will be listed separately.

The item cash and cash equivalents includes cash and cash on hand as well as bank deposits with a remaining term of up to three months.

During the reporting year, net cash provided by operating activities of continuing operations amounted to €2,571 million (previous year: €2,637 million).

In the financial year 2009, the Group recorded cash outflows of €1,162 million (previous year: cash outflows of €1,728 million) from investing activities of continuing operations. The divestment of the Adler fashion stores resulted in cash outflows of €34 million (previous year: cash inflow of €467 million from the divestment of the Extra supermarkets).

The amount of investments in tangible assets stated as cash outflows differs from the addition reported in the analysis of fixed assets by the amount of non-cash additions, which essentially concern currency effects and additions from finance leases.

Financing activities of continuing operations generated cash outflows of €1,302 million (previous year: cash outflows of €395 million) during the reporting year.

41. Segment reporting

Segment reporting has been carried out in accordance with IFRS 8 (Operating Segments).

The segmentation corresponds to the Group's internal controlling and reporting structures and is generally based on the division of the business into individual branches. In addition, in connection with the first-time adoption of IFRS 8, METRO Group's entire real estate assets are shown as a separate segment in order to facilitate enhanced transparency and adequate and more successful controlling based on the rigorous separation of trading and real estate businesses.

Self-service wholesale

Metro Cash & Carry is represented now in 30 countries through its Metro and Makro brands. Its assortments, services and complete solutions are customised to the requirements of commercial customers, including hotel, restaurant and kiosk operators, catering firms, hospitals and public authorities.

Food retail
Real operates hypermarkets in Germany and Poland. In addition, the sales division has locations in Romania, Russia, Ukraine and Turkey. All stores offer a wide range of food including a large share of fresh products, which is supplemented by a nonfood assortment.

Consumer electronics retail
Media Markt and Saturn offer a comprehensive assortment including the latest brand products. With its two strong brands, the sales division is now represented in 16 countries.

Department stores
Galeria Kaufhof operates department stores in Germany and Belgium. In Belgium, the sales division operates under the name Galeria Inno. Galeria's department stores offer high-quality assortments with a focus on textiles.

Real Estate
METRO Group Asset Management manages METRO Group's real estate assets in 32 countries. Its responsibilities include, among other things, actively increasing the portfolio value, developing new stores and locations as well as managing existing locations.

Additional information on the segments is provided in the management report.

Aside from the information on the operating segments listed above, equivalent information is provided on the METRO regions. Here, a distinction is made between the regions Germany, Western Europe excluding Germany, Eastern Europe and Asia/Africa.

- External sales represent sales of the operating segments to third parties outside the Group.
- Internal sales represent sales between the Group's operating segments.
- Segment EBITDAR represents EBITDA before rental expenses less rental income.
- Segment EBITDA comprises EBIT before depreciation on tangible and intangible assets.
- EBIT as the key ratio for segment reporting describes operating earnings for the period before net financial income and income taxes. Intragroup rental contracts are shown as operating leases in the segments. The properties are leased at market rates. In principle, location risks and recoverability risks related to non-current assets are only shown in the segments when they represent Group risks.
- Segment investments include additions to assets with the exception of additions to non-current financial assets.
- Segment assets include non-current and current assets. They do not include mostly financial assets according to the balance sheet, income tax items, cash and "assets held for sale".
- Segment liabilities include non-current and current liabilities. They do not include, in particular, financial liabilities according to the balance sheet, income tax items or "liabilities related to assets held for sale".
- In principle, transfers between segments are made based on the costs incurred from the Group's perspective.
- Discontinued operations include the figures relating to the operational Extra supermarkets in 2008 and the Adler fashion stores in 2008 and 2009.

Reconciliation statement

€ million	31 Dec 2009
Segment assets	**27,474**
Non-current and current financial assets	151
Cash and cash equivalents	3,996
Deferred taxes	1,026
Entitlements to income tax refunds	405
Assets held for sale	117
Other entitlements to tax refunds[1]	363
Receivables from other financial transactions[2]	94
Other	41
Group assets	**33,667**
Segment liabilities	**18,206**
Non-current and current financial liabilities	8,234
Deferred taxes	216
Income tax liabilities	265
Liabilities related to assets held for sale	0
Income tax provisions[3]	127
Other tax liabilities[4]	522
Liabilities from other financial transactions[5]	51
Other	54
Group liabilities	**27,675**

[1] Included in balance sheet item "other receivables and assets" (current)
[2] Included in the balance sheet items "other receivables and assets" (non-current and current)
[3] Included in the balance sheet items "other provisions" (non-current) and "provisions" (current)
[4] Included in the balance sheet item "other liabilities" (current)
[5] Included in the balance sheet items "other liabilities" (non-current and current)

42. Discontinued operations

As a result of the decision made in September of the previous year to divest the Adler fashion stores, and in accordance with IFRS 5, the assets held for sale and liabilities of the Adler fashion stores are treated as discontinued operations in the balance sheet. By contractual agreement dated 13 February 2009 and following the approval of the German Federal Cartel Office on 2 March 2009 and the approval of the Austrian Federal Cartel Authority on 5 March 2009, the Adler fashion stores were sold to the restructuring fund BluO beta equity Limited. The sale became effective on 28 February 2009. As a result, the current income of the Adler fashion stores until 28 February 2009 was included in the consolidated income statement as current income from discontinued operations. Revenues of €12 million from the divestment in 2009 were accordingly reported under gains on the disposal of discontinued operations.

The results of discontinued operations comprise the following components:

€ million	2009	2008
Income Extra	0	766
Income Adler	51	484
Total income	51	1,250
Expenses Extra	0	-774
Expenses Adler	-63	-844
Total expenses	-63	-1,618
Current income from discontinued operations before taxes	-12	-368
Income tax on current income of Extra	0	0
Income tax on current income of Adler	0	-10
Total income tax on current income	0	-10
Current income from discontinued operations after taxes	**-12**	**-378**
Profit/loss from measurement/divestment Extra	0	123
Profit/loss from measurement/divestment Adler	12	-98
Measurement/divestment income from discontinued operations before taxes	12	25
Tax on measurement/divestment Extra	0	-76
Tax on measurement/divestment Adler	0	0
Total income tax from measurement/divestment income	0	-76
Measurement/divestment income from discontinued operations after taxes	**12**	**-51**
Profit/loss from discontinued operations	**0**	**-429**

43. Management of financial risks

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

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

Price risks

For METRO Group, price risks result from the impact of changes in market interest rates, foreign currency exchange rates, share price fluctuations or changes in commodity prices.

Interest rate risks are caused by deteriorating cash flows from interest and potential changes in the fair value of a financial instrument due to changes in market interest rates. Interest rate swaps and interest limitation agreements are used to cap these interest rate risks.

METRO Group's remaining interest rate risk is assessed in accordance with IFRS 7 using a sensitivity analysis. In the process, the following assumptions are applied in the consideration of changes in interest rates:

The total impact determined by the sensitivity analysis relates to the actual balance as of the closing date and reflects the impact for 1 year.

Original floating-rate financial instruments whose interest payments are not designated as the underlying transaction in a cash flow hedge against changes in interest rates are recognised in interest income in the sensitivity analysis.

Original fixed-interest financial instruments generally are not recognised in interest income. They are only recognised in other financial results if they are designated as the underlying transaction within a fair value hedge and measured at their fair value. In this case, however, the interest-related change in the value of the underlying transaction is offset by the change in the value of the hedging transaction upon full effectiveness of the hedging transaction. The variable interest flows within the Group that result from a fair value hedge are recognised in interest income.

Financial instruments designated as the hedging transaction within a cash flow hedge to hedge against variable interest flows will only be recognised in interest income when the payment flows have actually been initiated. However, the measurement of the hedging transaction at fair value is recognised in reserves retained from earnings without being reported as a profit or loss.

Interest rate derivatives that are not part of a qualified hedging transaction under IAS 39 are recognised at fair value in other financial results and, through resulting interest flows, in interest income.

At the closing date, the remaining interest rate risk of METRO Group results essentially from variable interest receivables and liabilities to banks with a total investment balance after consideration of hedging transactions in the amount of €2,963 million (previous year: €1,852 million).

Given this total balance, a higher interest rate of 100 basis points would result in €30 million (previous year: €19 million) higher earnings in interest income per year. A lower interest rate of 100 basis points would have a corresponding opposite effect in the amount of €-30 million (previous year: €-19 million).

In the event of a higher interest rate of 100 basis points, the measurement of financial instruments that are part of a cash flow hedge would result in an increase in equity in the amount of €0 million (previous year: €2 million) as well as an increase in other financial result of €0 million (previous year: €7 million).

METRO Group faces **currency risks** in its international procurement of merchandise and because of costs and financings 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 options as well as interest rate swaps and currency swaps are used in these cases to limit currency risk. Exceptions from this hedging requirement exist only in the case of liabilities from finance leases as well as foreign currency transactions that cannot be hedged for legal or market-specific reasons.

In line with IFRS 7, the presentation of the currency risk resulting from the exceptions is also based on a sensitivity analysis. In the process, the following assumptions are made in the consideration of a devaluation or revaluation of the euro vis-à-vis other currencies:

In terms of its amount and result characteristic, the total effect presented by the sensitivity analysis relates to the amounts of foreign currency held within the consolidated subsidiaries of METRO Group and states the effect of a devaluation or revaluation of the euro.

In the sensitivity analysis, the effects of the measurement of non-equity foreign currency positions that are calculated based on the closing date price in line with IAS 21 are recognised in income in the income statement. In the case of net investments in foreign currency, the effects of the closing date measurement are recognised in equity without being reported as a profit or loss.

Foreign currency futures/options and interest rate and currency swaps that are not part of a qualified hedge under IAS 39 are recognised in income through the fair value measurement in the income statement. In fully effective hedging transactions, this effect is offset by the effect from the measurement of the underlying foreign currency transaction.

Foreign currency futures/options and interest rate and currency swaps that are designated as the hedging transaction within a cash flow hedge to hedge against payment flows in foreign currency will only be recognised in the income statement when the payment flows are actually initiated. The measurement of the hedging transaction at its fair value, however, is recognised in reserves retained from earnings without being reported as a profit or loss.

Effects from the currency translation of financial statements whose functional currency is not the reporting currency of METRO Group do not affect cash flows in local currency and are therefore not part of the sensitivity analysis.

As of the closing date, the remaining currency risk of METRO Group was as follows:

€ million Currency pair	Impact of appreciation/ devaluation of the euro by 10% 31 Dec 2009	 31 Dec 2008
Net profit for the period		
CNY / EUR	+/-3	+/-1
CZK / EUR	+/-1	+/-1
GBP / EUR	-/+0	-/+1
HRK / EUR	+/-1	-/+1
HUF / EUR	+/-1	+/-1
MDL / EUR	+/-5	+/-5
PLN / EUR	+/-10	+/-6
RON / EUR	+/-17	+/-20
RSD / EUR	+/-0	+/-1
RUB / EUR	+/-10	+/-2
SEK / EUR	+/-0	+/-5
SKK / EUR	+/-0	+/-2
TRY / EUR	-/+1	+/-7
VND / EUR	+/-1	+/-1
UAH / EUR	+/-1	+/-4
USD / EUR	+/-3	+/-0
	+/-52	**+/-54**
Equity		
GBP / EUR	-/+0	-/+1
JPY / EUR	+/-3	+/-7
PLN / EUR	+/-7	+/-9
RUB / EUR	+/-50	+/- 40
SEK / EUR	+/-5	+/-0
TRY / EUR	+/-3	+/-0
UAH / EUR	+/-25	+/-16
USD / EUR	+/-26	+/-30
	+/-119	**+/-101**
	+/-171	**+/-155**

In addition, currency risks for the currency pairs USD/CNY, USD/RUB, USD/VND with an effect of €+/-6 million (previous year: €+/-5 million) exist in the case of an appreciation or devaluation of the USD by 10 percent.

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

Interest rate and currency risks are substantially reduced and limited by the principles laid down in the internal treasury guidelines of 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. METRO Group is aware that this severely limits the opportunities to exploit current or expected interest rate and exchange rate movements to optimise results.

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

As of the closing date, the following financial instruments were being used for risk reduction:

€ million	Nominal volume (millions)	31 Dec 2009 Fair values Financial assets	31 Dec 2009 Fair values Financial liabilities	Nominal volume (millions)	31 Dec 2008 Fair values Financial assets	31 Dec 2008 Fair values Financial liabilities
Interest rate transactions						
Interest rate swaps	171	0	15	0	0	0
within fair value hedges	(0)	(0)	(0)	(0)	(0)	(0)
within cash flow hedges	(126)	(0)	(6)	(0)	(0)	(0)
not part of a hedge	(45)	(0)	(9)	(0)	(0)	(0)
Forward rate agreements	0	0	0	3,000	0	8
within fair value hedges	(0)	(0)	(0)	(0)	(0)	(0)
within cash flow hedges	(0)	(0)	(0)	(0)	(0)	(0)
not part of a hedge	(0)	(0)	(0)	(3,000)	(0)	(8)
Interest limitation agreements	0	0	0	750	6	0
within fair value hedges	(0)	(0)	(0)	(0)	(0)	(0)
within cash flow hedges	(0)	(0)	(0)	(750)	(6)	(0)
not part of a hedge	(0)	(0)	(0)	(0)	(0)	(0)
	171	0	15	3,750	6	8
Currency transactions						
Forex futures/options	230	16	18	466	70	18
within fair value hedges	(0)	(0)	(0)	(0)	(0)	(0)
within cash flow hedges	(212)	(3)	(3)	(335)	(12)	(7)
not part of a hedge	(18)	(13)	(15)	(131)	(58)	(11)
Interest rate/currency swaps	37	14	10	173	18	9
within fair value hedges	(0)	(0)	(0)	(0)	(0)	(0)
within cash flow hedges	(0)	(0)	(0)	(0)	(0)	(0)
not part of a hedge	(37)	(14)	(10)	(173)	(18)	(9)
	267	30	28	639	88	27
Commodity transactions						
Futures	7 million litres 499 GWh	8	16	0	0	0
within fair value hedges	(0)	(0)	(0)	(0)	(0)	(0)
within cash flow hedges	(0)	(0)	(0)	(0)	(0)	(0)
not part of a hedge	(7 million litres 499 GWh)	(8)	(16)	(0)	(0)	(0)
Share price-related transactions						
Hedging of stock options	4 million shares	14	0	8 million shares	7	0
within fair value hedges	(0)	(0)	(0)	(0)	(0)	(0)
within cash flow hedges	(4 million shares)	(14)	(0)	(8 million shares)	(7)	(0)
not part of a hedge	(0)	(0)	(0)	(0)	(0)	(0)
	n/a	**52**	**59**	**n/a**	**101**	**35**

The nominal volume of forex futures/options and interest limitation agreements results from the net position of the buying and selling values in foreign currency underlying the individual transactions translated at the relevant exchange rate on the closing date. The gross nominal volume of interest rate swaps or interest rate/currency swaps and interest rate hedging agreements is shown. The stated amount for hedges related to share bonus programmes includes the number of share options with a subscription ratio of 1:1.

All fair values represent the theoretical value of these instruments upon dissolution of the transactions at the end of the period. Under the premise that instruments are held until the end of their term, these are unrealised gains and losses that, by the end of the term, will be fully set off by gains and losses from the underlying transactions in the case of fully effective hedging transactions.

For the purpose of showing this reconciliation appropriately for the period, relationships are created between hedging transactions and underlying transactions and recognised as follows:

Within a fair value hedge, both the hedging transaction and the hedged risk of the underlying transaction are recognised at their fair value (market value). The value fluctuations of both trades are shown in the income statement, where they will be fully set off against each other in the case of full effectiveness.

Within a cash flow hedge, the hedging transactions are also principally recognised at their fair value (market value). In the case of full effectiveness of the hedging transaction, the value changes will be recognised in equity until the hedged payment flows or expected transactions impact the result. Only then will they be recognised in income.

Hedging transactions that, according to IAS 39, are not part of a hedge are recognised at their fair value (market value). Value changes are recognised directly in income. Even if no formal hedging relationship was created, these are hedging transactions that are closely connected to the underlying business and whose impact on earnings will be netted by the underlying transaction (natural hedge).

The currency derivatives are used primarily for pound sterling, Danish krone, Slovak and Czech koruna, Polish złoty, Japanese yen, Swiss franc, Hungarian forint, Russian rouble, new Romanian leu, Turkish lira and US dollar.

The derivative financial instruments have the following maturities:

€ million	31 Dec 2009 Fair values Maturities Up to 1 year	1 to 5 years	Over 5 years	31 Dec 2008 Fair values Maturities Up to 1 year	1 to 5 years	Over 5 years
Interest rate transactions						
Interest rate swaps	0	-15	0	0	0	0
within fair value hedges	(0)	(0)	(0)	(0)	(0)	(0)
within cash flow hedges	(0)	(-6)	(0)	(0)	(0)	(0)
not part of a hedge	(0)	(-9)	(0)	(0)	(0)	(0)
Forward rate agreements	0	0	0	-8	0	0
within fair value hedges	(0)	(0)	(0)	(0)	(0)	(0)
within cash flow hedges	(0)	(0)	(0)	(0)	(0)	(0)
not part of a hedge	(0)	(0)	(0)	(-8)	(0)	(0)
Interest limitation agreements	**0**	**0**	**0**	**6**	**0**	**0**
within fair value hedges	(0)	(0)	(0)	(0)	(0)	(0)
within cash flow hedges	(0)	(0)	(0)	(6)	(0)	(0)
not part of a hedge	(0)	(0)	(0)	(0)	(0)	(0)
Currency transactions						
Forex futures/options	-2	0	0	52	0	0
within fair value hedges	(0)	(0)	(0)	(0)	(0)	(0)
within cash flow hedges	(0)	(0)	(0)	(5)	(0)	(0)
not part of a hedge	(-2)	(0)	(0)	(47)	(0)	(0)
Interest rate/currency swaps	0	4	0	0	9	0
within fair value hedges	(0)	(0)	(0)	(0)	(0)	(0)
within cash flow hedges	(0)	(0)	(0)	(0)	(0)	(0)
not part of a hedge	(0)	(4)	(0)	(0)	(9)	(0)
Commodity transactions						
Futures	-9	1	0	0	0	0
within fair value hedges	(0)	(0)	(0)	(0)	(0)	(0)
within cash flow hedges	(0)	(0)	(0)	(0)	(0)	(0)
not part of a hedge	(-9)	(1)	(0)	(0)	(0)	(0)
Share price-related transactions						
Hedging of stock options	0	14	0	1	6	0
within fair value hedges	(0)	(0)	(0)	(0)	(0)	(0)
within cash flow hedges	(0)	(14)	(0)	(1)	(6)	(0)
not part of a hedge	(0)	(0)	(0)	(0)	(0)	(0)
	-11	**4**	**0**	**51**	**15**	**0**

Listed below the maturities are the fair values of the financial assets and liabilities that fall due during these periods.

Variable interest rates are adjusted at intervals of less than 1 year.

To quantify the potential market value losses of all financial instruments, METRO Group uses Value-at-Risk (VaR) calculations in addition to the sensitivity analyses required by IFRS 7. 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 a potential loss is 10 days and is subject to the assumption 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 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 Group financial plan, which is updated monthly and checked monthly for deviations. This financial plan is complemented by a weekly rolling 14-day liquidity plan.

Financial instruments utilised include money and capital market products (time deposits, call money, commercial papers, promissory note loans and bonds sold as part of ongoing issue programmes) as well as bilateral and syndicated loans. 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. Further details on financial instruments and credit lines are provided by the explanatory notes under the respective balance sheet items.

Intragroup cash pooling reduces the amount of debt and optimises the money market and capital market investments of 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 to 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 METRO Group are optimally employed in Germany and internationally, and, on the other hand, that all Group companies benefit from the strength and credit standing of METRO Group in negotiating their financing terms.

In a number of Eastern European countries, the payment terms for food suppliers have been reduced by law, or such legal regulations have been adopted for 2010. Shorter payment terms vis-à-vis suppliers generally result in higher financing requirements. However, this does not impair METRO Group's solid liquidity position.

Creditworthiness risks

Creditworthiness risks arise from the total or partial loss of a counterparty, for example through bankruptcy or in connection with monetary investments and derivative financial instruments with positive market values. METRO Group's maximum default exposure as of the closing date is reflected by the book values of financial assets totalling €7,187 million (previous year: €7,010 million). Further details on the size of the respective book value are listed in the notes to the consolidated financial statements in no. 39 "Book values and fair values according to measurement category". Cash in hand considered in cash and totalling €145 million (previous year: €149 million) is not susceptible to any default risk.

In the course of the risk management of monetary investments and financial derivatives, minimum creditworthiness requirements and maximum exposure limits have been defined for all business partners of METRO Group. This is based on 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 METRO Group; compliance is constantly monitored by the treasury systems.

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

Rating classes			Volume in %					
			Monetary investments					
Grade	Moody's	Standard & Poor's	Germany	Western Europe excl. Germany	Eastern Europe	Asia and others	Derivatives with positive market values	Total
Investment grade	Aaa	AAA	0.0	0.2	0.0	0.0	0.0	
	Aa1 to Aa3	AA+ to AA-	20.5	15.4	0.4	1.0	0.1	
	A1 to A3	A+ to A-	20.3	21.8	4.8	0.6	0.4	
	Baa1 to Baa3	BBB+ to BBB-	4.7	1.7	2.1	0.0	0.0	**94.0**
Non-investment grade	Ba1 to Ba3	BB+ to BB-	0.1	0.0	1.2	0.1	0.0	
	B1 to B3	B+ to B-	0.0	0.0	0.4	0.2	0.0	
	C	C	0.0	0.0	0.0	0.0	0.0	**2.0**
No rating			2.1	1.8	0.1	0.0	0.0	**4.0**
Total			**47.7**	**40.9**	**9.0**	**1.9**	**0.5**	**100.0**

The table shows that as of the closing date, about 94.0 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. METRO Group also operates in countries where local financial institutions do not have investment-grade ratings due to the rating of their country. For country-specific reasons as well as cost and efficiency considerations, cooperation with these institutions is unavoidable. These institutions account for about 2.0 percent of the total volume.

METRO Group's level of exposure to creditworthiness risks is thus very low.

Cash flow risks

A future change in interest rates may cause cash flow from variable interest 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.

44. Contingent liabilities and other contingencies

€ million	2009	2008
Liabilities from suretyships and guarantees	16	73
Liabilities from guarantee and warranty contracts	261	298
	277	**371**

The decline in liabilities from guarantee and warranty contracts essentially results from the expiry of a guarantee in connection with a property divestment.

Liabilities from guarantee and warranty contracts reflect the cancellation of guarantees in connection with the Extra supermarkets that were sold in 2008.

45. Other financial obligations

€ million	2009	2008
Purchasing/sourcing commitments	347	458
Miscellaneous	20	19
	367	**477**

The decline in purchasing/sourcing commitments mainly concerns energy supply contracts.

Please see notes nos. 19 "Other intangible assets", 20 "Tangible assets" and 21 "Investment properties" for information on purchasing commitments for other intangible and tangible assets, obligations from finance and operating leases as well as investment properties.

46. Other legal issues

Status of appraisal processes

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 shareholders. The petitioners 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 am Main.

47. Shareholdings

The list of shareholdings of METRO AG pursuant to § 313 of the German Commercial Code is included in a separate list. In accordance with Article 66 Section 5 of the Introductory Law to the German Commercial Code (EGHGB) in conjunction with § 313 Section 4 Sentence 2 of the German Commercial Code in the version valid until 28 May 2009, this list is part of the notes.

48. Events after the closing date

On 14 January 2010, the Federal Cartel Office searched the former business premises of MGB METRO Group Buying GmbH. The Federal Cartel Office investigation is still at an early stage, and the authority has raised no concrete and individualised allegations of offence against MGB METRO Group Buying GmbH or any other METRO Group company. As a result, the Company currently cannot comment on the possible impact of these investigations on the consolidated financial statements of METRO AG.

On 22 February 2010, METRO AG issued a 7-year bond with a volume of €750 million and a coupon of 4.25 percent.

No other events that are of material importance to an assessment of the earnings, financial and asset position of METRO AG and METRO Group occurred by 1 March 2010 (date of presentation of the accounts to the Supervisory Board for approval).

49. Notes on related parties

In 2009, METRO Group maintained the following business relations to related companies:

€ million	2009	2008
Goods/services provided	3	2
Goods/services received	110	116
Receivables from goods/services provided	16	0
Liabilities from goods/services received	1	0

In the financial year 2009, METRO Group companies provided goods/services totalling €3 million to companies included in the group of related companies. This concerns primarily the granting of lease rights.

The goods/services totalling €110 million that METRO Group companies received from related companies in the financial year 2009 consist primarily of property leases.

The receivable from goods/services provided in the amount of €16 million concerns a long-term loan receivable of Metro Finance B.V. towards Metro MSB Leasinggesellschaft mbH & Co. KG for a rented administrative building. Metro MSB Leasinggesellschaft mbH & Co. KG is a related company of METRO AG as METRO AG's major shareholders are its shareholders.

The basic principles of the remuneration system and the amount of Management and Supervisory Board compensation are included in the remuneration report, which is part of the management report.

Business relations with related companies are based on contractual agreements providing for arm's length prices. As in 2008, METRO Group had no business relations with related natural persons in the financial year 2009.

50. Share-based compensation for executives

METRO AG has been implementing share-based remuneration programmes since 1999 to enable executives to participate in the Company's value development and reward their contribution to the sustained success of METRO Group compared with its competitors. The members of the Management Board and other executives of METRO AG as well as managing directors and executives of the other operating METRO Group companies are eligible.

Stock option programme (1999–2003)

No rights from the stock option programme were outstanding in the financial year 2009.

Share bonus programme (2004–2008)

The final tranche of the share bonus programme introduced in 2004 was granted in 2008. The programme entitles executives to cash bonuses whose size depends on the performance of the Metro share and the parallel consideration of benchmark indices. The programme is divided into a tranche for each year, with the target parameters being calculated separately for each tranche. The full share bonus is paid out when the target share price and a so-called equal performance of the share with benchmark indices are attained. The maturity of each tranche is 3 years. The conditions of the tranches for 2004 to 2008 are shown in the following table:

Tranche	Due	Basis price	Target price	Total target bonus
2004	July 2007	€37.14	€42.71	Paid out
2005	July 2008	€41.60	€47.84	Expired
2006	July 2009	€43.15	€49.62	Expired
2007	July 2010	€61.61	€70.85	€16,270,000
2008	July 2011	€41.92	€48.21	€18,155,000

The target bonus values are based on the condition that the target prices are attained. The share bonuses granted in 2007 and 2008 have yet to be paid and fall due after the end of the respective 3-year term.

The share bonus is principally granted only if the terms of employment within 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 share bonuses can be limited to the gross amount of the annual fixed salary.

Performance Share Plan and Share Ownership Guidelines (2009–2013)

During the reporting year, METRO Group replaced the previous share bonus programme with a performance share plan.

Under this scheme, executives are given an individual target amount for the performance share plan (target value) in accordance with the significance of their functional responsibilities. The target number of performance shares is calculated by dividing this target value by the share price upon allotment (based on the average price of the Metro share during the three months up to the allotment date). A performance share entitles its holder to a cash payment matching the price of the Metro share on the payment date (based on the average price of the Metro share during the three months up to the payment date).

Based on the relative performance of the Metro share compared to the median of the DAX 30 and Dow Jones Euro Stoxx Retail stock market indices – total return – the final number of payable performance shares is determined after the end of a performance period of at least 3 and at most 4.25 years. It corresponds to the target number of shares when an equal performance with said stock market indices is achieved. Up to an outperformance of 60 percent, the number increases on a straight-line basis to a maximum of 200 percent of the target amount. Up to an underperformance of 30 percent, the number is accordingly reduced to a minimum of 50 percent. In the case of an underperformance of more than 30 percent, the number is reduced to 0.

Payment can be made at six possible times. The earliest payment date is 3 years after allotment of the performance shares. From this time, payment can be made every three months. Executives can choose the payment date upon which they wish to exercise their performance shares. The payment cap amounts to five times the target value. Payment is made only if the terms of employment within METRO Group have not been ended unilaterally or a contract termination has not been reached by mutual consent at the time of maturity.

In order to strengthen executives' commitment and promote sustainable behaviour, METRO Group introduced so-called share ownership guidelines along with its performance share plan. As a precondition of payments of performance shares, eligible executives are obliged to undertake a significant continuous self-financed investment in Metro shares up to the end of the 3-year blocking period. This ensures that, as shareholders, they will directly participate in share price gains as well as potential losses of the Metro share. The required investment volume amounts to between about 50 percent and 85 percent of the individual target value.

The value of the performance shares allotted in 2009 amounted to €34.6 million at the time of the allotment and was calculated by external experts using recognised financial-mathematical methods (Monte Carlo simulation).

Tranche	End of blocking period	3-month average price before allotment	Number of performance shares
2009	August 2012	€36.67	807,927

Total expenses on share-based compensation programmes after the cost of hedging transactions amount to €21 million (previous year: €6 million) in the financial year 2009.

The related provisions as of 31 December 2009 amount to €13 million (previous year: €1 million). The 2007 tranche with a remaining term of up to 1 year accounts for €0 million (previous year: €0 million) of this total, the 2008 tranche for €8 million (previous year: €1 million) and the 2009 tranche for €5 million.

51. Management Board and Supervisory Board

Compensation of members of the Management Board in the financial year 2009

Remuneration of the active members of the Management Board essentially consists of a fixed salary and performance-based entitlements as well as the share bonuses granted in the financial year 2009.

The amount of the performance-based remuneration for members of the Management Board essentially depends on the development of net earnings and the return on capital employed (RoCE) and may also consider the attainment of individually set targets. The use of the key ratio net earnings combined with RoCE rewards profitable growth of METRO Group.

Remuneration of the active members of the Management Board in the financial year 2009 amounts to €16.0 million (previous year: €14.3 million). This includes €4.7 million (previous year: €4.1 million) in fixed salaries, €7.7 million (previous year: €7.2 million) in performance-based entitlements, €3.0 million (previous year: €2.7 million) in share-based remuneration and €0.6 million (previous year: €0.3 million) in other remuneration.

Share-based remuneration granted in the financial year 2009 (performance shares) is posted at fair value at the time of granting. Share-based remuneration with expiration dates in the financial year 2009 or beyond resulted in expenses of €1.1 million.

The members of the Management Board received 70,902 performance share units.

Other remuneration consists of non-cash benefits and expense allowances.

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 dependants received €4.3 million (previous year: €3.8 million). The cash value of provisions for current pensions and pension entitlements made for this group amounts to €47.4 million (previous year: €48.8 million).

The information released pursuant to § 314 Section 1 No. 6a Sentence 5 to 9 of the German Commercial Code can be found in the extensive remuneration report in chapter 8 of the Group management report.

Compensation of members of the Supervisory Board

The total remuneration of all members of the Supervisory Board in the financial year 2009 amounts to €1.7 million (previous year: €1.9 million).

Additional information on the remuneration of members of the Supervisory Board can be found in the extensive remuneration report in chapter 8 of the Group management report.

52. Auditor's fees

The following fees related to the services rendered by auditor KPMG AG Wirtschaftsprüfungsgesellschaft and its associated companies were recorded as expenses. Since the integration of KPMG Belgium (as of 1 April 2009) and KPMG Netherlands, KPMG Luxembourg and KPMG Turkey (as of 1 October 2009) into KPMG Europe LLP, these national KPMG subsidiaries have also been associated companies of KPMG AG Wirtschaftsprüfungsgesellschaft in the meaning of § 271 Section 2 of the German Commercial Code. The disclosure requirement of KPMG Belgium and KPMG Netherlands, KPMG Luxembourg and KPMG Turkey relates to services rendered after 31 March 2009 or 30 September 2009.

€ million	31 Dec 2009	31 Dec 2008
Audit	12	8
Other certification or evaluation	2	1
Tax consultation services	1	3
Other services	2	3
	17	**15**

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

53. Declaration of compliance with the German Corporate Governance Code

The Management Board and the Supervisory Board of METRO AG at year's end 2009 made the annual declaration of compliance with the recommendations of the Government Commission German Corporate Governance Code pursuant to § 161 of the German Stock Corporation Act which can be accessed on the METRO AG website (www.metrogroup.de).

54. Election to be exempt from §§ 264 Section 3 and 264b of the German Commercial Code

The following domestic subsidiaries in the legal form of stock corporations or partnerships will use the exemption requirements according to § 264 Section 3 and § 264b of the German Commercial Code, and will thus refrain from disclosing their annual financial statements for 2009 as well as mostly from disclosing their notes and management report (according to the German Commercial Code).

a) Operative companies and service entities

"Buch und Zeit" Verlagsgesellschaft mit beschränkter Haftung	Köln
AXXE Reisegastronomie GmbH	Köln
Boost GmbH	Düsseldorf
C + C Schaper GmbH	Hannover
Campus Store GmbH	Alzey
CH-Vermögensverwaltung GmbH	Düsseldorf
DAYCONOMY GmbH	Düsseldorf
Dinea Gastronomie GmbH	Köln
emotions GmbH	Köln
Fulltrade International GmbH	Düsseldorf
Galeria Kaufhof GmbH	Köln
GEMINI Personalservice GmbH	Köln
Goldhand Lebensmittel- u. Verbrauchsgüter-Vertriebsgesellschaft mit beschränkter Haftung	Düsseldorf
Grillpfanne GmbH	Köln
Hans Köfer GmbH, Weinkellerei	Düsseldorf
Johannes Berg GmbH, Weinkellerei	Düsseldorf
LSZ Betriebsführungsgesellschaft mbH & Co. KG	Alzey
LSZ Service GmbH & Co. KG	Alzey
Lust for Life Gastronomie GmbH	Köln
MCC Trading Deutschland GmbH	Düsseldorf
MCC Trading International GmbH	Düsseldorf
MDH Secundus Vermögensverwaltung GmbH	Düsseldorf
Meister feines Fleisch – feine Wurst GmbH	Gäufelden
METRO Beteiligungsmanagement Düsseldorf GmbH & Co. KG	Düsseldorf

Metro Cash & Carry Brunnthal GmbH & Co. KG	Brunnthal
METRO Cash & Carry Deutschland GmbH	Düsseldorf
METRO Cash & Carry International GmbH	Düsseldorf
METRO Groß- und Lebensmitteleinzelhandel Holding GmbH	Düsseldorf
METRO Großhandelsgesellschaft mbH	Düsseldorf
Metro International Beteiligungs GmbH	Düsseldorf
METRO Kaufhaus und Fachmarkt Holding GmbH	Düsseldorf
METRO Online GmbH	Düsseldorf
Metro SB-Großmärkte GmbH & Co. Kommanditgesellschaft	Esslingen am Neckar
Metro SB-Großmärkte GmbH & Co. Kommanditgesellschaft	Linden
Metro SB-Großmärkte Verwaltungsgesellschaft mit beschränkter Haftung	Mülheim an der Ruhr
METRO Sechste Gesellschaft für Vermögensverwaltung mbH	Düsseldorf
METRO Siebte Gesellschaft für Vermögensverwaltung mbH	Düsseldorf
METRO Zehnte Gesellschaft für Vermögensverwaltung mbH	Düsseldorf
METRO Zehnte GmbH & Co. KG	Düsseldorf
METRO Zwölfte Gesellschaft für Vermögensverwaltung mbH	Düsseldorf
MGA METRO Group Advertising GmbH	Düsseldorf
MGB METRO Group Buying GmbH	Düsseldorf
MGB METRO Group Buying International GmbH	Düsseldorf
MGB METRO Group Buying West GmbH	Düsseldorf
MGC METRO Group Clearing GmbH	Düsseldorf
MGE Warenhandelsgesellschaft mbH	Düsseldorf
MGI METRO Group Information Technology GmbH	Düsseldorf
MGL METRO Group Logistics GmbH	Düsseldorf
MGL METRO Group Logistics Warehousing Beteiligungs GmbH	Sarstedt
MGL METRO Group Logistics Warehousing GmbH	Sarstedt
MGP METRO Group Account Processing GmbH	Kehl
MGS METRO Group Solutions GmbH	Düsseldorf
MGT METRO Group Travel Services GmbH	Düsseldorf
MIB METRO Group Insurance Broker GmbH	Düsseldorf
MIP METRO Group Intellectual Property GmbH & Co. KG	Düsseldorf
MIP METRO Group Intellectual Property Management GmbH	Düsseldorf
MTT METRO Group Textiles Transport GmbH	Düsseldorf
Multi-Center Warenvertriebs GmbH	Hannover
real,- Group Holding GmbH	Düsseldorf
real,- Handels GmbH	Düsseldorf
real,- Holding GmbH	Alzey
real,- Multi-Markt Warenvertriebs-GmbH & Co. KG	Alzey
real,- SB-Warenhaus GmbH	Alzey
SIG Import GmbH	Düsseldorf
SIL Verwaltung GmbH & Co. Objekt Haidach KG	Schwabhausen
SPORTARENA GmbH	Köln
Vierte real,- Holding GmbH	Alzey
Vierte real,- SB-Warenhaus GmbH	Alzey
Weinkellerei Thomas Rath GmbH	Düsseldorf
Zweite real,- Multi-Markt Vermietungs- und Verpachtungs-GmbH & Co. KG	Alzey
Zweite real,- Multi-Markt Verwaltungsgesellschaft mbH	Alzey
Zweite real,- Multi-Markt Warenvertriebs-GmbH & Co. KG	Alzey
Zweite real,- SB-Warenhaus GmbH	Alzey

b) Real estate companies

1. Schaper Objekt GmbH & Co. Wächtersbach KG	Düsseldorf
2. Schaper Objekt GmbH & Co. Memmingen KG	Düsseldorf
3. Schaper Objekt GmbH & Co. Erlangen KG	Düsseldorf
ADAGIO 2. Grundstücksverwaltungsgesellschaft mbH	Saarbrücken
ADAGIO 3. Grundstücksverwaltungsgesellschaft mbH	Saarbrücken
ADAGIO Grundstücksverwaltungsgesellschaft mbH	Saarbrücken
Adolf Schaper GmbH & Co. Grundbesitz-KG	Saarbrücken
AIB Verwaltungs GmbH	Düsseldorf
ARKON Grundbesitzverwaltung GmbH	Saarbrücken
ASH Grundstücksverwaltung XXX GmbH	Saarbrücken
ASSET Grundbesitz GmbH	Düsseldorf
ASSET Immobilienbeteiligungen GmbH	Saarbrücken
ASSET Verwaltungs-GmbH	Saarbrücken
ASSET Verwaltungs-GmbH & Co. Objekt Aachen II KG	Saarbrücken
ASSET Verwaltungs-GmbH & Co. Objekt Aachen, Adalbertstraße 20-30 KG	Saarbrücken
ASSET Verwaltungs-GmbH & Co. Objekt Aschaffenburg KG	Saarbrücken
ASSET Verwaltungs-GmbH & Co. Objekt Bergen-Enkheim KG	Saarbrücken
ASSET Verwaltungs-GmbH & Co. Objekt Bonn, Acherstraße KG	Saarbrücken
ASSET Verwaltungs-GmbH & Co. Objekt Darmstadt KG	Saarbrücken
ASSET Verwaltungs-GmbH & Co. Objekt Dortmund KG	Saarbrücken
ASSET Verwaltungs-GmbH & Co. Objekt Düsseldorf, Königsallee 1 KG	Saarbrücken
ASSET Verwaltungs-GmbH & Co. Objekt Frankfurt Hauptwache KG	Saarbrücken
ASSET Verwaltungs-GmbH & Co. Objekt Freiburg im Breisgau KG	Saarbrücken
ASSET Verwaltungs-GmbH & Co. Objekt Gelsenkirchen KG	Saarbrücken
ASSET Verwaltungs-GmbH & Co. Objekt Hamburg-Poppenbüttel, Kritenbarg 10 KG	Saarbrücken
ASSET Verwaltungs-GmbH & Co. Objekt Hanau KG	Saarbrücken
ASSET Verwaltungs-GmbH & Co. Objekt Hannover KG	Saarbrücken
ASSET Verwaltungs-GmbH & Co. Objekt Kassel KG	Saarbrücken
ASSET Verwaltungs-GmbH & Co. Objekt Kassel, Obere Königstraße KG	Saarbrücken
ASSET Verwaltungs-GmbH & Co. Objekt Köln, Minoritenstraße KG	Saarbrücken
ASSET Verwaltungs-GmbH & Co. Objekt Köln-Kalk, Kalker Hauptstraße 118-122 KG	Saarbrücken
ASSET Verwaltungs-GmbH & Co. Objekt Leipzig KG	Saarbrücken
ASSET Verwaltungs-GmbH & Co. Objekt Mainz KG	Saarbrücken
ASSET Verwaltungs-GmbH & Co. Objekt Mönchengladbach KG	Saarbrücken
ASSET Verwaltungs-GmbH & Co. Objekt München Pelkovenstraße 155 KG	Saarbrücken
ASSET Verwaltungs-GmbH & Co. Objekt Nürnberg, Königstraße 42-52 KG	Saarbrücken
ASSET Verwaltungs-GmbH & Co. Objekt Oberhausen Centroallee KG	Saarbrücken
ASSET Verwaltungs-GmbH & Co. Objekt Offenbach KG	Saarbrücken
ASSET Verwaltungs-GmbH & Co. Objekt Saarbrücken, Bahnhofstraße 82-92, 98-100 KG	Saarbrücken
ASSET Verwaltungs-GmbH & Co. Objekt Siegburg KG	Saarbrücken
ASSET Verwaltungs-GmbH & Co. Objekt Stuttgart, Königstraße 6 KG	Saarbrücken
ASSET Verwaltungs-GmbH & Co. Objekt Stuttgart-Bad Cannstatt Badstraße, Marktstraße 3 KG	Saarbrücken
ASSET Verwaltungs-GmbH & Co. Objekt Würzburg KG	Saarbrücken

ASSET Zweite Immobilienbeteiligungen GmbH	Düsseldorf
Bassa Grundstücksverwaltungsgesellschaft mbH	Saarbrücken
BAUGRU Immobilien-Beteiligungsgesellschaft mit beschränkter Haftung & Co. Grundstücksverwaltung KG	Saarbrücken
Blabert Grundstücksverwaltungsgesellschaft mbH	Saarbrücken
BLK Grundstücksverwaltung GmbH	Saarbrücken
Deutsche SB-Kauf GmbH & Co. KG	Saarbrücken
DFI Verwaltungs GmbH	Saarbrücken
DORINA Immobilien-Vermietungsgesellschaft mbH	Düsseldorf
FZB Fachmarktzentrum Bous Verwaltungsgesellschaft mbH & Co. KG	Saarbrücken
FZG Fachmarktzentrum Guben Verwaltungsgesellschaft mbH	Saarbrücken
FZG Fachmarktzentrum Guben Verwaltungsgesellschaft mbH & Co. Vermietungs-KG	Saarbrücken
GBS Gesellschaft für Unternehmensbeteiligungen mbH	Saarbrücken
Gewerbebau Flensburg GmbH & Co. Objekt Fachmarktzentrum KG	Saarbrücken
GKF Vermögensverwaltungsgesellschaft mit beschränkter Haftung	Saarbrücken
GKF Vermögensverwaltungsgesellschaft mbH & Co. 10. Objekt-KG	Saarbrücken
GKF Vermögensverwaltungsgesellschaft mbH & Co. 25. Objekt-KG	Saarbrücken
GKF Vermögensverwaltungsgesellschaft mbH & Co. 6. Objekt-KG	Saarbrücken
GKF Vermögensverwaltungsgesellschaft mbH & Co. 8. Objekt-KG	Saarbrücken
GKF Vermögensverwaltungsgesellschaft mbH & Co. Arrondierungsgrundstücke KG	Saarbrücken
GKF Vermögensverwaltungsgesellschaft mbH & Co. Entwicklungsgrundstücke KG	Saarbrücken
GKF Vermögensverwaltungsgesellschaft mbH & Co. Gewerbegrundstücke KG	Saarbrücken
GKF Vermögensverwaltungsgesellschaft mbH & Co. Grundstücksverwaltung KG	Saarbrücken
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Bielefeld KG	Saarbrücken
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Bochum Otto Straße KG	Saarbrücken
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Brühl KG	Saarbrücken
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Edingen-Neckarhausen KG	Saarbrücken
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Emden KG	Saarbrücken
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Espelkamp KG	Saarbrücken
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Finowfurt KG	Saarbrücken
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Frankenthal KG	Saarbrücken
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Frankenthal-Studernheim KG	Saarbrücken
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Gäufelden KG	Saarbrücken
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Haibach KG	Saarbrücken
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Hamburg-Neuwiedenthal KG	Saarbrücken
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Hannover / Davenstedter Straße KG	Saarbrücken
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Hannover Fössestraße KG	Saarbrücken
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Hannover-Linden KG	Saarbrücken
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Hannover-Misburg KG	Saarbrücken
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Hannover-Südstadt KG	Saarbrücken
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Herne KG	Saarbrücken
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Herten KG	Saarbrücken
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Hildesheim-Senking KG	Saarbrücken
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Hillesheim KG	Saarbrücken
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Hörselgau KG	Saarbrücken
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Mönchengladbach-Rheydt KG	Saarbrücken
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Oldenburg KG	Saarbrücken

GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Paderborn "Südring Center" KG	Saarbrücken
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Prüm KG	Saarbrücken
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Rastatt KG	Saarbrücken
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Ratingen KG	Saarbrücken
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Rinteln KG	Saarbrücken
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Rüsselsheim KG	Saarbrücken
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Saarbrücken Saarbasar KG	Saarbrücken
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Saar-Grund KG	Saarbrücken
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Wesel KG	Saarbrücken
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Wiesbaden-Nordenstadt KG	Saarbrücken
GKF Vermögensverwaltungsgesellschaft mbH & Co. Vermietungs- und Handels-KG	Saarbrücken
GKF Vermögensverwaltungsgesellschaft Objekt Nienburg mbH	Saarbrücken
Horten GmbH	Düsseldorf
Horten Verwaltungs GmbH	Saarbrücken
Horten Verwaltungs-GmbH & Co. Objekt Duisburg KG	Saarbrücken
Horten Verwaltungs-GmbH & Co. Objekt Düsseldorf Berliner Allee KG	Saarbrücken
Horten Verwaltungs-GmbH & Co. Objekt Düsseldorf Carschhaus KG	Saarbrücken
Horten Verwaltungs GmbH & Co. Objekt Erlangen KG	Saarbrücken
Horten Verwaltungs GmbH & Co. Objekt Giessen KG	Saarbrücken
Horten Verwaltungs-GmbH & Co. Objekt Hannover KG	Saarbrücken
Horten Verwaltungs-GmbH & Co. Objekt Heidelberg KG	Saarbrücken
Horten Verwaltungs GmbH & Co. Objekt Heilbronn KG	Saarbrücken
Horten Verwaltungs-GmbH & Co. Objekt Hildesheim KG	Saarbrücken
Horten Verwaltungs GmbH & Co. Objekt Ingolstadt KG	Saarbrücken
Horten Verwaltungs GmbH & Co. Objekt Kempten KG	Saarbrücken
Horten Verwaltungs-GmbH & Co. Objekt Münster KG	Saarbrücken
Horten Verwaltungs GmbH & Co. Objekt Nürnberg KG	Saarbrücken
Horten Verwaltungs GmbH & Co. Objekt Oldenburg KG	Saarbrücken
Horten Verwaltungs GmbH & Co. Objekt Pforzheim KG	Saarbrücken
Horten Verwaltungs GmbH & Co. Objekt Regensburg KG	Saarbrücken
Horten Verwaltungs GmbH & Co. Objekt Reutlingen KG	Saarbrücken
Horten Verwaltungs GmbH & Co. Objekt Schweinfurt KG	Saarbrücken
Horten Verwaltungs-GmbH & Co. Objekt Stuttgart KG	Saarbrücken
Horten Verwaltungs-GmbH & Co. Objekt Trier KG	Saarbrücken
Horten Verwaltungs-GmbH & Co. Objekt Ulm KG	Saarbrücken
Horten Verwaltungs-GmbH & Co. Objekt Wiesbaden KG	Saarbrücken
Kaufhalle GmbH	Saarbrücken
Kaufhalle GmbH & Co. Objekt Hamburg Mönckebergstraße KG	Saarbrücken
Kaufhof Warenhaus am Alex GmbH	Berlin
Kaufhof Warenhaus Neubrandenburg GmbH	Saarbrücken
Kaufhof Warenhaus Rostock GmbH	Düsseldorf
MDH Secundus GmbH & Co. KG	Düsseldorf
MEM METRO Group Energy Production & Management GmbH[1]	Düsseldorf
MES METRO Group Energy Solutions GmbH[1]	Böblingen
Metro Cash & Carry Grundstücksverwaltungsgesellschaft mbH	Düsseldorf
METRO Group Asset Management GmbH & Co. KG	Saarbrücken

[1] The Company utilises the exemptive option pursuant to § 264 Section 3 of the German Commercial Code only for the management report

METRO Group Asset Management GmbH[1]	Saarbrücken
METRO Group Asset Management Services GmbH	Saarbrücken
METRO Leasing GmbH	Saarbrücken
METRO Real Estate Holding GmbH	Düsseldorf
METRO Retail Real Estate GmbH	Düsseldorf
METRO Wholesale Real Estate GmbH	Düsseldorf
MFM METRO Group Facility Management GmbH	Düsseldorf
PIL Grundstücksverwaltung GmbH	Saarbrücken
Pro. FS GmbH	Böblingen
Renate Grundstücksverwaltungsgesellschaft mbH	Saarbrücken
RUDU Verwaltungsgesellschaft mbH	Düsseldorf
Saalbau-Verein Ulm GmbH	Saarbrücken
Schaper Grundbesitz-Verwaltungsgesellschaft mbH	Saarbrücken
Secundus Grundstücksverwertungs-GmbH & Co. Objekt Stuttgart-Königstraße KG	Saarbrücken
STW Grundstücksverwaltung Gesellschaft mit beschränkter Haftung	Saarbrücken
TANDOS Grundstücks-Verwaltungsgesellschaft mbH	Saarbrücken
TKC Objekt Cottbus GmbH & Co. KG	Saarbrücken
Wirichs Immobilien GmbH	Saarbrücken
Wirichs Verwaltungsgesellschaft mbH & Co. Objekt Schwelm KG	Saarbrücken
Wirichs Verwaltungsgesellschaft mbH & Co. Objekt Voerde und Kamen KG	Saarbrücken
Wolfgang Wirichs GmbH	Saarbrücken
Zentra Beteiligungsgesellschaft mit beschränkter Haftung	Saarbrücken
Zentra-Grundstücksgesellschaft mbH	Saarbrücken

[1] The Company utilises the exemptive option pursuant to § 264 Section 3 of the German Commercial Code only for the management report

55. Overview of major fully consolidated Group companies

Name	Head office	Stake in %	Sales[1] in € million
Holding companies			
METRO AG	Düsseldorf, Germany		0
METRO Kaufhaus und Fachmarkt Holding GmbH	Düsseldorf, Germany	100.00	0
METRO Groß- und Lebensmitteleinzelhandel Holding GmbH	Düsseldorf, Germany	100.00	0
Cash & carry			
METRO Cash & Carry International GmbH	Düsseldorf, Germany	100.00	0
METRO Cash & Carry International Holding GmbH	Vösendorf, Austria	100.00	0
METRO Großhandelsgesellschaft mbH	Düsseldorf, Germany	100.00	4,682
METRO Cash & Carry France S.A.S.	Nanterre, France	100.00	3,908
METRO Cash & Carry OOO	Moscow, Russia	100.00	2,594
METRO Italia Cash and Carry S. p. A.	San Donato Milanese, Italy	100.00	1,859
Makro Cash and Carry Polska S.A.	Warsaw, Poland	100.00	1,830
Makro Autoservicio Mayorista S. A. U.	Madrid, Spain	100.00	1,332
MAKRO Cash & Carry Belgium NV	Antwerp, Belgium	100.00	1,280
METRO Distributie Nederland B. V.	Diemen, Netherlands	100.00	1,276
METRO Cash & Carry ROMANIA SRL	Voluntari, Romania	85.00	1,228
MAKRO Cash & Carry CR s.r.o.	Prague, Czech Republic	100.00	1,226
METRO Jinjiang Cash & Carry Co., Ltd.	Shanghai, China	90.00	1,087
Makro Cash & Carry UK Holding Limited	Manchester, United Kingdom	100.00	974
Hypermarkets			
real,- SB-Warenhaus GmbH	Alzey, Germany	100.00	6,594
Zweite real,- SB-Warenhaus GmbH	Alzey, Germany	100.00	1,593
real,- Sp. z o.o.i Spólka spólka komandytowa	Warsaw, Poland	100.00	1,316
Consumer electronics stores			
Media-Saturn-Holding GmbH	Ingolstadt, Germany	75.41	9,121
Mediamarket S. p. A.	Curno, Italy	75.41	2,354
MEDIA MARKT SATURN, S.A. UNIPERSONAL	El Prat de Llobregat, Spain	75.41	1,758
Media Markt Saturn Holding Nederland B. V.	Rotterdam, Netherlands	75.41	1,098
Media-Saturn Beteiligungsges. m.b.H.	Vösendorf, Austria	75.41	978
Department stores			
GALERIA Kaufhof GmbH	Cologne, Germany	100.00	3,052
INNOVATION S.A.	Brussels, Belgium	100.00	322
Other companies			
MGL METRO Group Logistics Warehousing GmbH	Sarstedt, Germany	100.00	5,249
MGB METRO Group Buying HK Limited	Hong Kong, China	100.00	895
MGS METRO Group Solutions GmbH	Düsseldorf, Germany	100.00	0
METRO Group Asset Management GmbH & Co. KG	Saarbrücken, Germany	98.04	0
MGB METRO Group Buying GmbH	Düsseldorf, Germany	100.00	0
MIAG Commanditaire Vennootschap	Diemen, Netherlands	100.00	0
MGI METRO Group Information Technology GmbH	Düsseldorf, Germany	100.00	0

[1] Including consolidated national subsidiaries

56. Corporate boards of METRO AG and their mandates[1]

Members of the Supervisory Board

Franz M. Haniel (Chairman)
Chairman of the Supervisory Board of
Franz Haniel & Cie. GmbH
a) BMW AG
Delton AG (Vice-Chairman)
Franz Haniel & Cie. GmbH (Chairman)
Heraeus Holding GmbH
secunet Security Networks AG
b) TBG Holdings N.V., Curaçao, Dutch Antilles, since 17 April 2009

Dr Wulf H. Bernotat
Chairman of the Management Board of E.ON AG
a) Allianz SE
Bertelsmann AG
Deutsche Telekom AG, since 1 January 2010
E.ON Energie AG (Chairman)
E.ON Ruhrgas AG (Chairman)
b) E.ON Nordic AB, Malmö, Sweden – Board of Directors (Chairman), until 4 January 2010
E.ON Sverige AB, Malmö, Sweden – Board of Directors (Chairman)
E.ON US Investments Corp., Delaware (OH), USA – Board of Directors (Chairman)

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

Ulrich Dalibor
National Chairman of the Retail Section
of the ver.di trade union
a) Zweite Real SB-Warenhaus GmbH (Vice-Chairman, since 19 March 2009)
b) None

Jürgen Fitschen
Member of the Management Board of Deutsche Bank AG
a) Schott AG
Deutsche Bank Privat- und Geschäftskunden AG
b) Deutsche Bank A.Ş., Istanbul, Turkey – Yönetim Kurulu Başkanı (Chairman)
Deutsche Bank S.A./N.V., Brussels, Belgium – Conseil d'Administration/Raad van Bestuur (Chairman)
Deutsche Bank S.p.A., Milan, Italy – Consiglio di Sorveglianza
Kühne + Nagel International AG, Schindellegi, Switzerland – Board of Directors
OOO Deutsche Bank, Moscow, Russia – наблюдательный (nablyudatel'niy) (Chairman), since 1 January 2010

Hubert Frieling
Section Head of Payroll Accounting
at Real SB-Warenhaus GmbH
a) None
b) None

Prof. Dr Dr h. c. mult. Erich Greipl
Managing Director of Otto Beisheim Group GmbH & Co. KG
a) Galeria Kaufhof GmbH
Metro Großhandelsgesellschaft mbH
Real Holding GmbH
Zweite Real SB-Warenhaus GmbH
b) Bürgschaftsbank Bayern GmbH – Board of Directors (first Vice-Chairman)
BHS Verwaltungs AG, Baar, Switzerland – Board of Directors (President)

[1] As at 1 March 2010 or the respective date of resignation from the Supervisory Board of METRO AG
a) Member of other statutory supervisory boards of German companies
b) Member of comparable German and international boards of business enterprises

Andreas Herwarth
Commercial Clerk, METRO AG
Chairman of the Works Council of METRO AG
a) None
b) Grundstücksgesellschaft Willich mbH – Supervisory Board (Chairman)
Versorgungsnetz Willich GmbH – Supervisory Board, until 28 October 2009
Wasserwerk Willich GmbH – Supervisory Board, until 28 October 2009

Uwe Hoepfel
Since 2 May 2009
Vice-Chairman of the General Works Council of Galeria Kaufhof GmbH
Chairman of the Works Council of Galeria Kaufhof GmbH, Gießen location
a) Galeria Kaufhof GmbH
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
ARH Resort Holding AG, Zurich, Switzerland – Board of Directors (President, until 26 August 2009)
Bank Julius Bär & Co. AG, Zurich, Switzerland – Board of Directors
Brändle, Missura & Partner Informatik AG, Zurich, Switzerland – Board of Directors
Breda Consulting AG, Zurich, Switzerland – Board of Directors
GE Money Bank AG, Zurich, Switzerland – Board of Directors
Holcim Ltd., Jona, Switzerland – Board of Directors
Julius Bär Gruppe AG, Zurich, Switzerland – Board of Directors, since 8 September 2009
Julius Bär Holding AG, Zurich, Switzerland – Board of Directors, until 30 September 2009
Karl Steiner AG, Zurich, Switzerland – Board of Directors
Karl Steiner Holding AG, Zurich, Switzerland – Board of Directors (Vice-President)
Peter Steiner Holding AG, Zurich, Switzerland – Board of Directors
Supra Holding AG, Baar, Switzerland – Board of Directors
Travel Charme Hotels & Resorts Holding AG, Zurich, Switzerland – Board of Directors (President, until 8 October 2009)

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

Marie-Christine Lombard
Member of the Management Board of TNT N.V.
Group Managing Director TNT Express
a) None
b) Royal Wessanen N.V., Utrecht, Netherlands – Raad van Commissarissen, until 22 April 2009

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

Prof. Dr Klaus Mangold
Chairman of the German Committee on Eastern European Economic Relations
Chairman of the Supervisory Board of Rothschild GmbH
a) Continental AG, since 23 April 2009
Drees & Sommer AG
Leipziger Messe GmbH
TUI AG, since 7 January 2010
Universitätsklinikum Freiburg (public corporation)
b) Rothschild GmbH – Supervisory Board (Chairman)
Alstom S.A., Paris, France – Conseil d'Administration
Chubb Corporation, Warren (NJ), USA – Board of Directors
Magna International Inc., Toronto, Canada – Board of Directors, until 9 March 2009
Rothschild Europe B.V. , Amsterdam, Netherlands – Raad van Commissarissen (Vice-Chairman)

Dr-Ing. e. h. Bernd Pischetsrieder
Consultant to the Management Board of Volkswagen AG
a) Dresdner Bank AG, until 10 May 2009
Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft
b) Fürst Fugger Privatbank KG – Supervisory Board
Tetra Laval International S.A., Pully, Switzerland – Board of Directors

M. P. M. (Theo) de Raad
Vice-Chairman of the Supervisory Board of CSM N.V.
a) None
b) CSM N.V., Diemen, Netherlands – Raad van Commissarissen (Vice-Chairman)
HAL Holding N.V., Willemstad, Curaçao, Dutch Antilles – Raad van Commissarissen
Vion N.V., Son en Breugel, Netherlands – Raad van Commissarissen
Vollenhoven Olie Group B.V. , Tilburg, Netherlands – Raad van Commissarissen

Xaver Schiller
Vice-Chairman of the General Works Council of Metro Cash & Carry Deutschland GmbH
a) Metro Großhandelsgesellschaft mbH
b) None

Dr jur. Hans-Jürgen Schinzler
Chairman of the Supervisory Board of Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft
a) Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft (Chairman)
b) UniCredit S.p.A., Genoa, Italy – Consiglio di Amministrazione

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

Angelika Will
Chairwoman of the Works Council of the Metro Cash & Carry wholesale store Düsseldorf
a) Metro Großhandelsgesellschaft mbH
b) None

Angelika Zinner
Until 6 March 2009
Chairwoman of the General Works Council of Adler Modemärkte GmbH
a) Adler Modemärkte GmbH (Vice-Chairwoman)
b) None

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

Committees of the Supervisory Board and their mandates

Presidential Committee
Franz M. Haniel (Chairman)
Klaus Bruns (Vice-Chairman)
Dr Wulf H. Bernotat
Werner Klockhaus

Personnel Committee
Franz M. Haniel (Chairman)
Klaus Bruns (Vice-Chairman)
Dr Wulf H. Bernotat
Werner Klockhaus

Accounting and Audit Committee
Dr jur. Hans-Jürgen Schinzler (Chairman)
Klaus Bruns (Vice-Chairman)
Prof. Dr Dr h.c. mult. Erich Greipl
Franz M. Haniel
Xaver Schiller
Peter Stieger

Nominations Committee
Franz M. Haniel (Chairman)
Dr-Ing. e.h. Bernd Pischetsrieder
Dr jur. Hans-Jürgen Schinzler

Mediation Committee pursuant to § 27 Section 3 of the German Co-determination Act
Franz M. Haniel
Klaus Bruns
Prof. Dr Dr h.c. mult. Erich Greipl
Werner Klockhaus

Members of the Management Board

Dr Eckhard Cordes (Chairman)
a) Celesio AG (Chairman), until 31 December 2009
Galeria Kaufhof GmbH (Chairman, until 1 October 2009)
Real Holding GmbH (Chairman)
TAKKT AG (Vice-Chairman), until 31 December 2009
b) Tertia Handelsbeteiligungsgesellschaft mbH – Supervisory Board (Chairman)

Thomas Unger (Vice-Chairman)
a) Galeria Kaufhof GmbH (Chairman, since 1 October 2009)
Real Holding GmbH
b) METRO Group Asset Management GmbH & Co. KG – Shareholders' Committee (Chairman)
Assevermag AG, Baar, Switzerland – Board of Directors (President), until 1 October 2009
Metro Euro Finance B.V., Venlo, Netherlands – Raad van Commissarissen, until 14 September 2009
Metro Finance B.V., Venlo, Netherlands – Raad van Commissarissen, until 14 September 2009
Metro International AG, Baar, Switzerland – Board of Directors (President, until 1 October 2009)
Metro Reinsurance N.V., Amsterdam, Netherlands – Raad van Commissarissen, until 14 September 2009
MGP METRO Group Account Processing International AG, Baar, Switzerland – Board of Directors (President), until 1 October 2009

Olaf Koch
Since 14 September 2009
a) Hugo Boss AG, until 20 February 2010
b) Assevermag AG, Baar, Switzerland – Board of Directors (President), since 1 October 2009
Metro Euro Finance B.V. , Venlo, Netherlands – Raad van Commissarissen, since 14 September 2009
Metro Finance B.V. , Venlo, Netherlands – Raad van Commissarissen, since 14 September 2009
Metro International AG, Baar, Switzerland – Board of Directors (President), since 1 October 2009
Metro Reinsurance N.V., Amsterdam, Netherlands – Raad van Commissarissen, since 14 September 2009
MGP METRO Group Account Processing International AG, Baar, Switzerland – Board of Directors (President), since 1 October 2009

Zygmunt Mierdorf (Executive Vice-President Human Resources)
Until 1 March 2010
a) Adler Modemärkte GmbH (Chairman), until 6 March 2009
Praktiker Bau- und Heimwerkermärkte Holding AG
Praktiker Deutschland GmbH
Real Holding GmbH
TÜV SÜD AG
b) LP Holding GmbH – Supervisory Board
Wagner International AG, Altstätten, Switzerland – Board of Directors

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

Frans W. H. Muller

a) Dinea Gastronomie GmbH (Chairman),
until 13 March 2009
Metro Großhandelsgesellschaft mbH (Chairman)

b) Makro Cash and Carry Polska SA, Warsaw, Poland – Rada Nadzorcza
Metro Cash & Carry International Holding GmbH, Vösendorf, Austria – Supervisory Board (Chairman)
Metro Distributie Nederland B.V., Amsterdam, Netherlands – Raad van Commissarissen
Metro International AG, Baar, Switzerland – Board of Directors
Metro Jinjiang Cash & Carry Co., Ltd., Shanghai, China – Board of Directors
MGP METRO Group Account Processing International AG, Baar, Switzerland – Board of Directors

Joël Saveuse

a) None

b) HF Company S.A., Tauxigny, France – Conseil d'Administration

1 March 2010

THE MANAGEMENT BOARD

DR CORDES **UNGER** **KOCH** **MIERDORF** **MULLER** **SAVEUSE**

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

Statement of the legal representatives

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

1 March 2010

THE MANAGEMENT BOARD

DR CORDES **UNGER** **KOCH** **MIERDORF** **MULLER** **SAVEUSE**

Auditor's report

We have audited the consolidated financial statements prepared by METRO AG comprising the balance sheet, the income statement, statement of changes in equity, cash flow statement and the notes to the consolidated financial statements, together with the Group management report for the financial year from 1 January to 31 December 2009. The preparation of the consolidated financial statements and the Group management report in accordance with IFRS, as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315 a Section 1 of the German Commercial Code 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 consolidated financial statements and on the Group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 of the German Commercial Code and generally accepted German standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (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 consolidated financial statements in accordance with the applicable financial reporting framework and in the Group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group 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 consolidated financial statements and the Group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and Group 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 consolidated financial statements comply with IFRS, as adopted by the EU, the additional requirements of German commercial law pursuant to § 315a Section 1 of the German Commercial Code 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 Group in accordance with these requirements. The Group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Cologne, 1 March 2010

KPMG AG
WIRTSCHAFTSPRÜFUNGSGESELLSCHAFT

DR. BÖTTCHER
AUDITOR

KLAASSEN
AUDITOR

METRO Group

Strategy
Investment
Business
Service

Service

Glossary

Asset management
Acquisition, development, management and sale of real estate assets. At METRO Group, this is the responsibility of METRO Group Asset Management.

Best agers
Marketing concept referring to consumers in the over 50s age group.

Commissioning
Packing of a defined number of goods and preparation for delivery.

Compliance
All measures specifying a company's and its employees' behaviour in accordance with legislation, established social guidelines and values.

Consumer electronics store
Large retail store specialised in consumer electronics, household goods, new media, telecommunications, computer and photo assortments. Media Markt and Saturn are the consumer electronics stores of METRO Group.

Degree of implementation
The degree of implementation reflects the progress of a project being implemented in the context of Shape 2012. METRO Group distinguishes between five degrees of implementation: developed, reviewed, approved, implemented and having a financial impact.

Department store
Large retail store that is generally located in the city centre and offers all types of goods, including textiles, household goods and food. Galeria Kaufhof is METRO Group's department store operator.

Discounter
A retail format characterised by a limited product assortment and an aggressive low-price policy.

Diversity management
Key element of human resources policy that leverages the diversity of the workforce with respect to gender, age, ethnic origin, faith, sexual identity or possible disabilities for the company's business success.

Fast-moving consumer goods
Consumer goods that are purchased particularly frequently and are generally consumed on a daily basis, such as milk and bread.

Horizontal provider
A provider with a broad range of products from various manufacturers.

Hypermarket
Large retail store with different articles offered largely in a self-service arrangement. Aside from food products, the assortment also includes consumer durables and non-durables. Real is the hypermarket operator within METRO Group.

IASB (International Accounting Standards Board)

An independent international body that developed the International Financial Reporting Standards (IFRS) and continues to modify them.

IFRIC (International Financial Reporting Interpretations Committee)

This group is part of the International Accounting Standards Committee Foundation (IASCF) and resolves controversial accounting issues.

IFRS (International Financial Reporting Standards)

International rules governing the accounting policies of stock corporations. In contrast to the financial statements according to the German Commercial Code, the focus of IFRS is on investor-orientated information.

Like-for-like growth

Sales growth adjusted for selling space reflects sales growth on a comparable area or with respect to a comparable group of locations in local currency. It includes only the sales volumes of locations that were neither newly opened during the reporting year or the preceding year nor closed during the reporting year, and whose area did not change substantially as a result of restructuring work.

Own-brand products

Branded articles that have been created and trademarked by a retail company and that offer attractive value for money.

Meeting Metro

An informative METRO Group event focusing on training and career prospects in the retail industry and aimed at potential management recruits and teachers.

METRO Group Future Store Initiative

A group of more than 90 companies from the retail and trade, consumer goods, information technology and services sectors as well as from research and academia. The partners jointly promote the modernisation process in the retail industry.

Multichannel distribution

Retail strategy to reach customers via several parallel marketing approaches, for example via outlets and Internet shops.

Nonfood item

A term that describes essential household items in retail assortments.

Radio Frequency Identification (RFID)

Innovative technology for contactless data transmission and automatic identification of goods movements.

Shape 2012

METRO Group's efficiency- and value-enhancing programme. The earnings improvement potential targeted from 2012 and beyond amounts to €1.5 billion. The resulting earnings improvement depends on the development of the macroeconomic environment in our sales markets.

Shop-in-shop concept
A type of presentation for partial assortments in the retail trade. It is used particularly to integrate well-known brand manufacturers on the selling space.

Solar-powered air-conditioning
Air-conditioning technology using solar power that can cool and heat stores or other buildings with the help of solar collectors and an absorption refrigeration system.

Supply chain
Different processes that contribute to the value creation of a company. At METRO Group, this includes, for example, logistics, marketing and sales.

Supply chain councils
Monitoring bodies for the activities of the former cross-divisional service company MGL METRO Group Logistics in the countries where several METRO Group sales divisions operate.

Sales division
Subsidiary of a retail group that operates outlets or stores under a certain sales concept.

Sales brand
A company with a consistently independent market presence. Two sales brands with an identical sales concept can be positioned within one sales division.

Trading-up strategy
Quality improvement of a retail group's offering, for example through larger product assortments, a higher level of quality, comprehensive services and a more sophisticated store design.

Vertical provider
Provider with a deep product range who generally controls the entire supply chain – from development through manufacturing to sales.

Wholesale
A trade format where merchandise is sold to commercial resellers, processors or commercial users. Metro Cash & Carry is the wholesale division of METRO Group.

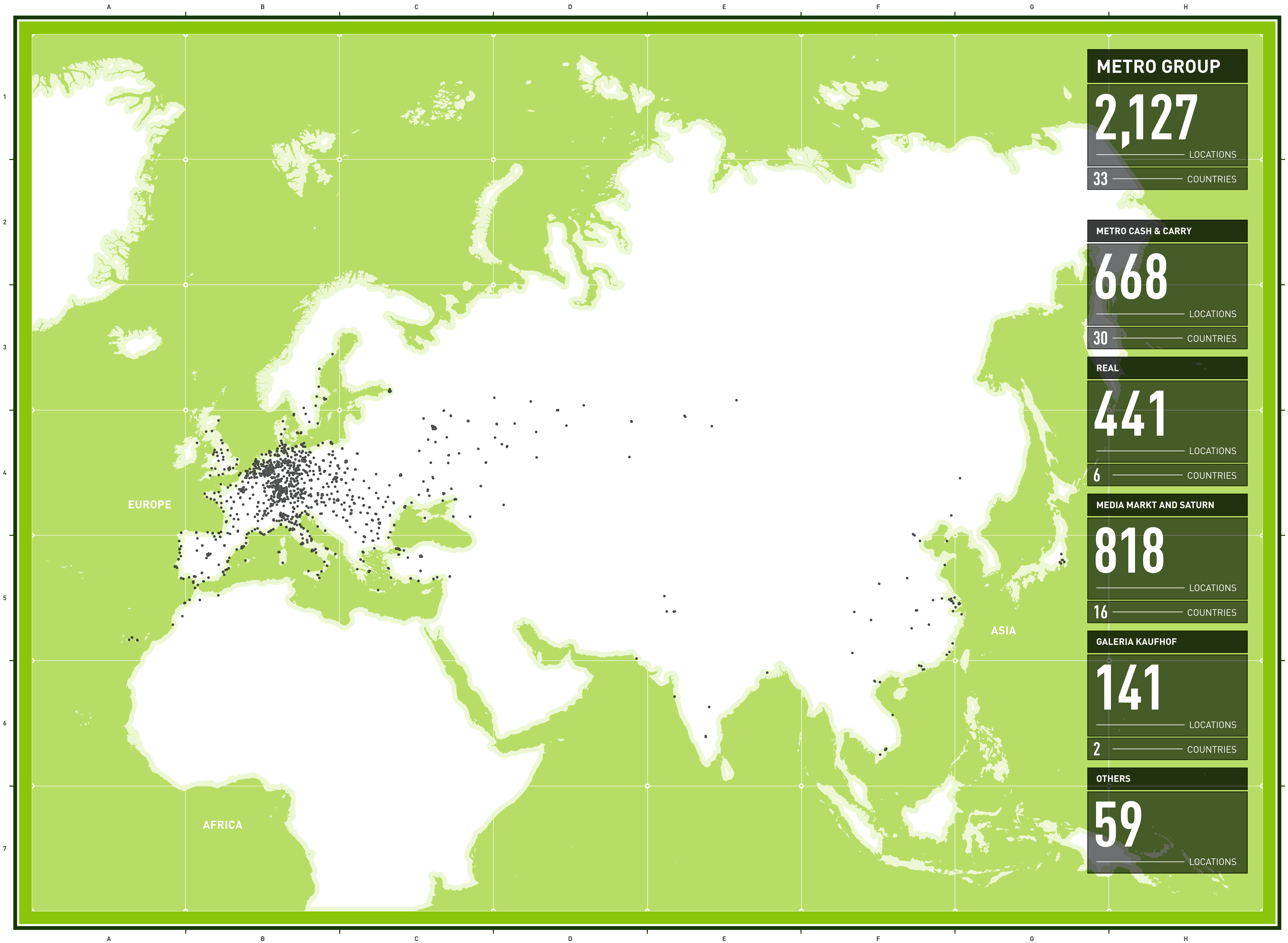
METRO Group in figures[1]

€ million		2009	2008[2]	2007[2]	2006	2005	2004	2003
Key financial figures								
Sales (net)		65,529	67,955	64,210	58,279	55,722	53,475	53,595
EBITDA		3,328[3]	3,540[3]	3,343	3,162	2,938	2,844	2,615
EBIT		2,024[3]	2,222[3]	2,078	1,928	1,738	1,723	1,590
EBIT margin	%	3.1[3]	3.3[3]	3.2	3.3	3.1	3.2	3.0
Earnings before taxes		1,393[3]	1,648[3]	1,561	1,564	1,358	1,260	817
Net profit for the period[4]		824[5]	722[5]	1,051	1,196	649	927	571
thereof from continuing operations		824[5]	1,151[5]	1,065	1,079	618	858	571
thereof attributable to shareholders of METRO AG[4]		383	401	825	1,059	531	828	496
Investments		1,517	2,423	2,154	3,011	2,138	1,744	1,837
Total assets[4]		33,667	33,814	33,862	32,190	28,767	28,352	26,580
Equity		5,992	6,061	6,498	6,050	5,313	4,849	4,349
Equity ratio	%	17.8	17.9	19.2	18.8	18.5	17.1	16.4
Return on equity after taxes	%	13.8[5]	11.9[5]	16.2	19.8	12.2	19.1	19.4
Earnings per share[4, 6]	€	1.17	1.23	2.52	3.24	1.63	2.53	2.35
thereof from continuing operations	€	1.17	2.54	2.58	2.88	1.54	2.32	2.35
thereof from discontinued operations	€	0.00	-1.31	-0.06	0.36	0.09	0.21	0.00
Distribution								
Dividend per ordinary share	€	1.18[7]	1.18	1.18	1.12	1.02	1.02	1.02
Dividend per preference share	€	1.298[7]	1.298	1.298	1.232	1.122	1.122	1.122
Operating data								
Employees (annual average by headcount)		286,091	290,940	275,520	253,117	246,875	231,841	242,010
Locations		2,127	2,111[8]	2,097	2,119	2,171	2,110	2,370
Selling space (1,000 sqm)		12,629	12,302[8]	11,779	11,481	10,518	9,941	11,436

[1] From 2004, only continuing operations (discontinued operations: 2005 Praktiker, 2006 Praktiker and Extra, 2007 and 2008 Extra and Adler, 2009 Adler)
[2] Adjustment due to the first-time adoption of new and revised IFRS
[3] 2009 (2008) adjusted for special items from Shape 2012: €251 million was adjusted in EBITDA (€203 million), with Metro Cash & Carry accounting for €104 million (€0 million), Real for €16 million (€223 million), Media Markt and Saturn for €4 million (€0 million), Galeria Kaufhof for €57 million (€0 million), Real Estate for €5 million (€0 million), others for €65 million (€0 million) and consolidation for €0 million (€-20 million); €343 million was adjusted in EBIT and EBT (€237 million), with Metro Cash & Carry accounting for €143 million (€0 million), Real for €16 million (€224 million), Media Markt and Saturn for €5 million (€0 million), Galeria Kaufhof for €58 million (€0 million), Real Estate for €15 million (€0 million), others for €106 million (€0 million) and consolidation for €0 million (€13 million)
[4] Including discontinued operations
[5] 2009 and 2008 adjusted for special items from Shape 2012
[6] After minority interests
[7] Subject to approval by the Annual General Meeting
[8] The 84 Dinea locations have been reclassified from the "others" segment to the Galeria Kaufhof segment. They are no longer counted as independent locations in the Galeria Kaufhof segment, but attributed to the respective Galeria Kaufhof location. As a result, the locations and their selling spaces are no longer disclosed separately

METRO Group

Locations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EUROPE
AFRICA
ASIA
METRO GROUP
2,127
LOCATIONS
33
COUNTRIES
METRO CASH & CARRY
668
LOCATIONS
30
COUNTRIES
REAL
441
LOCATIONS
6
COUNTRIES
MEDIA MARKT AND SATURN
818
LOCATIONS
16
COUNTRIES
GALERIA KAUFHOF
141
LOCATIONS
2
COUNTRIES
OTHERS
59
LOCATIONS

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Financial calendar

Important dates for the financial year 2010

23 March 2010	30 April 2010
Annual Business Press Conference/ Analysts' Meeting	Quarterly Financial Report Q1
5 May 2010	**2 August 2010**
Annual General Meeting	Half-Year Financial Report Q2
	29 October 2010
	Quarterly Financial Report Q3

Disclaimer
This annual report contains forward-looking statements that are based on certain assumptions and expectations at the time of its publication. These statements are therefore subject to risks and uncertainties, which means that actual results may differ substantially from the future-oriented statements made here. Many of these risks and uncertainties are determined by factors that are beyond the control of METRO Group and cannot be gauged with any certainty at this point in time. This includes future market conditions and economic developments, the behaviour of other market participants, the achievement of expected synergy effects as well as legal and political decisions. METRO Group does not feel obliged to publish corrections of these forward-looking statements to reflect events or circumstances that have occurred after the publication date of this material.

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