



METRO Group
MADE TO TRADE.

FRESH THINKING!

SHAPE 2012 IS TAKING US FORWARD

ANNUAL REPORT
CONSOLIDATED
FINANCIAL STATEMENTS
OF METRO AG

2009

Group management report

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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

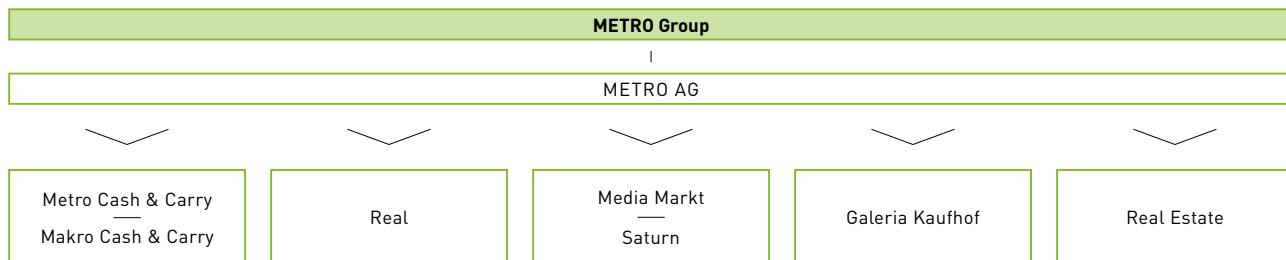
METRO Group established a new Group structure in conjunction with Shape 2012 during the reporting year. The maxim of this change is: as decentrally as possible, as centrally as necessary. The Company continues to be headed by METRO AG based in Düsseldorf. As a strategic management holding company, METRO 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 Blu0 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		Real		Media Markt and Saturn		Galeria Kaufhof		Others		METRO Group	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Germany	124	126	333	343	375	367	126	126	59	108¹	1,017	1,070¹
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	108¹	2,127	2,111¹

¹The 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

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

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.

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 macro-economic 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.

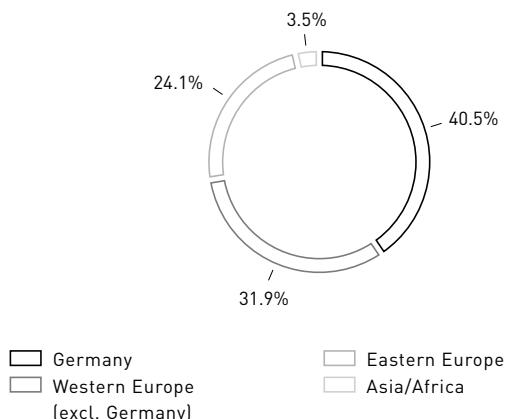
In Germany, sales declined slightly by 0.6 percent to €26.5 billion (previous year: €26.7 billion) during the reporting year. In this context, it should be noted that METRO Group continued to supply the Extra supermarkets, which were sold on 1 July 2008, for an interim period until the third quarter 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

Development of Group and divisional EBIT/EBITDA

€ million	EBITDA ¹		EBIT ¹	
	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

related to the Shape 2012 programme. Adjusted for special items, EBIT in Germany stood at €1,225 million (previous year: €1,295 million).

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.

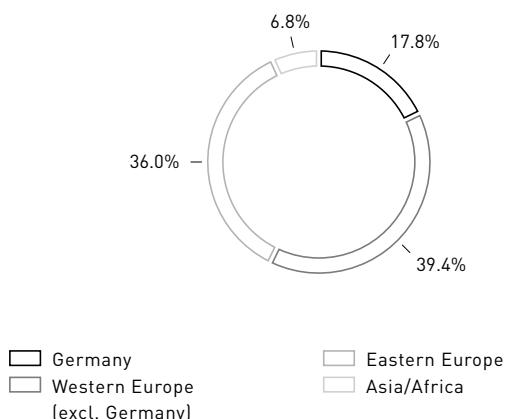
Metro Cash & Carry's sales in Western Europe declined by 4.1 percent to €12.1 billion [like-for-like sales decline: -3.8 percent]. In this region, the high-volume markets of France and Italy, in particular, recorded only small sales declines compared to the previous year.

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

Sales of Metro Cash & Carry 2009 by region



Key figures Metro Cash & Carry 2009

in year-to-year comparison

	Change in %					
	2009 € million	2008 ¹ € million	In €	Currency effect	Deviation in local currency	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

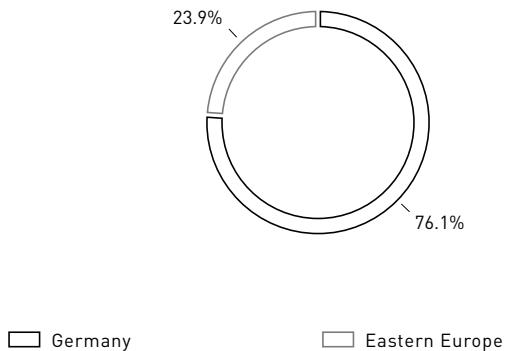
² Before special items from Shape 2012

from 82.9 percent. This was partially due to the markedly negative currency effects.

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

	Change in %					
	2009 € million	2008 ¹ € million	In €	Currency effect	Deviation in local currency	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

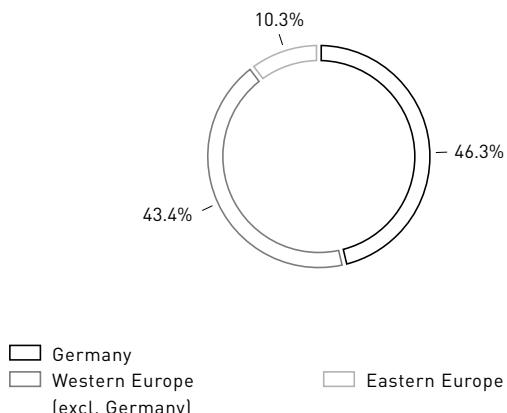
In the financial year 2009, the Media Markt and Saturn sales division continued to expand its leading position in European consumer electronics retailing and gain market share in a difficult economic environment. The sales division boosted its **sales** by 3.7 percent to €19.7 billion from €19.0 billion.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

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

	Change in %					
	2009 € million	2008 ¹ € million	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

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

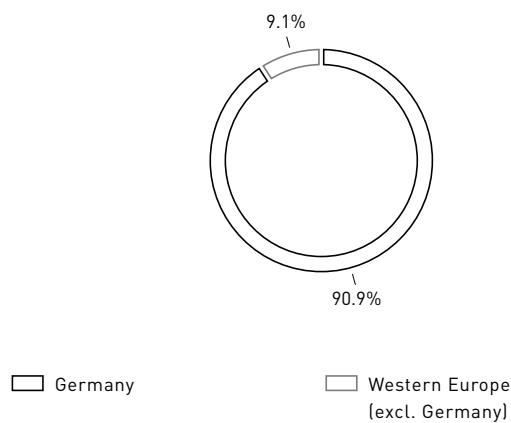
Despite the negative overall business development in the department store segment and the severe recession during the financial year 2009, the Galeria Kaufhof sales division successfully defended its position as concept and system leader among German department stores during the reporting year. The sales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

Sales of Galeria Kaufhof 2009 by region



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

	Change in %					
	2009 € million	2008 ¹ € million	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

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.

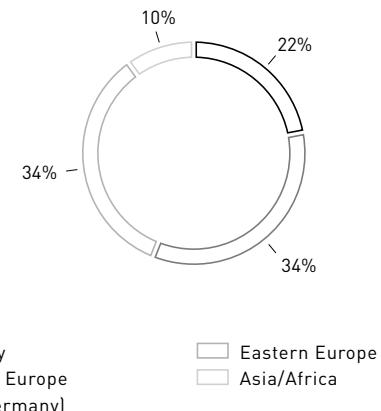
Real Estate

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).

Property locations (701 locations) by region



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 Grillfanne 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	1,050²	1,411²
Income taxes	-531	-424
Income from continuing operations	519³	987³
Income from discontinued operations after taxes	0	-429
Net profit for the period	519³	558³

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

	€ million
Income from continuing operations	
Income from discontinued operations after taxes	
Net profit for the period ²	
thereof attributable to minority interests	
thereof attributable to shareholders of METRO AG ³	
Earnings per share ^{4,5}	
Earnings per share from continuing operations before special items ^{5,6}	

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

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	519	987	-468	-47.4
Income from discontinued operations after taxes	0	-429	429	-
Net profit for the period ²	519 ²	558 ²	-39	-6.9
thereof attributable to minority interests	136	157	-21	-12.9
thereof attributable to shareholders of METRO AG ³	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).

$$\begin{aligned} \text{EBITaC} &= \text{EBIT}^1 - \text{cost of capital} \\ &= \text{EBIT}^1 - (\text{capital employed} \times \text{WACC}) \end{aligned}$$

¹Special 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%
× Beta factor (specific risk premium for METRO Group)	1.0
=	9.2%

Weighting at market rates 58%

7.0% Group WACC after taxes

Tax effect (1-30.5%)

10.0% Group WACC before taxes

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%

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 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	

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.

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.

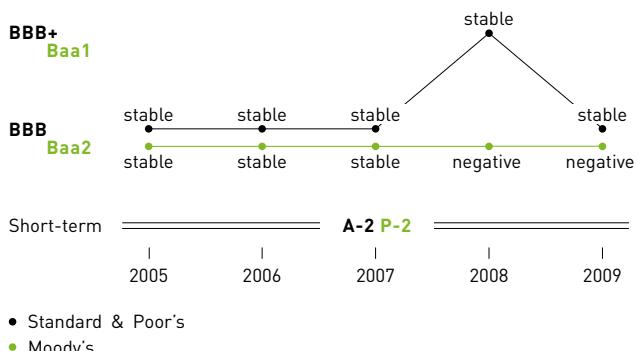
Audit security

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:

Category	2009	
	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

€ million	31 Dec 2009			31 Dec 2008		
	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.

€ million	2009	Change	
		2008 ¹	Absolute
Metro Cash & Carry	220	336	-116
Real	193	250	-57
Media Markt and Saturn	353	402	-49
Galeria Kaufhof	57	128	-71
Real Estate	580	1,060	-480
Others	114	247	-133
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 statement¹

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.

Capital structure METRO Group¹

€ million

Assets		33,667	33,814
A Inventories (current)	7,110	21.1%	— A —
B Other current assets	8,093	24.0%	— B —
C Tangible and intangible assets	16,975	50.4%	— C —
D Other non-current assets	1,489	4.5%	— D —
			2009 2008

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

Liabilities		33,667	33,814
E Trade liabilities (current)	14,050	41.7%	— E —
F Other debt capital (current)	4,519	13.4%	— F —
G Debt capital (non-current)	9,106	27.0%	— G —
H Equity	5,992	17.9%	— H —
			2009 2008

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			
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			
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			
Inventories	25	15,203	15,001
Trade receivables	26	7,110	7,001
Financial assets		544	446
Other receivables and assets	23	38	8
Income tax refund entitlements		2,993	3,116
Cash and cash equivalents	29	405	326
Non-current assets held for sale	30	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 entrepreneurship

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 farsighted 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.

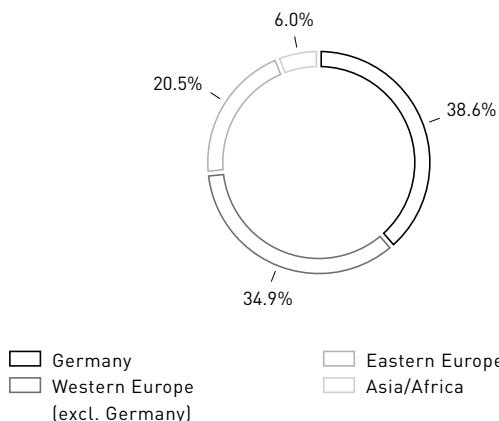
METRO Group's goal is to maintain its employees' commitment, qualifications and employability throughout their working lives. The underlying conviction is that only well-trained, motivated and healthy employees will really understand and address their customers' needs and thereby contribute to the Company's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

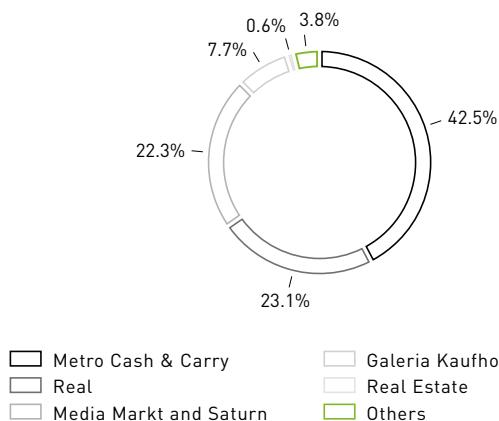
Employees by region

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 equivalents¹)

Country	Metro Cash & Carry		Real		Media Markt and Saturn		Galeria Kaufhof		Real Estate		Others		METRO Group	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	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.)

Country	Metro Cash & Carry		Real		Media Markt and Saturn		Galeria Kaufhof		Real Estate		Others		METRO Group	
	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 equivalents¹ as of closing date 31.12.)

Country	Metro Cash & Carry		Real		Media Markt and Saturn		Galeria Kaufhof		Real Estate		Others		METRO Group	
	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 Giebelner	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 plan 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 Friesling	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.

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 CO₂ 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

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

¹Adjustment 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 IFRSStatement of changes in equity¹

€ 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

¹Adjustment 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 statement¹

€ 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

¹The cash flow statement is explained in the notes in no. 40 ("Notes to the cash flow statement")²Adjustment due to first-time adoption of new and revised IFRS

Notes

Segment reporting^{1,2}

Operating segments

€ million	Continuing Group operations							
	Metro Cash & Carry		Real		Media Markt and Saturn		Galeria Kaufhof	
	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

€ million	Continuing Group operations							
	Germany		Western Europe excl. Germany		Eastern Europe		Asia/Africa	
	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 statements, 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

¹As of 31 December 2009²No 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 busi-

ness 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
Bosnian mark	BAM	1.95583	1.95583	1.95583
Pound sterling	GBP	0.89129	0.79671	0.88810
Bulgarian lev	BGN	1.95583	1.95583	1.95583
Chinese renminbi	CNY	9.52269	10.22478	9.83500
Danish krone	DKK	7.44634	7.45596	7.44180
Hong Kong dollar	HKD	10.80623	11.45292	11.17090
Indian rupee	INR	67.27274	63.54301	66.49150
Japanese yen	JPY	130.33060	152.29292	133.16000
Kazakh tenge	KZT	206.08600	176.92040	213.95000
Croatian kuna	HRK	7.34100	7.22507	7.30000
Moroccan dirham	MAD	11.25572	11.34761	11.31905
Moldovan leu	MDL	15.51803	15.22707	17.64260
Pakistani rupee	PKR	114.09848	103.63797	121.37110
Polish złoty	PLN	4.32764	3.51616	4.10450
New Romanian leu	RON	4.23794	3.68428	4.23630
Russian rouble	RUB	44.11781	36.43811	43.15400
Swedish krona	SEK	10.62298	9.62255	10.25200
Swiss franc	CHF	1.51010	1.58681	1.48360
Serbian dinar	RSD	93.90046	81.43360	95.88880
Singapore dollar	SGD	2.02369	2.07626	2.01940
Slovak koruna ¹	SKK	30.12600	31.27759	30.12600
Czech koruna	CZK	26.43568	24.97028	26.47300
New Turkish lira	TRY	2.16211	1.90775	2.15470
Ukrainian hryvnia	UAH	10.87168	7.71252	11.50094
Hungarian forint	HUF	280.39477	251.81423	270.42000
US dollar	USD	1.39415	1.47062	1.44060
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 availability 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 of 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	Adjust- ment	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 measurements	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 measurements	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. derivatives 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
Due from suppliers	1,739	1,736	3	1,780	1,780	0
Other tax receivables	363	363	0	417	417	0
Prepaid expenses and deferred charges	370	101	269	347	99	248
Other assets ¹	984	793	191	1,022	820	202
	3,456	2,993	463	3,566	3,116	450

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 deferrals.

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.

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).

Tax effects on components of other comprehensive income

€ million	2009			2008		
	Before taxes	Taxes	After taxes	Before taxes	Taxes	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

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:

€ million	Total book value 31 Dec 2009	thereof not adjusted for bad debt and overdue as of the closing date					
		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	

€ million	Total book value 31 Dec 2008 ¹	thereof not adjusted for bad debt and overdue as of the closing date					
		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
	€	828,572,941
Preference shares	Shares	2,677,966
	€	6,846,111
Total share capital	Shares	326,787,529
	€	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 II). 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

¹Netted against employees' contributions

€ 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

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:

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			31 Dec 2008 total	1 Jan 2008 total
		Up to 1 year	1 to 5 years	Over 5 years		
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

¹Adjustment 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
				RON 100 million (€23.8 million)	
New issue	July 2009	3 years	July 2012	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:

€ million	31 Dec 2009			31 Dec 2008		
	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.

Funding	Currency	Remaining term	31 Dec 2009			31 Dec 2008		
			Total amount issued in million currency	Par values	Book values	Fair values	Total amount issued in million currency	Par values
				€ million	€ million	€ million		€ million
Bonds	EUR	up to 1 year	200	200	326	326	1,850	1,850
		1 to 5 years	2,700	2,700	2,692	2,978	1,950	1,950
		over 5 years	1,000	1,000	994	1,230	0	0
	RON	up to 1 year	0	0	1	1	0	0
		1 to 5 years	100	24	24	24	0	0
		over 5 years	0	0	0	0	0	0
Liabilities to banks (excl. open account)	EUR	up to 1 year	309	309	310	355	517	517
		1 to 5 years	177	177	177	176	172	172
		over 5 years	348	348	348	350	408	408
	CNY	up to 1 year	464	47	47	47	888	94
		1 to 5 years	486	49	49	49	546	58
		over 5 years	0	0	0	0	0	0
	JPY	up to 1 year	669	5	5	5	3,300	27
		1 to 5 years	8,928	60	69	60	3,828	30
		over 5 years	0	0	0	0	0	0
	Others	up to 1 year	0	86	86	86	0	113
		1 to 5 years	0	28	29	28	0	28
		over 5 years	0	8	8	8	0	12
Promissory note loans	EUR	up to 1 year	0	0	12	12	0	9
		1 to 5 years	857	857	855	894	700	700
		over 5 years	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".

Funding	Interest terms	Currency	Remaining term	31 Dec 2009		31 Dec 2008	
				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
		Others	up to 1 year	3.54	309	5.89	267
Liabilities to banks (excl. open account)	Fixed interest	EUR	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
		EUR	over 5 years	-	0	-	0
			up to 1 year	-	0	-	0
	Variable interest	EUR	1 to 5 years	2.06	613	4.40	487
			over 5 years	-	0	-	0

37. Other liabilities

€ 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
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		Cash flows 2011–2014		Cash flows after 2014	
		Interest	Redemption	Interest	Redemption	Interest	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		Cash flows 2010–2013		Cash flows after 2013	
		Interest	Redemption	Interest	Redemption	Interest	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:

€ million	31 Dec 2009				
	Balance sheet valuation				
	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

€ million	Balance sheet valuation ¹				
	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 Blu0 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	31 Dec 2009		31 Dec 2008	
	Nominal volume (millions)	Fair values	Nominal volume (millions)	Fair values
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
Interest rate transactions				
Interest rate swaps	171	0	15	0
within fair value hedges	[0]	[0]	[0]	[0]
within cash flow hedges	[126]	[0]	[6]	[0]
not part of a hedge	[45]	[0]	[9]	[0]
Forward rate agreements	0	0	0	3,000
within fair value hedges	[0]	[0]	[0]	[0]
within cash flow hedges	[0]	[0]	[0]	[0]
not part of a hedge	[0]	[0]	[0]	[3,000]
Interest limitation agreements	0	0	0	750
within fair value hedges	[0]	[0]	[0]	[0]
within cash flow hedges	[0]	[0]	[0]	[750]
not part of a hedge	[0]	[0]	[0]	[6]
	171	0	15	3,750
				6
				8
Currency transactions				
Forex futures/options	230	16	18	466
within fair value hedges	[0]	[0]	[0]	[0]
within cash flow hedges	[212]	[3]	[3]	[335]
not part of a hedge	[18]	[13]	[15]	[12]
Interest rate/currency swaps	37	14	10	173
within fair value hedges	[0]	[0]	[0]	[0]
within cash flow hedges	[0]	[0]	[0]	[0]
not part of a hedge	[37]	[14]	[10]	[18]
	267	30	28	639
				88
				27
Commodity transactions				
Futures	7 million litres 499 GWh	8	16	0
within fair value hedges	[0]	[0]	[0]	[0]
within cash flow hedges	[0]	[0]	[0]	[0]
not part of a hedge	[7 million litres 499 GWh]	[8]	[16]	[0]
				[0]
Share price-related transactions				
Hedging of stock options	4 million shares	14	0	8 million shares
within fair value hedges	[0]	[0]	[0]	[0]
within cash flow hedges	[4 million shares]	[14]	[0]	[8 million shares]
not part of a hedge	[0]	[0]	[0]	[7]
	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			31 Dec 2008 Fair values		
	Maturities			Maturities		
	Up to 1 year	1 to 5 years	Over 5 years	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 %						
Grade	Moody's	Standard & Poor's	Monetary investments				Derivatives with positive market values	Total	
			Germany	Western Europe excl. Germany	Eastern Europe	Asia and others			
Investment grade	Aaa	AAA	0.0	0.2	0.0	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 Brunnenthal GmbH & Co. KG	Brunnenthal
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 Zwölftes 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

¹The 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 Spółka spółka 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 Venootschap	Diemen, Netherlands	100.00	0
MG METRO Group Information Technology GmbH	Düsseldorf, Germany	100.00	0

¹ Including consolidated national subsidiaries

56. Corporate boards of METRO AG and their mandates¹

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

000 Deutsche Bank, Moscow, Russia – наблюдательный (nablyudatel'nyi) (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 LombardMember 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

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

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

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



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



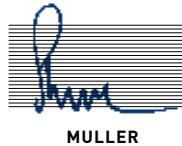
UNGER



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 § 315a 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