

REPORT OF THE SUPERVISORY BOARD

Dear Shareholders,

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Düsseldorf,
15 March 2013

Economic parameters continued to deteriorate during the financial year 2012. Many of the countries in which METRO AG operates struggled with the effects of the sovereign debt crisis and high unemployment. The jobless rate reached a new record level in the eurozone. Governments' intensified austerity measures to stem the crisis have caused the consumer climate to deteriorate significantly. METRO GROUP was also not immune to general market trends, but could compensate for some of the negative pressure through successful sales and efficiency-enhancing measures. Group sales rose by 1.2 percent year-on-year to €66.7 billion. EBIT before special items reached €1,976 million (2011: €2,372 million).

In view of the persistent uncertainties surrounding future economic trends, the work of the Supervisory Committee focused on advising the Management Board on future-orientated decisions during the financial year 2012. Focal topics of our in-depth discussions with the Management Board included 2012 investments in new capabilities, sales channels and price positioning. Together with the Management Board, we believe that these steps will enable METRO GROUP to become more attractive to customers and gain additional market share in many countries around the world. In our discussions with the Management Board, we also repeatedly addressed the intensification of METRO GROUP's efforts to improve its cost efficiency and cash flow to reduce the Group's net debt. As a result, we also approved the Management Board's focused strategy for 2013. Without reducing the pace of expansion in METRO GROUP's strategic growth markets, investments will initially be limited in 2013 to secure the financial objectives and leeway of the Group.

We are confident that METRO GROUP will emerge stronger from this challenging phase of economic uncertainty. We thank the members of the Management Board and the Group's employees for their hard work.

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Franz M. Haniel

Chairman of the Supervisory Board

Profile: Franz M. Haniel became Chairman of the Supervisory Board of METRO AG in November 2011. He previously held the same position from November 2007 to May 2010. Mr Haniel, who was born in Oberhausen in 1955, holds a degree in mechanical engineering and an MBA from the international graduate school INSEAD. He initially worked as a consultant for Booz Allen Hamilton. In 1986, he joined the investment companies of the Quandt family. In 2000, he became Managing Director of Giesecke & Devrient, a manufacturer of bank notes, security and identification documents. Since 2003, he has been the Chairman of the Supervisory Board of Franz Haniel & Cie. GmbH.

Information on the other members of the Supervisory Board can be found on the website www.metrogroup.de in the Company – The Boards – Supervisory Board section.

Consultation and supervision of executives

In 2012, the Supervisory Board also carried out the duties set forth by law and by the Company's Articles of Association. We advised the Management Board extensively on the management of METRO AG and the total Group and supervised the executives continuously. In line with its reporting obligations, the Management Board provided us with regular, timely and comprehensive written and oral reports about all developments of material importance for METRO GROUP. The reports covered, in particular, fundamental questions about Company planning, the Company's profitability, current business developments (including deviations from set plans) and operations of material importance. The Supervisory Board thoroughly discussed and reviewed all reports and documents that were submitted to it. No objections about the legality, advisability and regularity of the Management Board's activities were raised. We approved individual business matters insofar as this was required by law or required on the basis of the Articles of Association or required by proprietary determinations. We made no use of the rights of inspection and audit granted under § 111 Section 2 Sentence 1 and 2 of the German Stock Corporation Act (AktG) because no matters requiring clarification arose.

In the financial year 2012, 10 meetings of the Supervisory Board were held, of which 3 were unscheduled. One resolution of the Supervisory Board was made in a written procedure. In my position as Chairman of the Supervisory Board, I was in constant contact with the Chairman of the Management Board between the dates of the meetings.

The German Corporate Governance Code recommends that a mention be made in this report if a member of the Supervisory Board attended fewer than half of all Supervisory Board meetings in any given financial year. In 2012, one change was made to the membership of the Supervisory Board of METRO AG. Dr Bernd Pischetsrieder left the Board in May 2012. Due to his early departure during the year he was unable to attend at least half of the meetings held during the reporting year. Of the group who were part of the Board for the full year, no member of the Supervisory Board attended fewer than half of the meetings. Participation in meetings of the Supervisory Board (face-to-face and by telephone) averaged 92 percent

No conflicts of interest between members of the Management Board and Supervisory Board, which are required to be disclosed to the Supervisory Board, arose in the financial year 2012.

Key issues covered by Supervisory Board meetings and resolutions in 2012

March 2012 – Our audit meeting on 15 March 2012 focused on the annual and consolidated financial statements for the financial year 2011, the METRO AG and Group management reports for 2011, the Management Board's proposal for the appropriation of the balance sheet profit at the Annual General Meeting 2012 as well as the Management Board's report about relations with associated companies 2011. The auditor attended this meeting and reported on the key findings of his audits. In addition, we dealt intensively with the repositioning of METRO Cash & Carry which the Management Board initiated. We discussed the focus on strategic priorities, new organisational structures and the need for a cultural change to drive openness and dialogue within the Company. We supported the Management Board in its repositioning plans.

Other issues discussed during the meeting of 15 March were the Management Board remuneration, preparations for the Annual General Meeting 2012, business developments and the conclusion of a work assignment with a former member of the Management Board. Subject to the election of the auditors by the Annual General Meeting 2012, the audit assignments for the annual and consolidated financial statements for 2012 and for the abbreviated half-year financial statements and interim management report for 2012 were also adopted.

An unscheduled Supervisory Board meeting was held during the second half of March. It served to discuss personnel issues related to the Management Board. Following this meeting, we decided unanimously in a written procedure at the end of March to reverse the appointment of Mr Joël Saveuse as a member of the Management Board effective 1 April 2012. This decision was based on the repositioning of several business units of the Group which had been initiated. The Supervisory Board and Mr Saveuse agreed that this premature resignation was in the Company's best interest. The Supervisory Board subsequently also discussed the conclusion of an agreement to terminate the employment contract of Mr Saveuse and approved a new schedule of responsibilities for the Management Board.

May 2012 – During the meeting of the Supervisory Board held immediately before the start of the Annual General Meeting on 23 May, the Management Board reported about current business developments and progress in the repositioning of METRO Cash & Carry. A second meeting was held directly following the Annual General Meeting which had elected Messrs Franz M. Haniel and Dr Florian Funck as members of the Supervisory Board. In this meeting, the Board elected Mr Haniel as Chairman of the Supervisory Board for the duration of his new tenure. In addition, the Supervisory Board decided on the composition of the Nominations Committee.

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In an unscheduled meeting held at the end of May 2012, we approved the divestment of the MAKRO Cash & Carry stores in the United Kingdom including all operating assets to the Booker Group PLC. In return, METRO GROUP received 9.99 percent of the Booker share capital issued at that time (the share corresponded to 9.08 percent following the transaction). In the eyes of the Management and Supervisory Boards, this transaction represented an important milestone in focusing METRO GROUP on its core strategic markets.

July 2012 – A strategy meeting attended by management representatives of the Group's sales lines was held in July. The Management Board's strategy, which the Supervisory Board endorses, focuses on the creation of added value for customers. The Group is to return to its profitable growth path by placing the customer at the centre of all its activities. The Group's first priority is like-for-like sales growth. The second priority is protection of profitability and cash flow.

A second Supervisory Board meeting covered business developments, share price trends and capital market expectations. Other focal topics included the Management Board's report on the Group's personnel development strategy and a resolution on the implementation of recommendations of the German Corporate Governance Code that were newly introduced in 2012.

October 2012 – Assisted by an independent expert, our regular autumn meeting focused on Management and Supervisory Board remuneration. Other key topics on the agenda were the Management Board's report about current business developments and the Group's governance functions, with a particular focus on risk management, internal control systems and the compliance system.

November 2012 – In an unscheduled meeting, we approved the Management Board's plans to divest of the operations of Real International in Poland, Romania, Russia and Ukraine including an associated real estate portfolio. As a result, the Real sales line will be able to focus on successfully advancing its business in Germany. At the same time, the divestment will result in a significant reduction of METRO GROUP's rating-relevant net debt. The divestment is subject to the approval of the relevant antitrust authorities which are expected to give their consent in 2013.

December 2012 – In the final Supervisory Board meeting of the reporting year, the Supervisory and Management Boards discussed current business developments and the strategy for Real Germany. The Management Board reported about the current status of plans for the activities of Media Markt in China, the strategic development of Media-Saturn in Europe and the status of the shareholder dispute at Media-Saturn-Holding GmbH. Additional focal topics of the meeting included the resolution about the budget plans presented by the Management Board and the declaration of compliance pursuant to § 161 of the German Stock Corporation Act (AktG). Based on the discussion of October 2012, we decided on a guideline for performance-based Management Board remuneration during the abbreviated 9-month financial year 2013. In addition, we decided to propose to the Annual General Meeting that Supervisory Board remuneration be changed to only a fixed payment. We believe fixed remuneration better accounts for the monitoring and consulting duties of the Supervisory Board which are independent of the Company's business success. The size of the fixed remuneration that we have proposed is based on the total average remuneration of the years 2009–2011.

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Work of the committees

— **Presidential Committee:**

Franz M. Haniel (Chairman), Werner Klockhaus (Deputy Chairman),
Dr Wulf H. Bernotat, Peter Stieger

— **Personnel Committee:**

Franz M. Haniel (Chairman), Werner Klockhaus (Deputy Chairman),
Dr Wulf H. Bernotat, Peter Stieger

— **Accounting and Audit Committee:**

Dr jur. Hans-Jürgen Schinzler (Chairman), Werner Klockhaus (Deputy Chairman),
Prof. Dr Dr h. c. mult. Erich Greipl, Franz M. Haniel, Xaver Schiller, Peter Stieger

— **Nominations Committee:**

Franz M. Haniel (Chairman), Jürgen Fitschen, Dr jur. Hans-Jürgen Schinzler

— **Mediation Committee pursuant to § 27 Section 3 of the
German Co-Determination Act (MitbestG):**

Franz M. Haniel (Chairman), Werner Klockhaus (Deputy Chairman),
Prof. Dr Dr h. c. mult. Erich Greipl, Peter Stieger

As of: 15 March 2013

5 committees support the Supervisory Board in its work, contributing greatly to the Board's overall efficiency: the Presidential Committee, the Personnel Committee, the Accounting and Audit Committee, the Nominations Committee and the Mediation Committee pursuant to § 27 Section 3 of the German Co-determination Act (MitbestG). The committees prepare resolutions and discussions of the Supervisory Board. In addition, we have transferred decision-making responsibilities to individual committees within legally allowed parameters. The work of the committees is described in detail in the annual declaration on corporate management pursuant to § 289 a of the German Commercial Code (HGB). It can be found on the website www.metrogroup.de in the Company – Corporate Governance section. The Chairman of the Supervisory Board chairs all committees with the exception of the Accounting and Audit Committee. The contents and results of committee meetings are reported to the Supervisory Board in a timely manner.

Accounting and Audit Committee – The Accounting and Audit Committee primarily handles accounting and auditing issues as well as risk management and compliance. In the financial year 2012, a total of 7 meetings were held, including 2 unscheduled meetings. The Chairman of the Management Board and the Chief Financial Officer attended all meetings. Representatives of the auditor and the heads of the relevant departments of METRO AG attended select meetings and agenda items.

At the start of the reporting year, the Management Board suspended negotiations with interested parties about the sale of the department store subsidiary Galeria Kaufhof. The Company saw no realistic chance that negotiations would lead to a conclusion that would be acceptable to METRO GROUP. This opinion of the Management Board was thoroughly discussed in the Accounting and Audit Committee. As a result, the committee members fulfilled their consulting duties and supported the Management Board in its decision-making.

As every year, the Accounting and Audit Committee prepared the Supervisory Board's balance sheet meeting in 2012. The committee reviewed the annual and consolidated financial statements for 2011, the management reports and the report of the Management Board on relations with associated companies 2011. The results of the audit were also discussed in the presence of the auditors. On this basis, the Accounting and Audit Committee made concrete recommendations to the Supervisory Board. These included, in particular, the recommendation to approve the annual and consolidated financial statements for 2012 and the Management Board's proposal to the Annual General Meeting on the appropriation of the balance sheet profit.

Another focal point of the committee work was the preparation of the election of the auditor for the financial year 2012 by the Annual General Meeting. In addition, the Accounting and Audit Committee prepared the assignment of the auditing mandates for the annual and consolidated financial statements 2012 as well as for the abbreviated financial statements and management report for the first half of 2012. The committee ensured compliance with the relevant recommendations of the German Corporate Governance Code prior to the election and assignment of the auditor.

The members of the Accounting and Audit Committee discussed the quarterly reports and the half-year report for 2012 prior to their publication. In view of the deteriorating economic environment, the committee conducted several in-depth discussions with the Management Board during the reporting year that focused on the opportunities and risks of corporate planning as well as discrepancies that had arisen.

Other topics of the committee's work included the Group's internal control systems, risk management, compliance and internal auditing. These functions have been developed significantly over the past few years. In 2012, risk reporting, in particular, was conducted on the basis of a new internal guideline. As a result, special emphasis was placed on reviewing the effectiveness of the risk management system in the reporting year. In addition, the committee prepared the Supervisory Board's scheduled decision on the Management Board's budget planning, discussed the Group's medium- and long-term debt financing, the planned change of financial year at METRO AG and an inquiry from the German Financial Reporting Enforcement Panel [Deutsche Prüfstelle für Rechnungslegung]. The committee also reviewed the status of legal proceedings [such as the shareholder dispute at Media-Saturn-Holding GmbH], the continued development of international accounting standards, Group tax planning, donations and the Company's corporate governance. The Accounting and Audit Committee also prepared the declaration of compliance for 2012 pursuant to § 161 of the German Stock Corporation Act (AktG).

Personnel Committee – The Personnel Committee deals primarily with personnel issues concerning the Management Board. The committee met 3 times during the financial year 2012: 2 regularly scheduled sessions with the Presidential Committee and one unscheduled meeting. One resolution was made in a written procedure. The work of the committee was dominated by preparations for the resolutions of the Supervisory Board during the reporting year. Among other things, the Personnel Committee discussed the determination of individual performance factors influencing the size of performance-based Management Board remuneration in 2011. In preparation for the Supervisory Board resolution on performance factors for 2012, the committee discussed the personal performance targets for members of the Management Board at the start of the year and in summer 2012 reviewed the level of target attainment. At the same time, the committee Chairman held talks with the members of the Management Board.

In addition, the Personnel Committee made recommendations to the Supervisory Board regarding changes in contractual provisions concerning members of the Management Board. These concerned, in particular, the temporary adjustment of performance-based remuneration to the abbreviated 9-month financial year 2013 (1 January to 30 September 2013). The committee members also consulted an independent expert on this issue. Other key topics of the committee's work included the conclusion of a mandate with a former member of the Management Board, the corporate governance report 2011 including the remuneration report and the review of retirement provisions for the members of the Management Board.

Presidential Committee – The Presidential Committee deals with the corporate and regional strategy, the monitoring of compliance with legal regulations and the application of the German Corporate Governance Code. In consideration of § 107 Section 3 Sentence 3 of the German Stock Corporation Act (AktG), the Presidential Committee takes decisions about urgent matters and matters submitted to it by the Supervisory Board. The Presidential Committee met twice in the financial year 2012, both times with the Personnel Committee. Key topics of the meetings included the repositioning of the Group that was initiated in 2012 and the corporate governance of METRO GROUP including Management Board remuneration. The Presidential Committee prepared the Supervisory Board's declaration of compliance for 2012 pursuant to § 161 of the German Stock Corporation Act (AktG). No resolutions about pressing issues or issues delegated by the Supervisory Board were required.

Nominations Committee – The Nominations Committee is responsible for proposing suitable candidates for the Supervisory Board's election proposals to the Annual General Meeting. In the financial year 2012, the Nominations Committee met 4 times, including for 2 unscheduled meetings. The work of the committee focused on the Supervisory Board elections in 2012 and 2013. Following the recommendations made by the Nominations Committee, the Annual General Meeting in 2012 proposed the election of Messrs Franz M. Haniel and Dr Florian Funck to the Supervisory Board. Both proposals were accepted. The Supervisory Board will decide on the election proposals to the Annual General Meeting 2013 in March 2013.

Mediation Committee – The Mediation Committee formulates proposals for the appointment and dismissal of members of the Management Board in cases pursuant to § 31 of the German Co-determination Act (MitbestG). The Mediation Committee also did not have to meet in the financial year 2012.

Corporate governance

The Management Board and the Supervisory Board report on METRO GROUP's corporate governance in the corporate governance report for 2012. Together with the declaration on corporate management pursuant to § 289 a of the German Commercial Code (HGB), the report is also published on the website www.metrogroup.de in the Company – Corporate Governance section.

In December 2012, the Management Board and the Supervisory Board of METRO AG issued their most recent declaration of compliance with regard to the recommendations of the Government Commission on the German Corporate Governance Code pursuant to § 161 of the German Stock Corporation Act (AktG). The declaration was made permanently available to shareholders on the website www.metrogroup.de. It also appears in full in the corporate governance report 2012.

Annual and consolidated financial statements 2012, report on relations with associated companies 2012

The annual financial statements of METRO AG, in consideration of accounting, for the financial year 2012 that were submitted by the Management Board pursuant to the regulations laid down in the German Commercial Code, the METRO AG management report for 2012, the consolidated financial statements 2012 compiled by METRO AG according to International Financial Reporting Standards (IFRS) – as they are to be applied in the European Union – and the Group's management report 2012 were reviewed by KPMG AG Wirtschaftsprüfungsgesellschaft and were given unqualified approval. The auditor provided a written report on the findings.

We, the Supervisory Board, reviewed the annual financial statements of METRO AG and the consolidated financial statements for the financial year 2012, the management report of METRO AG and the Group's management report for the financial year 2012 as well as the Management Board's proposal to the Annual General Meeting 2013 on the appropriation of the balance sheet profit. For this purpose, these documents and the reports of the auditor were provided to us in a timely manner, and were discussed and reviewed in detail during the Supervisory Board's annual accounts meeting held on 15 March 2013. The auditor attended this meeting, reported the key findings of the reviews and was at the Supervisory Board's disposal to answer questions and provide additional information – even in the absence of the Management Board. The auditor did not report any material weaknesses of the internal monitoring and risk management system with regard to the accounting process. The auditor also provided information on services rendered in addition to auditing services. According to the information provided, no disqualification or bias issues arose. We concurred with the findings of the auditor's review. In a concluding finding of our own review, we determined that no objections were necessary. We support, in particular, the conclusions reached by the Management Board in the management report of METRO AG and the Group's management report and have endorsed the annual financial statements compiled by the Management Board. As a result, the annual financial statements of METRO AG 2012 have been adopted. We also support the Management Board's proposed appropriation of the balance sheet profit after considering shareholders' interest in a disbursement and the Company's interest in retained earnings.

Pursuant to § 312 of the German Stock Corporation Act (AktG), the Management Board of METRO AG prepared a report about relations with associated companies for the financial year 2012 (in short, “dependency report”). The auditor reviewed this report, provided a written statement about the findings of the review and issued the following opinion:

“After our due audit and assessment, we confirm that

1. the factual information in the report is correct,
2. in the legal transactions listed in the report, the Company’s expenses were not inappropriately high,
3. no circumstances related to the measures listed in the report required an assessment deviating materially from that of the Management Board.”

The dependency report was submitted to us together with the audit report in a timely manner and was discussed and reviewed particularly in terms of thoroughness and accuracy during the annual accounts meeting that the Supervisory Board held on 15 March 2013. The auditor attended this meeting, reported the key findings of the review, and was at our disposal to answer questions and to provide information – even in the absence of the Management Board. We concurred with the findings of the auditor’s review. In a concluding finding of our own review, we determined that no objections have to be made with respect to the statement of the Management Board at the conclusion of the dependency report.

The aforementioned reviews by the Supervisory Board of the 2012 accounts were carefully prepared by the Accounting and Audit Committee on 13 March 2013. The auditor also attended this committee meeting, reported on the key findings of his review and was available to answer questions. The Accounting and Audit Committee urged the Supervisory Board to approve the financial statements prepared by the Management Board and to endorse the Management Board’s recommendation for appropriation of the balance sheet profit.

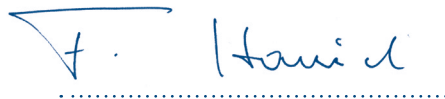
Appointments and resignations

Mr Franz M. Haniel's mandate as a member and Chairman of the Supervisory Board ended at the end of the Annual General Meeting of METRO AG on 23 May 2012. On the same day, Mr Haniel commenced a new term of office following his election by the Annual General Meeting. The members of the Supervisory Board of METRO AG reelected him as Chairman of the Board.

Dr Bernd Pischetsrieder resigned from his seat on the Supervisory Board effective at the end of the Annual General Meeting of METRO AG on 23 May 2012. He was succeeded by Dr Florian Funck, who was elected to the Supervisory Board by the Annual General Meeting on 23 May 2012.

Düsseldorf, 15 March 2013

The Supervisory Board

A handwritten signature in blue ink, appearing to read 'F. Haniel', is written over a horizontal dotted line.

FRANZ M. HANIEL
Chairman