

REPORT OF THE SUPERVISORY BOARD

Dear Shareholders,

.....
Düsseldorf,
10 December 2013

Despite the persistently difficult consumer environment in Europe, METRO GROUP further strengthened its financial foundation in the short financial year 2013. Cash flow and net debt were significantly improved. Group EBIT before special items increased by €22 million to €728 million over the previous year. As expected, group sales developed moderately and increased – adjusted for changes in the portfolio and currency effects – by 0.9 per cent. At €46.3 billion, reported sales were slightly below the previous year's level.

The initial successes of our strategic initiative are reflected in these earnings gains. The group made significant progress in its work to refine and modernise its business model during the short financial year 2013. This applies to operational measures and the expansion of the online and delivery business as well as to the necessary changes in structures, processes and the portfolio. We, the members of the Supervisory Board, continuously fostered this change process during the reporting period and actively supported it with our decisions.

During the groups' transformation, the employees of METRO GROUP have demonstrated drive, creativity and tremendous dedication. On behalf of ourselves and the Management Board, we want to extend our heartfelt gratitude to them for this.

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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 the short financial year 2013 (1 January to 30 September 2013), the Supervisory Board also carried out the duties set forth by law and by the company's Articles of Association. We extensively advised the Management Board on the operations of METRO AG and the entire group, and continuously supervised the company's executives. 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.

Eight meetings of the Supervisory Board were held in the short financial year 2013. Two resolutions of the Supervisory Board were 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 and discussed with him the topics of strategy, planning, business developments, risk situation, risk management and corporate compliance.

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. The Supervisory Board of METRO AG experienced personnel changes during the reporting period. Among these was the departure of Prof. Dr Klaus Mangold from the Board in May 2013. As a result, he did not attend half of the Supervisory Board's meetings during the short financial year. Dr Fredy Raas was appointed to the Supervisory Board in July 2013 and for this reason was not able to attend 50 per cent of the meetings. Apart from these exceptions, no member attended fewer than half of the meetings.

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 short financial year 2013.

Key issues covered by Supervisory Board meetings and resolutions in 2013

February 2013 – In the first unscheduled meeting called in the short financial year 2013, the Supervisory Board agreed to appoint Mr Pieter Haas to the Management Board of METRO AG for a three-year term. In addition, we approved the employment contract between Mr Haas and METRO AG as well as an adjustment to the assignment of responsibilities for the Management Board. Under the new assignment of responsibilities, Mr Haas oversees Business Innovation/New Ventures, IT Management, the IT services provider METRO SYSTEMS and Media-Saturn. We also discussed performance-based Management Board remuneration for the financial year 2012. Finally, we decided to hire a consultant to find appropriate candidates for the Supervisory Board elections planned at the Annual General Meeting 2013.

In an additional unscheduled meeting on 21 February 2013, the Supervisory Board passed a resolution on the individual performance factors of the members of the Management Board for determining the amount of the short-term incentive for 2012 as well as a resolution on the 2012 corporate governance report.

March 2013 – Our audit meeting on 15 March 2013 focused on the annual and consolidated financial statements for the financial year 2012, the METRO AG and group management reports for 2012, the Management Board's proposal for the appropriation of the balance sheet profit to the Annual General Meeting 2013 as well as the Management Board's report about relations with associates in 2012. The auditor attended this meeting and reported on the key findings of his audits. Following intense debate, we also resolved to amicably terminate the appointment of Mr Frans W. H. Muller as a member of the Management Board effective 1 April 2013. We also decided on the terms of a dissolution contract with Mr Muller and agreed on an adjustment to the assignment of responsibilities for the Management Board following his departure. Additional topics discussed at the meeting included the 2012 Supervisory Board report, preparations for the Annual General Meeting 2013, current business developments and the remuneration report from the Management Board. Subject to the election of the auditors by the Annual General Meeting 2013, the audit assignments for the annual and consolidated financial statements for 30 September 2013 and for the abbreviated half-year financial statements and interim management report for 2013 were also adopted. Finally, we heard reports about the status of the Media Markt closing in China and the conflicts with the minority shareholder of Media-Saturn-Holding GmbH.

May 2013 – As part of a written procedure at the beginning of May 2013, we reached a decision regarding a response to a counter-motion filed by a shareholder concerning item 2 on the agenda for the Annual General Meeting on 8 May 2013.

During a meeting held directly before the Annual General Meeting, the Management Board reported on current business developments, the status of the repositioning of METRO Cash & Carry as well as other projects. The Supervisory Board passed a resolution on the hiring of a law firm in connection with a complaint filed by a shareholder that seeks to void METRO AG's annual financial statements from 31 December 2012. In addition, preparations were made for the eventuality of potential legal challenges or complaints for nullity against resolutions passed during the Annual General Meeting 2013. A second meeting of the Supervisory Board was held directly after the Annual General Meeting on 8 May 2013. Because the end of the Annual General Meeting marked the start of a new term for most members of the Supervisory Board, many positions within the Board had to be refilled. These appointments included renaming Mr Werner Klockhaus to the position of Vice Chairman of the Supervisory Board, installing Mr Rainer Kuschewski as a member of the Accounting and Audit Committee for the first time, and naming Mr Uwe Hoepfel to his first term as member of the Presidential Committee, the Personnel Committee and the Mediation Committee. During the meeting of the Supervisory Board, the members of the Accounting and Audit Committee re-elected Dr jur. Hans-Jürgen Schinzler as their Chairman.

June 2013 – As part of a written procedure, the Supervisory Board approved the sale of a shopping centre in Turkey as well as the associated investments for leasing partial spaces.

July 2013 – A strategy meeting attended by management representatives of the group's sales lines was held in July. The meeting also included a tour through the METRO Cash & Carry wholesale store in Düsseldorf. There was consensus among the Management Board and Supervisory Board that the approach that had been intensely discussed in 2012 should continue to be carried out. The Management Board's strategy aims to improve like-for-like sales and ensure sustained positive earnings development. The foundation of this effort is formed by five focal points: transform, grow, improve, expand and innovate. They describe our business philosophy and set a shared direction for all sales lines and companies of the group: creating added value for our customers. The Supervisory Board addressed in detail the current status of the implementation of the most important strategic initiatives in various parts of the group. Furthermore, we discussed current business developments and concluded that numerous individual projects were producing initial successes – despite difficult economic conditions.

In a second meeting of the Supervisory Board in July, we elected Dr jur. Hans-Jürgen Schinzler to the Mediation Committee pursuant to § 27 Section 3 of the German Co-determination Act (MitbestG). This supplementary election was made necessary by the unfortunate death of Prof. Dr Dr h. c. mult. Erich Greipl on 2 July 2013. The Management Board also informed us about the current status of the budget planning for 2013/14 and beyond, about current projects and legal proceedings as well as about other developments. This also included updates to the German Corporate Governance Code in the version dated 13 May 2013. In connection with a legal challenge to the resolution on profit appropriation from the METRO AG Annual General Meeting held on 5 May 2010, the Supervisory Board decided to hire a solicitor qualified for the German Federal Court of Justice to represent the company during the appeal proceedings.

September 2013 – Due to the death of Prof. Greipl, the last meeting of the short financial year included a supplementary election for the Accounting and Audit Committee. The committee elected Dr Fredy Raas, who has been a member of the Supervisory Board since 31 July 2013, as its new member. Additional topics covered in the meeting included resolutions about the budget plans presented by the Management Board, the acquisition of a real estate portfolio and the declaration of compliance pursuant to § 161 of the German Stock Corporation Act (AktG).

Work of the committees

Five 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 Nomination 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, decision-making responsibilities have been transferred to individual committees within legally allowed parameters. The work of the committees is described in detail in the annual statement 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. The committees of the Supervisory Board currently take the following forms:

— **Presidential Committee:**

Franz M. Haniel (Chairman), Werner Klockhaus (Vice Chairman),
Dr Wulf H. Bernotat, Uwe Hoepfel

— **Personnel Committee:**

Franz M. Haniel (Chairman), Werner Klockhaus (Vice Chairman),
Dr Wulf H. Bernotat, Uwe Hoepfel

— **Accounting and Audit Committee:**

Dr jur. Hans-Jürgen Schinzler (Chairman), Werner Klockhaus (Vice Chairman),
Franz M. Haniel, Rainer Kuschewski, Dr Fredy Raas, Xaver Schiller

— **Nomination 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 (Vice Chairman),
Uwe Hoepfel, Dr jur. Hans-Jürgen Schinzler

As of: 10 December 2013

Accounting and Audit Committee – The Accounting and Audit Committee primarily handles accounting and auditing issues as well as risk management and compliance. Five meetings were held in the short financial year 2013. The Chairman of the Management Board and the Chief Financial Officer attended all meetings. Representatives of the auditor and the managers of the relevant departments of METRO AG attended select meetings and agenda items.

The Accounting and Audit Committee prepared the Supervisory Board's balance sheet meeting in March 2013 and reviewed the annual and consolidated financial statements for 2012, the management reports as well as the report of the Management Board on relations with associates for 2012. The committee discussed the results of the audit in the presence of the auditor. 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 selection of the auditor for the short financial year 2013 by the Annual General Meeting and preparation of the mandates related to the implementation of this decision. In detail, these were the auditing mandates for the annual and consolidated financial statements for the short financial year 2013 and the audit of the abbreviated financial statements and management report for the first half of 2013 (1 January to 30 June 2013). 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 financial report for Q1 2013 and the half-year financial report for H1/Q2 2013 prior to their release. Other topics of the committee's work included the Management Board's budget planning, the selected auditors' audit planning and the status of the finalisation of the divestment of Real Eastern Europe (Poland, Romania, Russia and Ukraine). The committee also discussed the status of a project to further develop the governance functions (risk management, internal control systems, compliance and internal auditing), the variable compensation for executives on the basis of key figures and the change in the financial reporting practices of the group's segments effective in the financial year 2013/14. The Accounting and Audit Committee also addressed group tax planning, donations as well as developments in international competition law. Furthermore, it prepared the most recent declaration of compliance pursuant to § 161 of the German Stock Corporation Act (AktG).

During the meeting of the Supervisory Board following the Annual General Meeting, the members of the Accounting and Audit Committee re-elected Dr jur. Hans-Jürgen Schinzler as Chairman in May 2013.

Personnel Committee – The Personnel Committee deals primarily with personnel issues concerning the Management Board. During the financial year 2013, four committee meetings took place, of which two were held together with the Presidential Committee. The Personnel Committee dealt with the composition of the Management Board, its assignment of responsibilities and issues related to employment contracts. It also prepared the decisions of the Supervisory Board. This included such actions as appointing Mr Pieter Haas to the Management Board and finalising his employment contract as well as the decision to amicably terminate Mr Frans W. H. Muller's appointment to the Management Board and to finalise the associated dissolution agreement. In addition, the committee prepared the decision of the Supervisory Board regarding

individual performance factors for Management Board members that influenced the amount of performance-based remuneration for Management Board members in 2012. In preparation for the Supervisory Board resolution on performance factors for 2013, we in the committee discussed the personal performance targets for the then current members of the Management Board at the start of the short financial year and in summer 2013 reviewed the level of target attainment. For Mr Haas, individual targets were discussed with him shortly after he joined the Management Board in April 2013. Other issues addressed by the committee included the remuneration report for 2012, new recommendations made by the German Corporate Governance Code on Management Board remuneration and successor planning. Finally, the committee regularly considered the review of expenditures on the basis of the travel-cost guidelines that apply to 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 short financial year 2013, both times with the Personnel Committee. As part of its joint work with the Personnel Committee, the Presidential Committee discussed issues related to the company's strategy. Other key issues addressed by the Presidential Committee included corporate governance at METRO GROUP, including the corporate governance report 2012, and the preparation of the declaration of compliance in accordance with § 161 of the German Stock Corporation Act (AktG). No resolutions about pressing issues or issues delegated by the Supervisory Board were required.

Nomination Committee – The Nomination Committee is responsible for proposing suitable candidates for the Supervisory Board's election proposals to the Annual General Meeting. The Nomination Committee held three meetings in the short financial year 2013. Two of these meetings were used to prepare Supervisory Board elections at the Annual General Meeting on 8 May 2013. Upon the recommendations of the Nomination Committee, the Annual General Meeting proposed that Dr Wulf H. Bernotat, Mr Jürgen Fitschen, Prof. Dr Dr h.c. mult. Erich Greipl, Mattheus P. M. (Theo) de Raad and Dr jur. Hans-Jürgen Schinzler be re-elected to the Board and that Baroness (formerly Dame) Lucy Neville-Rolfe DBE CMG be elected to the Board for the first time. The proposals were accepted. Following the death of Prof. Greipl, the Nomination Committee expressed its support for the court appointment of Dr Fredy Raas to the Supervisory Board. The court appointment of Dr Raas was implemented as applied and is limited until the end of the Annual General Meeting on 12 February 2014. The election of Dr Raas to the Supervisory Board will be proposed to the Annual General Meeting 2014.

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 did not have to meet in the short financial year 2013.

Corporate governance

The Management Board and the Supervisory Board report on METRO GROUP's corporate governance in the corporate governance report for the short financial year 2013. Together with the statement on corporate management pursuant to § 289a of the German Commercial Code, the report is also published on the website www.metrogroup.de in the Company – Corporate Governance section.

In September 2013, 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. The declaration was made permanently available to shareholders on the website www.metrogroup.de. It also appears in full in the corporate governance report 2013.

Annual and consolidated financial statements, report on relations with associates

The annual financial statements of METRO AG, in consideration of accounting, for the short financial year 2013 that were submitted by the Management Board pursuant to the regulations laid down in the German Commercial Code, the consolidated financial statements 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 combined management report for the short financial year 2013 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 short financial year 2013, the combined management report of METRO AG and the group for the short financial year 2013 as well as the Management Board's proposal to the Annual General Meeting 2014 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 10 December 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 control 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 combined 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 have been adopted. Following careful consideration of the interests involved, we endorsed the Management Board's proposal for the appropriation of the balance sheet profit.

Pursuant to § 312 of the German Stock Corporation Act (AktG), the Management Board of METRO AG prepared a report about relations with associates for the short financial year 2013 (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 10 December 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 accounts were carefully prepared by the Accounting and Audit Committee on 9 December 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

The Supervisory Board of METRO AG comprises 20 members, ten of whom are elected by the Annual General Meeting and ten of whom are elected by the company's employees. The appointment of 16 members of the Supervisory Board (six of whom represented shareholders) concluded at the end of the Annual General Meeting on 8 May 2013. By vote of the Annual General Meeting, Dr Wulf H. Bernotat, Mr Jürgen Fitschen, Prof. Dr Dr h. c. mult. Erich Greipl, Mattheus P. M. (Theo) de Raad and Dr jur. Hans-Jürgen Schinzler were re-elected to the Supervisory Board. Baroness (formerly Dame) Lucy Neville-Rolfe DBE CMG was elected to the Supervisory Board of METRO AG for the first time. At the conclusion of the Annual General Meeting 2013, Prof. Dr Klaus Mangold ended his long term of service on the Supervisory Board.

The employee representatives were elected by employee delegates on 21 March 2013. Messrs Ulrich Dalibor, Hubert Frieling, Andreas Herwarth, Uwe Hoepfel, Werner Klockhaus, Rainer Kuschewski and Xaver Schiller as well as Mses Gabriele Schendel and Angelika Will were re-elected. Ms Susanne Meister was elected to the Board for the first time. At the conclusion of the Annual General Meeting 2013, Mr Peter Stieger ended his long term of service on the Supervisory Board.

The Supervisory Board would like to express its sincere gratitude to Prof. Dr Klaus Mangold and Mr Peter Stieger for their dedication to the company. Both gentlemen served as valuable advisers to METRO GROUP during their many years of service here and drew on their vast business experience to support the Supervisory Board exercise its responsibilities.

On 2 July 2013, Prof. Dr Dr h. c. mult. Erich Greipl died. The managing director of Otto Beisheim Group GmbH & Co. KG had been a member of the Supervisory Board of METRO AG since 1996. With his death, the Management Board and Supervisory Board lost a respected retail expert, a highly regarded colleague and a tremendous individual. Upon the order of the Local Court in Düsseldorf, he was replaced on the Supervisory Board on 31 July 2013 by Dr Fredy Raas.

Düsseldorf, 10 December 2013

The Supervisory Board



FRANZ M. HANIEL
Chairman