



PRESS RELEASE

METRO INCREASED NET EARNINGS 25.5% IN THE FOURTH QUARTER OF FISCAL 2008

2008 FOURTH QUARTER HIGHLIGHTS

- Sales of \$2,476.0 million, up 1.8%
- Net earnings of \$72.3 million, up 25.5%
- Fully diluted net earnings per share of \$0.64, up 30.6%

FISCAL 2008 HIGHLIGHTS

- Sales of \$10,725.2 million, up 0.8%
 - Net earnings of \$292.7 million, up 5.8%
 - Fully diluted net earnings per share of \$2.58, up 8.9%
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(Montréal, November 19, 2008) – METRO INC. net earnings reached \$72.3 million in the fourth quarter of 2008 compared to \$57.6 million in 2007, an increase of 25.5%. Fully diluted net earnings per share were up 30.6% to \$0.64 versus \$0.49 last year.

Net earnings for fiscal 2008 were \$292.7 million, up 5.8% from \$276.6 million in fiscal 2007, and fully diluted net earnings per share rose to \$2.58 versus \$2.37 last year, an increase of 8.9%.

Excluding non-recurring items, adjusted net earnings⁽¹⁾ for the fourth quarter of 2008 were \$72.3 million, up 8.2% from \$66.8 million in 2007, and adjusted fully diluted net earnings per share⁽¹⁾ were \$0.64, up 12.3% from \$0.57 last year. Adjusted net earnings⁽¹⁾ for fiscal 2008 were \$281.3 million compared to \$295.0 million in 2007, and adjusted fully diluted net earnings per share⁽¹⁾ were \$2.48 compared to \$2.53 last year.

⁽¹⁾ See section on "Non-GAAP Measurements"

“Our teams’ efforts and the actions taken to overcome the problems encountered in the first half of 2008 paid off with the growth of our earnings in the last two quarters. The conversion of our five Ontario conventional banners to the Metro banner started in September and as of November 17, 2008, 42 stores have been converted. These conversions have been very well received by customers and results so far are encouraging. I am confident that our capital investment program in Ontario and the strength of our Québec network will enable us to continue to grow in 2009,” stated Eric R. La Flèche, President and Chief Executive Officer.

⁽¹⁾ See section on “Non-GAAP Measurements”

SALES

Fiscal 2008 fourth quarter sales reached \$2,476.0 million, up 1.8% compared to \$2,432.4 million for the same quarter last year. Excluding decreased sales of tobacco products, 2008 fourth quarter sales were up 2.1%. Fourth quarter same-store sales increased by 1.5%.

Fiscal 2008 sales reached \$10,725.2 million, up 0.8% compared to sales of \$10,644.6 million for fiscal 2007. Excluding decreased sales of tobacco products, sales increased by 1.3%.

EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION (EBITDA)⁽¹⁾

Earnings before interest, taxes, depreciation and amortization for the fourth quarter of 2008 were \$160.4 million, up 18.9% from \$134.9 million for the same quarter last year. Fourth quarter EBITDA⁽¹⁾ represented 6.5% of sales versus 5.5% last year. Excluding A&P Canada acquisition-related integration and rationalization costs of \$14.1 million in 2007, adjusted EBITDA⁽¹⁾ for the fourth quarter of 2007 was 6.1% of sales.

Our fourth quarter equity earnings from our investment in Alimentation Couche-Tard were \$5.0 million in 2008 compared to \$7.6 million in 2007. Alimentation Couche-Tard's 2009 first quarter results were affected by an economic slowdown and lower gas margins in the U.S.

Excluding non-recurring items as well as equity earnings from our investment in Alimentation Couche-Tard, our adjusted 2008 fourth quarter EBITDA⁽¹⁾ was \$155.4 million or 6.3% of sales versus \$141.4 million or 5.8% of sales for the corresponding quarter of the previous fiscal year.

The successful resolution of the issues associated with our information systems in Ontario and the solid performance of our Québec operations enabled us to return to EBITDA⁽¹⁾ growth in the third quarter and maintain it in the fourth quarter.

EBITDA⁽¹⁾ for fiscal 2008 was \$639.7 million or 6.0% of sales compared to \$625.5 million or 5.9% of sales for fiscal 2007. Excluding A&P acquisition-related integration and rationalization costs of \$30.5 million in 2007, adjusted EBITDA⁽¹⁾ was 6.2% of sales.

Equity earnings from our investment in Alimentation Couche-Tard were \$17.6 million for 2008 compared to \$25.3 million for 2007. Excluding non-recurring items as well as equity earnings from our investment in Alimentation Couche-Tard, EBITDA⁽¹⁾ for 2008 was \$622.1 million or 5.8% of sales versus \$630.7 million or 5.9% of sales for the previous fiscal year.

The decrease in EBITDA⁽¹⁾ excluding equity earnings from our investment in Alimentation Couche-Tard for fiscal 2008 is due to our performance in the first two quarters. The competitive environment in Ontario and the issues associated with our new Ontario information systems and new Québec Food Services warehouse affected our gross margins and costs.

⁽¹⁾ See section on "Non-GAAP Measurements"

EBITDA⁽¹⁾ Adjustments

(Millions of dollars, unless otherwise indicated)

12 weeks / Fiscal Year						
2008			2007			
	EBITDA	Sales	EBITDA/Sales (%)	EBITDA	Sales	EBITDA/Sales (%)
EBITDA	160.4	2,476.0	6.5	134.9	2,432.4	5.5
Integration and rationalization costs	—	—	—	14.1	—	—
Adjusted ⁽¹⁾ EBITDA	160.4	2,476.0	6.5	149.0	2,432.4	6.1
Share of earnings from our investment in Alimentation Couche-Tard	(5.0)	—	—	(7.6)	—	—
Adjusted ⁽¹⁾ EBITDA excluding share of earnings	155.4	2,476.0	6.3	141.4	2,432.4	5.8

52 weeks / Fiscal Year						
2008			2007			
	EBITDA	Sales	EBITDA/Sales (%)	EBITDA	Sales	EBITDA/Sales (%)
EBITDA	639.7	10,725.2	6.0	625.5	10,644.6	5.9
Integration and rationalization costs	—	—	—	30.5	—	—
Adjusted ⁽¹⁾ EBITDA	639.7	10,725.2	6.0	656.0	10,644.6	6.2
Share of earnings from our investment in Alimentation Couche-Tard	(17.6)	—	—	(25.3)	—	—
Adjusted ⁽¹⁾ EBITDA excluding share of earnings	622.1	10,725.2	5.8	630.7	10,644.6	5.9

INTEREST, DEPRECIATION AND AMORTIZATION

Total depreciation and amortization expenses for the fourth quarter and fiscal 2008 amounted to \$41.4 million and \$176.3 million respectively, compared with \$39.7 million and \$165.7 million for the same periods last year. The 2008 fourth quarter interest expenses totalled \$12.4 million versus \$14.0 million for the same period last year, while interest expenses for fiscal 2008 totalled \$58.4 million versus \$61.6 million last year. Interest rates for 2008 averaged 5.2% versus 5.4% for last year.

INCOME TAXES

The 2008 fourth quarter and fiscal 2008 income tax expenses of \$34.3 million and \$114.2 million represent effective tax rates of 32.2% and 28.2% respectively. In 2007, the fourth quarter and fiscal year income tax expenses were \$26.1 million and \$125.2 million respectively and represented effective tax rates of 32.1% and 31.4% respectively. In the first quarter of 2008, a decrease in our income tax expense of \$11.4 million was recorded after the Canadian government completed milestones in the approval process for its Economic Statement, reducing future general corporate income tax rates.

In the third quarter of 2007, an approval milestone was met with regard to the federal budget providing, among other things, for a decrease of 0.5% in the tax rate for larger corporations effective January 1, 2011. This future decrease in the federal tax rate reduced our future tax liabilities by \$1.8 million as well as our third quarter income tax expense by the same amount. Excluding these decreases in our 2008 and 2007 tax expenses, the effective tax rates were 31.0% for fiscal 2008 and 31.9% for fiscal 2007.

⁽¹⁾ See section on "Non-GAAP Measurements"

NET EARNINGS

The 2008 fourth quarter net earnings were \$72.3 million compared to \$57.6 million for the corresponding quarter of fiscal 2007, an increase of 25.5%. Fully diluted net earnings per share rose 30.6% to \$0.64 from \$0.49 last year. In the fourth quarter of 2007, we had A&P Canada acquisition-related integration and rationalization costs of \$14.1 million before taxes. Excluding this non-recurring item, adjusted net earnings⁽¹⁾ for the fourth quarter of 2007 were \$66.8 million, and the adjusted fully diluted net earnings per share⁽¹⁾ were \$0.57. Compared to the adjusted net earnings⁽¹⁾ and adjusted fully diluted net earnings per share⁽¹⁾ for the fourth quarter of 2007, 2008 fourth quarter net earnings and fully diluted net earnings per share were up 8.2% and 12.3% respectively.

Net earnings for fiscal 2008 reached \$292.7 million versus \$276.6 million last year, up 5.8%. Excluding A&P Canada acquisition-related integration and rationalization costs of \$30.5 million before taxes in 2007 as well as income tax expense decreases of \$11.4 million in 2008 and \$1.8 million in 2007, adjusted net earnings⁽¹⁾ for fiscal 2008 were \$281.3 million, down 4.6% from the \$295.0 million for fiscal 2007. Adjusted fully diluted net earnings per share⁽¹⁾ were \$2.48, down 2.0% from \$2.53 last year.

Net Earnings Adjustments

(Millions of dollars, unless otherwise indicated)

	12 weeks / Fiscal Year					
	2008		2007		Change	
	Net earnings	Fully diluted EPS (Dollars)	Net earnings	Fully diluted EPS (Dollars)	Net earnings (%)	Fully diluted EPS (%)
Net earnings	72.3	0.64	57.6	0.49	25.5	30.6
Integration and rationalization costs after taxes	—	—	9.2	0.08		
Adjusted net earnings ⁽¹⁾	72.3	0.64	66.8	0.57	8.2	12.3

	52 weeks / Fiscal Year					
	2008		2007		Change	
	Net earnings	Fully diluted EPS (Dollars)	Net earnings	Fully diluted EPS (Dollars)	Net earnings (%)	Fully diluted EPS (%)
Net earnings	292.7	2.58	276.6	2.37	5.8	8.9
Integration and rationalization costs after taxes	—	—	20.2	0.18		
Decrease in tax expense	(11.4)	(0.10)	(1.8)	(0.02)		
Adjusted net earnings ⁽¹⁾	281.3	2.48	295.0	2.53	(4.6)	(2.0)

⁽¹⁾ See section on “Non-GAAP Measurements”

Quarterly Highlights

(Millions of dollars, unless otherwise indicated)

	2008	2007	Change (%)
Sales			
Q4	2,476.0	2,432.4	1.8
Q3	3,370.0	3,341.0	0.9
Q2	2,372.4	2,356.2	0.7
Q1	2,506.8	2,515.0	(0.3)
Net earnings			
Q4	72.3	57.6	25.5
Q3	92.6	89.3	3.7
Q2	58.1	61.8	(6.0)
Q1	69.7	67.9	2.7
Adjusted net earnings⁽¹⁾			
Q4	72.3	66.8	8.2
Q3	92.6	91.1	1.6
Q2	58.1	65.5	(11.3)
Q1	58.3	71.6	(18.6)
Fully diluted net earnings per share (Dollars)			
Q4	0.64	0.49	30.6
Q3	0.82	0.77	6.5
Q2	0.51	0.53	(3.8)
Q1	0.61	0.58	5.2
Adjusted fully diluted net earnings per share⁽¹⁾ (Dollars)			
Q4	0.64	0.57	12.3
Q3	0.82	0.78	5.1
Q2	0.51	0.56	(8.9)
Q1	0.51	0.62	(17.7)

Sales for the four quarters of 2008 versus those for 2007 were affected by strong competition in Ontario. Excluding decreased sales of tobacco products, 2008 first quarter sales were up 0.3%, second quarter sales were up 1.2%, third quarter sales were up 1.5%, and fourth quarter sales were up 2.1%.

First quarter net earnings and fully diluted net earnings per share for 2008 were up 2.7% and 5.2% respectively over those for 2007. Excluding the income tax expense decrease of \$11.4 million in 2008 and A&P Canada acquisition-related integration and rationalization costs of \$5.6 million before taxes in 2007, adjusted net earnings⁽¹⁾ and adjusted fully diluted net earnings per share⁽¹⁾ in 2008 were down 18.6% and 17.7% respectively.

Second quarter net earnings and fully diluted net earnings per share were down 6.0% and 3.8% respectively from 2007. Excluding A&P acquisition-related integration and rationalization costs before taxes of \$5.4 million in the second quarter of 2007, net earnings and fully diluted net earnings per share for the second quarter of 2008 were down 11.3% and 8.9% respectively compared to the adjusted net earnings⁽¹⁾ and adjusted fully diluted net earnings per share⁽¹⁾ for the second quarter of 2007.

The drop in profitability in the first two quarters of 2008 compared with the same quarters of 2007 stems from a more intensely competitive environment in Ontario and the issues associated with our new Ontario information systems and Québec Food Services warehouse.

⁽¹⁾ See section on "Non-GAAP Measurements"

Third quarter net earnings and fully diluted net earnings per share were up 3.7% and 6.5% respectively from 2007. Excluding third quarter A&P acquisition-related integration and rationalization costs before taxes of \$5.4 million and \$1.8 million income tax expense reduction resulting from future decreases announced in the federal tax rate, net earnings and fully diluted net earnings per share for the third quarter of 2008 were up 1.6% and 5.1% respectively compared to the adjusted net earnings⁽¹⁾ and adjusted fully diluted net earnings per share⁽¹⁾ for the third quarter of 2007. The successful resolution of the issues associated with our information systems in Ontario and the solid performance of our Québec operations contributed to this earnings growth.

Fourth quarter net earnings and fully diluted net earnings per share in 2008 were up 25.5% and 30.6% respectively over those for 2007. Excluding A&P Canada acquisition-related integration and rationalization costs before taxes of \$14.1 million in the fourth quarter of 2007, net earnings and fully diluted net earnings per share for the fourth quarter of 2008 were up 8.2% and 12.3% over the adjusted net earnings⁽¹⁾ and adjusted fully diluted net earnings per share⁽¹⁾ for the fourth quarter of 2007. Our return to earnings growth in the third quarter of 2008 was maintained in the fourth quarter.

	2008					2007				
	Q1	Q2	Q3	Q4	Fiscal	Q1	Q2	Q3	Q4	Fiscal
<i>(Millions of dollars)</i>										
Net earnings	69.7	58.1	92.6	72.3	292.7	67.9	61.8	89.3	57.6	276.6
Integration and rationalisation costs after taxes	—	—	—	—	—	3.7	3.7	3.6	9.2	20.2
Decrease in tax expenses	(11.4)	—	—	—	(11.4)	—	—	(1.8)	—	(1.8)
Adjusted net earnings ⁽¹⁾	58.3	58.1	92.6	72.3	281.3	71.6	65.5	91.1	66.8	295.0

	2008					2007				
	Q1	Q2	Q3	Q4	Fiscal	Q1	Q2	Q3	Q4	Fiscal
<i>(Dollars and per share)</i>										
Fully diluted net earnings	0.61	0.51	0.82	0.64	2.58	0.58	0.53	0.77	0.49	2.37
Integration and rationalisation costs after taxes	—	—	—	—	—	0.04	0.03	0.03	0.08	0.18
Decrease in tax expenses	(0.10)	—	—	—	(0.10)	—	—	(0.02)	—	(0.02)
Adjusted fully diluted net earnings ⁽¹⁾	0.51	0.51	0.82	0.64	2.48	0.62	0.56	0.78	0.57	2.53

Cash Position

OPERATING ACTIVITIES

Operating activities generated cash flows of \$185.5 million in the fourth quarter of 2008 and \$450.2 million for fiscal 2008, compared to \$44.8 million in fourth quarter of 2007 and \$363.3 million for fiscal 2007. The increase in fourth quarter cash flows in 2008 compared to 2007 is due mainly to a net change in non-cash items. The increase in generated cash flows for 2008 compared to those for 2007 is due mainly to net earnings growth and a net change in non-cash items.

⁽¹⁾ See section on "Non-GAAP Measurements"

INVESTING ACTIVITIES

Investing activities required outflows of \$72.7 million in the fourth quarter of 2008 and \$188.6 million over the fiscal year versus \$70.6 million in the fourth quarter of 2007 and \$258.9 million for fiscal 2007. The decrease in outflows over 2008 is due primarily to reduced acquisition of fixed assets.

In fiscal 2008, the Company and retailers invested \$257.9 million in our retail network for a gross expansion of 423,000 square feet or 2.3%, and a net expansion of 283,200 square feet or 1.5%. Major renovations and expansions of 26 stores were completed and 10 new stores were opened.

FINANCING ACTIVITIES

Financing activities required outflows of \$85.8 million in the fourth quarter of 2008 and \$210.4 million over the fiscal year, versus outflows of \$120.7 million in the fourth quarter of 2007 and \$169.6 million for fiscal 2007. The variations in outflows between the 2008 periods and the 2007 periods is attributable in part to the redemption of Class A Subordinate Shares in the amounts of \$40.4 million in the fourth quarter of 2008 and \$120.7 million over the fiscal year, versus redemption in the amounts of \$28.4 million in the fourth quarter of 2007 and \$28.9 million overall for the fiscal year, and in part to the lesser amounts by which long-term debt was paid down in 2008 compared to 2007. Long-term debt was paid down by \$26.3 million in the fourth quarter of 2008 and \$31.0 million over the fiscal year, versus \$76.6 million in the fourth quarter of 2007 and \$84.8 million over fiscal 2007. During the fourth quarter of 2008, we also bought back the equity participation of our 36 Food Basics franchisees for an amount of \$16.4 million.

Financial Position

Our financial position at the end of fiscal 2008 was very solid. We had \$151.7 million in cash and cash equivalents and an unused approved \$400.0 million line of credit. Our long-term debt corresponds to 32.8% of the combined total of long-term debt and shareholders' equity (long-term debt/total capital).

At the end of the 2008 fiscal year, the main elements of our long-term debt were as follows:

	Interest Rate	Balance (Millions of dollars)	Maturity
Credit Facility A	Rates fluctuate with changes in bankers' acceptance rates	369.3	August 15, 2012
Medium-term Series A notes	4.98% fixed rate	200.0	October 15, 2015
Medium-term Series B notes	5.97% fixed rate	400.0	October 15, 2035

At the end of the fiscal year, interest rate swap agreements in the notional amount of \$150.0 million were outstanding under Credit Facility A. These agreements provide for the exchange of variable interest payments for fixed interest payments according to the following terms:

Fixed Rate	Notional Amount (Millions of dollars)	Maturity
3.9480%	50.0	November 23, 2008
3.9820%	50.0	December 16, 2009
4.0425%	50.0	December 16, 2010

(1) See section on "Non-GAAP Measurements"

Giving effect to these swap agreements, at the end of 2008 fiscal year, long term indebtedness comprised \$750.0 million at fixed rates ranging from 4.448% to 5.97% and \$219.3 million at variable rates which fluctuate with changes in bankers' acceptance rates.

FINANCIAL RATIOS

	As at September 27, 2008	As at September 29, 2007
Financial structure		
Long-term debt <i>(Millions of \$)</i>	1,005.0	1,028.8
Shareholders' equity <i>(Millions of \$)</i>	2,061.1	1,932.3
Long-term debt/total capital (%)	32.8	34.7
	Fiscal 2008	Fiscal 2007
Results		
EBITDA ⁽¹⁾ /Interest <i>(times)</i>	11.0	10.2

CAPITAL STOCK, STOCK OPTIONS AND PERFORMANCE SHARE UNITS

	As at September 27, 2008	As at September 29, 2007
Number of Class A Subordinate Shares outstanding <i>(Thousands)</i>	109,806	113,683
Number of Class B Shares outstanding <i>(Thousands)</i>	750	804
Stock options:		
Number outstanding <i>(Thousands)</i>	3,534	3,738
Exercise price	\$17.01 to \$39.17	\$11.80 to \$39.17
Weighted average exercise price	\$23.63	\$22.40
Number of performance share units:		
Number outstanding <i>(Thousands)</i>	210	124
Weighted average maturity	18 months	22 months

NORMAL COURSE ISSUER BID PROGRAM

The Company decided to renew the issuer bid program as an additional option for using excess funds. Thus, we will be able to decide, in the shareholders' best interest, to reimburse debt or to repurchase Company shares. The Board of Directors authorized the Company to repurchase, in the normal course of business, between September 5, 2008 and September 4, 2009, up to 6,000,000 of its Class A Subordinate Shares representing approximately 5.4% of its issued and outstanding shares at the close of the Toronto Stock Exchange on August 6, 2008. Repurchases will be made through the stock exchange at market price and in accordance with its policies and regulations. The Class A Subordinate Shares so repurchased will be cancelled. Under the normal course issuer bid program covering the period from September 5, 2007 to September 4, 2008, the Company repurchased 4,000,000 Class A Subordinate shares at an average price of \$26.55 per share for a total of \$106.2 million, including, in the first quarter of 2008, 1,500,000 shares repurchased from A&P US at \$27.25 per share for a total of \$40.9 million. Under the program covering the period from September 5, 2008 to September 4, 2009, the Company had repurchased, up to September 27, 2008, 795,300 Class A Subordinate shares at an average price of \$28.95 per share for a total of \$23.0 million.

⁽¹⁾ See section on "Non-GAAP Measurements"

DIVIDENDS

On September 23, 2008, the Company's Board of Directors declared a quarterly dividend of \$0.125 per Class A Subordinate Share and Class B Share payable November 18, 2008, an increase of 8.7% over the dividend for the same quarter last year. This dividend represents 20.0% of 2007 net earnings.

SHARE TRADING

METRO INC. share price remained in the range of \$21.00 to \$35.85 over fiscal 2008. During this period, a total of 83.7 million shares were traded on the Toronto Stock Exchange. The closing price on Friday, September 26, 2008 was \$31.77, compared with \$35.00 at the end of fiscal 2007.

New Accounting Policies

ADOPTED IN 2008

Capital and Financial Instruments

In the first quarter of 2008, we adopted three new Handbook sections issued by the Canadian Institute of Chartered Accountants (CICA):

Section 1535 "*Capital Disclosures*" establishes standards for disclosing information about an entity's capital and how it is managed. These standards require an entity to disclose the following:

- its objectives, policies and processes for managing capital;
- summary quantitative data about what it manages as capital;
- whether during the period it complied with any imposed capital requirements to which it is subject;
- when the entity has not complied with such requirements, the consequences of such non-compliance.

Section 3862 "*Financial Instruments – Disclosures*" modifies the disclosure requirements for financial instruments that were included in Section 3861 "*Financial Instruments – Disclosure and Presentation*". The new standards require entities to provide disclosures in their financial statements that enable users to evaluate:

- the significance of financial instruments for the entity's financial position and performance;
- the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and how the entity manages those risks.

Section 3863 "*Financial Instruments – Presentation*" carries forward unchanged the presentation requirements of the old Section 3861 "*Financial Instruments – Disclosure and Presentation*".

The adoption of these guidelines did not have any material effect on our results, financial position or cash flows.

RECENTLY ISSUED

Inventories

In June 2007, the CICA issued the new Section 3031 "*Inventories*", which will replace Section 3030 "*Inventories*". The new Section prescribes measurement of inventories at the lower of cost and net realizable value. It provides guidance on the determination of cost, allows the use of the retail method if it is close to cost, and requires reversal of previous write-downs when there is a subsequent increase in the value of inventories. It also requires greater disclosure regarding inventories and the cost of sales.

⁽¹⁾ See section on "Non-GAAP Measurements"

The new standard will be effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008. We do not foresee that this new section's adoption in our 2009 first quarter will have a material effect on our results, financial position or cash flows.

Goodwill and Intangible Assets

In February 2008, the CICA issued a new Section 3064 "*Goodwill and Intangible Assets*" replacing Section 3062 "*Goodwill and Other Intangible Assets*" as well as Section 3450 "*Research and Development Costs*".

The new Section 3064 states that upon their initial identification, intangible assets are to be recognized as assets only if they meet the definition of an intangible asset and the recognition criteria. Section 3064 also provides further information on the recognition of internally generated intangible assets (including research and development costs).

As for subsequent measurement of intangible assets, goodwill and disclosure, Section 3064 carries forward the requirements of the old Section 3062.

The new Section applies to annual and interim financial statements relating to fiscal years beginning on or after October 1, 2008. We do not foresee that this new section's adoption in our 2009 first quarter will have a material effect on our results, financial position or cash flows.

International Financial Reporting Standards

On February 13, 2008, the Accounting Standards Board confirmed the date of changeover from Canadian generally accepted accounting principles (GAAP) to International Financial Reporting Standards (IFRS). Canadian publicly accountable enterprises must adopt IFRS for their interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. We are currently developing our IFRS conversion plan and evaluating the effect of the new standards on our consolidated financial statements.

Press Release

This press release sets out the financial position and consolidated results of METRO INC. on September 27, 2008. It should be read in conjunction with the unaudited interim consolidated financial statements and accompanying notes in this press release along with the consolidated financial statements for the fiscal year ended September 29, 2007 and related notes and Management's Discussion and Analysis presented in the Company's 2007 Annual Report. This press release is based upon information as of November 7, 2008 unless otherwise stated.

Forward-looking Statements

Any statement contained in this press release which does not constitute an historic fact, may be deemed a projection. Verbs such as "believe", "foresee", "estimate", "expect" and other similar expressions appearing in this press release generally indicate projections. These projections do not provide guarantees as to the future performance of METRO INC. and are subject to risks, both known and unknown, as well as uncertainties which may cause the outlook, profitability and actual results of METRO INC. to differ significantly from the profitability or future results stated or implied in these projections. The risks identified by METRO INC. are described in the 2007 Annual Report under Risk Management. The forward-looking statements formulated in this press release are based on a certain number of assumptions regarding the economy, the market, and the Company's operations and financial position. One of these assumptions is that current trends in these areas will persist into the future. These assumptions are reasonable and applicable at this press release's date of issue only and represent our expectations at said time. METRO INC. does not intend to update the forward-looking statements that may be contained herein, except as required by law.

⁽¹⁾ See section on "Non-GAAP Measurements"

Non-GAAP Measurements

In addition to the GAAP earnings measurements provided, we have included certain non-GAAP earnings measurements. These measurements are presented for information purposes only. They do not have a standardized meaning prescribed by GAAP and therefore may not be comparable to similar measurements presented by other public companies.

Earnings before interest, taxes, depreciation and amortization (EBITDA)

EBITDA is a measurement of earnings that excludes interest, taxes, depreciation and amortization. We believe that EBITDA is a measurement commonly used by readers of financial statements to evaluate a company's operational cash-generating capacity and ability to discharge its financial expenses.

Adjusted EBITDA, adjusted net earnings and adjusted fully diluted net earnings per share

Adjusted EBITDA, adjusted net earnings and adjusted fully diluted net earnings per share are earnings measurements that exclude non-recurring items. We believe that presenting earnings without non-recurring items leaves readers of financial statements better informed as to the current period and corresponding period's earnings, thus enabling them to better evaluate the Company's performance and judge its future outlook.

Conference Call

Financial analysts and investors are invited to participate in a conference call on the 2008 fourth quarter and fiscal year results at **10:00 a.m. EDT on Wednesday, November 19, 2008**. To access the conference call, please dial (416) 644-3416 or (514) 807-8791. The media and public are invited to listen to the call in real time or delayed time on the METRO INC. Web site at www.metro.ca.

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METRO INC.'s corporate information and press releases are available on the Internet at: www.metro.ca

⁽¹⁾ See section on "Non-GAAP Measurements"

Consolidated Statements of Earnings

Periods ended September 27, 2008 and September 29, 2007
(Unaudited) (Millions of dollars, except for earnings per share)

	12 weeks Fiscal Year		52 weeks Fiscal Year	
	2008	2007	2008	2007
Sales	\$ 2,476.0	\$ 2,432.4	\$ 10,725.2	\$ 10,644.6
Cost of sales and operating expenses	(2,320.6)	(2,291.0)	(10,103.1)	(10,013.9)
Share of earnings in a public company subject to significant influence	5.0	7.6	17.6	25.3
Integration and rationalization costs (note 3)	—	(14.1)	—	(30.5)
Earnings before interest, taxes, depreciation and amortization	160.4	134.9	639.7	625.5
Depreciation and amortization	(41.4)	(39.7)	(176.3)	(165.7)
Operating income	119.0	95.2	463.4	459.8
Interest, net				
Short term	0.6	0.7	0.5	2.7
Long term	(13.0)	(14.7)	(58.9)	(64.3)
	(12.4)	(14.0)	(58.4)	(61.6)
Earnings before income taxes	106.6	81.2	405.0	398.2
Income taxes (note 5)	(34.3)	(26.1)	(114.2)	(125.2)
Earnings before minority interest	72.3	55.1	290.8	273.0
Minority interest	—	2.5	1.9	3.6
Net earnings	\$ 72.3	\$ 57.6	\$ 292.7	\$ 276.6
Earnings per share (note 6)				
Basic	\$ 0.65	\$ 0.50	\$ 2.60	\$ 2.40
Fully diluted	\$ 0.64	\$ 0.49	\$ 2.58	\$ 2.37

See accompanying notes

Consolidated Balance Sheets

(Unaudited) (Millions of dollars)

	As at September 27, 2008	As at September 29, 2007
ASSETS		
Current assets		
Cash and cash equivalents	\$ 151.7	\$ 100.5
Accounts receivable	309.7	327.8
Inventories	615.6	588.2
Prepaid expenses	7.6	12.1
Income taxes receivable	25.0	6.7
Future income taxes	38.4	29.3
	1,148.0	1,064.6
Investments and other assets	169.1	151.0
Fixed assets	1,231.9	1,202.8
Intangible assets	328.6	332.0
Goodwill	1,490.1	1,490.1
Future income taxes	2.7	3.7
Accrued benefit assets	40.7	33.2
	\$ 4,411.1	\$ 4,277.4
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Bank loans	\$ 0.9	\$ 0.1
Accounts payable	1,062.7	1,043.6
Income taxes payable	50.9	27.0
Future income taxes	6.0	—
Current portion of long-term debt	6.3	5.1
	1,126.8	1,075.8
Long-term debt	1,005.0	1,028.8
Accrued benefit obligations	50.7	54.9
Future income taxes	133.5	145.9
Other long-term liabilities	34.0	34.2
Minority interest	—	5.5
	2,350.0	2,345.1
Shareholders' equity		
Capital stock (note 7)	697.6	714.8
Contributed surplus	4.9	2.0
Retained earnings	1,359.6	1,214.3
Accumulated other comprehensive income (note 8)	(1.0)	1.2
	2,061.1	1,932.3
	\$ 4,411.1	\$ 4,277.4
<i>See accompanying notes</i>		

Consolidated Statements of Cash Flows

Periods ended September 27, 2008 and September 29, 2007
(Unaudited) (Millions of dollars)

	12 weeks Fiscal Year		52 weeks Fiscal Year	
	2008	2007	2008	2007
Operating activities				
Net earnings	\$ 72.3	\$ 57.6	\$ 292.7	\$ 276.6
Non-cash items				
Integration and rationalization costs (note 3)	—	6.0	—	6.6
Share of earnings in a public company subject to significant influence	(5.0)	(7.6)	(17.6)	(25.3)
Depreciation and amortization	41.4	39.7	176.3	165.7
Amortization of deferred financing costs	0.5	0.4	2.1	2.0
Loss on disposal and write-off of fixed and intangible assets	1.6	0.5	—	3.3
Gain on disposal of investments	—	(1.4)	(0.6)	(1.4)
Future income taxes	(3.8)	2.3	(8.4)	14.0
Stock-based compensation cost	1.1	0.7	3.8	3.5
Excess of amounts paid for employee future benefits over current period cost	(12.6)	(4.0)	(11.7)	(5.9)
Minority interest	—	(2.5)	(1.9)	(3.6)
	95.5	91.7	434.7	435.5
Net change in non-cash working capital related to operations	90.0	(46.9)	15.5	(72.2)
	185.5	44.8	450.2	363.3
Investing activities				
Net change in investments and other assets	7.8	1.8	1.8	3.4
Dividends from public company subject to significant influence	0.7	1.3	2.9	2.5
Acquisition of fixed assets	(77.2)	(60.3)	(171.5)	(229.7)
Disposal of fixed assets	—	—	10.9	8.5
Acquisition of intangible assets	(4.0)	(13.4)	(32.7)	(43.6)
	(72.7)	(70.6)	(188.6)	(258.9)
Financing activities				
Net change in bank loans	0.3	(0.4)	0.8	(0.2)
Issuance of shares (note 7)	7.8	0.1	11.4	11.1
Redemption of shares (note 7)	(40.4)	(28.4)	(120.7)	(28.9)
Acquisition of treasury shares (note 7)	—	—	(0.9)	(3.2)
Increase of long-term debt	0.3	0.5	1.9	3.3
Repayment of long-term debt	(26.3)	(76.6)	(31.0)	(84.8)
Net change in other long-term liabilities	4.5	(2.7)	2.7	(14.9)
Dividends paid	(13.9)	(13.2)	(55.3)	(51.8)
Distribution to minority interest	(18.1)	—	(19.3)	(0.2)
	(85.8)	(120.7)	(210.4)	(169.6)
Net change in cash and cash equivalents	27.0	(146.5)	51.2	(65.2)
Cash and cash equivalents – beginning of period	124.7	247.0	100.5	165.7
Cash and cash equivalents – end of period	\$ 151.7	\$ 100.5	\$ 151.7	\$ 100.5
Other information				
Interest paid	\$ 5.4	\$ 4.6	\$ 55.4	\$ 62.2
Income taxes paid	\$ 20.0	\$ 24.6	\$ 121.8	\$ 127.7

See accompanying notes

Consolidated Statements of Retained Earnings

Periods ended September 27, 2008 and September 29, 2007
(Unaudited) (Millions of dollars)

	Fiscal Year	
	2008	2007
Balance – beginning of period	\$ 1,214.3	\$ 1,013.2
Net earnings	292.7	276.6
Dividends	(55.3)	(51.8)
Share redemption premium	(92.1)	(23.7)
Balance – end of period	\$ 1,359.6	\$ 1,214.3

See accompanying notes

Consolidated Statements of Comprehensive Income

Periods ended September 27, 2008 and September 29, 2007
(Unaudited) (Millions of dollars)

	12 weeks Fiscal Year		52 weeks Fiscal Year	
	2008	2007	2008	2007
Net earnings	\$ 72.3	\$ 57.6	\$ 292.7	\$ 276.6
Other comprehensive income (note 8)				
Change in fair value of derivatives designated as cash flow hedges	(0.3)	(1.8)	(3.3)	1.2
Corresponding income taxes	0.1	0.6	1.1	(0.4)
Comprehensive income	\$ 72.1	\$ 56.4	\$ 290.5	\$ 277.4

See accompanying notes

Notes to Interim Consolidated Financial Statements

Periods ended September 27, 2008 and September 29, 2007
(Unaudited) (Millions of dollars, except for data per share)

1. Statement Presentation

The unaudited interim consolidated financial statements were prepared by management in accordance with Canadian generally accepted accounting principles (GAAP). The accounting policies and procedures used in preparing these interim consolidated financial statements are the same as those used in preparing the audited annual consolidated financial statements for the year ended September 29, 2007, except for the new accounting policies described in note 2. The unaudited interim consolidated financial statements should be read along with the audited annual consolidated financial statements and notes to the statements in the Company's 2007 Annual Report. The operating results for the interim period covered do not necessarily reflect overall results for the fiscal year. Certain comparative figures have been reclassified to conform to the presentation being used in the current fiscal year.

2. New Accounting Policies

ADOPTED IN 2008

Capital and Financial Instruments

In the first quarter of 2008, the Company adopted three new Handbook sections issued by the Canadian Institute of Chartered Accountants (CICA):

Section 1535 "*Capital Disclosures*" establishes standards for disclosing information about an entity's capital and how it is managed. These standards require an entity to disclose the following:

- its objectives, policies and processes for managing capital;
- summary quantitative data about what it manages as capital;
- whether during the period it complied with any imposed capital requirements to which it is subject;
- when the entity has not complied with such requirements, the consequences of such non-compliance.

Section 3862 "*Financial Instruments – Disclosures*" modifies the disclosure requirements for financial instruments that were included in Section 3861 "*Financial Instruments – Disclosure and Presentation*". The new standards require entities to provide disclosures in their financial statements that enable users to evaluate:

- the significance of financial instruments for the entity's financial position and performance;
- the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and how the entity manages those risks.

Section 3863 "*Financial Instruments – Presentation*" carries forward unchanged the presentation requirements of the old Section 3861 "*Financial Instruments – Disclosure and Presentation*".

The adoption of these guidelines did not have any material effect on the Company's results, financial position or cash flows.

RECENTLY ISSUED

Inventories

In June 2007, the CICA issued the new Section 3031 "*Inventories*", which will replace Section 3030 "*Inventories*". The new Section prescribes measurement of inventories at the lower of cost and net realizable value. It provides guidance on the determination of cost, allows the use of the retail method if it is close to cost, and requires reversal of previous write-downs when there is a subsequent increase in the value of inventories. It also requires greater disclosure regarding inventories and the cost of sales.

The new standard will be effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008. The Company does not foresee that this new section's adoption in its 2009 first quarter will have a material effect on its results, financial position or cash flows.

2. New Accounting Policies (cont'd)

Goodwill and Intangible Assets

In February 2008, the CICA issued a new Section 3064 "Goodwill and Intangible Assets" replacing Section 3062 "Goodwill and Other Intangible Assets" as well as Section 3450 "Research and Development Costs".

The new Section 3064 states that upon their initial identification, intangible assets are to be recognized as assets only if they meet the definition of an intangible asset and the recognition criteria. Section 3064 also provides further information on the recognition of internally generated intangible assets (including research and development costs).

As for subsequent measurement of intangible assets, goodwill, and disclosure, Section 3064 carries forward the requirements of the old Section 3062.

The new Section applies to annual and interim financial statements relating to fiscal years beginning on or after October 1, 2008. The Company does not foresee that this new section's adoption in its 2009 first quarter will have a material effect on its results, financial position or cash flows.

3. Integration and Rationalization Costs

Over fiscal 2007, the Company completed its plan for the integration and rationalization of its operations following the acquisition of A&P Canada. This three-part plan dealt with the store network, the integration of overall operations, and the implementation of information systems at A&P Canada.

During the period ended September 29, 2007, integration and rationalization plan costs were as follows:

By Nature of Project

	Fiscal Year 2007	
	12 weeks	52 weeks
Stores	\$ 6.2	\$ 8.4
Integration of operations	5.6	10.6
Implementation of information systems	2.3	11.5
	\$ 14.1	\$ 30.5

By Nature of Costs

	Fiscal Year 2007	
	12 weeks	52 weeks
Retention bonuses, termination benefits and others	\$ 6.0	\$ 10.3
Training and IT implementation	2.3	11.5
Vacant premises	(0.2)	2.1
	\$ 8.1	\$ 23.9
Assets write-off	6.0	6.6
	\$ 14.1	\$ 30.5

4. Employee Future Benefits

The Company offers several defined benefit and defined contribution plans that provide most participants with pension, other retirement and other post-employment benefits. The Company's defined benefit and defined contribution plan expenses were as follows:

	12 weeks Fiscal Year				52 weeks Fiscal Year			
	2008		2007		2008		2007	
	Pension plans	Other plans	Pension plans	Other plans	Pension plans	Other plans	Pension plans	Other plans
Defined contribution plans	\$ 5.2	\$ 0.1	\$ 5.0	\$ 0.3	\$ 25.1	\$ 0.5	\$ 25.0	\$ 0.5
Defined benefit plans								
Current service cost	5.8	—	4.9	0.5	24.2	1.1	23.7	1.4
Interest cost	7.1	0.5	7.2	1.0	30.6	2.0	28.3	2.0
Projected return on plan assets	(9.9)	—	(8.9)	—	(42.5)	—	(38.1)	—
Amortization of actuarial (gains) losses and past service cost	(1.0)	(0.3)	(0.2)	0.3	0.5	(0.3)	1.1	0.3
Plan amendments	0.7	—	0.5	(0.3)	0.7	—	0.5	(0.3)
	2.7	0.2	3.5	1.5	13.5	2.8	15.5	3.4
	\$ 7.9	\$ 0.3	\$ 8.5	\$ 1.8	\$ 38.6	\$ 3.3	\$ 40.5	\$ 3.9

5. Income Taxes

The effective income tax rates were as follows:

	12 weeks Fiscal Year		52 weeks Fiscal Year	
	2008 %	2007 %	2008 %	2007 %
Combined statutory income tax rate	32.2	32.2	31.5	32.3
Changes				
Impact of federal tax rate decrease of 3.5% (0.5% in 2007) on future taxes (\$11.4 in 2008 and \$1.8 in 2007)	—	—	(2.8)	(0.5)
Share of earnings in a public company subject to significant influence	(1.1)	(1.4)	(0.8)	(0.9)
Other	1.1	1.3	0.3	0.5
	32.2	32.1	28.2	31.4

6. Earnings per Share

Basic net earnings per share and fully diluted net earnings per share were calculated based on the following number of shares:

<i>(Millions)</i>	12 weeks Fiscal Year		52 weeks Fiscal Year	
	2008	2007	2008	2007
Weighted average number of shares outstanding – Basic	111.1	115.0	112.6	115.0
Dilutive effect under stock option plan and performance share units	0.8	1.5	0.7	1.6
Weighted average number of shares outstanding – Diluted	111.9	116.5	113.3	116.6

7. Capital Stock

Outstanding

	Class A Subordinate Shares		Class B Shares		Total
	Number <i>(Thousands)</i>		Number <i>(Thousands)</i>		
Balance as at September 29, 2007	113,683	\$ 713.2	804	\$ 1.6	\$ 714.8
Share issued for cash	661	11.4	—	—	11.4
Transfer from contributed surplus – options exercised	—	0.2	—	—	0.2
Shares redeemed for cash, excluding premium of \$92.1	(4,552)	(28.6)	—	—	(28.6)
Conversion of Class B Shares into Class A Subordinate Shares	54	0.1	(54)	(0.1)	—
Acquisition of treasury shares, excluding premium of \$0.7	(40)	(0.2)	—	—	(0.2)
Balance as at September 27, 2008	109,806	\$ 696.1	750	\$ 1.5	\$ 697.6

On November 29, 2007, the Company took advantage of an option to purchase shares that had been granted by The Great Atlantic & Pacific Tea Company (A&P US), purchasing 1.5 million Class A Subordinate Shares sold by A&P US for a total amount of \$40.9. The shares purchased were cancelled and recorded as part of the Company's share buyback program.

7. Capital Stock (cont'd)

Stock Option Plan

As at September 27, 2008, 3,534,440 stock options were outstanding at exercise prices varying from \$17.01 to \$39.17, with expiry dates up to 2015. Of these stock options, 2,235,240 could be exercised for a weighted average exercise price of \$21.57.

Granted stock options were as follows:

	12 weeks Fiscal Year		52 weeks Fiscal Year	
	2008	2007	2008	2007
Granted stock options during the period	127,400	64,000	558,400	199,600
Weighted average exercise price	\$ 27.90	\$ 37.16	\$ 25.78	\$ 37.55
Weighted average fair value	\$ 6.59	\$ 10.50	\$ 6.17	\$ 10.49

During the 52-week period of 2008, the weighted average fair value of stock options granted during the period was established at the time of grant using the Black & Scholes model and based on the following weighted average assumptions: risk-free interest rate of 3.3% (2007 – 4.3%), expected six-year term (2007 – six-year term), anticipated volatility of 22.3% (2007 – 25.1%) and an anticipated 1.4% dividend yield (2007 – 1.5%).

The compensation expense for these stock options amounted to \$0.5 for the fourth quarter of 2008 (2007 – \$0.4) and to \$1.9 for the 52-week period of 2008 (2007 – \$2.1).

Performance Share Unit Plan

As at September 27, 2008, 210,472 performance share units (PSUs) were outstanding. During the 52-week period of 2008, 114,683 PSUs were granted (2007 – 81,211) and 28,030 PSUs were cancelled (2007 – 5,840). In the fourth quarter, 592 PSUs were granted (2007 – nil) and no PSUs were cancelled (2007 – 5,840).

At the end of the fourth quarter, 194,000 shares were held in trust for participants until the PSUs shall have vested or been cancelled (2007 – 154,000). During this quarter, none of these shares have been acquired (2007 – nil).

A compensation expense of \$1.9 pertaining to PSUs was recorded in the 52-week period of 2008 (2007 – \$1.4), \$0.6 of which was recorded in the fourth quarter (2007 – \$0.3).

8. Accumulated Other Comprehensive Income

Derivatives designated as cash flow hedges constitute the sole item in Accumulated Other Comprehensive Income. The changes that occurred during the 52-weeks period were as follows:

	Fiscal Year	
	2008	2007
Balance – beginning of year	\$ 1.2	\$ 0.4
Change in fair value of derivatives designated during the period net of income taxes of \$1.1 (\$0.4 in 2007)	\$ (2.2)	\$ 0.8
Balance – end of year	\$ (1.0)	\$ 1.2

9. Contingency

In January 2007, the Company was named in a suit brought by beneficiaries of a multiemployer pension plan. They claim that plan assets were mismanaged and are seeking, among others, damages of \$1 billion from the trustees and the employers. The Company was one of the 443 employers affected by the suit and did not participate in managing the plan. On April 4, 2008 with the consent of the parties involved, the Court rendered an order dismissing the suit against the employers, including the Company. On August 27, 2008 with the consent of the parties involved, the Court rendered an order dismissing the suit against the trustees. This matter has thus been resolved.

10. Related Party Transaction

In the third quarter, the Company purchased for exchange amount a supermarket in which a member of the Board of Directors, Ms. Maryse Labonté, held an interest. In view of this transaction, Ms. Labonté resigned on June 2, 2008 as a member of the Board.

11. Management of Capital

The Company aims to maintain a capital level that enables it to meet several objectives, namely:

- striving for a percentage of long-term debt to total combined long-term debt and shareholders' equity (long-term debt/total capital ratio) less than 50 %;
- maintaining an investment grade credit rating for its term notes;
- paying total annual dividends representing approximately 20% of net earnings for the previous fiscal year before extraordinary items.

In its capital structure, the Company considers its stock option and performance share unit plans for key employees and officers. The Company's stock redemption plan is one of the tools the Company uses to achieve its objectives.

The Company is not subject to any capital requirements imposed by a regulator.

The Company's fiscal 2008 fourth quarter results regarding its capital management objectives were as follows:

- a long-term debt/total capital ratio of 32.8 % (34.7 % as at September 29, 2007);
- a BBB credit rating confirmed by S&P and DBRS during 2008 fiscal year (same rating during 2007 fiscal year);
- a dividend representing 20.0 % of net earnings for the previous fiscal year (20.5 % in 2007).

The capital management objectives remain the same as for the previous fiscal year.

12. Financial Instruments

Interest Rate Risk

In the normal course of business, the Company is exposed primarily to interest rate fluctuation risks as a result of loans and receivables as well as of borrowing at variable interest rates.

In accordance with its risk management policy, the Company uses derivative financial instruments, such as interest rate swaps, to lock in a portion of its debt cost and reduce its interest rate risk, swapping its Credit Facility A variable interest rate payments for fixed interest rate payments. The Company has decided to designate its interest rate swaps as a cash flow hedge. Policy guidelines prohibit the Company from entering into derivative financial instruments for speculative purposes.

12. Financial Instruments (cont'd)

At the end of every quarter, the Company provides the Audit Committee with a detailed report on all of its derivative financial instruments along with their respective fair value. The report as at September 27, 2008 presented the following information:

	Fixed rate %	Average exchange rate %	Notional amount \$	Maturity	Fair value	
					2008	2007
Interest rate swap contract	3.9480	4.1893	50.0	November 23, 2008	\$ (0.1)	\$ 0.3
Interest rate swap contract	3.9820	4.1893	50.0	December 16, 2009	\$ (0.5)	\$ 0.6
Interest rate swap contract	4.0425	4.1893	50.0	December 16, 2010	\$ (0.9)	\$ 0.9

A fluctuation in interest rates would have an impact on the Company's net earnings and other comprehensive income items. Based on the previous fiscal year's rate changes, a 0.5% interest rate change would reasonably be considered possible. The changes would have had the following impact:

	12 weeks Fiscal Year				52 weeks Fiscal Year			
	2008		2007		2008		2007	
	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on net earnings of interest rate changes for loans and receivables as well as for other variable rate liabilities	\$ (0.1)	\$ 0.1	\$ (0.2)	\$ 0.2	\$ (0.8)	\$ 0.8	\$ (0.8)	\$ 0.8
Impact on other comprehensive income items due to changes in fair value of derivatives designated as cash flow hedges	\$ 0.6	\$ (0.6)	\$ 1.1	\$ (1.1)	\$ 0.6	\$ (0.6)	\$ 1.1	\$ (1.1)

Credit Risk

Loans and receivables/endorsements

The Company sells products to consumers and merchants in Canada. When it sells products, it gives merchants credit. As well, to help certain merchants with business acquisitions, the Company grants them long-term loans or endorses loans granted to them by financial institutions. Hence, the Company is subject to credit risk.

To mitigate such risk, the Company performs ongoing credit evaluations of its customers and has adopted a credit policy that defines the credit conditions to meet and required guarantees. As at September 27, 2008 and as at September 29, 2007, no customer accounted for over 10 % of total loans and receivables.

To cover its credit risk, the Company holds guarantees from its client, assets in the form of deposits, movable hypothec on the Company stock and/or second hypothecs on their inventories, movable goods, intangible assets and receivables.

Over the past years, the Company has not suffered any material losses related to credit risk.

12. Financial Instruments (cont'd)

As at September 27, 2008 and September 29, 2007, not taking into account the guarantees held, the maximum credit risk exposure for loans and receivables corresponded to their carrying amount. As at September 27, 2008, the maximum potential liability under the endorsements was \$ 10.6 (\$ 22.5 in 2007) and no liability had been recognized.

Derivatives designated as cash-flow hedges

With regard to its derivative financial instruments, i.e., the interest rate swaps, the Company is also subject to credit risk when these swaps result in receivables from financial institutions. In accordance with its risk management policy, the Company has entered into these swaps with major financial institutions to reduce its credit risk.

As at September 27, 2008, the Company was not exposed to credit risk in respect of its derivatives designated as cash flow hedges, as they resulted in amounts payable. As at September 29, 2007, the maximum exposure to credit risk for the derivatives designated as cash flow hedges was equal to their carrying amount.

Liquidity risk

The Company is exposed to liquidity risk primarily as a result of its long-term debt and trade accounts payable.

The Company regularly assesses its cash position and feels that its cash flows from operating activities are sufficient to fully cover its cash requirements as regards its financing activities. Credit Facility A, and Series A and Series B medium-term notes do not mature until 2012, 2015 and 2035, respectively. In addition, the Company has access to an undrawn authorized credit facility of \$400.0.