REPORT TO SHAREHOLDERS

12-week period ended December 17, 2005

1st quarter

HIGHLIGHTS

- 74.5% sales growth
- Net earnings increase of 28.5% before special costs
- 5% increase in quarterly dividend to $0.105 per share

REPORT TO SHAREHOLDERS

I am pleased to report on our first quarter of fiscal 2006 ended December 17, 2005, being the first complete quarter to include A&P Canada's results.

For the first quarter, we have realized net earnings of $32 million as compared to $38.6 million for the same quarter last year, and fully diluted net earnings per share of $0.28 versus $0.40 last year. Without taking into account integration and rationalization costs of $18.3 million and an additional tax expense of $5.3 million resulting from an increase in future tax liabilities due to a 3% hike in Québec's tax rate by 2009, our resulting adjusted net earnings stand at $49.6 million, up 28.5% from last year. Adjusted fully diluted net earnings per share rose to $0.43 compared to $0.40 for the same quarter last year, a 7.5% increase.

We continued our evaluation of our integration and rationalization plan following the acquisition of A&P Canada. We anticipate costs of $55 million over the next two fiscal years for the plan's implementation, of which $18.3 million were incurred in the first quarter. We also focused on realizing the synergies and we anticipate meeting our objective. In the first quarter, we realized $7.9 million in synergies.

First quarter sales grew 74.5% to $2,524.1 million versus $1,446.1 million last year.

We have maintained our solid financial position with a ratio of long-term debt to shareholders' equity standing at 0.85:1 at the end of the first quarter. We have also issued medium term notes that include a $200 million tranche due in 2015 and a $400 million tranche due in 2035. We also concluded interest rate swap contracts to fix a notional amount of $150 million of our bank debt. Given the swap contracts, at the end of the first quarter, $750 million or 60% of our long-term debt was at fixed rates and $500 million or 40% at a variable rate.

On January 23, 2006, the Board of Directors declared a quarterly dividend of $0.105 per share. Annualized, this dividend represents 25% of net earnings for 2005.

Over the next few quarters, we will continue to work toward achieving, over the next two years, combined annual synergies estimated at $60 million, starting with $35 million in 2006 and an additional $25 million in 2007. We will also work on implementing our integration and rationalization plan and our information systems to A&P Canada operations.

We are confident that we shall achieve our goals. On behalf of Management, I thank you for your continued trust and support.

PIERRE H. LESSARD, FCA
President and Chief Executive Officer
January 23, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis sets out the financial position and results of METRO INC. on December 17, 2005. This discussion and analysis should be read in conjunction with the unaudited interim consolidated financial statements and accompanying notes in this quarterly report along with the consolidated financial statements for the fiscal year ended September 24, 2005 and related notes and Management's Discussion and Analysis presented in the Company's 2005 Annual Report. This analysis is based upon information as of January 13, 2006 unless otherwise stated. Additional information, including the Certification of Interim Filings letters for the quarter ended December 17, 2005 signed by the President and Chief Executive Officer and the Senior Vice-President Finance and Treasurer, is also available on the SEDAR website at www.sedar.com.

PROJECTIONS

Any statement contained in the present quarterly Management's Discussion and Analysis which does not constitute an historic fact, may be deemed a projection. Verbs such as "believe", "foresee", "estimate" and other similar expressions appearing in this discussion and analysis 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.

RESULTS OF OPERATIONS

We have realized net earnings of $32 million in the first quarter of 2006 compared with $38.6 million for the corresponding quarter of the previous fiscal year, and fully diluted net earnings per share of $0.28 versus $0.40 last year. An additional tax expense of $5.3 million was recorded in the first quarter as well as integration and rationalization costs of $18.3 million. Without these items, net earnings for the first quarter would have been $49.6 million on a adjusted basis, up 28.5% over the corresponding quarter and adjusted fully diluted net earnings per share would have been $0.43 compared to $0.40 last year, a 7.5% increase.

We continued our evaluation of our integration and rationalization plan following the acquisition of A&P Canada. We anticipate such costs will total $55 million over the next two fiscal years for the plan's implementation.

SALES

First quarter sales increased 74.5 % to $2,524.1 million compared with $1,446.1 million for the same quarter last year. Including A&P Canada stores, same-store sales rose 0.9%. Without taking into account the $1,070.9 million increase in sales resulting from the acquisition of A&P Canada, the sales increase would have been 0.5%, and 3.3 % excluding the following items:

Nature of items	Millions of Dollars	% of Change in Sales
Temporary increase in wine sales in the first quarter of 2005 due to labour disputes at the Société des alcools du Québec	7.6	0.5
Decrease in tobacco product sales in 2006	19.6	1.4
Discontinuance of low margin supply contracts in the fourth quarter of 2005	12.4	0.9
	39.6	2.8

Together with the retailers, we invested $79.7 million in the first quarter, resulting in a net increase of 233,000 square feet, an increase of 1.3% for our retail network. Major expansions and renovations were completed in 9 stores, while 11 new stores were opened.

INTEGRATION AND RATIONALIZATION COSTS

During the first quarter, we continued the evaluation of our integration and rationalization plan following the acquisition of A&P Canada. We have identified three main lines, namely stores and distribution centres, common services, and implementing our information systems at A&P Canada. Regarding Ontario stores, we expect to convert some stores to different banners and to close a few others. We will also streamline both common services shared by Québec and Ontario operations, and our distribution centres operations.

Total anticipated costs over the next two fiscal years are $55 million, which includes the $18.3 million incurred in the first quarter of 2006. In the coming quarters, additional impacts of the plan, with regard to A&P Canada operations, will be presented in the purchase price allocation as they are evaluated.

Integration and Rationalization Costs

(Millions of dollars)	Incurred	Anticipated	Total
Stores and distribution centres	11.9	5.1	17.0
Common services	6.4	11.6	18.0
Implementation of information systems	—	20.0	20.0
Total	18.3	36.7	55.0

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

Earnings before interest, taxes, depreciation and amortization for the first quarter were $107.7 million, representing 4.3% of sales, compared to $72.1 million or 5% for the same quarter last year. Without taking into account the $18.3 million in integration and rationalization costs, EBITDA as a percentage of sales would be 5%. Following the acquisition of A&P Canada, we forecasted $60 million in synergies of which $35 million would be realized in the first year. In the first quarter, we realized $7.9 million in synergies, mainly resulting from lower resale good costs. First quarter earnings from our investment in Alimentation Couche-Tard Inc. were $6.8 million compared to $5.2 million for the same quarter last year.

INTEREST, DEPRECIATION AND AMORTIZATION

Total depreciation and amortization expense for the first quarter rose to $38.8 million compared with $17 million last year. This increase results primarily from A&P Canada for $20.6 million. First quarter interest expenses totalled $15.5 million versus $0.6 million last year. This increase results primarily from financing for the acquisition of A&P Canada. First quarter interest rates averaged 4.7% compared with 3.6% for the corresponding quarter of the previous fiscal year.

INCOME TAXES

The income tax expense of $21.4 million for the first quarter of 2006 represents an effective tax rate of 40.1% compared with $15.9 million and an effective tax rate of 29.2% for the corresponding quarter last year. During the first quarter, an approval milestone was met with regards to the Québec government's budget tabled on April 21, 2005 providing among other things for increase of large businesses tax rates from 8.9% to 11.9% planned between January 1, 2006 to January 1, 2009. Thus, we have recorded in the first quarter an increase of $5.3 million in our both future income tax liabilities and tax expenses corresponding to the future 3% Québec income tax increase that will apply to our future tax liabilities. Not taking this additional expense into account, the effective tax rate would have been 30.2% in the first quarter of 2006. The 1% statutory Québec tax rate increase effective January 1, 2006 represents a 0.7% tax impact on the effective tax rate for the first quarter and for fiscal 2006.

NET EARNINGS

First quarter net earnings reached $32 million versus $38.6 million for the same quarter last year. Fully diluted net earnings per share were $0.28 versus $0.40 last year. Without taking into account integration and rationalization costs of $18.3 million and the additional tax expense of $5.3 million, adjusted net earnings would be $49.6 million, up 28.5% from the same quarter last year. Net earnings as a percentage of sales would have been 2% compared to 2.7% last year. Adjusted fully diluted net earnings per share would have been $0.43, up 7.5% from last year.

(1) Earnings are presented for information purposes only. They do not have a standardized meaning prescribed by Canadian GAAP and therefore may not be comparable to similar measures presented by other public companies.

QUARTERLY HIGHLIGHTS

(Millions of dollars, except earnings per share)	**2006**	2005	2004	Change *(Percentage)*
Sales				
Q 1	**2,524.1**	1,446.1	–	74.5
Q 4	–	1,958.9	1,406.2	39.3
Q 3	–	1,914.3	1,878.2	1.9
Q 2	–	1,376.6	1,322.1	4.1
Net earnings				
Q 1	**32.0**	38.6	–	(17.1)
Q 4	–	50.2	45.2	11.1
Q 3	–	56.9	50.4	12.9
Q 2	–	44.7	39.2	14.0
Adjusted net earnings				
Q 1	**49.6** [(2)]	38.6	–	28.5
Q 4	–	50.2	45.2	11.1
Q 3	–	56.9	50.4	12.9
Q 2	–	44.7	39.2	14.0
Fully diluted net earnings per share *(Dollars)*				
Q 1	**0.28**	0.40	–	(30.0)
Q 4	–	0.48	0.47	2.1
Q 3	–	0.58	0.51	13.7
Q 2	–	0.46	0.40	15.0
Adjusted fully diluted net earnings per share *(Dollars)*				
Q 1	**0.43** [(2)]	0.40	–	7.5
Q 4	–	0.48	0.47	2.1
Q 3	–	0.58	0.51	13.7
Q 2	–	0.46	0.40	15.0

Our 2005 second and third quarter results showed steady gains. Fourth quarter growth was different due to A&P Canada's acquisition and due to comparison with the fourth quarter of 2004, when our growth was resumed following the implementation of new merchandising strategies.

The growth registered in the first quarter of fiscal 2006 was also affected by the acquisition of A&P Canada as well as by integration and rationalization costs and an additional tax expense. Net earnings adjusted for these items reflect a better picture of the quarter's growth.

(2) These earnings are presented for information purposes only. They do not have a standardized meaning prescribed by Canadian GAAP and therefore may not be comparable to similar measures presented by other public companies.

	Millions of Dollars	Fully Diluted EPS Dollars
Adjusted net earnings	49.6	0.43
Integration and rationalization costs after taxes	12.3	0.10
Additional tax expense	5.3	0.05
Net earnings	32.0	0.28

CASH POSITION

Operating activities / Operating activities required outflows of $53 million in the first quarter of 2006 compared to outflows of $51.9 million in 2005. Each first quarter, the holiday period results in increased accounts receivable and inventories, outflows are used for this purpose. Things generally turn around in the second quarter with operating activities generating cash flows throughout the rest of the fiscal year.

Investment activities / Investing activities required outflows of $47.7 million in the first quarter of 2006 compared to $33.4 million in 2005. This increase is due primarily to the acquisition of additional fixed assets linked to the increased size of the Company.

Financing activities / Cash flows from financing activities totalled $88.4 million in the first quarter of 2006 compared to $60.1 million in 2005. During the first quarter, the Company issued $200 million worth of Series A 10-year medium-term notes at a nominal interest rate of 4.98% and $400 million worth of Series B 30 year notes at a nominal interest rate of 5.97%. The amounts received from these issues were used to repay the balance of the Credit Facility B and $100 million of the $750 million Credit Facility A.

FINANCIAL POSITION

Our financial position is very solid at the end of the first quarter with a ratio of long-term debt to shareholder equity of 0.85:1. With interest rate swap contracts for a notional amount of $150 million of Credit Facility A entered in the first quarter, we were able to exchange variable interest payments for fixed interest rate payments in accordance with the following terms:

Contract rate	Notional amount (*Millions of dollars*)	Maturity
4.6480%	50	November 23, 2008
4.6820%	50	December 16, 2009
4.7425%	50	December 16, 2010

In the first quarter, the picture of our main long-term debts was as follows:

	Interest rate	Balance (*Millions of dollars*)	Maturity
Credit Facility A	Variable rates which fluctuate with changes in banker's acceptance rates	650	August 15, 2010
Medium-term notes Series A	Fixed rate of 4.98%	200	October 15, 2015
Medium-term notes Series B	Fixed rate of 5.97%	400	October 15, 2035

Given the interest rate swap contracts at the end of the first quarter, we have the equivalent of $750 million of our long-term debt at fixed rates varying from 4.6480% to 5.97% and $500 million at variable rates that fluctuate with changes in banker's acceptance rates.

Capital Stock and Stock Options	**As at January 13, 2006**	As at September 24, 2005
Number of Class A Subordinate Shares outstanding *(Thousands)*	**113,516**	113,504
Number of Class B Multiple Voting Shares outstanding *(Thousands)*	**912**	923
Stock options:		
Number outstanding *(Thousands)*	**4,388**	4,374
Exercise price	**$ 7.93 to $33.87**	$ 7.93 to $27.25
Weighted average exercise price	**$ 19.80**	$ 19.72

Stock redemption program / During the first quarter of fiscal 2006, no shares were redeemed whereas 384,500 Class A Subordinate Shares were redeemed in the first quarter of fiscal 2005. Under the stock redemption program approved by the Board of Directors last year, since February 4, 2005, the Company has purchased in the normal course of business 605,500 of its Class A Subordinate Shares at an average price of $27.35 per share. The redemption program will not be renewed this year as the Company will use its excess cash to pay down its debt.

Dividends / On January 23, 2006, the Company's Board of Directors declared a quarterly dividend of $0.105 per Class A Subordinate Share and Class B Share payable March 2, 2006, an increase of 5% over the dividend for the corresponding quarter last year. On an annualized basis, this dividend represents 25% of 2005 net earnings.

Share trading / The value of METRO shares remained in the range of $29.11 to $36 over the first quarter of fiscal 2006. During this period, a total of 11.1 million shares were traded on the Toronto Stock Exchange. The closing price on Friday, January 13, 2006 was $30.32, compared with $34.25 at the end of fiscal 2005, a decrease of 11.5%.

SUBSEQUENT EVENT

On December 22, 2005, the credit agreement was amended and restated from its original version signed on August 12, 2005 reflecting, in particular, the $600 million Credit Facilities repayment made by the Company when $600 million of medium-term notes were issued on October 12, 2005, and provided for the release of guarantees granted by the Company's main subsidiaries.

The above-mentioned instrument released the guarantees related to the medium-term notes granted by the main subsidiaries of METRO INC. under the deed of trust dated September 30, 2005.

OUTLOOK

Over the next few quarters, we will complete our purchase price allocation for A&P Canada in order to present it in our financial statements, and continue to work toward achieving combined annual synergies estimated at $60 million, starting with $35 million in 2006 and an additional $25 million in 2007. We will also work on implementing our integration and rationalization plan, and our information systems to A&P Canada's operations.

Montréal, January 23, 2006

CONSOLIDATED STATEMENTS OF EARNINGS

12-week periods ended December 17, 2005 and December 18, 2004 *(Unaudited) (Millions of dollars, except for earnings per share)*	Fiscal **2006**	2005
Sales	**$ 2,524.1**	$ 1,446.1
Cost of sales and operating expenses	**2,398.1**	1,374.0
Integration and rationalization costs *(note 3)*	**18.3**	—
Earnings before interest, taxes, depreciation and amortization	**107.7**	72.1
Depreciation and amortization	**38.8**	17.0
Operating income	**68.9**	55.1
Interest		
Short term	**0.2**	0.5
Long term	**15.3**	0.1
	15.5	0.6
Earnings before income taxes	**53.4**	54.5
Income taxes *(note 5)*	**21.4**	15.9
Net earnings	**$ 32.0**	$ 38.6
Earnings per share *(note 6)*		
Basic	**$ 0.28**	$ 0.40
Fully diluted	**$ 0.28**	$ 0.40

See accompanying notes

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

12-week periods ended December 17, 2005 and December 18, 2004 *(Unaudited) (Millions of dollars)*	Fiscal **2006**	2005
Balance — beginning of period	**$ 807.7**	$ 690.6
Net earnings	**32.0**	38.6
Dividends	**(11.4)**	(8.2)
Share redemption premium	**—**	(7.5)
Balance — end of period	**$ 828.3**	$ 713.5

See accompanying notes

CONSOLIDATED BALANCE SHEETS

(Unaudited) (Millions of dollars)	**As at December 17, 2005**	As at September 24, 2005
ASSETS		
Current assets		
Cash and cash equivalents	**$ 81.5**	$ 93.8
Accounts receivable	**305.8**	287.7
Inventories	**636.3**	551.9
Prepaid expenses	**16.3**	15.1
Future income taxes	**12.1**	12.4
	1,052.0	960.9
Investments and other assets	**107.3**	100.6
Fixed assets	**1,106.4**	1,106.4
Intangible assets	**199.0**	194.8
Goodwill	**1,543.7**	1,543.7
Accrued benefit assets	**21.3**	20.9
	$ 4,029.7	$ 3,927.3
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Bank loans	**$ 2.4**	$ 0.3
Accounts payable	**1,023.0**	1,032.2
Income taxes payable	**11.5**	13.8
Current portion of long-term debt	**7.5**	7.7
	1,044.4	1,054.0
Long-term debt	**1,304.2**	1,205.0
Accrued benefit obligations	**55.6**	66.6
Future income taxes	**85.1**	82.1
Minority interest	**6.3**	6.3
	2,495.6	2,414.0
Shareholders' equity		
Capital stock *(note 7)*	**703.8**	703.8
Contributed surplus	**2.0**	1.8
Retained earnings	**828.3**	807.7
	1,534.1	1,513.3
	$ 4,029.7	$ 3,927.3

See accompanying notes

CONSOLIDATED STATEMENTS OF CASH FLOWS

12-week periods ended December 17, 2005 and December 18, 2004 *(Unaudited) (Millions of dollars)*	Fiscal **2006**	2005
Operating activities		
Net earnings	**$ 32.0**	$ 38.6
Non-cash items		
Integration and rationalization costs *(note 3)*	**18.0**	—
Share of earnings in a public company subject to significant influence	**(6.8)**	(5.2)
Depreciation and amortization	**38.8**	17.0
Amortization of deferred financing costs	**0.6**	—
Loss on disposal and write-off of fixed and intangible assets	**0.4**	—
Future income taxes	**3.3**	2.2
Stock-based compensation cost	**0.2**	0.2
(Excess) loss of amounts paid for employee future benefits over current period cost	**(11.4)**	0.1
	75.1	52,9
Net change in non-cash working capital related to operations	**(128.1)**	(104.8)
	(53.0)	(51.9)
Investing activities		
Net change in investments	**0.3**	0.6
Acquisition of fixed assets	**(42.3)**	(35.5)
Disposal of fixed assets	**4.3**	7.7
Acquisition of intangible assets	**(10.0)**	(6.2)
	(47.7)	(33.4)
Financing activities		
Net change in bank loans	**2.1**	73.7
Issue of shares	**—**	0.6
Redemption of shares	**—**	(8.1)
Disposal of treasury shares	**—**	2.0
Increase of long-term debt	**600.8**	1.0
Repayment of long-term debt	**(503.1)**	(0.9)
Dividends paid	**(11.4)**	(8.2)
	88.4	60.1
Net change in cash and cash equivalents	**(12.3)**	(25.2)
Cash and cash equivalents — beginning of period	**93.8**	43.0
Cash and cash equivalents — end of period	**$ 81.5**	$ 17.8
Other information		
Interest paid	**$ 9.7**	$ 0.6
Income taxes paid	**$ 20.4**	$ 53.6

See accompanying notes

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

12-week periods ended December 17, 2005
and December 18, 2004
(Unaudited) (Millions of dollars, except for earnings per share)

1. STATEMENT PRESENTATION

The unaudited interim consolidated financial statements were prepared by management in accordance with Canadian generally accepted accounting principles. The accounting policies and procedures used in assembling these interim consolidated financial statements are the same as those used in preparing the audited annual consolidated financial statements for the year ended September 24, 2005. 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 2005 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. BUSINESS ACQUISITION

A description of the acquisition and the preliminary purchase price allocation are presented in note 4 of the 2005 Annual Report.

Management is currently carrying out a more specific analysis and changes will be made to the allocation of the excess of consideration paid over net assets acquired as the information becomes available. For example, since the measurement of the fair value of fixed assets had not yet been completed at the time of the preliminary allocation, fixed assets have been presented at cost. The measurement of indefinite and finite-lived intangible assets is also under way. As a result, the actual amount allocated to each of the identifiable assets, assumed liabilities and related operating results will vary from initial recorded amounts and differences could be significant. The integration and rationalization plan presented in note 3 will also impact the measurement of A&P Canada's assets and liabilities and will be taken into consideration in the purchase price allocation when the Company will be able to complete a better evaluation.

3. INTEGRATION AND RATIONALIZATION COSTS

During the first quarter of 2006, the Company has continued the evaluation of its integration and rationalization plan following the acquisition of A&P Canada. Three main lines have been identified, namely stores and distribution centres, common services, and implementing of information systems at A&P Canada. Regarding Ontario stores, the Company expects to convert some stores to different banners and to close a few others. Common services shared by Québec and Ontario operations and distribution centres operations will also be integrated and rationalized.

Total anticipated costs over the next two fiscal years are $55 million, which includes the $18.3 million incurred in the first quarter of 2006. In the coming quarters, additional impacts of the plan, with regards to A&P Canada operations, will be presented in the purchase price allocation once they are evaluated.

By Nature of Project

	Incurred	Anticipated	Total
Stores and distribution centres	11.9	5.1	17.0
Common services	6.4	11.6	18.0
Implementation of information systems	—	20.0	20.0
Total	18.3	36.7	55.0

By Nature of Costs

	Incurred	Paid	End Liability	Anticipated	Total
Retention bonuses and termination benefits	10.1	0.2	9.9	13.9	24.0
Training and IT implementation	—	—	—	20.0	20.0
Vacant premises	2.4	0.1	2.3	0.8	3.2
Others	0.5	—	0.5	0.9	1.4
	13.0	0.3	12.7	35.6	48.6
Assets write-off	5.3			1.1	6.4
Total	18.3			36.7	55.0

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 are as follows:

	Fiscal			
	2006		2005	
	Pension plans	**Other plans**	Pension plans	Other plans
Defined contribution plans	**$ 2.1**	**$ 0.1**	$ 1.7	$ 0.1
Defined benefit plans				
Current service cost	**4.8**	**0.3**	1.1	0.1
Interest cost	**5.6**	**0.5**	1.4	0.1
Projected return on plan assets	**(7.7)**	**—**	(1.4)	—
Amortization of actuarial losses and past service costs	**0.2**	**—**	0.1	—
	2.9	**0.8**	1.2	0.2
Total	**$ 5.0**	**$ 0.9**	$ 2.9	$ 0.3

5. INCOME TAXES

The effective income tax rates were as follows:

	2006 %	2005 %
Combined statutory income tax rate	**31.8**	31.2
Changes		
Impact of 3% increased of the Quebec's income tax rate on future taxes ($5.3 in 2006)	**9.9**	—
Share of earnings of a public company subject to significant influence	**(1.3)**	(0.9)
Other	**(0.3)**	(1.1)
	40.1	29.2

6. EARNINGS PER SHARE

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

(Millions)	Fiscal **2006**	2005
Weighted average number of shares outstanding — Basic	**114.4**	96.6
Dilutive effect of stock option plan	**1.6**	0.7
Weighted average number of shares outstanding — Fully diluted	**116.0**	97.3

7. CAPITAL STOCK

Issued and Outstanding for Fiscal 2006

	Class A Subordinate Shares		Class B Shares		
	Number *(Thousands)*		Number *(Thousands)*		Total
Balance as at September 24, 2005	113,504	$ 701.9	923	$ 1.9	$ 703.8
Issue of shares	—	—	—	—	—
Redemption of shares	—	—	—	—	—
Conversion of shares	11	—	(11)	—	—
Balance as at December 17, 2005	113,515	$ 701.9	912	$ 1.9	$ 703.8

Stock Option Plan / As at December 17, 2005, 4,388,480 stock options had been granted to certain employees at exercise prices varying from \$7.93 to \$33.87, with expiry dates up to 2012. Of these stock options, 2,851,300 could be exercised for an average weighted exercise price of \$19.70.

	Fiscal **2006**	2005
Granted stock options during the period	**30,000**	58,900
Weighted average exercise price	**$ 32.70**	$ 22.81
Weighted average fair value	**$ 10.16**	$ 7.01

During the first quarter of 2006, the weighted average fair value of stock options 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 4% (2005 – 3.8%), expected six-year term (2005 – six-year term), anticipated volatility of 30% (2005 – 30%) and an anticipated 1.5% dividend yield (2005 – 1.5%).

The compensation cost for these stock options amounted to $0.2 for the first quarter of 2006 (2005 – $0.2).

8. FINANCIAL INSTRUMENTS

During the first quarter, interest rate swaps were contracted for a total notional amount of $150 million of the Credit Facility A. These contracts enable us to change our variable rate interest payments with fixed rate interest payments under the following conditions:

Objective	Fixed Rate	Notional amount *(Millions of dollars)*	Maturity
Fixing debt cost	4.6480%	50	November 23, 2008
Fixing debt cost	4.6820%	50	December 16, 2009
Fixing debt cost	4.7425%	50	December 16, 2010

9. SUBSEQUENT EVENT

On December 22, 2005, the credit agreement was amended and restated from its original version signed on August 12, 2005 reflecting, in particular, the $600 million Credit Facilities repayment made by the Company when $600 million of medium-term notes were issued on October 12, 2005, and provided for the release of guarantees granted by the Company's main subsidiaries.

The above-mentioned instrument released the guarantees related to the medium-term notes granted by the main subsidiaries of METRO INC. under the deed of trust dated September 30, 2005.

INFORMATION

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