



PRESS RELEASE

**NET EARNINGS INCREASED BY 21.0%
IN THE FIRST QUARTER OF 2010 AND DIVIDEND RAISED BY 23.6%**

2010 FIRST QUARTER HIGHLIGHTS

- Net earnings of \$98.1 million (\$0.91 per share), up 21.0%
 - Adjusted net earnings⁽¹⁾ of \$88.7 million, up 5.5%
 - Adjusted fully diluted net earnings per share⁽¹⁾ of \$0.82, up 7.9%
 - Sales of \$2,645.0 million, up 1.7%
 - Declared dividend per share of \$0.17, up 23.6%
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(Montréal, January 26, 2010) — METRO INC. (TSX: MRU.A) realized net earnings of \$98.1 million in the first quarter of 2010, ended December 19, 2009, an increase of 21.0% over last year, and fully diluted net earnings per share of \$0.91, an increase of 24.7% over \$0.73 last year.

Excluding a non-recurring tax expense decrease of \$10.0 million recorded in the first quarter of 2010, as well as non-recurring costs recorded in the first quarters of 2010 and 2009 to convert our Ontario supermarkets to the Metro banner, adjusted net earnings⁽¹⁾ for the first quarter of 2010 were \$88.7 million, up 5.5% from \$84.1 million last year, and adjusted fully diluted net earnings per share⁽¹⁾ were \$0.82, up 7.9% from \$0.76 last year.

"We are pleased with our first quarter results which improved on last year's excellent first quarter. Customer count continued to rise, but our basket size was smaller than last year as we experienced deflation in certain product categories. The economic environment remains challenging, however we are well-positioned in our markets and confident⁽²⁾ that we will continue our growth in 2010," stated Eric R. La Flèche, President and Chief Executive Officer.

⁽¹⁾ See section on "Non-GAPP measurements"

⁽²⁾ See section on "Forward-looking information"

SALES

2010 first quarter sales reached \$2,645.0 million compared to \$2,600.5 million last year, an increase of 1.7%. This increase was achieved despite a slight drop in the value of our basket, whereas last year high food price inflation and the temporary closing of several stores of a competitor due to a labour conflict, had a positive impact on our first and second quarter sales. Same-store sales remained stable in the first quarter.

EARNINGS BEFORE FINANCIAL COSTS, TAXES, DEPRECIATION AND AMORTIZATION (EBITDA)⁽¹⁾

First quarter EBITDA⁽¹⁾ reached \$182.1 million, up 7.0% from \$170.2 million for the same quarter last year. First quarter EBITDA⁽¹⁾ represented 6.9% of sales versus 6.5% last year. Excluding banner conversion costs of \$0.9 million and \$4.5 million before taxes recorded respectively in the first quarters of 2010 and 2009, adjusted 2010 and 2009 first quarter EBITDA⁽¹⁾ represented 6.9% and 6.7% of sales respectively. This increase is due mainly to an increase in our gross margins driven by our improved store operations.

Our share of earnings from our investment in Alimentation Couche-Tard in the first quarter of 2010 was \$10.8 million versus \$11.1 million for the corresponding quarter of fiscal 2009. Excluding non-recurring items as well as our share of earnings from our investment in Alimentation Couche-Tard, our adjusted EBITDA⁽¹⁾ for the first quarter were \$172.2 million or 6.5% of sales versus \$163.6 million or 6.3% of sales for the first quarter of 2009.

EBITDA⁽¹⁾ Adjustments

	12 weeks / Fiscal Year					
	2010			2009		
<i>(Millions of dollars, unless otherwise indicated)</i>	EBITDA	Sales	EBITDA/Sales (%)	EBITDA	Sales	EBITDA/Sales (%)
EBITDA	182.1	2,645.0	6.9	170.2	2,600.5	6.5
Banner conversion costs	0.9	—		4.5	—	
Adjusted EBITDA	183.0	2,645.0	6.9	174.7	2,600.5	6.7
Share of earnings from our investment in Alimentation Couche-Tard	(10.8)	—		(11.1)	—	
Adjusted EBITDA excluding share of earnings	172.2	2,645.0	6.5	163.6	2,600.5	6.3

DEPRECIATION AND AMORTIZATION AND FINANCIAL COSTS

Total amortization expenses for the first quarter of 2010 amounted to \$46.7 million, compared with \$41.6 million for the same quarter last year. First quarter financial costs totalled \$11.0 million in 2010 and \$12.5 million last year. First quarter interest rates averaged 4.0% versus 5.0% in the first quarter of 2009.

INCOME TAXES

The income tax expenses of \$26.3 million for the first quarter of 2010 represented the effective tax rate of 21.1% compared with tax expenses of \$35.0 million and an effective tax rate of 30.1% in 2009. In the first quarter of 2010, we benefited from a \$10.0 million reduction in our net future income tax liabilities and our income tax expenses following the Ontario Legislature's approval in November 2009 of successive future decreases in the corporate tax rate from the current rate of 14% to 10% between July 1, 2010 and July 1, 2013. Excluding this non-recurring decrease in income tax expense, our effective tax rate for the first quarter of 2010 was 29.1%.

⁽¹⁾ See section on "Non-GAPP measurements"

⁽²⁾ See section on "Forward-looking information"

NET EARNINGS

Net earnings for the first quarter of 2010 were \$98.1 million, compared to \$81.1 million last year, an increase of 21.0%. Fully diluted net earnings per share were \$0.91, up 24.7% from \$0.73 in 2009. Excluding the income tax expense decrease of \$10.0 million in 2010 and pre-tax banner conversion costs of \$0.9 million in the first quarter of 2010 and \$4.5 million in the corresponding quarter of 2009, adjusted net earnings⁽¹⁾ for the first quarter of 2010 were \$88.7 million, up 5.5% from \$84.1 million for the same quarter last year, while adjusted fully diluted net earnings per share⁽¹⁾ were \$0.82, up 7.9% from \$0.76 last year.

Net Earnings Adjustments

	12 weeks / Fiscal Year					
	2010		2009		Change (%)	
	<i>(Millions of dollars)</i>	Fully diluted EPS (Dollars)	<i>(Millions of dollars)</i>	Fully diluted EPS (Dollars)	Net earnings	Fully diluted EPS
Net earnings	98.1	0.91	81.1	0.73	21.0	24.7
Banner conversion costs after taxes	0.6	—	3.0	0.03		
Decrease in tax expense	(10.0)	(0.09)	—	—		
Adjusted net earnings ⁽¹⁾	88.7	0.82	84.1	0.76	5.5	7.9

⁽¹⁾ See section on "Non-GAPP measurements"

⁽²⁾ See section on "Forward-looking information"

Quarterly Highlights

<i>(Millions of dollars, unless otherwise indicated)</i>	2010	2009	2008	Change (%)
Sales				
Q1	2,645.0	2,600.5	–	1.7
Q4	–	2,532.5	2,476.0	2.3
Q3	–	3,513.3	3,370.0	4.3
Q2	–	2,549.7	2,372.4	7.5
Net earnings				
Q1	98.1	81.1	–	21.0
Q4	–	84.4	72.5	16.4
Q3	–	112.6	91.9	22.5
Q2	–	76.3	54.0	41.3
Adjusted net earnings⁽¹⁾				
Q1	88.7	84.1	–	5.5
Q4	–	85.9	72.5	18.5
Q3	–	111.8	91.9	21.7
Q2	–	77.2	54.0	43.0
Fully diluted net earnings per share <i>(Dollars)</i>				
Q1	0.91	0.73	–	24.7
Q4	–	0.77	0.65	18.5
Q3	–	1.01	0.81	24.7
Q2	–	0.68	0.48	41.7
Adjusted fully diluted net earnings per share⁽¹⁾ <i>(Dollars)</i>				
Q1	0.82	0.76	–	7.9
Q4	–	0.78	0.65	20.0
Q3	–	1.01	0.81	24.7
Q2	–	0.68	0.48	41.7

First quarter sales for 2010 were up 1.7% over those for 2009. This increase was achieved despite a slight drop in the value of our basket, whereas last year high food price inflation and the temporary closing of several stores of a competitor due to a labour conflict, had a positive impact on our first and second quarter sales.

Second, third and fourth quarter sales for 2009 were up 7.5%, 4.3% and 2.3% respectively over those for 2008. Effective merchandising programs allowed us to post increases. Excluding decreased tobacco sales, 2009 second, third and fourth quarter sales were up 8.3%, 5.2%, and 3.2% respectively over 2008.

First quarter net earnings and fully diluted net earnings per share for 2010 were up 21.0% and 24.7% respectively over those for 2009. Excluding pre-tax banner conversion costs of \$0.9 million and \$4.5 million before taxes recorded respectively in the first quarters of 2010 and 2009, as well as the income tax expense decrease of \$10.0 million in the first quarter of 2010 further to future decreases in the Ontario tax rate, adjusted net earnings⁽¹⁾ were up 5.5% and adjusted fully diluted net earnings per share⁽¹⁾ were up 7.9%.

⁽¹⁾ See section on "Non-GAPP measurements"

⁽²⁾ See section on "Forward-looking information"

In 2009, our sales growth and ongoing efforts to improve store operations in Ontario allowed us to increase our gross margins.

Second quarter net earnings and fully diluted net earnings per share for 2009 were up 41.3% and 41.7% from 2008. Excluding banner conversion costs of \$1.3 million before taxes recorded in the second quarter of 2009, adjusted net earnings⁽¹⁾ for the second quarter of 2009 were up 43.0%.

Difficulties encountered in the second quarter of 2008 also explain the 2009 second quarter increase over the same quarter of 2008. These difficulties stemming from a more intensely competitive environment in Ontario and issues associated with our new information systems in Ontario and our new Food Services warehouse in Québec were resolved in the third and fourth quarters of 2008.

Third quarter net earnings and fully diluted net earnings per share in 2009 were up 22.5% and 24.7% respectively from 2008. Excluding non-recurring items recorded in the third quarter of 2009, namely \$2.9 million before taxes to convert our Ontario supermarkets to the Metro banner as well as an income tax expense decrease of \$2.7 million, adjusted net earnings⁽¹⁾ and adjusted fully diluted net earnings per share⁽¹⁾ for the third quarter of 2009 were up 21.7% and 24.7%, compared to adjusted net earnings⁽¹⁾ and adjusted fully diluted net earnings per share⁽¹⁾ for the third quarter of 2008.

Fourth quarter net earnings and fully diluted net earnings per share in 2009 were up 16.4% and 18.5% over those for 2008. Excluding 2009 fourth quarter banner conversion costs of \$2.3 million before taxes, adjusted net earnings⁽¹⁾ and adjusted fully diluted net earnings per share⁽¹⁾ for the fourth quarter of 2009 were up 18.5% and 20.0% over adjusted net earnings⁽¹⁾ and adjusted fully diluted net earnings per share⁽¹⁾ for the fourth quarter of 2008.

	2010	2009				2008		
<i>(Millions of dollars)</i>	Q1	Q1	Q2	Q3	Q4	Q2	Q3	Q4
Net earnings	98.1	81.1	76.3	112.6	84.4	54.0	91.9	72.5
Banner conversion costs after taxes	0.6	3.0	0.9	1.9	1.5	—	—	—
Decrease in tax expense	(10.0)	—	—	(2.7)	—	—	—	—
Adjusted net earnings ⁽¹⁾	88.7	84.1	77.2	111.8	85.9	54.0	91.9	72.5

	2010	2009				2008		
<i>(Dollars and per share)</i>	Q1	Q1	Q2	Q3	Q4	Q2	Q3	Q4
Fully diluted net earnings	0.91	0.73	0.68	1.01	0.77	0.48	0.81	0.65
Banner conversion costs after taxes	—	0.03	—	0.02	0.01	—	—	—
Decrease in tax expense	(0.09)	—	—	(0.02)	—	—	—	—
Adjusted fully diluted net earnings ⁽¹⁾	0.82	0.76	0.68	1.01	0.78	0.48	0.81	0.65

⁽¹⁾ See section on "Non-GAPP measurements"

⁽²⁾ See section on "Forward-looking information"

Cash Position

OPERATING ACTIVITIES

Operating activities generated cash flows of \$9.5 million in the first quarter of 2010 versus \$50.8 million in the corresponding quarter of 2009. This variation is due primarily to increased use of non-cash working capital.

INVESTING ACTIVITIES

Investing activities required outflows of \$208.2 million in the first quarter of 2010 compared to \$55.1 million for the first quarter of 2009. This increase is due primarily to the 2010 first quarter acquisition of 18 stores for valuable cash consideration of \$136.7 million. Over the quarter, the Company and its retailers invested \$95.2 million in our retail network for a net expansion of 369,600 square feet or 1.9%. Major renovations and expansions of 13 stores were completed and 8 new stores were opened.

FINANCING ACTIVITIES

Financing activities required outflows of \$42.7 million in the first quarter of 2010 versus \$5.3 million in 2009. The variation in outflows is largely attributable to the greater redemption of shares in 2010, in the amount of \$33.0 million versus redemption in the amount of \$9.3 million in 2009.

Financial Position

Despite the difficult economic environment, we do not anticipate⁽²⁾ any liquidity risk and consider that our financial position at the end of the first quarter of fiscal 2010 as very solid. We had an unused authorized revolving line of credit of \$400.0 million. Our long-term debt corresponded to 30.2% of the combined total of long-term debt and shareholders' equity (long-term debt/total capital).

At the end of the first quarter of 2010, the main elements of our long-term debt were as follows:

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

At the end of the quarter, one interest rate swap agreement in the notional amount of \$50.0 million was outstanding under our Credit A Facility. This agreement provides for the exchange of variable interest payment for fixed interest payment according to the following term:

Fixed Rate	Notional Amount (Millions of dollars)	Maturity
4.0425%	50.0	December 16, 2010

Giving effect to this swap agreement, at the end of the quarter, long-term indebtedness comprised \$650.0 million at fixed rates ranging from 4.4925% to 5.97% and \$319.3 million at variable rates which fluctuate with changes in bankers' acceptance rates.

At the end of the first quarter, we also had foreign exchange forward contracts to hedge against the effect of foreign exchange rate fluctuations on our future U.S. dollar denominated purchases. The fair value of these short-term foreign exchange forward contracts was insignificant.

⁽¹⁾ See section on "Non-GAPP measurements"

⁽²⁾ See section on "Forward-looking information"

FINANCIAL RATIOS

	As at December 19, 2009	As at September 26, 2009
Financial structure		
Long-term debt <i>(Millions of dollars)</i>	1,004.5	1,004.3
Shareholders' equity <i>(Millions of dollars)</i>	2,318.5	2,264.1
Long-term debt/total capital (%)	30.2	30.7
	Fiscal 2010 <i>(12 weeks)</i>	Fiscal 2009 <i>(12 weeks)</i>
Results		
EBITDA ⁽¹⁾ /Financial costs <i>(Times)</i>	16.6	13.6

CAPITAL STOCK, STOCK OPTIONS AND PERFORMANCE SHARE UNITS

	As at December 19, 2009	As at September 26, 2009
Number of Class A Subordinate Shares outstanding <i>(Thousands)</i>	107,056	107,830
Number of Class B Shares outstanding <i>(Thousands)</i>	642	718
Stock options:		
Number outstanding <i>(Thousands)</i>	1,762	1,864
Exercise prices <i>(Dollars)</i>	17.23 to 39.17	17.23 to 39.17
Weighted average exercise price <i>(Dollars)</i>	28.93	28.53
Performance share units:		
Number outstanding <i>(Thousands)</i>	268	268
Weighted average maturity <i>(Months)</i>	15	18

NORMAL COURSE ISSUER BID PROGRAM

Under the normal course issuer bid program, the Company may repurchase up to 6,000,000 of its Class A Subordinate shares between September 8, 2009 and September 7, 2010. Since September 8, 2009, the Company has repurchased 1,140,900 Class A Subordinate shares at an average price of \$34.60 for a total of \$39.5 million. This program offers us an additional option for using excess funds. Thus, we can decide, in the shareholders' best interest, to reimburse debt or to repurchase Company shares.

DIVIDENDS

On January 25, 2010, the Company's Board of Directors declared a quarterly dividend of \$0.17 per Class A Subordinate Share and Class B Share payable March 8, 2010, an increase of 23.6% over last year. On an annualized basis, this dividend represents 20.7% of 2009 net earnings.

SHARE TRADING

The value of METRO shares remained in the \$33.02 to \$39.15 range over the first quarter of fiscal 2010. During this period, a total of 20.8 million shares traded on the Toronto Stock Exchange. The closing price on Friday, January 15, 2010 was \$38.57, compared with \$34.73 at the end of fiscal 2009.

⁽¹⁾ See section on "Non-GAPP measurements"

⁽²⁾ See section on "Forward-looking information"

New Accounting Policy Recently Published

International Financial Reporting Standards

On February 13, 2008, the Accounting Standards Board confirmed the date of the 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. The Company's IFRS changeover date will be the first day of fiscal 2012, namely September 25, 2011.

We set up a project structure to achieve the changeover of our consolidated financial statements to IFRS. A multidisciplinary working group analyzes, recommends accounting policy choices and implements each IFRS standard. A steering committee made up of senior executives approves accounting policy choices and makes sure that information technology, internal control, contractual and any other adjustments are made. The external auditors are notified of our choices and consulted on them. The Company's Audit Committee ensures that management fulfills its responsibilities and successfully accomplishes the changeover to IFRS.

We developed a work plan whose phases are outlined in the following tables, with actions, timetable and progress.

Phase 1: Preliminary Study and Diagnostic

Actions	Identification of the IFRS standards that will require changes with regard to measurement in consolidated financial statements and disclosure. Rank of standards based on their anticipated impact on our consolidated financial statements and the effort their implementation requires.
Timetable	End of our 2008 fiscal year.
Progress	Completed.

Phase 2: Standards Analysis

Actions	Analysis of the differences between GAAP and IFRS. Selection of the accounting policies that the Company will apply on an ongoing basis. Company's selection of IFRS 1 exemptions at the date of transition. Calculation of the quantitative impact on the consolidated financial statements. Disclosure analysis. Preparation of draft consolidated financial statements and notes. Identification of the collateral impact in the following areas. <ul style="list-style-type: none">▪ information technology▪ internal control over financial reporting▪ disclosure controls and procedures▪ contracts▪ compensation▪ taxation▪ training
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⁽¹⁾ See section on "Non-GAAP measurements"

⁽²⁾ See section on "Forward-looking information"

Timetable	We have prepared a detailed timetable that contemplates the bulk of the analysis that will be completed by the end of September 2010. We prioritized standards, based on their ranking in the diagnostic, the time needed to complete the analysis and implementation, working group members' availability, as well as the timing of discussion papers, exposure drafts and new standards to be issued by the International Accounting Standards Board (IASB).
Progress	At the end of the first quarter of fiscal 2010, we began the analysis of 29 IFRS standards and interpretations out of a total of approximately 50 that may have an impact on our Company.

Phase 3: Implementation

Actions	Preparation of the opening balance sheet at the date of transition. Compilation of the comparative financial data. Production of the interim consolidated financial statements and the associated disclosure. Production of the annual consolidated financial statements and the associated disclosure. Implementation of changes regarding collateral impacts.
Timetable	At the end of fiscal 2011, our opening balance sheet, comparative financial data under IFRS and changes regarding collateral impacts will be completed. In fiscal 2012, we will produce our interim and annual consolidated financial statements and disclosure in accordance with IFRS.
Progress	Not yet commenced.

So far, we have analyzed a number of IFRS standards. We have made choices, as warranted, with regard to these standards and noted the differences between some of these standards and our current accounting policies. The most significant ones are set out in the following table:

Standards	Comparison between IFRS and GAAP	Preliminary Findings
Borrowing costs	IFRS: We have to capitalize borrowing costs on qualifying assets, i.e. assets that require an extended period of preparation before they are usable or saleable. GAAP: These borrowing costs may be capitalized.	We will not capitalize borrowing costs on qualifying assets, as they are deemed to be immaterial.

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

⁽²⁾ See section on "Forward-looking information"

Fixed assets	IFRS: After initial recognition, we can measure our fixed assets using the cost model or the revaluation model. GAAP: The revaluation model is not allowed.	We will continue to use the cost model in order to avoid balance sheet variations in the fair value of fixed assets and the corresponding impact on P&L statements.
	IFRS: We have to amortize our fixed assets based on their components. GAAP: Component identification rules are less stringent.	Two new components, the roof and HVAC system, will be amortized separately from the building. The carrying value of these assets and corresponding depreciation expense will be different, but the impact should not be material.
Investment property	IFRS: After initial recognition, we can measure our investment property using the cost model or the revaluation model. GAAP: The revaluation model is not allowed.	We will continue to use the cost model in order to avoid balance sheet variations in the fair value of investment property and the corresponding impact on P&L statements.
Impairment of assets	IFRS: We have to conduct impairment testing of our assets at the independent cash generating unit (CGU) level. GAAP: The unit is defined as it generates both independent cash inflows and outflows.	Our impairment testing will be conducted at the level of each store and each warehouse that supplies external clients. Impairment testing of corporate assets and goodwill will be conducted at the level of groups of CGUs. Impairment testing results may be different, but their impact should not be material.
Share-based payment	IFRS: When stock option awards vest gradually, each tranche is to be considered as a separate award. GAAP: The gradually vested tranches are considered as a single award.	The compensation expense will have to be recognized over the expected term of each vested tranche. It will be different, but the impact should not be material.
Earnings per share	IFRS: We have to independently determine, for the interim period and the year-to-date, the number of potentially dilutive shares to consider in calculating diluted earnings per share. GAAP: The number is independently determined for the interim period, but the year-to-date is a weighted average of the periods.	Diluted earnings per share will be different, but the impact should not be material.

⁽¹⁾ See section on "Non-GAPP measurements"

⁽²⁾ See section on "Forward-looking information"

We have also made choices concerning certain exemptions from retrospective application at the time of changeover provided by IFRS 1 and which are set out in the following table:

Optional Exemptions	Preliminary Findings
Borrowing costs	This exemption allows us not to capitalize borrowing costs on our qualifying assets before the IFRS transition date. Given that we will not capitalize these borrowing costs, we will not use the exemption.
Deemed cost	On the IFRS transition date, we can recognize each fixed asset and investment property at its deemed cost, which shall be its fair value. We shall analyze our fixed assets and investment property to determine whether or not to use the exemption.
Share-based payment	This exemption would relieve us from applying the standard to equity instruments acquired before the IFRS transition date. We have decided not to avail ourselves of this exemption.

Other key analyses are in progress or will be undertaken shortly. Consequently, preliminary findings do not appear in the above tables. Any choices made or variances identified will be communicated once the analyses have been completed. Furthermore, the release of IASB discussion papers, exposure drafts and new standards could change our preliminary findings.

Press Release

This press release sets out the financial position and consolidated results of METRO INC. on December 19, 2009. 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 26, 2009 and related notes and MD&A presented in the Company's 2009 Annual Report. This press release is based upon information as at January 15, 2010 unless otherwise stated. Additional information, including the Certification of Interim Filings letters for the quarter ended December 19, 2009 signed by the President and Chief Executive Officer and the Senior Vice-President, Chief Financial Officer and Treasurer, is also available on the SEDAR website at: www.sedar.com.

Non-GAAP Measurements

In addition to 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 financial costs, taxes, depreciation and amortization (EBITDA)

EBITDA is a measurement of earnings that excludes financial costs, 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.

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

⁽²⁾ See section on "Forward-looking information"

Forward-looking Information

We have used, throughout this press release, different statements that could, within the context of regulations issued by the Canadian Securities Administrators, be construed as being forward-looking information. In general, any statement contained herein, which does not constitute a historical fact, may be deemed a forward-looking statement. Expressions such as “confident”, “anticipate” and other similar expressions are generally indicative of forward-looking statements. The forward-looking statements contained herein are based upon certain assumptions regarding the Canadian food industry, the general economy, our annual budget, as well as our 2010 action plan.

These forward-looking statements do not provide any guarantees as to the future performance of the Company and are subject to potential risks, known and unknown, as well as uncertainties that could cause the outcome to differ significantly. An economic slowdown or recession, or the arrival of a new competitor, are examples described under the “Risk Management” section of the 2009 Annual Report which could have an impact on these statements. We believe these statements to be reasonable and pertinent as at the date of publication of this press release and represent our expectations. The Company does not intend to update any forward-looking statement contained herein, except as required by applicable law.

Conference Call

Financial analysts and institutional investors are invited to participate in a conference call on the 2010 first quarter results at **4:00 p.m. (EST) on Tuesday, January 26, 2010**. To access the conference call, please dial (514) 807-9895 or (647) 427-7450 or (888)-231-8191. The media and investing 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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⁽¹⁾ See section on “Non-GAPP measurements”

⁽²⁾ See section on “Forward-looking information”

Consolidated Statements of Earnings

12-week periods ended December 19, 2009 and December 20, 2008
(Unaudited) (Millions of dollars, except for net earnings per share)

	Fiscal Year	
	2010	2009
Sales	\$ 2,645.0	\$ 2,600.5
Cost of sales and operating expenses <i>(note 8)</i>	(2,472.8)	(2,436.9)
Share of earnings in a public company subject to significant influence	10.8	11.1
Banner conversion costs <i>(note 3)</i>	(0.9)	(4.5)
Earnings before financial costs, taxes, depreciation and amortization	182.1	170.2
Depreciation and amortization	(46.7)	(41.6)
Operating income	135.4	128.6
Financial costs, net <i>(note 5)</i>	(11.0)	(12.5)
Earnings before income taxes	124.4	116.1
Income taxes <i>(note 6)</i>	(26.3)	(35.0)
Net earnings	\$ 98.1	\$ 81.1
Net earnings per share <i>(Dollars)</i> <i>(note 7)</i>		
Basic	0.91	0.73
Fully diluted	0.91	0.73
<i>See accompanying notes</i>		

Consolidated Balance Sheets

(Unaudited) (Millions of dollars)

	As at December 19, 2009	As at September 26, 2009
ASSETS		
Current assets		
Cash and cash equivalents	\$ —	\$ 241.4
Accounts receivable	357.1	315.8
Inventories (note 8)	789.1	681.3
Prepaid expenses	13.8	8.3
Income taxes receivable	7.1	6.6
Future income taxes	25.9	29.8
	1,193.0	1,283.2
Investments and other assets	215.9	204.0
Fixed assets	1,354.8	1,305.8
Intangible assets	322.3	325.4
Goodwill	1,595.9	1,478.6
Future income taxes	3.4	3.6
Accrued benefit asset	65.7	65.6
	\$ 4,751.0	\$ 4,666.2
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Bank loans	\$ 7.7	\$ 0.8
Accounts payable	1,137.9	1,111.2
Income taxes payable	32.3	24.8
Future income taxes	17.8	9.2
Current portion of long-term debt	5.5	6.4
	1,201.2	1,152.4
Long-term debt	1,004.5	1,004.3
Accrued benefit liability	49.4	49.0
Future income taxes	149.2	165.0
Other long-term liabilities	28.2	31.4
	2,432.5	2,402.1
Shareholders' equity		
Capital stock (note 9)	713.3	716.7
Contributed surplus (note 10)	4.2	3.7
Retained earnings	1,602.3	1,545.7
Accumulated other comprehensive income (note 11)	(1.3)	(2.0)
	2,318.5	2,264.1
	\$ 4,751.0	\$ 4,666.2
<i>See accompanying notes</i>		

Consolidated Statements of Cash Flows

12-week periods ended December 19, 2009 and December 20, 2008
(Unaudited) (Millions of dollars)

	Fiscal Year	
	2010	2009
Operating activities		
Net earnings	\$ 98.1	\$ 81.1
Non-cash items		
Share of earnings in a public company subject to significant influence	(10.8)	(11.1)
Depreciation and amortization	46.7	41.6
Amortization of deferred financing costs	0.5	0.5
Loss on disposal and write-off of fixed and intangible assets	0.1	—
Future income taxes	(3.4)	5.8
Stock-based compensation cost	1.2	1.1
Difference between amounts paid for employee future benefits and current period cost	0.3	(6.5)
	132.7	112.5
Net change in non-cash working capital items related to operations	(123.2)	(61.7)
	9.5	50.8
Investing activities		
Business acquisitions (note 2)	(136.7)	—
Net change in investments and other assets	(2.8)	(0.2)
Dividends from public company subject to significant influence	0.7	0.7
Additions to fixed assets	(66.0)	(52.1)
Proceeds on disposal of fixed assets	2.4	0.7
Additions to intangible assets	(5.8)	(4.2)
	(208.2)	(55.1)
Financing activities		
Net change in bank loans	7.2	2.3
Issuance of shares (note 9)	2.2	17.4
Redemption of shares (note 9)	(33.0)	(9.3)
Increase in long-term debt	1.8	2.7
Repayment of long-term debt	(3.9)	(2.3)
Net change in other long-term liabilities	(2.2)	(2.3)
Dividends paid	(14.8)	(13.8)
	(42.7)	(5.3)
Net change in cash and cash equivalents	(241.4)	(9.6)
Cash and cash equivalents – beginning of period	241.4	151.7
Cash and cash equivalents – end of period	\$ —	\$ 142.1
Supplementary information		
Interest paid	20.0	22.3
Income taxes paid	22.7	23.7

See accompanying notes

Consolidated Statements of Retained Earnings

12-week periods ended December 19, 2009 and December 20, 2008
(Unaudited) (Millions of dollars)

	Fiscal Year	
	2010	2009
Balance – beginning of period	\$ 1,545.7	\$ 1,366.8
Net earnings	98.1	81.1
Dividends	(14.8)	(13.8)
Share redemption premium (note 9)	(26.7)	(7.3)
Balance – end of period	\$ 1,602.3	\$ 1,426.8

See accompanying notes

Consolidated Statements of Comprehensive Income

12-week periods ended December 19, 2009 and December 20, 2008
(Unaudited) (Millions of dollars)

	Fiscal Year	
	2010	2009
Net earnings	\$ 98.1	\$ 81.1
Other comprehensive income (note 11)		
Change in fair value of derivatives designated as cash flow hedges	1.0	(2.7)
Corresponding income taxes	(0.3)	0.8
Comprehensive income	\$ 98.8	\$ 79.2

See accompanying notes

Notes to Interim Consolidated Statements

12-week periods ended December 19, 2009 and December 20, 2008
(Unaudited) (Millions of dollars, unless otherwise indicated)

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 26, 2009. 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 2009 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 Acquisitions

In the first quarter of 2010, the Company acquired 18 affiliated stores which it already supplied. The total purchase price was \$152.2 in cash.

The acquisitions were accounted for using the purchase method. The stores' results have been consolidated as of their respective acquisition dates. The preliminary total purchase price allocation was as follows:

Considerations paid	
Cash	\$ 136.7
Balance to be paid	15.5
<hr/> Total considerations paid	<hr/> 152.2
Net assets acquired	
Inventories	15.0
Other current assets	0.7
Fixed assets	22.8
Short-term liabilities assumed	(3.6)
<hr/> Total net assets acquired	<hr/> 34.9
<hr/> Excess considerations paid over net assets acquired	<hr/> \$ 117.3

Management is currently carrying out a more specific analysis and changes will be made to the allocation of the excess considerations 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. Furthermore, the Company has not completed the assessment of possible costs related to the restructuring and integration of activities potentially giving rise to the recognition of a liability in the allocation of the purchase price. As a result, the actual amounts allocated to the identifiable assets acquired and liabilities assumed and the related operating results may vary according to the amounts initially recorded.

The tax treatment of the goodwill will be as eligible capital property with the related tax deductions.

3. Banner Conversion Costs

In the first quarter of 2010, the Company completed the conversion of its 159 Ontario stores to the Metro banner begun in the summer of 2008. Costs of \$0.9 were recorded in the first quarter of 2010 versus \$4.5 in the corresponding quarter of 2009.

4. Employee Future Benefits

The Company maintains several defined benefit and defined contribution plans which provide most participants with pension and other retirement benefits and other post-employment benefits. The Company's defined contribution plan and defined benefit plan expense was as follows:

	Fiscal Year			
	2010		2009	
	Pension plans	Other plans	Pension plans	Other plans
Defined contribution plans	\$ 7.1	\$ 0.1	\$ 6.6	\$ 0.1
Defined benefit plans				
Current service costs	5.4	0.3	4.9	0.3
Interest cost	8.1	0.4	7.7	0.4
Projected return on plan assets	(9.6)	—	(9.1)	—
Amortization of actuarial losses and past service costs	0.4	—	0.3	—
	4.3	0.7	3.8	0.7
	\$ 11.4	\$ 0.8	\$ 10.4	\$ 0.8

5. Financial Costs, net

	Fiscal Year	
	2010	2009
Short-term interest	\$ 0.5	\$ 0.6
Long-term interest	10.3	12.1
Amortization of deferred financing costs	0.5	0.5
Interest income	(0.3)	(0.7)
	\$ 11.0	\$ 12.5

6. Income Taxes

The effective income tax rates were as follows:

<i>(Percentage)</i>	Fiscal Year	
	2010	2009
Combined statutory income tax rate	30.4	31.4
Changes		
Impact on future taxes of 4.0% total decreases in Ontario tax rate	(8.0)	—
Share of earnings in a public company subject to significant influence	(1.5)	(1.5)
Others	0.2	0.2
	21.1	30.1

7. Net 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>	Fiscal Year	
	2010	2009
Weighted average number of shares outstanding – Basic	107.8	110.5
Dilutive effect under stock option and performance share units plans	0.5	0.9
Weighted average number of shares outstanding – Diluted	108.3	111.4

8. Inventories

Inventories were detailed as follows:

	As at December 19, 2009	As at September 26, 2009
Warehouse inventories	\$ 338.2	\$ 304.0
Retail inventories	450.9	377.3
	\$ 789.1	\$ 681.3

The cost of inventories expensed for the 12-week period ended December 19, 2009 totalled \$2,160.1 (2009 – \$2,139.9).

9. Capital Stock

Outstanding

	Class A Subordinate Shares		Class B Shares		Total
	Number (Thousands)		Number (Thousands)		
Balance as at September 26, 2009	107,830	\$ 715.3	718	\$ 1.4	\$ 716.7
Shares issued for cash	104	2.2	—	—	2.2
Shares redeemed for cash, excluding premium of \$26.7	(954)	(6.3)	—	—	(6.3)
Stock options exercised	—	0.7	—	—	0.7
Conversion of Class B Shares into Class A Subordinate Shares	76	0.1	(76)	(0.1)	—
Balance as at December 19, 2009	107,056	\$ 712.0	642	\$ 1.3	\$ 713.3

Stock Option Plan

The outstanding options and the changes during the 12-week period ended December 19, 2009 were summarized as follows:

	Number (Thousands)	Weighted average exercise price (Dollars)
Balance as at September 26, 2009	1,864	28.53
Exercised	(102)	21.59
Balance as at December 19, 2009	1,762	28.93

The exercise prices of the outstanding options ranged from \$17.23 to \$39.17 as of December 19, 2009 with expiration dates up to 2016. 440,540 of those options could be exercised at a weighted average exercise price of \$25.46.

Compensation expense for these options amounted to \$0.5 for the 12-week period ended December 19, 2009 (2009 – \$0.5).

Performance Share Unit Plan

As at December 19, 2009, 267,570 performance share units (PSUs) were outstanding. During the first quarter of 2010, no changes occurred in PSUs outstanding (2009 – nil).

Class A Subordinate Shares of the Company are held in trust for participants until the PSUs vest or are cancelled. The trust, considered a variable interest entity, is consolidated in the Company's financial statements with the cost of the acquired shares recorded as treasury shares in reduction of capital stock.

At the end of the first quarter of 2010, 257,255 shares were held in trust for participants until the PSUs shall have vested or been cancelled (as at September 26, 2009 - 257,255 shares).

The compensation expense comprising all of these PSUs amounted to \$0.7 for the 12-week period ended December 19, 2009 (2009 – \$0.6).

10. Contributed Surplus

Balance as at September 26, 2009	\$ 3.7
Stock-based compensation cost	1.2
Stock options exercised	(0.7)
Balance as at December 19, 2009	\$ 4.2

11. Accumulated Other Comprehensive Income

Derivatives designated as cash flow hedges constitute the sole component of Accumulated Other Comprehensive Income. The changes during the 12-week period ended December 19, 2009 were as follows:

	Fiscal Year	
	2010	2009
Balance – beginning of period	\$ (2.0)	\$ (1.0)
Change in fair value of designated derivatives net of income taxes of \$0.3 (2009 – \$0.8)	0.7	(1.9)
Balance – end of period	\$ (1.3)	\$ (2.9)