



Notice of 2006 Annual General Meeting of Shareholders and Management Proxy Circular

Our Annual General Meeting of Shareholders will be held at 11:00 a.m. (Montréal time) on Tuesday, January 24, 2006 at the Omni Mont-Royal Hotel, 1050 Sherbrooke Street West, Montréal, Quebec.

As a shareholder of METRO INC., you have the right to vote your shares, either by proxy or in person at the meeting.

Your vote is important.

This document tells you who can vote, what you will be voting on and how to exercise your right to vote your shares. Please read it carefully.

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NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Shareholders of METRO INC. (the "Company") will be held at the Omni Mont-Royal Hotel, 1050 Sherbrooke Street West, Montréal, Quebec, **on January 24, 2006 at 11:00 a.m.**, for the purposes of:

1. Receiving the consolidated financial statements of the Company for the financial year ended September 24, 2005 and the report of the auditors thereon;
2. electing directors;
3. appointing auditors; and
4. transacting such other business as may properly be brought before the meeting.

The holders of Class A Subordinate Shares and the holders of Class B Shares of record at the close of business on December 9, 2005 are entitled to receive notice of, to attend and to vote at this meeting.

DATED at Montréal, this 12th day of December, 2005.

By order of the Board of Directors

(signed)

Simon Rivet
Secretary

Note: The holders of Class A Subordinate Shares and the holders of Class B Shares who are unable to attend this meeting in person are requested to proceed according to the instructions provided for in the document entitled "How to exercise your voting right using a form of proxy" and to return the form of proxy at their earliest convenience, but before 5:00 p.m. (Montréal time), on January 23, 2006.

MANAGEMENT PROXY CIRCULAR

This Management Proxy Circular is furnished in connection with the solicitation of proxies for use at the Annual General Meeting of Shareholders of METRO INC. (the "Company") to be held on Tuesday, January 24, 2006 at the place and time and for the purposes set forth in the accompanying notice of said meeting, and all adjournments thereof.

SOLICITATION OF PROXIES

The enclosed proxy is being solicited by the management of the Company. The solicitation will be made primarily by mail, but the directors, officers and regular employees of the Company may also solicit proxies by telephone, by fax, by the Internet, by advertisement or in person. The Company will also hire the services of third parties to solicit proxies, notably Georgeson Shareholder Communications Canada Inc. The solicitation costs will be assumed by the Company, including any costs in connection with the services provided by this firm, which are estimated at about \$30,000.

In addition, the Company, upon request, will reimburse brokers and other persons holding shares as nominees for their reasonable expenses in forwarding proxies and accompanying material to beneficial owners of Class A Subordinate Shares and beneficial owners of Class B Shares of the Company.

VOTING OF SHARES

The persons named in the enclosed proxy will vote the shares in respect of which they are appointed in accordance with the instructions of the shareholder appointing them. **Unless otherwise indicated, the voting rights attaching to such shares will be voted "FOR" in respect of all matters described herein.**

The enclosed proxy confers discretionary authority upon the persons named therein with respect to all amendments to matters identified in the Notice of Annual General Meeting of Shareholders and to any other matter which may properly come before the Meeting. As of the date of printing of this Circular, the management of the Company knows of no such amendments, variations or other matters to be brought before the Meeting.

For further information, shareholders may consult the document enclosed with this Management Proxy Circular entitled "How to exercise your voting right using a form of proxy".

APPOINTMENT OF PROXIES

A shareholder has the right to appoint a proxy to represent him at the meeting other than the persons whose names are printed as proxies in the accompanying form of proxy, by striking out the printed names and by inserting the name of the shareholder's chosen proxy in the blank space provided for that purpose in the form of proxy. The person so named as proxy need not be a shareholder of the Company. If the shareholder is a corporation, the form of proxy must be executed by a duly authorized officer or attorney thereof.

REVOCAION OF PROXIES

A shareholder who executes and returns the accompanying form of proxy has the power to revoke it in any manner permitted by law, including by an instrument in writing executed by him or by his attorney authorized in writing or, if the shareholder is a corporation, by a duly authorized officer or attorney thereof, and deposited with the transfer agent of the Company, National Bank Trust, before it is acted upon at the meeting at which the proxy is to be used or any adjournment thereof.

INSTRUCTIONS FOR NON-REGISTERED SHAREHOLDERS

Applicable securities laws and regulations require nominees of non-registered shareholders to seek the latter's voting instructions in advance of the Meeting. Non-registered shareholders will receive from their nominees a request for voting instructions for the number of shares held on their behalf. The nominee's request for voting instructions will contain instructions relating to signature and return of the document and these instructions should be carefully read and followed by non-registered shareholders to ensure that their shares are voted accordingly at the Meeting.

Non-registered shareholders who cannot attend the meeting but who would like their shares to be voted on their behalf by a proxyholder must therefore follow the voting instructions provided by their nominees.

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Non-registered shareholders who wish to vote their shares in person at the Meeting must insert their own name in the space provided on the request for voting instructions in order to appoint themselves as proxyholders and follow the signature and return instructions provided by their nominees.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The Class A Subordinate Shares and the Class B Shares are restricted shares (within the meaning of the applicable Canadian securities regulations) in that they do not carry the same voting rights. Each Class A Subordinate Share entitles its holder to one vote and each Class B Share entitles its holder to 16 votes. Subject to the restrictions hereinafter provided, if a take-over bid for the Class B Shares is made to the holders of Class B Shares without being made simultaneously and on the same terms and conditions to the holders of Class A Subordinate Shares, each Class A Subordinate Share becomes convertible into one Class B Share at the holder's option in order to entitle the holder to accept the take-over bid, from the date the take-over bid is made. However, such right of conversion is deemed not to have become effective if the holders of Class B Shares who hold, directly or indirectly, more than 50% of the Class B Shares outstanding on the date of the take-over bid have refused the bid prior to its expiry. In addition, such right of conversion is deemed not to have become effective if the take-over bid is not completed by the offeror. The Articles of the Company contain a definition of a take-over bid which triggers such right of conversion, provide for certain procedures to be followed in order to exercise such right of conversion and stipulate that, upon the making of any such take-over bid, the Company or the transfer agent will communicate in writing with the holders of the Class A Subordinate Shares in order to provide them with the particulars of the manner in which they may exercise their right of conversion.

As at December 2, 2005, there were 113,515,504 Class A Subordinate Shares and 912,240 Class B Shares of the Company issued and outstanding. Each holder of Class A Subordinate Shares is entitled, at the meeting or any adjournment thereof, to one vote for each Class A Subordinate Share registered in his name as at the close of business on December 9, 2005 and each holder of Class B Shares is entitled, at the meeting or any adjournment thereof, to 16 votes for each Class B Share registered in his name as at the close of business on December 9, 2005. As at December 2, 2005, the Class A Subordinate Shares issued and outstanding represented in the aggregate 88.61% of the votes attaching to all shares of the Company and the Class B Shares issued and outstanding represented in the aggregate 11.39% of the votes attaching to all shares of the Company.

To the knowledge of the directors and officers of the Company, the only persons who, as at December 2, 2005, exercised or claimed to exercise beneficial ownership, control or direction over more than 10% of the shares of any class of outstanding voting securities of the Company were:

Name	Approximate number of Class A Subordinate Shares	Approximate percentage of Class A Subordinate Shares	Approximate number of Class B Shares	Approximate percentage of Class B Shares
Jarislowsky, Fraser Limited ⁽¹⁾	18,476,982	16.28%	—	—
A&P Luxembourg S.à r. l. ⁽²⁾	18,076,645	15.92%	—	—
Fidelity Management Research Corp. ⁽³⁾	12,230,500	10.77%	—	—
Regroupement des marchands actionnaires inc. ⁽⁴⁾	2,012,349	1.77%	270,000	29.59%

(1) On the basis of the information transmitted to the Company by that shareholder.

(2) On August 13, 2005, the Company completed the purchase of all of the issued and outstanding common shares of The Great Atlantic and Pacific Tea Company, a wholly-owned indirect subsidiary of The Great Atlantic & Pacific Tea Company, Inc. ("A&P US"). In consideration of this acquisition, the Company issued 18,076,645 Class A Subordinate Shares to A&P Luxembourg S.à r.l. ("A&P Luxembourg"), an indirect wholly-owned subsidiary of A&P US.

(3) On the basis of the information available on SEDAR (www.sedar.com).

(4) On the basis of the information transmitted to the Company by the Regroupement des marchands actionnaires inc., which has declared that it exercises the voting rights attached to these shares.

FINANCIAL STATEMENTS

The consolidated financial statements of the Company for the financial year ended September 24, 2005 and the report of the auditors thereon will be submitted at the Annual General Meeting of Shareholders. These consolidated financial statements are reproduced in the Company's 2005 Annual Report which was sent to shareholders who requested it with this Notice of Annual General Meeting of Shareholders and Management Proxy Circular. The Company's 2005 Annual Report is available on SEDAR (www.sedar.com) as well as on the Company's website (www.metro.ca).

ELECTION OF DIRECTORS

The Articles of the Company provide for a minimum of 11 and a maximum of 19 directors, as determined from time to time by resolution of the Board of Directors. The Board of Directors of the Company has set the number of directors at 14, effective as of the Meeting of Shareholders to be held on January 24, 2006. The Board of Directors is presently composed of 13 directors. The general by-laws of the Company provide that each director is elected for a one-year term starting on the date of the annual meeting of shareholders at which he is elected and ending at the next annual meeting of shareholders or when his successor is elected, unless he resigns or his office becomes vacant as a result of his death or removal or for any other reason.

Nominees / Nominees for the position of director are all current directors except for Mr. Christian W.E. Haub and Ms. Bobbie Andrea Gaunt who are nominated for the first time and Mr. Jacques Chevrefils who is not running for re-election as director because he has reached the prescribed age limit to sit on the Board of Directors. Mr. Christian W.E. Haub and Ms. Bobbie Andrea Gaunt are being nominated by A&P Luxembourg pursuant to an agreement entered into between the Company, A&P US and A&P Luxembourg on August 15, 2005 (the "Agreement"). Pursuant to the Agreement, A&P Luxembourg will have the right to designate 2 representatives to the Board of Directors of the Company as long as it owns 10% or more of all the issued and outstanding Class A Subordinate Shares or one representative to the Board of Directors of the Company where it owns 5% or more, but less than 10% of all the issued and outstanding Class A Subordinate Shares.

The persons named in the accompanying form of proxy intend to vote FOR the election, as directors of the Company, of the 14 nominees whose names are set forth below.

The management of the Company does not contemplate that any of such nominees will be unable or, for any reason, will become unwilling to serve as a director, but if that should occur for any reason prior to the election, the persons named in the accompanying form of proxy reserve the right to vote for another nominee at their discretion.

The following table describes the nominees for the position of director of the Company and the securities over which they exercise control or direction. The information regarding the number of shares and deferred share units is as of December 2, 2005. Each nominee for the position of director of the Company has occupied the principal occupation indicated vis-à-vis his name or a management function with the same company or an affiliated company for at least 5 years except for Ms. Bobbie Andrea Gaunt and Mr. Pierre Brunet whose other functions are described opposite their name. The nominees' experience is described in a brief summary. The other boards of public companies on which nominees currently serve are also mentioned.



Pierre Brunet, O.C., F.C.A.

Montréal, Quebec
age 66

Director since 2001
Independent

Class A Subordinate Shares:
2004 - 4,878
2005 - 5,391

Chair of the Board of the Caisse de dépôt et placement du Québec

Mr. Brunet is a Chartered Accountant and was Co-Chairman of the Board and Co-Chief Executive Officer of National Bank Financial Inc. from 1999 to 2000 and Vice-Chairman of the Board of National Bank of Canada from 2000 to 2002. He was Chairman of the Board of the Canadian Institute of Chartered Accountants from 2002 to 2004. Since May 2005, he has been Chair of the Board of the Caisse de dépôt et placement du Québec. He is also a director of Transcontinental Inc. and Russel Metals Inc.



Marc DeSerres

Westmount, Quebec
age 52

Director since 2002
Independent

Class A Subordinate Shares:
2004 - 4,809
2005 - 4,809

Deferred Share Units:
2004 - 1,035
2005 - 1,821

President of Omer DeSerres Inc.

(national chain of artists' materials stores)

Mr. DeSerres holds a Bachelor's degree in Administration from Concordia University.



Claude Dussault

Toronto, Ontario
age 51

Director since 2005
Independent

Class A Subordinate Shares:
2004 - 1,000
2005 - 1,000

Deferred Share Units:
2004 - NIL
2005 - 701

President and Chief Executive Officer of ING Canada Inc.
(financial service company)

Mr. Dussault is an Actuary and has held various management positions with the ING Group for twenty years.

Mr. Dussault is a Fellow of the Canadian Institute of Actuaries and of the Casualty Actuarial Society. He holds a Bachelor's degree in Actuarial Science from Université Laval and has also participated in the Advanced Executive Education Program at the Wharton School of Business.

Mr. Dussault serves on the Board of Directors of ING Canada Inc.



Serge Ferland

Québec, Quebec
age 50

Director since 1997
Non-independent

Class A Subordinate Shares:
2004 - 83,156
2005 - 40,963

Class B Subordinate Shares:
2004 - 10,800
2005 - 10,800

Deferred Share Units:
2004 - 1,104
2005 - 2,300

President of Alimentation Serro Inc.

(food store)

Mr. Ferland has over 20 years' experience in the management of food stores.

Mr. Ferland holds a Bachelor of Administration and a Licentiate in Accounting from Université Laval.



Bobbie Andrea Gaunt

Saugatuck, Michigan
United States of America
age 59

Independent

Class A Subordinate Shares:
2005 - 0

Corporate Director

Ms. Gaunt has held various management positions within the Ford Motor Company and its subsidiaries from 1972 to 2000 inclusively. She was *inter alia* President and Chief Executive Officer of Ford Motor Company of Canada, Limited from 1997 to 2000. From June to October 2004, she was Interim President and Chief Executive Officer of Advo Inc.

She has a Bachelor's degree in Science from the University of Pittsburgh.

She is also a director of The Great Atlantic & Pacific Tea Company, Inc. and Advo Inc., two American public companies.



Paule Gauthier, C.P., O.C., O.Q., Q.C.

Québec, Quebec
age 62

Director since 2001
Independent

Class A Subordinate Shares:
2004 - 4,644
2005 - 5,004

Deferred Share Units:
2004 - 604
2005 - 1,258

**Partner of Desjardins Ducharme, general partnership
(law firm)**

Ms. Gauthier is a lawyer. As a director of public companies, she has served and currently serves on many committees, including audit committees and corporate governance committees.

She holds a Master of Laws from Université Laval.

She is also a director of TransCanada Corporation, Royal Bank of Canada and Rothmans Inc.



Paul Gobeil, F.C.A.

Montréal, Quebec
age 63

Director since 1990
Non-independent

Class A Subordinate Shares:
2004 - 228,800
2005 - 227,800

Vice-Chairman of the Board of the Company

Mr. Gobeil is a Chartered Accountant and has held management positions in various companies in the food sector as well as with the Government of Quebec where he was *inter alia* Minister for Administration, Chair of the Conseil du Trésor and Minister of International Affairs.

He holds a Master of Commerce degree and a Master of Accounting degree from Université de Sherbrooke and completed the Senior Management Program at Harvard Business School.

He is also Chairman of the Board of Export Development Canada (EDC) and of Diagnocure Inc., director of the National Bank of Canada, Canam Group Inc. and Hudson's Bay Company as well as one of the trustees of Yellow Pages Income Fund.



Christian W.E. Haub

Greenwich, Connecticut
United States of America
age 41

Independent

Class A Subordinate Shares:
2005 - 0

Executive Chairman of The Great Atlantic & Pacific Tea Company, Inc.

Mr. Haub joined The Great Atlantic & Pacific Tea Company, Inc. in 1991 where he has held various executive positions.

He holds a Master's degree in Social and Economic Science from the University of Vienna in Austria.

He is also a partner and Co-Chief Executive Officer of The Tengelmann Group, a large German company in the retail food business which holds a majority of the shares of A&P US.



Maurice Jodoin, C.F.A.

Montréal, Quebec
age 66

Director since 1987
Independent

Class A Subordinate Shares:
2004 - 8,200
2005 - 8,200

Deferred Share Units:
2004 - 5,206
2005 - 10,162

Chairman of the Board of the Company

Mr. Jodoin has held various executive positions with companies in the financial sector such as President and Chief Executive Officer of General Trust of Canada and President of McNeil Mantha Inc.

Mr. Jodoin obtained a Licentiate in Commerce from École des Hautes Études Commerciales.



Maryse Labonté

Saint-Sylvestre, Quebec
age 52

Director since 2000
Non-independent

Class A Subordinate Shares:
2004 - 29,568
2005 - 26,499

Class B Shares:
2004 - 10,800
2005 - 10,800

**General Manager of G.F. Labonté Inc.
(food store)**

Ms. Labonté has 30 years' experience in the management of food stores.


Pierre H. Lessard, F.C.A.

Westmount, Quebec
age 63

Director since 1990
Non-independent

Class A Subordinate Shares:
2004 - 350,000
2005 - 350,000

President and Chief Executive Officer of the Company

Mr. Lessard is a Chartered Accountant and has held management positions, particularly in various companies in the food sector.

Mr. Lessard holds a Master's degree from Université Laval as well as an MBA from Harvard Business School.

He is also a director of the Toronto-Dominion Bank and SNC-Lavalin Group Inc.


Gérard Antoine Limoges, C.M., F.C.A.

Westmount, Quebec
age 66

Director since 2004
Independent

Class A Subordinate Shares:
2004 - 2,820
2005 - 2,820

Deferred Share Units:
2004 - 1,035
2005 - 2,156

Corporate Director

Mr. Limoges is a Chartered Accountant and practised at Ernst & Young until September 1999, serving *inter alia* as Deputy Chairman.

He is also a director of eGENUITY Technologies Inc., Aeterna Zentaris Inc., Atrium Biotechnologies Inc. and Hart Stores Inc. He is one of the trustees of Alexis Nihon Real Estate Investment Trust and Hartco Income Fund.


Marie-José Nadeau

Montréal, Quebec
age 52

Director since 2000
Independent

Class A Subordinate Shares:
2004 - 4,498
2005 - 4,887

Deferred Share Units:
2004 - NIL
2005 - 235

Executive Vice-President, Corporate Affairs and Secretary General of Hydro-Québec

Ms. Nadeau is a lawyer. Before joining Hydro-Québec, she held various positions with the federal and provincial governments. She obtained a Master of Laws in public law from the University of Ottawa.


Bernard A. Roy, Q.C.

Montréal, Quebec
age 65

Director since 1990
Independent

Class A Subordinate Shares:
2004 - 5,224
2005 - 5,528

**Senior Partner of Ogilvy Renault
(law firm)**

Mr. Roy is a lawyer. He was Principal Secretary to the Prime Minister of Canada. He has acted as an arbitrator and advisor in international arbitration matters as well as before domestic arbitration tribunals. He has acted as counsel before many commissions of inquiry.

He is also a member of the Board of Directors of Intrawest Corporation and World Point Terminals Inc. as well as an honorary director of Noranda Inc.

Attendance at Board and Committee Meetings / The following tables set forth the number of meetings of the Board and its standing committees held during the financial year ended on September 24, 2005 and the attendance of directors at these meetings. They also set forth the committees of which each director is a member and any special position held on such committee.

Board and Committee Meetings

Board	13
Audit Committee	6
Human Resources Committee	5
Corporate Governance and Nominating Committee	7
Executive Committee	2
Nomination Committee (*)	2

(*) The Nomination Committee and the Corporate Governance Committee merged on January 24, 2005.

Directors	Attendance at board meetings	Committees	Attendance at committee meetings
BRUNET Pierre	13/13	Executive Human Resources (Chair)	2/2 5/5
CHEVREFILS Jacques	13/13	—	—
DeSERRES Marc	13/13	Corporate Governance Audit	7/7 6/6
DUSSAULT Claude (*)	9/9	Human Resources	2/2
FERLAND Serge	13/13	Executive	2/2
GAUTHIER Paule	13/13	Human Resources Audit	5/5 6/6
GOBEIL Paul	12/13	Executive	2/2
JODOIN Maurice	13/13	Executive Human Resources Corporate Governance (Chair) Nomination	2/2 5/5 7/7 2/2
LABONTÉ Maryse	13/13	Nomination	2/2
LESSARD Pierre H.	13/13	Executive (Chair)	2/2
LIMOGES Gérard A.	13/13	Audit (Chair)	6/6
NADEAU Marie-José	12/13	Corporate Governance Audit	7/7 5/6
ROY Bernard A.	9/13	Executive Corporate Governance Nomination (Chair)	1/2 4/7 1/2
Overall rate of attendance	96.36%		93.10%

(*) Mr. Claude Dussault took office on January 25, 2005.

Additional information on the nominees for the position of director who have held or hold a position in other companies can be found on pages 12 to 15 inclusively of the Annual Information Form under the heading "Directors and Officers". The Company's 2005 Annual Information Form is available on SEDAR (www.sedar.com) as well as on the Company's website (www.metro.ca).

APPOINTMENT OF AUDITORS

Ernst & Young LLP, Chartered Accountants, were first appointed as auditors of the Company on January 27, 1998, and have been acting in that capacity ever since. **The persons named in the enclosed form of proxy intend to vote FOR their re-appointment at the Annual General Meeting.**

AUDITORS' INDEPENDENCE

During the 2004-2005 financial year, the Company's Audit Committee obtained written confirmation from Ernst & Young LLP confirming the auditors' independence and objectivity with regard to the Company, pursuant to the Code of Ethics of the Quebec Order of Chartered Accountants.

INFORMATION ABOUT THE AUDIT COMMITTEE

Mandate of the Audit Committee / The mandate of the Audit Committee, approved by the Board of Directors, is set out in Exhibit B to this Circular.

Composition of the Audit Committee, Training and Experience of its Members / The Audit Committee is composed of independent directors, namely, Mesdames Paule Gauthier and Marie-José Nadeau and Messrs. Marc DeSerres and Gérard Antoine Limoges (Chairman of the Committee). Each of the members has training and experience which is relevant to the performance of his duties. Mr. Limoges practised for 37 years as a chartered accountant and is a member of several audit committees of public companies, some of which he chairs. Ms. Gauthier acquired her experience by serving on other audit committees and has practised commercial law for over 20 years. Ms. Nadeau served for 10 years on the audit and finance committee of Hydro-Québec. Mr. DeSerres acquired his experience by acting as President of Omer DeSerres since 1980.

Pre-approval Policies and Procedures / The Audit Committee approved the "Policy concerning the pre-approval of audit services and non-audit services" whose main components are described below.

The external auditors are engaged to audit the annual consolidated financial statements of the Company. The external auditors may also be engaged for audit-related services, tax services and non-audit services, as long as these services do not interfere with their independence.

The Audit Committee, which is responsible *inter alia* for overseeing the work of the external auditors, must pre-approve all services that the external auditors of the Company may render to the Company and its subsidiaries. On an annual basis, the Committee examines and pre-approves the particulars of the services which may be provided by the external auditors and the associated level of fees. Any type of service which has not been approved by the Committee must be specifically pre-approved by the Committee if it is to be provided by the external auditors. The same applies if the service offered exceeds the pre-approved level of fees. The Committee has delegated to its Chairman the authority to specifically pre-approve services that have not already been approved. However, he must communicate any such decisions at the next committee meeting.

On a quarterly basis, the Committee examines the pre-approval status of any service other than audit services that the external auditors were asked to provide or could be asked to provide during the next quarter.

Policy Concerning Complaints with Respect to Accounting, Controls or Auditing Matters / The Audit Committee approved a policy allowing anyone, including the employees of the Company, to make a complaint by anonymous submission regarding accounting, accounting controls or auditing matters of the Company. All complaints received will be sent directly to the director of the Internal Audit Department who will be responsible for analysing the complaint and, if necessary, making due inquiry. The Committee will be informed at every meeting of complaints received, the results of the inquiry and, if applicable, any corrective measures to be implemented or of the fact that no complaints have been filed.

The full text of the Company's complaint policy can be found on the Company's website at www.metro.ca.

10 **Policy Concerning the Hiring of Partners or Employees of the External Auditors** / The Audit Committee approved a policy with respect to the Company's hiring of certain candidates for key positions. This policy applies to any partner, employee or former partner or employee of the current or former external auditors of the Company who is applying for a position in which the candidate could exercise decision-making authority or significantly influence decision making with respect to the presentation of financial information or auditing matters. Specifically, the candidate must not have been involved in the auditing of the Company's financial statements within the 12 months preceding the hiring date and, moreover, the eventual hiring of the candidate must not compromise the independence of the external auditors.

Fees for the Services of the External Auditors / For each of the financial years ended September 24, 2005 and September 25, 2004, the following fees were billed by the external auditors for audit services, audit-related services, tax services and the other services provided by the external auditors.

	2004	2005
Audit fees	\$ 481,236	\$ 791,487
Audit-related fees	\$ 63,652	\$ 592,270
Fees for tax services	\$ 554,351	\$ 450,922
All other fees	\$ 1,840	\$ 5,000

EXECUTIVE AND DIRECTOR COMPENSATION

Composition of the Human Resources Committee / Until January 25, 2005, the Human Resources Committee (the "Committee") was composed of the following 3 independent directors: Ms. Paule Gauthier and Messrs. Pierre Brunet, Chairman of the Committee, and Maurice Jodoin, Chairman of the Board. Since January 25, 2005, the Committee has been composed of the following independent directors: Ms. Paule Gauthier and Messrs. Pierre Brunet, Chairman of the Committee, Maurice Jodoin and Claude Dussault. None of the members of the Committee is or has been indebted to the Company or any of its subsidiaries or has or has had an interest in a material transaction involving the Company. None of the members of the Committee is or has been an officer, employee or executive of the Company. The Committee held 5 meetings during the 2004-2005 financial year.

Human Resources Committee Report on Executive Compensation / All information disclosed in this report is as of September 24, 2005, unless otherwise indicated.

The Committee's mandate, among other things, is to recommend to the Board human resources management policies as well as the total compensation of senior executives.

The Committee's policy regarding the compensation of senior executives of the Company is to offer total compensation that is competitive with prevailing market conditions in order to recruit, retain and motivate senior executives who contribute to the achievement of the Company's goals. The Company hires, when required, outside compensation consultants to conduct surveys on the policies of comparable Canadian corporations, principally involved in the retail and distribution sectors. The Company regularly commissions national surveys of executive compensation and executive incentive plans, which are tabled before the Committee.

Executive Compensation / The total compensation of senior executives of the Company is composed of a base salary, a short-term incentive plan, a long-term incentive plan consisting of stock options, and a competitive package of employment benefits. Each year, the President and Chief Executive Officer makes recommendations to the Committee with respect to the compensation of all executive officers, excluding himself, particularly the short-term incentive plan targets. The total compensation of the President and Chief Executive Officer is stipulated in his employment contract.

Base Salary / The base salaries of senior executives are set using a compensation survey and are reviewed each year to reflect individual and Company performance.

Short-Term Incentive Plan / The short-term incentive plan consists of a maximum cash bonus of up to 100% of base salary and is linked to each division reaching and surpassing its budgetary and administrative objectives, as well as to the Company's overall performance.

Long-Term Incentive Plan / The long-term incentive plan is the Stock Option Plan described below under the heading Stock Option Plan (hereinafter the "Plan"). The stock option grant policy for senior executives provides for annual grants. The initial grant is for a number of shares based on the maximum of the participant's salary scale. The policy also provides for annual grants for each of the following 5 years to the Named Executives, excluding the President and Chief Executive Officer, of up to 200% of the maximum of the salary scale divided by the share price.

The policy also provides for annual grants for each of the following 5 years to the other senior executives corresponding to 100% of the maximum of the salary scale divided by the share price. In addition, the Board of Directors may at its discretion grant additional options to certain officers.

The Company believes that the Plan as it is constituted represents a competitive and appropriate compensation plan since the vast majority of Canadian corporations, including most of the Company's competitors, also have option plans based on share price. The Company will continue to periodically review the compensation of its senior executives in light of the compensation practices used by comparable Canadian businesses.

In addition, Named Executives, excluding the President and Chief Executive Officer, are required to hold shares of the Company with a value equal at least to one and one-half times their annual base salary and the other senior executives are required to hold shares of the Company with a value equal to at least their annual base salary (the President and Chief Executive Officer is required to hold shares with a value equal to at least 3 times his salary). This requirement must be fulfilled within 5 years following the date at which each of them may exercise options under the Plan for the first time.

Furthermore, all holders of options granted under the Plan must wait 2 years from the date of grant before exercising their options and at the end of this period the options are exercisable in cumulative increments of 20% each year.

Compensation of the President and Chief Executive Officer / The base salary of the President and Chief Executive Officer was initially determined in the same manner as the salary of senior executives. The initial base salary is stipulated in his employment contract and is increased annually by a percentage equivalent to the greater of the increase in the Consumer Price Index for the preceding 12 months plus 2%, or 4%. His maximum cash bonus under the short-term incentive plan, which may reach 120% of his base salary, is tied half to budgetary objectives and half to return on shareholders' equity. The President and Chief Executive Officer also enjoys a greater participation in the Company's long-term incentive plan. However, the only options to which the President and Chief Executive Officer was entitled under his employment contract were granted to him during the 2001-2002 financial year. The President and Chief Executive Officer is required to hold shares of the Company in an amount equal to at least 3 times his annual base salary; as at December 2, 2005, the President and Chief Executive Officer held shares of the Company equivalent to 15 times his annual base salary.

On behalf of the Human Resources Committee:

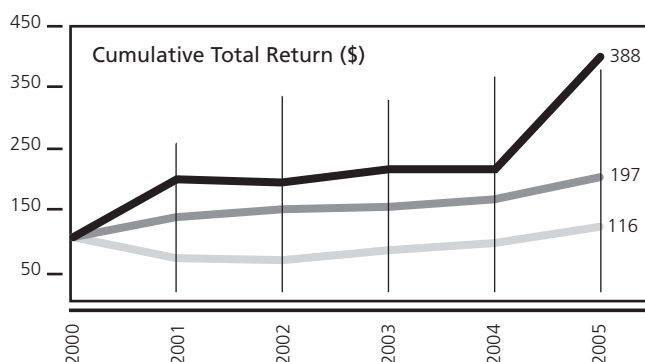
Pierre Brunet (Chairman)

Claude Dussault

Paule Gauthier

Maurice Jodoin

12 **Stock Performance Graph** / The following graph illustrates the cumulative total shareholder return on \$100 invested in Class A Subordinate Shares of the Company as compared with an investment in the S&P/TSX Composite Index and in the S&P/TSX Food Stores Index for the period from September 30, 2000 to September 24, 2005.



■ METRO INC.	100	193	188	208	208	388
■ S&P/TSX Food Stores Index	100	132	145	148	160	197
■ S&P/TSX Composite Index	100	67	61	75	89	116

Named Executives Summary Compensation Table / The following table sets forth, for the periods indicated, the total compensation of the President and Chief Executive Officer, the Senior Vice-President, Finance and Treasurer (Chief Financial Officer) and the 3 other most highly compensated executive officers of the Company (collectively the "Named Executives"), measured by base salary and bonuses earned during the financial year ended on September 24, 2005.

Name and Principal Position of the Named Executives	Year ended in September ⁽¹⁾	Annual Compensation ⁽²⁾		Long-term compensation ⁽⁴⁾	All other compensation (\$)
		Salary (\$)	Bonus ⁽³⁾ (\$)	Awards	
				Securities under options granted ⁽⁵⁾ (#)	
Pierre H. Lessard President and Chief Executive Officer	2005	716,700	860,040	—	—
	2004	689,200	551,360	—	—
	2003	662,900	795,500	—	—
Eric Richer La Flèche ⁽⁶⁾ Executive Vice-President and Chief Operating Officer	2005	346,200	327,981	63,400	—
	2004	267,400	135,000	46,700	—
	2003	257,400	145,600	8,000	—
L.G. Serge Gadbois Senior Vice-President Finance and Treasurer	2005	294,700	220,702	16,500	—
	2004	282,900	142,750	21,200	—
	2003	272,800	165,300	17,400	—
Alain Brisebois ⁽⁷⁾ Senior Vice-President Ontario Division	2005	288,700	216,202	39,600	—
	2004	267,400	135,000	19,500	—
	2003	257,400	148,200	8,000	—
Robert Sawyer ⁽⁸⁾ Senior Vice-President Quebec Division	2005	282,900	211,875	16,500	—
	2004	267,400	135,000	19,500	—
	2003	257,400	138,500	16,000	—

(1) The Company's financial year ends on the last Saturday of September.

(2) The only elements of annual compensation are base salary and bonuses. The value of other benefits for each Named Executive is not greater than \$50,000 and 10% of the total of the base salary and bonuses.

(3) Bonus amounts are paid in cash in the financial year following the one in which they were earned.

(4) Long-term compensation consists of stock option grants only. The Company has never granted restricted shares or restricted share units to senior executives nor has it ever paid any other sum under a long-term incentive plan.

(5) The options relate to Class A Subordinate Shares of the Company.

(6) Until January 1, 2005, Mr. Eric Richer La Flèche was Senior Vice-President and General Manager, Super C.

(7) Until August 13, 2005, Mr. Alain Brisebois was Senior Vice-President, Wholesale Operations.

(8) Until August 13, 2005, Mr. Robert Sawyer was Senior Vice-President, Retail.

Securities Authorized for Issuance Under Equity Compensation Plans / The following table summarizes as of September 24, 2005, the equity compensation plans pursuant to which equity securities of the Company may be issued.

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Equity Compensation Plan Information

Plan Category	Number of securities to be issued upon exercise of options (a)	Weighted-average exercise price of options (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by securityholders	4,374,100	\$ 19.72	981,822
Total	4,374,100	\$ 19.72	981,822

Stock Option Plan / The Plan established for the executive officers, senior managers and key employees of the Company or any of its subsidiaries provides for the granting of non-transferable and non-assignable options to purchase a maximum of 10,000,000 Class A Subordinate Shares. No employee may hold options on more than 5% of the outstanding shares. The purchase price of each Class A Subordinate Share covered by an option granted pursuant to the Plan shall under no circumstances be less than the market price of the shares on the day preceding the date of the grant and is payable in full at the time of exercise of the option. The Board of Directors determines the other conditions attached to any options granted. Generally, no option may be exercised after the expiry of the fifth year following the date at which such option may be first exercised, in whole or in part, or following a maximum of 10 years from the date of the grant.

An optionee must subscribe for the shares in respect of which an option is being exercised.

Stock options were granted to Mr. Pierre H. Lessard pursuant to his employment contract during the 2001-2002 financial year. The conditions of exercise of his options are similar to those of options granted pursuant to the Plan.

Stock Options Granted During the Most Recently Completed Financial Year / The following table sets forth stock options granted to Named Executives pursuant to the Plan during the financial year ended September 24, 2005.

Name	Securities under options granted (#)	% of total options granted to employees during the financial year	Exercise price (\$/security)	Market value of securities underlying options on day preceding date of grant (\$/security)	Expiration Date
Eric Richer La Flèche	37,000	8.2	23.34	23.34	12-13-2011
	26,400	5.9	27.25	27.25	04-12-2012
L.G. Serge Gadbois	16,500	3.7	27.25	27.25	04-12-2012
Alain Brisebois	39,600	8.8	27.25	27.25	04-12-2012
Robert Sawyer	16,500	3.7	27.25	27.25	04-12-2012

14 **Aggregate Option Exercises During the Most Recently Completed Financial Year and Financial Year-End Option Values** / The following table sets forth information concerning the exercise of options by the Named Executives during the financial year ended on September 24, 2005.

Name	Number of securities acquired on exercise (#)	Aggregate value realized (\$)	Unexercised options at September 24, 2005 (#)		Value of unexercised in-the-money options at financial year-end ⁽¹⁾ (\$)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Pierre H. Lessard	—	—	2,200,000	—	28,600,000	—
Eric Richer La Flèche	97,120	892,189	77,880	131,320	1,597,012	1,609,803
L.G. Serge Gadbois	69,440	760,801	69,640	102,060	1,493,726	1,695,090
Alain Brisebois	70,000	1,036,950	121,640	88,060	2,264,157	1,087,228
Robert Sawyer	56,240	526,254	72,480	94,920	1,559,076	1,555,875

(1) Closing price on September 24, 2005: \$34.25

Pension Plans / The pension benefits of senior executives are provided under a non-contributory basic plan and a non-contributory supplemental plan. The 2 plans combined provide a pension equal to 2% of base salary multiplied by the number of years of service. The base salary is based on the 3 consecutive most highly compensated years. The pension benefits are paid in addition to government pension plans, and 60% of the benefits payable under the basic plan continue to be paid to the spouse upon the death of the participant, while the benefits payable under the supplemental plan are guaranteed for 10 years. Senior executives may opt for pre-retirement upon reaching 55 years of age, subject however to a maximum penalty of 0.5% for each month between the date of retirement and the date of their 60th birthday.

For example, the following table illustrates benefits payable at the normal age of retirement (age 65) under both plans, depending upon average salary and years of service.

Salary (\$)	Years of service						
	5	10	15	20	25	30	35
125,000	12,500	25,000	37,500	50,000	62,500	75,000	87,500
150,000	15,000	30,000	45,000	60,000	75,000	90,000	105,000
175,000	17,500	35,000	52,500	70,000	87,500	105,000	122,500
200,000	20,000	40,000	60,000	80,000	100,000	120,000	140,000
225,000	22,500	45,000	67,500	90,000	112,500	135,000	157,500
250,000	25,000	50,000	75,000	100,000	125,000	150,000	175,000
300,000	30,000	60,000	90,000	120,000	150,000	180,000	210,000
350,000	35,000	70,000	105,000	140,000	175,000	210,000	245,000
450,000	45,000	90,000	135,000	180,000	225,000	270,000	315,000
550,000	55,000	110,000	165,000	220,000	275,000	330,000	385,000
650,000	65,000	130,000	195,000	260,000	325,000	390,000	455,000
750,000	75,000	150,000	225,000	300,000	375,000	450,000	525,000
850,000	85,000	170,000	255,000	340,000	425,000	510,000	595,000
950,000	95,000	190,000	285,000	380,000	475,000	570,000	665,000

Under his employment contract, the 2 plans combined provide Mr. Pierre H. Lessard with a benefit of 3.65% of his average compensation multiplied by the number of years of service, of which 60% continues to be paid upon his death to his spouse. The other conditions are the same as those indicated above.

As at September 24, 2005, the Named Executives had the following years of credited service: Pierre H. Lessard, 15 years; L.G. Serge Gadbois, 21.7 years including 17.8 years in the supplemental plan; Robert Sawyer, 25.8 years including 17.8 years in the supplemental plan; Alain Brisebois, 6 years; and Eric Richer La Flèche, 12.8 years.

Employment Contract / As at September 24, 2005, the Company was party to an employment contract with Mr. Pierre H. Lessard which came into force on April 1, 2002 and pursuant to which the Company agreed to employ Mr. Lessard as President and Chief Executive Officer. This contract is for a period of 5 years and is renewable automatically each year thereafter in the absence of a 12-month notice for the first renewal and of a 6-month notice thereafter. Should the Company not renew the contract or should Mr. Lessard terminate the contract, the Company will pay to Mr. Lessard an amount equal to 1 year of compensation. Should the Company terminate or be deemed to have terminated his employment prior to the end of the term for any reason other than death or just cause, Mr. Lessard will be entitled to receive an employment termination indemnity equal to 2 years of compensation.

Compensation of Directors / Only directors who are not employees of the Company receive compensation for acting as members of the Board of Directors and of any committee of the Board.

The compensation of such directors is composed of the following elements:

- The base annual retainer is \$30,000 except for the Chairman of the Board whose base annual retainer is \$150,000;
- the attendance fees for the Board of Directors and its committees are \$1,250 when the meeting is held in person and half that amount when the meeting is held by telephone;
- the annual retainer of committee chairmen, except for the Chairman of the Audit Committee, is \$4,000 and the annual retainer of the Chairman of the Audit Committee is \$8,000;
- committee members, except those of the Audit Committee, receive \$2,000 as an annual retainer and members of the Audit Committee receive \$3,000.

The aggregate compensation paid to directors who are not employees of the Company for the financial year ended September 24, 2005, was \$707,333.

The base annual retainer of directors is paid in the following manner: all in deferred share units ("DSU") or, optionally, 50% in the form of Class A Subordinate Shares of the Company and the rest in cash until each director holds 3 times his base annual retainer in DSUs and/or shares. Each director will have 3 years to comply with this requirement. Subsequently, each director will continue to receive at least 25% of his total compensation in shares or, at his option, in DSUs. All directors who have been serving on the Board of Directors for more than one year hold a number of shares or DSUs equal to at least 3 times their base annual retainer.

The principal terms of the deferred share units plan (the "DSU Plan") are as follows:

- The DSU Plan of the Company came into force on February 1, 2004;
- each director who chooses to participate in the DSU Plan has an account in his name to which the DSUs are credited and held until he ceases to be a director of the Company. The number of DSUs credited to his account is calculated by dividing the amount of the eligible compensation by the average closing price of Class A Subordinate Shares of the Company on the TSX for 5 trading days preceding the date of the credit;
- DSU holders are credited additional DSUs in an amount equal to the dividends paid on Class A Subordinate Shares of the Company;
- when a DSU Plan participant ceases to be a director for any reason whatsoever, the Company pays him a lump sum in cash equal to the number of DSUs credited to his account on the termination date multiplied by the value of the DSUs on the termination date less deductions. The value of each DSU on the termination date is equal to the average closing price of Class A Subordinate Shares of the Company on the TSX for 5 trading days preceding the termination date;
- under no circumstances shall DSUs be considered shares of the Company nor shall they entitle their holder to the rights normally conferred on shareholders of the Company.

Compensation paid to directors who are not employees of the Company for the 2005 financial year

Name	Base annual Retainer (\$)	Base annual Retainer as Chairman of the Board (\$)	Base annual Retainer as Chairman of a Committee (\$)	Base annual Retainer as a Member of a Committee (\$)	Board Meeting Attendance Fees (\$)	Committee Meeting Attendance Fees (\$)	Total Compensation Paid ⁽²⁾ (\$)
Pierre Brunet	30,000	—	4,000	2,000	13,750	8,750	58,500
Jacques Chevrefils	30,000	—	—	—	15,000	—	45,000
Marc DeSerres	30,000	—	—	5,000	14,375	13,125	62,500
Claude Dussault ⁽¹⁾	20,225	—	—	1,348	6,875	3,125	31,573
Serge Ferland	30,000	—	—	2,000	14,375	1,875	48,250
Paule Gauthier	30,000	—	—	5,000	11,875	12,500	59,375
Maurice Jodoin	—	150,000	4,000	4,690	15,625	16,250	190,565
Maryse Labonté	30,000	—	—	690	13,125	1,875	45,690
Gérard A. Limoges	30,000	—	8,000	—	14,375	7,500	59,875
Marie-José Nadeau	30,000	—	—	5,000	11,250	11,875	58,125
Bernard A. Roy	30,000	—	1,380	4,000	7,500	5,000	47,880
Total	290,225	150,000	17,380	29,728	138,125	81,875	707,333

(1) Mr. Claude Dussault was named director and member of the Human Resources Committee on January 25, 2005.

(2) The compensation was paid in cash, shares or DSUs as elected by the director.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

As of the date hereof, none of the directors and officers of the Company is indebted to the Company or any of its subsidiaries.

CORPORATE GOVERNANCE

The Board of Directors believes that good corporate governance is essential and the Company subjects its directors, senior executives and employees to a rigorous code of ethics.

The Company intends to comply as much as possible with the guidelines adopted by the Canadian Securities Administrators and with the standards of other regulatory bodies. The statement of the Company's corporate governance practices is set out in Exhibit A to this circular. Additional information on the Board of Directors and its committees is set out in the following sections.

Description of the Board Committees and their Mandates / The Board currently has 5 standing committees.

The Executive Committee has the same powers as the Board of Directors except for certain exceptions provided for in the legislation or the Company's by-laws. It consists of 6 members: 2 inside directors (including the Committee Chairman), 1 outside non-independent director and 3 independent directors. Unless specifically instructed otherwise by the Board, the Executive Committee has decision-making authority. The Executive Committee met twice during the 2004-2005 financial year.

The Human Resources Committee has the mandate to approve or, as the case may be, recommend to the Board corporate policies respecting the management of human resources, compensation and ethics. It makes recommendations to the Board as to the appointment of the President and Chief Executive Officer and senior executives and evaluates their performance. It also makes recommendations to the Board regarding the compensation of the President and Chief Executive Officer and all stock option grants and approves the compensation of senior officers. It examines and approves the objectives of the Company relevant to the compensation of the President and Chief Executive Officer. Each year, the Committee reviews the plan for the succession of the President and Chief Executive Officer, the senior officers and other executives. It also ensures the follow-up of the action plans and makes appropriate recommendations to the Board. The Committee ensures that the policies and procedures regarding ethical standards governing various transactions conducted by senior executives and managers in general are being applied. The Committee receives and examines the reports of the Company's pension committees on their activities and, in turn, reports on a yearly basis to the Board of Directors on such matters. It reviews executive compensation disclosure before it is made public in annual disclosure documents. In the performance of its mandate, the Committee may engage and compensate any outside advisor that it determines to be necessary. This Committee has 4 members, who are all independent directors. The Committee met 5 times during the 2004-2005 financial year.

The Audit Committee has a mandate the text of which is included in Exhibit B to this Circular. The composition of the Committee is described in the section entitled "Information about the Audit Committee" of this circular. The Committee met 6 times during the 2004-2005 financial year.

The Nomination Committee was merged with the Corporate Governance Committee on January 24, 2005. Until the merger of the Committee, it consisted of 3 outside directors, a majority of whom were independent. The Committee met 2 times during the 2004-2005 financial year.

The Corporate Governance and Nominating Committee's mandate is to develop and monitor the Company's approach to corporate governance and to prepare the annual disclosure required in this regard. The Committee is responsible for evaluating the efficiency of the Board of Directors, its committees and individual directors. As part of its activities, each year the Committee examines the size and composition of the Board of Directors and makes the necessary recommendations to the Board. The Committee also examines and makes recommendations to the Board with respect to the compensation received by the directors. In so doing, the Committee considers the involvement of the directors, their responsibilities, the risks that they assume and the best Canadian practices. The Committee also oversees the application of the rules of ethics to the directors. The Committee is responsible for developing and providing an orientation and education program for new directors as well as a continuing education program for all directors. The Committee receives and rules on requests of directors seeking to engage outside advisors at the Company's expense. The Committee is also responsible for recommending nominees to the Board. In so doing, the Committee must look for nominees with the knowledge, experience, integrity and availability required to perform the duties of director, while ensuring that nominees also meet the selection criteria established from time to time by the Board. The Committee also takes into consideration the competencies and skills the Board, as a whole, should possess and the competencies and skills each existing director possesses. In the performance of its mandate, the Committee may engage and compensate any outside advisor that it deems necessary. The 4 members of the Corporate Governance and Nominating Committee are independent directors. The Committee met 7 times during the 2004-2005 financial year.

OTHER MATTERS

The management of the Company knows of no other matters to come before the meeting other than those referred to in the notice of such meeting. However, if any other matters which are not known to management should properly come before the meeting, the accompanying form of proxy confers discretionary authority upon the persons named therein to vote on such matters in accordance with their best judgment.

18 **ADDITIONAL INFORMATION**

The financial information about the Company can be found in the consolidated financial statements and Management's Discussion and Analysis for the most recent financial year of the Company ("Annual Report"). This document as well as the Annual Information Form and the Annual Report are available on SEDAR (www.sedar.com) as well as on the Company's website (www.metro.ca) and the Company will promptly provide a copy of any such document free of charge to shareholders of the Company who send a request in writing to the following address: 11011 Maurice-Duplessis Blvd, Montréal, Quebec, H1C 1V6, to the attention of the Finance Department.

APPROVAL BY THE DIRECTORS

The content and sending of this Management Proxy Circular have been approved by the Directors of the Company.

(signed)

Simon Rivet,
Secretary

Montréal, December 12, 2005.

EXHIBIT A
STATEMENT OF CORPORATE GOVERNANCE PRACTICES

**Canadian Securities Administrators
 corporate governance guidelines**

Observations

BOARD OF DIRECTORS

<p>1. The board should have a majority of independent directors.</p>	<p>1. The Board of Directors currently consists of a majority of independent directors as, of the 13 directors currently serving on the Board of Directors, 8 are considered independent directors. In order to determine whether or not a director is independent, the Board analyses information provided by the directors or the nominees by way of a questionnaire. The independent directors are Mesdames Marie-José Nadeau and Paule Gauthier and Messrs. Pierre Brunet, Marc DeSerres, Claude Dussault, Maurice Jodoin, Gérard A. Limoges and Bernard A. Roy. Messrs. Pierre H. Lessard and Paul Gobeil cannot be considered independent because they are senior executives of the Company. Ms. Maryse Labonté and Messrs. Jacques Chevretils and Serge Ferland cannot be considered independent since they are owners of food stores operating under the Metro banner (hereinafter referred to as the "Retailers") and therefore have business relations with the Company.</p> <p>On January 24, 2006, after the Annual Meeting, if the nominees proposed by the Company are elected, the Board will continue to consist of a majority of independent directors since 10 of the 14 nominees proposed are considered to be independent directors. This includes the 8 independent directors currently sitting on the Board and Ms. Bobbie Andrea Gaunt and Mr. Christian W.E. Haub. Mr. Jacques Chevretils, a non-independent director, will not be running for re-election because he has reached the age limit for service as a director.</p> <p>A record of the attendance of each director at Board meetings held since the beginning of the issuer's most recently completed financial year is included on page 8 of this Circular.</p>
<p>2. If a director is presently a director of any other reporting issuer, identify both the director and the other issuer.</p>	<p>2. A table showing the boards of other reporting issuers on which the directors of the Company sit can be found on pages 5 to 7 of this Circular.</p>
<p>3. The chair of the board should be an independent director.</p>	<p>3. The Chairman of the Board is an independent director. His role and responsibilities are described in Exhibit B to this Circular.</p>

**Canadian Securities Administrators
corporate governance guidelines**

Observations

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| <p>4. The independent directors should hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance.</p> | <p>4. During the most recent financial year, the independent directors held two meetings, which non-independent directors and members of management did not attend. The independent directors also held a meeting with the directors who are Retailers, which directors who are members of management did not attend.</p> |
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BOARD MANDATE

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| <p>5. The board should adopt a written mandate in which it explicitly acknowledges responsibility for the stewardship of the issuer.</p> | <p>5. The Board of Directors has adopted a mandate in which it acknowledges its stewardship responsibility. The Board's mandate can be found in Exhibit B to this Circular.</p> |
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POSITION DESCRIPTIONS

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| <p>6. The board should develop clear position descriptions for the chair of the board and the chair of each board committee. In addition, the board should develop a clear position description for the president and CEO. The board should also develop or approve the goals and objectives that the president and CEO must meet.</p> | <p>6. The Board has adopted a written mandate regarding the duties of the Chairman of the Board and the duties of the chairman of each Board committee. The text of these mandates is attached to this Circular as Exhibit B. The mandate of the President and Chief Executive Officer is described in the Company's general by-laws. Reporting to the Board of Directors, the President and Chief Executive Officer assumes responsibilities that include: directing all the Company's business subject to the power vested exclusively in the Board of Directors or its committees; without limiting the scope of the foregoing, establishing the objectives, action plans, policies and strategies of the Company and its subsidiaries and, with the approval of the Board of Directors, implementing them; and performing all other duties which may be assigned to him from time to time by the Board of Directors of the Company.</p> |
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At the beginning of every year, the Human Resources Committee receives from the President and Chief Executive Officer the written objectives for each executive officer including the President and Chief Executive Officer, approves them, and ensures that these objectives are met.

**Canadian Securities Administrators
corporate governance guidelines**

Observations

**ORIENTATION AND
CONTINUING EDUCATION**

7. The board should ensure that all new directors receive a comprehensive orientation. All new directors should understand the nature and operation of the issuer's business.

The board should provide continuing education opportunities for all directors.

7. There is an education program for new members of the Board of Directors. Pursuant to this program, the new directors are provided with reports on the Company's business operations and internal affairs. The new directors meet with the Chairman of the Board and the President and Chief Executive Officer to discuss the Company's internal workings and its expectations of directors. The Chairman of the Board also informs new directors about the Company's corporate governance practices and particularly, the role of the Board, its committees and each director. Under this program, the new directors can visit the Company's principal facilities and meet the executive officers.

Recognizing that good performance of the Board of Directors depends on its directors being well informed, the Board has had a handbook prepared for all directors which contains documents and relevant information about the Company.

At every meeting of the Board of Directors, directors have an opportunity to hear presentations by executive officers on various topics concerning the Company's operations. Visits of the Company's facilities and food stores are also organized at least twice a year for members of the Board of Directors.

BUSINESS ETHICS

8. The board should adopt a written code of business conduct and ethics. The code should be applicable to directors, officers and employees of the issuer.

8. The Board has adopted a code of ethics of directors and a code of ethics of executives and employees. These codes are available on SEDAR and on the Company's website (www.metro.ca). They address the issues recommended in National Policy 58-201 of the Canadian Securities Administrators.

9. The board should be responsible for monitoring compliance with the code. Any waivers from the code that are granted for the benefit of the issuer's directors or executive officers should be granted by the board (or a board committee) only.

9. The Corporate Governance and Nominating Committee is responsible for overseeing compliance with the code of ethics of directors. The Human Resources Committee is responsible for overseeing compliance with the code of ethics which applies to executives. No waivers have been sought for directors and executives and there are no breaches to report in this respect.

**Canadian Securities Administrators
corporate governance guidelines**

Observations

10. The board must ensure that directors exercise independent judgment in considering transactions and agreements in which a director or executive officer has a material interest.

10. The code of ethics of directors provides that: "every director must avoid situations involving a conflict of interest between his or her personal interests and his or her obligations as a director. Every director must disclose to the Board any direct or indirect interest in any organization, business or association that could place the director in a conflict of interest. A director should not participate in any discussion or decision relating to the organization, business or association in which he has such an interest. The director should also withdraw from the meeting for the duration of any discussions and votes on the matter." In addition, "Any transaction outside the ordinary course of business between a director and the Company must be submitted to the Corporate Governance and Nominating Committee for its prior approval. If a member of the Committee is concerned, that member should be excluded from the Committee's proceedings and the discussions relating to the matter".

Moreover, the code of ethics which applies to executives specifies that "all executives and employees must avoid placing themselves in situations of conflict of interest. Furthermore, their private interests must not conflict with their duties".

11. The board must take steps to encourage and promote a culture of ethical business conduct.

11. The rules of conduct for employees which can be found in the code of ethics applicable to them which is titled *The policy on conflicts of interest and professional ethics* (the "Policy") specify, *inter alia*, that all executives must act with care, honesty, diligence, efficiency, commitment and loyalty to safeguard the Company's reputation for quality, dependability and integrity. The Policy also requires that employees perform their duties in the best interest of the Company and its shareholders while respecting human rights and legislation. In addition, the Policy encourages employees not only to avoid all conflicts of interest in connection with their work but also not to accept gifts unless they constitute a business practice defined in the Policy. Upon being hired, all employees must sign a form confirming that they have read the Policy and undertaking to comply therewith. They also sign a disclosure of private interests form which is renewed at regular intervals.

The list of competencies and expectations of directors provides that directors of the Company must show integrity and respect the highest ethical and fiduciary standards.

**Canadian Securities Administrators
corporate governance guidelines**

Observations

NOMINATION OF DIRECTORS

<p>12. The board should appoint a nominating committee composed entirely of independent directors.</p>	<p>12. The Corporate Governance and Nominating Committee is responsible for recommending nominees to the Board for election as directors of the Company. The Committee is composed of 4 directors, all of whom are independent.</p>
<p>13. The nominating committee should have a written charter that clearly establishes the committee's purpose, responsibilities, member qualifications, member appointment and removal, structure, operations and manner of reporting to the board. In addition, the nominating committee should be given authority to engage and compensate any outside advisor that it determines to be necessary to permit it to carry out its duties.</p>	<p>13. The Board has adopted the mandate of the Corporate Governance and Nominating Committee and an administrative resolution governing the procedure of all committees. The Committee, pursuant to these documents, assumes all the responsibilities recommended in National Policy 58-201 of the Canadian Securities Administrators and its mandate also provides that the Committee has the authority to engage an outside advisor if necessary.</p> <p>For more details, the summary of the Corporate Governance and Nominating Committee's mandate can be found on page 17 of this Circular. This summary describes the responsibilities, powers and operations of the Committee.</p>
<p>14. Prior to nominating or appointing individuals as directors, the board should adopt a process involving the following steps: consider what competencies and skills the board, as a whole, should possess and assess what competencies and skills each existing director possesses.</p>	<p>14. The Board has established and adopted the "List of competencies and expectations of Directors", a copy of which is reproduced in Exhibit B to this Circular. The Corporate Governance and Nominating Committee ensures that the choice of nominees takes into account the competencies and skills that the Board, as a whole, should possess and reports to the Board accordingly.</p>
<p>15. The board should also consider the appropriate size of the board, with a view to facilitating effective decision-making by the board.</p>	<p>15. Each year the Board examines its size and has concluded that it will continue to be effective with 14 members.</p>
<p>16. The nominating committee should be responsible for identifying individuals qualified to become new board members and recommending to the board the new director nominees for the next annual meeting of shareholders.</p>	<p>16. The Company's Corporate Governance and Nominating Committee is responsible for identifying and recommending to the Board the new director nominees.</p>
<p>17. In making its recommendations, the nominating committee should consider the competencies and skills that the board considers to be necessary for the board, as a whole, to possess and those that the board considers each existing director and new nominee to possess.</p>	<p>17. Members of the Corporate Governance and Nominating Committee ensure that the composition of the Board is such that all required competencies and skills are represented on the Board and that the nominees make up a competent and dynamic team which can carry out the Board of Directors' mandate as well as possible.</p>

**Canadian Securities Administrators
corporate governance guidelines**

Observations

COMPENSATION

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| 18. The board should appoint a compensation committee composed entirely of independent directors. | 18. The Human Resources Committee is composed of 4 directors all of whom are independent. |
| 19. The compensation committee should have a written charter that establishes the committee's purpose, responsibilities, member qualifications, member appointment and removal, structure, operations and the manner of reporting to the board. In addition, the compensation committee should be given authority to engage and compensate any outside advisor that it determines to be necessary to permit it to carry out its duties. | 19. The Board has adopted the mandate of the Human Resources Committee and an administrative resolution governing the procedure of all committees. The Committee, pursuant to these documents, assumes all the responsibilities recommended in National Policy 58-201 of the Canadian Securities Administrators and its mandate also provides that the Committee has the authority to engage an outside advisor if necessary.

For more details, the summary of the Human Resources Committee's mandate can be found on page 17 of this Circular. This summary describes the responsibilities, powers and operations of the Committee. |
| 20. The compensation committee should be responsible for: reviewing and approving corporate goals and objectives relevant to CEO compensation, evaluating the CEO's performance in light of those corporate goals and objectives, and determining (or making recommendations to the board with respect to) the CEO's compensation level based on this evaluation; making recommendations to the board with respect to non-CEO officer and director compensation, incentive-compensation plans and equity-based plans and reviewing executive compensation disclosure before the issuer publicly discloses this information. | 20. These responsibilities are specified in the Human Resources Committee's mandate.

The procedure by which the Board sets the compensation of executives is described in the Human Resources Committee Report on Executive Compensation which can be found on pages 10 and 11 of this Circular. Compensation of directors is recommended to the Board by the Corporate Governance and Nominating Committee. In so doing, the Committee considers the involvement of the directors, their responsibilities, the risks that they assume and the best Canadian practices. |
| 21. If a compensation consultant or advisor has, at any time since the beginning of the issuer's most recently completed financial year, been retained to assist in determining compensation for any of the issuer's directors and officers, disclose the identity of the consultant or advisor and briefly summarize the mandate for which they have been retained. If the consultant or advisor has been retained to perform any other work for the issuer, state that fact and briefly describe the nature of the work. | 21. The firm of Mercer Human Resource Consulting has been hired by the Company to analyse Canadian market trends with respect to long-term compensation of senior executives (excluding the President and Chief Executive Officer) and to make any appropriate recommendations in accordance with the Company's practices. These recommendations will be given consideration by the Human Resources Committee during the 2005-2006 financial year. |

**Canadian Securities Administrators
corporate governance guidelines**

Observations

**OPERATIONS OF
THE BOARD OF DIRECTORS**

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| <p>22. Identify the standing committees of the board other than the audit, nominating and compensation committees, and describe their function.</p> | <p>22. The standing committees of the Board are the Executive Committee, the Human Resources Committee, the Audit Committee and the Corporate Governance and Nominating Committee. The powers of these committees are described on pages 16 and 17 of this Circular, except for the mandate of the Audit Committee which can be found in Exhibit B to this Circular.</p> |
| <p>23. The board, its committees and each individual director should be regularly assessed regarding his, her or its effectiveness and contribution.</p> | <p>23. The Corporate Governance and Nominating Committee is responsible for overseeing the Company's corporate governance matters. Each year, the Committee sends a questionnaire to each member of the Board to assess the effectiveness of the Board as a whole, its committees and each member of the Board and reports its findings to the Board. Each year, the Committee examines the mandate of each committee of the Board and ensures that it is being carried out. The assessment also deals with the way the Chairman of the Board and the committee chairs fulfill their duties.</p> <p>The individual assessment of each member of the Board is made using a two-part questionnaire which is completed by each director. The first part is a performance analysis of the directors by each director and the second part is a self-assessment. This assessment is completed by meetings between the Chairman of the Board and each director.</p> |

EXHIBIT B

MANDATE OF THE AUDIT COMMITTEE

1. Objectives

The objectives of the Audit Committee are as follows:

- 1.1 Assist the Board of Directors in performing its duties, in particular ensuring that the management of the Company discharges its responsibilities with respect to:
 - 1.1.1 identifying the principal risks of the business and putting appropriate systems in place to manage such risks;
 - 1.1.2 the integrity of internal control systems and management information systems of the Company;
 - 1.1.3 the production of reliable financial information;
 - 1.1.4 compliance with the various authorities and legislation.
- 1.2 Ensure an effective communications link between the Board of Directors, management and the external and internal auditors.
- 1.3 Reinforce the independence of the external and internal auditors.
- 1.4 Ensure the integrity of the financial reports disclosed by the Company.

2. Scope of mandate

The responsibilities of the Audit Committee extend to Metro Inc., its subsidiaries and their divisions.

3. Composition and Organization

- 3.1 The Committee is composed of a minimum of 3 and a maximum of 6 members of the Board of Directors who are all independent directors. All members must be financially literate.
- 3.2 At any time, the Committee may communicate directly with the external auditors, the internal auditors or the management of the Company.

4. Responsibilities

The Audit Committee must periodically submit the results of the reviews conducted and its recommendations to the Board of Directors.

4.1 Financial Information

- 4.1.1 The Committee reviews, before their public disclosure, the audited annual and interim financial statements, the MD&A and all press releases relating to the financial statements.
- 4.1.2 The Committee reviews with the management of the Company and the external auditors the various accounting practices and the changes being proposed thereto as well as the various estimates made by management which may have a significant impact on the financial position.
- 4.1.3 The Committee reviews with the management of the Company and the external auditors all important decisions made concerning the evaluation or presentation of financial information.
- 4.1.4 The Committee reviews the accounting treatment of material or unusual transactions.
- 4.1.5 The Committee ensures coordination between the management of the Company and the various regulatory organizations as well as the external auditors.
- 4.1.6 The Committee ensures that adequate procedures are in place for the review of the Company's disclosure to the public of information extracted or derived from the Company's financial statements, other than the information covered by paragraph 4.1.1 hereof, and periodically assesses the adequacy of such procedures.

4.2 Internal Control

- 4.2.1 The Committee reviews, by means of communication with the external auditors and the internal auditors, the effectiveness of controls and the reliability of the financial information disclosed.
- 4.2.2 The Committee keeps informed, by means of the external and internal auditors, of any weaknesses of the systems which could lead to errors or irregularities in the financial information produced, of any departures from the Company's accounting policies and of various legislation.

4.2.3 The Committee ensures the effectiveness of the coordination between the internal audit and the external audit.

4.2.4 The Committee analyses the conditions surrounding the departure or appointment of the officer responsible for finance and any other key financial executive who participates in the financial information process.

4.3 Internal Audit

4.3.1 The Committee examines the mandate of the internal auditors.

4.3.2 The Committee evaluates the degree of independence of the internal auditors in relation to the financial executives of the Company and its subsidiaries.

4.3.3 The Committee reviews the annual internal audit plan and recommends mandates or studies, if it deems necessary.

4.3.4 The Committee reviews the audit management letters, including management's comments, and reviews the corrective measures taken by management.

4.4 External Audit

4.4.1 The Committee recommends the appointment and the compensation of the external auditors to the Board of Directors.

4.4.2 The Committee reviews the reports of the external auditors which are sent to it directly. The Committee also monitors all the work performed by the external auditors, its audit plans and the results of its audits.

4.4.3 The Committee discusses with the external auditors, by means of meetings, problems encountered during the audit, including the existence, if applicable, of restrictions imposed by the management of the Company or areas of disagreement with the latter about the financial information and ensures that such disagreements are resolved.

4.4.4 The Committee, or one or more of its members to whom it has delegated authority, pre-approves non-audit services that are assigned to the external auditors. The Committee may also adopt policies and procedures concerning the pre-approval of non-audit services that are assigned to the external auditors. It monitors the fees paid with respect to such mandates.

4.4.5 The Committee must be informed of cases where the management of the Company has requested opinions from an accounting firm other than the one appointed as auditors.

4.4.6 The Committee makes sure that the external auditors have obtained the cooperation of the employees and officers of the Company.

4.4.7 The Committee examines the post-audit letter or the management letter of the external auditors as well as the reactions of management and management's response to the deficiencies observed.

4.4.8 The Committee examines the qualifications, performance and independence of the external auditors and ensures that the audit report accompanying the financial statements is issued by an audit firm that is a participant in the program of the Canadian Public Accountability Board and that the firm respects any sanctions and restrictions imposed by the board.

4.4.9 The Committee reviews and approves the Company's hiring policy concerning (current and former) partners and employees of the (current and former) external auditor.

4.5 Integrity of the Company

4.5.1 The Committee monitors the Company's conduct by establishing inter alia complaint procedures regarding accounting, internal accounting controls or auditing matters and by establishing procedures respecting confidentiality and the protection of the anonymity of persons who may file such complaints.

4.5.2 The Committee has the authority to engage any advisor it deems necessary in order to help it in the performance of its duties, and to set the compensation of such advisor.

4.6 Environment

4.6.1 The Committee ensures that the Company's environmental policy is applied and complied with and reports to the Board accordingly.

MANDATE OF THE BOARD OF DIRECTORS

The Board of Directors is elected by the shareholders and is responsible for the management of the affairs of the Company in all respects.

Corporate Governance / The Board of Directors is responsible for ensuring that the Company is properly governed and that the relevant corporate governance guidelines are complied with. Among other matters, consistent with the corporate governance guidelines of the Canadian Securities Administrators, the Board of Directors assumes special responsibility for the following five matters, either directly or through one of its committees: the adoption of a strategic planning process for the Company and its subsidiaries at least once a year which takes into consideration, if need be, any opportunities and risks of the Company; the identification of the principal risks associated with the Company's activities and the implementation of appropriate systems to manage these risks; the appointment, training, evaluation, supervision and compensation of senior management as well as succession planning; a communications policy with shareholders and the public at large; and the integrity of the Company's internal control and management information systems.

Important Decisions / In addition to decisions requiring the Board's approval pursuant to the law or the Company's articles and by-laws, the Board or its Executive Committee makes all important decisions with regard to, among other matters, major investments, divestitures of significant assets and major labour relations issues.

Rules of Ethics / The Board of Directors sees that rules of ethics are established for the directors, officers and employees of the Company and that adequate procedures are put in place in order to ensure compliance with such rules of ethics.

Internal Governance / The Board of Directors recommends to the shareholders the nominees proposed to be elected as directors, approves the compensation and indemnities of directors and is responsible for succession planning at the Board level. The Board determines the expectations and responsibilities of directors. The Board of Directors reviews its own effectiveness as well as that of the committees of the Board and of individual directors.

Committees / The Board of Directors creates the committees which are considered advisable for the performance of the Board's duties and responsibilities.

Management / Management is responsible for the day-to-day management of the Company's operations. The Board approves the general goals for the Company which management is responsible for meeting.

The Board's main expectations of management are the protection of the Company's interests and the long term maximization of the shareholders' investment, while striking a proper balance between the short and medium term goals, as well as the interests of the employees, the customers and the partners of the Company.

MANDATE OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

The mandate of the Chairman of the Board of Metro Inc. sets out the responsibilities of the Chairman of the Board and what is expected of him. These responsibilities and expectations are in addition to the Chairman of the Board's responsibilities pursuant to the legislation and the Company's articles and by-laws as well as those which may be assigned to him from time to time by the Board of Directors. The Chairman of the Board of Metro Inc. has the following responsibilities:

Efficiency of the Board

- He ensures that the members of the Board of Directors work as a team, in an effective and productive manner, and he demonstrates the necessary leadership to achieve this objective;
- he ensures that the Board has the administrative support necessary to perform its work;
- he ensures that the directors receive the appropriate information to perform their duties.

Management of the Board

- He ensures that the Board of Directors fulfills its mandate;
- he chairs the meetings of the Board of Directors as well as the regular meetings of outside directors;
- he establishes with the President and Chief Executive Officer the agenda for each meeting of the Board;
- he takes the necessary measures so that the meetings of the Board are effective and productive and that an appropriate period of time is set aside to study and consider each item on the agenda;
- once the potential nominees for the position of director of the Company have been identified by the Corporate Governance and Nominating Committee, he meets with such nominees to explore their interest and aptitude to sit on the Company's Board of Directors;
- when he deems it appropriate, he attends the meetings of Board committees and gives his comments and advice to members of these committees, as needed.

Senior executives, shareholders and other partners of the Company

- He acts as the principal intermediary between the Board of Directors and the Company's senior executives. Specifically, he periodically meets with the President and Chief Executive Officer to discuss issues relating to governance and the Company's results, and keeps him informed of any comments and advice of directors;
- he chairs the meetings of shareholders;
- when required by the Board, he and the President and Chief Executive Officer represent the Company to third parties such as shareholders or partners of the Company.

MANDATE OF COMMITTEE CHAIRMEN

The mandate of the chairmen of Metro Inc. Board committees sets out the responsibilities of each committee chairman and what is expected of him. The chairman of a committee has the following responsibilities.

Efficiency of the committee

- He ensures that the members of the committee work as a team, in an effective and productive manner, and he demonstrates the necessary leadership to achieve this objective;
- he ensures that the committee has the administrative support necessary to perform its work;
- he ensures that the directors receive the appropriate information to perform their duties.

Management of the committee

- He ensures that the committee fulfills its mandate;
- he chairs the meetings of the committee;
- he establishes with the Chairman of the Board and the President and Chief Executive Officer the agenda for each meeting of the committee;
- he takes the necessary measures so that the meetings of the committee are effective and productive and that an appropriate period of time is set aside to study and consider each item on the agenda;
- each committee chairman periodically provides the Board with a report on the work and all the decisions or recommendations of the committee.

LIST OF COMPETENCIES AND EXPECTATIONS OF DIRECTORS

The directors of Metro Inc. represent a variety of business sectors and each of them must have the necessary competencies to promote the interests of all the shareholders of the Company and ensure that the Board of Directors works effectively and productively. This document constitutes a non-exhaustive list of the personal competencies and values which the directors of the Company should demonstrate as well as of the expectations with respect to such directors.

- 1. Background and experience** / The directors of the Company must have superior experience, knowledge, competencies and a background which will allow them to make a significant contribution to the Company's Board of Directors and its committees;
- 2. Integrity and accountability** / The directors of the Company must show integrity and respect the highest ethical and fiduciary standards, in particular those set forth in the code of ethics of the Company's directors;
- 3. Knowledge** / The directors of the Company must have the appropriate knowledge to fulfill their duties well. Specifically, they must fully understand their role and duties and be able to read financial statements as well as understand the use of financial ratios and other measures of the Company's performance. They must also continually expand their knowledge of the Company's operations and the major trends in the business sector in which the Company operates;
- 4. Contribution** / The directors of the Company must significantly contribute to the proceedings and work of the Board and its committees including by expressing their point of view in an objective, logical and persuasive manner. They must be able to propose new ideas while keeping in mind the strategies of the Company and objectives that it must achieve;
- 5. Teamwork** / The directors of the Company must work as a team in an effective and productive manner. They must show respect for others, specifically by listening to and taking the points of view of others into consideration;
- 6. Availability, preparation and attendance at meetings** / The directors of the Company must be sufficiently available to fulfill their role properly. They must also adequately prepare themselves for all meetings of the Board and its committees and attend such meetings, except in exceptional circumstances;
- 7. Advice** / The directors of the Company must exercise judgment based on sound information and solid reasoning as well as be able to provide wise and thoughtful advice on a wide range of issues;
- 8. Vision** / The directors of the Company must always act in the best interests of the Company and all its stakeholders.