

**METRO INC. INCREASED ITS NET EARNINGS BY 27.5% IN THE SECOND QUARTER OF 2006****2006 SECOND QUARTER HIGHLIGHTS**

- 75.5% sales growth to \$2,415.5 million
- Net earnings increase of 27.5% to \$57 million
- Net earnings increase of 31.3% before special costs to \$58.7 million
- 8.7% increase in fully diluted net earnings per share before special costs to \$0.50 per share

(Montréal, April 11, 2006) – METRO INC. has realized net earnings of \$57 million in the second quarter of 2006 compared with \$44.7 million for the corresponding quarter of the previous fiscal year, a 27.5% increase, and fully diluted net earnings per share of \$0.49 versus \$0.46 last year, a 6.5% increase. Integration and rationalization costs of \$2.6 million were recorded in the second quarter. Without these items, adjusted net earnings for the second quarter of 2006 would have been \$58.7 million, up 31.3% over the corresponding quarter, and adjusted fully diluted net earnings per share would have been \$0.50 compared to \$0.46 last year, up 8.7%.

SALES

Sales for the second quarter ended March 11, 2006 increased 75.5 % to \$2,415.5 million and those for the first 24 weeks rose 75% to \$4,939.6 million compared to \$1,376.6 million and \$2,822.7 million for the corresponding periods last year. Including A&P Canada stores, same-store sales rose 1.6%. Excluding the \$1,032.8 million and \$2,103.7 million in increased sales resulting from the acquisition of A&P Canada, second quarter and 24-week period sales growth would have been 0.5%. Also, when excluding the decrease in sales of tobacco products, temporary increase in sales of wine in 2005 due to labour disputes at the Société des alcools du Québec, and discontinuance of low margin supply contracts by our food services division, sales increase would have been 3.8% for the second quarter and 3.6% for the 24-week period of 2006.

INTEGRATION AND RATIONALIZATION COSTS

During the second quarter, we continued the implementation of our integration and rationalization plan following the acquisition of A&P Canada. We have identified three main lines, namely stores and distribution centres, common services, and implementing our information systems at A&P Canada. Regarding Ontario stores, we are converting some discount stores to different banners and closing a few others. We are also streamlining both common services shared by Québec and Ontario operations, and our distribution centre operations. In the coming quarters, the impacts of the plan with regard to A&P Canada operations will be presented in the purchase price allocation as they are evaluated.

Total anticipated costs over the next two fiscal years are \$55 million, of which \$2.6 million were incurred in the second quarter and \$20.9 million in the first 24 weeks of fiscal 2006.

Integration and Rationalization Costs

(Millions of dollars)

	Incurred		Anticipated	Total
	12 weeks	24 weeks		
Stores and distribution centres	–	11.9	5.1	17.0
Common services	2.4	8.8	9.2	18.0
Implementation of information systems	0.2	0.2	19.8	20.0
Total	2.6	20.9	34.1	55.0

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

Earnings before interest, taxes, depreciation and amortization for the second quarter were \$140.4 million, up 71.8% over the \$81.7 million for the same quarter last year. Second quarter EBITDA represented 5.8% of sales versus 5.9% last year. Without taking into account the \$2.6 million in integration and rationalization costs, EBITDA as a percentage of sales would be 5.9%. Following the acquisition of A&P Canada, we forecasted \$60 million in synergies, of which \$35 million would be realized in the first year. In the second quarter, we realized \$9.2 million in synergies, mainly resulting from lower costs of goods sold. Second quarter earnings from our investment in Alimentation Couche-Tard Inc. were \$6.6 million compared to \$4.8 million for the same quarter last year. Without taking into account integration and rationalization costs and earnings from our investment in Alimentation Couche-Tard Inc., our 2006 second quarter EBITDA would represent 5.6% of sales, the same level as last year.

EBITDA for the 24-week period rose 61.3% to \$248.1 million or 5% of sales compared to \$153.8 million or 5.4% of sales for the same period last year. Without taking into account the \$20.9 million in integration and rationalization costs, EBITDA would be 5.4% of sales. We realized \$17.1 million in synergies over the 24-week period. Earnings from our investment in Alimentation Couche-Tard were \$13.4 million for the 24-week period compared to \$10 million for the same period last year. Without taking into account integration and rationalization costs and earnings from our investment in Alimentation Couche-Tard, our EBITDA for the first 24 weeks of 2006 would be 5.2% of sales compared to 5.1% for the same period of fiscal 2005.

INTEREST, DEPRECIATION AND AMORTIZATION

Total depreciation and amortization expense for the second quarter and first 24 weeks of fiscal 2006 rose to \$39.1 million and \$77.9 million respectively compared with \$17.3 million and \$34.3 million for the same periods last year. The increases result primarily from the acquisition of A&P Canada for \$20.8 million in the second quarter and \$41.5 million in the first 24 weeks of 2006. Second quarter interest expenses totalled \$16.3 million versus \$0.7 million last year, while interest expenses for the 24-week period totalled \$31.8 million versus \$1.3 million last year. This increase results primarily from the financing of the acquisition of A&P Canada. Interest rates for the 24-week period averaged 4.9% compared with 3.4% for the corresponding period of the previous fiscal year.

INCOME TAXES

The 2006 second quarter and 24-week income tax expenses of \$26.4 million and \$47.8 million represent respectively effective tax rates of 31.1% and 34.5%. During the first quarter, an approval milestone was met with regard to the Québec government's budget tabled on April 21, 2005 providing, among other things, for increases of the large business tax rate from 8.9% to 11.9% planned between January 1, 2006 and January 1, 2009. Accordingly, in the first quarter, we recorded a \$5.3 million increase in our future income tax liabilities and an additional tax expense in the same amount corresponding to the future 3% Québec income tax increase that will apply to our future tax liabilities. Not taking this additional expense into account, the effective tax rate for the 24-week period would have been 30.7%. The 1% statutory Québec tax rate increase effective January 1, 2006 represents a 0.7% tax impact on the effective tax rate for the second quarter and first 24 weeks of fiscal 2006.

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

NET EARNINGS

Second quarter net earnings reached \$57 million versus \$44.7 million for the same quarter last year, a 27.5% increase. Fully diluted net earnings per share were \$0.49 versus \$0.46 last year, a 6.5% increase. Without taking into account integration and rationalization costs of \$2.6 million, adjusted net earnings⁽²⁾ would be \$58.7 million, up 31.3% from the same quarter last year. This increase results mainly from the acquisition of A&P Canada. Adjusted fully diluted net earnings per share would have been \$0.50, up 8.7% from last year.

Net earnings for the first 24 weeks reached \$89 million versus \$83.3 million last year, a 6.8% increase. Not taking into account integration and rationalization costs of \$20.9 and the additional tax expense of \$5.3 million, adjusted net earnings⁽²⁾ for the 24-week period would have been \$108.3 million, up 30% over the corresponding period last year. Fully diluted net earnings per share would have been \$0.93, up 8.1% over last year.

Cash Position

OPERATING ACTIVITIES

Operating activities generated cash flows in the amount of \$181.3 million in the second quarter and \$128.3 million over the first 24 weeks of 2006 compared to \$85.7 million and \$33.8 million respectively in the corresponding periods of fiscal 2005. The increase in cash flows for the second quarter and first 24 weeks of 2006 compared to fiscal 2005 are due mainly to increased cash flows generated by A&P Canada.

INVESTMENT ACTIVITIES

Investing activities required outflows of \$32.8 million in the second quarter of 2006 and \$80.5 million over the first 24 weeks compared to \$31.2 million and \$64.6 million respectively in the corresponding quarters of fiscal 2005. These increases are due primarily to the acquisition of additional fixed assets following the acquisition of A&P Canada.

During the first 24 weeks, the Company and the retailers invested \$133.8 million in our retail network for a gross expansion of 246,000 square feet or 1.3%. Major renovations and expansions of 18 stores were completed and 14 new stores were opened.

FINANCING ACTIVITIES

Financing activities required outflows of \$11.9 million in the second quarter of 2006 and generated cash flows of \$76.5 million over the first 24 weeks compared to outflows of \$45.7 million in the second quarter of fiscal 2005 and cash flows of \$14.4 million over the first 24 weeks. These variations between the different periods in 2006 and 2005 are due mainly to more significant increase in bank loans in 2005 and redemption of \$21 million worth of shares during the second quarter of 2005 and \$29.1 million over the first 24 weeks of 2005, whereas no shares were redeemed in 2006. During the first 24 weeks of 2006, the Company issued \$200 million worth of Series A 10-year medium-term notes at a nominal interest rate of 4.98% and \$400 million worth of Series B 30-year notes at a nominal interest rate of 5.97%. The amounts received from these issues were used to repay the balance of Credit Facility B and \$100 million of the \$750 million Credit Facility A.

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	12 weeks		24 weeks	
	Millions of Dollars	Fully Diluted EPS Dollars	Millions of Dollars	Fully Diluted EPS Dollars
Adjusted net earnings	58.7	0.50	108.3	0.93
Integration and rationalization costs after taxes	1.7	0.01	14.0	0.11
Additional tax expense	-	-	5.3	0.05
Net earnings	57.0	0.49	89.0	0.77

Financial Position

Our financial position is very solid at the end of the second quarter. We have \$218.1 million in cash and cash equivalents as well as \$3.3 million in bank loans from variable interest entities. We have not used our approved \$400 million line of credit. Our long-term debt corresponds to 45.2% of the combined total of long-term debt and shareholder equity.

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

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

At the end of the second quarter, with interest rate swap contracts for a total notional amount of \$150 million of Credit Facility A, we were able to exchange variable interest payments for fixed interest rate payments in accordance with the following terms:

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

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

CAPITAL STOCK AND STOCK OPTIONS

	As at March 11, 2006	As at September 24, 2005
Number of Class A Subordinate Shares outstanding (<i>Thousands</i>)	113,604	113,504
Number of Class B Multiple Voting Shares outstanding (<i>Thousands</i>)	901	923
Stock options:		
Number outstanding (<i>Thousands</i>)	4,328	4,374
Exercise price	\$7.93 to \$33.87	\$7.93 to \$27.25
Weighted average exercise price	\$19.99	\$19.72

DIVIDENDS

On April 11, 2006, the Company's Board of Directors declared a quarterly dividend of \$0.105 per Class A Subordinate Share and Class B Share payable May 29, 2006, an increase of 5% over the dividend for the corresponding quarter last year. On an annualized basis, this dividend represents 25% of 2005 net earnings.

SHARE TRADING

The value of METRO shares remained in the range of \$28.47 to \$36.00 over the first 24 weeks of fiscal 2006. During this period, a total of 20.8 million shares were traded on the Toronto Stock Exchange. The closing price on Friday, March 31, 2006 was \$29.75 compared with \$34.25 at the end of fiscal 2005, a decrease of 13.1%.

Outlook

“Over the next few quarters, we will complete our purchase price allocation for A&P Canada, and continue to work toward achieving combined annual synergies estimated at \$60 million, starting with \$35 million in 2006 and an additional \$25 million in 2007. We will also work on implementing our integration and rationalization plan, and our information systems to A&P Canada’s operations,” stated the President and Chief Executive Officer, Mr. Pierre H. Lessard.

Conference Call

Financial analysts are invited to participate in a conference call at 4:30 p.m. EDT April 11, 2006 on the second quarter results of fiscal 2006. To access the conference call, please dial 416-644-3423 or 514-807-8791. The media and public are invited to listen to the call in real time or delayed time on the METRO INC. Web site at **www.metro.ca**.

Projections

Any statement contained in the present press release which does not constitute an historic fact, may be deemed a projection. Verbs such as “believe”, “foresee”, “estimate” and other similar expressions appearing in this press release generally indicate projections. These projections do not provide guarantees as to the future performance of METRO INC. and are subject to risks, both known and unknown, as well as uncertainties which may cause the outlook, profitability and actual results of METRO INC. to differ significantly from the profitability or future results stated or implied in these projections.

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