



Notice of 2007 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 23, 2007 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 23, 2007 at 11:00 a.m. (Montréal time)**, for the purposes of:

1. Receiving the consolidated financial statements of the Company for the financial year ended September 30, 2006 and the report of the auditors thereon;
2. electing directors;
3. appointing auditors;
4. considering and, if deemed advisable, approving the amendments to the Company’s Stock Option Plan; and
5. 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 8, 2006 are entitled to receive notice of, to attend and to vote at this meeting.

DATED at Montréal, this 12th day of December, 2006.

By order of the Board of Directors

Simon Rivet

Signed

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 22, 2007.

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 23, 2007 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 \$31,500.

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 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.

Revocation 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, Computershare Trust Company of Canada, 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.

4 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.

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 of the Company 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 of December 1st, 2006, there were 114,051,847 Class A Subordinate Shares and 858,240 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 of the close of business on December 8, 2006 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 of the close of business on December 8, 2006. As of December 1st, 2006, the Class A Subordinate Shares issued and outstanding represented in the aggregate 89.25% of the votes attaching to all shares of the Company and the Class B Shares issued and outstanding represented in the aggregate 10.75% 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 of December 1st, 2006, 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⁾	21,919,017	19.22%	—	—
A&P Luxembourg S. à r. l. and The Great Atlantic & Pacific Tea Company, Inc. ⁽²⁾	18,081,645	15.85%	—	—
Fidelity Management Research Corp. ⁽³⁾	12,230,500	10.72%	—	—
Regroupement des marchands actionnaires inc. ⁽⁴⁾	2,042,049	1.79%	280,800	32.72%

(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 of the Company to A&P Luxembourg S. à r.l. ("A&P Luxembourg"), an indirect wholly-owned subsidiary of A&P US. On November 10, 2006, A&P Luxembourg transferred 6,000,000 Class A Subordinate Shares of the Company to A&P US. The Tengelmann Group, the majority shareholder of A&P US, also owns 5,000 Class A Subordinate Shares of the Company.

(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 30, 2006 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 2006 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 2006 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. As it did for the year 2006, the Board of Directors of the Company has set the number of directors at 14 for the next year. 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. According to a policy of the Company, any nominee for the position of director must be under 70 years old at the time of the election.

N O M I N E E S — Nominees for the position of director are all current directors. Mr. Michel Labonté sits on the Board of Directors since November 14, 2006, on which date he was appointed by the Board to fill the vacant position left by Mr. Gérard Antoine Limoges following his resignation. Mr. Christian W.E. Haub and Ms. Bobbie Andrea Gaunt are being nominated by A&P Luxembourg and A&P US 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 and A&P US have the right to designate a total of 2 nominees for the position of director of the Company as long as they hold together 10% or more of all the issued and outstanding Class A Subordinate Shares or one nominee for the position of a director of the Company where they hold together 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. 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 as well as Messrs. Pierre Brunet and Michel Labonté 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 67
Director since 2001
Independent

**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. He is currently Chair of the Board of the Caisse de dépôt et placement du Québec as well as Chair of the Board of Montréal International. He is also a director of Transcontinental Inc.



Marc DeSerres
Westmount, Quebec
age 53
Director since 2002
Independent

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 52
Director since 2005
Independent

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 51
Director since 1997
Non-independent

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 Degree in Accounting from Université Laval.



Bobbie Andrea Gaunt
Saugatuck, Michigan
United States of America
age 60
Director since 2006
Independent

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, P.C., O.C., O.Q., Q.C.

Québec, Quebec
age 63

Director since 2001
Independent

Partner of Desjardins Ducharme, general partnership (law firm)

Ms. Gauthier is a lawyer. She holds a Master of Laws in commerce from Université Laval. As a director of public companies, she has served and currently serves on many committees, including audit committees and corporate governance committees. She is currently a director of TransCanada Corporation, Royal Bank of Canada and Rothmans Inc.



Paul Gobeil, F.C.A.

Ottawa, Ontario
age 64

Director since 1990
Non-independent

Vice-Chairman of the Board of the Company and Chairman of the Board of Export Development Canada (Services for Canadian Exporters)

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's degree in Accounting from Université de Sherbrooke and completed the Senior Management Program at Harvard Business School. He is also Chairman of the Board of Diagnostics Inc., director of the National Bank of Canada and Canam Group Inc. as well as one of the trustees of Yellow Pages Income Fund.



Christian W.E. Haub
Greenwich, Connecticut
United States of America
age 42

Director since 2006
Independent

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 67

Director since 1987
Independent

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 Degree in Commerce from École des Hautes Études Commerciales.



Maryse Labonté
Saint-Sylvestre, Quebec
age 53

Director since 2000
Non-independent

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

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



Michel Labonté
Montréal, Quebec
age 61
Director since 2006
Independent

Corporate Director.

Throughout his career, Mr. Labonté has held the following positions at the National Bank of Canada: from 1993 to 2002, Senior Vice-President, Finance and Control, from 2002 to 2003, Senior Vice-President, Finance and Technology, from 2003 to 2005, Senior Vice-President, Finance, Technology and Corporate Affairs and from 2005 to October 2006, Executive Advisor. Before joining the National Bank of Canada, Mr. Labonté was Executive Vice-President, Finance and Administration at Hydro-Québec. Mr. Labonté has a Bachelor's degree in architecture from the Faculty of Engineering of McGill University and a Master's degree in urban planning from the Université de Montréal. He is also director and Chair of the audit committee of Manac inc.



Pierre H. Lessard, F.C.A.
Westmount, Quebec
age 64
Director since 1990
Non-independent

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 TD Bank Financial Group and SNC-Lavalin Group Inc.



Marie-José Nadeau
Montréal, Quebec
age 53
Director since 2000
Independent

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 66
Director since 1990
Independent

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 President and Chief Executive Officer of World Point Terminals Inc. of which he is also a director.

Table of equity holding by directors. The following table sets forth the number of Class A Subordinate Shares, Class B Shares and Deferred Share Units (« DSU ») held by the nominees for the position of director as of December 2, 2005, December 1st, 2006 and the total value of their shares and DSU as of December 1st, 2006.

Director	As of December 2, 2005			As of December 1 st , 2006			Total value as of December 1 st , 2006 (\$)
	Class A Subordinate Shares	Class B Shares	DSU	Class A Subordinate Shares	Class B Shares	DSU	
Pierre Brunet	5,391	—	—	6,118	—	—	221,166
Marc DeSerres	4,809	—	1,821	4,809	—	2,874	277,373
Claude Dussault	1,000	—	701	4,000	—	1,787	208,971
Serge Ferland	40,963	10,800	2,300	40,963	10,800	3,786	2,007,612
Bobbie Andrea Gaunt	0	—	—	0	—	753	27,125
Paule Gauthier	5,004	—	1,258	5,004	—	2,171	259,098
Paul Gobeil	227,800	—	—	226,800	—	—	8,198,820
Christian W.E. Haub	0	—	—	0	—	753	27,125
Maurice Jodoin	8,200	—	10,162	8,200	—	11,811	721,886
Maryse Labonté	26,499	10,800	—	21,613	10,800	—	1,171,730
Michel Labonté	—	—	—	0	—	—	0
Pierre H. Lessard	350,000	—	—	350,000	—	—	12,652,500
Marie-José Nadeau	4,887	—	235	4,887	—	771	204,438
Bernard A. Roy	5,528	—	—	5,949	—	—	215,056

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 30, 2006 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	9
Audit Committee	5
Human Resources Committee	6
Corporate Governance and Nominating Committee	6
Executive Committee	1

Directors	Attendance at board meetings	Committees	Attendance at committee meetings
Pierre Brunet	9/9	Executive Human Resources (Chair)	1/1 6/6
Jacques Chevrefils ⁽¹⁾	3/4	—	—
Marc DeSerres	9/9	Corporate Governance and Nominating Audit	6/6 5/5
Claude Dussault	6/9	Human Resources	6/6
Serge Ferland	7/9	Executive	1/1
Bobbie Andrea Gaunt ⁽²⁾	5/5	Human Resources Audit	4/4 2/2
Paule Gauthier	6/9	Human Resources Audit	6/6 4/5
Paul Gobeil	9/9	Executive	1/1
Christian W.E. Haub ⁽²⁾	4/5	Executive Corporate Governance and Nominating	1/1 2/3
Maurice Jodoin	9/9	Executive Human Resources Corporate Governance and Nominating (Chair)	1/1 6/6 6/6
Maryse Labonté	8/9	—	—
Pierre H. Lessard	9/9	Executive (Chair)	1/1
Gérard A. Limoges ⁽³⁾	5/5	Audit (Chair)	3/3
Marie-José Nadeau ⁽⁴⁾	9/9	Corporate Governance and Nominating Audit	6/6 5/5
Bernard A. Roy	9/9	Executive Corporate Governance and Nominating	1/1 6/6
Overall rate of attendance	90.68%		97.56%

(1) Mr. Jacques Chevrefils has ended his term of office on January 24, 2006.

(2) Ms Bobbie Andrea Gaunt and Mr. Christian W.E. Haub took office on January 24, 2006.

(3) Mr. Gérard A. Limoges resigned on April 7, 2006.

(4) Ms Marie-José Nadeau was Interim Chair of the Audit Committee until November 14, 2006.

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 and 13 of the Annual Information Form under the heading “Directors and Officers”. The Company’s 2006 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.**

Auditor's independence

For the 2005-2006 financial year, the Company's Audit Committee obtained written confirmation from Ernst & Young LLP regarding 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 — Until January 24, 2006, the Audit Committee was made up of the 4 following independent directors: Mesdames Paule Gauthier and Marie-José Nadeau as well as Messrs. Marc DeSerres and Gérard Antoine Limoges (Chairman of the Committee). Since January 24, 2006, the Audit Committee is made up of the following independent directors: Mesdames Paule Gauthier, Bobbie Andrea Gaunt and Marie-José Nadeau and Mr. Marc DeSerres. Until his resignation, on April 7, 2006, Mr. Gérard Antoine Limoges was a member and Chairman of the Audit Committee. Subsequently, Ms Marie-José Nadeau acted as interim Chair of the Audit Committee until the appointment of Mr. Michel Labonté on November 14, 2006. Mr. Labonté has chaired the Audit Committee since his appointment.

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. Mr. Labonté has experience relevant to the performance of his duties on the Audit Committee since he has served as Vice-President, Finance, first at Hydro-Québec and then at National Bank of Canada for more than 23 years. Mr. Labonté is also chair of the audit committee of Manac inc. as well as Academic Coordinator for the module devoted mainly to accounting issues and the role of members of audit committees of the Directors Education Program of the Institute of Corporate Directors (ICD) Corporate Governance College. Ms Gauthier acquired her experience by serving on other audit committees and has practised commercial law for over 20 years. Ms Nadeau acquired her experience by serving for 10 years on the audit and finance committee of Hydro-Québec and is currently a member of the audit committee of Churchill Falls and Labrador Hydro. Ms Gaunt acquired her experience by serving as President and CEO of Ford Motor Company of Canada, Limited, Interim President and CEO of Advo Inc. and on other audit committees. Mr. DeSerres acquired his experience 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.

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 30, 2006 and September 24, 2005, 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.

	2005	2006
Audit fees	\$ 791,487	\$ 1,811,218
Audit-related fees	\$ 592,270	\$ 301,076
Fees for tax services	\$ 450,922	\$ 777,198
All other fees	\$ 5,000	\$ 0

Executive and director compensation

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, Chief Financial Officer and Treasurer, L.G. Serge Gadbois who was Senior Vice-President, Finance and Treasurer until January 29, 2006 and the 3 other most highly compensated executive officers of the Company (collectively the “Named Executives”), during the financial year ended on September 30, 2006.

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⁾ (\$)	Securities under options granted ⁽⁵⁾ (#)	Awards Performance share units (#)	
Pierre H. Lessard	2006	746,278	895,534	—	—	—
President and Chief Executive Officer	2005	716,700	860,040	—	—	—
	2004	689,200	551,360	—	—	—
Eric Richer La Flèche	2006	450,000	436,500	16,400	9,063	—
Executive	2005	346,200	327,981	63,400	—	—
Vice-President and Chief Operating Officer	2004	267,400	135,000	46,700	—	—
Richard Dufresne ⁽⁶⁾	2006	212,500	159,688	29,500	6,091	—
Senior Vice-President and Chief Financial Officer	2005	—	—	—	—	—
and Treasurer	2004	—	—	—	—	—
L.G. Serge Gadbois ⁽⁷⁾	2006	297,499	—	—	—	—
Senior Vice-President	2005	294,700	220,702	16,500	—	—
Finance and Treasurer	2004	282,900	142,750	21,200	—	—
Alain Brisebois	2006	375,000	295,000	9,600	4,110	—
Senior Vice-President	2005	288,700	216,202	39,600	—	—
Ontario Division	2004	267,400	135,000	19,500	—	—
Robert Sawyer	2006	325,000	259,000	9,600	4,110	—
Senior Vice-President	2005	282,900	211,875	16,500	—	—
Quebec Division	2004	267,400	135,000	19,500	—	—

(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 Executives 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 and performance share unit 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) Mr. Richard Dufresne was appointed Senior Vice-President and Chief Financial Officer and Treasurer on January 30, 2006.

(7) Mr. L.G. Serge Gadbois was Senior Vice-President, Finance and Treasurer until January 29, 2006. Pursuant to an agreement made on November 30, 2005, Mr. L.G. Serge Gadbois continues to provide services to the Company until April 20, 2007, as an advisor, in consideration of the payment of his base salary and the maintenance of most of his other benefits.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS —

The following table summarizes as of September 30, 2006, the equity compensation plans pursuant to which equity securities of the Company may be issued.

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	4,232,840	\$ 20.85	749,962
Total	4,232,840	\$ 20.85	749,962

STOCK OPTION PLAN — The Stock Option Plan (the “Option 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 Option 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 including the vesting date of any option. 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.

Unless the Board decides otherwise, the options granted under the Option Plan expire at their expiry date or if one of the following situations occurs:

- 30 days after the resignation of the optionee;
- at the date the Company or one of its subsidiaries ends the optionee’s employment for just cause;
- two years after the date of a retirement, an authorized leave or following the death of the optionee, but in the latter case, only for options granted before April 11, 2006. However, the optionee is allowed to exercise his rights for a period of 364 days after that two-year period; and
- one year after the optionee’s death, for options granted on or after April 11, 2006.

As of December 12, 2006, 4,131,200 Class A Subordinate Shares of the Company can be issued on account of stock option grants made pursuant to the Option Plan representing 3.62% of the issued and outstanding shares of the Company.

The Board of Directors amended on December 12, 2005, with the approval of the Toronto Stock Exchange (the “TSX”), the Option Plan to provide that in case of a change of control of the Company, all options granted under the Option Plan could be exercised, at the discretion of the optionees.

The Board of Directors has amended the Option Plan on April 11, 2006, with the approval of the TSX, to shorten from two years to one year the vesting and exercise period when an optionee dies for options granted on or after April 11, 2006.

The Board of Directors also amended the Option Plan on December 12, 2006, with the approval of the TSX, to provide that the number of shares that can be issued to insiders, at any time, when options granted under the Option Plan or in accordance with any other compensation plan of the Company are exercised, shall not exceed 10% of the number of outstanding shares of all classes of the Company. The Option Plan already provided that the number of shares that can be issued within a period of one year, when options are exercised under the Option Plan or in accordance with any other compensation plan of the Company, shall not exceed, *inter alia*, 10% of the number of Class A Subordinate Shares and Class B Shares outstanding.

AMENDMENTS TO THE OPTION PLAN — The Board of Directors deemed advisable on December 12, 2006, with the approval of the TSX and subject to the approval of shareholders, to amend the Option Plan in order to extend by 7 business days the exercise period for options that ends during a trading prohibition period, as determined in the Information Policy of the Company.

Following the changes made by the TSX regarding the requirements applying to security based compensation arrangements, the Board of Directors of the Company has also approved on December 12, 2006, with the approval of the TSX and subject to the approval of shareholders, an amendment to the Option Plan regarding its modification process. Therefore, the Board of Directors has specifically set out in the Option Plan the amendments to the Option Plan that must be submitted to the approval of shareholders, namely: (i) any amendment to the number of securities issuable under the Option Plan (except for any amendment resulting from a split, a consolidation or any other similar operation);(ii) any change which would allow non-employee directors to participate under the Option Plan on a discretionary basis; (iii) any amendment which would permit any option granted under the Option Plan to be transferable or assignable other than by will or under succession laws (estate settlement); (iv) the addition of a cashless exercise feature, payable in cash or securities which does not provide for a full deduction of the number of underlying securities from the Option Plan reserve; (v) the addition of a deferred or restricted share unit or any other provision which results in employees receiving securities while no cash consideration is received by the Company; (vi) any reduction in the purchase price (subscription price or exercise price) of any underlying shares after the option has been granted or any cancellation of an option and the substitution of that option with a new option with a reduced exercise price, except for any amendment resulting from a split, a consolidation or any other similar operation; (vii) any extension to the term of an option beyond the original expiry date (subject to the proposed amendment in order to extend by 7 business days the initial term when an option exercise period ends during a trading prohibition period); (viii) any amendment to the method of determining the purchase price (subscription price or exercise price) of each share covered by an option granted pursuant to the Option Plan ; and (ix) the addition of any form of financial assistance and any amendment to a financial assistance provision which is more favourable to employees.

The Board of Directors may, subject to the receipt of the required approvals of the regulatory authorities, and at its sole discretion, make all other amendments to the Option Plan that are not covered hereabove. Without limiting the generality of the foregoing, the Board of Directors will be able to, *inter alia*: (i) make any amendment of a “housekeeping” or clerical nature or to clarify the Option Plan’s provisions; (ii) make any amendment regarding any vesting period; (iii) make any amendment to the provisions regarding the termination of an option or the Option Plan as long as it does not entail an extension beyond the original expiry date; (iv) make any amendment resulting from a split, a consolidation, a reclassification, a share dividend declaration or any other amendment pertaining to the shares; (v) discontinue the Option Plan; and (vi) grant an option having an initial term exceeding 5 years from the date it can be exercised for the first time as long as the term does not exceed 10 years from the date the option was granted.

The changes approved by the Board of Directors of the Company on December 12, 2006 must be approved by the majority of the votes cast by the holders of voting shares at the meeting. The text of the resolution is set forth in Exhibit C to this circular. **The persons named in the accompanying form of proxy intend to vote FOR the amendments to the Option Plan as set forth in Exhibit C to this circular.**

STOCK OPTIONS GRANTED DURING THE MOST RECENTLY COMPLETED FINANCIAL YEAR — The following table sets forth stock options granted to Named Executives pursuant to the Option Plan during the financial year ended September 30, 2006.

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	16,400	6.20	30.16	30.16	04-10-2013
Richard Dufresne	15,000	5.67	30.02	30.02	01-31-2013
	14,500	5.48	30.16	30.16	04-10-2013
Alain Brisebois	9,600	3.63	30.16	30.16	04-10-2013
Robert Sawyer	9,600	3.63	30.16	30.16	04-10-2013

AGGREGATE OPTION EXERCISED 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 30, 2006.

Name	Number of securities acquired on exercise (#)	Aggregate value realized (\$)	Unexercised options at September 30, 2006		Value of unexercised in-the-money options at financial year-end ⁽¹⁾ (\$)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Pierre H. Lessard	—	—	2,200,000	—	27,170,000	—
Eric Richer La Flèche	50,800	888,004	46,080	128,720	869,057	1,267,810
L.G. Serge Gadbois	14,440	304,272	88,360	68,940	1,773,377	981,706
Richard Dufresne	—	—	—	29,500	—	102,695
Alain Brisebois	90,000	1,392,300	49,660	79,640	939,480	725,224
Robert Sawyer	—	—	102,660	74,340	2,098,650	940,515

(1) Closing price on September 30, 2006: \$33.60

PERFORMANCE SHARE UNIT PLAN — The purpose of the Performance Share Unit Plan (the “PSU Plan”), which became effective on April 11, 2006, is to compensate senior executives and key employees of the Company and its subsidiaries who make a particular contribution to the creation of economic value for the Company and its shareholders.

Senior executives and key employees may be granted performance share units (collectively or individually “PSU”). These PSU entitle their holder to receive Class A Subordinate Shares of the Company, or, at the discretion of the Company, the equivalent, in whole or in part, in cash on the vesting date. The number of PSU may increase upon the attainment of certain financial performance objectives determined from time to time by the Human Resources Committee of the Company. For the financial year 2005-2006, the performance objectives were based on the return on shareholders’ equity and on earnings per share growth.

The vesting date is determined at the date of the grant and may not exceed three years from such date.

The PSU Plan is not dilutive with respect to the issued and outstanding shares of the Company in that PSU are settled in Class A Subordinate Shares purchased on the secondary market and/or in cash. Furthermore, PSU are not transferable nor assignable.

PERFORMANCE SHARE UNITS GRANTED DURING THE MOST RECENTLY COMPLETED FINANCIAL YEAR — The following table sets forth PSU granted to Named Executives pursuant to the PSU Plan during the financial year ended September 30, 2006.

Name	Number of PSU granted ⁽¹⁾	% of total PSU granted to employees during the financial year ⁽¹⁾	Vesting date
Eric Richer La Flèche	9,063	11.32	04-11-2009
Richard Dufresne	6,091	7.61	04-11-2009
Alain Brisebois	4,110	5.13	04-11-2009
Robert Sawyer	4,110	5.13	04-11-2009

(1) PSU were granted to Named Executives on April 11, 2006, on which date the closing price of Class A Subordinate Shares on the TSX was \$31.20. This table was prepared using the maximum number of PSU eligible employees can obtain if certain performance objectives are reached.

PENSION PLANS — The pension benefits of senior executives are provided under a basic plan and a supplemental plan, both of the non-contributory defined benefit type. The two plans combined provide a pension equal to 2% of the final average salary, multiplied by the number of years of credited service, the final average salary being defined as the annual average base salary received by the participant during the 36 consecutive months that were most highly compensated. The pension benefits are paid in addition to government pension plans, and the normal form of pension is a lifetime pension with a guarantee of 120 monthly payments. Senior executives may elect early retirement from age 55, subject to a reduction of 0.5% for each month between the date of retirement and age 60. Plan members who enrolled prior to September 1st, 1991 benefit from pension indexation to the basic plan pension (according to the Consumer Price Index, the minimum of which being 0% and the maximum 4.5%) from January 1st immediately following the later of pension start date or the attainment of age 60. Messrs. Pierre H. Lessard, L.G. Serge Gadbois and Robert Sawyer enjoy this benefit.

The following table illustrates, as an example, the annual benefits payable at the normal age of retirement (age 65) from both plans combined, according to the final average salary and years of credited service under these plans.

Final average salary (\$)	Years of credited 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, both plans combined however provide Mr. Pierre H. Lessard with a pension benefit of 3.75% of his final average compensation (the average of the three best fiscal years), multiplied by the number of years of credited service. The normal form of pension is a lifetime pension, of which 60% continues to be paid to his spouse following his death. The other provisions are the same as described above.

As of September 30, 2006, the Named Executives had the following years of credited service: Pierre H. Lessard, 16 years; L.G. Serge Gadbois, 22.7 years including 18.8 years in the supplemental plan; Richard Dufresne, 0.7 year; Robert Sawyer, 26.8 years including 18.8 years in the supplemental plan; Alain Brisebois, 7 years; and Eric Richer La Flèche, 13.8 years.

EMPLOYMENT CONTRACT — As of September 30, 2006, the Company was party to an employment contract with Mr. Pierre H. Lessard which came into force on April 1st, 2002 and pursuant to which the Company agreed to employ Mr. Lessard as President and Chief Executive Officer. This contract was for an initial term of 5 years and was renewed in 2006 for an additional year, at which time it is automatically renewable for another year unless there is a six-month prior notice. 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 one 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.

COMPOSITION OF THE HUMAN RESOURCES COMMITTEE — Until January 24, 2006, the Human Resources Committee (the “Committee”) was made up of the following 4 independent directors: Ms Paule Gauthier and Messrs. Pierre Brunet, Chairman of the Committee, Maurice Jodoin, Chairman of the Board, and Claude Dussault. Since January 24, 2006, the Committee is made up of the following 5 independent directors: Mesdames Paule Gauthier and Bobbie Andrea Gaunt 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 6 meetings during the 2005-2006 financial year.

HUMAN RESOURCES COMMITTEE REPORT ON EXECUTIVE COMPENSATION — All information disclosed in this report is as of September 30, 2006, 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 made up of a base salary, a short-term incentive plan, a long-term incentive plan consisting of stock options and PSU, 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 and the long-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, according to the hierarchical level, 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 — Upon Mercer Human Resource Consulting’s recommendations, the Company decided to modify its long-term incentive plan by adding a PSU Plan to the already existing Option Plan. The Company has made this amendment to the long-term incentive plan in order to bring it in line with the new trends in executive compensation and make it more focused on performance and creation of value for the Company and its shareholders as well as to reduce dilution of shares. Thus, the long-term incentive plan is made up of the Option Plan and the PSU Plan described above under the headings “Stock Option Plan” and “Performance Share Unit Plan” (hereinafter collectively named the “Plans”).

The stock option and PSU grant policy for executives provides for annual grants, except for the President and Chief Executive Officer. The annual grants are based on a number of shares and PSU, the Black & Scholes value of which may vary between 50% and 100% according to the salary scale.

The Board of Directors may at its discretion grant additional stock options and PSU to certain officers.

Compared to the long-term incentive plan already in place, the new long-term incentive plan has the advantage of reducing the dilution of shares because proportionally less options are granted under the new long-term incentive plan since they have been replaced by PSU, these units being settled in Class A Subordinate Shares of the Company purchased on the secondary market and/or in cash at the time they vest.

The Company believes that the Plans are competitive, appropriate and focused on the performance of the Company and on the creation of value for the Company and its shareholders. 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 and other executives are required to hold a certain number of shares of the Company. The President and Chief Executive Officer, is required to hold shares of the Company with a value equal to at least 3 times his annual base salary. The Executive Vice-President and Chief Operating Officer is required to hold shares of the Company with a value equal to at least 2 times his annual base salary. Other senior executives are required to hold shares of the Company with a value equal to at least one and one-half times their annual base salary and the other executives are required to hold shares of the Company with a value equal to at least their annual base salary. This requirement must be fulfilled within 5 years following the date at which each of them may exercise options under the Option Plan for the first time and any PSU holder must keep the shares that he will receive on the vesting date if he has not yet met the minimum holding requirement at that time.

Furthermore, all holders of options granted under the Option 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: (i) the increase in the Consumer Price Index for the preceding 12 months plus 2%; or (ii) 4%. His maximum cash bonus under the short-term incentive plan, which may reach 120% of his base salary, is tied 50% to budgetary objectives, 50% to return on shareholders' equity and 20% to the satisfactory integration of A&P Canada's operations to the rest of the Company's operations. The President and Chief Executive Officer also enjoys a greater participation in the Company's Option Plan. However, the only options to which the President and Chief Executive Officer is entitled under his employment contract were granted to him during the 2001-2002 financial year. The conditions of exercise of his options are similar to those of options granted pursuant to the Option Plan. The President and Chief Executive Officer has not been granted PSU. 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 of December 1st, 2006, the President and Chief Executive Officer held shares of the Company equivalent to 17 times his annual base salary.

On behalf of the Human Resources Committee:

Pierre Brunet (Chairman)

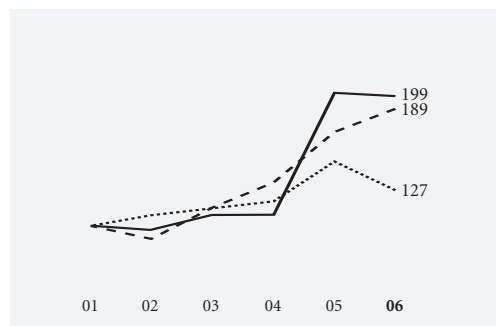
Claude Dussault

Bobbie Andrea Gaunt

Paule Gauthier

Maurice Jodoin

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 29, 2001 to September 30, 2006



	2001	2002	2003	2004	2005	2006
— Metro Inc.	100	97	108	108	201	199
- - - S&P/TSX Composite Index	100	91	113	133	171	189
..... S&P/TSX Food Store Index	100	108	113	118	149	127

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, before February 1st, 2006, was made up of the following elements:

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

In order to offer competitive compensation and recognize the growing complexity of their activities, the Board of Directors, upon the recommendation of the Corporate Governance Committee, has decided to modify the compensation of directors effective February 1st, 2006 as follows:

- the Chairman of the Board receives a total annual retainer of \$225,000 (the Chairman does not receive any other compensation);
- the base annual retainer for directors is \$35,000;
- 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 \$5,000 and the annual retainer of the Chairman of the Audit Committee is \$10,000;
- committee members, except those of the Audit Committee, receive \$2,500 as an annual retainer and members of the Audit Committee receive \$5,000.

The aggregate compensation paid to directors who are not employees of the Company for the financial year ended September 30, 2006, was \$762,175.

The base annual retainer of directors, except for the Chairman of the Board, 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, which constitutes the minimum required share holding level for directors. Each director has 3 years to comply with the minimum share holding level 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 at least equal to the minimum required share holding level.

Considering that the Chairman of the Board receives a total annual retainer, he is required to hold shares of the Company with a value at least equal to 3 times his total annual retainer and he receives at least 25% of his total compensation in shares or, at his option, in DSUs.

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 1st, 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 tax 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 2006 financial year

Name	Base annual Retainer (\$)	Total annual Retainer as Chairman of the Board (\$)	Base annual Retainer as Chairman of the Board (\$)	Base annual Retainer as a Committee (\$)	Base annual Retainer as a Member of a Committee (\$)	Board Meeting Attendance Fees (\$)	Committee Meeting Attendance Fees (\$)	Total Compensation paid ⁽¹⁾ (\$)
Pierre Brunet	33,275	—	—	4,655	2,328	10,000	7,500	57,758
Jacques Chevretils	10,350	—	—	—	—	3,750	—	14,100
Marc DeSerres	33,275	—	—	—	6,637	10,000	13,750	63,663
Claude Dussault	33,275	—	—	—	2,328	6,875	4,375	46,853
Serge Ferland	33,275	—	—	—	2,328	8,125	1,250	44,978
Bobbie Andrea Gaunt	23,500	—	—	—	5,008	5,625	4,375	38,508
Paule Gauthier	33,275	—	—	—	6,638	6,250	9,375	55,538
Christian W.E. Haub	23,500	—	—	—	3,352	5,000	3,125	34,977
Maurice Jodoin	—	144,615	54,510	1,380	1,380	5,000	6,250	213,135
Maryse Labonté	33,275	—	—	—	—	9,375	—	42,650
Gérard A. Limoges ⁽²⁾	17,067	—	—	4,679	—	4,375	3,750	29,871
Marie-José Nadeau	33,275	—	—	2,304	6,637	10,000	13,750	65,966
Bernard A. Roy	33,275	—	—	—	4,655	9,375	6,875	54,180
Total	340,617	144,615	54,510	10,714	43,594	93,750	74,375	762,175

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

(2) Mr. Gérard A. Limoges resigned as a director on April 7, 2006.

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 MANDATE — The Board currently has 4 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 7 members: 2 inside directors (including the Committee Chairman), 1 outside non-independent director and 4 independent directors. Unless specifically instructed otherwise by the Board, the Executive Committee has decision-making authority. The Executive Committee met once during the 2005-2006 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 and PSU 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 5 members, who are all independent directors. The Committee met 6 times during the 2005-2006 financial year.

The Audit Committee has a mandate the text of which is set forth 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 5 times during the 2005-2006 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 5 members of the Corporate Governance and Nominating Committee are independent directors. The Committee met 6 times during the 2005-2006 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.

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.

Simon Rivet,

Signed

Secretary

Montréal, December 12, 2006.

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 14 directors currently serving on the Board of Directors, 10 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, Bobbie Andrea Gaunt and Paule Gauthier and Messrs. Pierre Brunet, Marc DeSerres, Claude Dussault, Christian W.E. Haub, Maurice Jodoin, Michel Labonté 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 Mr. 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 23, 2007, 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, that is the above-mentioned directors, are considered to be independent directors.</p> <p>A record of the attendance of each director at Board and Committee meetings held since the beginning of the Company’s most recently completed financial year is included on pages 10 and 11 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. The information concerning the directors sitting on the board of another reporting issuer can be found on pages 7 to 9 inclusively 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>
<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. The Board of Directors has decided that, from now on, at the end of each Board meeting, a meeting in the sole presence of directors who are not members of the management or, depending on the issues discussed, in the sole presence of independent directors, will take place.</p>

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> <p>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.</p> |
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Orientation and Continuing Education

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| <p>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.</p> | <p>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.</p> <p>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.</p> <p>At every meeting of the Board of Directors, directors have an opportunity to hear presentations by executive officers on various topics regarding the Company's operations. Visits of the Company's facilities and food stores are also organized from time to time, for members of the Board of Directors. This year, briefing sessions have also been given on various areas of interest including director's duties and liabilities, new accounting principles and the food retailing industry in Canada.</p> |
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Business Ethics

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| 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 senior executives. No waivers have been sought for directors and senior executives and there are no breaches to report in this respect. |
| 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". |
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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.

Nomination of Directors

12. The board should appoint a nominating committee composed entirely of independent directors.

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 made up of 5 directors, all of whom are independent.

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.

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.

For more details, the summary of the Corporate Governance and Nominating Committee’s mandate can be found on page 23 of this Circular. This summary describes the responsibilities, powers and operations of the Committee.

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.

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.

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| 15. The board should also consider the appropriate size of the board, with a view to facilitating effective decision-making by the board. | 15. Each year the Board examines its size and has concluded that it will continue to be effective with 14 members. |
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| 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. | 16. The Company's Corporate Governance and Nominating Committee is responsible for identifying and recommending to the Board the new director nominees. Prior to the selection of any new nominee for the position of director, the Chairman of the Board (who is also the Chairman of the Corporate Governance and Nominating Committee) as well as the President and Chief Executive Officer meet with the potential candidate in order to evaluate his competencies and his independence. |
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| 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. | 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. |
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Compensation

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| 18. The board should appoint a compensation committee composed entirely of independent directors. | 18. The Human Resources Committee is made up of 5 directors all of whom are independent. |
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| 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 23 of this Circular. This summary describes the responsibilities, powers and operations of the Committee. |
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| 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 19 and 20 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. |
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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 compensation of senior executives (excluding the President and Chief Executive Officer) and to make any appropriate recommendations in accordance with the Company's practices.

The firm of Mercer Human Resource Consulting has presented its recommendations to the Human Resources Committee which applied them by creating, *inter alia*, the Performance Share Units Plan during the financial year 2005-2006.

Operations of the Board of Directors

22. Identify the standing committees of the board other than the audit, nominating and compensation committees, and describe their function.

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 page 23 of this Circular, except for the mandate of the Audit Committee which can be found in Exhibit B to this Circular.

23. The board, its committees and each individual director should be regularly assessed regarding his, her or its effectiveness and contribution.

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 ensures that the mandate of each committee of the Board is being carried out. The assessment also deals with the way the Chairman of the Board and the committee chairs fulfill their duties.

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.

The answers to the questionnaires are compiled and analyzed by an independent party so that this process can be performed in an impartial manner. The results of this analysis are given to the Corporate Governance and Nominating Committee which reports to the Board.

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.

Exhibit C

Amendments to the Stock Option Plan

Upon motion duly proposed and seconded, it is resolved:

1. to amend the Stock Option Plan in order to add Section 7.9 which reads as follows:

“ 7.9 The expiry date of any option falling within a trading prohibition period as determined under the Information Policy of the Company, as same may be amended from time to time by the Company, will be deferred for a period of seven (7) business days from the expiry of such trading prohibition period.”

2. to amend the Stock Option Plan of the Company by replacing Section 11 by the following:

“SECTION 11 MODIFICATION OF THE PLAN

11.1 Board, shareholder and requisite regulatory approvals shall be required for any of the following amendments to be made to the plan:

- (i) any amendment to the number of securities issuable under the plan (subject to Section 11.2 (iv) hereof), including an increase to a fixed maximum number of securities or a change from a fixed maximum number of securities to a fixed maximum percentage;
- (ii) any change which would allow non-employee directors to participate under the plan on a discretionary basis;
- (iii) any amendment which would permit any option granted under the plan to be transferable or assignable other than by will or under succession laws (estate settlement);
- (iv) the addition of a cashless exercise feature, payable in cash or securities which does not provide for a full deduction of the number of underlying securities from the plan reserve;
- (v) the addition of a deferred or restricted share unit or any other provision which results in employees receiving securities while no cash consideration is received by the Company;
- (vi) any reduction in the purchase price (subscription price or exercise price) of any underlying shares after the option has been granted or any cancellation of an option and the substitution of that option by a new option with a reduced exercise price, subject to Section 11.2 (iv) of the plan;
- (vii) any extension to the term of an option beyond the original expiry date (subject to Section 7.9 hereof);
- (viii) any amendment to the method of determining the purchase price (subscription price or exercise price) of each share covered by an option granted pursuant to the plan ; and
- (ix) the addition of any form of financial assistance and any amendment to a financial assistance provision which is more favourable to employees.

11.2 The Board may, subject to receipt of requisite regulatory approval, where required, in its sole discretion, make all other amendments to the plan that are not contemplated in section 11.1 above, including, without limitation, the following:

- (i) amendments of a “housekeeping” or clerical nature as well as any amendment clarifying any provision of the plan;
- (ii) a change to the vesting provisions of an option or of the plan;
- (iii) a change to the termination provisions of an option or the plan which does not entail an extension beyond the original expiry date;
- (iv) any change to the number of securities issuable under the plan and any change to the number and/or the price of the shares covered by options that have not been exercised in the event of a stock split, a recapitalization, a reclassification, a share dividend declaration or any other changes pertaining to the shares;
- (v) the discontinuance of the plan; and
- (vi) the grant of an option having an initial term exceeding 5 years from the date it can be first exercised, in whole or in part, as long as the term thereof does not exceed 10 years from the date the option was granted.

- 11.3 Notwithstanding Section 11.2 of the plan, the Company shall not contravene any requirements, norms, laws and regulations of the TSX or of any regulatory authorities.
- 11.4 Notwithstanding any provisions to the contrary, any amendment to or termination of the plan shall in no way amend the conditions of the options already granted under the plan to the extent that such options have not then been exercised, unless the rights of the optionees have already expired or have already been fully exercised or unless the optionees affected by such change have already agreed to it.”
3. the President and Chief Executive Officer or the Vice-President, General Counsel and Secretary of the Company be and are hereby authorized to execute for and on behalf of the Company any document and to do all things necessary to give full effect to this resolution.

