



# **Notice of 2011 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 25, 2011 at the Centre Mont-Royal, 2200 Mansfield Street, Montréal, Quebec.

As a shareholder of METRO INC., you may 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 Centre Mont-Royal, 2200 Mansfield Street, Montréal, Quebec, on January 25, 2011 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 25, 2010 and the report of the auditors thereon;
2. electing directors;
3. appointing auditors; and
4. transacting such other business as may properly be brought before the meeting.

The holders of Class A Subordinate Shares and the holders of Class B Shares of record at the close of business on December 3, 2010 are entitled to receive notice of, to attend and to vote at this meeting.

DATED at Montréal, this 10th day of December 2010.

By order of the Board of Directors



Simon Rivet  
Secretary

**Note :** The holders of Class A Subordinate Shares and the holders of Class B Shares who are unable to attend this meeting in person are requested to proceed according to the instructions provided in this Management Proxy Circular and to return the form of proxy at their earliest convenience, but before 5:00 p.m. (Montréal time), on January 24, 2011.

# Management Proxy Circular

This Management Proxy Circular is provided 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 25, 2011 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, through the Internet, through advertisements or in person. The Company will also hire the services of third parties to solicit proxies, namely, Georgeson Shareholder Communications Canada Inc. The solicitation costs will be assumed by the Company, including any costs in connection with the services provided by the latter firm, which costs are estimated at approximately \$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.

## INFORMATION REGARDING THE VOTING OF SHARES

### REGISTERED SHAREHOLDERS

A registered shareholder is a shareholder whose shares are registered directly in his name in the Company's register of shareholders. Holders of shares of record as of the close of business in Montréal, Quebec, on December 3, 2010 (the "Record Date") will be entitled to attend the meeting and any adjournments thereof and exercise the voting rights attached to their shares at the meeting. Shareholders entitled to vote their shares in person may appoint another person to attend the meeting (a "proxyholder") and exercise their voting rights.

**VOTING OF SHARES BY PROXY** 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 attached 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 any other matter which may properly come before the meeting. As of the date of this Circular, the management of the Company knows of no such amendments, variations or other matters to be brought before the meeting.

**APPOINTMENT OF PROXYHOLDERS** A shareholder has the right to appoint a proxyholder to represent him at the meeting other than the persons whose names are printed as proxyholders in the accompanying form of proxy, by inserting the name of the shareholder's chosen proxyholder in the blank space provided for that purpose in the form of proxy. The person so named as proxyholder 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.

You may indicate how you wish your shares to be voted by following the instructions set out on the front and back of the form of proxy.

**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.

If you have any questions with respect to the foregoing or wish to receive an additional copy of the Management Proxy Circular or need help to vote, we invite you to contact Georgeson Shareholder Communications Canada Inc. at 1-888-982-0747.

## **NON-REGISTERED SHAREHOLDERS**

A non-registered shareholder is a shareholder whose shares are registered in the name of a representative such as a securities dealer or other intermediary rather than in the shareholder's name.

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

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

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 representative.

If you have any questions with respect to the foregoing or you wish to receive an additional copy of the Management Proxy Circular or you need help to vote, we invite you to contact Georgeson Shareholder Communications Canada Inc. at 1-888-982-0747.

## **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.

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 the Record Date 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 the Record Date.

As of November 26, 2010, there were 103,998,422 Class A Subordinate Shares and 631,440 Class B Shares of the Company issued and outstanding. As of November 26, 2010, the Class A Subordinate Shares issued and outstanding represented in the aggregate 91.2% of the votes attached to all shares of the Company and the Class B Shares issued and outstanding represented in the aggregate 8.8% of the votes attached to all shares of the Company.

To the knowledge of the directors and officers of the Company, the only persons who, as of November 26, 2010, 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 <sup>(1)</sup>	17,957,119	17.3%	—	—
Fidelity Management & Research Company <sup>(1)</sup>	15,131,333	14.6%	—	—

<sup>(1)</sup> On the basis of the information available on SEDAR ([www.sedar.com](http://www.sedar.com)).

## FINANCIAL STATEMENTS

The consolidated financial statements of the Company for the financial year ended September 25, 2010 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 2010 Annual Report which was sent to shareholders who requested it with the Notice of Annual General Meeting of Shareholders and this Management Proxy Circular. The Company's 2010 Annual Report is available on SEDAR ([www.sedar.com](http://www.sedar.com)) as well as on the Company's website ([www.metro.ca](http://www.metro.ca)).

## ELECTION OF DIRECTORS

The Articles of the Company provide for a minimum of 11 and a maximum of 19 directors, the number of directors to be determined from time to time by resolution of the Board of Directors. As it did for the year 2010, 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 of age at the time of the election. Having reached the age of 70, Mr. Bernard A. Roy is no longer eligible to stand for reelection.

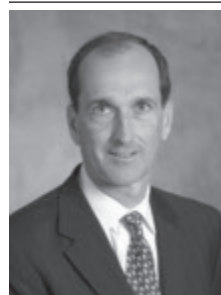
**MAJORITY VOTING POLICY** The Board of Directors has adopted a policy providing that a nominee for election as a director who receives a greater number of votes "withheld" than votes "for", with respect to the election of directors by shareholders, will be expected to offer to tender his resignation to the Chairman of the Board following the meeting of shareholders at which the director is elected. The Corporate Governance and Nominating Committee will consider such offer and make a recommendation to the Board whether to accept it or not. The Board will make its decision and announce it in a press release within 90 days following the meeting of shareholders. The director who offered to tender his resignation should not be part of any committee or Board deliberations pertaining to the resignation offer. This policy only applies in circumstances involving an uncontested election of directors. An "uncontested election of directors" means that the number of director nominees is the same as the number of directors to be elected to the Board and that no proxy material is circulated in support of one or more nominees who are not part of the candidates supported by the Board. Subject to any restrictions imposed by law, in the case where the Board accepts the offer of resignation of a director and that such director resigns, the Board may leave the resultant vacancy unfilled until the next annual meeting of shareholders. It may also choose to fill the vacancy through the appointment of a new director whom the Board considers to merit the confidence of the shareholders. It may further decide to call a special meeting of shareholders at which there will be presented a new candidate to fill the vacant position.

**NOMINEES** Nominees for the position of director are currently directors except for Mr. John H. Tory.

**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.**

Management of the Company does not expect 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 held the principal occupation indicated opposite his name or a management function within the same company or an affiliated company for at least 5 years except for Messrs. Michel Labonté, Réal Raymond, Michael T. Rosicki and John H. Tory 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. The nominees do not serve together on the board of any other public corporation.



**Marc DeSerres**  
Montréal, Quebec  
Age 57

Director since 2002  
Independent

**President of Omer DeSerres Inc.** (Canadian chain of art supply stores).

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



**Claude Dussault**  
Toronto, Ontario  
Age 56

Director since 2005  
Independent

**Chairman of the Board of Directors of INTACT Financial Corporation** (financial services company).

Mr. Dussault is an actuary and has held various management positions within the ING Group for more than twenty years, including the position of President and Chief Executive Officer of ING Canada Inc. (now INTACT Financial Corporation), a position he held until January 1, 2008, date upon which he became Chairman of the Board of Directors of ING Canada Inc. 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.



**Serge Ferland**  
Québec, Quebec  
Age 55

Director since 1997  
Non-independent

**President of Alimentation Serro Inc. and of Supermarché Claka Inc.** (food stores).

Mr. Ferland has over 30 years' experience in the management of food stores. He holds a Bachelor of Administration and a degree in Accounting from Université Laval.



**Paule Gauthier, P.C., O.C., O.Q., Q.C.**  
Québec, Quebec  
Age 67

Director since 2001  
Independent

**Partner of Stein Monast LLP** (law firm).

Ms. Gauthier is a lawyer. She holds a Master of Laws in commercial law 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 and Royal Bank of Canada.



**Paul Gobeil, F.C.A.**  
Ottawa, Ontario  
Age 68

Director since 1990  
Independent

**Vice-Chairman of the Board of the Company.**

Mr. Gobeil is a Chartered Accountant and has held management positions in various companies in the food sector as well as within the Government of Quebec where he was inter alia Minister for Administration, Chair of the Treasury Board 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 Advanced Management Program at Harvard Business School. He is a director of DiagnoCure Inc., National Bank of Canada, MDN Inc. and Yellow Media Inc.



**Christian W.E. Haub**  
Greenwich, Connecticut  
United States of America  
Age 46

Director since 2006  
Independent

**Chairman of the Board of The Great Atlantic & Pacific Tea Company, Inc.**

Mr. Haub joined The Great Atlantic & Pacific Tea Company, Inc. ("A&P US") in 1991, where he has held various executive positions. He holds a Master's degree in Social and Economic Science from the Austrian University of Economics and Business Administration. He is also a partner and Co-Chief Executive Officer of The Tengelmann Group, a large German company involved in the retail food business, which is the leading shareholder of A&P US.



**Michel Labonté**  
Montréal, Quebec  
Age 65

Director since 2006  
Independent

**Corporate Director.**

First at Hydro-Québec and then at National Bank of Canada, Mr. Labonté has held various management positions including, for a period of 25 years, Vice-president, Finance. From 2005 to October 2006, he served as Executive Advisor to National Bank of Canada's Senior Management. 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 a director of the Laurentian Bank of Canada and director and Chair of the audit committee of Manac Inc.

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**Eric R. La Flèche**  
Town of Mount Royal, Quebec  
Age 48

Director since 2008  
Non-independent

**President and Chief Executive Officer of the Company.**

Mr. La Flèche joined the Company in 1991. Prior to his appointment as President and Chief Executive Officer and director on April 15, 2008, he held various management positions within the Company, including Executive Vice-President and Chief Operating Officer from 2005 to 2008. Mr. La Flèche holds an MBA from Harvard Business School and a degree in Civil Law from the University of Ottawa.



**Pierre H. Lessard, F.C.A.**  
Westmount, Quebec  
Age 68

Director since 1990  
Non-independent

**Executive Chairman of the Board of the Company.**

Mr. Lessard is a Chartered Accountant and was President and Chief Executive Officer of the Company from 1990 until April 15, 2008. Mr. Lessard holds a Master's degree in commercial sciences from Université Laval as well as an MBA from Harvard Business School. He is also a director of TD Bank Financial Group and SNC-Lavalin Group Inc.



**Marie-José Nadeau**  
Montréal, Quebec  
Age 57

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 key positions within the Environment and Natural Resources Departments of the Quebec government. She holds a Master of Laws in public law from the University of Ottawa. She is a member of the Board of Director of World Energy Council of which she chairs its Communications Committee and she is Vice Chair of the Energy Council of Canada.



**Christian M. Paupe**  
Montréal, Quebec  
Age 52

Director since 2010  
Independent

**Executive Vice-President – Corporate Services and Chief Financial Officer of Yellow Media Inc.**

Mr. Paupe has held this position since 2003. Previously, he was Executive Vice-President, Chief Administrative Officer and Chief Financial Officer of Quebecor World Inc. from 1999 to 2003. Mr. Paupe has also held senior executive positions at a number of other major Canadian corporations involved in the securities, publishing and telecommunication industries. Mr. Paupe earned an MBA from Harvard Business School and a Bachelor of Administration degree from the Royal Military College in St. Jean, Quebec.

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**Réal Raymond**  
Montréal, Quebec  
Age 60

Director since 2008  
Independent

**Corporate Director.**

Mr. Raymond spent his whole career at National Bank of Canada where he has held various positions, including President and Chief Executive Officer from March 2002 to May 2007. Mr. Raymond holds a bachelor degree in administration from Université Laval and a MBA from the Université du Québec à Montréal. He is also a graduate of the Institute of Canadian Bankers. He is on the Board of Directors of the Caisse de dépôt et placement du Québec and Héroux-Devtek Inc.



**Michael T. Rosicki**  
Orillia, Ontario  
Age 67

Director since 2009  
Independent

**President and Managing Director, Wexford Group Inc.**

Mr. Rosicki has been, since 2004, President and Managing Director of Wexford Group Inc., an advisory firm. Mr. Rosicki was, from 1999 to 2004, Chairman and Chief Executive Officer of Parmalat North America. He has held management positions in various other companies doing business in the food sector. He is one of the trustees and Chairman of the Board of Second Cup Income Fund. He also sits on the Board of Directors of Aastra Technologies Limited.



**John H. Tory, Q.C.**  
Toronto, Ontario  
Age 56

New Nominee  
Independent

**Corporate Director.**

Mr. Tory is a lawyer. From 1986 to 1995, he was a partner of the law firm Torys LLP. Thereafter, he became President and Chief Executive Officer of Rogers Media Inc., from 1995 to 1999, and Rogers Cable Inc., from 1999 to 2003. From 2004 to 2009, he served as a Member of the Legislative Assembly of Ontario and Leader of the Official Opposition. He is a director of Rogers Communications Inc.

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**TABLE OF EQUITY HOLDINGS BY NOMINEES** The following table sets forth the number of Class A Subordinate Shares, Class B Shares (individually a “Share” and collectively the “Shares”) and Deferred Share Units (individually a “DSU” and collectively the “DSUs”) held by candidates for the position of director as of November 26, 2010 and November 27, 2009, the total net change in Shares and DSUs held between 2010 and 2009, the total value at risk of their Shares and DSUs as of November 26, 2010, the value at risk as a multiple of each director’s base annual retainer and whether the minimum shareholding level (more fully described under “Director Compensation” on page 29 of this Circular) is met or the time limit to meet such required level.

Director	As of November 26, 2010 (#) Shares	As of November 27, 2009 (#) DSUs	As of November 27, 2009 (#) Shares	As of November 27, 2009 (#) DSUs	Total Net change (#)	Total value at risk as of November 26 2010 (\$) <sup>(5)</sup>	Value at risk as multiple of Base Annual Retainer <sup>(6)</sup>	Minimum level met (✓) or time limit to meet level <sup>(6)</sup>
Marc DeSerres	4,809	7,621	4,809	6,699	922	576,628	12.1	✓
Claude Dussault	4,000	8,210	4,000	7,670	540	566,422	11.9	✓
Serge Ferland <sup>(1)</sup>	41,915	10,525	52,683	9,268	-9,511	2,432,692	51.2	✓
Paule Gauthier	5,004	6,513	5,004	5,650	863	534,274	11.3	✓
Paul Gobeil	103,400	4,016	105,400	3,667	-1,651	4,983,028	104.9	✓
Christian W.E. Haub	4,500	6,905	4,500	5,627	1,278	529,078	11.7	✓
Michel Labonté	—	4,859	—	3,948	911	225,409	4.7	✓
Eric R. La Flèche	61,561	—	59,363	—	2,198	2,855,815	—	✓
Pierre H. Lessard	344,300	7,737	350,000	5,489	-3,452	16,330,996	36.3	✓
Marie-José Nadeau	4,887	3,105	4,887	2,656	449	370,749	7.8	✓
Christian M. Paupe <sup>(2)</sup>	2,000	733	—	—	2,733	126,784	2.7	01-25-2013
Réal Raymond	6,000	3,411	6,000	2,556	855	436,576	9.2	✓
Michael T. Rosicki <sup>(3)</sup>	1,000	2,006	—	1,077	1,929	139,448	2.9	01-26-2012
John H. Tory <sup>(4)</sup>	—	—	—	—	—	—	—	—
<b>Total</b>	<b>583,376</b>	<b>65,641</b>	<b>596,646</b>	<b>54,307</b>	<b>-1,936</b>	<b>30,107,899</b>	<b>—</b>	<b>—</b>

<sup>(1)</sup> In addition to Class A Subordinate Shares, Mr. Ferland also holds 10,800 Class B Shares (included in the number shown in the table above). He is the only director who holds Class B Shares.

<sup>(2)</sup> Mr. Paupe has been a director of the Company for less than one year and, in accordance with Company’s policy, he is required to meet the minimum shareholding level by January 25, 2013.

<sup>(3)</sup> Mr. Rosicki has been a director of the Company for less than 3 years and, in accordance with Company’s policy, he is required to meet the minimum shareholding level by January 26, 2012.

<sup>(4)</sup> Mr. Tory is a new nominee.

<sup>(5)</sup> The total value at risk is based on the closing price on November 26, 2010 (\$46.39).

<sup>(6)</sup> The multiple was determined using the base annual retainer in effect on September 25, 2010 (\$47,500).

**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 25, 2010 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	6
Audit Committee	5
Human Resources Committee	4
Corporate Governance and Nominating Committee	6
Executive Committee <sup>(1)</sup>	0

Director	Participation in Board meetings	Committees	Participation in committee meetings
DeSERRES Marc	6/6	Corporate Governance and Nominating Audit	6/6 5/5
DUSSAULT Claude	6/6	Corporate Governance and Nominating (Chair) Audit	6/6 5/5
FERLAND Serge	6/6	Executive	0
GAUTHIER Paule <sup>(2)</sup>	6/6	Human Resources Audit Corporate Governance and Nominating	4/4 3/3 3/3
GOBEIL Paul	5/6	Executive	0
HAUB Christian W.E. <sup>(3)</sup>	5/6	Executive Corporate Governance and Nominating Human Resources	0 1/3 2/2
LABONTÉ Michel	6/6	Audit (Chair)	5/5
LA FLÈCHE Eric R.	6/6	Executive	0
LESSARD Pierre H.	6/6	Executive (Chair)	0
NADEAU Marie-José	6/6	Corporate Governance and Nominating Audit	6/6 5/5
PAUPE Christian M. <sup>(4)</sup>	3/3	Audit	2/2
RAYMOND Réal	6/6	Human Resources (Chair) Executive	4/4 0
ROSICKI Michael T.	6/6	Corporate Governance and Nominating	6/6
ROY Bernard A.	5/6	Executive Human Resources	0 4/4
<b>Total participation rate</b>	<b>96.3%</b>		<b>97.1%</b>

<sup>(1)</sup> The Executive Committee did not hold any meeting during the financial year ended on September 25, 2010.

<sup>(2)</sup> Ms. Paule Gauthier was a member of the Audit Committee until January 26, 2010. She became a member of the Corporate Governance and Nominating Committee as of that date.

<sup>(3)</sup> Mr. Christian W.E. Haub was a member of the Corporate Governance and Nominating Committee until January 26, 2010. He became a member of the Human Resources Committee as of that date.

<sup>(4)</sup> Mr. Christian M. Paupe was appointed to the Board of Directors as well as the Audit Committee on January 26, 2010.

Additional information on the nominees for the position of director who have held or hold positions at other companies can be found on pages 10 to 13 inclusively of the Annual Information Form under the heading “Directors and Officers”. The Company’s 2010 Annual Information Form is available on SEDAR ([www.sedar.com](http://www.sedar.com)) as well as on the Company’s website ([www.metro.ca](http://www.metro.ca)).

## **APPOINTMENT OF AUDITORS**

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

## **AUDITORS' INDEPENDENCE**

For the 2010 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 ON THE AUDIT COMMITTEE**

**MANDATE OF THE AUDIT COMMITTEE** The mandate of the Audit Committee, approved by the Board of Directors, is set out in Exhibit B to this Circular.

**COMPOSITION OF THE AUDIT COMMITTEE, TRAINING AND EXPERIENCE OF ITS MEMBERS** The Audit Committee is comprised of the following independent directors: Ms. Marie-José Nadeau and Messrs. Marc DeSerres, Claude Dussault, Christian M. Paupe and Michel Labonté (Chair).

Each of the members has training and experience which is relevant to the performance of his duties. Mr. Labonté has served as Vice-President, Finance, first at Hydro-Québec and then at National Bank of Canada, for a period of 25 years. Mr. Labonté is also Chair of the Audit Committee of Manac Inc. and of Otéra Capital inc., a subsidiary of Caisse de dépôt et placement du Québec. Ms. Nadeau acquired her experience by serving for more than 10 years as Secretary of the Audit and Finance Committees and as director of Hydro-Québec and is currently a member of the Audit Committee of Churchill Falls and Labrador Hydro. Mr. Dussault acquired his experience by serving as President and Chief Executive Officer of ING Canada Inc. (now INTACT Financial Corporation). Mr. DeSerres acquired his experience as President of Omer DeSerres Inc. since 1980. Mr. Paupe was Chief Financial Officer at Quebecor World Inc. from 1999 to 2003 and then at Yellow Media Inc., where he is still Chief Financial Officer as well as Executive Vice President, Corporate Services.

**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 appointed 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 fee levels. Any type of service which has not already 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 fee level. The Committee has delegated to its Chairman the authority to specifically pre-approve services that have not already been approved. However, he must communicate all 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](http://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.

**RISK MANAGEMENT** One of the objectives of the Audit Committee is to review the material risks identified by Company Management and to examine the effectiveness of the measures put in place to manage these risks. To do so, the Committee regularly receives risk assessments from the various business units of the Company. These assessments contain a description of the material risks that could affect the specific business unit and the measures put in place to manage such risks. In addition, the Committee receives at least once a year a report from the crisis prevention and management committee and a global analysis of the material risks that could affect the Company as a whole. On a regular basis, the Audit Committee reports to the Board about risk management. Additional information on risk management can be found on pages 25 to 27 inclusively of the Management Discussion and Analysis, forming part of the Company's 2010 Annual Report, under the heading "Risk Management." The Company's 2010 Annual Report is available on SEDAR ([www.sedar.com](http://www.sedar.com)) as well as on the Company's website ([www.metro.ca](http://www.metro.ca)).

**FEES FOR THE SERVICES OF THE EXTERNAL AUDITORS** For each of the financial years ended September 25, 2010 and September 26, 2009, 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.

	2010	2009
Audit fees	\$ 1,134,251	\$ 1,564,104
Audit-related fees	\$ 434,204	\$ 402,818
Fees for tax services	\$ 332,417	\$ 585,969
All other fees	\$ 124,880	\$ 0

Audit-related fees consist primarily of fees billed for consultations concerning financial accounting or the presentation of financial information which are not categorized as "audit services", fees billed for pension plan audits and fees billed for the work required to implement certain Regulations of the Canadian Securities Administrators. The 2009 fees include an amount of \$8,363 for work in connection with A&P US' financial disclosure obligations.

Fees for tax services consist primarily of fees billed for assistance with regulatory tax matters concerning federal and provincial income tax returns and sales tax and excise tax reporting, fees billed for consultations concerning the income tax, customs duty or sales tax impact of certain transactions, as well as fees billed for assistance with federal and provincial government audits involving income tax, sales tax, customs duties or deductions at source. The 2010 and 2009 fees include amounts of \$30,470 and \$116,354 respectively in connection with tax services which are assumed by A&P US.

The other fees relate to the gathering of information regarding the payroll process.

## EXECUTIVE COMPENSATION

This section is intended to give shareholders of the Company a description of the policies, programs and decisions regarding compensation of the named executive officers (collectively referred to as the “NEOs”) for the Company’s financial year ended September 25, 2010. The NEOs are the President and Chief Executive Officer, the Senior Vice-President, Chief Financial Officer and Treasurer and the Company’s three most highly paid executive officers, namely the Executive Vice-President and Chief Operating Officer, the Senior Vice-President, Ontario Division, and the Senior Vice-President, Quebec Division. Although this section essentially describes the compensation policies and programs for NEOs, these programs also apply to the Company’s other management staff. The information disclosed in this section is as of September 25, 2010, unless otherwise indicated.

## COMPENSATION DISCUSSION AND ANALYSIS

**ROLE AND COMPOSITION OF THE HUMAN RESOURCES COMMITTEE** The Board of Directors has given the Human Resources Committee the mandate to, among other things, review and recommend executive compensation components and policies, ensuring that they are consistent with best practices and take into account new compensation trends. Furthermore, each year, the Committee reviews the plans for the succession of the President and Chief Executive Officer, the senior officers, and other executives, reporting thereafter to the Board of Directors. A detailed description of the Human Resources Committee’s mandate is found under the heading “Corporate Governance” on page 32 of this Circular.

The Human Resources Committee is comprised of the following four independent directors: Réal Raymond, Committee Chairman, Paule Gauthier, Christian W. E. Haub and Bernard A. Roy. None of the members of the Human Resources 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 in the course of the financial year. None of the members of the Human Resources Committee is or has been an officer, employee or executive of the Company. The Human Resources Committee held 4 meetings during the 2010 financial year.

**COMPENSATION OBJECTIVES AND COMPONENTS** The Company’s main objective with respect to compensation is to offer total compensation that is competitive with prevailing market conditions in order to recruit, retain and motivate qualified senior executives who are devoted to improving the Company’s performance and creating value for its shareholders. The compensation programs are designed to adequately compensate the Company’s officers for services rendered and encourage them to implement strategies to improve the Company’s performance, thereby increasing its long-term economic value. Accordingly, a significant portion of executives’ compensation is focussed on performance as it is directly related to the Company’s results.

The NEOs’ compensation is made up of the following:

- Base salary;
- Annual incentive plan (“AIP”);
- Long-term incentive plan (“LTIP”);
- Pension plan; and
- Benefits.

**DECISION-MAKING PROCESS** Each year, the President and Chief Executive Officer submits to the Human Resources Committee his recommendations about all the compensation components for each of the executive officers other than himself, and in particular the targets to be reached in connection with the AIP and the LTIP. The Executive Chairman of the Board of Directors submits his recommendations regarding compensation and the targets of the President and Chief Executive Officer in connection with the AIP and the LTIP to the Human Resources Committee. The Human Resources Committee reviews and approves the targets under the AIP and the LTIP as well as the compensation components of the NEOs. The Committee evaluates the performance of the President and Chief Executive Officer and recommends his compensation to the Board. The Board of Directors of the Company also approves all grants of stock options and performance share units under the LTIP upon the recommendation of the Human Resources Committee.



**INFORMATION SOURCES** The Human Resources Committee has retained the services of PCI-Perrault Conseil inc. (“PCI”), an outside compensation advisor, to obtain information and independent advice about NEO compensation programs. PCI was hired directly by the Human Resources Committee and does not receive other mandates from the Company unless the Committee gives its prior consent. During the 2010 financial year, PCI did not receive any other mandates from the Company. PCI reviews the recommendations of the Company and its consultants with respect to executive compensation trends, the companies which are part of the reference group, information relating to those companies and, generally, with respect to the compensation of the NEOs. For the 2010 financial year, the Company paid to PCI \$79,500 in fees.

The Human Resources Committee also considers compensation data publicly disclosed by various specialized organizations as well as by Canadian public companies forming part of the reference group described below. The Company regularly commissions compensation surveys from other consulting firms which are tabled before the Human Resources Committee.

**REFERENCE GROUP** The reference group the Company uses to determine all aspects of NEO compensation and to review its policies in this regard is comprised of the following Canadian public companies:

Loblaw Companies Limited;	Shoppers Drug Mart Inc.;
Empire Company Limited;	Canadian Tire Corporation, Limited;
Alimentation Couche-Tard Inc.;	Sears Canada Inc.;
Maple Leaf Foods Inc.;	RONA Inc.;
Saputo Inc.;	The Jean Coutu Group (PJC) Inc.

The above mentioned companies were selected on the basis of the following criteria:

- Comparable size in terms of sales and stock market capitalization;
- Comparable sector of activities: retail, distribution or Canadian Food manufacturing;
- Sale of consumer staples;
- Operations carried out under various banners or trade names; and
- Comparable geographical scope of operations.

The table below shows how the Company compares to the median of the reference group in relation with various financial measures.

	Sales <sup>(1)</sup>	EBITDA <sup>(2)</sup>	ROE <sup>(3)</sup>	Market Capitalization <sup>(4)</sup>
Median of the Reference Group	\$ 7,249	\$ 669	12.9%	\$ 4,161
METRO INC.	\$ 11,196	\$ 742	16.4%	\$ 4,889

<sup>(1)</sup> In millions of dollars. The financial data is for the 2009 financial year and has been obtained from various annual reports and from the Globeinvestor and Google finance web sites.

<sup>(2)</sup> EBITDA: Earnings before interests, taxes, depreciation and amortization. In millions of dollars. The financial data is for the 2009 financial year and has been obtained from various annual reports and from the Globeinvestor and Google finance web sites.

<sup>(3)</sup> ROE: Return on Equity. The financial data is for the 2009 financial year and has been obtained from various annual reports and from the Globeinvestor and Google finance web sites.

<sup>(4)</sup> In millions of dollars. The financial data is as of November 8, 2010 and has been obtained from various annual reports and from the Globeinvestor and Google finance web sites.



**PERFORMANCE-BASED COMPENSATION** The compensation policies for executives are intended to adequately compensate their services while establishing a correlation between their compensation and the Company's financial performance. The base salary of the NEOs is fixed whereas the portion of the compensation relating to the AIP and the LTIP varies depending on the performance of the Company and the results obtained. A significant part of the NEOs' compensation is therefore based on performance and includes a risk-based component as indicated on the following table. It should also be noted that the amount of compensation at risk increases as the level of responsibility associated with the position increases.

Name and principal occupation	Percentage of Target Total Direct Compensation for Financial Year 2010 <sup>(1)</sup>			
	Base Salary	AIP	LTIP <sup>(2)</sup>	At risk Compensation <sup>(3)</sup>
Eric R. La Flèche President and Chief Executive Officer	25%	23%	52%	75%
Richard Dufresne Senior Vice-President, Chief Financial Officer and Treasurer	45%	20%	35%	55%
Robert Sawyer Executive Vice-President and Chief Operating Officer	35%	25%	40%	65%
Johanne Choinière Senior Vice-President, Ontario Division	45%	20%	35%	55%
Christian Bourbonnière Senior Vice-President, Quebec Division	45%	20%	35%	55%

<sup>(1)</sup> Total direct compensation includes base salary and short-term and long-term compensation but excludes benefits and pension plans.

<sup>(2)</sup> The LTIP includes the Stock Option Plan and the Performance Share Unit Plan.

<sup>(3)</sup> At risk compensation represents the sum of the AIP and the LTIP.

## DESCRIPTION OF NEO COMPENSATION COMPONENTS

**BASE SALARY** Competitive salaries allow the Company to hire and retain competent individuals who will help it improve its performance and create value for its shareholders.

The base salary of each NEO is based on the median for the reference group as determined by compensation surveys conducted by consulting firms, adjusted up or down to take into account particular circumstances such as the individual's level of responsibility and experience.

The base salary is reviewed annually based on the individual's performance, the Company's performance and market data for the reference group.

**ANNUAL INCENTIVE PLAN ("AIP")** The AIP is intended to compensate for achieving and exceeding performance objectives for a given financial year. The AIP consists of a cash bonus payable annually based on a percentage of the Company's executives base salary in consideration for the individual and the Company reaching or surpassing certain annual goals, which are twofold: i) corporate goals related to adjusted net earnings achieved compared to budget; ii) division and sector-based goals relating to the achievement of various financial or business goals of one or more of the Company's divisions and the specific sector for which the executive officer is responsible, where applicable.

The bonus can be up to 120% of the base salary for the President and Chief Executive Officer, 100% for the Executive Vice-President and Chief Operating Officer and 75% for the other NEOs.

The Company will not provide further details about these targets as it believes that the disclosure of this information could seriously prejudice its interests as it constitutes strategic confidential information. As the Company does not publicly disclose its budgetary targets and does not wish to give forward-looking information, it believes that it is not desirable to disclose such information. Furthermore, the division and sector-based targets are aligned with the division's main priorities and consist of financial targets and specific ongoing projects which are highly strategic, and whose disclosure could greatly jeopardize their completion. Lastly, it is the Company's policy not to disclose information on an unconsolidated basis.

**LONG-TERM INCENTIVE PLAN (“LTIP”)** The main goal of the LTIP is to motivate the Company’s executives to create long-term economic value for the Company and its shareholders by linking a significant portion of their compensation to this creation of value. The LTIP is a factor which helps retain senior executives.

The LTIP is made up of the Stock Option Plan and the Performance Share Unit Plan (hereinafter collectively referred to from time to time as the “Plans”). The Stock Option Plan is more fully described under the heading “Stock Option Plan” on page 25 of this Circular. The Performance Share Unit Plan is more fully described under the heading “Performance Share Unit Plan” on page 27 of this Circular.

The stock option and performance share unit (“PSU”) grant policy for executives provides for annual grants. Any holder of options awarded under the Stock Option Plan must wait for two years from the grant, after which time the options are exercisable in cumulative increments of 20% each year. The stock options granted to date have a total term of seven years. The PSUs granted so far vest, three years after the date they were granted.

Other than the annual grants for the President and Chief Executive Officer, annual grants under the Plans are determined according to the officer’s salary scale or, in the case of the other NEOs, the salary if it exceeds the salary scale. These grants may represent from 100% to 135% of the base salary. Grants to the President and Chief Executive Officer are set out in his employment contract and are described under the heading “Employment Contract” on page 17 of this Circular.

Prior grants are not taken into account in determining the number of shares covered by any stock option to be granted, except in the case of special grants described below. The Board of Directors may at its discretion grant additional stock options and PSUs to executives under specific circumstances, such as appointments, promotions or change of duties.

PSUs entitle their holder to receive Class A Subordinate Shares of the Company or, at the discretion of the Company, the cash equivalent, in whole or in part, on the vesting date. Each grant includes three levels of PSUs, according to the attainment of certain financial performance objectives determined from time to time by the Company’s Human Resources Committee and approved by the Board of Directors.

There are currently five annual performance criteria used to determine the PSU level reached. They are based on the Company’s return on shareholders’ equity (“ROE”) compared to three preset target levels and on its earnings per share growth (“EPSG”) compared to a Reference Group comprised of its two main competitors, namely: Loblaw Companies Limited and Empire Company Limited. The ROE and the EPSG are determined in accordance with generally accepted accounting principles (“GAAP”). Prior to 2009, the PSU level reached was determined at the end of each financial year. Beginning with the 2009 grant, the PSU level reached is determined three years after PSUs are granted based on the same five performance criteria per year (i.e. on a total of fifteen (15) performance criteria for the three years of their term), calculated as follows at the end of the third year: i) Level 2 = achievement of at least seven (7) of the fifteen (15) performance criteria; and ii) Level 3 = achievement of at least twelve (12) of the fifteen (15) performance criteria. If Level 2 is not reached, the holder will be entitled to the number of PSUs for Level 1.

**PENSION PLANS** The Company’s pension plans are designed to offer executives a reasonable pension and compensate them for their years of service.

The NEOs’ pension benefits 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. NEOs 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 1, 1991 benefit from indexation of the basic plan pension (in accordance with the Consumer Price Index, between a minimum of 0% and a maximum of 4.5%) from January 1 immediately following the later of the pension start date or the attainment of age 60. Robert Sawyer enjoys this benefit.

The following table illustrates, as an example, the annual benefits payable at the normal age of retirement (age 65) under 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
300,000	30,000	60,000	90,000	120,000	150,000	180,000	210,000
400,000	40,000	80,000	120,000	160,000	200,000	240,000	280,000
500,000	50,000	100,000	150,000	200,000	250,000	300,000	350,000
600,000	60,000	120,000	180,000	240,000	300,000	360,000	420,000
700,000	70,000	140,000	210,000	280,000	350,000	420,000	490,000
800,000	80,000	160,000	240,000	320,000	400,000	480,000	560,000
900,000	90,000	180,000	270,000	360,000	450,000	540,000	630,000
1,000,000	100,000	200,000	300,000	400,000	500,000	600,000	700,000

**BENEFITS AND PERQUISITES** The NEOs also enjoy benefits comparable to what is offered to officers of a similar level including health care and dental coverage, short and long-term disability and life insurance. The costs of these benefits are shared by the Company and the participant. NEOs are provided with a company automobile at the Company's costs.

**EMPLOYMENT CONTRACT** The President and Chief Executive Officer, Mr. Eric R. La Flèche, is the only person who has an employment contract with the Company. That contract, which came into effect on April 15, 2008, has an indefinite term and sets out the parameters of his compensation as President and Chief Executive Officer.

Mr. La Flèche's base salary is adjusted annually by the Board of Directors upon the recommendation of the Company's Human Resources Committee in the same manner and according to the same criteria as those used for the other NEOs. The annual incentive plan for Mr. La Flèche is made up of a maximum cash bonus of up to 120% of his base salary. The President and Chief Executive Officer also benefits from greater participation in the Company's Stock Option Plan and Performance Share Unit Plan. Pursuant to Mr. La Flèche's employment contract, and subject to any required authorizations, the Company agreed to grant him, for the first contract year (2008), an option to purchase 200,000 Class A Subordinate Shares and, for each of the following four years, an option to purchase 75,000 Class A Subordinate Shares. The Company also agreed to grant Mr. La Flèche, for each of the first five years of his employment contract, PSUs having a value on the grant date ranging from 60% to 100% of his base salary, depending on the extent to which the objectives set under the Performance Share Unit Plan, which are identical to those of the other NEOs, have been met. The performance criteria for the PSUs granted to Mr. La Flèche are the same as those described under "Long-Term Incentive Plan" on page 16 of this Circular. The conditions of exercise of Mr. La Flèche's options and PSUs are substantially similar to those of options and PSUs granted pursuant to the Plans. For the other specific conditions applicable to Mr. La Flèche, see "Termination and change of control benefits" on page 28 of this Circular.

**MINIMUM HOLDING OF SHARES AND PSUs BY NEOs** The NEOs and other executives are required to hold a certain number of Shares and PSUs of the Company. The President and Chief Executive Officer is required to hold Shares and PSUs with a value equal to at least three times his annual base salary. The Executive Vice-President and Chief Operating Officer is required to hold Shares and PSUs with a value equal to at least twice his annual base salary. The other NEOs are required to hold Shares and PSUs 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 and PSUs with a value equal to at least their annual base salary. The minimum must be held within five years following the date on which each of them may exercise options under the Stock Option Plan for the first time or within three years of the appointment of the NEO if he previously held a management position with the Company. Any PSU holder must keep a percentage of the Shares he receives on the vesting date if he has not yet met the minimum holding requirement. The President and Chief Executive Officer is required to maintain the minimum holding requirement for one year following retirement or resignation. The other NEOs are required to maintain their minimum holding requirement for six months following retirement or resignation.

The following table indicates for each NEO the value of the Shares and PSUs held as well as confirmation of compliance with the holding minimum requirement. In accordance with its policy, the Company considers the following two elements in determining compliance with this requirement: i) Shares held by each NEO; and ii) half of the PSUs granted but not yet vested according to the level corresponding to the objectives achieved when such determination is made.

Name	Minimum holding requirement	Value of securities held at the end of the financial year <sup>(1)</sup> (\$)	Compliance with requirement at the end of the financial year
Eric R. La Flèche	3 × base salary	3,725,868	Yes
Richard Dufresne	1.5 × base salary	557,016	No <sup>(2)</sup>
Robert Sawyer	2 × base salary	2,006,150	Yes
Johanne Choinière	1.5 × base salary	915,597	Yes
Christian Bourbonnière	1.5 × base salary	693,233	Yes

<sup>(1)</sup> Value calculated using the closing price on September 24, 2010: \$45.15.

<sup>(2)</sup> Given the date of his appointment to the position he holds, the time given to Mr. Dufresne to meet the minimum shareholding requirement expires on January 31, 2013.

## COMPENSATION DECISIONS FOR THE 2010 FINANCIAL YEAR

**HIGHLIGHTS OF THE 2010 FINANCIAL YEAR** Following an outstanding year in 2009, the Company once again reached record performance levels during the 2010 financial year. Sales increased by 1.3 % over 2009 to reach \$11.3 billion, whereas adjusted net earnings reached \$382.4 million, or \$3.56 per share, a 10.2% increase over the previous year.

**BASE SALARY FOR THE 2010 FINANCIAL YEAR** The base salary of each of the NEOs was determined according to the factors referred to in the section “Base Salary” on page 15 of this Circular. The Human Resources Committee is satisfied that the base salary is appropriate.

**ANNUAL INCENTIVE PLAN FOR THE 2010 FINANCIAL YEAR** The Company achieved record net earnings that exceeded the budget, and it met the majority of its other objectives, resulting, overall, in AIP payments at near-target levels. The following table shows the target bonus, maximum bonus and bonus earned for each NEO.

Name	Target bonus as a % of salary	Maximum bonus as a % of salary	Bonus earned as a % of salary	Bonus earned in \$ <sup>(1)</sup>
Eric R. La Flèche	90%	120%	93%	697,500
Richard Dufresne	50%	75%	57%	228,000
Robert Sawyer	75%	100%	75%	356,250
Johanne Choinière	50%	75%	38%	142,500
Christian Bourbonnière	50%	75%	56%	180,000

<sup>(1)</sup> The bonus is calculated based on the base salary in effect on January 1, 2010.

**LONG-TERM INCENTIVE PLAN FOR THE 2010 FINANCIAL YEAR** The stock options and PSUs granted during the 2010 financial year were determined according to the factors described under the section “Long-Term Incentive Plan” on page 16 of this Circular. The following table shows, for each NEO, the percentage of the maximum of the salary scale which was used to determine the number of PSUs granted per level for the 2010 financial year as well as their number and value.

## 2010 PSU grants

Name	LEVEL 1			LEVEL 2			LEVEL 3		
	% of maximum of salary scale <sup>(1)</sup>	Number of PSUs <sup>(1)</sup>	Value <sup>(2)</sup> (\$)	% of maximum of salary scale <sup>(1)</sup>	Number of PSUs <sup>(1)</sup>	Value <sup>(2)</sup> (\$)	% of maximum of salary scale <sup>(1)</sup>	Number of PSUs <sup>(1)</sup>	Value <sup>(2)</sup> (\$)
Eric R. La Flèche	60%	11,278	449,992	80%	15,038	600,016	100%	18,797	750,000
Richard Dufresne	30%	3,008	120,019	45%	4,511	179,989	60%	6,015	239,999
Robert Sawyer	40%	4,762	190,004	60%	7,143	285,006	80%	9,524	380,008
Johanne Choinière	30%	2,857	113,994	45%	4,286	171,011	60%	5,714	227,989
Christian Bourbonnière	30%	2,632	105,017	45%	3,947	157,485	60%	5,263	209,994

<sup>(1)</sup> The number of PSUs is calculated based on a percentage of the highest of the actual salary or the maximum for the salary scale to which the NEO belongs except for the President and Chief Executive Officer, for whom the percentages are set out in his employment contract and are based on his salary. The number of PSUs indicated per level is not cumulative.

<sup>(2)</sup> Value calculated using the closing price of the stock on the day preceding the vesting date (\$39.90).

It should be noted that the five performance criteria have been met for the year 2010.

The following table provides details about the stock options granted to each NEO for the 2010 financial year.

## 2010 Stock Option grants

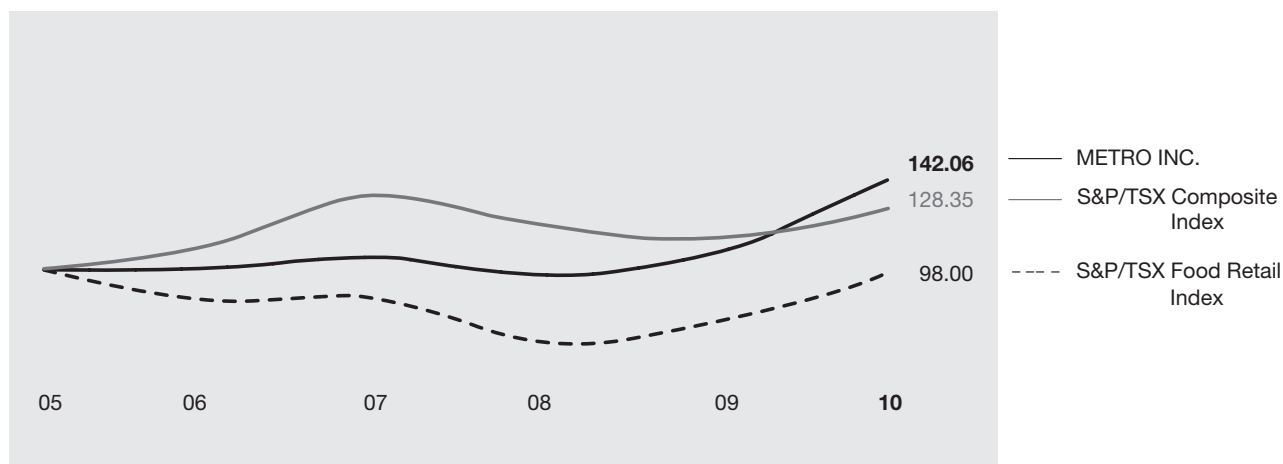
Name	Award date	Underlying securities	Expiry date	Options value (\$) <sup>(3)</sup>
Eric R. La Flèche	04-23-2010	75,000 <sup>(1)</sup>	04-22-2017	994,275
Richard Dufresne	04-23-2010	11,300 <sup>(2)</sup>	04-22-2017	149,804
Robert Sawyer	04-23-2010	18,800 <sup>(2)</sup>	04-22-2017	249,232
Johanne Choinière	04-23-2010	10,700 <sup>(2)</sup>	04-22-2017	141,850
Christian Bourbonnière	04-23-2010	9,900 <sup>(2)</sup>	04-22-2017	131,244

<sup>(1)</sup> This grant is provided for in Mr. La Flèche's employment contract. For further details, see the heading "Employment Contract" on page 17 of this Circular.

<sup>(2)</sup> This is the annual grant under the Stock Option Plan.

<sup>(3)</sup> Value obtained by multiplying the number of underlying securities by the Black-Scholes factor of 30% and by the closing price on the day preceding the grant (\$44.19).

**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 Retail Index for the period from September 24, 2005 to September 25, 2010.



	2005	2006	2007	2008	2009	2010
METRO INC.	100.00	99.41	104.84	96.87	107.54	142.06
S&P/TSX Composite Index	100.00	110.40	135.58	119.74	114.69	128.35
S&P/TSX Food Retail Index	100.00	84.84	85.57	64.89	74.73	98.00

Over the past five fiscal years and in accordance with the Company's compensation policies, the long-term executive compensation has been largely dependent on the price of the Company's stock as it was made up entirely of stock options and PSUs. As a result, the trend observed regarding the total cumulative performance of the Company's shares is generally similar to the trend for changes in executive compensation during such period.

Aggregate compensation paid to the NEOs during the 2010 financial year represented 1.92% of adjusted net earnings and 0.16% of market capitalization.

During the 2010 financial year, the Human Resources Committee, with the help of PCI, reviewed all the compensation for the NEOs and came to the conclusion that it was appropriate, competitive and in keeping with the Company's performance.

## COMPENSATION FOR THE 2010 FINANCIAL YEAR

**SUMMARY COMPENSATION TABLE** The following table sets forth the compensation of the NEOs for the financial years ended September 25, 2010 and September 26, 2009. For the compensation paid in prior years, see the Company's proxy circulars filed with the Canadian Securities Administrators on www.sedar.com.

Name and Principal Position	Financial year	Salary (\$)	Share-based awards <sup>(1)</sup> (\$)	Option-based awards <sup>(2)</sup> (\$)	Non-equity incentive plan compensation /Annual incentive plans (\$)	Pension value <sup>(3)</sup> (\$)	All other compensation <sup>(4)</sup> (\$)	Total compensation (\$)
Eric R. La Flèche								
President and Chief Executive Officer	2010	735,577	449,992	994,275	697,500	223,000	3,300	3,103,644
	2009	700,000	420,000	843,750	840,000	611,000	3,354	3,418,104
Richard Dufresne								
Senior Vice-President, Chief Financial Officer and Treasurer	2010	394,231	120,019	149,804	228,000	70,000	1,805	963,859
	2009	375,962	105,000	232,425	277,400	58,000	1,843	1,050,630
Robert Sawyer								
Executive Vice-President and Chief Operating Officer	2010	475,000	190,004	249,232	356,520	280,000	2,157	1,552,913
	2009	438,462	172,800	450,000	432,800	137,000	1,949	1,633,011
Johanne Choinière								
Senior Vice-President, Ontario Division	2010	374,231	113,994	141,850	142,500	141,000	1,625	915,200
	2009	336,741	60,800	131,625	245,600	96,000	1,444	872,210
Christian Bourbonnière								
Senior Vice-President, Quebec Division	2010	314,231	105,017	131,244	180,000	89,000	1,455	820,947
	2009	300,038	70,900	131,625	225,000	250,000	1,453	979,016

<sup>(1)</sup> The table was prepared using the Level 1 PSUs. The number of PSUs may increase if certain financial objectives are reached (see the table under the heading "2010 PSU Grants" on page 19 of this Circular). This amount does not constitute a cash amount received by the NEO. It is an at-risk value. See the headings "Long-Term Incentive Plan", "Employment Contract" and "Long-Term Incentive Plan for the 2010 Financial Year" on pages 16, 17 and 18 of this Circular for a description of the grant and evaluation conditions. The accounting value of the PSUs (granted during the 2010 and 2009 financial years) reflected in the consolidated financial statements of the Company for the financial years ended September 25, 2010 and September 26, 2009 is different from the value on the grant date indicated in the table above. The difference can be explained by the fact that in the financial statements, the Company considers the maximum number of PSUs provided for at Level 3. More information on the determination of the accounting value of the PSUs can be found in note 16 to the 2010 consolidated financial statements. The accounting value of the PSUs (granted during the 2010 and 2009 financial years) reflected in the financial statements as well as the difference between the value on the grant date and the accounting value are the following:

	Accounting Value (\$)		Difference between the Value on the Grant Date and the Accounting Value (\$)	
	2010	2009	2010	2009
Eric R. La Flèche	750,000	700,000	(300,008)	(280,000)
Richard Dufresne	239,999	183,800	(119,980)	(78,800)
Robert Sawyer	380,008	389,000	(190,004)	(216,200)
Johanne Choinière	227,989	91,100	(113,995)	(30,300)
Christian Bourbonnière	209,994	124,100	(104,977)	(53,200)

<sup>(2)</sup> The compensation value indicated in this component represents an estimated value calculated according to a single Black-Scholes' factor of 30%. It does not constitute a cash amount received by the NEO. It is an at-risk value that could even be worth nothing in certain instances. See the headings "Long-Term Incentive Plan", "Employment Contract" and "Long-Term Incentive Plan for the 2010 Financial year" on pages 16, 17 and 18 of this Circular for a description of the grant and evaluation conditions. The accounting value of the stock options (granted during the 2010 and 2009 financial years) reflected in the consolidated financial statements of the Company for the financial years ended September 25, 2010 and September 26, 2009 is different from the value on the grant date indicated in the table above. The Company uses the Black-Scholes model to determine the accounting value shown in the financial statements as well as to determine the value on the grant date indicated in the table above. However, there is a difference between these values because in the financial statements, the Company calculates the accounting value for each grant as opposed to using a single Black-Scholes factor to calculate the value on the grant date. More information on the determination of the accounting value of the stock options can be found in note 16 to the 2010 consolidated financial statements. The accounting value of the stock options (granted during the 2010 and 2009 financial years) as well as the difference between the accounting value and the value on the grant date is the following:

	Accounting Value (\$)		Difference between the Value on the Grant Date and the Accounting Value (\$)	
	2010	2009	2010	2009
Eric R. La Flèche	797,250	591,750	197,025	252,000
Richard Dufresne	120,119	168,100	29,685	64,325
Robert Sawyer	199,844	315,600	49,388	134,400
Johanne Choinière	113,741	92,300	28,109	39,325
Christian Bourbonnière	105,237	92,300	26,007	39,325

<sup>(3)</sup> The variations attributable to compensation components represent the value of the projected pension benefits earned during the period from October 1, 2009 to September 30, 2010, for the 2010 financial year, and from October 1, 2008 to September 30, 2009, for the 2009 financial year, taking into account any gain or loss relating to salary variation. The amounts indicated are consistent with the information presented in note 19 to the 2010 consolidated financial statements. The value of the pension plan for Messrs. La Flèche and Bourbonnière was exceptionally higher during the 2009 financial year as their salary increased more significantly during that financial year due to their promotion to more senior positions in 2008.

<sup>(4)</sup> The amounts represent life insurance premiums paid by the Company for the NEOs. The value of perquisites for any of the NEOs does not exceed \$50,000 or 10% of the total annual base salary for each NEO.



## INCENTIVE PLAN AWARDS

**OUTSTANDING SHARE-BASED AWARDS AND OPTION-BASED AWARDS** The following table shows, with respect to each NEO, as at September 25, 2010, the option-based awards which have not been exercised and the share-based awards (under the Performance Share Unit Plan) which have not yet vested.

Name	Option-based awards							Share-based awards			
	Number of securities underlying unexercised options		Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options at financial year-end <sup>(1)</sup> (\$)			Number of Shares or share units that have not vested <sup>(2)</sup>	Market or payout value of Share-based awards that have not vested <sup>(3)</sup> (\$)	Vesting date	
	Vested	Not vested			Vested	Not vested	Total				
Eric R. La Flèche	29,600	7,400	23.34	Dec. 13, 2011	645,576	161,394	806,970	8,526	384,949	Feb. 1, 2011	
	21,120	5,280	27.25	April 12, 2012	378,048	94,512	472,560	7,533	340,115	April 18, 2011	
	9,840	6,560	30.16	April 10, 2013	147,502	98,334	245,836	14,583	658,422	Jan. 30, 2012	
	5,240	7,860	37.77	April 19, 2014	38,671	58,007	96,678	11,278	509,202	Jan. 28, 2013	
	40,000	160,000	24.73	April 17, 2015	816,800	3,267,200	4,084,000	—	—	—	
	—	75,000	37.50	April 26, 2016	—	573,750	573,750	—	—	—	
	—	75,000	44.19	April 22, 2017	—	72,000	72,000	—	—	—	
	<b>105,800</b>	<b>337,100</b>	—	—	<b>2,026,597</b>	<b>4,325,197</b>	<b>6,351,794</b>	<b>41,920</b>	<b>1,892,688</b>	—	
Richard Dufresne	9,000	6,000	30.02	Jan. 31, 2013	136,170	90,780	226,950	6,632	299,435	Feb. 1, 2011	
	8,700	5,800	30.16	April 10, 2013	130,413	86,942	217,355	4,101	185,160	Jan. 30, 2012	
	4,640	6,960	37.77	April 19, 2014	34,243	51,365	85,608	3,008	135,811	Jan. 28, 2013	
	3,540	14,160	24.73	April 17, 2015	72,287	289,147	361,434	—	—	—	
	—	10,000	33.60	Nov. 20, 2015	—	115,500	115,500	—	—	—	
	—	11,700	37.50	April 26, 2016	—	89,505	89,505	—	—	—	
	—	11,300	44.19	April 22, 2017	—	10,848	10,848	—	—	—	
	<b>25,880</b>	<b>65,920</b>	—	—	<b>373,113</b>	<b>734,087</b>	<b>1,107,200</b>	<b>13,741</b>	<b>620,406</b>	—	
Robert Sawyer	19,500	—	21.20	April 6, 2011	467,025	—	467,025	6,632	299,435	Feb. 1, 2011	
	13,200	3,300	27.25	April 12, 2012	236,280	59,070	295,350	4,101	185,160	Jan. 30, 2012	
	5,760	3,840	30.16	April 10, 2013	86,342	57,562	143,904	2,649	119,602	April 27, 2012	
	4,640	6,960	37.77	April 19, 2014	34,243	51,365	85,608	4,762	215,004	Jan. 28, 2013	
	10,000	40,000	28.06	Dec. 10, 2014	170,900	683,600	854,500	—	—	—	
	3,540	14,160	24.73	April 17, 2015	72,287	289,147	361,434	—	—	—	
	—	40,000	37.50	April 26, 2016	—	306,000	306,000	—	—	—	
	—	18,800	44.19	April 22, 2017	—	18,048	18,048	—	—	—	
	<b>56,640</b>	<b>127,060</b>	—	—	<b>1,067,077</b>	<b>1,464,792</b>	<b>2,531,869</b>	<b>18,144</b>	<b>819,201</b>	—	
Johanne Choinière	4,700	—	21.20	April 6, 2011	112,565	—	112,565	3,198	144,390	Feb. 1, 2011	
	8,560	2,140	23.34	Dec. 13, 2011	186,694	46,673	233,367	1,978	89,307	Jan. 30, 2012	
	29,040	7,260	27.25	April 12, 2012	519,816	129,954	649,770	2,857	128,994	Jan. 28, 2013	
	4,500	3,000	30.16	April 10, 2013	67,455	44,970	112,425	—	—	—	
	2,640	3,960	37.77	April 19, 2014	19,483	29,225	48,708	—	—	—	
	2,000	8,000	24.73	April 17, 2015	40,840	163,360	204,200	—	—	—	
	5,000	20,000	29.63	Sept. 22, 2015	77,600	310,400	388,000	—	—	—	
	—	11,700	37.50	April 26, 2016	—	89,505	89,505	—	—	—	
	—	10,700	44.19	April 22, 2017	—	10,272	10,272	—	—	—	
	<b>56,440</b>	<b>66,760</b>	—	—	<b>1,024,453</b>	<b>824,359</b>	<b>1,848,812</b>	<b>8,033</b>	<b>362,691</b>	—	
Christian Bourbonnière	28,100	—	21.20	April 6, 2011	672,995	—	672,995	1,421	64,158	Feb. 1, 2011	
	5,120	1,280	27.25	April 12, 2012	91,648	22,912	114,560	2,769	125,020	Jan. 30, 2012	
	2,160	1,440	30.16	April 10, 2013	32,378	21,586	53,964	2,632	118,835	Jan. 28, 2013	
	1,160	1,740	37.77	April 19, 2014	8,561	12,841	21,402	—	—	—	
	880	3,520	24.73	April 17, 2015	17,970	71,878	89,848	—	—	—	
	5,000	20,000	29.63	Sept. 22, 2015	77,600	310,400	388,000	—	—	—	
	—	11,700	37.50	April 26, 2016	—	89,505	89,505	—	—	—	
	—	9,900	44.19	April 22, 2017	—	9,504	9,504	—	—	—	
	<b>42,420</b>	<b>49,580</b>	—	—	<b>901,152</b>	<b>538,626</b>	<b>1,439,778</b>	<b>6,822</b>	<b>308,013</b>	—	

<sup>(1)</sup> Based on the closing price on September 24, 2010 (\$45.15) and the exercise price.

<sup>(2)</sup> Number of PSUs which the NEOs may obtain based on the financial option return objectives reached as of the end of the 2010 financial year.

<sup>(3)</sup> Value determined using the number of PSUs which the NEOs could obtain based on the financial return objectives reached as of the end of the 2010 financial year and based on the closing price on September 24, 2010 (\$45.15). See the headings "Long-Term Incentive Plan" and "Employment Contract" on pages 16 and 17 of this Circular.



**INCENTIVE PLAN AWARDS – VALUE VESTED OR EARNED DURING THE FINANCIAL YEAR** The following table shows with respect to each NEO for the financial year ended September 25, 2010, the value of the stock options which vested but were not necessarily exercised and the PSUs which vested during the year as well as the value of the compensation under the AIP earned during that financial year.

<b>Name</b>	<b>Option-based awards – Value vested during the financial year<sup>(1)</sup> (\$)</b>	<b>Share-based awards – Value vested during the financial year<sup>(2)</sup> (\$)</b>	<b>Non-equity incentive plan compensation – Value earned during the financial year<sup>(3)</sup> (\$)</b>
Eric R. La Flèche	1,080,039	287,200	697,500
Richard Dufresne	126,521	193,076	228,000
Robert Sawyer	305,008	193,076	356,520
Johanne Choinière	296,082	95,760	142,500
Christian Bourbonnière	245,033	42,573	180,000

<sup>(1)</sup> This amount represents the amount which would have been earned in 2010 if the stock options which vested during the 2010 financial year had been exercised on their vesting date. For further details, see the table entitled “Stock Options - Value on vesting date” on page 24 of this Circular.

<sup>(2)</sup> This amount represents the value of the PSUs granted in 2007 which vested in 2010, based on the closing price the day preceding their vesting date: January 27, 2010 (\$39.90). For further details, see the table entitled “PSUs granted in 2007 and paid in January 2010” below.

<sup>(3)</sup> This amount represents the amount earned in 2010 under the AIP.

See “Long-Term Incentive Plan” and “Employment Contract” on pages 16 and 17 of this Circular for a description of the conditions for granting stock options and PSUs. The values shown in the option-based and share-based awards columns of the above table were calculated using the information found in the next two tables.

**PSUs granted in 2007 and paid in January 2010**

<b>Name</b>	<b>Number of PSUs</b>	<b>Value<sup>(1)</sup> (\$)</b>
Eric R. La Flèche	7,198	287,200
Richard Dufresne	4,839	193,076
Robert Sawyer	4,839	193,076
Johanne Choinière	2,400	95,760
Christian Bourbonnière	1,067	42,573

<sup>(1)</sup> Based on the closing price the day preceding the vesting date: January 27, 2010 (\$39.90).

## Stock options - Value on vesting date

Name	Grant Date	Number of options vested during the financial year	Closing price <sup>(1)</sup> (\$)	Exercise price(\$)
Eric R. La Flèche	April 7, 2004	9,340	42.08	21.20
	Dec. 14, 2004	7,400	37.24	23.34
	April 13, 2005	5,280	42.16	27.25
	April 11, 2006	3,280	41.79	30.16
	April 20, 2007	2,620	41.01	37.77
	April 18, 2008	40,000	41.15	24.73
Richard Dufresne	Feb. 1, 2006	3,000	39.07	30.02
	April 11, 2006	2,900	41.79	30.16
	April 20, 2007	2,320	41.01	37.77
	April 18, 2008	3,540	41.15	24.73
Robert Sawyer	April 7, 2004	3,900	42.08	21.20
	April 13, 2005	3,300	42.16	27.25
	April 11, 2006	1,920	41.79	30.16
	April 20, 2007	2,320	41.01	37.77
	Dec. 11, 2007	10,000	36.70	28.06
	April 18, 2008	3,540	41.15	24.73
Johanne Choinière	April 7, 2004	940	42.08	21.20
	Dec. 14, 2004	2,140	37.24	23.34
	April 13, 2005	7,260	42.16	27.25
	April 11, 2006	1,500	41.79	30.16
	April 20, 2007	1,320	41.01	37.77
	April 18, 2008	2,000	41.15	24.73
	Sept. 23, 2008	5,000	46.41	29.63
Christian Bourbonnière	April 7, 2004	5,620	42.08	21.20
	April 13, 2005	1,280	42.16	27.25
	April 11, 2006	720	41.79	30.16
	April 20, 2007	580	41.01	37.77
	April 18, 2008	880	41.15	24.73
	Sept. 23, 2008	5,000	46.41	29.63

<sup>(1)</sup> Closing price the day preceding the vesting date.

**OPTIONS EXERCISED DURING THE MOST RECENTLY COMPLETED FINANCIAL YEAR** The following table sets forth information concerning the exercise of options by the NEOs during the financial year ended on September 25, 2010.

Name	Number of Securities acquired on exercise	Aggregate Value Realized (\$)
Eric R. La Flèche	54,700	1,131,334
Richard Dufresne	—	—
Robert Sawyer	19,500	446,525
Johanne Choinière	5,800	130,644
Christian Bourbonnière	28,980	526,229

**EQUITY COMPENSATION PLAN INFORMATION** The following table summarizes as of September 25, 2010 the equity compensation plans pursuant to which equity securities of the Company may be issued.

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 security holders	1,776,520	\$32.29	2,011,232
Total	1,776,520	\$32.29	2,011,232

**STOCK OPTION PLAN (“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. The number of shares that can be issued, at any time, when options granted under the Option Plan or in accordance with any other compensation plan of the Company are exercised may not exceed 10% of the number of outstanding shares of all classes of the Company. The Option Plan also provides 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, may not exceed 10% of the number of outstanding Class A Subordinate Shares and Class B 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 may 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 when the option is exercised. The expression “market price” means the closing price of a round lot of shares traded on the Toronto Stock Exchange on the trading day prior to the grant 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 on which such option may be first exercised, in whole or in part, or following a maximum of ten years from the date of the grant.

At the exercise of options, an optionee may only subscribe for the shares in respect of which the option is being exercised.

The exercise period for options that ends during a trading prohibition period as determined in the Information Policy of the Company is extended by seven (7) business days following the expiry of such trading prohibition period.

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

- 30 days after the resignation of the optionee or on the date the Company terminates the optionee's employment without just and sufficient cause;
- on the date the Company or one of its subsidiaries terminates the optionee's employment for just cause;
- two years after the date of retirement, authorized leave or death of the optionee, but in the latter case, only for options granted before April 11, 2006. Although any options cannot continue to vest, the optionee or, as the case may be, his estate is allowed to exercise his options 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.

In case of a change of control of the Company, all options granted under the Option Plan may be exercised, at the discretion of the optionees.

The Option Plan provides that the following amendments to the Option Plan must be submitted for shareholder approval: 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 initial term being extended by 7 business days 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 favorable 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 any other amendments to the Option Plan that are not mentioned above. Without limiting the generality of the foregoing, the Board of Directors may, 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.

As at December 10, 2010, 1,762,350 Class A Subordinate Shares of the Company may be issued on account of stock option grants already made pursuant to the Option Plan representing 1.69% of the issued and outstanding share capital of the Company. On that date, 3,773,582 Class A Subordinate Shares are reserved for outstanding and new stock options representing 3.62% of the issued and outstanding share capital of the Company.

The aggregate number of Class A Subordinate Shares of the Company that may be issued on account of stock options granted during the 2010 financial year represents 0.3% of the issued and outstanding share capital of the Company as at the end of that financial year.

**PERFORMANCE SHARE UNIT PLAN (“PSU PLAN”)** The Board of Directors approves the number of PSUs granted. The Human Resources Committee administers the plan and may make changes to it. The Human Resources Committee also designates the performance objectives to be achieved, which are confirmed by the Board of Directors of the Company.

The vesting date of the PSUs is determined on the grant date and is not later than three years thereafter. On the vesting date, each PSU entitles its holder to one Class A Subordinate Share of the Company or, at the discretion of the Company, to a cash equivalent, or a combination of the two. The PSU Plan is not dilutive with respect to the issued and outstanding shares of the Company, in that PSUs are settled in Class A Subordinate Shares of the Company purchased on the secondary market and/or in cash. Furthermore, PSUs are not transferable or assignable.

Unless the Human Resources Committee decides otherwise, the PSUs granted expire upon the termination of employment of their holder for any reason other than death or retirement.

If the holder of PSUs retires before the vesting date, he is entitled, on such vesting date, to a number of PSUs equal to the proportion represented by the number of days between the grant date and his retirement date out of the total number of days between the grant date and the vesting date of the PSUs.

If the holder dies prior to the vesting date, the Company will pay his estate, within sixty (60) days of his death, a number of PSUs calculated in the same manner as if the holder had retired, without taking account of the performance objectives.

In case of a change of control of the Company, all PSUs will vest and will have to be paid within one hundred twenty (120) days of the change of control, and the Human Resources Committee will have to determine whether the performance objectives have been achieved as of the vesting date and in what manner.

## PENSION PLAN BENEFITS

**DEFINED BENEFIT PLANS TABLE** The following table illustrates the annual benefits payable at the normal age of retirement (age 65) under both plans combined, according to the final average salary and years of credited service under these plans.

Name	Number of years of credited service <sup>(1)</sup>	Annual benefits payable (\$)		Accrued obligation at start of year (\$)	Compensatory change (\$) <sup>(4)</sup>	Non-Compensatory change (\$) <sup>(5)</sup>	Accrued obligation at year-end (\$)
		At year-end	At age 65				
Eric R. La Flèche	19.1 <sup>(2)</sup>	242,700	515,700	2,242,000	223,000	423,000	2,888,000
Richard Dufresne	4.7	35,100	199,300	244,000	70,000	58,000	372,000
Robert Sawyer	30.8 <sup>(3)</sup>	217,200	303,300	2,559,000	280,000	361,000	3,200,000
Johanne Choinière	10.8	71,100	227,400	590,000	141,000	134,000	865,000
Christian Bourbonnière	13.0	72,400	155,200	793,000	89,000	145,000	1,027,000

<sup>(1)</sup> As of September 30, 2010, Eric R. La Flèche, Richard Dufresne, Robert Sawyer, Johanne Choinière and Christian Bourbonnière had 19.7, 4.7, 30.9, 11.3 and 13.5 years of service with the Company respectively. However, there is no increase in benefits as a result of the difference between the number of years of service and the number of years credited.

<sup>(2)</sup> Including 1.3 years under the management and professional plan.

<sup>(3)</sup> Including 22.7 years under the supplemental plan.

<sup>(4)</sup> The variations attributable to compensatory elements represent the value of the projected retirement benefits earned during the period from October 1, 2009 to September 30, 2010, taking into account any gain or loss related to salary variation. The amounts indicated are consistent with the information presented in note 19 to the 2010 consolidated financial statements.

<sup>(5)</sup> The variations attributable to non-compensatory elements include interests earned on bonds at the beginning of the financial year, other gains earned and losses suffered as well as changes to actuarial assumptions.

There is no defined contribution pension plan.

**TERMINATION AND CHANGE OF CONTROL BENEFITS** Mr. La Flèche is the only NEO who has an employment contract providing for payments or specific benefits in the case of a change of control or termination of employment.

Under his employment contract with the Company, Mr. La Flèche will be entitled to a termination allowance equal to twice his annual compensation (salary and AIP) if the Company terminates or is deemed to have terminated his employment for any reason other than his death or just cause. The compensation which would have been payable to Mr. La Flèche if the Company had terminated his employment on September 25, 2010 would have been \$2,866,154. If the Company terminates or substantially modifies his employment duties within 24 months following a change of control of the Company, Mr. La Flèche will be entitled to a termination allowance equal to twice his annual compensation (salary and AIP). The compensation which would have been payable to Mr. La Flèche if the Company had terminated or substantially modified his employment duties as of September 25, 2010 would also have been \$2,866,154.

Furthermore, under his employment contract, if Mr. La Flèche's employment is terminated without just cause, he will have eighteen (18) months following that event to exercise his stock options which have already vested. During that period, Mr. La Flèche may also continue to accumulate rights with respect to previously granted options, although this provision does not have the effect of extending the term of an option beyond its initial term.

If Mr. La Flèche's employment is terminated without just cause, the PSUs which have been granted to him will be dealt with under the PSU Plan as if he had retired. If Mr. La Flèche was deemed to have retired at the end of the 2010 financial year, the value of the PSUs which would have vested, based on the closing price on September 24, 2010 (\$45.15), would have been \$1,086,806. It should be noted that, in such a case, the said PSUs would only have been paid to him as of the original vesting date, in accordance with the PSU plan.

In all other cases where Mr. La Flèche's employment is terminated or if his duties are substantially modified within twenty-four (24) months of a change of control, the PSUs will be paid within thirty (30) days thereof and the performance objectives will have to be estimated by the Company.

The rules applicable to the stock options and PSUs of the other NEOs in the case of the termination of duties or change of control are described under the heading "Stock Option Plan" found on page 25 of this Circular and under the heading "Performance Share Unit Plan" found on page 27 of this Circular.

The following table sets forth the value of the stock options which would have vested earlier and which could have been exercised and the PSUs which would have vested earlier if a termination of employment or a change of control of the Company had taken place on September 25, 2010.

Name	Stock Options (\$)	PSUs (\$)
Eric R. La Flèche	4,325,197	1,892,688
Richard Dufresne	734,087	620,406
Robert Sawyer	1,464,792	819,201
Johanne Choinière	824,359	362,691
Christian Bourbonnière	538,626	308,013

## DIRECTOR COMPENSATION

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 directors consists of the following elements:

- the base annual retainer for directors was \$47,500 until September 26, 2010, at which time it increased to \$55,000;
- the attendance fees for the Board of Directors and its committees are \$1,750 when the meeting is held in person and half that amount when the meeting is held by telephone;
- the annual retainer of committee chairmen is \$5,000, except for the Chair of the Audit Committee, whose retainer is \$10,000;
- committee members receive \$2,500 as an annual retainer, except for members of the Audit Committee, who receive \$5,000;
- the members of the Executive Committee do not receive an annual retainer and their attendance fee is \$2,000 when the meeting is held in person and half that amount when the meeting is held by telephone.

As Executive Chairman of the Board, Mr. Pierre H. Lessard receives an annual retainer of \$450,000.

The Lead Director receives an additional annual retainer of \$20,000.

This year, the Corporate Governance and Nominating Committee reviewed the compensation of directors in order to determine whether it was still appropriate. The Committee recommended an increase in the base annual retainer, bringing it to \$55,000. The goal of the increase was to make aggregate director compensation more competitive. In making its review, the Committee benchmarked director compensation to the same reference group as the one used by the Company to determine executive compensation. The Board of Directors approved the increase and it came into effect on September 26, 2010.

The base annual retainer of directors is paid in the following manner: all in deferred share units (“DSU”) or, optionally, 50% in the form of Class A Subordinate Shares of the Company and the rest in cash until each director holds 3 times his base annual retainer in DSUs and/or Shares, which constitutes the minimum required shareholding level for directors. Each director has 3 years to comply with the minimum shareholding level requirement. Subsequently, each director will continue to receive at least 25% of his total compensation in Shares or, at his option, in DSUs.

The principal terms of the Deferred Share Unit Plan (the “DSU Plan”) are as follows:

- the DSU Plan of the Company came into force on February 1, 2004;
- each director who chooses to participate in the DSU Plan has an account in his name to which the DSUs are credited and held until he ceases to be a director of the Company. The number of DSUs credited to his account is calculated by dividing the amount of the eligible compensation by the average closing price of Class A Subordinate Shares of the Company on the TSX for the 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 withholdings. 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 the 5 trading days preceding the termination date; and
- DSUs are not considered Shares of the Company and, in that regard, they do not entitle their holder to the rights normally conferred on shareholders of the Company.

**DIRECTOR COMPENSATION TABLE** The following table shows all components of the compensation paid to the directors during the last financial year of the Company.

Name	Fees <sup>(1)</sup> (\$)	All other compensation		Total (\$)
		Dividends on DSUs (\$)	Other (\$)	
Marc DeSerres	84,750	4,507	—	89,257
Claude Dussault	87,250	5,070	—	92,320
Serge Ferland	58,000	6,233	1,269 <sup>(2)</sup>	65,502
Paule Gauthier	81,328	3,808	—	85,136
Paul Gobeil	56,250	2,446	9,683 <sup>(3)</sup>	68,379
Christian W.E. Haub	64,000	3,844	—	67,844
Michel Labonté	76,750	2,707	—	79,457
Pierre H. Lessard	450,000	3,929	28,454 <sup>(4)</sup>	482,383
Marie-José Nadeau	84,750	1,802	—	86,552
Christian M. Paupe	43,856	108	—	43,964
Réal Raymond	82,368	1,769	—	84,137
Michael T. Rosicki	71,000	851	—	71,851
Bernard A. Roy	67,500	—	933 <sup>(2)</sup>	68,433

<sup>(1)</sup> The fees are paid in cash, Shares or DSUs as elected by the director. For further details, see the following table.

<sup>(2)</sup> These amounts represent life insurance premiums paid by the Company for directors who were in office before October 1, 1999. The Company no longer pays any premium for any individual who became a director after that date.

<sup>(3)</sup> The other compensation components for Mr. Paul Gobeil consist of an amount of \$933 as life insurance premium paid by the Company since Mr. Gobeil was a director prior to October 1, 1999 as well as an amount of \$8,750 paid by the Company to Mr. Gobeil as he sits on various pension committees of the Company as the pensioners' representative.

<sup>(4)</sup> The other compensation components for Mr. Pierre H. Lessard were granted to Mr. Lessard in his capacity of Executive Chairman of the Board and consist of car rental fees in an amount of \$22,973 and insurance (life and health) premiums paid by the Company in an amount of \$5,481.

Directors who are not employees or former employees of the Company are not eligible to receive pension plan benefits under the terms of any of the Company's Pension Plans and they are not entitled to any option grants under the Company's stock option plan.



**DIRECTOR COMPENSATION** The following table shows how the fees earned by the directors during the 2010 financial year have been paid.

Name	Payment in cash (\$)	Payment in shares <sup>(1)</sup> (\$)	Payment in DSUs (\$)	Fees (\$)
Marc DeSerres	42,375	—	42,375	84,750
Claude Dussault	65,438	—	21,812	87,250
Serge Ferland	—	—	58,000	58,000
Paule Gauthier	40,664	—	40,664	81,328
Paul Gobeil	41,750	—	14,500	56,250
Christian W.E. Haub	—	—	64,000	64,000
Michel Labonté	31,910	—	44,840	76,750
Pierre H. Lessard	337,500	—	112,500	450,000
Marie-José Nadeau	63,563	—	21,187	84,750
Christian M. Paupe	12,093	—	31,763	43,856
Réal Raymond	38,634	—	43,734	82,368
Michael T. Rosicki	23,500	—	47,500	71,000
Bernard A. Roy	50,769	16,731	—	67,500

<sup>(1)</sup> The shares are purchased on the market.

## INCENTIVE PLAN AWARDS

**OUTSTANDING SHARE-BASED AWARDS** The following table shows, with respect to each director, as at September 25, 2010, the share-based awards under the DSU Plan, which have not yet vested.

Name	Share-based awards	
	Number of shares or share units that have not yet vested <sup>(1)</sup>	Market or payout value of share-based awards that have
		not yet vested <sup>(2)</sup> (\$)
	DSUs	
Marc DeSerres	7,621	344,088
Claude Dussault	8,210	370,682
Serge Ferland	10,525	475,204
Paule Gauthier	6,513	294,062
Paul Gobeil	4,016	181,322
Christian W.E. Haub	6,905	311,761
Michel Labonté	4,859	219,384
Pierre H. Lessard	7,737	349,326
Marie-José Nadeau	3,105	140,191
Christian M. Paupe	733	33,095
Réal Raymond	3,411	154,007
Michael T. Rosicki	2,006	90,571
Bernard A. Roy	—	—

<sup>(1)</sup> These awards have been granted solely as payment for the fees earned by the directors. The DSU awards include, however, additional DSUs granted to cover dividends paid on Class A Subordinate Shares of the Company.

<sup>(2)</sup> Based on the closing price on September 24, 2010: \$45.15.

There are no option-based awards.

## CORPORATE GOVERNANCE

The Board of Directors believes that good corporate governance is essential and the Company subjects its directors, officers 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 BOARD COMMITTEES AND THEIR MANDATES** The Board currently has 4 standing committees.

**The Executive Committee** has the same powers as the Board of Directors, save for certain exceptions provided for in the legislation or the Company's by-laws. It consists of 7 members: 3 non-independent directors (including the Committee Chairman) and 4 independent directors. Unless specifically instructed otherwise by the Board, the Executive Committee has decision-making authority. The Executive Committee did not meet during the 2010 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, 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 succession plans for 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 regarding pension funds from management and the Company's pension committees and, in turn, reports on a yearly basis to the Board of Directors on such matters. It reviews executive compensation disclosure before it is made public in annual disclosure documents. In the performance of its mandate, the Committee may engage and compensate any outside advisor that it determines to be necessary. This Committee has 4 members, all of whom are independent directors. The Committee met 4 times during the 2010 financial year.

**The mandate of the Audit Committee** can be found in Exhibit B to this Circular. The composition of the Committee is described in the section entitled "Information on the Audit Committee" of this Circular. The Committee met 5 times during the 2010 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 in that regard. 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 best practices in Canada. 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 from 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 all independent directors. The Committee met 6 times during the 2010 financial year.

## **OTHER MATTERS**

Management of the Company knows of no other matters to come before the meeting other than those referred to in the Notice of 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**

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 (the "Annual Report"). This Circular as well as the Annual Information Form and the Annual Report are available on SEDAR ([www.sedar.com](http://www.sedar.com)) as well as on the Company's website ([www.metro.ca](http://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  
Secretary

Montréal, December 10, 2010.

## STATEMENT OF CORPORATE GOVERNANCE PRACTICES

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**Canadian Securities Administrators  
Corporate Governance Guidelines**
**Observations****BOARD OF DIRECTORS**

1. The board should have a majority of independent directors.

1. The Board of Directors currently consists of a majority of independent directors given that, of the 14 directors currently serving on the Board of Directors, 11 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 an annual questionnaire. The independent directors are Mesdames Marie-José Nadeau and Paule Gauthier and Messrs. Marc DeSerres, Claude Dussault, Paul Gobeil, Christian W.E. Haub, Michel Labonté, Christian M. Paupe, Réal Raymond, Michael T. Rosicki and Bernard A. Roy. Messrs. Pierre H. Lessard and Eric R. La Flèche cannot be considered independent because they were or are senior executives of the Company. Mr. Serge Ferland cannot be considered independent since he is the owner of food stores operating under the Metro banner and therefore has business dealings with the Company. Mr. Gobeil became independent on March 1, 2010, given that he had retired as an officer of the Company on March 1, 2007.

On January 25, 2011, 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 11 of the 14 nominees proposed, that is the above-mentioned directors and Mr. John H. Tory, are considered to be independent directors.

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 page 10 of this Circular.

2. If a director is presently a director of any other reporting issuer, identify both the director and the other issuer.

2. The information concerning the directors sitting on the board of another reporting issuer can be found on pages 5 to 8 of this Circular.

3. The chair of the board should be an independent director.

3. The Executive Chairman of the Board is not an independent director notably because he held the position of President and Chief Executive Officer of the Company from 1990 to April 2008. In order to ensure that the Board functions in accordance with the best corporate governance practices, the directors have chosen from among themselves an independent Lead Director. Mr. Pierre Brunet held this position until January 26, 2010, on which date Mr. Réal Raymond succeeded him. The role and responsibilities of the Executive Chairman of the Board as well as those of the Lead Director are described in Exhibit B to this Circular.

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**Canadian Securities Administrators  
Corporate Governance Guidelines**

**Observations**

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4. The independent directors should hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance.

4. At the end of each Board meeting, a meeting with directors who are not members of the management takes place and occasionally, depending on the issues discussed, a meeting of independent directors only also takes place.

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**BOARD MANDATE**

5. The board should adopt a written mandate in which it explicitly acknowledges responsibility for the stewardship of the issuer.

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.

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**POSITION DESCRIPTIONS**

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.

6. The Board has adopted a written mandate regarding the duties of the Executive Chairman of the Board, the Lead Director and the Chair 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 powers 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.

At the beginning of every year, the Human Resources Committee approves the objectives for each executive officer, and ensures that these objectives are met.

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**ORIENTATION AND CONTINUING EDUCATION**

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

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

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

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 intended for members of the Board are also organized at least once a year. Each year, the Corporate Governance and Nominating Committee reviews the areas in which information sessions for Board members would be appropriate; Board members also have the opportunity to give their input in this regard. This year, one of the information sessions that took place was provided by specialists who informed Board members about the broad long-term trends in the retail business, helping them determine how the Company could position itself regarding such trends. That meeting was followed by a strategic planning session attended by Board members and executives. An information session was also held this year on the financial market outlook for the food sector.

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**BUSINESS ETHICS**

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| <p>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.</p>   | <p>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 (<a href="http://www.metro.ca">www.metro.ca</a>). They address the issues recommended in National Policy 58-201 of the Canadian Securities Administrators. The Board has also adopted a "Director Resignation Policy" requiring a director to submit his resignation to the Executive Chairman of the Board of Directors, subject to acceptance by the Board, if he no longer meets the legal requirements or those set up by the Board, or if there is a material change in his functions, responsibilities or duties or if he has breached or notes a potential breach to the Directors' Code of Ethics.</p>   |
| <p>9. The board should be responsible for monitoring compliance with the code of ethics. 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.</p> | <p>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 or senior executives and there are no breaches to report in this respect.</p>  |
| <p>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.</p>  | <p>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".</p> <p>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".</p> |
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**Canadian Securities Administrators  
Corporate Governance Guidelines**

**Observations**

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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 entitled “Policy on Conflicts of Interest and Professional Ethics” (the “Policy”) specify, inter alia, that all executives and employees 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 the law. 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 act with integrity and respect the highest ethical and fiduciary standards.

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**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 a mandate for 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, a summary of the Corporate Governance and Nominating Committee’s mandate can be found on page 32 of this Circular. This summary describes the responsibilities, powers and operations of the Committee.

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**Canadian Securities Administrators  
Corporate Governance Guidelines**

**Observations**

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| <p>14. Prior to nominating or appointing individuals as directors, the board should adopt a process involving the following steps: consider what competencies and skills the board, as a whole, should possess and assess what competencies and skills each existing director possesses.</p> | <p>14. The Board has established and adopted the “List of competencies and expectations of Directors”, a copy of which is reproduced in Exhibit B to this Circular. The Corporate Governance and Nominating Committee ensures that the choice of nominees takes into account the competencies and skills that the Board, as a whole, should possess and reports to the Board accordingly. The Corporate Governance and Nominating Committee also has set up a matrix identifying the skills and experience of the directors currently sitting on the Board. This matrix can be found in Exhibit B hereof.</p> |
| <p>15. The board should also consider the appropriate size of the board, with a view to facilitating effective decision-making by the board.</p>   | <p>15. Each year, the Board examines its size and has concluded that it will continue to be effective with 14 members, this size being large enough to permit a diversity of views and staff the committees without being so large as to detract from efficiency.</p>   |
| <p>16. The nominating committee should be responsible for identifying individuals qualified to become new board members and recommending to the board the new director nominees for the next annual meeting of shareholders.</p>   | <p>16. The Company’s Corporate Governance and Nominating Committee is responsible for identifying and recommending to the Board the new director nominees. In this regard, the Committee maintains an “evergreen” list of potential nominees. Prior to the selection of any new nominee for the position of director, the Executive Chairman of the Board, the President and Chief Executive Officer and the Chairman of the Corporate Governance and Nominating Committee meet with the potential candidate in order to evaluate his competencies and his independence.</p>                                  |
| <p>17. In making its recommendations, the nominating committee should consider the competencies and skills that the board considers to be necessary for the board, as a whole, to possess and those that the board considers each existing director and new nominee to possess.</p>          | <p>17. Members of the Corporate Governance and Nominating Committee ensure that the composition of the Board is such that all required competencies and skills are represented on the Board and that the nominees make up a competent and dynamic team which can carry out the Board of Directors’ mandate efficiently.</p>   |
| <hr/> <p><b>COMPENSATION</b></p>   |   |
| <p>18. The board should appoint a compensation committee composed entirely of independent directors.</p>   | <p>18. The Human Resources Committee is comprised of 4 directors, all of whom are independent.</p>  |
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**Canadian Securities Administrators  
Corporate Governance Guidelines**

**Observations**

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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 a mandate for 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, a summary of the Human Resources Committee's mandate can be found on page 32 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 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 way by which the Board sets the compensation of executives is described under the heading "Executive Compensation" which can be found on pages 13 to 28 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 best practices in Canada.

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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 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 Human Resources Committee has hired PCI-Perrault Conseil Inc. A description of PCI-Perrault Conseil Inc. mandate may be found under the heading "Information Sources" on page 14 hereof.

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

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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 Executive 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 Executive Chairman of the Board and each director.

The answers to the questionnaires are compiled and analyzed by an independent firm 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. The Corporate Governance and Nominating Committee Chair presents the full report on the analysis results to the Board of Directors. In light of this analysis, the Corporate Governance and Nominating Committee and the Board assess the need for changes to the make-up of the Board and its committees or to their chairs.

Following the Corporate Governance and Nominating Committee's analysis of the report, management is advised of the recommendations for improvements that relate to it, in particular with regard to training and development programs for directors that require management involvement.

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## **MANDATE OF THE AUDIT COMMITTEE**

### **1. OBJECTIVES OF THE COMMITTEE AND GENERAL SCOPE OF RESPONSIBILITIES OF THE PARTIES:**

- 1.1 The objectives of the Committee are to review the adequacy and effectiveness of the actions taken by the various parties herein involved to discharge themselves of their responsibilities herein described and to assist the Board in its oversight of:
  - 1.1.1 the integrity of the Company's financial statements;
  - 1.1.2 the internal and external auditor qualifications and independence;
  - 1.1.3 the performance of the Company's internal audit function and external auditor;
  - 1.1.4 the effectiveness of internal controls;
  - 1.1.5 the Company's compliance with legal and regulatory requirements; and
  - 1.1.6 the identification of the material risks that may affect the Company and the implementation of appropriate measures to manage such risks.
- 1.2 Management is responsible for:
  - 1.2.1 the preparation, presentation and integrity of the Company's financial statements and for maintaining appropriate accounting policies and internal controls and procedures designed to ensure compliance with accounting standards and applicable laws and regulations; and
  - 1.2.2 identifying the material risks and putting in place appropriate measures allowing to manage such risks.
- 1.3 The external auditor is responsible for auditing the Company's annual financial statements and reviewing the Company's quarterly financial statements.
- 1.4 The internal auditor is responsible, by bringing a systematic and disciplined approach, for evaluating and improving the effectiveness of the Company's risk management and control processes.

### **2. SCOPE OF MANDATE**

The responsibilities of the Committee extend to Metro Inc., its subsidiaries and their divisions. In this mandate, the word "Company" refers 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 auditor, the internal auditor or the management of the Company.

### **4. SPECIFIC RESPONSIBILITIES**

The Audit Committee must periodically inform the Board about its work and advise it about its recommendations.

- 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 auditor the choice of accounting policies and its justification as well as the various estimates made by management which may have a significant impact on the financial position.
  - 4.1.3 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.
  - 4.1.4 The Committee reviews, before they are released, any prospectus relating to the issuance of securities by the Company, the Annual Information Form and the Management Proxy Circular.

## 4.2 Internal Control

- 4.2.1 The Committee verifies that Company Management has implemented mechanisms in order to comply with regulations on internal controls and financial reporting.
- 4.2.2 Every quarter and every fiscal year, the Committee reviews with Company Management the conclusions of the work supporting the certification letters to be filed with the authorities.
- 4.2.3 The Committee reviews with the Company Management all material weaknesses and significant deficiencies identified pertaining to internal controls and financial reporting, as well as any fraud, and the corrective measures implemented.

## 4.3 Internal Audit

- 4.3.1 The Committee examines the appointment, replacement, reassignment or dismissal of the Senior Director of the Internal Audit Department and reviews the mandate, annual audit plan, and resources of the internal audit function.
- 4.3.2 The Committee meets the Senior Director of the Internal Audit Department to review the results of the internal audit activities, including any significant issues reported to management by the internal audit function and management's responses and/or corrective actions.
- 4.3.3 The Committee reviews the performance, degree of independence and objectivity of the internal audit function and adequacy of the internal audit process.
- 4.3.4 The Committee reviews with the Senior Director of the Internal Audit Department any issues that may be brought forward by him, including any difficulties encountered by the internal audit function, such as audit scope, access to information and staffing restrictions.
- 4.3.5 The Committee ensures the effectiveness of the coordination between the internal audit and the external audit.

## 4.4 External Audit

- 4.4.1 The Committee has the authority and the responsibility to recommend to the Board of directors:
  - i) the appointment and the revocation of any public accounting firm engaged for the purpose of preparing or issuing an audit report, or performing other audit, review or certification services (collectively the "external auditor"); and
  - ii) the compensation of the external auditor.
- 4.4.2 The external auditor communicates directly with the Committee. 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 makes sure that the external auditor has obtained the cooperation of the employees and officers of the Company.
- 4.4.6 The Committee examines the post-audit letter or the recommendation letter of the external auditor as well as the reactions of management and management's response to the deficiencies observed.
- 4.4.7 The Committee examines the qualifications, performance and independence of the external auditor 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 this Board. The Committee takes into account the opinions of management and the Company's internal auditor in assessing the qualifications, performance and independence of the external auditor.
- 4.4.8 The Committee reviews and approves the Company's hiring policy concerning (current and former) partners and (current and former) employees of the (current and former) external auditor.

- 4.4.9 At least, once a year, the external auditor reports to the Committee about: i) the external auditor's internal quality-control procedures; ii) its inscription as a duly registered participant of the Canadian Public Accountability Board ("CPAB") and whether it holds proper authority to audit Canadian issuers; and iii) the evaluation of the quality of its work via an in camera session with the Quebec Managing Partner or his representative.
- 4.5 Miscellaneous
- 4.5.1 The Committee establishes procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters and to preserve 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 as well as to obtain from the Company the funds necessary to pay such compensation.
- 4.5.3 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.
- 4.6 Compliance with legal and regulatory requirements
- 4.6.1 The Committee reviews the reports received from time to time regarding any material legal or regulatory issues that could have a significant impact over the Company's business.
- 4.7 Risk Management
- 4.7.1 The Committee reviews the material risks identified by Company Management. The Committee examines the effectiveness of the measures put in place to manage these risks by questioning the management of the Company regarding how risks are managed as well as obtaining opinions from management regarding the degree of integrity of the risk mitigation systems and acceptable thresholds.
- 4.7.2 The Committee reviews on a regular basis the management policies regarding material risks recommended by Company Management and obtains from the management of the Company on a regular basis reasonable assurance that the Company's risk management policies for material risks are being adhered to. The Committee also reviews reports on material risks, including financial hedging activities and environment.

## **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 communication 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 EXECUTIVE CHAIRMAN OF THE BOARD OF DIRECTORS**

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

The Executive Chairman of the Board of Metro Inc. has the following responsibilities:

### **EFFECTIVENESS 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 of Directors 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 and those of the external directors;
- He establishes with the President and Chief Executive Officer the agenda for each meeting of the Board of Directors;
- He takes the necessary measures so that the meetings of the Board of Directors 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 STAKEHOLDERS OF THE COMPANY**

- He fosters a strong working relationship between the Board of Directors and senior management. 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 acts in an advisory capacity to the President and Chief Executive Officer and to the other senior management members on all matters concerning the interests and management of the Company;
- he chairs the meetings of shareholders;
- he and the President and Chief Executive Officer foster strong relationships between the Company and key stakeholders including investors, shareholders, the industry in general and the community;
- he participates in the strategic development of the Company.

## **MANDATE OF THE LEAD DIRECTOR**

The mandate of the Lead Director of Metro Inc. sets out the responsibilities of the Lead Director and what is expected of him. These responsibilities and expectations are in addition to the Lead Director's responsibilities pursuant to the legislation as well as those which may be assigned to him from time to time by the Board of Directors of Metro Inc.

The Lead Director of Metro Inc. has the following responsibilities:

- He provides independent leadership to the Board of Directors to ensure that the Board functions independently of management of the Company;
- he works with the Executive Chairman of the Board to facilitate the proper functioning and effectiveness of the Board of Directors;
- he chairs the meetings of independent directors;
- he serves as communication channel between the independent directors and the Executive Chairman of the Board of Directors and senior management;
- he brings support to the Corporate Governance and Nominating Committee in the process of assessing the effectiveness of the Board of Directors.

## **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 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 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., who represent a variety of business sectors, must each 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 AND STRATEGY** The directors of the Company must always act in the best interests of the Company, of all its shareholders and all its stakeholders. To do so, they must have perspective and be able to think strategically. They must be able to anticipate future consequences and trends.

## DIRECTOR'S SKILLS AND EXPERIENCE MATRIX

Name of Current Directors Skills and Experience	M. DeSerres	C. Dussault	S. Ferland	P. Gauthier	P. Gobeil	C. W.E. Haub	M. Labonté	E. R. La Flèche	P. H. Lessard	C. M. Paupe	M.-J. Nadeau	R. Raymond	M. T. Rosicki	B. A. Roy
CEO / Senior Officer	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	
Financial Expert					✓		✓		✓	✓		✓		
Government / Public Sector					✓		✓				✓			✓
Human Resources / Compensation		✓		✓		✓		✓	✓	✓		✓	✓	✓
Information Technologies	✓	✓					✓			✓				
Large Corporation		✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Legal				✓				✓			✓			✓
Marketing	✓	✓	✓		✓			✓	✓		✓		✓	
Prior or current Board Experience with other public companies		✓		✓	✓	✓	✓		✓		✓	✓	✓	✓
Real Estate	✓					✓		✓	✓					
Retail Business / Food Business	✓		✓	✓	✓	✓		✓	✓				✓	