metro

# Notice of 2013 annual general and special meeting of shareholders and management proxy circular

Our Annual General and Special Meeting of Shareholders will be held
at 11:00 a.m. (Montréal time) on Tuesday, January 29, 2013
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.

# Table of contents

# Notice of annual general and special meeting of shareholders

NOTICE IS HEREBY GIVEN that the Annual General and Special Meeting of Shareholders of METRO INC. (the "Corporation") will be held at the Centre Mont-Royal, 2200 Mansfield Street, Montréal, Quebec, on January 29, 2013 at 11:00 a.m. (Montréal time), for the purposes of:

1. receiving the consolidated financial statements of the Corporation for the financial year ended September 29, 2012, and the report of the independent auditors thereon;

2. electing directors;

3. appointing auditors;

4. reviewing and, if deemed appropriate, ratifying the Advance Notice By-Law, the full text of which is reproduced as Exhibit A to the Management Proxy Circular;

5. considering and, if deemed appropriate, passing an advisory resolution on the Corporation's approach to executive compensation;

6. considering shareholder proposals set forth in Exhibit B of the Management Proxy Circular, one of which requires a vote on a special resolution;

7. transacting such other business as may properly be brought before the meeting.

The holders of Common Shares of record at the close of business on December 7, 2012, are entitled to receive notice of, to attend and to vote at this meeting.

DATED at Montréal, this 7th day of December 2012

By order of the Board of Directors

Simon Rivet
Corporate Secretary

**Notes:**

**The holders of Common Shares who are unable to attend this meeting in person are requested to proceed according to the instructions provided in the Management Proxy Circular, and to return the form of proxy at their earliest convenience, but before 5:00 p.m. (Montréal time), on January 28, 2013.**

# Management Proxy Circular

This Management Proxy Circular (the "Circular") is provided in connection with the solicitation of proxies for use at the Annual General and Special Meeting of Shareholders of Metro Inc. (the "Corporation") to be held on Tuesday, January 29, 2013, at the place and time and for the purposes set forth in the enclosed notice of said meeting (the "Notice of Meeting"), and all adjournments thereof.

## SOLICITATION OF PROXIES

**The enclosed proxy is being solicited by the management of the Corporation.** The solicitation will be made primarily by mail, but the directors, officers and regular employees of the Corporation may also solicit proxies by telephone, by fax, through the Internet, through advertisements or in person. The Corporation will also retain the services of other parties to solicit proxies, and in particular CST Phoenix Advisors. The solicitation costs will be assumed by the Corporation, including any costs in connection with the services provided by the latter firm, which costs are estimated at approximately $31,500.

In addition, the Corporation, upon request, will reimburse brokers and nominees for their reasonable expenses in forwarding voting instruction forms and accompanying material to beneficial owners of Common Shares of the Corporation.

## INFORMATION REGARDING THE VOTING OF SHARES

## REGISTERED SHAREHOLDERS

A registered shareholder is a shareholder whose shares are registered directly in his name in the Corporation's register of shareholders. Holders of shares of record at the close of business in Montréal, Quebec, on December 7, 2012 (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" the approval of matters referred to at items 2, 3, 4 and 5 of the Notice of Meeting, and "AGAINST" the matters referred to as item 6 of the Notice of Meeting.**

The enclosed proxy confers discretionary authority upon the persons named therein with respect to all amendments to matters identified in the Notice of Meeting and any other matter which may properly be brought before the meeting. As at the date of this Circular, the management of the Corporation 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 enclosed 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 Corporation. 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 enclosed form of proxy may 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 Corporation, 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 CST Phoenix Advisors at 1-800-246-2916.

## 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 latters' voting instructions prior to 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, wish to receive an additional copy of the Management Proxy Circular or need help to vote, we invite you to contact CST Phoenix Advisors at 1-800-246-2916.

## ELECTRONIC VOTING AT THE MEETING

At the meeting this year, voting on all items of business will be by electronic ballot, rather than paper, in keeping with our commitment to reduce our impact on the environment and in order to expedite voting at the meeting. The transfer agent will give each shareholder a handheld device and will provide instructions on how to use it to vote at the meeting.

## VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The Common Shares are the only class of shares of the Corporation carrying the right to vote at a general meeting of shareholders. Each Common Share entitles its holder to one vote. Each holder of Common Shares is entitled, at the meeting or any adjournment thereof, to one vote for each Common Share registered in his name at the close of business on the Record Date.

As at November 30, 2012, there were 96,482,901 Common Shares of the Corporation issued and outstanding representing in the aggregate 100% of the votes attached to all shares of the Corporation.

To the knowledge of the directors and officers of the Corporation, the only persons who, as at November 30, 2012, exercised or claimed to exercise beneficial ownership, control or direction over 10% of the Corporation's Common Shares were:

| Name | Approximate number of Common Shares | Approximate percentage of Common Shares |
|---|---|---|
| Jarislowsky, Fraser Limited[(1)] | 14,089,375 | 14.60 % |
| Fidelity Management & Research Company[(1)] | 17,880,233 | 18.53 % |

*[(1)]On the basis of the information available on SEDAR (www.sedar.com).*

## FINANCIAL STATEMENTS

The consolidated financial statements of the Corporation for the financial year ended September 29, 2012 and the report of the independent auditors thereon will be submitted at the Annual General and Special Meeting of Shareholders. These consolidated financial statements are reproduced in the Corporation's 2012 Annual Report which was sent to shareholders who requested it together with the Notice of Annual General and Special Meeting of Shareholders and this Circular. The Corporation's 2012 Annual Report is available on SEDAR (www.sedar.com) as well as on the Corporation's website (www.metro.ca).

## ELECTION OF DIRECTORS

The Articles of the Corporation provide for a minimum of seven (7) 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 2012, the Board of Directors of the Corporation has set the number of directors at 14 for the next year. The Corporation's By-laws 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 Corporation, any person who was a director of the Corporation on January 30, 2012 may subsequently stand for election as a director provided that at the time of his election he is under age 72. Any other person may stand for election as a director of the Corporation provided that at the time of his election he is under age 72 and has been a director of the Corporation for less than 15 years.

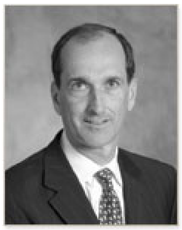
**MAJORITY VOTING POLICY** The Board of Directors has adopted a policy providing that a nominee for election as a director who receives a greater number of votes “withheld” than votes “for”, with respect to the election of directors by shareholders, will be expected to offer to tender his resignation 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 resignation 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 shall not take part in 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 other than those presented by the Board. Subject to any restriction 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 resulting 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 meeting of shareholders during which a new candidate will be presented to fill the vacant position.

**NOMINEES** Nominees for the position of director are currently directors.

**The persons named in the enclosed proxy form or voting instruction form intend to vote "FOR" the election, as directors of the Corporation, of the 14 nominees whose names are set forth below.**

Management of the Corporation does not expect that any such nominee will be unable or, for any reason, become unwilling to serve as a director, but if that should occur for any reason prior to the election, the persons named in the enclosed form of proxy reserve the right to vote for another nominee of their choice.

The following table describes the nominees for the position of director of the Corporation. Each nominee for the position of director of the Corporation has held the principal occupation indicated opposite his name or a management function within the corporation or an affiliate of said corporation for at least five (5) years, except for Messrs. Christian W.E. Haub, Russell Goodman, 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 corporations on which nominees currently serve as well as information relating to their equity holdings in the Corporation are also mentioned. The nominees do not serve together on the board of any other public corporation.

<table>
<tr><td rowspan="4"><br>***Marc DeSerres***<br>**Age 59**<br>**Montréal, Quebec**<br>**Independent**<br>**Director since:**<br>**2002**</td><td>Principal occupation</td><td colspan="2">**President of Omer DeSerres Inc.**<br>(national chain of art supply stores)</td></tr>
<tr><td>Committee(s)</td><td colspan="2">● Corporate Governance and Nominating<br>● Audit</td></tr>
<tr><td>Skills and Experience</td><td>● CEO<br>● Retail Business<br>● Real Estate</td><td>● Information Technologies<br>● Human Resources/Compensation<br>● Marketing</td></tr>
<tr><td colspan="3">Mr. DeSerres has been president of Omer DeSerres Inc. since 1980. He has over 30 years of experience in the retail business. Mr. DeSerres holds a Bachelor's degree in Administration from Concordia University. From 1998 to 2012, Mr. DeSerres was Chairman of the Board of Directors of the Musée d'art contemporain de Montréal, for which he served as a member of its corporate governance and audit committees from 2004 to 2012.</td></tr>
</table>

**INFORMATION ON EQUITY HOLDINGS**

| November 30, 2012 | | December 2, 2011 | | Total net change (#) | Total value at risk as of November 30, 2012 ($)(1) | Value at risk as multiple of Base Annual Retainer(2) | Minimum level met (√) or time limit to meet level |
|---|---|---|---|---|---|---|---|
| Shares | DSUs | Shares | DSUs | | | | |
| 4,809 | 9,758 | 4,809 | 8,766 | 992 | 890,917 | 16.19 | √ |

(1) *The total value at risk is based on the closing price on November 30, 2012 ($61.16).*
(2) *The multiple was determined using the base annual retainer in effect on September 29, 2012 ($55,000).*

<table>
<tr><td rowspan="4"><br>***Claude Dussault***<br>**Age 58**<br>**Québec, Quebec**<br>**Independent**<br>**Director since :**<br>**2005**</td><td>Principal occupation</td><td colspan="2">**Chairman of the Board of Directors of Intact Financial Corporation**<br>(financial services company)</td></tr>
<tr><td>Committee(s)</td><td colspan="2">● Corporate Governance and Nominating (Chair)<br>● Human Resources</td></tr>
<tr><td>Skills and Experience</td><td>● CEO<br>● Large Corporation<br>● Human Resources/Compensation</td><td>● Information Technologies<br>● Prior or current public company board experience<br>● Marketing</td></tr>
<tr><td colspan="3">Mr. Dussault is Chairman of the Board of Directors of Intact Financial Corporation since January 1, 2008. He has also held various management positions within the ING Group for more than 20 years, including the position of President and Chief Executive Officer of ING Canada Inc. (now Intact Financial Corporation). Mr. Dussault is an actuary and 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.</td></tr>
</table>

**INFORMATION ON EQUITY HOLDINGS**

| November 30, 2012 | | December 2, 2011 | | Total net change (#) | Total value at risk as of November 30, 2012 ($)(1) | Value at risk as multiple of Base Annual Retainer(2) | Minimum level met (√) or time limit to meet level |
|---|---|---|---|---|---|---|---|
| Shares | DSUs | Shares | DSUs | | | | |
| 4,000 | 9,467 | 4,000 | 8,855 | 612 | 823,641 | 14.97 | √ |

(1) *The total value at risk is based on the closing price on November 30, 2012 ($61.16).*
(2) *The multiple was determined using the base annual retainer in effect on September 29, 2012 ($55,000).*

***Serge Ferland***
**Age 57**
**Québec, Quebec**
**Non-Independent**
**Director since:**
**1997**

| | |
|---|---|
| Principal occupation | **President of Alimentation Serro Inc. and of Supermarché Claka Inc.** (food stores) |
| Skills and Experience | ● CEO ● Retail/Food Business ● Marketing |

Mr. Ferland has over 30 years of experience in the management of food stores. He owns and operates grocery stores under the Metro banner since 1981. He holds a Bachelor of Administration and a degree in Accounting from Université Laval. He is a director of the Québec City Convention Centre.

**INFORMATION ON EQUITY HOLDINGS**

| November 30, 2012 | | December 2, 2011 | | Total net change (#) | Total value at risk as of November 30, 2012 ($)(1) | Value at risk as multiple of Base Annual Retainer(2) | Minimum level met (√) or time limit to meet level |
|---|---|---|---|---|---|---|---|
| Shares | DSUs | Shares | DSUs | | | | |
| 41,915 | 13,644 | 41,915 | 12,162 | 1,482 | 3,397,988 | 61.78 | √ |

(1) The total value at risk is based on the closing price on November 30, 2012 ($61.16).
(2) The multiple was determined using the base annual retainer in effect on September 29, 2012 ($55,000).

***Paule Gauthier***
***P.C., O.C., O.Q., Q.C.***
**Age 69**
**Québec, Quebec**
**Independent**
**Director since:**
**2001**

| | |
|---|---|
| Principal occupation | **Partner of Stein Monast LLP** (law firm) |
| Committee(s) | ● Human Resources ● Corporate Governance and Nominating |
| Skills and Experience | ● Large Corporation ● Human Resources/Compensation ● Legal ● Prior or current public company board experience |

Mrs. Gauthier is a lawyer. She has served and currently serves on many committees, including human resources and corporate governance committees. She is currently a director of TransCanada Corporation and of Royal Bank of Canada. She holds a Master of Laws in commercial law from Université Laval.

**INFORMATION ON EQUITY HOLDINGS**

| November 30, 2012 | | December 2, 2011 | | Total net change (#) | Total value at risk as of November 30, 2012 ($)(1) | Value at risk as multiple of Base Annual Retainer(2) | Minimum level met (√) or time limit to meet level |
|---|---|---|---|---|---|---|---|
| Shares | DSUs | Shares | DSUs | | | | |
| 5,004 | 8,618 | 5,004 | 7,582 | 1,036 | 833,121 | 15.14 | √ |

(1) The total value at risk is based on the closing price on November 30, 2012 ($61.16).
(2) The multiple was determined using the base annual retainer in effect on September 29, 2012 ($55,000).

***Paul Gobeil***
***FCPA, FCA***
**Age 70**
**Ottawa, Ontario**
**Independent**
**<u>Director since:</u>**
**1990**

| | |
|---|---|
| Principal occupation | **Vice-Chairman of the Board of Directors of the Corporation** |
| Skills and Experience | ● CEO<br>● Retail/Food Business<br>● Financial Expert<br>● Government<br>● Large Corporation<br>● Prior or current public company board experience |

Mr. Gobeil is Vice-Chairman of the Board of Directors of the Corporation since 1990. He has previously 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. Mr. Gobeil is a Chartered Accountant. He holds a Master of Commerce and a Master in Accounting from Université de Sherbrooke. He has completed the Advanced Management Program at Harvard Business School. Mr. Gobeil is a director of National Bank of Canada and of MDN Inc.

**INFORMATION ON EQUITY HOLDINGS**

| November 30, 2012 | | December 2, 2011 | | Total net change (#) | Total value at risk as of November 30, 2012 ($)(1) | Value at risk as multiple of Base Annual Retainer(2) | Minimum level met (√) or time limit to meet level |
|---|---|---|---|---|---|---|---|
| **Shares** | **DSUs** | **Shares** | **DSUs** | | | | |
| 76,200 | 4,944 | 77,300 | 4,485 | -641 | 4,962,767 | 90.23 | √ |

*(1) The total value at risk is based on the closing price on November 30, 2012 ($61.16).*
*(2) The multiple was determined using the base annual retainer in effect on September 29, 2012 ($55,000).*

**Russell Goodman**
***FCPA, FCA***
**Age 59**
**Mont-Tremblant, Quebec**
**Independent**
**<u>Director since:</u>**
**2012**

| | |
|---|---|
| Principal occupation | **Corporate Director** |
| Committee(s) | ● Audit |
| Skills and Experience | ● Senior Officer<br>● Financial Expert<br>● Human Resources/Compensation<br>● Large Corporation<br>● Real Estate<br>● Prior or current public company board experience |

Mr. Goodman is a director and Chairman of the Audit and Finance Committees of Gildan Activewear Inc. and Whistler Blackcomb Holdings Inc. He spent his entire career at PricewaterhouseCoopers LLP and Price Waterhouse LLP until his retirement in 2011. From 1998 to 2011, he was the Managing Partner of various business units in Canada and the Americas, primarily in the mergers and acquisitions, restructuring and corporate finance areas. Mr. Goodman is a Chartered Professional Accountant. He holds a Bachelor of Commerce from McGill University and is a Fellow of the Order of Professional Chartered Accountants of Quebec.

**INFORMATION ON EQUITY HOLDINGS**

| November 30, 2012 | | December 2, 2011 | | Total net change (#) | Total value at risk as of November 30, 2012 ($)(1) | Value at risk as multiple of Base Annual Retainer (2) | Minimum level met (√) or time limit to meet level |
|---|---|---|---|---|---|---|---|
| **Shares** | **DSUs** | **Shares** | **DSUs** | | | | |
| — | 668 | — | — | 668 | 40,854 | 0.74 | 01-31-2015 |

*(1) The total value at risk is based on the closing price on November 30, 2012 ($61.16).*
*(2) The multiple was determined using the base annual retainer in effect on September 29, 2012 ($55,000).*

**Christian W.E. Haub**
**Age 48**
**Greenwich, Connecticut**
**United States of America**
**Independent**
**Director since:**
**2006**

| | |
|---|---|
| Principal occupation | **Co-chief Executive Officer of the Tengelmann Group** |
| Committee(s) | • Human Resources |
| Skills and Experience | • CEO<br>• Retail/Food Business<br>• Human Resources/Compensation<br>• Large Corporation<br>• Real Estate<br>• Prior or current public company board experience |

Mr. Haub is Co-Chief Executive Officer of The Tengelmann Group ("Tengelmann"), a large German Corporation involved in the food retail business, and manages its North American activities. From 1991 to 2012, he has held various executive positions (including Chair of the Board) at The Great Atlantic & Pacific Tea Company, Inc., a subsidiary of Tengelmann, until its divestiture in 2012. He holds a Master's degree in Social and Economic Science from the Austrian University of Economics and Business Administration.

**INFORMATION ON EQUITY HOLDINGS**

| November 30, 2012 | | December 2, 2011 | | Total net change (#) | Total value at risk as of November 30, 2012 ($)(1) | Value at risk as multiple of Base Annual Retainer(2) | Minimum level met (√) or time limit to meet level |
|---|---|---|---|---|---|---|---|
| Shares | DSUs | Shares | DSUs | | | | |
| 4,500 | 10,297 | 4,500 | 8,693 | 1,604 | 904,984 | 16.45 | √ |

*(1) The total value at risk is based on the closing price on November 30, 2012 ($61.16).*
*(2) The multiple was determined using the base annual retainer in effect on September 29, 2012 ($55,000).*

***Michel Labonté***
**Age 67**
**Montréal, Quebec**
**Independent**
**Director since:**
**2006**

| | |
|---|---|
| Principal occupation | **Corporate Director** |
| Committee(s) | • Audit (Chair) |
| Skills and Experience | • Senior Officer<br>• Public Sector<br>• Information Technologies<br>• Financial Expert<br>• Large Corporation<br>• Prior or current public company board experience |

Mr. Labonté is a director of the Laurentian Bank of Canada and director and Chair of the Audit Committee of Otéra Capital Inc. First at Hydro-Québec and then at National Bank of Canada, he has held various management positions, including Vice-President, Finance, for a period of 15 years. 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.

**INFORMATION ON EQUITY HOLDINGS**

| November 30, 2012 | | December 2, 2011 | | Total net change (#) | Total value at risk as of November 30, 2012 ($)(1) | Value at risk as multiple of Base Annual Retainer(2) | Minimum level met (√) or time limit to meet level |
|---|---|---|---|---|---|---|---|
| Shares | DSUs | Shares | DSUs | | | | |
| — | 7,148 | — | 6,055 | 1,093 | 437,171 | 7.94 | √ |

*(1) The total value at risk is based on the closing price on November 30, 2012 ($61.16).*
*(2) The multiple was determined using the base annual retainer in effect on September 29, 2012 ($55,000).*

***Eric R. La Flèche***
**Age 50**
**Town of Mount Royal, Quebec**
**Non-Independent**
**Director since:**
**2008**

| Principal occupation | **President and Chief Executive Officer of the Corporation** |
|---|---|
| Skills and Experience | ● CEO<br>● Retail/Food Business<br>● Human Resources/Compensation<br>● Large Corporation<br>● Real Estate<br>● Marketing |

Mr. La Flèche is President and Chief Executive Officer of the Corporation since April 2008. He joined the Corporation in 1991 and has held since then various management positions, 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. He is a director and member of the Audit Committee of the Bank of Montreal.

**INFORMATION ON EQUITY HOLDINGS**

| November 30, 2012 | | December 2, 2011 | | Total net change (#) | Total value at risk as of November 30, 2012 ($)(1) | Value at risk as multiple of Base Annual Retainer(2) | Minimum level met (√) or time limit to meet level(2) |
|---|---|---|---|---|---|---|---|
| **Shares** | **DSUs** | **Shares** | **DSUs** | | | | |
| 70,349 | — | 65,120 | — | 5,229 | 4,302,544 | — | √ |

*(1) The total value at risk is based on the closing price on November 30, 2012 ($61.16).*
*(2) See the "Minimum Holding of Shares and PSUs by NEOs" section on page 27 of this Circular.*

***Pierre H. Lessard***
***FCPA, FCA, C.B.H.F.***
**Age 70**
**Westmount, Quebec**
**Non-Independent**
**Director since:**
**1990**

| Principal occupation | **Executive Chairman of the Board of the Corporation** |
|---|---|
| Skills and Experience | ● CEO<br>● Retail/Food business<br>● Human Resources/Compensation<br>● Financial Expert<br>● Marketing<br>● Prior or current public company board experience |

Mr. Lessard is Executive Chairman of the Board of the Corporation since April 2008. From 1990 to April 2008, he was President and Chief Executive Officer of the Corporation. Mr. Lessard is a Chartered Accountant and holds a Master's degree in Commercial Sciences from Université Laval as well as an MBA from Harvard Business School. He is a director of SNC-Lavalin Group Inc.

**INFORMATION ON EQUITY HOLDINGS**

| November 30, 2012 | | December 2, 2011 | | Total net change (#) | Total value at risk as of November 30, 2012($)(1) | Value at risk as multiple of Base Annual Retainer(2) | Minimum level met (√) or time limit to meet level |
|---|---|---|---|---|---|---|---|
| **Shares** | **DSUs** | **Shares** | **DSUs** | | | | |
| 209,000 | 12,645 | 229,000 | 10,346 | -17,701 | 13,555,808 | 30.12 | √ |

*(1) The total value at risk is based on the closing price on November 30, 2012 ($61.16).*
*(2) The multiple was determined using the annual retainer in effect on September 29, 2012 ($450,000).*

***Marie-José Nadeau***
**Age 59**
**Montréal, Quebec**
**Independent**
**Director since:**
**2000**

| | |
|---|---|
| Principal occupation | **Executive Vice-President, Corporate Affairs and Secretary General of Hydro-Québec** |
| Committee(s) | ● Audit<br>● Human Resources |
| Skills and Experience | ● Senior Officer<br>● Large Corporation<br>● Human Resources/Compensation<br>● Public Sector<br>● Legal<br>● Prior or current public company board experience |

For the past 20 years, Mrs. Nadeau has been and remains a member of the senior executive team of Hydro-Québec and has a wide-ranging experience in strategic positions in a large corporation. She is a member of the Board of Directors, chairs the Communications Committee and is a member of the Finance Committee of the World Energy Council since 2007. Mrs. Nadeau is a lawyer. She holds a Master of Laws in public Law from Ottawa University.

**INFORMATION ON EQUITY HOLDINGS**

| November 30, 2012 | | December 2, 2011 | | Total net change (#) | Total value at risk as of November 30, 2012 ($)(1) | Value at risk as multiple of Base Annual Retainer(2) | Minimum level met (√) or time limit to meet level |
|---|---|---|---|---|---|---|---|
| **Shares** | **DSUs** | **Shares** | **DSUs** | | | | |
| 4,887 | 6,244 | 4,887 | 4,430 | 1,814 | 680,771 | 12.37 | √ |

*(1) The total value at risk is based on the closing price on November 30, 2012 ($61.16).*
*(2) The multiple was determined using the base annual retainer in effect on September 29, 2012 ($55,000).*

***Réal Raymond***
**Age 62**
**Montréal, Quebec**
**Independent**
**Director since:**
**2008**

| | |
|---|---|
| Principal occupation | **Lead Director of the Corporation** |
| Committee(s) | ● Human Resources (Chair) |
| Skills and Experience | ● CEO<br>● Financial Expert<br>● Human Resources/Compensation<br>● Large Corporation<br>● Real Estate<br>● Prior or current public company board experience |

Mr. Raymond is Lead Director of the Corporation since January 2010. He spent his entire 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's degree in Administration from Université Laval and an MBA from the Université du Québec à Montréal. He is also a graduate of the Institute of Canadian Bankers. He serves on the Boards of Directors of the Caisse de dépôt et placement du Québec and of Heroux-Devtek Inc.

**INFORMATION ON EQUITY HOLDINGS**

| November 30, 2012 | | December 2, 2011 | | Total net change (#) | Total value at risk as of November 30, 2012 ($)(1) | Value at risk as multiple of Base Annual Retainer(2) | Minimum level met (√) or time limit to meet level |
|---|---|---|---|---|---|---|---|
| **Shares** | **DSUs** | **Shares** | **DSUs** | | | | |
| 6,000 | 5,629 | 6,000 | 4,544 | 1,085 | 711,229 | 12.93 | √ |

*(1) The total value at risk is based on the closing price on November 30, 2012 ($61.16).*
*(2) The multiple was determined using the base annual retainer in effect on September 29, 2012 ($55,000).*

***Michael T. Rosicki***
**Age 69**
**Orillia, Ontario**
**Independent**
**Director since:**
**2009**

| | |
|---|---|
| Principal occupation | **Corporate Director** |
| Committee(s) | ● Corporate Governance and Nominating |
| Skills and Experience | ● CEO<br>● Retail/Food Business<br>● Marketing<br>● Large Corporation<br>● Human Resources/Compensation<br>● Prior or current public company board experience |

Mr. Rosicki is a director and the Chairman of the Board of Second Cup Limited. He also serves on the Board of Directors of Aastra Technologies Limited. Mr. Rosicki has spent most of his career in the Canadian food manufacturing industry and was, from 2004 to 2011, President and General Director of Wexford Group Inc., a consulting firm. From 1999 to 2004, Mr. Rosicki was Chairman and Chief Executive Officer of Parmalat North America.

**INFORMATION ON EQUITY HOLDINGS**

| November 30, 2012 | | December 2, 2011 | | Total net change (#) | Total value at risk as of November 30, 2012 ($)(1) | Value at risk as multiple of Base Annual Retainer(2) | Minimum level met (√) or time limit to meet level |
|---|---|---|---|---|---|---|---|
| Shares | DSUs | Shares | DSUs | | | | |
| 1,000 | 4,532 | 1,000 | 3,251 | 1,281 | 338,337 | 6.15 | √ |

*(1) The total value at risk is based on the closing price on November 30, 2012 ($61.16).*
*(2) The multiple was determined using the base annual retainer in effect on September 29, 2012 ($55,000).*

***John H. Tory***
***Q.C., O. Ont.***
**Age 58**
**Toronto, Ontario**
**Independent**
**Director since:**
**2011**

| | |
|---|---|
| Principal occupation | **Corporate Director** |
| Committee(s) | ● Audit |
| Skills and Experience | ● CEO<br>● Government<br>● Human Resources/Compensation<br>● Large Corporation<br>● Legal<br>● Prior or current public company board experience |

Mr. Tory is a Corporate Director. From 2004 to 2009, he served as a Member of the Legislative Assembly of Ontario and Leader of the Official Opposition. He has previously held the position of President and Chief Executive Officer of Rogers Cable Inc., from 1999 to 2003, and of Rogers Media Inc., from 1995 to 1999. Mr. Tory is a lawyer. He serves on the Board of Directors of Rogers Communications Inc. He is also a director and Chair of the Audit Committee of Cara Operations Limited.

**INFORMATION ON EQUITY HOLDINGS**

| November 30, 2012 | | December 2, 2011 | | Total net change (#) | Total value at risk as of November 30, 2012 ($)(1) | Value at risk as multiple of Base Annual Retainer(2) | Minimum level met (√) or time limit to meet level |
|---|---|---|---|---|---|---|---|
| Shares | DSUs | Shares | DSUs | | | | |
| 600 | 1,870 | — | 815 | 1,655 | 151,065 | 2.74 | 01-25-2014 |

*(1) The total value at risk is based on the closing price on November 30, 2012 ($61.16).*
*(2) The multiple was determined using the base annual retainer in effect on September 29, 2012 ($55,000).*

Additional information on the nominees for the position of director who have held or hold positions in other corporations can be found in the "Directors and Officers" section of the Annual Information Form. The Corporation's 2012 Annual Information Form is available on SEDAR (www.sedar.com) as well as on the Corporation's website (www.metro.ca).

## APPOINTMENT OF AUDITORS

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

## AUDITORS' INDEPENDENCE

For the 2012 financial year, the Corporation's Audit Committee obtained written confirmation from Ernst & Young LLP regarding its independence and objectivity with respect to the Corporation, pursuant to the Code of Ethics of the Quebec Order of Chartered Accountants.

## FEES FOR THE SERVICES OF THE EXTERNAL AUDITORS

For each of the financial years ended September 29, 2012 and September 24, 2011, 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.

| | **2012** | **2011** |
|---|---:|---:|
| Audit fees | $1,846,129 | $1,491,891 |
| Audit-related fees | $299,367 | $347,848 |
| Tax fees | $579,881 | $332,507 |
| All other fees | — | — |

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 execution for management of computerized test on internal controls.

Tax fees 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.

### RATIFICATION OF THE ADVANCE NOTICE BY-LAW

On December 7, 2012, the Board of Directors of the Corporation adopted the Advance Notice By-Law, the full text of which is reproduced as Exhibit A to this Circular. Among other things, this by-law sets a deadline by which shareholders must submit a notice of director nominations to the Corporation prior to any annual or special meeting of shareholders where directors are to be elected and furthermore sets forth the information that a shareholder must include in the notice for it to be valid. This by-law will allow the Corporation to receive adequate prior notice of director nominations, as well as sufficient information on the nominees. The Corporation will thus be able to evaluate the proposed nominees' qualifications and suitability as directors. It will also facilitate an orderly and efficient meeting process. At the meeting, shareholders will be asked to review and, if deemed appropriate, to adopt the following resolution in order to ratify the Advance Notice By-Law:

"BE IT RESOLVED, AS A RESOLUTION OF THE SHAREHOLDERS:

THAT the Advance Notice By-Law adopted by the Board of directors of the Corporation, the full text of which is reproduced as Exhibit A to the Management Proxy Circular, be ratified.

THAT any director or officer of the Corporation be and is hereby authorized and directed, for and on behalf of the Corporation, to do all acts and things, as such director or officer may determine necessary or advisable to give effect to this resolution."

The Board of Directors and management consider that the Advance Notice By-Law is in the best interest of the Corporation and, consequently, recommend that the shareholders vote **"FOR"** the approval of the resolution relating to this by-law which, in order to be adopted, requires the affirmative vote of not less than a simple majority of the votes cast, in person or by proxy, at the meeting.

**Unless contrary instructions are indicated on the proxy form or voting instruction form, the persons designated in the enclosed proxy form or voting instruction form intend to vote "FOR" the approval of the resolution relating to the Advance Notice By-Law.**

## ADVISORY VOTE ON EXECUTIVE COMPENSATION

On November 13, 2012, the Board of Directors of the Corporation approved a say-on-pay advisory vote policy with regards to executive officers. The purpose of the say-on-pay advisory vote is to give shareholders the opportunity to vote at each annual shareholders meeting on the Corporation's approach to executive compensation, as described in the "Executive Compensation" section of this Circular.

At the meeting, shareholders will be asked to consider the following advisory resolution:

*Resolved, on an advisory basis and not to diminish the role and responsibilities of the Board of Directors, that the shareholders accept the approach to executive compensation disclosed in the Corporation's Management Proxy Circular delivered in advance of the 2013 annual meeting of shareholders of the Corporation.*

The vote being advisory, it will not be binding upon the Board of Directors. However, the Board of Directors will consider the outcome of the vote when reviewing and approving executive compensation policies and decisions.

Additional information on management compensation can be found in the "Executive Compensation" section on pages 20 to 38 inclusively of this Circular.

The Board of Directors and management are recommending that the shareholders vote **"FOR"** the approval of that resolution**.**

**Unless contrary instructions are indicated on the proxy form or voting instruction form, the persons designated in the enclosed proxy form or voting instruction form intend to vote "FOR" the advisory resolution on executive compensation.**

## SHAREHOLDER PROPOSALS

Exhibit B to this Circular contains five (5) proposals from a shareholder that have been submitted for consideration at the meeting, along with the Board of Directors' reasons for opposing the said proposals.

The Board of Directors and management are recommending that the shareholders vote **"AGAINST"** each of these proposals for the reasons described in Exhibit B to the Circular.

**If these proposals are submitted for consideration at the meeting, unless otherwise indicated, the persons named in the proxy form or voting instruction form intend to vote "AGAINST" each of these proposals. It should be noted that Proposal number five (5) (pertaining to the change of the Corporation's name) requires a vote on a special resolution, which adoption requires the favorable vote of at least two thirds (2/3) of the votes cast, in person or by proxy, whereas the other proposals require a vote on an ordinary resolution, which adoption requires a favorable vote of a simple majority of the votes cast.**

## THE BOARD OF DIRECTORS AND ITS COMMITTEES

**MANDATE OF THE BOARD OF DIRECTORS** The Board of Directors has adopted a mandate describing its role. The text of the Board of Directors' mandate is included in Exhibit C to this Circular.

**DESCRIPTION OF THE COMMITTEES OF THE BOARD AND THEIR MANDATES** Following the adoption of amendments to the Corporation's General By-Laws on January 31, 2012, the Executive Committee, having not served for many years, was abolished. There currently exist three (3) standing committees, namely the Human Resources Committee, the Audit Committee and the Corporate Governance and Nominating Committee.

**The Human Resources Committee** has five (5) members, all of whom are independent directors. This Committee met four (4) times during the 2012 financial year**.** The text of the Human Resources Committee mandate is included in Exhibit D to this Circular.

**The Audit Committee** met five (5) times during the 2012 financial year. The text of the mandate of the Audit Committee is included in Exhibit E to this Circular. The composition of this Committee is described in the "Information on the Audit Committee" section on page 15 of this Circular.

**The Corporate Governance and Nominating Committee** has five (5) members, all of whom are independent directors. This Committee met six (6) times during the 2012 financial year. The text of the Corporate Governance and Nominating Committee mandate is included in Exhibit F to this Circular.

**ATTENDANCE AT BOARD AND COMMITTEE MEETINGS** The following table sets forth the number of meetings of the Board and its standing committees held during the financial year ended on September 29, 2012, and the attendance of directors at these meetings. It also sets forth the committees of which each director is a member and, as the case may be, any special position held on such committee.

**BOARD AND COMMITTEE MEETINGS**

| | |
|---|---|
| ***Board*** | 10 |
| ***Audit Committee (A.C.)*** | 5 |
| ***Human Resources Committee (H.R.C.)*** | 4 |
| ***Corporate Governance and Nominating Committee (C.G.N.C.)*** | 6 |

| Director | Participation at Board meetings | Committees | Participation in Committee meetings |
|---|---|---|---|
| Marc DeSerres | 9 of 10 | ***C.G.N.C.*** | 5 of 6 |
| | | ***A.C.*** | 4 of 5 |
| Claude Dussault | 9 of 10 | ***C.G.N.C. (Chair)*** | 6 of 6 |
| | | ***H.R.C.*** | 4 of 4 |
| Serge Ferland | 9 of 10 | — | — |
| Paule Gauthier | 9 of 10 | ***H.R.C.*** | 4 of 4 |
| | | ***C.G.N.C.*** | 6 of 6 |
| Paul Gobeil | 10 of 10 | ***C.G.N.C.*** | 6 of 6 |
| Russell Goodman(1) | 6 of 6 | **A.C.** | 2 of 2 |
| Christian W.E. Haub | 9 of 10 | ***H.R.C.*** | 4 of 4 |
| Michel Labonté | 10 of 10 | ***A.C. (Chair)*** | 5 of 5 |
| Eric R. La Flèche | 10 of 10 | — | — |
| Pierre H. Lessard | 10 of 10 | — | — |
| Marie-José Nadeau | 10 of 10 | ***A.C.*** | 5 of 5 |
| | | ***H.R.C.*** | 4 of 4 |
| Christian M. Paupe(2) | 3 of 4 | **A.C.** | 3 of 3 |
| Réal Raymond | 10 of 10 | **H.R.C. (Chair)** | 4 of 4 |
| Michael T. Rosicki | 10 of 10 | **C.G.N.C.** | 6 of 6 |
| John H. Tory | 9 of 10 | **A.C.** | 5 of 5 |
| ***Total participation rate*** | **95%** | | ***97%*** |

*(1) Mr. Russell Goodman became a member of the Board of Directors and the Audit Committee on January 31, 2012.*
*(2) Mr. Christian M. Paupe was a member of the Board of Directors and the Audit Committee until he resigned on January 31, 2012.*

## 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 E to this Circular.

**COMPOSITION OF THE AUDIT COMMITTEE, TRAINING AND EXPERIENCE OF ITS MEMBERS** The Audit Committee is currently comprised of the following independent directors: Marie-José Nadeau, Marc DeSerres, Russell Goodman, John H. Tory and Michel Labonté (Chair). Mr. Christian M. Paupe was a member of the Audit Committee until January 31, 2012.

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 15 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. For more than 20 years, Mrs. Nadeau has been serving and continues to serve as Secretary of the Audit and Finance Committees and of the Board of Hydro-Québec, and is currently a member of the Audit Committee of Churchill Falls and Labrador Hydro. Mr. DeSerres acquired his experience by serving as President of Omer DeSerres Inc. since 1980 and as a member of the Audit Committee of the Musée d'art contemporain de Montréal. Mr. Goodman is a Chartered Professional Accountant who acquired his experience by serving as a partner at PricewaterhouseCoopers LLP and Price Waterhouse LLP for a total of 24 years. Mr. Goodman is also a director and Chairman of the Audit and Finance Committees of Gildan Activewear Inc. and of Whistler Blackcomb Holdings Inc. Mr. Paupe was Chief Financial Officer at Quebecor World Inc. from 1999 to 2003, and Chief Financial Officer as well as Executive Vice-President, Corporate Services of Yellow Media Inc. from 2003 to 2011. Mr. John H. Tory is Chair of the Audit Committee of Cara Operations Limited, and has in the past also served on the audit committees of various large corporations.

**PRE-APPROVAL POLICIES AND PROCEDURES** The Audit Committee approved the “Policy concerning the pre-approval of audit services and non-audit services” which main components are described below.

The external auditors are appointed to audit the annual consolidated financial statements of the Corporation. The external auditors may also be retained for audit-related services, tax services and non-audit services, so 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 Corporation may render to the Corporation 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 pre-approve services that have not already been specifically approved. However, the Chairman of the Committee 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 Corporation, to make a complaint by anonymous submission regarding accounting, accounting controls or auditing matters of the Corporation. All complaints received will be sent directly to the Senior Director, Internal Audit, who will be responsible for analyzing such complaints 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 Corporation's complaint policy can be found on the Corporation's website (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 Corporation'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 Corporation 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 Corporation'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**

The executive officers, the Board of Directors, the Audit Committee and the Human Resources Committee participate in identifying and managing the Corporation's business risks. Most of the identified risks fall into the following categories: operational risks, legal risks, financial risks, reputational risks, technological risks and security risks.

The risk management process permits: risk identification, identification of the controls required to minimize risks, the implementation of effective controls and periodic review of the effectiveness of these controls.

One of the objectives of the Audit Committee is to review the material risks identified by 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 Corporation. 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 overall analysis of the material risks that could affect the Corporation as a whole. On a regular basis, the Audit Committee reports to the Board about risk management. The Board of Directors also receives reports from management on material risks that could affect the Corporation. At least once a year, the Board of Directors receives a presentation of the material risks affecting the Corporation and the measures put in place to manage such risks.

The Board of Directors and the Human Resources Committee also review the identification and management of the risks arising from the Corporation's compensation policies and practices and the disclosure related thereto. More information about the risks arising from the Corporation's compensation policies and practices may be found under the "Risks Arising from the Corporation's Compensation Policies and Practices" section, on pages 21 and 22 of this Circular.

Additional information on risk management can be found on pages 37 to 39 inclusively, in the "Risk Management" section of the Management Discussion and Analysis, forming part of the Corporation's 2012 Annual Report. The Corporation's 2012 Annual Report is available on SEDAR (www.sedar.com) as well as on the Corporation's website (www.metro.ca).

**STRATEGIC PLANNING**

The President and Chief Executive officer, as well as senior management of the Corporation prepare and submit annually to the Board of Directors, a strategic plan and various strategic targets, for discussion and approval. The strategic planning process includes designing a strategic plan for a specific timeframe, setting corporate financial objectives, developing annual business plans and reviewing performance and progress towards achieving the strategic plan.

Senior management reports to the Board of Directors on any new development that may have a significant strategic impact. This allows the Board of Directors to ensure general oversight of the development of the strategic plan and to approve any new strategic action proposed by the executive officers.

**COMPOSITION OF THE BOARD OF DIRECTORS AND DIVERSITY**

The Corporate Governance and Nominating Committee reviews the competencies, experience and qualities of each of the nominees for the position of director and recommends such nominees who best meet the criteria and identified needs. The Committee makes recommendations and the Board of Directors chooses a nominee taking into account, among other things, the list of competencies and expectations of directors included in Exhibit G to this Circular. They also take into consideration the profiles of the directors already serving on the Board of Directors and aims to foster diversity on the Board of Directors, particularly in terms of competencies, experience and skills as well as personal attributes.

The Corporation acknowledges the value of the contribution of women on the Board of Directors and, during the forthcoming years, will emphasize, as much as possible, on recruiting women to serve on the Board of Directors of the Corporation, without setting any minimum. In that regards, the Corporation has signed the Catalyst Accord, an initiative taken in order to increase the number of women on its Board of Directors. Founded in 1962, Catalyst is a nonprofit membership organization expanding opportunities for women and business. Catalyst has more than 500 corporations as members, with offices in Canada, the United States, Europe and India.

**SUCCESSION PLANNING**

The Corporation treats succession planning as a fundamental matter. Succession plans for the President and Chief Executive Officer, NEOs and other senior managers are reviewed annually by the Human Resources Committee, which ensures follow-ups and makes appropriate recommendations to the Board of Directors. The succession plans for the most senior positions, including the President and Chief Executive officer, are presented annually to the members of the Board of Directors.

## DIRECTOR COMPENSATION

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

The Board of Directors' policy is to offer directors competitive compensation. To this end, each year, the Board of Directors compares the compensation of the Corporation's directors with that of the directors of Canadian public companies included in the same reference group as the one used by the Corporation to set executive compensation. For more information about this reference group and the criteria upon which the Corporation based its choice of the companies included in the group, please refer to the section entitled "Reference Group" on page 22 of this Circular.

The compensation of directors consists of the following elements:

- the base annual retainer for directors was $55,000 until September 30, 2012, at which time it was increased to $65,000;
- the attendance fees for the Board of Directors and its committees are $1,750 when the meeting is held in person and half said amount when the meeting is held by telephone;
- the annual retainer for committee Chairs is $5,000, except for the Chair of the Audit Committee, whose annual retainer is $10,000; and
- the annual retainer for committee members is $2,500, except for members of the Audit Committee, whose annual retainer is $5,000.

As Executive Chairman of the Board of Directors, 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 once again the compensation of directors in order to determine whether it was still appropriate. The Committee recommended that no changes be made to the compensation of directors, save for an increase of the base annual retainer to $65,000, the purpose of which was for that component of the Corporation's director compensation to be brought at par with the median compensation for the reference group. The Board of Directors approved the increase which came into effect on September 30, 2012.

In order to better align the interests of the directors with those of the shareholders, the Corporation has set forth guidelines with respect to non-employee directors' compensation and their minimum holding of securities of the Corporation. The director's base annual retainer is paid in the following manner: all in deferred share units ("DSU") or, optionally, 50% in the form of Common Shares of the Corporation and the rest in cash, until each director holds, in both cases, three (3) times his base annual retainer in DSUs or Common Shares, which constitutes the minimum required shareholding level for directors. Each director has three (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 Common Shares or, at his option, in DSUs.

The principal terms of the Deferred Share Unit Plan (the "DSU Plan") are the following:

- the DSU Plan of the Corporation came into effect on February 1, 2004;
- each director who chooses to participate in the DSU Plan has an account in his name into which the DSUs are credited and held until he ceases to be a director of the Corporation. The number of DSUs credited to his account is calculated by dividing the amount of the eligible compensation by the average closing price of a Common Share of the Corporation on the TSX for the five (5) trading days preceding the date of the credit;
- DSU holders are credited additional DSUs in an amount equal to the dividends paid on Common Shares of the Corporation;
- when a DSU Plan participant ceases to be a director for any reason whatsoever, the Corporation pays him a lump sum in cash equal to the number of all 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 a Common Share of the Corporation on the TSX for the five (5) trading days preceding the termination date; and

- DSUs are not considered Common Shares of the Corporation and, in that regard, they do not entitle their holder to the rights normally conferred upon shareholders of the Corporation.

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

| | | All other compensation | | |
|---|---|---|---|---|
| **Name** | **Fees ($)**[1] | **Dividends DSUs ($)** | **Other ($)** | **Total ($)** |
| Marc DeSerres | 90,500 | 7,655 | — | 98,155 |
| Claude Dussault | 99,825 | 7,603 | — | 107,428 |
| Serge Ferland | 68,125 | 10,655 | 1,002[2] | 79,782 |
| Paule Gauthier | 97,325 | 6,662 | — | 103,987 |
| Paul Gobeil | 82,000 | 3,902 | 7,501[3] | 93,403 |
| Russell Goodman | 56,171 | 122 | — | 56,293 |
| Christian W.E. Haub | 77,625 | 7,787 | — | 85,412 |
| Michel Labonté | 87,750 | 5,423 | — | 93,173 |
| Pierre H. Lessard | 450,000 | 9,400 | 25,182[4] | 484,582 |
| Marie-José Nadeau | 92,250 | 4,298 | — | 96,548 |
| Christian M. Paupe | 31,529 | 852 | — | 32,381 |
| Réal Raymond | 107,700 | 4,130 | — | 111,830 |
| Michael T. Rosicki | 82,000 | 3,082 | — | 85,082 |
| John H. Tory | 81,875 | 1,020 | — | 82,895 |

*(1) The fees are paid in cash, Shares or DSUs as elected by the director. For further details, see the following table.*
*(2) These amounts represent life insurance premiums paid by the Corporation for directors who were in office before October 1, 1999. The Corporation no longer pays any premium for any individual who became a director after said date.*
*(3) The other compensation components for Mr. Paul Gobeil consist of an amount of $501 as life insurance premium paid by the Corporation since Mr. Gobeil was a director prior to October 1, 1999, as well as an amount of $7,000 paid by the Corporation to Mr. Gobeil as he sits on various pension committees of the Corporation as the pensioners' representative.*
*(4) 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 $24,663 and insurance (life and health) premiums paid by the Corporation in an amount of $519.*

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

**DIRECTOR COMPENSATION PAYMENT TABLE** The following table shows how the fees earned by the directors during the 2012 financial year have been paid.

| Name | Payment in cash ($) | Payment in DSUs ($)[1] | Fees ($) |
|---|---|---|---|
| Marc DeSerres | 45,250 | 45,250 | 90,500 |
| Claude Dussault | 74,869 | 24,956 | 99,825 |
| Serge Ferland | — | 68,125 | 68,125 |
| Paule Gauthier | 48,663 | 48,662 | 97,325 |
| Paul Gobeil | 61,500 | 20,500 | 82,000 |
| Russell Goodman | 20,447 | 35,724 | 56,171 |
| Christian W.E. Haub | — | 77,625 | 77,625 |
| Michel Labonté | 35,100 | 52,650 | 87,750 |
| Pierre H. Lessard | 337,500 | 112,500 | 450,000 |
| Marie-José Nadeau | — | 92,250 | 92,250 |
| Christian M. Paupe | 12,253 | 19,276 | 31,529 |
| Réal Raymond | 53,850 | 53,850 | 107,700 |
| Michael T. Rosicki | 16,325 | 65,675 | 82,000 |
| John H. Tory | 26,875 | 55,000 | 81,875 |

*[1] Directors may request to be paid in shares of the Corporation, but none of them did so during the 2012 financial year.*

**INCENTIVE PLAN AWARDS**

**OUTSTANDING SHARE-BASED AWARDS** The following table shows, with respect to each director, as at September 29, 2012, the share-based awards under the DSU Plan, which have not yet vested.

| | | Share-based awards |
|---|---|---|
| | Number of shares or share units that have not vested[1] | Market or payout value of share-based awards that have not vested ($)[2] |
| Name | DSUs | |
| Marc DeSerres | 9,755 | 569,692 |
| Claude Dussault | 9,465 | 552,756 |
| Serge Ferland | 13,643 | 796,751 |
| Paule Gauthier | 8,615 | 503,116 |
| Paul Gobeil | 4,943 | 288,671 |
| Russell Goodman | 667 | 38,953 |
| Christian W.E. Haub | 10,297 | 601,345 |
| Michel Labonté | 7,146 | 417,326 |
| Pierre H. Lessard | 12,642 | 738,293 |
| Marie-José Nadeau | 6,245 | 364,708 |
| Christian M. Paupe[3] | — | — |
| Réal Raymond | 5,628 | 328,675 |
| Michael T. Rosicki | 4,534 | 264,786 |
| John H. Tory | 1,870 | 109,208 |

*[1] These awards have been granted solely as payment for the fees earned by the directors. The DSU awards include, however, DSUs granted to cover dividends paid on Common Shares of the Corporation.*
*[2] Based on the closing price on September 28, 2012 ($58.40).*
*[3] Mr. Christian M. Paupe ceased to be a member of the Board of Directors on January 31, 2012.*

There are no option-based awards.

## EXECUTIVE COMPENSATION

This section is intended to give shareholders of the Corporation a description of the policies, programs and decisions regarding compensation of the named executive officers (collectively referred to as the “NEOs”) for the Corporation’s financial year ended September 29, 2012. The NEOs are the President and Chief Executive Officer, the Senior Vice-President, Chief Financial Officer and Treasurer and the Corporation’s three (3) 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 Corporation’s other management staff. The information disclosed in this section is up to date as at September 29, 2012, unless otherwise indicated.

### COMPENSATION DISCUSSION AND ANALYSIS

**ROLE AND MANDATE 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. The text of the mandate of the Human Resources Committee can be found in Exhibit D of this Circular.

**COMPOSITION OF THE HUMAN RESOURCES COMMITTEE, COMPETENCIES AND EXPERIENCE OF ITS MEMBERS** The Human Resources Committee is currently comprised of the following independent directors: Mrss. Paule Gauthier and Marie-José Nadeau and Messrs. Claude Dussault, Christian W.E. Haub and Réal Raymond (Chair).

Each Committee member has experience and competencies which are relevant to the performance of his duties. Mrs. Gauthier is a member of the Human Resources Committees of TransCanada Corporation and Royal Bank of Canada. For more than 20 years, Mrs. Nadeau has been serving and continues to serve as Secretary of the Human Resources Committee and of the Board of Hydro-Québec, and is currently a member of the Compensation Committee of the World Energy Council. Mr. Dussault acquired his experience by serving as President and Chief Executive Officer of ING Canada Inc. (now Intact Financial Corporation). Mr. Haub acquired his experience as President and Chief Executive Officer of A&P US, a large American food retail chain, and as Co-Chief Executive Officer of the Tengelmann Group, a large German Corporation involved in the food retail business. Mr. Raymond acquired his experience by serving as President and Chief Executive Officer at National Bank of Canada. He is currently Chair of the Human Resources Committee of Heroux-Devtek Inc.

**CONFLICTS OF INTEREST** None of the members of the Human Resources Committee is or has been indebted towards the Corporation or any of its subsidiaries or has or has had an interest in a material transaction involving the Corporation in the course of the 2012 financial year. None of the members of the Human Resources Committee is or has been an officer, employee or executive of the Corporation.

**COMPENSATION OBJECTIVES AND COMPONENTS** The Corporation’s main objective with respect to compensation is to offer global compensation that is competitive with prevailing market conditions in order to recruit, retain and motivate qualified senior executives who are devoted to improving the Corporation’s performance and creating value for its shareholders. The compensation programs are designed to adequately compensate the Corporation’s officers for services rendered, and encourage them to implement strategies to improve the Corporation’s performance, thereby increasing its long-term economic value. Accordingly, a significant portion of executives’ compensation is focused on performance as it is directly related to the Corporation’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 to the Human Resources Committee his recommendations regarding compensation and the targets of the President and Chief Executive Officer in connection with the AIP and the LTIP. 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 Human Resources Committee evaluates the performance of the President and Chief Executive Officer and recommends his compensation to the Board of Directors. The Board of Directors of the Corporation also approves all grants of stock options and performance share units under the LTIP upon the recommendation of the Human Resources Committee.

**OUTSIDE COMPENSATION CONSULTANT** Since April 21, 2009, 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 Corporation unless the Committee gives its prior consent. During the 2011 and 2012 financial years, PCI did not receive any other mandates from the Corporation. PCI reviews the recommendations of the Corporation 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 2011 and 2012 financial years, the Corporation paid to PCI the following fees.

| | **2012** | **2011** |
|---|---|---|
| Executive compensation – Related fees | $65,057 | $17,115 |
| Other fees | — | — |

**INFORMATION SOURCES** Besides the information provided by the outside compensation consultant, 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 Corporation regularly commissions compensation surveys from other consulting firms which are tabled before the Human Resources Committee.

**RISKS ARISING FROM THE CORPORATION’S COMPENSATION POLICIES AND PRACTICES** The Corporation's Human Resources Committee reviews the identification and management of risks arising from the Corporation's compensation policies and practices and their disclosure.

The Corporation’s compensation policies and practices encourage and foster the alignment of the interests of the executive officers with those of the shareholders. Many components of the Corporation’s compensation policies and practices limit risk-taking by executive officers in a number of ways, including the following:

- The executive officers, the Board of Directors and its committees participate actively in evaluating and managing the Corporation's risks;
- The Human Resources Committee reviews the identification and management of the risks arising from the Corporation's compensation policies and practices. The Human Resources Committee's outside consultant evaluates the risks associated with the compensation of the executive officers and advises the Human Resources Committee accordingly;
- Executive compensation is determined in accordance with a reference group and market surveys of companies similar in size to the Corporation, so as to ensure its competitiveness;
- The base salary of the executives is fixed in order to provide regular income which is in no way connected to share price and the overall operational performance of the Corporation, thus discouraging excessive risk-taking;
- At the beginning of the financial year, the Human Resources Committee reviews and approves diversified performance objectives for the executives under the AIP and the LTIP, while ensuring that said objectives are realistic and coherent as a whole;
- The performance objectives are diversified and include absolute performance objectives, as well as performance objectives related to a peer group, which mitigates compensation risk;
- Some AIP objectives are based on the Corporation’s budget, which is approved by the Corporation’s Board of Directors;
- Several of the AIP and LTIP objectives are based on the Corporation’s financial results, which are approved by the Board of Directors after review by the Corporation’s external auditors and the Audit Committee;
- Stock option and performance share unit (“PSU”) awards are limited to a certain number based on an established policy and are approved by the Board of Directors upon the recommendation of the Human Resources Committee;

- The amounts payable under the AIP are capped and approved by the Human Resources Committee;
- Vesting periods and grants of stock options and PSUs encourage sustainable long-term performance and minimize short-term risk-taking;
- The costs of Stock Option Plan and the Performance Share Unit Plan forming part of the LTIP and the potential dilution that could result from the exercise of options awarded are submitted annually to the Human Resources Committee;
- The power of the President and Chief Executive Officer to grant the executive officers (other than the President and Chief Executive Officer a portion of their compensation under the AIP notwithstanding that they have not achieved the performance objectives is limited to an aggregate amount equal to 5% of the base salary of all the executive officers and must be pre-approved by the Human Resources Committee;
- The executive officers and the other members of management must hold a certain number of shares and PSUs of the Corporation, which allows a better alignment of their interests with those of the shareholders; and
- The adoption of a compensation clawback policy for the recovery of compensation paid to the executive officers in the event of misappropriation and of a non-hedging policy prohibiting hedge transactions discourages unjustified risk-taking.

The Human Resources Committee has retained the services of its outside consultant, PCI, to review the risks arising from the Corporation's compensation policies and practices. After conducting an in-depth review of the risks associated with compensation, the Corporation concluded that there was no risk that could have a material adverse effect on the Corporation.

**REFERENCE GROUP** The reference group which the Corporation 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 to the Corporation in terms of sales and stock market capitalization;
- Comparable industry sectors: 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 Corporation compares to the median of the reference group in relation with various financial measures.

| | Sales(1) | EBITDA(2) | ROE(3) | Market Capitalization(4) |
|---|---|---|---|---|
| Median of the Reference Group | $ 8,659 | $ 767 | 12.4% | $ 4,871 |
| METRO INC. | $ 11,431 | $ 773 | 15.4% | $ 5,839 |

(1) *In millions of dollars. The financial data is for the 2011 financial year and has been obtained from various annual reports and from financial web sites.*
(2) *EBITDA: Earnings before interests, taxes, depreciation and amortization. In millions of dollars. The financial data is for the 2011 financial year and has been obtained from various annual reports and from financial web sites.*
(3) *ROE: Return on Equity. The financial data is for the 2011 financial year and has been obtained from various annual reports and from financial web sites.*
(4) *In millions of dollars. The financial data is as of October 22, 2012, and has been obtained from various annual reports and from financial 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 Corporation's financial performance. The percentage of the total compensation of NEOs with regards to AIP is shown in the column entitled "AIP" in the following table. Furthermore, the percentage of the total compensation of NEOs with regards to LTIP is shown in the column entitled “LTIP” in said table. 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 Corporation and the results obtained. A significant part of the NEOs’ compensation is therefore based on performance and includes a risk-based component, as indicated in 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. The total compensation is based on the median of the reference group.

| | Percentage of Total Target Direct Compensation for Financial Year 2012(1) | | | |
|---|---|---|---|---|
| **Name and principal occupation** | **Base Salary** | **AIP** | **LTIP(2)** | **At Risk Compensation(3)** |
| Eric R. La Flèche<br>President and Chief Executive Officer | 27% | 24% | 49% | 73% |
| François Thibault(4)<br>Senior Vice-President, Chief Financial Officer and Treasurer | 45% | 23% | 32% | 55% |
| Robert Sawyer<br>Executive Vice-President and Chief Operating Officer | 37% | 28% | 35% | 63% |
| Johanne Choinière<br>Senior Vice-President, Ontario Division | 45% | 23% | 32% | 55% |
| Christian Bourbonnière<br>Senior Vice-President, Quebec Division | 45% | 23% | 32% | 55% |
| Richard Dufresne(5)<br>Senior Vice-President, Chief Financial Officer and Treasurer | 45% | 23% | 32% | 55% |

(1) *Target total direct compensation includes base salary and short-term and long-term compensation but excludes benefits and pension plans.*
(2) *The LTIP includes the Stock Option Plan and the Performance Share Unit Plan.*
(3) *At risk compensation represents the sum of the AIP and the LTIP.*
(4) *Mr. François Thibault is an officer since August 1st, 2012.*
(5) *Mr. Richard Dufresne left the Corporation on February 20, 2012.*

## DESCRIPTION OF NEO COMPENSATION COMPONENTS

**BASE SALARY** Competitive salaries allow the Corporation 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 the Corporation or by consulting firms, adjusted upwards or downwards 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 Corporation’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 Corporation’s executive’s base salary in consideration for the individual and the Corporation reaching or surpassing certain annual goals. In specific circumstances, the President and Chief Executive Officer also has the right to grant executive officers (excluding himself), when appropriate, part of their compensation under the AIP despite certain performance objectives not having been reached. All such grants made accordingly by the President and Chief Executive Officer must receive the prior approval of the Human Resources Committee. This right is limited to an aggregate amount equal to 5% of all executive officers’ base salaries.

The bonus can reach 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 objectives to be reached under the AIP are threefold: (i) corporate goals related to adjusted net earnings are established each year based on budgeted adjusted net earnings. Performance goals are set at between 96% and 102% of the budgeted adjusted net earnings. Each goal is associated with a bonus expressed as a percentage of base salary. Actual adjusted net earnings for the 2012 financial year were $470.6 million and the maximum goal of 102% was exceeded; (ii) division goals based on the achievement of targets set between 95% and 101% of the budgeted contribution of the principal divisions of the Corporation, each target having a bonus associated therewith expressed as a percentage of the base salary; and (iii) financial or commercial sector-based goals relating to one or more of the Corporation's divisions and the specific sector for which the NEO is responsible, as the case may be, such as: achieving and surpassing sales targets, customer loyalty, customer satisfaction, succession planning and the successful deployment of significant operational initiatives.

The Corporation will not provide further details about the AIP targets as it believes that the disclosure of this information could seriously prejudice its interests as it constitutes strategic confidential information. As the Corporation 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 which disclosure could greatly jeopardize their completion. Lastly, it is the Corporation's policy not to disclose information on an unconsolidated basis. Consequently, it is unable to disclose information on divisional and sector-based goals.

The percentage of the total target compensation of NEOs with regards to AIP is shown in the column entitled "AIP" in the table found in the "Performance-based Compensation" section on page 23 of this Circular. The percentage of total compensation relating to undisclosed objectives for the 2012 financial year is as follows for each of the NEOs.

| **Name and principal occupation** | **% of compensation relating to undisclosed objectives versus total compensation** |
|---|---|
| Eric R. La Flèche<br>President and CEO | 12 % |
| François Thibault<br>Senior Vice-President, Chief Financial Officer and Treasurer | 14 %[(1)] |
| Robert Sawyer<br>Executive Vice-President and Chief Operating Officer | 17 % |
| Johanne Choinière<br>Senior Vice-President, Ontario Division | 21 % |
| Christian Bourbonnière<br>Senior Vice-President, Quebec Division | 20 % |

[(1)] *This percentage excludes the special grant of 15,000 options made on August 13, 2012.*

Each year, new performance objectives (corporate, division and sector-based) are set under the AIP at a high but attainable level. The objectives are reviewed on an annual basis by the Human Resources Committee to ensure that the highest level of performance is established while making sure it is attainable and reached. The Corporation is of the view that the performance objectives set under the AIP are established at a sufficiently high level to encourage NEOs to exceed expectations, which, in the opinion of the Corporation, has a positive impact on its performance.

More information concerning the bonuses paid under the AIP appear under "Annual Incentive Plan for the 2012 Financial Year" on page 28 of this Circular.

**LONG-TERM INCENTIVE PLAN ("LTIP")** The main goal of the LTIP is to motivate the Corporation's executives to create long-term economic value for the Corporation and its shareholders by linking a significant portion of their compensation to this creation of value. The LTIP is an element 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 in the "Stock Option Plan" section on pages 35 and 36 of this Circular. The Performance Share Unit Plan is more fully described in the "Performance Share Unit Plan" section on pages 36 and 37 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 (2) 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 (7) years. The PSUs granted so far vest three (3) years after the date they were granted.

Other than the annual grants to the President and Chief Executive Officer, annual grants to NEOs under the Plans are determined according to the salary. These grants, namely the number of options multiplied by the exercise price, 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 in the "Employment Contract" section on pages 26 and 27 of this Circular.

Prior grants are not taken into account in determining the number of shares covered by any stock option and PSU 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.

To determine the estimated value of all stock option grants, the Corporation used until 2011: (1) a historical factor of 30% multiplied by (2) the exercise price of the option, which corresponds to the closing price on the day before the grant. The value of the option so obtained was multiplied by the number of options awarded in order to estimate the total value of the options awarded to an executive for purposes of comparison with the reference group and disclosure in the summary compensation table in this Circular. The 30% historical factor did not necessarily correspond to the Black-Scholes value disclosed in the consolidated financial statements of the Corporation for the year in question.

As of 2012, for harmonization, market comparison and disclosure purposes, the Corporation has decided to use, instead of the 30% historical factor described above, the Black-Scholes value which is equivalent to the stock option value reported in its consolidated financial statements. The assumptions used in the evaluation of stock option grants according to the Black-Scholes model for grants to NEOs of April 20 and August 13, 2012 are the following:

| | April 20, 2012 | August 13, 2012 |
|---|---|---|
| Expected annual dividend rate: | 1.61% | 1.45% |
| Expected volatility of the security: | 22.41% | 22.43% |
| Risk-free interest rate: | 1.68% | 1.45% |
| Expected life: | 5.81 years | 5.78 years |
| Exercise price: | $53.15 | $58.41 |
| Black-Scholes value of the option | $10.38 | $11.42 |

The above-mentioned assumptions are used in calculating the Black-Scholes weighted average value for options granted by the Corporation during the 2012 financial year which is set out in note 22 to the 2012 consolidated financial statements of the Corporation.

Notwithstanding the estimated value of stock option grants, the number of options granted is calculated, as it was always the case in the past, by dividing a percentage of the NEO's salary by the closing price of the Corporation's Common Share on the day preceding the grant, except for the President and Chief Executive Officer, for whom the number of stock options is set out in his employment contract (please refer to the "Employment Contract" section on pages 26 and 27 of this Circular).

PSUs entitle their holder to receive Common Shares of the Corporation or, at the discretion of the Corporation, the cash equivalent, in whole or in part, on the vesting date. Each grant includes three (3) levels of PSUs, according to the achievement of certain financial performance objectives determined from time to time by the Corporation's Human Resources Committee and approved by the Board of Directors.

There are currently five (5) annual performance objectives used to determine the PSU level reached. They are based on the Corporation's return on shareholders' equity ("ROE") compared to three (3) preset target levels, and on its adjusted earnings per share growth ("EPSG") compared to a reference group comprised of its two (2) main competitors, namely: Loblaw Companies Limited and Empire Company Limited. In 2012, the PSU objectives were measured according to the following five (5) criteria:

- ROE higher than 17%;
- ROE higher than 17.5%;
- ROE higher than 18%;
- EPSG higher than Loblaw Companies Limited's EPSG; and
- EPSG higher than Empire Company Limited's EPSG.

In preceding years, the PSU objectives were measured according to the same EPSG criteria whereas the ROE criteria were as follows:

- ROE higher than 14.5%;
- ROE higher than 15%;
- ROE higher than 15.5%;

The ROE and the EPSG are determined in accordance with the International Financial Reporting Standards ("IFRS"). Prior to 2009, the PSU level reached was determined at the end of each financial year. Since the 2009 grant, the PSU level reached is determined three (3) years after PSUs are granted on the basis of the above-mentioned five (5) annual performance criteria (i.e. on a total of 15 performance criteria for the three (3) years of their term), and is calculated as follows at the end of the third year: i) Level 2 = achievement of at least seven (7) of the 15 performance criteria; and ii) Level 3 = achievement of at least 12 of the 15 performance criteria. If Level 2 is not reached, the holder will be entitled to the number of PSUs for Level 1.

The Human Resources Committee reviews the objectives and criteria of the Performance Share Unit Plan on an annual basis to ensure that the highest level of performance is established while making sure it is attainable and reached. Moreover, this year, the Board of Directors of the Corporation, upon the recommendation of the Human Resources Committee, raised the objectives of the Performance Share Unit Plan based on the Corporation's shareholders return on equity as the adoption by the Corporation of the IFRS will likely increase the ROE. The Corporation is of the view that the performance objectives set under the Performance Share Unit Plan are set at a sufficiently high level to encourage executives to exceed expectations, which, in the opinion of the Corporation, has a positive impact on its performance.

**PENSION PLANS** The Corporation'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 (2) plans combined provide a pension equal to two percent (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 as of age 55, subject to a reduction of 0.5% for each month between the date of retirement and age 60. Plan participants who enrolled prior to September 1, 1991, benefit from indexation of the basic pension plan (in accordance with the Consumer Price Index, with 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. Out of all the NEOs, Robert Sawyer is the only one who is entitled to 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.

| | **Years of credited service** | | | | | | |
|---|---|---|---|---|---|---|---|
| **Final average salary ($)** | **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 are also entitled to benefits comparable to those 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 Corporation and the participant. NEOs are provided with a Corporation automobile at the Corporation'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 Corporation. This contract, which came into effect on April 15, 2008, has an indefinite term, and sets out the terms and modalities 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 Corporation'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 a greater participation in the Corporation's Stock Option Plan and Performance Share Unit Plan. Pursuant to Mr. La Flèche's employment contract, and subject to any required authorizations, as the case may be, the Corporation agreed to grant him, for the first contract year (2008), an option to purchase 200,000 Common Shares and, for each of the following four (4) years, an option to purchase 75,000 Common Shares. The Corporation also agreed to grant Mr. La Flèche, for each of the first five (5) years of his employment contract, PSUs having a value on the grant date ranging from 60% to 100% of his annual 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 in "Long-Term Incentive Plan" section on pages 24 to 26 inclusively 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, please refer to the "Termination and change of control benefits" section on pages 37 and 38 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 Corporation. The President and Chief Executive Officer is required to hold shares and PSUs with a value equal to at least three (3) 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 two (2) times 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 one time their annual base salary. The minimum holding requirement must be held within five (5) years of the date on which each of them may exercise options under the Stock Option Plan for the first time or within three (3) years of the appointment of the NEO if he previously held a management position with the Corporation. Any PSU holder must keep a percentage of the shares he receives on the vesting date if he has not yet met this minimum holding requirement. The President and Chief Executive Officer is required to continuously hold shares and PSUs in accordance with the minimum holding requirement herein above-mentioned for one year following retirement or resignation. The other NEOs are required to maintain their minimum holding requirement for six (6) 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 minimum holding requirement. In accordance with its policy, the Corporation considers the following two (2) elements in determining compliance with this requirement: i) shares of the Corporation 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 year ($)(1) | Compliance with requirement at the end of the financial year |
|---|---:|---:|---:|
| Eric R. La Flèche | 3 x base salary | 5,341,088 | Yes |
| François Thibault | 1.5 x base salary | – | No (2) |
| Robert Sawyer | 2 x base salary | 2,383,479 | Yes |
| Johanne Choinière | 1.5 x base salary | 1,334,907 | Yes |
| Christian Bourbonnière | 1.5 x base salary | 1,015,926 | Yes |

(1) *Value calculated using the closing price on September 28, 2012 ($58.40).*
(2) *Mr.Thibault joined the Corporation on August 1, 2012.*

## COMPENSATION DECISIONS FOR THE 2012 FINANCIAL YEAR

**HIGHLIGHTS OF THE 2012 FINANCIAL YEAR** In a very competitive market marked by very slight food price inflation, the Corporation succeeded in reaching almost all of its objectives during the 2012 financial year thanks to the effectiveness of its merchandising programs, cost control and excellent team execution. In addition, during the 2012 financial year, the Corporation entered into a strategic partnership with Marché Adonis, an ethnic food retailer that is well established in the Montréal area.

The Corporation's sales increased by 5.4% in comparison to 2011, reaching $12 billion. The 2012 financial year comprised 53 weeks, namely one more week than the previous financial year. When excluding such additional week, the year 2012 Corporation's sales increased by 3.4%.

The net earnings for the 2012 financial year reached $489.3 million. The adjusted net earnings reached $470,6 million or $4.65 per share, representing increases of 15.6% and 18.3% respectively over the previous financial year. The impact of the 53rd week on fully diluted net earnings per share for fiscal 2012 was $0.11.

**BASE SALARY FOR THE 2012 FINANCIAL YEAR** The base salary of each of the NEOs was determined according to the factors referred to in the "Base Salary" section on page 23 of this Circular. The Human Resources Committee is satisfied with the relevancy of the base salary.

**ANNUAL INCENTIVE PLAN FOR THE 2012 FINANCIAL YEAR** The Corporation achieved record adjusted net earnings that exceeded the budget, and reached almost all of its other objectives, resulting in AIP payments close to the maximum bonuses. 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 $[(1)] |
|---|---|---|---|---|
| Eric R. La Flèche | 90% | 120% | 118% | 938,100 |
| François Thibault [(2)] | 50% | 75% | 72.5% | 55,281 |
| Robert Sawyer | 75% | 100% | 96.5% | 496,975 |
| Johanne Choinière | 50% | 75% | 72% | 286,560 |
| Christian Bourbonnière | 50% | 75% | 72% | 252,000 |
| Richard Dufresne[(3)] | — | — | — | — |

*[(1)] The bonus is calculated based on the base salary in effect on January 1, 2012.*
*[(2)] Mr. Thibault's bonus for the 2012 financial year is equal to the average bonus earned as a percentage of salary in relation to the maximum bonus as a percentage of salary for the other four (4) NEOs multiplied by 75%. The salary used for this calculation is for nine (9) weeks of work given that Mr. Thibault joined the Corporation on August 1, 2012.*
*[(3)] Given that Mr. Dufresne left the Corporation on February 20, 2012, he is not eligible to a bonus.*

The Human Resources Committee, upon recommendation of the President and Chief Executive Officer, granted the other NEOs negligible compensation adjustments under the AIP with respect to certain non-financial objectives in their sector despite having narrowly missed said objectives. The Human Resources Committee considered it appropriate to minimally adjust the President and Chief Executive Officer's compensation under the AIP despite having narrowly missed said non-financial objectives. The Human Resources Committee granted AIP compensation adjustments for a total amount of $44,475 for all NEOs since it considered that the objectives were substantially reached.

**LONG-TERM INCENTIVE PLAN FOR THE 2012 FINANCIAL YEAR** The stock options and PSUs granted during the 2012 financial year were determined according to the factors described in the "Long-Term Incentive Plan" section on pages 24 to 26 inclusively of this Circular. It should be noted that the number of PSU is calculated by dividing a percentage of the NEO's salary by the closing price of the Corporation's Common Share on the day before the PSU grant. The following table shows, for each NEO, the percentage of the salary which was used to determine the number of PSUs granted per level for the 2012 financial year as well as their number and value.

**2012 PSU grants**

| | Level 1 | | | Level 2 | | | Level 3 | | |
|---|---|---|---|---|---|---|---|---|---|
| Name | % of salary | Number of PSUs[(1)] | Value ($)[(2)] | % of salary | Number of PSUs[(1)] | Value ($)[(2)] | % of salary | Number of PSUs[(1)] | Value ($)[(2)] |
| Eric R. La Flèche | 60% | 8,959 | 476,977 | 80% | 11,946 | 636,005 | 100% | 14,932 | 794,980 |
| François Thibault[(3)] | – | – | – | – | – | – | – | – | – |
| Robert Sawyer | 40% | 3,869 | 205,986 | 60% | 5,804 | 309,005 | 80% | 7,739 | 412,024 |
| Johanne Choinière | 30% | 2,243 | 119,417 | 45% | 3,364 | 179,099 | 60% | 4,485 | 238,781 |
| Christian Bourbonnière | 30% | 1,972 | 104,989 | 45% | 2,958 | 157,484 | 60% | 3,944 | 209,979 |
| Richard Dufresne[(4)] | – | – | – | – | – | – | – | – | – |

*[(1)] The number of PSUs indicated per level is not cumulative.*
*[(2)] Value calculated using the closing price of the stock on the day preceding the grant date ($53.24).*
*[(3)] Mr. Thibault joined the Corporation on August 1, 2012. His first PSU grant shall occur in January 2013.*
*[(4)] The PSUs held by Mr. Richard Dufresne were cancelled following his departure.*

It should be noted that the five (5) performance criteria have been met for the year 2012 taking into account net adjusted earnings.

As for stock options, it should be noted that the number of underlying securities is calculated by dividing a percentage of the NEO's salary by the closing price of the Corporation's Common Share on the day preceding the option grant, except for the President and Chief Executive Officer, for whom the number of underlying securities is set out in his employment contract (please refer to the "Employment Contract" section on pages 26 and 27 of this Circular).

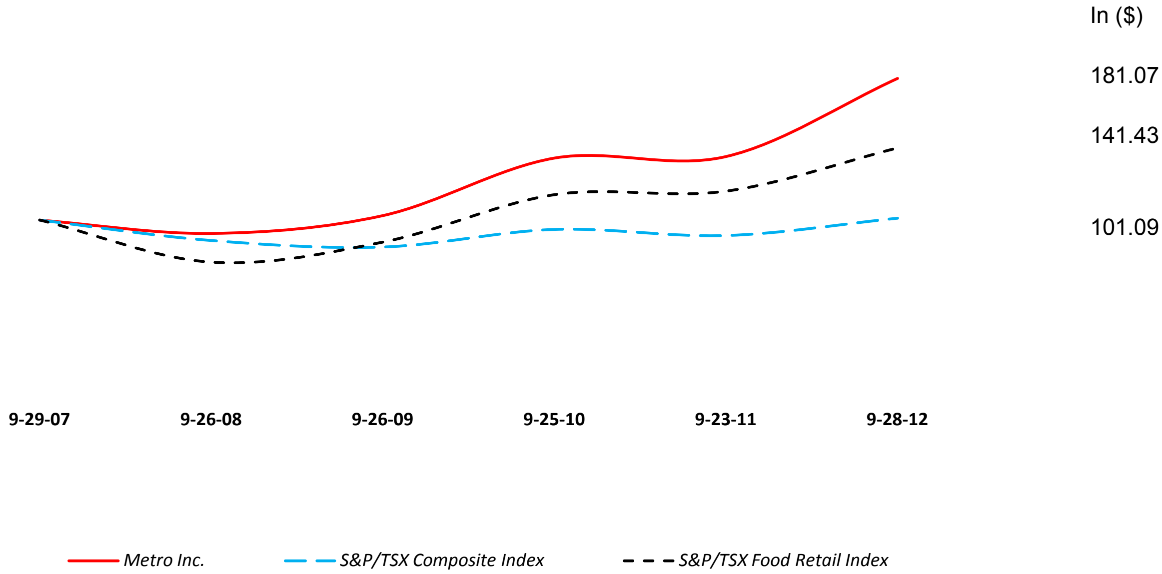
The following table provides details about the stock options granted to each NEO for the 2012 financial year.

**2012 Stock Option grants**

| Name | Award date | Underlying securities | Expiry date | Options value ($)(3) |
|---|---|---|---|---|
| Eric R. La Flèche | 04-20-2012 | 75,000(1) | 04-19-2019 | 778,500 |
| François Thibault | 08-13-2012 | 26,000(2) | 08-12-2019 | 296,920 |
| Robert Sawyer | 04-20-2012 | 17,000(2) | 04-19-2019 | 176,460 |
| Johanne Choinière | 04-20-2012 | 9,400(2) | 04-19-2019 | 97,572 |
| Christian Bourbonnière | 04-20-2012 | 8,200(2) | 04-19-2019 | 85,116 |

(1) *This grant is provided for in Mr. La Flèche's employment contract. For further details, see the "Employment Contract" section on pages 26 and 27 of this Circular.*
(2) *This is the annual grant under the Stock Option Plan. Mr. Thibault received a special grant of 15,000 stock options in addition to his annual grant of 11,000 stock options.*
(3) *Value calculated by multiplying the number of underlying securities by their value obtained by application of the Black-Scholes model, namely $10.38 for the April 20, 2012 grants and $11.42 for the August 13, 2012 grants.*

**STOCK PERFORMANCE GRAPH** The following graph illustrates the cumulative total shareholder return on $100 invested in Common Shares of the Corporation in comparaison to an investment in the S&P/TSX Composite Index and in the S&P/TSX Food Retail Index for the period from September 29, 2007 to September 29, 2012.




| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|---|
| METRO INC. | 100 | 92.39 | 102.57 | 135.50 | 136.37 | 181.07 |
| S&P/TSX Food Retail Index | 100 | 75.84 | 87.33 | 114.52 | 116.54 | 141.32 |
| S&P/TSX Composite Index | 100 | 88.32 | 84.59 | 94.67 | 91.17 | 101.09 |

Over the past five (5) financial years and in accordance with the Corporation's compensation policies, the long-term NEO compensation has been largely dependent on the price of the Corporation's Common Share as it was made up entirely of stock options and PSUs. As a result, the trend observed regarding the total cumulative performance of the Corporation's shares is generally similar to the trend for changes in total NEO compensation during such period.

Nevertheless, in 2010, the total NEO compensation decreased by 7% from the previous year while the total performance of the Corporation's shares during that period was at approximately 32%. This situation is due in particular to the fact that in 2009, the value of the pension plan for Messrs. La Flèche and Bourbonnière was exceptionally high as their salary had risen more significantly given their promotion to more senior positions in 2008.

In 2011, the share price remained quite stable compared to 2010. The total NEO compensation, for its part, rose slightly (2%) compared to 2010. However, the value of long-term NEO compensation remained quite stable compared to 2010.

In 2012, the share price increased by 30.7% in comparison to 2011. The aggregate compensation of the NEOs increased by 11% (using the 30% historical factor to value stock options awarded in 2012 in order to obtain a value comparable with previous years). This increase is due mainly to the increase in compensation under the AIP, since the NEOs met almost all of their objectives in comparison to 2011. It should be noted that the above compensation discussion and analysis for 2012 does not include the compensation of Messrs. Thibault and Dufresne, who were not at the Corporation's employment during the entire 2012 financial year.

We are of the opinion that it is difficult to otherwise compare the performance of the Corporation with the NEO compensation on a five (5) year period as, during this period, new NEOs were appointed to various positions including to the position of President and Chief Executive Officer.

Aggregate compensation paid to the NEOs during the 2012 financial year represented 1.55% of the adjusted net earnings and 0.13% of market capitalization.

During the 2012 financial year, the Human Resources Committee, with the help of PCI, reviewed all of the compensation for the NEOs, and came to the conclusion that it was appropriate, competitive and is aligned with the Corporation's performance.

## COMPENSATION FOR THE 2012 FINANCIAL YEAR

**SUMMARY COMPENSATION TABLE** The table on the following page sets forth the compensation of the NEOs for the financial years ended September 29, 2012, September 24, 2011 and September 25, 2010.

| Name and Principal Position | Financial year | Salary[1] ($) | Share-based awards[2] ($) | Option-based awards[3] ($) | Non-equity incentive plan compensation /Annual incentive plans ($) | Pension Value[4] ($) | All other compen-sation[5] ($) | Total compen-sation ($) |
|---|---|---|---|---|---|---|---|---|
| Eric R. La Flèche | 2012 | 804,904 | 476,977 | 778,500 | 938,100 | 162,000 | 3,460 | 3,163,941 |
| President and Chief Executive | 2011 | 767,789 | 464,991 | 1,060,650 | 744,000 | 168,000 | 3,395 | 3,208,825 |
| Officer | 2010 | 735,577 | 449,992 | 994,275 | 697,500 | 223,000 | 3,300 | 3,103,644 |
| François Thibault[6] | 2012 | 76,673 | — | 296,920 | 55,281 | 16,000 | 482 | 445,356 |
| Senior Vice-President, Chief Financial Officer and | 2011 | — | — | — | — | — | — | — |
| Treasurer | 2010 | — | — | — | — | — | — | — |
| Robert Sawyer | 2012 | 520,866 | 205,986 | 176,460 | 496,975 | 147,000 | 2,385 | 1,549,672 |
| Executive Vice-President and | 2011 | 492,789 | 199,992 | 263,041 | 400,000 | 184,000 | 2,260 | 1,542,082 |
| Chief Operating Officer | 2010 | 475,000 | 190,004 | 249,232 | 356,520 | 280,000 | 2,157 | 1,552,913 |
| Johanne Choinière | 2012 | 403,500 | 119,417 | 97,572 | 286,560 | 75,000 | 1,768 | 983,817 |
| Senior Vice-President, Ontario | 2011 | 387,116 | 117,020 | 145,663 | 146,250 | 74,000 | 1,697 | 871,746 |
| Division | 2010 | 374,231 | 113,994 | 141,850 | 142,500 | 141,000 | 1,625 | 915,200 |
| Christian Bourbonnière | 2012 | 352,692 | 104,989 | 85,116 | 252,000 | 103,000 | 1,641 | 899,438 |
| Senior Vice-President, Quebec | 2011 | 330,673 | 105,013 | 131,521 | 213,563 | 93,000 | 1,542 | 875,312 |
| Division | 2010 | 314,231 | 105,017 | 131,244 | 180,000 | 89,000 | 1,455 | 820,947 |
| Richard Dufresne[7] | 2012 | 222,564 | — | — | — | 36,000 | 781 | 259,345 |
| Senior Vice-President, Chief Financial Officer and | 2011 | 410,673 | 124,481 | 155,562 | 254,188 | 82,000 | 1,896 | 1,028,800 |
| Treasurer | 2010 | 394,231 | 120,019 | 149,804 | 228,000 | 70,000 | 1,805 | 963,859 |

*(1) Since the 2012 fiscal year is comprised of 53 weeks, this represents the salary earned for these 53 weeks.*

*(2) The table was prepared using the Level 1 PSUs because it is the only level reached as at the date of this Circular. Level 2 and Level 3 have currently not been reached since they are conditional upon the future achievement of underlying objectives. The number of PSUs may increase if certain financial objectives are reached (see the table in the "2012 PSU Grants" section on page 28 of this Circular). This amount does not constitute a cash amount received by the NEO. It is an at-risk value. See the "Long-Term Incentive Plan", "Employment Contract" and "Long-Term Incentive Plan for the 2012 Financial Year" sections on pages 24, 26 and 28 respectively of this Circular for a description of the grant and valuation conditions. The accounting value of the PSUs (granted during the 2012, 2011 and 2010 financial years) reflected in the consolidated financial statements of the Corporation for the financial years ended September 29, 2012, September 24, 2011, and September 25, 2010 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 Corporation considers the maximum number of PSUs provided for at Level 3, since the applicable accounting principles require it. More information on the determination of the accounting value of the PSUs can be found in note 22 to the 2012 consolidated financial statements. The accounting value of the PSUs (granted during the 2012, 2011 and 2010 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 ($)* | | | *Difference between the Value on the Grant Date and the Accounting Value ($)* | | |
|---|---|---|---|---|---|---|
| | ***2012*** | ***2011*** | ***2010*** | ***2012*** | ***2011*** | ***2010*** |
| *Eric R. La Flèche* | *794,980* | *775,013* | *750,000* | *(318,003)* | *(310,022)* | *(300,008)* |
| *François Thibault* | *----* | *----* | *----* | *----* | *----* | *----* |
| *Robert Sawyer* | *412,024* | *399,985* | *380,008* | *(206,039)* | *(199,993)* | *(190,004)* |
| *Johanne Choinière* | *238,781* | *233,996* | *227,989* | *(119,364)* | *(116,976)* | *(113,995)* |
| *Christian Bourbonnière* | *209,979* | *209,983* | *209,994* | *(104,989)* | *(104,970)* | *(104,977)* |
| *Richard Dufresne* | *----* | *249,004* | *239,999* | *----* | *(124,523)* | *(119,980)* |

*(3) The 2012, 2011 and 2010 compensation values all represent estimated values and do not constitute cash value amounts received by a NEO. Accordingly, these at-risk values may be null, as the case may be. For further details, please refer to the "Long-Term Incentive Plan", "Employment Contract" and "Long-Term Incentive Plan for the 2012 Financial Year" sections on pages 24, 26 and 28 respectively in this Circular for the description of the grant and valuation conditions. The compensation value indicated for this component for 2012 is determined using the Black-Scholes model and relies on the same assumptions as those used by the Corporation to determine the compensation expense associated with stock option awards reported in its consolidated financial statements for the financial year ended on September 29, 2012. A Black-Scholes value is calculated at each grant date. The assumptions used to value stock options under the Black-Scholes model for the grants on April 20 and August 13, 2012 are those described in the "Long-Term Incentive Plan" section on page 24 of this Circular.*
*Additional information on the way in which the book value of the options was determined and on the weighted average Black-Scholes value for all of the options awarded by the Corporation during the financial years ended on September 29, 2012 and September 24, 2011 may be found in note 22 to the consolidated financial statements.*
*The value of the compensation indicated for this item in 2011 and 2010 is calculated based on a historical factor of 30% which differs from the Black-Scholes value used to calculate the accounting value of the options (granted during the 2011 and 2010 financial years) used in the consolidated financial statements of the Corporation for the financial years ended on September 24, 2011 and September 25, 2010. There is hence a difference between the two (2) values because, from the standpoint of the financial statements, the Corporation calculated the accounting value at each grant using the Black-Scholes model rather than using a historical factor to calculate the value at the grant date.*

*For 2012, if the Corporation had used the historical factor of 30%, the value of the options would have been as follows: Eric R. La Flèche: $1,195,875, François Thibault: $455,598, Robert Sawyer: $271,065, Johanne Choinière: $149,883 and Christian Bourbonnière: $130,749.*

*The accounting value of the options (granted during the fiscal years 2011 and 2010) and the difference between said accounting value and the value at the grant date are as follows:*

| | *Accounting Value ($)* | | *Difference between the Value on the Grant Date and the Accounting Value ($)* | |
|---|---|---|---|---|
| | ***2011*** | ***2010*** | ***2011*** | ***2010*** |
| *Eric R. La Flèche* | *721,500* | *797,250* | *339,150* | *197,025* |
| *François Thibault* | *----* | *----* | *----* | *----* |
| *Robert Sawyer* | *178,932* | *199,844* | *84,109* | *49,388* |
| *Johanne Choinière* | *99,086* | *113,741* | *46,577* | *28,109* |
| *Christian Bourbonnière* | *89,466* | *105,237* | *42,055* | *26,007* |
| *Richard Dufresne* | *105,820* | *120,119* | *49,742* | *29,685* |

*(4) The variations attributable to compensation components represent the value of the projected pension benefits earned during the period from October 1, 2011 to September 30, 2012, for the 2012 financial year, and from October 1, 2010 to September 30, 2011, for the 2011 financial year, and from October 1, 2009 to September 30, 2010, for the 2010 financial year, taking into account all gains and losses in connection with the salary variations. The amounts shown above are in accordance with the information set forth in note 22 to the 2012 consolidated financial statements. .*

*(5) The amounts represent life insurance premiums paid by the Corporation 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*

*(6) Upon his departure on February 20, 2012, Mr. Richard Dufresne forfeited all benefits under the supplementary senior management pension plan. Moreover, stock options and PSUs were cancelled.*

*(7) Mr. François Thibault joined the Corporation on August 1, 2012. PSUs will be granted to him for the first time in January 2013.*

## INCENTIVE PLAN AWARDS

**OUTSTANDING SHARE-BASED AWARDS AND OPTION-BASED AWARDS** The following table shows, with respect to each NEO, as at September 29, 2012, 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.

| | Options-based awards | | | | | | | Share-based awards | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Number of securities underlying unexercised options | | | | Value of unexercised in-the-money options at financial year-end(1) ($) | | | | | |
| Name | Vested | Not vested | Option exercice price ($) | Option expiration date (M-D-Y) | Vested | Not Vested | Total | Number of shares or share unit that have not vested (2) | Market or payout value of Share-based awards that have not vested (3) ($) | Vesting date |
| Eric R. La Flèche | 16,400 | — | 30.16 | 04-10-2013 | 463,136 | — | 463,136 | 18,797 | 1,097,745 | 01-28-2013 |
| | 10,480 | 2,620 | 37.77 | 04-19-2014 | 216,202 | 54,051 | 270,253 | 14,459 | 844,405 | 01-27-2014 |
| | 120,000 | 80,000 | 24.73 | 04-17-2015 | 4,040,400 | 2,693,600 | 6,734,000 | 8,959 | 523,205 | 02-02-2015 |
| | 30,000 | 45,000 | 37.50 | 04-26-2016 | 627,000 | 940,500 | 1,567,500 | — | — | — |
| | 15,000 | 60,000 | 44.19 | 04-22-2017 | 213,150 | 852,600 | 1,065 ,750 | — | — | — |
| | — | 75,000 | 47.14 | 04-21-2018 | — | 844,500 | 844,500 | — | — | — |
| | — | 75,000 | 53.15 | 04-19-2019 | — | 393,750 | 393,750 | — | — | — |
| | **191,880** | **337,620** | — | — | **5,559,888** | **5,779,001** | **11,338,889** | **42,215** | **2,465,355** | — |
| François Thibault | — | 26,000 | 58.41 | 08-12-2019 | — | — | — | — | — | — |
| | **—** | **26,000** | — | — | **—** | **—** | **—** | **—** | **—** | — |
| Robert Sawyer | 9,600 | — | 30.16 | 04-10-2013 | 271,104 | — | 271,104 | 9,524 | 556,201 | 01-28-2013 |
| | 9,280 | 2,320 | 37.77 | 04-19-2014 | 191,446 | 47,862 | 239,308 | 6,996 | 408,566 | 01-27-2014 |
| | 30,000 | 20,000 | 28.06 | 12-10-2014 | 910,200 | 606,800 | 1,517,000 | 3,869 | 225,950 | 02-02-2015 |
| | 10,620 | 7,080 | 24.73 | 04-17-2015 | 357,575 | 238,384 | 595,959 | — | — | — |
| | 16,000 | 24,000 | 37.50 | 04-26-2016 | 334,400 | 501,600 | 836,000 | — | — | — |
| | 3,760 | 15,040 | 44.19 | 04-22-2017 | 53,430 | 213,718 | 267,148 | — | — | — |
| | — | 18,600 | 47.14 | 04-21-2018 | — | 209,436 | 209,436 | — | — | — |
| | — | 17,000 | 53.15 | 04-19-2019 | — | 89,250 | 89,250 | — | — | — |
| | **79,260** | **104,040** | — | — | **2,118,155** | **1,907,050** | **4,025,205** | **20,389** | **1,190,717** | **—** |
| Johanne Choinière | 7,500 | — | 30.16 | 04-10-2013 | 211,800 | — | 211,800 | 5,714 | 333,698 | 01-28-2013 |
| | 5,280 | 1,320 | 37.77 | 04-19-2014 | 108,926 | 27,232 | 136,158 | 4,093 | 239,031 | 01-27-2014 |
| | 6,000 | 4,000 | 24.73 | 04-17-2015 | 202,020 | 134,680 | 336,700 | 2,243 | 130,991 | 02-02-2015 |
| | 15,000 | 10,000 | 29.63 | 09-22-2015 | 431,550 | 287,700 | 719,250 | — | — | — |
| | 4,680 | 7,020 | 37.50 | 04-26-2016 | 97,812 | 146,718 | 244,530 | — | — | — |
| | 2,140 | 8,560 | 44.19 | 04-22-2017 | 30,409 | 121,638 | 152,047 | — | — | — |
| | — | 10,300 | 47.14 | 04-21-2018 | — | 115,978 | 115,978 | — | — | — |
| | — | 9,400 | 53.15 | 04-19-2019 | — | 49,350 | 49,350 | — | — | — |
| | **40 600** | **50 600** | **—** | **—** | **1,082,518** | **883,295** | **1,965,813** | **12,050** | **703,720** | **—** |
| Christian Bourbonnière | 3,600 | — | 30.16 | 04-10 2013 | 101,664 | — | 101,664 | 5,263 | 307,359 | 01-28-2013 |
| | 2,320 | 580 | 37.77 | 04-19-2014 | 47,862 | 11,965 | 59,827 | 3,673 | 214,503 | 01-27-2014 |
| | 2,640 | 1,760 | 24.73 | 04-17-2015 | 88,889 | 59,259 | 148,148 | 1,972 | 115,164 | 02-02-2015 |
| | 15,000 | 10,000 | 29.63 | 09-22-2015 | 431,550 | 287,700 | 719,250 | — | — | — |
| | 4,680 | 7,020 | 37.50 | 04-26-2016 | 97,812 | 146,718 | 244,530 | — | — | — |
| | 1,980 | 7,920 | 44.19 | 04-22-2017 | 28,136 | 112,543 | 140,679 | — | — | — |
| | — | 9,300 | 47.14 | 04-21-2018 | — | 104,718 | 104,718 | — | — | — |
| | — | 8,200 | 53.15 | 04-19-2019 | — | 43,050 | 43,050 | — | — | — |
| | **30 220** | **44 780** | — | — | **795,912** | **765,954** | **1,561,866** | **10,908** | **637,026** | — |
| Richard Dufresne | — | — | — | — | — | — | — | — | — | — |

*(1) Based on the closing price on September 28, 2012 ($58.40) and the option exercise price.*
*(2) Number of PSUs which the NEOs may obtain based on the financial return objectives reached at the end of the 2012 financial year.*
*(3) Value determined using the number of PSUs which the NEOs could obtain based on the financial return objectives reached at the end of the 2012 financial year, and based on the closing price on September 28, 2012 ($58.40). See the "Long-Term Incentive Plan" and "Employment Contract" sections on pages 24 and 26 respectively 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 29, 2012, the value of the stock options which vested but were not necessarily exercised, and the PSUs which vested during said year, as well as the value of the compensation under the AIP earned during said year.

| Name | Option-based awards – Value vested during the financial year ($)(1) | Share-based awards – Value vested during the financial year ($)(2) | Non-equity incentive plan compensation – Value earned during the financial year ($)(3) |
|---|---|---|---|
| Eric R. La Flèche | 1,652,889 | 970,512 | 938,100 |
| François Thibault | — | — | 55,281 |
| Robert Sawyer | 595,173 | 539,055 | 496,975 |
| Johanne Choinière | 308,067 | 126,339 | 286,560 |
| Christian Bourbonnière | 244,267 | 172,018 | 252,000 |
| Richard Dufresne | — | 254,753 | — |

(1) *This amount represents the amount which would have been earned in 2012 if the stock options which vested during the 2012 financial year had been exercised on their vesting date. For further details, see the table entitled "Stock Options - Value on vesting date" on page 34 of this Circular.*
(2) *This amount represents the value of the PSUs granted in 2009 which vested in 2012, based on the closing price the day preceding their settlement date, namely February 1st, 2012 ($53.24). For further details, see the table below entitled "PSUs granted in 2009 and paid in February 2012".*
(3) *This amount represents the amount earned in 2012 under the AIP.*

See the "Long-Term Incentive Plan" and "Employment Contract" sections on pages 24 and 26 respectively 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 following two (2) tables.

**PSUs granted in 2009 and paid in February 2012**

| Name | Number of PSUs | Value ($)(1) |
|---|---|---|
| Eric R. La Flèche | 18,229 | 970,512 |
| François Thibault | — | — |
| Robert Sawyer | 10,125 | 539,055 |
| Johanne Choinière | 2,373 | 126,339 |
| Christian Bourbonnière | 3,231 | 172,018 |
| Richard Dufresne | 4,785 | 254,753 |

(1) *Based on the closing price the day preceding the settlement date, namely February 1st,2012 ($53.24).*

**Stock options - Value on vesting date**

| Name | Grant Date | Number of options vested during the financial year (#) | Share price ($)(1) | Exercise price ($) |
|---|---|---|---|---|
| Eric R. La Flèche | April 11, 2006 | 3,280 | 54.03 | 30.16 |
| | April 20, 2007 | 2,620 | 53.15 | 37.77 |
| | April 18, 2008 | 40,000 | 53.60 | 24.73 |
| | April 27, 2009 | 15,000 | 53.64 | 37.50 |
| | April 23, 2010 | 15,000 | 53.35 | 44.19 |
| François Thibault | — | — | — | — |
| Robert Sawyer | April 11, 2006 | 1,920 | 54.03 | 30.16 |
| | April 20, 2007 | 2,320 | 53.15 | 37.77 |
| | Dec. 11, 2007 | 10,000 | 52.85 | 28.06 |
| | April 18, 2008 | 3,540 | 53.60 | 24.73 |
| | April 27, 2009 | 8,000 | 53.64 | 37.50 |
| | April 23, 2010 | 3,760 | 53.35 | 44.19 |
| Johanne Choinière | April 11, 2006 | 1,500 | 54.03 | 30.16 |
| | April 20, 2007 | 1,320 | 53.15 | 37.77 |
| | April 18, 2008 | 2,000 | 53.60 | 24.73 |
| | Sept. 23, 2008 | 5,000 | 57.00 | 29.63 |
| | April 27, 2009 | 2,340 | 53.64 | 37.50 |
| | April 23, 2010 | 2,140 | 53.35 | 44.19 |
| Christian Bourbonnière | April 11, 2006 | 720 | 54.03 | 30.16 |
| | April 20, 2007 | 580 | 53.15 | 37.77 |
| | April 18, 2008 | 880 | 53.60 | 24.73 |
| | Sept. 23, 2008 | 5,000 | 57.00 | 29.63 |
| | April 27, 2009 | 2,340 | 53.64 | 37.50 |
| | April 23, 2010 | 1,980 | 53.35 | 44.19 |
| Richard Dufresne(2) | — | — | — | — |

*(1)Based on the closing price the day preceding the vesting date.*
*(2)Upon Mr. Dufresne's departure on February 20, 2012, his stock options were cancelled.*

**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 29, 2012, and the aggregate value realized upon the exercise of these options.

| Name | Number of Securities acquired on exercise | Aggregate Value Realized ($) (1) |
|---|---|---|
| Eric R. La Flèche | 26,400 | 671,352 |
| François Thibault | — | — |
| Robert Sawyer | 3,300 | 80,355 |
| Johanne Choinière | 47,000 | 1,150,097 |
| Christian Bourbonnière | 6,400 | 160,192 |
| Richard Dufresne | — | — |

(1) Based on the difference between the closing price the day before the options were exercised and the exercise price of such options.

**EQUITY COMPENSATION PLAN INFORMATION** The following table summarizes for the financial year ended on September 29, 2012, the equity compensation plans pursuant to which equity securities of the Corporation 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 | 1,682,784 | 39.27 | 1,576,572 |
| Total | 1,682,784 | 39.27 | 1,576,572 |

**STOCK OPTION PLAN ("OPTION PLAN")** The Option Plan established for the executive officers, senior managers and key employees of the Corporation, or any of its subsidiaries, provides for the granting of non-transferable and non-assignable options to purchase a maximum of 10,000,000 Common Shares. The number of shares that can be issued, at any time, when options granted are exercised under the Option Plan or in accordance with any other compensation plan of the Corporation, may not exceed 10% of the number of outstanding shares of the Corporation. The Option Plan also provides that the number of shares that can be issued within a period of one year, when options granted are exercised under the Option Plan or in accordance with any other compensation plan of the Corporation, may not exceed 10% of the number of outstanding Common Shares. No employee may hold options on more than 5% of the outstanding shares. The subscription price of each Common 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 immediately preceding 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 10 years from the date of the grant.

The exercise period for options which expires during a trading prohibition period, as determined in the Information Policy of the Corporation 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 Corporation terminates the optionee's employment without just cause;
- on the date the Corporation or one of its subsidiaries terminates the optionee's employment for just cause;
- two (2) 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 the optionee cannot continue to vest, he 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 the event of a change of control of the Corporation, 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 (subject to any amendment resulting from a split, a consolidation or any other similar operation); ii) any amendment 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 pursuant to succession laws; iv) the addition of a cashless exercise feature, payable in cash or securities, if such feature 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 Corporation; 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, subject to 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 seven (7) business days when an option exercise period expires 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 so 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 five (5) years from the date it can be exercised for the first time so long as the term does not exceed 10 years from the date the option was granted.

The rights of an option holder shall terminate immediately upon the occurrence of one of the following events:

i) if, during the optionee's service with the Corporation, or with an affiliated entity, or during the two-year period following the termination of such optionee's service, the optionee participates in a business operating in the grocery or pharmacy industry in either the province of Ontario or the province of Quebec, in which case the optionee will be considered as competing with the Corporation; or
ii) if, whether, during or after the optionee's service with the Corporation, or with an affiliated entity, the optionee no longer complies with the provisions of the Policy regarding Conflicts of Interest and Professional Ethics of the Corporation.

As at November 30, 2012, 1,645,484 Common Shares of the Corporation may be issued on account of stock option grants already made pursuant to the Option Plan, representing 1.71 % of the issued and outstanding share capital of the Corporation. On said date, 3,217,056 Common Shares are reserved for outstanding and new stock options, representing 3.33 % of the issued and outstanding share capital of the Corporation.

The aggregate number of Common Shares of the Corporation which may be issued on account of stock options granted during the 2012 financial year represents 0.30 % of the issued and outstanding share capital of the Corporation at the end of said financial year.

**PERFORMANCE SHARE UNIT PLAN ("PSU PLAN")** The Board of Directors approves the number of PSUs granted. The Human Resources Committee manages the PSU Plan and may make changes to it. The Human Resources Committee also establishes the performance objectives to be achieved, which are confirmed by the Board of Directors of the Corporation.

The vesting date of the PSUs is determined on the grant date which shall not exceed three (3) years thereafter. On the vesting date, each PSU entitles its holder to one Common Share of the Corporation or, at the discretion of the Corporation, to a cash equivalent, or a combination of both. The PSU Plan is not dilutive with respect to the issued and outstanding shares of the Corporation, in that PSUs are settled in Common Shares of the Corporation purchased on the secondary market and/or paid 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 whatsoever except for death or retirement.

If the PSU holder retires prior to the vesting date, he is entitled, on such vesting date, to a number of PSUs in proportion to the number of days between the grant date and his retirement date and the total number of days between the grant date and the vesting date of the PSUs.

If the holder is deceased prior to the vesting date, the Corporation will pay to his estate, within 60 days of his death, a number of PSUs calculated in the same manner as if the holder had retired, without taking into account the performance objectives.

In the event of a change of control of the Corporation, all PSUs will vest and will have to be paid within 120 days of the change of control, and the Human Resources Committee will have to determine whether the performance objectives would have been achieved at the vesting date and in which manner.

The rights of a PSU holder shall terminate immediately upon the occurrence of one of the following events:

i) if, during the PSU holder's service with the Corporation, or with an affiliated entity, and the two-year period following the termination of such PSU holder's service, the PSU holder participates in a business operating in the grocery or pharmacy industry in either the province of Ontario or the province of Quebec, in which case the PSU holder will be considered as competing with the Corporation; or

ii) if, whether, during or after the PSU holder's service with the Corporation, or with an affiliated entity, the PSU holder no longer complies with the provisions of the Policy regarding Conflicts of Interest and Professional Ethics of the Corporation.

**PENSION PLAN BENEFITS**

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

| | | Annual benefits payable ($) | | | | | |
|---|---|---|---|---|---|---|---|
| Name | Number of years of credited service[(1)] | At year-end | At age 65 | Accrued value at start of year ($) | Compensatory change ($)[(4)] | Non-Compensatory change ($)[(5)] | Accrued obligation at year-end ($) |
| Eric R. La Flèche | 21.1[(2)] | 305,600 | 546,700 | 3,376,000 | 162,000 | 741,000 | 4,279,000 |
| François Thibault | 0.2 | 1,500 | 156,600 | — | 16,000 | 3,000 | 19,000 |
| Robert Sawyer | 32.8[(3)] | 264,800 | 328,600 | 3,675,000 | 147,000 | 579,000 | 4,401,000 |
| Johanne Choinière | 12.8 | 98,200 | 238,100 | 1,048,000 | 75,000 | 268,000 | 1,391,000 |
| Christian Bourbonnière | 15.0 | 99,200 | 169,700 | 1,225,000 | 103,000 | 228,000 | 1,556,000 |
| Richard Dufresne | 6.1 | 16,000 | 16,000 | 506,000 | 36,000 | -318,000[(6)] | 224,000 |

*(1) As at September 30, 2012, Eric R. La Flèche, François Thibault, Robert Sawyer, Johanne Choinière, Christian Bourbonnière and Richard Dufresne had 21.7, 0.2, 32.9, 13.3, 15.5 and 6.1 years of service respectively with the Corporation. 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.*
*(2) Including 1.3 years under the management and professional plan.*
*(3) Including 24.7 years under the supplemental plan.*
*(4) The variations attributable to compensatory elements represent the value of the projected retirement benefits earned during the period from October 1, 2011 to September 30, 2012, taking into account any gain or loss related to salary variation. The amounts indicated are consistent with the information presented in note 25 to the 2012 consolidated financial statements.*
*(5) The variation attributable to non-compensatory elements include accrued interests on obligations at the beginning of the financial year, other realized gains and losses incurred as well as amendments to actuarial hypothesis.*
*(6) The negative value is mainly attributable to Mr. Richard Dufresne forfeiting all benefits under the supplemental pension plan as a result of his departure from the Corporation on February 20, 2012.*

There is no defined contribution pension plan.

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

Under his employment contract with the Corporation, Mr. La Flèche will be entitled to a termination allowance equal to twice his annual compensation (salary and AIP) if the Corporation terminates or is deemed to have terminated his employment for any reason other than death or just cause. The compensation which would have been payable to Mr. La Flèche if the Corporation had terminated his employment on September 29, 2012, would have been $3,486,008. If the Corporation terminates or substantially modifies his employment duties within 24 months following a change of control of the Corporation, 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 Corporation had terminated or substantially modified his employment duties on September 29, 2012, would also have been $3,486,008.

Furthermore, under his employment contract, if Mr. La Flèche's employment is terminated without just cause, he will have 18 months following such termination 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 2012 financial year, the value of the PSUs which would have vested, based on the closing price on September 28, 2012 ($58.40), would have been $1,562,689. It should be noted that, in such a case, said PSUs would only have been paid to him on 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 24 months of a change of control, the PSUs will be paid within 30 days thereof, and the performance objectives will have to be estimated by the Corporation.

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 in the "Stock Option Plan" section found on page 35 of this Circular and in the "Performance Share Unit Plan" section found on page 36 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 Corporation had taken place on September 29, 2012.

| **Name[(1)]** | **Stock options ($)** | **PSUs ($)** |
|---|---|---|
| Eric R. La Flèche | 5,779,001 | 2,465,355 |
| François Thibault | - | - |
| Robert Sawyer | 1,907,050 | 1,190,717 |
| Johanne Choinière | 883,295 | 703,720 |
| Christian Bourbonnière | 765,954 | 637,026 |

[(1)] *Given Mr. Dufresne's departure from the Corporation on February 20, 2012, he does not appear in this table.*

**OTHER KEY COMPENSATION POLICIES OF THE CORPORATION**

**EXECUTIVE COMPENSATION CLAWBACK** The Board of Directors adopted an executive compensation clawback policy concerning awards made after November 15, 2011 under the Corporation's AIP and LTIP. According to this policy, which applies to all executives, the Board may, at its discretion, to the full extent permitted by applicable laws and to the extent it determines that it is in the Corporation's best interest to do so, require reimbursement of all or a portion of incentive compensation received by an executive. The Board of Directors may seek reimbursement of full or partial incentive compensation from an executive or former executive officer if:

i) the amount of incentive compensation was calculated based upon, or contingent on, the achievement of certain financial results that were subsequently the subject of or affected by a restatement of all or a portion of the Corporation's financial statements;

ii) the executive officer engaged in gross negligence, intentional misconduct or fraud that caused or partially caused the need for the restatement; and

iii) the incentive compensation payment received would have been lower had the financial results been properly reported.

**NO-HEDGING POLICY** The Board of Directors adopted a policy prohibiting employees and directors of the Corporation from, directly or indirectly, short selling the Corporation's shares or stock options, or trading in put or call options. The purpose of this policy is to avoid speculation by employees and directors on the Corporation's securities.

## CORPORATE GOVERNANCE

The Board of Directors believes that good corporate governance is essential and the Corporation imposes to its directors, officers and employees a rigorous code of ethics.

The Corporation intends to comp ly 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 Corporation's corporate governance practices is set out in Exhibit H to this Circular. Additional information on the Board of Directors and its committees is set out in "The Board of directors and its Commitees" section found on pages 13 to 16 inclusively of this Circular.

## OTHER MATTERS

**Management of the Corporation 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 enclosed form of proxy confers discretionary authority upon the persons named therein to vote on such matters in accordance with their best judgment.**

## SHAREHOLDER PROPOSALS FOR THE 2014 ANNUAL MEETING

Proposals for any matters that persons entitled to vote at the next annual shareholders' meeting wish to raise at said meeting must be received by the Corporation by September 9, 2013, at the latest.

## ADDITIONAL INFORMATION

Financial information about the Corporation can be found in the Consolidated Financial Statements and in the Management's Discussion and Analysis for the most recent financial year of the Corporation (the "Annual Report"). This Circular as well as the Annual Information Form and the Annual Report are available on SEDAR (www.sedar.com) as well as on the Corporation's website (www.metro.ca) and the Corporation will promptly provide a copy of any such document free of charge to shareholders of the Corporation 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 Corporation.

Montréal, December 7, 2012

Simon Rivet
Corporate Secretary

# EXHIBIT A

## ADVANCE NOTICE BY-LAW

### INTRODUCTION

The purpose of this Advance Notice By-law (the **By-law**) is to establish the conditions and framework under which holders of record of common shares of the Corporation may exercise their right to submit director nominations by fixing a deadline by which such nominations must be submitted by a shareholder to the Corporation prior to any annual or special meeting of shareholders, and sets forth the information that a shareholder must include in the notice to the Corporation for the notice to be in proper written form.

It is the position of the Corporation that this By-law is beneficial to shareholders and other stakeholders.

### NOMINATIONS OF DIRECTORS

1. Nomination procedures - Subject only to the *Business Corporations Act* (Québec) (the **Act**) and the articles of the Corporation, only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Corporation. Nominations of persons for election to the board of directors of the Corporation (the **Board**) may be made at any annual meeting of shareholders, or at any special meeting of shareholders, if one of the purposes for which the special meeting was called is the election of directors. Such nominations may be made in the following manner:

    a. by or at the direction of the Board, including pursuant to a notice of meeting;

    b. by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the Act, or a requisition of the shareholders made in accordance with the provisions of the Act; or

    c. by any person (a **Nominating Shareholder**): (A) who, at the close of business on the date of the giving of the notice provided for below in this By-law and on the record date for notice of such meeting, is entered in the securities register as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting; and (B) who complies with the notice procedures set forth below in this By-law.

2. Timely notice - In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given timely notice thereof in proper written form to the Corporate Secretary of the Corporation at the principal executive offices of the Corporation.

3. Manner of timely notice - To be timely, a Nominating Shareholder's notice to the Corporate Secretary of the Corporation must be made:

    a. in the case of an annual meeting of shareholders, not less than 30 nor more than 65 days prior to the date of the annual meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is to be held on a date that is less than 50 days after the date (the **Notice Date**) on which the first public announcement of the date of the annual meeting was made, notice by the Nominating Shareholder may be made not later than the close of business on the tenth (10th) day following the Notice Date; and

    b. in the case of a special meeting (which is not also an annual meeting) of shareholders called for the purpose of electing directors (whether or not called for other purposes), not later than the close of business on the fifteenth (15th) day following the day on which the first public announcement of the date of the special meeting of shareholders was made. In no event shall any adjournment or postponement of a meeting of shareholders or the announcement thereof commence a new time period for the giving of a Nominating Shareholder's notice as described above.

4. Proper form of timely notice - To be in proper written form, a Nominating Shareholder's notice to the Corporate Secretary of the Corporation must set forth:

    a. as to each person whom the Nominating Shareholder proposes to nominate for election as a director: (A) the name, age, business address and residential address of the person; (B) the principal occupation or employment of the person; (C) the class or series and number of shares in the capital of the Corporation which are controlled or which are owned beneficially or of record by the person as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice; and (D) any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws (as defined below); and

b. as to the Nominating Shareholder giving the notice, any proxy, contract, arrangement, understanding or relationship pursuant to which such Nominating Shareholder has a right to vote any shares of the Corporation and any other information relating to such Nominating Shareholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws (as defined below).

The Corporation may require any proposed nominee to furnish such other information, including a written consent to act, as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as an independent director of the Corporation or that could be material to a reasonable shareholder's understanding of the independence, or lack thereof, of such proposed nominee.

5. Eligibility for nomination as a director - No person shall be eligible for election as a director of the Corporation unless nominated in accordance with the provisions of this By-law; provided, however, that nothing in this By-law shall be deemed to preclude discussion by a shareholder (as distinct from the nomination of directors) at a meeting of shareholders of any matter in respect of which it would have been entitled to submit a proposal pursuant to the provisions of the Act. The Chairman of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.

6. Terms - For purposes of this By-law:

   a. "**public announcement**" shall mean disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Corporation under its profile on the System of Electronic Document Analysis and Retrieval at www.sedar.com; and

   b. "**Applicable Securities Laws**" means the applicable securities legislation of each relevant province and territory of Canada, as amended from time to time, the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commission and similar regulatory authority of each province and territory of Canada.

7. Delivery of notice - Notwithstanding any other provision of this By-law, notice given to the Corporate Secretary of the Corporation pursuant to this By-law may only be given by personal delivery, facsimile transmission or by email (at such email address as stipulated from time to time by the Corporate Secretary of the Corporation for purposes of this notice), and shall be deemed to have been given and made only at the time it is served by personal delivery, email (at the aforesaid address) or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received) to the Corporate Secretary at the address of the principal executive offices of the Corporation; provided that if such delivery or electronic communication is made on a day which is a not a business day or later than 5:00 p.m. (Montreal time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the subsequent day that is a business day.

8. Board Discretion - Notwithstanding the foregoing, the Board may, in its sole discretion, waive any requirement in this By-law.

# EXHIBIT B

## SHAREHOLDER PROPOSALS

The five (5) proposals below were submitted by the Mouvement d'éducation et de défense des actionnaires ("MÉDAC"), 82 Sherbrooke Street West, Montréal, Quebec H2X 1X3, a holder of Common Shares of the Corporation, for consideration at the meeting. The Board of Directors opposes these proposals for the reasons given after each proposals. The proposals were submitted in French by the MÉDAC and translated into English by the Corporation.

***<u>Proposal 1:</u>*** ***<u>Presence of women on the Board of Directors</u>***

*<u>MÉDAC'S WORDING:</u>*

*Since women and men offer a reservoir of skills and experience of equal depth and diversity to satisfy the profile of corporate director, it is proposed that the Board of Directors adopt a policy stipulating that 50% of new nominees for election to the Board be women until gender parity is achieved.*

*<u>MÉDAC'S ARGUMENT IN SUPPORT OF ITS PROPOSAL:</u>*

*The current Board of Directors consists of 14 members, two of whom are women. During the past ten years, the Board of Directors has proposed eight new nominees for director, none of whom were women. Yet, for a number of years now, women have held positions of great responsibility in finance, legal services, accounting firms, communications, marketing, consumer products, etc. They form a critical mass of graduates in our universities and schools. They represent half of the population, and thus half of your customers. It has been shown that better balanced representation of men and women in the top ranks of an organization improves the decision-making process by fostering a range of opinions and points of view in considering issues, heightens complementarity of skills on the board, helps to boost the company's leadership standing in its sector and gives the company a significant comparable advantage in the eyes of institutional investors who are sensitive to greater female representation. The pool of female talent is now rich enough to satisfy demand.*

*In 2009, National Bank of Canada undertook to promote this approach in its nomination process in response to one of our proposals. In the past two years, one out of two new nominations for directorships among all seven major Canadian banks was a woman.*

**THE BOARD OF DIRECTORS RECOMMENDS TO VOTE AGAINST THE PROPOSAL FOR THE FOLLOWING REASONS:**

The Corporation follows a rigorous process for the recruitment of new directors which recognizes the importance of having a diversified board of directors in terms of competencies, experience and skills as well as in terms of personal attributes, with a constant focus on the competencies required from time to time. The Corporate Governance and Nominating Committee, which analyzes and proposes to the Board of Directors nominees for the position of director, ensures that nominees are individuals who can contribute most effectively to the Corporation according to the needs of the Corporation at the time of their recruitment. The process followed by the Committee is described on page 16 of this Circular under the "Composition of the Board of Directors and Diversity" Section.

Women have served on the Board of Directors of the Corporation for many years. The number of women on the Board of Directors of the Corporation has varied over the years. The percentage of women serving on the Board of Directors during the past 10 years has fluctuated between 14% and 29%. Contrary to what is being argued by the MÉDAC, the Board of Directors nominated in 2006 a new woman candidate at the election of directors.

The Corporation acknowledges the value of the contribution of women on the Board of Directors and, during the forthcoming years, will emphasize, as much as possible, on recruiting women to serve on the Board of Directors of the Corporation, without setting any minimum. In that regards, the Corporation has signed the Catalyst Accord, an initiative taken in order to increase the number of women on its Board of Directors. Founded in 1962, Catalyst is a nonprofit membership organization expanding opportunities for women and business. Catalyst has more than 500 corporations as members, with offices in Canada, the United States, Europe and India.

The Board of Directors of the Corporation believes that it must retain some latitude in its search for competent nominees of both genders to meet the needs of the Corporation and that the proposal could limit that latitude.

***Proposal 2: Advisory vote on executive compensation***

*MÉDAC'S WORDING:*

*It is proposed that the Board of Directors adopt a policy stipulating that the compensation policy for their five highest executive officers be submitted to an advisory vote of the shareholders.*

*MÉDAC'S ARGUMENT IN SUPPORT OF ITS PROPOSAL:*

*Currently, the shareholders of Metro Inc. cannot express an opinion on the executive compensation policies. Almost one hundred companies now offer their shareholders an opportunity to do so. While acknowledging that it is the responsibility of the Board of Directors to fix executive compensation, such compensation should be submitted to an advisory vote of the shareholders, since it includes components — bonuses, options and annual incentive pay plans — that encourage significant risk-taking, favour short-term rather than long-term returns, and may encourage job cuts and the sale of assets to produce short-term returns in order to meet executive officers' expectations of constantly rising variable compensation, without considering the expectations of long-term shareholders, employees, in short all the stakeholders in the company.*

*An advisory vote allows the Board of Directors to ensure that its shareholders are satisfied with respect to its compensation policy, to carry a constructive dialogue with its shareholders regardless of the number of shares they hold and to avoid strained relations among the parties that may tarnish the company's image in its sector.*

**THE BOARD OF DIRECTORS RECOMMENDS TO VOTE AGAINST THE PROPOSAL FOR THE FOLLOWING REASONS:**

Since the Corporation has already approved a policy regarding an advisory vote on executive compensation (for further details, see the "Advisory Vote on Executive Compensation" section on page 13 of this Circular), the Board of Directors of the Corporation recommends a vote against this proposal.

***Proposal 3: Consideration of all stakeholders in the Board of Directors' decision-making process***

*MÉDAC'S WORDING:*

*It is proposed that the Board of Directors reviews its mandate so that it stipulates that the Board's primary responsibility is to preserve and improve the viability of the Corporation and ensure that the Corporation is managed in its best interest, with respect for the shareholders and the other stakeholders.*

*MÉDAC'S ARGUMENT IN SUPPORT OF ITS PROPOSAL:*

*In August 2012, Rona's board of directors rejected Lowe's unsolicited bid, on the basis that the bid was not in its shareholders' best interests. The Quebec Minister of Finance, Raymond Bachand, said:*

> *Fundamentally, in the long term, selling to Lowe's could mean economic destructuring. We're talking of 90,000 jobs in Canada, almost 50,000 in Québec… Lowe's has made many promises in its offer, but in the short-term, it only has one obligation and that's to maximize profits.*[1]

*Thus started the debate about the responsibility of boards of directors towards all stakeholders of an organization: employees, suppliers, customers, creditors and the communities in which the corporation operates. We recall the Supreme Court of Canada's BCE decision, stating that in order to fulfill and watch over the interests of the corporation, the board of directors must consider a wide range of interests, none of which should prevail over another.*

*Considering Metro Inc.'s social commitment to "effectively integrating economic, environmental and social values into [its] business model in order to ensure the longevity of [the] business, while contributing to long-term sustainability," we are proposing to integrate the consideration of all the stakeholders into the decision-making process of the board of directors.*

[1] http://www.radio-canada.ca/nouvelles/Economie/2012/07/31/003-rona-offre-lowes.shtml

**THE BOARD OF DIRECTORS RECOMMENDS TO VOTE AGAINST THE PROPOSAL FOR THE FOLLOWING REASONS:**

The Corporation and its directors have always met their legal obligations, regardless of whether such obligations are imposed by the laws and regulations or by the case law applicable to the Corporation, and they will continue to do so.

The mandate of the Board of Directors already provides that in making its decisions, the Corporation must take its stakeholders into consideration. The following is the relevant excerpt:

> *The Board's main expectations of management are the protection of the Corporation'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 other stakeholders of the Corporation.*

The Board of Directors of the Corporation thus considers that its mandate already responds adequately to the concerns expressed by the MÉDAC.

## ***Proposals 4 and 5:*** ***French name***

*MÉDAC'S WORDING:*

*Proposal 4: It is proposed that all public signage and all corporate communications use the French name "Métro", with an accent.*

*Proposal 5: It is also proposed that the corporate name "Metro Inc." be replaced by the French name "Métro Inc." with an accent.*

*MÉDAC'S ARGUMENT IN SUPPORT OF ITS PROPOSALS:*

*Quebec has only one official language, which is French. The Charter of the French Language provides a legal framework integrating both the spirit and the letter of the law.*

*Firstly, the Charter stipulates that:*

> *"The name of an enterprise must be in French."*[2]

*secondly, that:*

> *"To obtain juridical personality, it is necessary to have a name in French."*[3]

*thirdly, that:*

> *"Family names, place names, expressions formed by the artificial combination of letters, syllables or figures, and expressions taken from other languages may appear in the names of enterprises to specify them, in accordance with the other Acts and with the regulations of the Government."*[4]

*and fourthly that:*

> *"An expression taken from a language other than French may appear in a firm name to specify it provided that the expression is used with a generic term in the French language."*[5]

*The name of the company was "Métro-Richelieu Inc.", a French name with an accent, from April 30, 1982 until January 25, 2000.*[6]

[2] Charter of the French language, R.S.Q.,C-11, s.63
[3] Idem s.64
[4] Idem, s.67
[5] Regulation respecting the language of commerce and business, s.27
[6] Quebec Enterprise Registrar

**THE BOARD OF DIRECTORS RECOMMENDS TO VOTE AGAINST THE PROPOSALS FOR THE FOLLOWING REASONS:**

The Corporation believes that it fully respects all aspects of the *Charter of the French Language* and the related regulations.

The Corporation is a Quebec based business which has been contributing to the Quebec economy for 65 years. It recognizes the importance of the French language in its communications with its customers, employees, suppliers and other stokeholders in Quebec. In addition to being the third food retail distributor in Canada, the Corporation has the largest market share in the Quebec food industry. It is the second largest employer in Quebec and its head office, as well as its decision-making centre, are in Quebec. The Corporation thus contributes considerably to the Quebec economy and consequently to the vigour of the French language. The Corporation does not consider that the addition of an accent to its name or trade-mark will improve its Quebec nature.

“Metro” is a trade-mark that has been used in the signage of the Corporation’s businesses without the acute accent for almost 50 years. The Corporation does not believe that anyone is confused by this usage.

In light of the Corporation’s compliance with the Law, the Corporation does not see how adding an accent to its name or trade-mark would be of any relevance or benefit to its customers and shareholders.

# EXHIBIT C

## 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 Corporation in all respects.

**CORPORATE GOVERNANCE** The Board of Directors is responsible for ensuring that the Corporation 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 (5) matters, either directly or through one of its committees: the adoption of a strategic planning process for the Corporation and its subsidiaries at least once a year which takes into consideration, if need be, any opportunities and risks of the Corporation; the identification of the principal risks associated with the Corporation'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 Corporation's internal control and management information systems.

**IMPORTANT DECISIONS** In addition to decisions requiring the Board's approval pursuant to the law or the Corporation'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 Corporation and that adequate procedure 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 Corporation's operations. The Board approves the general goals for the Corporation which management is responsible for meeting.

The Board's main expectations of management are the protection of the Corporation'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 other stakeholders of the Corporation.

# EXHIBIT D

## MANDATE OF THE HUMAN RESOURCES COMMITTEE

### 1. Mandate

The Committee's mandate is to:

- approve or, as the case may be, recommend to the Board of Directors (the "Board") policies regarding human resources management, compensation and ethics;
- review risk identification and management relating to compensation policies and practices and review disclosure in this respect;
- review and recommend to the Board policies and practices on Management compensation including base salary, Short Term Incentive Plan (STIP) and Long Term Incentive Plan (LTIP);
- make recommendations to the Board as to the appointment of the President and Chief Executive Officer and senior executives (Metro Inc. vice-presidents, including the executive and senior vice-presidents);
- review and approve corporate objectives relevant to the President and Chief Executive Officer;
- evaluate the President and Chief Executive Officer's performance with respect to such corporate objectives and make recommendations to the Board regarding his compensation;
- evaluate the performance of the other NEOs and of the members of the management committee, approve their compensation (base salary and STIP) and make recommendations to the Board with respect to LTIP grants;
- review the succession plans for the President and Chief Executive Officer, senior officers and other executives yearly, ensure the follow-up of the action plans and make appropriate recommendations to the Board;
- ensure that the policies and procedures regarding ethical standards governing various transactions and operations conducted by senior executives and managers in general are being applied;
- receive and examine reports regarding pension funds from management and the Corporation's pension committees and, in turn, report on a yearly basis to the Corporation's Board;
- review and approve the executive compensation information to be included in the annual disclosure documents prescribed by legal and regulatory authorities.

### 2. Outside advisor

The Committee has the authority to engage and compensate any outside advisor or consultant that it determines to be necessary to assist the Committee in carrying out its duties. The Committee must pre-approve services, other than services the consultant or outside advisor provides to the Committee, to be rendered by the consultant or outside advisor to the Corporation at the request of management. The Committee may delegate to its Chair the power to pre-approve all services to be provided by the consultant or advisor to the Corporation at the request of management. Nevertheless, the Chair, if this power is delegated to him, must disclose to the Committee, on an informational basis, all such pre-approved decisions at the next Committee meeting.

### 3. Composition

The Committee is made up of at least three (3) members and at most five (5) independent directors. A member of the Audit Committee sits as a member of the Committee.

Each member of the Committee has direct experience that is relevant with human resources and senior management compensation matters.

# EXHIBIT E

## 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 Corporation's financial statements;
- 1.1.2 the internal and external auditor qualifications and independence;
- 1.1.3 the performance of the Corporation's internal audit function and external auditor;
- 1.1.4 the effectiveness of internal controls;
- 1.1.5 the Corporation's compliance with legal and regulatory requirements; and
- 1.1.6 the identification of the material risks that may affect the Corporation 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 Corporation'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 Corporation's annual financial statements and reviewing the Corporation'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 Corporation'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 "Corporation" refers to Metro Inc., its subsidiaries and their divisions.

### 3. COMPOSITION AND ORGANIZATION

3.1 The Committee is composed of a minimum of three (3) and a maximum of six (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 Corporation.

### 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 Corporation 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 Corporation's disclosure to the public of information extracted or derived from the Corporation'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 Corporation, the Annual Information Form and the Management Proxy Circular.

4.2 Internal Control

4.2.1 The Committee verifies that Corporation 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 Corporation Management the conclusions of the work supporting the certification letters to be filed with the authorities.

4.2.3 The Committee reviews with the Corporation 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 Corporation 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 Corporation.

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 Corporation's internal auditor in assessing the qualifications, performance and independence of the external auditor.

4.4.8 The Committee reviews and approves the Corporation'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 Corporation 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 Corporation's business.

4.7 Risk Management

4.7.1 The Committee reviews the material risks identified by Corporation Management. The Committee examines the effectiveness of the measures put in place to manage these risks by questioning the management of the Corporation 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 Corporation Management and obtains from the management of the Corporation on a regular basis reasonable assurance that the Corporation'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.

# EXHIBIT F

## MANDATE OF THE CORPORATE GOVERNANCE AND NOMINATING COMMITTEE

### 1. Corporate Governance

The Committee develops and monitors Company policy on corporate governance. The Committee ensures the Company's strict compliance with the corporate governance guidelines and standards of the legislative and regulatory authorities.

The Committee prepares the Company's Statement of Corporate Governance Practices for annual disclosure as required by the legislative and regulatory authorities.

Each year, the Committee assesses the effectiveness of the Board and its committees with respect to their mandate.

The Committee makes recommendations to the Board on directors' compensation based on their involvement, duties, and the risks they assume and on the best Canadian practices. The Committee is also charged with regularly reviewing the indemnification procedure regarding directors' liability and directors' liability insurance coverage.

The Committee is also responsible for developing and providing an orientation and education program for new directors as well as a continuing education program for all directors. The program covers, among other things, the nature of the Company's operations, its strategy and what it expects from the directors.

The Committee oversees the application of the code of ethics to the directors.

The Committee ensures that the policy on communications to shareholders and the general public is updated as needed and that Company Management discharges its responsibilities under the policy.

Lastly, the Committee receives and rules on requests of directors seeking to engage outside advisers at the Company's expense.

### 2. Candidates

The Committee's mandate also includes recommending candidates to the Board for election as directors of the Company by seeking persons who have the required knowledge, experience, integrity and availability and who meet the selection criteria set from time to time by the Committee to fill the position of director. The Committee also considers the competencies and skills the Board, as a whole, should possess and the competencies and skills each existing director possesses.

Any director who does not intend to stand in the election of directors to be held at the Annual Meeting of Shareholders must advise in writing the Committee about his decision prior to September 1st of any given year or any other date the Committee may decide.

The Committee also recommends to the Board candidates for the various Board committees.

### 3. Outside advisor

The Committee has the authority to engage and compensate any outside advisor that it determines to be necessary to permit it to carry out its duties.

### 4. Composition

The Committee is made up of at least three (3) independent directors appointed by the Board. The Committee members are appointed by the Board of Directors.

# EXHIBIT G

## 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 Corporation 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 Corporation should demonstrate as well as of the expectations with respect to such directors.

1. **BACKGROUND AND EXPERIENCE** The directors of the Corporation must have superior experience, knowledge, competencies and a background which will allow them to make a significant contribution to the Corporation's Board of Directors and its committees.

2. **INTEGRITY AND ACCOUNTABILITY** The directors of the Corporation must show integrity and respect the highest ethical and fiduciary standards, in particular those set forth in the code of ethics of the Corporation's directors.

3. **KNOWLEDGE** The directors of the Corporation 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 Corporation's performance. They must also continually expand their knowledge of the Corporation's operations and the major trends in the business sector in which the Corporation operates.

4. **CONTRIBUTION** The directors of the Corporation 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 Corporation and objectives that it must achieve.

5. **TEAMWORK** The directors of the Corporation 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 Corporation 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 Corporation 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 Corporation must always act in the best interests of the Corporation, 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.

# EXHIBIT H

## STATEMENT OF CORPORATE GOVERNANCE PRACTICES

| Canadian Securities Administrators Corporate Governance Guidelines | Observations |
|---|---|
| **BOARD OF DIRECTORS**<br>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 assess 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, Russell Goodman, Christian W.E. Haub, Michel Labonté, Réal Raymond, Michael T. Rosicki and John H. Tory. Mr. Pierre H. Lessard cannot be considered independent because he holds the position of Executive Chairman of the Board. Mr. Eric R. La Flèche cannot be considered independent because he is a senior executive of the Corporation. Mr. Serge Ferland cannot be considered independent since he is the owner of food stores operating under the Metro banner and therefore has a business relationship with the Corporation.<br><br>On January 29, 2013, after the annual meeting, if the nominees proposed by the Corporation are elected, the Board will continue to consist of a majority of independent directors since 11 of the 14 proposed nominees are independent directors.<br><br>A record of the attendance of each director at Board and Committee meetings held since the beginning of the Corporation's most recently completed financial year is included on page 14 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 serving on the board of another reporting issuer can be found on pages 5 to 11 of this Circular. |
| 3. The chair of the board should be an independent director. | 3. Since the Executive Chairman of the Board is not an independent director and 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. Réal Raymond holds this position since January 26, 2010. The role and responsibilities of the Executive Chairman of the Board as well as those of the Lead Director are described in Exhibits I |

| Canadian Securities Administrators Corporate Governance Guidelines | Observations |
|---|---|
| | and J to this Circular. |
| 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 is held and, from time to time, a meeting of independent directors only can also be held. |
| **BOARD MANDATE**<br>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 text of which is included in Exhibit C to this Circular. |
| **POSITION DESCRIPTIONS**<br>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 of Directors has adopted a written mandate for the position of Executive Chairman, the text of which is included in Exhibit I to this Circular. The Board of Directors has also adopted a mandate for the position of Lead Director, the text of which is included in Exhibit J to this Circular, as well as a mandate for the Chair of each Board committee, the text of which is included in Exhibit K to this Circular. The mandate of the President and Chief Executive Officer is described in the Corporation's By-Laws. Reporting to the Board of Directors, the President and Chief Executive Officer assumes responsibilities that include: directing all the Corporation's business subject to the powers vested exclusively in the Board of Directors or its shareholders; without limiting the scope of the foregoing, establishing the objectives, action plans, policies and strategies of the Corporation 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 Corporation.<br><br>At the beginning of every year, the Human Resources Committee approves the objectives for each executive officer, and ensures that these objectives are met. |

| Canadian Securities Administrators Corporate Governance Guidelines | Observations |
|---|---|
| **ORIENTATION AND CONTINUING EDUCATION**<br>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 Corporation'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 Corporation's internal workings and its expectations regarding each director. The Executive Chairman of the Board also informs new directors about the Corporation's corporate governance practices and, in particular, the role of the Board of Directors, its committees and each director. Pursuant to this program, the new directors may visit the Corporation's main facilities and meet the executive officers.<br><br>Recognizing that good performance of the Board of Directors depends on its directors being well informed, the Board had a handbook prepared for all directors which contains relevant documentation and information about the Corporation, including the Information policy and the Directors' Code of Ethics.<br><br>At every meeting of the Board of Directors, directors have an opportunity to hear presentations given by executive officers on various topics regarding the Corporation's operations. Visits of the Corporation'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 which took place pertained to broad international trends in the retail business, and more particularly in the food retail business, thus helping Board members to better visualize and understand how the Corporation could position itself with respect to such trends. This meeting was followed by a strategic planning session attended by Board members and executives. A presentation was also given by senior management to directors on the pharmacy industry this year.<br><br>The Corporation ensures that all directors are members of the Institute of Corporate Directors ("ICD"). The ICD is a member-based organization that represents the director community in Canada which offers educational and training activities. |

| Canadian Securities Administrators Corporate Governance Guidelines | Observations |
|---|---|
| **BUSINESS ETHICS**<br>8. The board should adopt a written code of business conduct and ethics. The code should be applicable to directors, officers and employees of the issuer. | 8. The Board has adopted a Code of Ethics for directors and a code of ethics for executives and employees. These codes are available on SEDAR's Website (www.sedar.com) and on the Corporation's Website (www.metro.ca). They address the issues recommended in Policy Statement 58-201 to Corporate Governance Guidelines of the Canadian Securities Administrators ("Policy Statement 58-201"). 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 forth by the Board, or if there is a material change in his functions, responsibilities or duties or if he has breached or noted a potential breach to the Directors' Code of Ethics. Finally, the Board of Directors has adopted a policy forbidding employees and directors of the Corporation from, directly or indirectly, short selling Corporation's shares or stock options, or trading in put or call options as well as an executive compensation clawback policy (for more details on these policies, please refer to the "Other Key Compensation Policies of the Corporation" section on page 38 of this Circular). |
| 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. | 9. The Corporate Governance and Nominating Committee is responsible for overseeing compliance with the Code of Ethics of directors. The committee is also responsible for reviewing the Directors' Code of Ethics to make sure that it is up to date and that it covers all regulatory requirements as well as corporate governance matters. The Human Resources Committee is responsible for overseeing compliance with the Employee's Code of Ethics which applies to senior executives. The Corporation's Vice-President, Human Resources, makes recommendations to the Human Resources Committee whenever amendments need to be made to the Employees' Code of Ethics. Furthermore, each year, or as needed, he reports to the Human Resources Committee on any non-compliance to the Employees' Code of Ethics by senior executives of the Corporation. No waivers have been sought for directors or senior executives and there are no breaches to report in this respect. |

| Canadian Securities Administrators Corporate Governance Guidelines | Observations |
|---|---|
| 10. The board must ensure that directors exercise independent judgment in considering transactions and agreements in which a director or executive officer has a material interest. | 10. The Directors' Code of Ethics 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 or she has such an interest. The director should also withdraw from the meeting for the duration of any discussions and votes on the matter." The Director's Code of Ethics further provides that: "any transaction outside the ordinary course of business between a director and the Corporation must be submitted to the Corporate Governance and Nominating Committee for its prior approval. If a member of the Committee is concerned, that member should be excluded from the Committee's proceedings and the discussions relating to the matter". Moreover, the Employees' 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".<br><br>Every year, the directors and senior executives of the Corporation must declare all conflicts of interest in a questionnaire. They must also subsequently advise the Corporation about any change in their situation. The Corporation's Vice-President, General Counsel and Corporate Secretary, reviews the directors' questionnaires and reports to the Corporate Governance and Nominating Committee about all actual or potential breach of the Directors' Code of Ethics regarding conflicts of interest. The Corporation's Vice-President, Human Resources, plays the same role with regards to actual or potential conflicts of interest of any senior executives by informing the Human Resources Committee, as the case may be. |
| 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" or the "Employees' Code of Ethics") specify, *inter alia*, that all executives and employees must act with care, honesty, diligence, efficiency, commitment, loyalty and fidelity in order to ensure to the |

| Canadian Securities Administrators Corporate Governance Guidelines | Observations |
|---|---|
| | Corporation a reputation of quality, dependability and integrity. The Policy also requires that employees perform their duties in the best interest of the Corporation and its shareholders while respecting human rights and the law. In addition, not only does the Policy encourage employees to avoid all conflicts of interest in connection with their work but it also encourages them 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 undertake to comply therewith. They also sign a disclosure of private interests form, which is renewed at regular intervals.<br><br>All new candidates to the position of director receive a copy of the Director's Code of Ethics and confirm in writing that they have read and understood said Code of Ethics and undertake to respect it. The list of competencies and expectations of directors provides that directors of the Corporation must act with integrity and respect the highest ethical and fiduciary standards. |
| **NOMINATION OF DIRECTORS**<br>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 Corporation. The Committee is comprised of five (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 Policy Statement 58-201 and its mandate also provides that the Committee has the authority to retain the services of an outside advisor, if necessary.<br><br>For more details, the text of the Corporate Governance and Nominating Committee's mandate is included in Exhibit F to this Circular. |

| Canadian Securities Administrators Corporate Governance Guidelines | Observations |
|---|---|
| 14. Prior to nominating or appointing individuals as directors, the board should adopt a process involving the following steps: consider what competencies and skills the board, as a whole, should possess and assess what competencies and skills each existing director possesses. | 14. The Board has established and adopted the “List of competencies and expectations of Directors”, the text of which is included in Exhibit G 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 has also set forth a list of skills and experience of the directors currently serving on the Board. The skills and experience of each director can be found in the table describing the nominees for the position of director of the Corporation on pages 5 to 11 of this Circular. |
| 15. The board should also consider the appropriate size of the board, with a view to facilitating effective decision-making by the board. | 15. Each year, the Board examines its size and has concluded that it will continue to be effective with 14 members, this size being large enough to allow a diversity of views and staff the committees without being so large as to detract from efficiency. |
| 16. The nominating committee should be responsible for identifying individuals qualified to become new board members and recommending to the board the new director nominees for the next annual meeting of shareholders. | 16. The Corporation’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. |
| 17. In making its recommendations, the nominating committee should consider the competencies and skills that the board considers to be necessary for the board, as a whole, to possess and those that the board considers each existing director and new nominee to possess. | 17. Members of the Corporate Governance and Nominating Committee ensure that the composition of the Board is such that all required competencies and skills are represented on the Board and that the nominees form a competent and dynamic team which can carry out the Board of Directors’ mandate efficiently. |
| **COMPENSATION**<br>18. The board should appoint a compensation committee composed entirely of independent directors. | 18. The Human Resources Committee is comprised of five (5) directors, all of whom are independent. |

| Canadian Securities Administrators Corporate Governance Guidelines | Observations |
|---|---|
| 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 Policy Statement 58-201, and its mandate also provides that the Committee has the authority to retain the services of an outside advisor, if necessary.<br><br>For more details, the text of the Human Resources Committee's mandate is included in Exhibit D to this Circular. |
| 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.<br><br>The Board sets the compensation of executives in accordance with what is described in the "Executive Compensation" section, which can be found on pages 20 to 38 of this Circular.<br><br>Compensation of directors is recommended to the Board by the Corporate Governance and Nominating Committee. Such recommendation is based on the involvement of the directors, their responsibilities, the risks which they assume and best practices in Canada. |
| 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 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 retained the services of PCI-Perrault Conseil Inc. A description of PCI-Perrault Conseil Inc.'s mandate may be found in the "Outside Compenstion Consultant" section on page 21 of this Circular. |
| **OPERATIONS OF THE BOARD OF DIRECTORS**<br>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 Human Resources Committee, the Audit Committee and the Corporate Governance and Nominating Committee. The texts of these committees mandates are included in Exhibit D, E and F to this Circular. |

| Canadian Securities Administrators Corporate Governance Guidelines | Observations |
|---|---|
| 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 Corporation’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 carried out. The assessment also deals with the way the Executive Chairman of the Board and the committee chairs fulfill their duties.<br><br>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 consists of a performance analysis of the directors by each director and the second part consists of a self-assessment. This assessment is completed by meetings between the Executive Chairman of the Board and each director.<br><br>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 operation and/or the need for change in the composition of the Board and its committees or to their chairs.<br><br>Following the Corporate Governance and Nominating Committee’s analysis of the report, management is advised of the recommendations for improvements which pertain to it, in particular with regard to training and development programs for directors that require management involvement. |

# EXHIBIT I

## 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 Corporation'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 Corporation 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 Corporation'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 CORPORATION

- 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 Corporation'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 Corporation;
- he chairs the meetings of shareholders;
- he and the President and Chief Executive Officer foster strong relationships between the Corporation and key stakeholders including investors, shareholders, the industry in general and the community;
- he participates in the strategic development of the Corporation.

# EXHIBIT J

## 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 Corporation;

- 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.

# EXHIBIT K

## 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.