INTERIM REPORT

12-week period ended December 22, 2012

1st Quarter 2013

HIGHLIGHTS

- **Net earnings of $121.4 million or fully diluted net earnings per share of $1.23, up 21.8%**
- **Net earnings from continuing operations of $115.0 million, up 11.0%**
- **Fully diluted net earnings per share from continuing operations of $1.16, up 14.9%**
- **Sales of $2,704.7 million, up 2.7%**
- **Same stores sales up 1.5%**
- **Declared dividend of $0.25 per share, up 16.3%**

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metro

REPORT TO SHAREHOLDERS

Dear Shareholders,

I am pleased to present our interim report for the first quarter of fiscal 2013 ended December 22, 2012.

Sales in the first quarter of 2013 reached $2,704.7 million versus $2,632.6 million last year, an increase of 2.7%. Same store sales were up 1.5%. This increase is due in part to the week preceding Christmas falling in the first quarter of 2013 rather than the second quarter as it did last year.

We realized net earnings of $121.4 million in the first quarter of 2013, an increase of 17.1% over net earnings of $103.7 million for the first quarter of 2012, and fully diluted net earnings per share of $1.23, an increase of 21.8% over last year. Excluding net earnings of the food service operation that we sold in the first quarter of 2013, net earnings from continuing operations were $115.0 million and fully diluted net earnings per share from continuing operations were $1.16 in 2013, up 11.0% and 14.9% respectively from $103.6 million and $1.01 for the corresponding quarter of 2012.

Our financial position at the end of the first quarter of 2013 remains very solid. We had an unused authorized revolving line of credit in the amount of $257.6 million. Our debt ratio (non-current debt/total capital) was 27.7%.

On January 28, 2013, the Board of Directors declared a quarterly dividend of $0.25 per share, an increase of 16.3% over last year.

We are pleased with our 2013 first quarter results which were achieved in a challenging economic environment of very low food inflation, intensifying competition and cautious consumers. Our teams executed well on our business plans and we are confident that we can continue[2] on our growth path in the coming quarters.

Eric R. La Flèche
President and Chief Executive Officer

January 29, 2013

[1] *See section on "IFRS and Non-IFRS Measurements"*
[2] *See section on "Forward-looking Information"*

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis (MD&A) sets out the financial position and consolidated results of METRO INC. on December 22, 2012. It should be read in conjunction with the unaudited interim condensed consolidated financial statements and accompanying notes in this interim report.

The unaudited interim condensed consolidated financial statements for the 12-week period ended December 22, 2012 have been prepared by management in accordance with IAS 34 “Interim Financial Reporting”. They should be read in conjunction with the audited annual consolidated financial statements and accompanying notes and the MD&A presented in the Corporation's 2012 Annual Report. Unless otherwise stated, this interim report is based upon information as at January 18, 2013.

Additional information, including the Certification of Interim Filings letters for the quarter ended December 22, 2012 signed by the President and Chief Executive Officer and the Senior Vice-President, Chief Financial Officer and Treasurer, is also available on the SEDAR website at: www.sedar.com.

OPERATING RESULTS

We realized net earnings of $121.4 million in the first quarter of fiscal 2013, an increase of 17.1% over $103.7 million last year, and fully diluted net earnings per share of $1.23, an increase of 21.8% over $1.01 last year.

In the first quarter of 2013, we discontinued our food service operation and disposed of the Distagro division which supplied restaurant chains and convenience stores belonging to and operated by gas station chains. The division's sales and expenses are presented under the item “Discontinued operation” for the first quarters of 2012 and 2013, as is, for the latter, the gain on disposal.

SALES

Sales in the first quarter of 2013 reached $2,704.7 million versus $2,632.6 million last year, an increase of 2.7%. Same store sales increased by 1.5%. The first quarter for fiscal 2013 includes the sales for the week preceding Christmas whereas, in fiscal 2012, the sales for that week were included in the second quarter. The Christmas week shift will have a negative impact on 2013 second quarter sales compared to the 2012 second quarter. We experienced very low inflation in our food basket in the first quarter.

EARNINGS BEFORE FINANCIAL COSTS, TAXES, DEPRECIATION AND AMORTIZATION (EBITDA)[1]

EBITDA[1] for the first quarter of 2013 was $188.2 million, up 4.8% from $179.5 million for the same quarter last year. First-quarter EBITDA[1] represented 7.0% of sales versus 6.8% last year.

Gross margin as percentage of sales in the first quarter of 2013 was 18.7% versus 18.4% in the corresponding quarter last year.

DEPRECIATION AND AMORTIZATION AND NET FINANCIAL COSTS

Total depreciation and amortization expense for the first quarter of 2013 amounted to $41.9 million versus $42.2 million in 2012. First quarter net financial costs totalled $11.1 million in 2013 compared to $10.1 million for the corresponding quarter last year. The average financing rate was 4.5% in the first quarter of 2013 versus 4.1% for the corresponding period last fiscal year.

SHARE OF AN ASSOCIATE'S EARNINGS

Our share of earnings in Alimentation Couche-Tard was $19.0 million for the first quarter of 2013 versus $13.0 million for the same quarter of 2012.

[1] See section on "IFRS and Non-IFRS Measurements"
[2] See section on "Forward-looking Information"

INCOME TAXES

The income tax expense of $39.2 million for the first quarter of 2013 represented an effective tax rate of 25.4% compared with $36.6 million and an effective tax rate of 26.1% in 2012. The decrease in the effective tax rate is attributable notably to the 1.5% federal corporate tax rate reduction effective January 1, 2012.

NET EARNINGS

Net earnings for the first quarter of 2013 were $121.4 million, an increase of 17.1% over net earnings of $103.7 million for the same quarter of 2012. Fully diluted net earnings per share rose 21.8% to $1.23 from $1.01 last year.

NET EARNINGS FROM DISCONTINUED OPERATION

Net earnings from discontinued operation were $6.4 million for the first quarter of 2013 versus $0.1 million for the same quarter of 2012.

NET EARNINGS FROM CONTINUING OPERATIONS

Net earnings from continuing operations were $115.0 million for the first quarter of 2013, an increase of 11.0% over $103.6 million for the same quarter last year. Fully diluted net earnings per share from continuing operations were $1.16 for the first quarter of 2013 compared to $1.01 last year, an increase of 14.9%.

	12 weeks / Fiscal Year					
	2013		2012		Change *(%)*	
	(Millions of dollars)	**Fully diluted EPS** ***(Dollars)***	*(Millions of dollars)*	Fully diluted EPS *(Dollars)*	Net earnings	Fully diluted EPS
Net earnings	**121.4**	**1.23**	103.7	1.01	17.1	21.8
Net earnings from discontinued operation	**(6.4)**	**(0.07)**	(0.1)	—		
Net earnings from continuing operations	**115.0**	**1.16**	103.6	1.01	11.0	14.9

(1) See section on "IFRS and Non-IFRS Measurements"
(2) See section on "Forward-looking Information"

QUARTERLY HIGHLIGHTS

(Millions of dollars, unless otherwise indicated)	**2013**	2012	2011	Variation (%)
Sales				
Q1[3]	**2,704.7**	2,632.6		2.7
Q2[3]		2,580.2	2,488.4	3.7
Q3[4]		3,599.9	3,465.1	3.9
Q4[5]		2,862.2	2,568.9	11.4
Net earnings				
Q1[3]	**121.4**	103.7		17.1
Q2[3]		96.1	85.7	12.1
Q3[4]		144.4	127.1	13.6
Q4[5]		145.1	84.4	71.9
Adjusted net earnings from continuing operations[1]				
Q1[3]	**115.0**	103.6		11.0
Q2[3]		96.3	85.9	12.1
Q3[4]		147.8	127.0	16.4
Q4[5]		123.8	100.2	23.6
Fully diluted net earnings per share ***(Dollars)***				
Q1[3]	**1.23**	1.01		21.8
Q2[3]		0.94	0.82	14.6
Q3[4]		1.43	1.23	16.3
Q4[5]		1.46	0.83	75.9
Adjusted fully diluted net earnings per share from continuing operations[1] ***(Dollars)***				
Q1[3]	**1.16**	1.01		14.9
Q2[3]		0.94	0.82	14.6
Q3[4]		1.46	1.23	18.7
Q4[5]		1.25	0.98	27.6

[3] 12 weeks
[4] 16 weeks
[5] 2013 and 2011 - 12 weeks, 2012 - 13 weeks

First quarter sales for 2013 reached $2,704.7 million versus $2,632.6 million for 2012, an increase of 2.7%. Same store sales were up 1.5%. This increase is due in part to the week preceding Christmas falling in the first quarter of 2013 rather than the second quarter as it did last year. We experienced very low inflation in our food basket in the first quarter.

Second and third quarter sales for 2012 reached $2,580.2 million and $3,599.9 million respectively, up 3.7% and 3.9% from $2,488.4 million and $3,465.1 million for the corresponding periods of 2011. Adonis stores and distributor Phoenicia sales contributed $59.0 million to the Corporation's sales for the second quarter and $81.3 million for the third quarter of 2012. Second and third quarter same store sales for 2012 were up 1.0% over those for 2011. In the second quarter of 2012, we experienced mild inflation and, in the third, very mild inflation which was lower than in the second.

Fourth quarter sales for 2012 reached $2,862.2 million, up 11.4% from $2,568.9 million for the corresponding quarter of 2011. Excluding the 53rd week of fiscal 2012, the sales increase for the fourth quarter was 2.5%. Adonis stores and distributor Phoenicia contributed $63.3 million to 2012 fourth quarter sales. During the fourth quarter of 2012, we experienced very modest inflation similar to the previous quarter.

[1] See section on "IFRS and Non-IFRS Measurements"
[2] See section on "Forward-looking Information"

Net earnings for the first quarter of fiscal 2013 were $121.4 million, an increase of 17.1% over net earnings of $103.7 million for the same quarter of 2012. Fully diluted net earnings per share rose 21.8% to $1.23 from $1.01 last year. Excluding net earnings from discontinued operation, net earnings from continuing operations were $115.0 million and fully diluted net earnings per share from continuing operations were $1.16 in 2013, up 11.0% and 14.9% respectively from $103.6 million and $1.01 in 2012.

Net earnings for the second quarter of fiscal 2012 were $96.1 million compared to $85.7 million for the corresponding period of 2011, an increase of 12.1%. Fully diluted net earnings per share rose 14.6% to $0.94 from $0.82 in 2011. Excluding the $0.2 million discontinued operation net loss recorded both years, net earnings from continuing operations were $96.3 million for the second quarter of 2012, up 12.1% from $85.9 million for 2011.

Net earnings for the third quarter of 2012 were $144.4 million, up 13.6% from $127.1 million for the corresponding quarter of 2011. Fully diluted net earnings per share for the third quarter of 2012 were $1.43, up 16.3% from $1.23 for the same quarter of 2011. Excluding the non-recurring tax expense of $3.0 million and the $0.4 million discontinued operation net loss in 2012, as well as the $0.1 million discontinued operation net earnings in 2011, our adjusted net earnings from continuing operations[(1)] were $147.8 million and our adjusted fully diluted net earnings per share from continuing operations[(1)] were $1.46, up 16.4% and 18.7% respectively.

Net earnings for the fourth quarter of 2012 were $145.1 million versus $84.4 million for the corresponding quarter of 2011, an increase of 71.9%. Fully diluted net earnings per share were $1.46 versus $0.83 in 2011, an increase of 75.9%. Excluding the Alimentation Couche-Tard dilution gain of $25.0 million before taxes and the $0.4 million discontinued operation net loss recorded in the fourth quarter of 2012, as well as the closure costs of $20.5 million before taxes and the $1.3 million discontinued operation net loss in the corresponding quarter of 2011, our adjusted net earnings from continuing operations[(1)] for the fourth quarter of 2012 were $123.8 million and our adjusted fully diluted net earnings per share from continuing operations[(1)] were $1.25, for increases of 23.6% and 27.6% respectively. The significant increase in net earnings for the fourth quarter of 2012 is also attributable to the results for the 53rd week of 2012 when several fixed costs were no longer in effect. The impact of the 53rd week on fully diluted net earnings per share was $0.11.

	2013	2012				2011		
(Millions of dollars)	**Q1**	Q1	Q2	Q3	Q4	Q2	Q3	Q4
Net earnings	**121.4**	103.7	96.1	144.4	145.1	85.7	127.1	84.4
Discontinued operation net loss (earnings)	**(6.4)**	(0.1)	0.2	0.4	0.4	0.2	(0.1)	1.3
Net earnings from continuing operations	**115.0**	103.6	96.3	144.8	145.5	85.9	127.0	85.7
Closure costs after taxes	**—**	—	—	—	—	—	—	14.5
Couche-Tard dilution gain after taxes	**—**	—	—	—	(21.7)	—	—	—
Non-recurring tax expense	**—**	—	—	3.0	—	—	—	—
Adjusted net earnings from continuing operations[(1)]	**115.0**	103.6	96.3	147.8	123.8	85.9	127.0	100.2

	2013	2012				2011		
(Dollars and per share)	**Q1**	Q1	Q2	Q3	Q4	Q2	Q3	Q4
Fully diluted net earnings	**1.23**	1.01	0.94	1.43	1.46	0.82	1.23	0.83
Discontinued operation fully diluted net loss (earnings)	**(0.07)**	—	—	—	0.01	—	—	0.01
Fully diluted net earnings from continuing operations	**1.16**	1.01	0.94	1.43	1.47	0.82	1.23	0.84
Closure costs after taxes	**—**	—	—	—	—	—	—	0.14
Couche-Tard dilution gain after taxes	**—**	—	—	—	(0.22)	—	—	—
Non-recurring tax expense	**—**	—	—	0.03	—	—	—	—
Adjusted fully diluted net earnings from continuing operations[(1)]	**1.16**	1.01	0.94	1.46	1.25	0.82	1.23	0.98

(1) See section on "IFRS and Non-IFRS Measurements"
(2) See section on "Forward-looking Information"

CASH POSITION

OPERATING ACTIVITIES

Operating activities generated cash flows of $64.7 million in the first quarter of 2013 compared to $41.9 million in the corresponding quarter of 2012. This increase is attributable mainly to the variations in net earnings and differences in employee benefits.

INVESTING ACTIVITIES

Investing activities required outflows of $41.4 million in the first quarter of 2013 versus $173.1 million in the corresponding quarter of 2012. The decrease of funds used in the first quarter of 2013 compared to that of last year was mainly due to smaller disbursements of $116.8 million related to the business acquisitions of 2012.

During the first 12 weeks of 2013, we invested with our retailers $62.6 million in our retail network, for a gross expansion of 166,400 square feet and a net expansion of 93,100 square feet or 0.5%. One major renovation was completed and 4 new stores were opened.

FINANCING ACTIVITIES

Financing activities required outflows of $68.7 million in the first quarter of 2013 versus $39.4 million for the corresponding period of 2012. This increase in outflows is largely attributable to the increased redemption of shares in the amount of $60.4 million in the first quarter of 2013 compared to $21.8 million for the corresponding period of 2012.

FINANCIAL POSITION

We do not anticipate[2] any liquidity risk and consider our financial position at the end of the first quarter of fiscal 2013 as very solid. We had an unused authorized revolving credit facility of $257.6 million. Our non-current debt corresponded to 27.7% of the combined total of non-current debt and equity (non-current debt/total capital).

At the end of the first quarter of 2013, the main elements of our non-current debt were as follows:

	Interest Rate	Balance *(Millions of dollars)*	Maturity
Revolving Credit Facility	Rates fluctuate with changes in bankers' acceptance rates	342.4	November 3, 2017
Series A Notes	4.98% fixed rate	200.0	October 15, 2015
Series B Notes	5.97% fixed rate	400.0	October 15, 2035

At the end of the first quarter, we had foreign exchange forward contracts to hedge against the effect of foreign exchange rate fluctuations on our future foreign-denominated purchases of goods and services.

Our main financial ratios were as follows:

	As at December 22, 2012	As at September 29, 2012
Financial structure		
Non-current debt *(Millions of dollars)*	**991.6**	973.9
Equity *(Millions of dollars)*	**2,584.9**	2,545.1
Non-current debt/total capital *(%)*	**27.7**	27.7
	12 weeks / Fiscal Year	
	2013	2012
Results		
EBITDA[1]/Financial costs *(Times)*	**17.0**	17.8

[1] *See section on "IFRS and Non-IFRS Measurements"*
[2] *See section on "Forward-looking Information"*

CAPITAL STOCK, STOCK OPTIONS AND PERFORMANCE SHARE UNITS

	As at December 22, 2012	As at September 29, 2012
Number of Common Shares outstanding *(Thousands)*	**96,209**	97,186
Stock options:		
Number outstanding *(Thousands)*	**1,602**	1,683
Exercise prices *(Dollars)*	**24.73 to 58.41**	24.73 to 58.41
Weighted average exercise price *(Dollars)*	**39.71**	39.27
Performance share units:		
Number outstanding *(Thousands)*	**283**	284

NORMAL COURSE ISSUER BID PROGRAM

Under the normal course issuer bid program, the Corporation may repurchase up to 6,000,000 of its Common Shares between September 10, 2012 and September 9, 2013. Between September 10, 2012 and January 18, 2013, the Corporation has repurchased 1,241,000 Common Shares at an average price of $59.15 for a total of $73.4 million. This program offers us an additional option for using excess funds.

DIVIDENDS

On January 28, 2013, the Corporation's Board of Directors declared a quarterly dividend of $0.25 per Common Share payable March 15, 2013, an increase of 16.3% over the dividend declared for the same quarter last year. On an annualized basis, this dividend represents approximately 20% of 2012 net earnings.

SHARE TRADING

The value of METRO shares remained in the $56.52 to $64.00 range over the first 12 weeks of fiscal 2013. During this period, a total of 16.1 million shares traded on the Toronto Stock Exchange. The closing price on Friday, January 18, 2013 was $62.60 compared with $58.40 at the end of fiscal 2012.

(1) See section on "IFRS and Non-IFRS Measurements"
(2) See section on "Forward-looking Information"

NEW ACCOUNTING POLICIES

RECENTLY ISSUED

Classification and measurement of financial assets and financial liabilities

In November 2009, the International Accounting Standards Board (IASB) published IFRS 9 “Financial Instruments”. This new standard simplifies the classification and measurement of financial assets set out in IAS 39 “Financial Instruments: Recognition and Measurement”. Financial assets are to be measured at amortized cost or fair value. They are to be measured at amortized cost if the two following conditions are met:

a) the assets are held within a business model whose objective is to collect contractual cash flows; and

b) the contractual cash flows are solely payments of principal and interest on the outstanding principal.

All other financial assets are to be measured at fair value through net earnings. The entity may, if certain conditions are met, elect to use the fair value option instead of measurement at amortized cost. As well, the entity may choose upon initial recognition to measure non-trading equity investments at fair value through comprehensive income. Such a choice is irrevocable.

In October 2010, the IASB issued revisions to IFRS 9, adding the requirements for classification and measurement of financial liabilities contained in IAS 39 and further points. For financial liabilities measured at fair value through net earnings using the fair value option, the amount of change in a liability’s fair value attributable to changes in its credit risk is recognized directly in other comprehensive income.

In December 2011, the IASB deferred the mandatory effective date of IFRS 9 to fiscal years beginning on or after January 1, 2015. Early adoption is permitted under certain conditions. An entity is not required to restate comparative financial periods for its first-time application of IFRS 9, but must comply with the new disclosure requirements.

Offsetting financial assets and financial liabilities

In December 2011, the IASB issued amendments to IAS 32 “Financial Instruments: Presentation” clarifying the requirements for offsetting financial assets and financial liabilities. These amendments shall be applied to annual periods beginning on or after January 1, 2014.

The IASB also issued amendments to IFRS 7 “Financial Instruments: Disclosures” improving disclosure on offsetting of financial assets and financial liabilities. These amendments shall be applied to annual and interim periods beginning on or after January 1, 2013.

Consolidated Financial Statements

In May 2011, the IASB published IFRS 10 “Consolidated Financial Statements” which is a replacement of SIC-12 “Consolidation – Special Purpose Entities”, and certain parts of IAS 27 “Consolidated and Separate Financial Statements”. IFRS 10 uses control as the single basis for consolidation, irrespective of the nature of the investee, employing the following factors to identify control:

a) power over the investee;

b) exposure or rights to variable returns from involvement with the investee;

c) the ability to use power over the investee to affect the amount of the investor’s returns.

IFRS 10 shall be applied to fiscal years beginning on or after January 1, 2013. Early adoption is permitted under certain conditions.

Joint Arrangements

In May 2011, the IASB published IFRS 11 “Joint Arrangements” which supersedes IAS 31 “Interests in Joint Ventures” and SIC-13 “Jointly Controlled Entities – Non-Monetary Contributions by Venturers”. IFRS 11 requires that joint ventures be accounted for using the equity method of accounting and eliminates the need for proportionate consolidation. This new standard shall be applied to fiscal years beginning on or after January 1, 2013. Early adoption is permitted under certain conditions.

(1) See section on "IFRS and Non-IFRS Measurements"
(2) See section on "Forward-looking Information"

Disclosure of Interests in Other Entities

In May 2011, the IASB published IFRS 12 “Disclosure of Interests in Other Entities” which requires that an entity disclose information on the nature of and risks associated with its interests in other entities (i.e. subsidiaries, joint arrangements, associates or unconsolidated structured entities) and the effects of those interests on its financial statements. IFRS 12 shall be applied to fiscal years beginning on or after January 1, 2013. Early adoption is permitted under certain conditions. Entities may, without early adoption of IFRS 12, choose to incorporate only some of the required disclosures in their financial statements.

Fair Value Measurement

In May 2011, the IASB published IFRS 13 “Fair Value Measurement” to establish a single framework for fair value measurement of financial and non-financial items. IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It also requires disclosure of certain information on fair value measurements. IFRS 13 shall be applied to fiscal years beginning on or after January 1, 2013. Early adoption is permitted.

Employee Benefits

In June 2011, the IASB issued amendments to IAS 19 “Employee Benefits”. Changes in defined benefit obligations and plan assets are to be recognized in comprehensive income when they occur, thus eliminating the corridor approach and accelerating recognition of past service cost. Net interest is to be recognized in net earnings and calculated using the discount rate by reference to market yields at the end of the reporting period on high quality corporate bonds. The actual return on plan assets minus net interest is to be recognized in other comprehensive income. These amendments shall be applied to fiscal years beginning on or after January 1, 2013. Early adoption is permitted.

Presentation of Financial Statements

In June 2011, the IASB issued amendments to IAS 1 “Presentation of Financial Statements”. Items of other comprehensive income and the corresponding tax expense are required to be grouped into those that will and will not subsequently be reclassified through net earnings. These amendments shall be applied to fiscal years beginning on or after July 1, 2012. Early adoption is permitted.

At present, the Corporation is assessing the impact of the above-mentioned amendments on its earnings, financial position and cash flows.

FORWARD-LOOKING INFORMATION

We have used, throughout this report, different statements that could, within the context of regulations issued by the Canadian Securities Administrators, be construed as being forward-looking information. In general, any statement contained herein, which does not constitute a historical fact, may be deemed a forward-looking statement. Expressions such as “continue”, “anticipate”, “believe” and other similar expressions are generally indicative of forward-looking statements. The forward-looking statements contained herein are based upon certain assumptions regarding the Canadian food industry, the general economy, our annual budget, as well as our 2013 action plan.

These forward-looking statements do not provide any guarantees as to the future performance of the Corporation and are subject to potential risks, known and unknown, as well as uncertainties that could cause the outcome to differ significantly. An economic slowdown or recession, or the arrival of a new competitor, are examples described under the “Risk Management” section of the 2012 Annual Report which could have an impact on these statements. We believe these statements to be reasonable and pertinent as at the date of publication of this report and represent our expectations. The Corporation does not intend to update any forward-looking statement contained herein, except as required by applicable law.

(1) See section on "IFRS and Non-IFRS Measurements"
(2) See section on "Forward-looking Information"

IFRS AND NON-IFRS MEASUREMENTS

In addition to the IFRS earnings measurements provided, we have included certain IFRS and non-IFRS earnings measurements. These measurements are presented for information purposes only. They do not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measurements presented by other public companies.

EARNINGS BEFORE FINANCIAL COSTS, TAXES, DEPRECIATION AND AMORTIZATION (EBITDA)

EBITDA is a measurement of earnings that excludes financial costs, taxes, depreciation and amortization. It is an additional IFRS measurement and it is presented separately in the consolidated statements of income. We believe that EBITDA is a measurement commonly used by readers of financial statements to evaluate a company's operational cash-generating capacity and ability to discharge its financial expenses.

ADJUSTED NET EARNINGS FROM CONTINUING OPERATIONS AND ADJUSTED FULLY DILUTED NET EARNINGS PER SHARE FROM CONTINUING OPERATIONS

Adjusted net earnings from continuing operations and adjusted fully diluted net earnings per share from continuing operations are earnings measurements that exclude non-recurring items. They are non-IFRS measurements. We believe that presenting earnings without non-recurring items leaves readers of financial statements better informed as to the current period and corresponding period's earnings, thus enabling them to better evaluate the Corporation's performance and judge its future outlook.

CONTINGENCIES

CLAIMS

In the normal course of business, various proceedings and claims are instituted against us, including those related to taxes. We contest the validity of these claims and proceedings and believe[(2)] that any forthcoming settlement in respect of these claims will not have a significant negative impact.

EVENT AFTER THE REPORTING PERIOD

On January 22, 2013, we sold to three financial institutions close to half of our investment in Alimentation Couche-Tard for a cash consideration of $479.0 million and for after-tax proceeds net of fees and commissions of about $412 million. A net after-tax gain of about $266 million for this sale will be recorded in our results in the second quarter of 2013. We will continue to record our 5.7% share of the net income of Alimentation Couche-Tard in our future results. We are currently evaluating different possible uses for these net proceeds from the sale, including investments for growth and returns to shareholders.

OUTLOOK

We are pleased with our 2013 first quarter results which were achieved in a challenging economic environment of very low food inflation, intensifying competition and cautious consumers. Our teams executed well on our business plans and we are confident that we can continue[(2)] on our growth path in the coming quarters.

Montréal, January 29, 2013

[(1)] See section on "IFRS and Non-IFRS Measurements"
[(2)] See section on "Forward-looking Information"

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Interim Condensed Consolidated Financial Statements

METRO INC.

December 22, 2012

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Condensed consolidated statements of income

Periods ended December 22, 2012 and December 17, 2011

(Unaudited) (Millions of dollars, except for net earnings per share)

	12 weeks Fiscal Year	
	2013	2012
Continuing operations		
Sales	**2,704.7**	2,632.6
Cost of sales and operating expenses *(note 4)*	**(2,516.5)**	(2,453.1)
Earnings before financial costs, taxes, depreciation and amortization	**188.2**	179.5
Depreciation and amortization *(note 4)*	**(41.9)**	(42.2)
Operating income	**146.3**	137.3
Financial costs, net *(note 4)*	**(11.1)**	(10.1)
Share of an associate's earnings	**19.0**	13.0
Earnings before income taxes	**154.2**	140.2
Income taxes *(note 5)*	**(39.2)**	(36.6)
Net earnings from continuing operations	**115.0**	103.6
Discontinued operation		
Net earnings from discontinued operation *(note 6)*	**6.4**	0.1
Net earnings	**121.4**	103.7
Attributable to:		
Equity holders of the parent	**119.6**	102.7
Non-controlling interests	**1.8**	1.0
	121.4	103.7
Net earnings per share *(Dollars) (note 7)*		
Continuing operations and discontinued operation		
Basic	**1.24**	1.02
Fully diluted	**1.23**	1.01
Continuing operations		
Basic	**1.17**	1.02
Fully diluted	**1.16**	1.01

See accompanying notes

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Condensed consolidated statements of comprehensive income

Periods ended December 22, 2012 and December 17, 2011

(Unaudited) (Millions of dollars)

	12 weeks Fiscal Year	
	2013	2012
Net earnings	**121.4**	103.7
Other comprehensive income *(note 10)*		
Changes in defined benefit plans		
Actuarial gains (losses)	**1.1**	(22.4)
Asset ceiling effect	**(2.4)**	(4.2)
Minimum funding requirement	**(0.1)**	3.5
Share of an associate's other comprehensive income	**(0.1)**	—
Corresponding income taxes	**0.4**	7.1
Comprehensive income	**120.3**	87.7
Attributable to:		
Equity holders of the parent	**118.5**	86.7
Non-controlling interests	**1.8**	1.0
	120.3	87.7

See accompanying notes

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Condensed consolidated statements of financial position

(Unaudited) (Millions of dollars)

	As at December 22, 2012	As at September 29, 2012
ASSETS		
Current assets		
Cash and cash equivalents	**27.9**	73.3
Accounts receivable	**328.5**	332.8
Inventories	**844.4**	784.4
Prepaid expenses	**14.9**	6.6
Current taxes	**12.8**	13.9
	1,228.5	1,211.0
Assets held for sale *(note 8)*	**178.0**	0.6
	1,406.5	1,211.6
Non-current assets		
Investment in an associate	**170.9**	324.5
Other financial assets	**20.8**	21.6
Fixed assets	**1,291.4**	1,280.3
Investment properties	**20.3**	22.1
Intangible assets	**375.9**	373.1
Goodwill	**1,855.6**	1,859.5
Deferred taxes	**58.1**	56.3
Defined benefit assets	**0.8**	1.4
	5,200.3	5,150.4
LIABILITIES AND EQUITY		
Current liabilities		
Bank loans	**2.6**	0.3
Accounts payable	**1,075.5**	1,086.4
Current taxes	**60.1**	60.5
Provisions	**9.5**	11.2
Current portion of debt	**9.5**	12.1
	1,157.2	1,170.5
Liabilities associated with assets held for sale *(note 6)*	**5.3**	—
	1,162.5	1,170.5
Non-current liabilities		
Debt	**991.6**	973.9
Defined benefit liabilities	**158.9**	156.9
Provisions	**2.2**	3.1
Deferred taxes	**149.8**	147.7
Other liabilities	**12.2**	13.9
Non-controlling interest	**138.2**	139.3
	2,615.4	2,605.3
Equity		
Capital stock *(note 9)*	**660.7**	664.6
Contributed surplus	**3.8**	4.6
Retained earnings	**2,021.5**	1,976.1
Accumulated other comprehensive income *(note 10)*	**(102.1)**	(101.0)
Equity attributable to equity holders of the parent	**2,583.9**	2,544.3
Non-controlling interests	**1.0**	0.8
	2,584.9	2,545.1
	5,200.3	5,150.4

Contingencies *(note 11)*

Event after the reporting period *(note 12)*

See accompanying notes

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Condensed consolidated statements of changes in equity

Periods ended December 22, 2012 and December 17, 2011

(Unaudited) (Millions of dollars)

	Attributable to the equity holders of the parent						
	Capital stock *(note 9)*	Contributed surplus	Retained earnings	Accumulated other comprehensive income *(note 10)*	Total	Non-controlling interests	Total equity
Balance as at September 29, 2012	**664.6**	**4.6**	**1,976.1**	**(101.0)**	**2,544.3**	**0.8**	**2,545.1**
Net earnings			**119.6**		**119.6**	**1.8**	**121.4**
Other comprehensive income				**(1.1)**	**(1.1)**		**(1.1)**
Comprehensive income	**—**	**—**	**119.6**	**(1.1)**	**118.5**	**1.8**	**120.3**
Stock options exercised	**3.3**	**(0.7)**			**2.6**		**2.6**
Shares redeemed	**(7.0)**				**(7.0)**		**(7.0)**
Share redemption premium			**(53.4)**		**(53.4)**		**(53.4)**
Acquisition of treasury shares	**(0.2)**				**(0.2)**		**(0.2)**
Treasury share acquisition premium		**(1.6)**			**(1.6)**		**(1.6)**
Share-based compensation cost		**1.5**			**1.5**		**1.5**
Dividends			**(20.8)**		**(20.8)**	**(2.7)**	**(23.5)**
Reclassification of non-controlling interest liability					**—**	**1.1**	**1.1**
	(3.9)	**(0.8)**	**(74.2)**	**—**	**(78.9)**	**(1.6)**	**(80.5)**
Balance as at December 22, 2012	**660.7**	**3.8**	**2,021.5**	**(102.1)**	**2,583.9**	**1.0**	**2,584.9**

	Attributable to the equity holders of the parent						
	Capital stock	Contributed surplus	Retained earnings	Accumulated other comprehensive income	Total	Non-controlling interests	Total equity
Balance as at September 24, 2011	682.6	3.8	1,763.6	(51.2)	2,398.8	0.5	2,399.3
Net earnings			102.7		102.7	1.0	103.7
Other comprehensive income				(16.0)	(16.0)		(16.0)
Comprehensive income	—	—	102.7	(16.0)	86.7	1.0	87.7
Stock options exercised	4.5	(1.0)			3.5		3.5
Shares redeemed	(3.1)				(3.1)		(3.1)
Share redemption premium			(18.7)		(18.7)		(18.7)
Share-based compensation cost		1.5			1.5		1.5
Dividends			(19.4)		(19.4)		(19.4)
Share conversion fees			(0.1)		(0.1)		(0.1)
Reclassification of non-controlling interest liability					—	(1.0)	(1.0)
	1.4	0.5	(38.2)	—	(36.3)	(1.0)	(37.3)
Balance as at December 17, 2011	684.0	4.3	1,828.1	(67.2)	2,449.2	0.5	2,449.7

See accompanying notes

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Condensed consolidated statements of cash flows

Periods ended December 22, 2012 and December 17, 2011

(Unaudited) (Millions of dollars)

	12 weeks Fiscal Year **2013**	2012
Operating activities		
Earnings before income taxes from continuing operations	**154.2**	140.2
Earnings before income taxes from discontinued operation	**8.7**	0.1
	162.9	140.3
Non-cash items		
Share of an associate's earnings	**(19.0)**	(13.0)
Depreciation and amortization	**41.9**	42.2
Amortization of deferred financing costs	**0.2**	0.1
Loss (gain) on disposal and write-offs of fixed and intangible assets	**0.8**	(1.8)
Gain on disposal of an operation *(note 6)*	**(8.9)**	—
Impairment losses on fixed and intangible assets	**2.1**	0.8
Impairment loss reversals on fixed and intangible assets	**(1.9)**	—
Share-based compensation cost	**1.5**	1.5
Difference between amounts paid for employee benefits and current period cost	**1.1**	(10.0)
Financial costs, net	**11.1**	10.1
	191.8	170.2
Net change in non-cash working capital items	**(65.5)**	(79.4)
Interest paid	**(20.9)**	(20.0)
Income taxes paid	**(40.7)**	(28.9)
	64.7	41.9
Investing activities		
Business acquisitions (*note 3)*	**(11.6)**	(128.4)
Proceeds on disposal of an operation *(note 6)*	**20.5**	—
Proceeds on disposal of assets held for sale	**—**	1.1
Net change in other financial assets	**0.1**	(0.3)
Dividends from an associate	**1.6**	1.6
Additions to fixed assets	**(47.1)**	(48.7)
Proceeds on disposal of fixed assets	**0.2**	3.8
Proceeds on disposal of investment properties	**2.2**	—
Additions to intangible assets	**(7.3)**	(2.2)
	(41.4)	(173.1)
Financing activities		
Net change in bank loans	**2.3**	(1.2)
Shares issued *(note 9)*	**2.6**	3.5
Shares redeemed *(note 9)*	**(60.4)**	(21.8)
Acquisition of treasury shares *(note 9)*	**(1.8)**	—
Increase in debt	**17.1**	0.4
Repayment of debt	**(6.0)**	(1.8)
Net change in other liabilities	**(1.7)**	0.9
Dividends	**(20.8)**	(19.4)
	(68.7)	(39.4)
Net change in cash and cash equivalents	**(45.4)**	(170.6)
Cash and cash equivalents — beginning of period	**73.3**	255.5
Cash and cash equivalents — end of period	**27.9**	84.9

See accompanying notes

1. STATEMENT PRESENTATION

METRO INC. (the Corporation) is a company incorporated under the laws of Québec. The Corporation is one of Canada's leading food retailers and distributors and operates a network of supermarkets, discount stores and drugstores. Its head office is located at 11011 Maurice-Duplessis Blvd., Montréal, Québec, Canada, H1C 1V6. Its various components constitute a single operating segment.

The unaudited interim condensed consolidated financial statements for the 12-week period ended December 22, 2012 have been prepared by management in accordance with IAS 34 "Interim Financial Reporting" and using the same accounting policies as those used in preparing the audited annual consolidated financial statements for the year ended September 29, 2012. They should be read in conjunction with the audited annual consolidated financial statements and accompanying notes which were presented in the Corporation's 2012 Annual Report. Operating income for the interim period presented does not necessarily reflect income for the whole year.

2. NEW ACCOUNTING POLICIES

RECENTLY ISSUED

Classification and measurement of financial assets and financial liabilities

In November 2009, the International Accounting Standards Board (IASB) published IFRS 9 "Financial Instruments". This new standard simplifies the classification and measurement of financial assets set out in IAS 39 "Financial Instruments: Recognition and Measurement". Financial assets are to be measured at amortized cost or fair value. They are to be measured at amortized cost if the two following conditions are met:

a) the assets are held within a business model whose objective is to collect contractual cash flows; and

b) the contractual cash flows are solely payments of principal and interest on the outstanding principal.

All other financial assets are to be measured at fair value through net earnings. The entity may, if certain conditions are met, elect to use the fair value option instead of measurement at amortized cost. As well, the entity may choose upon initial recognition to measure non-trading equity investments at fair value through comprehensive income. Such a choice is irrevocable.

In October 2010, the IASB issued revisions to IFRS 9, adding the requirements for classification and measurement of financial liabilities contained in IAS 39 and further points. For financial liabilities measured at fair value through net earnings using the fair value option, the amount of change in a liability's fair value attributable to changes in its credit risk is recognized directly in other comprehensive income.

In December 2011, the IASB deferred the mandatory effective date of IFRS 9 to fiscal years beginning on or after January 1, 2015. Early adoption is permitted under certain conditions. An entity is not required to restate comparative financial periods for its first-time application of IFRS 9, but must comply with the new disclosure requirements.

Offsetting financial assets and financial liabilities

In December 2011, the IASB issued amendments to IAS 32 "Financial Instruments: Presentation" clarifying the requirements for offsetting financial assets and financial liabilities. These amendments shall be applied to annual periods beginning on or after January 1, 2014.

The IASB also issued amendments to IFRS 7 "Financial Instruments: Disclosures" improving disclosure on offsetting of financial assets and financial liabilities. These amendments shall be applied to annual and interim periods beginning on or after January 1, 2013.

Consolidated Financial Statements

In May 2011, the IASB published IFRS 10 "Consolidated Financial Statements" which is a replacement of SIC-12 "Consolidation – Special Purpose Entities", and certain parts of IAS 27 "Consolidated and Separate Financial Statements". IFRS 10 uses control as the single basis for consolidation, irrespective of the nature of the investee, employing the following factors to identify control:

a) power over the investee;

b) exposure or rights to variable returns from involvement with the investee;

c) the ability to use power over the investee to affect the amount of the investor's returns.

IFRS 10 shall be applied to fiscal years beginning on or after January 1, 2013. Early adoption is permitted under certain conditions.

Joint Arrangements

In May 2011, the IASB published IFRS 11 "Joint Arrangements" which supersedes IAS 31 "Interests in Joint Ventures" and SIC-13 "Jointly Controlled Entities – Non-Monetary Contributions by Venturers". IFRS 11 requires that joint ventures be accounted for using the equity method of accounting and eliminates the need for proportionate consolidation. This new standard shall be applied to fiscal years beginning on or after January 1, 2013. Early adoption is permitted under certain conditions.

Disclosure of Interests in Other Entities

In May 2011, the IASB published IFRS 12 "Disclosure of Interests in Other Entities" which requires that an entity disclose information on the nature of and risks associated with its interests in other entities (i.e. subsidiaries, joint arrangements, associates or unconsolidated structured entities) and the effects of those interests on its financial statements. IFRS 12 shall be applied to fiscal years beginning on or after January 1, 2013. Early adoption is permitted under certain conditions. Entities may, without early adoption of IFRS 12, choose to incorporate only some of the required disclosures in their financial statements.

Fair Value Measurement

In May 2011, the IASB published IFRS 13 "Fair Value Measurement" to establish a single framework for fair value measurement of financial and non-financial items. IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It also requires disclosure of certain information on fair value measurements. IFRS 13 shall be applied to fiscal years beginning on or after January 1, 2013. Early adoption is permitted.

Employee Benefits

In June 2011, the IASB issued amendments to IAS 19 "Employee Benefits". Changes in defined benefit obligations and plan assets are to be recognized in comprehensive income when they occur, thus eliminating the corridor approach and accelerating recognition of past service cost. Net interest is to be recognized in net earnings and calculated using the discount rate by reference to market yields at the end of the reporting period on high quality corporate bonds. The actual return on plan assets minus net interest is to be recognized in other comprehensive income. These amendments shall be applied to fiscal years beginning on or after January 1, 2013. Early adoption is permitted.

Presentation of Financial Statements

In June 2011, the IASB issued amendments to IAS 1 "Presentation of Financial Statements". Items of other comprehensive income and the corresponding tax expense are required to be grouped into those that will and will not subsequently be reclassified through net earnings. These amendments shall be applied to fiscal years beginning on or after July 1, 2012. Early adoption is permitted.

At present, the Corporation is assessing the impact of the above-mentioned amendments on its earnings, financial position and cash flows.

3. BUSINESS ACQUISITIONS

ADONIS AND PHOENICIA

On October 23, 2011, the Corporation acquired 55% of the net assets of Adonis, a Montréal-area retailer with four existing stores and a fifth one under construction that was opened in December 2011, as well as Phoenicia, an importer and wholesaler with a distribution centre in Montréal and another in the Greater Toronto Area. These businesses specialize in perishable and ethnic food products. The final purchase price paid by the Corporation for the 55% interest was $161.4, the remaining balance of $11.6 as at September 29, 2012 has been paid during the first quarter of 2013. The acquisition was accounted for using the purchase method. The Corporation controls the acquired businesses and consolidated their earnings as of the date of acquisition. The final total purchase price allocation was as follows:

Net assets acquired at their fair value	
Cash	3.0
Accounts receivable	10.6
Inventories	24.3
Prepaid expenses	0.5
Fixed assets	11.9
Intangible assets	
Finite useful life	10.7
Indefinite useful life	63.4
Goodwill	206.8
Bank loans	(15.5)
Accounts payable	(5.4)
Debt	(10.4)
Deferred tax liabilities	(6.4)
	293.5
Cash consideration for the Corporation's interest (55%)	161.4
Non-controlling interest (45%)	132.1
	293.5

The non-controlling interest was measured at 45% of the fair value of the acquired companies' net assets.

The goodwill from the acquisition corresponds to the growth potential of Adonis stores and the broadening of the Corporation's customer base through improvement of the ethnic food offering in all its stores. In the goodwill's tax treatment, 53% of the goodwill will be treated as an eligible capital property with related tax deductions and 47% as non-deductible.

Between October 23, 2011 and September 29, 2012, the acquired businesses have increased Corporation sales and net earnings by $236.6 and $16.0 respectively. If the acquisition had taken place at the beginning of fiscal 2012, the acquired businesses would have increased Corporation sales and net earnings by an additional amount of $16.5 and $1.1 respectively.

In 2012, acquisition-related costs of $1.1 were recorded in cost of sales and operating expenses.

4. ADDITIONAL INFORMATION ON THE NATURE OF EARNINGS COMPONENTS

	12 weeks Fiscal Year **2013**	2012
Continuing operations		
Sales	**2,704.7**	2,632.6
Cost of sales and operating expenses		
Cost of sales	**(2,198.4)**	(2,147.1)
Wages and fringe benefits	**(151.0)**	(145.7)
Employee benefit expense	**(11.7)**	(12.4)
Rents, taxes and common costs	**(60.0)**	(58.2)
Electricity and natural gas	**(25.7)**	(25.4)
Impairment losses on fixed and intangible assets	**(2.1)**	(0.8)
Impairment loss reversals on fixed and intangible assets	**1.9**	—
Other expenses	**(69.5)**	(63.5)
	(2,516.5)	(2,453.1)
Depreciation and amortization		
Fixed assets	**(34.3)**	(34.7)
Intangible assets	**(7.6)**	(7.5)
	(41.9)	(42.2)
Financing costs, net		
Current interest	**(0.7)**	(0.4)
Non-current interest	**(10.6)**	(10.0)
Amortization of deferred financing costs	**(0.2)**	(0.1)
Interest income	**0.5**	0.5
Passage of time	**(0.1)**	(0.1)
	(11.1)	(10.1)
Share of an associate's earnings	**19.0**	13.0
Earnings before income taxes	**154.2**	140.2

Impairment losses and impairment loss reversals were particularly on food stores where cash flows decreased or increased due to local competition.

5. INCOME TAXES

The effective income tax rates were as follows:

(Percentage)	12 weeks Fiscal Year **2013**	2012
Combined statutory income tax rate	**26.8**	27.2
Changes		
Share of an associate's earnings	**(1.9)**	(1.6)
Others	**0.5**	0.5
	25.4	26.1

6. DISCONTINUED OPERATION

On December 17, 2012, the Corporation disposed of its food service operation, the Distagro division, which supplied restaurant chains and convenience stores belonging to and operated by gas station chains. The disposal price of this operation was $21.8, with a balance receivable of $1.3. Working capital adjustments are anticipated in the coming quarters.

Sales and other income statement items of this division are presented in the condensed consolidated statement of income in the "Discontinued operation" section, and the comparable 12-week period ended December 17, 2011 was restated as a result.

The discontinued operation's net earnings were fully attributed to equity holders of the parent and are itemized below:

	12 weeks Fiscal Year	
	2013	2012
Sales	**68.4**	79.1
Cost of sales and operating expenses	**(68.6)**	(79.0)
Earnings before income taxes	**(0.2)**	0.1
Income taxes	**0.1**	—
	(0.1)	0.1
Gain on disposal of an operation	**8.9**	—
Income taxes	**(2.4)**	—
	6.4	0.1

The discontinued operation's basic net earnings per share and fully diluted net earnings per share were as follows:

	12 weeks Fiscal Year	
(Dollars)	**2013**	2012
Basic	**0.07**	—
Fully diluted	**0.07**	—

The discontinued operation's cash flows from operating activities required outflows of $0.1 for the 12-week period ended December 22, 2012 and $2.4 for the corresponding quarter last year.

The carrying amount of the net assets disposed of on December 17, 2012 is itemized below:

Assets	
Accounts receivable	9.7
Inventories	9.4
Other financial assets	1.4
Fixed assets	0.7
Goodwill	4.0
	25.2
Liabilities	
Accounts payable	(12.3)
Gain on disposal of an operation	8.9
	21.8

Cash consideration	20.5
Balance due	1.3
Total consideration	21.8

At period end, certain assets associated with the discontinued operation had not been disposed of, but the Corporation plans to dispose of them in the coming months. They are presented as assets held for sale. These assets and the related liabilities were as follows:

	As at December 22, 2012
Assets held for sale	
Accounts receivable	2.4
Inventories	4.1
	6.5
Liabilities associated with assets held for sale	
Accounts payable	(5.3)
	1.2

7. NET EARNINGS PER SHARE

Basic net earnings per share and fully diluted net earnings per share were calculated using the following number of shares:

(Millions)	12 weeks Fiscal Year **2013**	2012
Weighted average number of shares outstanding – Basic	**96.6**	100.8
Dilutive effect under:		
Stock option plan	**0.5**	0.5
Performance share unit plan	**0.3**	0.3
Weighted average number of shares outstanding – Fully diluted	**97.4**	101.6

8. ASSETS HELD FOR SALE

Assets held for sale were as follows:

	As at December 22, 2012	As at September 29, 2012
Investment in an associate *(note 12)*	**170.9**	—
Assets related to discontinued operation *(note 6)*	**6.5**	—
Other assets	**0.6**	0.6
	178.0	0.6

As at December 22, 2012 and September 29, 2012, the Corporation was committed to a sale plan for these assets. They were reclassified in the assets held for sale in the consolidated statement of financial position and measured at the lower of carrying amount and fair value less costs to sell. No gain or loss related to these assets was recorded during these periods.

9. CAPITAL STOCK

OUTSTANDING

	Common Shares Number *(Thousands)*	
Balance as at September 24, 2011	101,084	682.6
Shares issued for cash	2	0.1
Shares redeemed for cash, excluding premium of $186.3	(4,213)	(28.7)
Acquisition of treasury shares, excluding premium of $2.3	(50)	(0.3)
Released treasury shares	92	0.6
Stock options exercised	271	10.3
Balance as at September 29, 2012	**97,186**	**664.6**
Shares redeemed for cash, excluding premium of $53.4	**(1,030)**	**(7.0)**
Acquisition of treasury shares, excluding premium of $1.6	**(30)**	**(0.2)**
Stock options exercised	**83**	**3.3**
Balance as at December 22, 2012	**96,209**	**660.7**

STOCK OPTION PLAN

The outstanding options were summarized as follows:

	Number *(Thousands)*	Weighted average exercise price *(Dollars)*
Balance as at September 24, 2011	1,776	35.38
Granted	293	53.76
Exercised	(271)	29.77
Cancelled	(115)	38.44
Balance as at September 29, 2012	**1,683**	**39.27**
Granted	**5**	**58.40**
Exercised	**(83)**	**31.35**
Cancelled	**(3)**	**51.26**
Balance as at December 22, 2012	**1,602**	**39.71**

The exercise prices of the outstanding options ranged from $24.73 to $58.41 as at December 22, 2012 with expiration dates up to 2019. 449,884 of those options could be exercised at a weighted average exercise price of $31.42.

The compensation expense for these options amounted to $0.6 for the 12-week period ended December 22, 2012 ($0.6 in 2012).

PERFORMANCE SHARE UNIT PLAN

The number of performance share units (PSUs) outstanding was as follows:

	Number *(Units)*
Balance as at September 24, 2011	309,729
Granted	97,043
Settled	(94,499)
Cancelled	(28,096)
Balance as at September 29, 2012	**284,177**
Cancelled	**(1,496)**
Balance as at December 22, 2012	**282,681**

The number of Corporation Common Shares held in trust for participants was as follows:

	Number *(Units)*
Balance as at September 24, 2011	299,940
Acquisition of treasury shares	50,000
Released treasury shares	(91,907)
Balance as at September 29, 2012	**258,033**
Acquisition of treasury shares	**30,000**
Balance as at December 22, 2012	**288,033**

The compensation expense for the PSU plan amounted to $0.9 for the 12-week period ended December 22, 2012 ($0.9 in 2012).

10. ACCUMULATED OTHER COMPREHENSIVE INCOME

	Defined benefit plans	Share of an associate	Total
Balance as at September 24, 2011	(51.3)	0.1	(51.2)
Changes in defined benefit plans			
Actuarial losses	(65.6)		(65.6)
Asset ceiling effect	(2.7)		(2.7)
Minimum funding requirement	0.1		0.1
Share of an associate's other comprehensive income		(0.6)	(0.6)
Corresponding income taxes	18.9	0.1	19.0
Balance as at September 29, 2012	**(100.6)**	**(0.4)**	**(101.0)**
Changes in defined benefit plans			
Actuarial gains	**1.1**		**1.1**
Asset ceiling effect	**(2.4)**		**(2.4)**
Minimum funding requirement	**(0.1)**		**(0.1)**
Share of an associate's other comprehensive income		**(0.1)**	**(0.1)**
Corresponding income taxes	**0.4**		**0.4**
Balance as at December 22, 2012	**(101.6)**	**(0.5)**	**(102.1)**

11. CONTINGENCIES

CLAIMS

In the normal course of business, various proceedings and claims are instituted against the Corporation, including those related to taxes. The Corporation contests the validity of these claims and proceedings and management believes that any forthcoming settlement in respect of these claims will not have a significant negative impact for the Corporation.

12. EVENT AFTER THE REPORTING PERIOD

On January 22, 2013, the Corporation sold to three financial institutions close to half of its investment in Alimentation Couche-Tard for a cash consideration of $479.0 and for after-tax proceeds net of fees and commissions of about $412. A net after-tax gain of about $266 for this sale will be recorded in the results of the Corporation in the second quarter of 2013. The Corporation will continue to record its 5.7% share of the net income of Alimentation Couche-Tard in its future results. The Corporation is currently evaluating different possible uses for these net proceeds from the sale, including investments for growth and returns to shareholders.

13. COMPARATIVE FIGURES

Some of the corresponding figures have been reclassified in line with the presentation adopted for the current fiscal year.

14. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements for the 12-week period ended December 22, 2012 (including comparative figures) were approved for issue by the Board of Directors on January 28, 2013.

INFORMATION

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METRO INC.'s corporate information and press releases are available on the Internet at the following address: www.metro.ca

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