

PROPOSAL BY THE BOARD OF DIRECTORS OF METRO INTERNATIONAL S.A. FOR A LONG-TERM INCENTIVE PLAN 2011

The Board of Directors proposes that the Annual General Meeting of Metro International S.A. ("**Metro**") approves a long-term incentive plan 2011 as set out below.

1.1 Summary of the long-term incentive plan 2011

The Board of Directors proposes that the Annual General Meeting approves a long-term incentive plan 2011 ("**LTIP 2011**") in order to retain and motivate selected key individuals within the organization. LTIP 2011 is proposed to include 11 selected executives of Metro (including the CEO, the CFO, Executive Vice Presidents and other senior management roles). The eligible executives are required to invest a percentage of their base salary in shares in Metro. Based on Metro's EBIT and TSR performance over a three year period, the participants may free of charge be granted so-called matching shares. The proposed LTIP 2011 has a similar structure, although not identical, as the incentive plan that was adopted at an Ordinary General Meeting held on 30 September 2009 ("**LTIP 2010**").

The dilution impact on the total share capital and voting powers of Metro will depend on the percentage of base salary invested and the achievement of the performance targets. The dilution impact on the total share capital and voting powers in Metro will be 1.27 percent as a maximum, based on the number of shares in Metro currently outstanding but excluding the new shares that will be issued. All shares issued as a part of the LTIP 2011 will be issued in voting Class A shares and non-voting Class B shares of Metro in a proportion of 50/50.

1.2 Participants in LTIP 2011

The LTIP 2011 covers a total of 11 senior executives divided into three tiers.

- *Tier 1* consists of the CEO.
- *Tier 2* consists of the CFO and four (4) other senior executives (EVPs or MDs).
- *Tier 3* consists of five (5) senior executives (EVPs or MDs).

1.3 The personal investment

To participate in LTIP 2011, the eligible executives must purchase Metro shares, either of Class A or Class B or a combination thereof ("**Investment Shares**") at market price on NASDAQ OMX Stockholm. The Investment Shares shall be purchased between 27 May 2011 and 15 June 2011, provided however that if a participant is in an insider position during this period which prevents him/her from purchasing Investment Shares, the Investment Shares shall be purchased as soon as possible thereafter but prior to the next Annual General Meeting. The participants will be granted one share right (the "**Share Right**") per each Investment Share acquired. The Share Rights will, if vested, entitle to a certain number of Metro shares. These shares, so called "**Matching Shares**", will be issued in voting Class A shares and non-voting Class B shares of Metro in a proportion of 50/50. The participants are as a maximum offered to allocate such number of Investment Shares to LTIP 2011 which have an aggregate purchase price that corresponds to 3 percent (Tier 3), 5 percent (Tier 2) or 7 percent (Tier 1)

of their respective annual base salary for 2010. However, with respect to this limitation on how many shares that each eligible executive may allocate to LTIP 2011 and treat as Investment Shares, each acquired Metro share shall as a floor level, for purposes of LTIP 2011, be considered to have had a purchase price of SEK 0.90 no matter of the actual purchase price.

1.4 Allotment of Matching Shares

Allotment of Matching Shares under LTIP 2011 shall be made once audited results are available for the financial year 2013, tentatively in April 2014 in connection with the release of the annual report for 2013. The time period that runs from the date the incentive plan agreement is entered into, and which ends upon allotment, is referred to as the "**Vesting Period**".

1.5 Performance criteria

Vesting of the Share Rights is dependent upon fulfilment of certain financial performance criteria during the financial years 2011-2013, which relates to (i) the total shareholder return ("**TSR**") of the Metro Class B share, and (ii) the earnings before interest and tax ("**EBIT**") margin as an average during the financial years 2011, 2012 and 2013 as specified below.

If the TSR of the Metro Class B share, measured as from 1 January 2011 up to and including 31 December 2013 exceeds 0 percent, each Share Right shall entitle the participant to one Matching Share.

In addition, if the average EBIT margin during the financial years 2011, 2012 and 2013 amounts to or exceeds 10 percent (stretch target), the maximum EBIT allotment shall occur. Maximum EBIT allotment entails that, per each Investment Share, Tier 1 is allotted five Matching Shares, Tier 2 is allotted four Matching Shares and Tier 3 is allotted three Matching Shares.

If the average EBIT margin during the financial years 2011, 2012 and 2013 falls below 6 percent (entry level), no EBIT allotment will occur. If the entry level of 6 percent is reached but not exceeded, a 20 percent EBIT allotment shall be made (i.e. every five Share Rights will entitle to one Matching Share). If the average EBIT margin during the financial years 2011, 2012 and 2013 should be lower than 10 percent, but exceed 6 percent, a linear interpolation shall be applied between those levels.

In addition to the financial performance conditions, for the Share Rights to vest (i) the participant must remain employed within the Metro group during the Vesting Period, and (ii) the participant must have continuously held all his/her Investment Shares during the Vesting Period.

1.6 Terms and conditions

- The Share Rights may not be pledged, transferred or disposed of.
- So-called "good leaver" and "bad leaver" provisions will be agreed with the participants, tailored to incentivise the participants to stay with Metro.
- The number of Matching Shares that may be allotted will be subject to recalculation in case Metro resolves on a bonus issue with issuance of new shares, split of shares or reverse split of shares, issue of new shares with preferential rights for the shareholders or similar corporate actions. There is no recalculation for ordinary dividends paid during the Vesting Period but for extraordinary dividends (please however note that as per the terms and conditions of the subordinated debentures issued by Metro in 2009, no dividend is payable whilst the subordinated debentures are in issue).

tures are outstanding, except for any minimum dividend distribution the Class B shareholders may be entitled to).

- The value of the rights granted under LTIP 2011 does not entitle the participants to pension.
- The maximum value of the Matching Shares at the date of their allotment shall be five times the average closing price of Metro's Class B shares on Nasdaq OMX Stockholm in February 2011, SEK 5.57. If the value of Metro's Class B shares exceeds SEK 5.57 at vesting, the number of Matching Shares that each Share Right entitles the participant to receive will be reduced correspondingly.

1.7 Detailed terms and administration

The Board of Directors, or a certain committee appointed by the Board of Directors, shall be responsible for determining the detailed terms and conditions between the participants and Metro and be charged with the administration of the plan. The Board of Directors shall be entitled to make adjustments to meet foreign regulations or market conditions. The Board of Directors may also make other adjustments if significant changes in Metro, or its operating environment, would result in a situation where the terms and conditions for the personal investment, and the allotment and vesting of the Share Rights become irrelevant.

1.8 Scope

In total, LTIP 2011 comprises a maximum of 1,214,500 Investment Shares, which can involve allotment of a maximum of 6,703,575 Matching Shares. The maximum number of shares in Metro which are included in LTIP 2011 is thus 6,703,575. The dilution impact on the total share capital and voting powers in Metro will as a maximum be 1.27 percent, based on the number of shares in Metro currently outstanding but excluding the new shares that will be issued. The cost for LTIP 2011 as defined in IFRS 2 divided by Metro's market capitalization is 1.0 percent at a share price of SEK 1.08 (closing share price as of 20 April 2011 for the Metro Class B share on NASDAQ OMX Stockholm). On a fully diluted basis, assuming that all outstanding warrants in Metro are exercised, the CEO shares are delivered and LTIP 2010 reaches full allotment, the maximum dilution impact on the total voting powers and the share capital in Metro will be 0.21 percent, and 0.36 percent respectively.

1.9 Delivery of shares under LTIP 2011

The Board of Directors of Metro is currently authorised to issue shares in Metro within the framework of the authorized capital clause contained in the articles of association of Metro. The authorisation expires in February 2014. The Board of Directors of Metro intends to, well in advance of April 2014 when allotment under the LTIP 2011 is expected to take place, propose that the shareholders of Metro approve a renewal of the current authorisation for the Board of Directors, and that any appropriate changes to the articles of association of Metro is made, allowing for the Matching Shares under LTIP 2011 to be issued.

1.10 Estimated costs and values of LTIP 2011

LTIP 2011 will be accounted for in accordance with IFRS 2 which stipulates that the Share Rights should be recorded as a personnel expense in the income statement during the Vesting Period. Based on the assumptions of a share price of SEK 1.08 (EUR 0.12), a maximum participation, an annual

employee turnover of 10 percent among the participants of LTIP 2011, an average fulfillment of performance conditions of approximately 54 percent, and full vesting of the Share Rights, the cost for LTIP, excluding social security costs, is estimated to approximately EUR 0.38 million. The cost will be allocated over the Vesting Period. At a 100 percent fulfillment of the performance conditions the cost is approximately EUR 0.49 million.

Social security costs will also be recorded as a personnel expense in the income statement by current reservations. The social security costs are estimated to around EUR 0.14 million with the assumptions above and an average social security tax rate of 25 percent and an annual share price increase of 10 percent.

If the maximum profit of SEK 5.57 (EUR 0.63) per Matching Share is reached, all invested shares remain in LTIP 2011 and a fulfillment of the performance conditions of 100 percent, the maximum cost of LTIP as defined in IFRS 2 is approximately EUR 0.65 million and the maximum social security cost is approximately EUR 0.90 million.

For information on LTIP 2010 and the CEO shares, reference is made to the annual report for 2010, note 28.

1.11 Effects on key ratios

In the event of full participation in LTIP 2011, Metro's staff costs are expected to increase with approximately EUR 0.18 million annually. On a pro forma basis for 2010, these costs have an insignificant impact on Metro's operating margin.

1.12 The preparation of the proposal

The LTIP 2011 has been prepared by the remuneration committee, on behalf of the Board of Directors of Metro, in consultation with external advisors.

1.13 The rationale for the proposal

The objective of the proposed LTIP 2011 is to retain and motivate selected key individuals within the organization. The objective is furthermore to achieve an increased alignment between the eligible executives and the shareholders of Metro, and to promote an increased personal shareholding amongst the eligible executives.

1.14 Majority requirements

A resolution to introduce the LTIP 2011, in accordance to the Board of Directors' proposal, is valid where supported by shareholders representing more than 50 percent of the votes cast by the Class A shareholders at the Annual General Meeting.

Metro International S.A.
Board of Directors
May 2011