RONA

A culture of service

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Consolidated interim report

For the quarter ended March 30, 2008

RONA ANNOUNCES RESULTS FOR FIRST QUARTER 2008

- Sales up 3.8%.
- Unfavourable economic and weather conditions for construction and renovation activities especially in the eastern part of the country.
- Same-store sales down 5.2%, excluding the decline in the price of forest products and the effect of statutory holidays.
- Net earnings of $1.0 million, or $0.01 per share, compared to $9.0 million or $0.08 per share in 2007.
- Numerous promising initiatives introduced under the PEP program (Productivity, Efficiency, Profitability).
- Recruitment of nine new dealer-owners in two months, representing estimated annual retail sales of close to $50 million.

RONA (TSX: RON), the largest Canadian distributor and retailer of hardware, renovation and gardening products announced a 3.8% increase in sales in the first quarter of 2008. Same-store sales declined by 5.2% in the first quarter of 2008, excluding price deflation for building materials of 0.5% and negative 1.3% effect related to changes in statutory holidays. Operating income in the first quarter of 2008 was down by 18.2%, and net earnings stood at $1.0 million, or $0.01 per share, compared to $9.0 million or $0.08 per share in 2007. Economic and weather conditions that were especially unfavourable to construction/renovation activities, particularly in Eastern Canada, largely explain this drop in same-store sales and profits. Results were also affected by a decline in starts of single family homes in Canada and a temporary slowdown in the demand for building materials in Alberta.

Under its PEP program (Productivity, Efficiency, Profitability), Phase 1 of the 2008-2011 strategic plan, RONA nonetheless introduced numerous promising initiatives in first quarter 2008, with the following results:

- 130 basis point improvement in gross margin
- Over 10% growth in sales of private brand products and installation services
- $83 million, or 9%, reduction in inventories on a comparable basis versus first quarter 2007

In addition, RONA stepped up training for employees in order to offer the best service and the best shopping experience in the industry. These training sessions covered sales support on several innovative products and services such as the Project Guide service, RONA by Design, installation services, credit and financing solutions, and the all-new line of RONA ECO products. Encouraging results were seen very quickly in the stores.

“The results for first quarter 2008 reflect the strong drop in consumer confidence in the country’s economic growth. Results were also affected by weather conditions that were particularly unfavourable to construction and renovation activity in Ontario and Quebec, where we get nearly 70% of our sales,” explained RONA President and CEO Robert Dutton. “Because of the significant seasonality of our activities, only 15% of our annual sales and 5% of our earnings are on average generated in the first quarter of the year. So we have very little room to manoeuvre at the beginning of the year to compensate for these difficult market conditions.”

“Despite these unfavourable market conditions, we persevered with the extensive optimization plan we call the PEP program – for Productivity, Efficiency and Profitability – which is the first phase of our 2008-2011 strategic plan. The results of these efforts are very encouraging for the coming quarters. This, combined with the various initiatives to boost sales and stimulate customer loyalty, will allow us to mitigate for the current slowdown in our industry," Dutton said.

FINANCIAL HIGHLIGHTS

Consolidated sales

Consolidated sales in first quarter 2008 stood at $911.5 million, $33.0 million or 3.8% more than the $878.5 million posted in 2007. The growth can be mainly attributed to acquisitions, store openings, and the recruitment of new affiliate dealer-owners. Excluding the contributions of our acquisitions – Noble Trade, Dick's Lumber, Centre de Rénovation André Lessard and Best-MAR – consolidated sales dropped by 3.5%. Sales generated by new stores opened in the last 12 months could not compensate for the drop in same-store sales, which decreased by 5.2% in first quarter 2008, excluding the 0.5% decline in the price of forest products and the negative effect of statutory holidays, estimated at 1.3%. A new statutory holiday ("Family Day") was introduced in Ontario, and the Easter weekend fell in the first quarter this year, rather than the second quarter.

As mentioned, this decrease stems from an ongoing decline in the level of consumer confidence in Canada, weather conditions that were especially unfavourable to construction/renovation activities in the eastern part of the country, and a temporary drop in the demand for building materials in Alberta. RONA's loyalty-building and sales-boosting activities, combined with employee efforts to offer the best service and shopping experience in the industry, have helped increase our average shopping basket, but the factors cited above created downward pressure on the number of transactions in stores. Sales declined in most product categories, indicating a general drop in renovation projects during the first quarter. We should mention, however, that sales of the RONA private brand increased by over 10%. This growth can be explained by the popularity of the RONA by Design projects, which include a number of private brand products. The strong demand for our Project Guide service is also influencing our private brand sales and our sale of installation services.

Gross margin

In the first quarter of 2008, the Company's gross margin improved by 130 basis points, increasing from 28.4% in 2007 to 29.7% in 2008. This growth is the result of an improvement in purchasing conditions with our suppliers, a reduction of store losses (shrinkage), an increase in sales of private label products and better management of product categories.

Consolidated operating income

Operating income was $33.4 million in the first quarter of 2008, down $7.5 million or 18.2% from 2007. Our EBITDA margin dropped from 4.65% in 2007 to 3.66% in 2008, a decrease of 99 basis points.

This decline is the result of downward pressure on sales in the construction/renovation industry due to lower consumer confidence levels and the effect of unfavourable weather conditions on sales. New stores that have not yet reached their full potential also contributed to the decline in operating income and EBITDA margin. These factors could not be compensated by a rapid adjustment in the Company's cost structure at the beginning of the year, since this is the time of the year with the lowest sales, when variable costs are hard to adjust: the first quarter historically represents only about 15% of annual sales and 5% of annual earnings.

But these results mask a number of efficiency improvements posted under the PEP program that is the first phase of the 2008-2011 strategic plan. In the first quarter, this program allowed us to improve our gross margin, reduce inventory levels, excluding acquisitions and new stores, optimize the network of existing stores and distribution centres, and improve the results from recent store openings.

Net earnings

Net earnings for the first quarter of 2008 were $1.0 million, or $0.01 per share, compared to $9.0 million in 2007 or $0.08 per share. The factors that affected operating income also apply to the change in net earnings, along with the increase in fixed costs related to the expansion of the network, particularly depreciation and financial costs related to recent store openings and acquisitions. Since the first quarter represents only about 15% of sales and 5% of earnings for the year, it is to be expected that the effect of these charges is more pronounced at the beginning of the year than in the other quarters.

Treasury and financial position

Operations generated $27.2 million in first quarter 2008, compared to $26.0 million in the same quarter of 2007. Net of the increase in working capital related to the growth and development of the retail and distribution network, operations required $125.9 million, compared to $131.6 million in 2007. Same-store and distribution centre inventories declined by $83 million compared to first quarter 2007.

During the first quarter of 2008, we invested $42.1 million in fixed assets, compared to $42.8 million in 2007. These investments related to the expansion of our retail network, namely, the construction of new stores as well as repairs, renovations and upgrades of existing stores to reflect our new concepts, especially for stores flying the Réno-Dépôt banner. Significant investments were also approved for the continuous improvement of information systems in order to increase our operational effectiveness. The Company practised disciplined financial management for the entire quarter and strictly monitored investments in fixed assets. Non-strategic assets were also put up for sale this quarter.

RONA’s balance sheet remains very strong. On March 30, 2008, the ratio of total debt to capital was 38.0%, compared to 35.1% at the end of the corresponding quarter in 2007. RONA’s equity/asset ratio stood at 48.8% at the end of the first quarter 2008, compared to 49.4% at the same date in 2007.

The Company’s operations produce significant cash flow. With relatively low debt and long-term fixed rates on most of our long-term debt, we have significant liquidity and can access $170 million in additional debt at competitive rates. Our financial resources are sufficient to pursue disciplined development in our four growth vectors: growth of the existing store network, construction of new corporate and franchise stores, recruitment of new affiliate stores and acquisitions.

In 2008, our capital spending program will be in the area of $240 million. Of this sum, approximately $180 million will be allocated to store construction, upgrades and renovations and property acquisitions. About $20 million will be spent expanding the distribution network to sustain the rapid growth of our network in the western part of the country. Finally, some $40 million will go to the ongoing improvement of our information systems.

OUTLOOK

Consumer confidence has been shaken for the last few quarters and especially since the beginning of 2008, due to fears of a recession in the United States, the major softening of the manufacturing sector in Eastern Canada and the rise in prices for items such as fuel. This situation, combined with the temporary slowdown in the demand for building materials in Alberta and the predicted drop in starts of single family homes in Canada, will continue to put downward pressure on sales in our industry.

The numerous optimization measures introduced under the PEP program in Phase 1 of our 2008-2011 strategic plan and the various initiatives undertaken to boost sales and stimulate customer loyalty will continue to produce gains over the next quarters and their effect will gradually increase. These measures will allow us to mitigate for the negative effects arising from the downward pressure on sales in our industry.

We are keeping our sights on our 2008-2011 financial objectives, but achieving our goal of low single-digit growth in average earnings per share in the first half of the plan is turning out to be a bigger challenge than expected, given our first quarter results and the greater-than-anticipated slowdown in the Canadian economy. We are nevertheless optimistic about the fundamental factors that support the demand for and interest in renovation projects, and we are already preparing for the recovery of our sector.

SUBSEQUENT EVENTS

On April 23, 2008, at our Annual Shareholders Meeting, RONA announced the recruitment of nine independent dealer-owners in the two months following the publication of our year-end results on February 20. These dealers, who now fly the RONA banner, come from various purchasing groups in Western Canada and Quebec and represent estimated annual retail sales of some $50 million. Eight of these dealers own stores ranging from 2,000 to 24,000 square feet, and one plans to build a proximity store of 52,000 square feet.

At the end of April, RONA made the decision to close two big-box stores and consolidate the sale volume from these stores to neighbouring RONA stores. Strong growth in recent years leading to store openings, the recruitment of independent dealers and acquisitions has made it necessary to consolidate operations in order to increase the overall efficiency of the RONA network. This decision is consistent with the efficiency improvement initiatives taken under the PEP program (Productivity, Efficiency and Profitability) launched at the beginning of the year. The operations of the Scarborough store, acquired in the transaction with Réno-Dépôt in 2003 and located at 1970 Eglinton, will be transferred to other RONA big-box stores in the area. The operations of the Richmond store, located at 3000 Sexsmith Street in Richmond BC will be transferred to a RONA affiliate in the area, Mack Foster Building Supplies, located at 7111 Elmbridge Road, and to nearby corporate stores. The employees from the Scarborough store will be relocated to other nearby RONA stores. The employees from the Richmond store will be offered jobs in stores in the area. In this situation, RONA's priority is to treat the employees with the greatest respect.

ADDITIONAL INFORMATION

The Management Discussion and Analysis and Financial Statements for first quarter 2008 can be viewed on the RONA website at www.rona.ca in the Investor Relations section and at www.sedar.com. The reader will find the Company's Annual Report, as well as other information about RONA, including the Annual Information Form, at the RONA and SEDAR websites.

NON-GAAP PERFORMANCE MEASURE

In this press release, as in our internal management, we use the concept of earnings before income taxes, interest, depreciation, amortization and non-controlling interest (EBITDA), which we also refer to as operating income. This measure corresponds to “Earnings before the following items” in our consolidated financial statements.

While EBITDA does not have a meaning standardized by generally accepted accounting principles in Canada (GAAP), it is widely used in our industry and financial circles to measure the profitability of operations, excluding tax considerations and the cost and use of capital. Given that it is not standardized, EBITDA cannot be compared from one company to the next. Still, we establish it in the same way for the segments identified, and, unless expressly mentioned, our method does not change over time. EBITDA must not be considered separately or as a substitute for other performance measures calculated according to GAAP but rather as additional information.

FORWARD-LOOKING STATEMENTS

This press release includes “forward-looking statements” that involve risks and uncertainties. All statements other than statements of historical facts included in this press release, including statements regarding the prospects of the industry and prospects, plans, financial position and business strategy of the Company, may constitute forward-looking statements within the meaning of the Canadian securities legislation and regulations. Investors and others are cautioned that undue reliance should not be placed on any forward-looking statements.

For more information on the risks, uncertainties and assumptions that would cause the Company’s actual results to differ from current expectations, please also refer to the Company’s public filings available at www.sedar.com and www.rona.ca. In particular, further details and descriptions of these and other factors are disclosed in the Management Discussion and Analysis under the “Risks and Uncertainties” section and in the “Risk Factors” section of the Company’s current Annual Information Form.

The forward-looking statements in this press release reflect the Company’s expectations as of May 12, 2008, and are subject to change after this date. The Company expressly disclaims any obligation or intention to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by the applicable securities laws.

ABOUT RONA

RONA is the largest Canadian distributor and retailer of hardware, home renovation and gardening products. RONA operates a network of over 680 corporate, franchise and affiliate stores of various sizes and formats. With over 27,000 employees working under its family of banners in every region of Canada and more than 15 million square feet of retail space, the RONA store network generates over $6.3 billion in annual retail sales.

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MANAGEMENT DISCUSSION AND ANALYSIS FOR FIRST QUARTER 2008
THREE-MONTH PERIOD ENDED MARCH 30, 2008

RONA inc. (“RONA”, “we” or the “Company”) is Canada’s leading retailer and distributor of home improvement, hardware and gardening products. The Company operates or serves a network that includes over 680 corporate, franchise and affiliate stores, as well as nine hardware and building materials distribution centres.

RONA’s sales include:

- Retail sales generated by its corporate stores
- Royalties on franchised sales
- A share of retail sales generated by franchised stores in which RONA holds an interest
- Wholesale sales generated by franchised stores (net of RONA’s share in these stores)
- Wholesale sales generated by affiliated dealer-owned stores

FINANCIAL STATEMENTS

RONA’s financial statements have been prepared in accordance with Canadian generally accepted accounting principles (“GAAP”) and are expressed in Canadian dollars. The Company has filed its unaudited consolidated financial statements for the first quarter of 2008 with the Canadian Securities Administrators. These statements can be viewed online at www.sedar.com or on RONA’s website, www.rona.ca. This *Management Discussion and Analysis* (MD&A) should be read in conjunction with the Company’s financial statements and related notes.

NON-GAAP PERFORMANCE MEASURE

In this report, as in our internal management, we use the concept of earnings before income taxes, interest, depreciation, amortization and non-controlling interest (EBITDA), which we also refer to as operating income. This measure corresponds to “Earnings before the following items” in our consolidated financial statements.

While EBITDA does not have a meaning standardized by GAAP, it is widely used in our industry and financial circles to measure the profitability of operations, excluding tax considerations and the cost and use of capital. Given that it is not standardized, EBITDA cannot be compared from one company to the next. Still, we establish it in the same way for the segments identified, and, unless expressly mentioned, our method does not change over time.

EBITDA must not be considered separately or as a substitute for other performance measures calculated according to GAAP but rather as additional information.

UPDATE ON THE COMPANY'S STRATEGIC PLAN

RONA's new 2008-2011 strategic plan was unveiled to the financial community in Montreal on February 27 at RONA's 2008 Investors Day. A press release outlining the issues and objectives of the plan was released the same day. Finally, on April 23, at the Annual Shareholders Meeting, the major lines of RONA's 2008-2011 strategic plan were presented to the Company shareholders. Management made a commitment to provide quarterly follow-up of achievements under the plan in our MD&A and to provide an annual follow-up in our Annual Report and at our Annual Shareholders Meeting. This next section provides details of the new plan along with a description of the Company's achievements in first quarter 2008.

Introduction to the 2008-2011 strategic plan

Encouraged by the improvement in its competitive position in recent years, RONA intends to forge ahead and, by implementing our 2008-2011 strategic plan, become THE complete home solution for Canadians. RONA plans to offer our customers the best service and the best shopping experience. RONA also aims to become the most effective and innovative player in the industry, and the industry's clear leader in sustainable development.

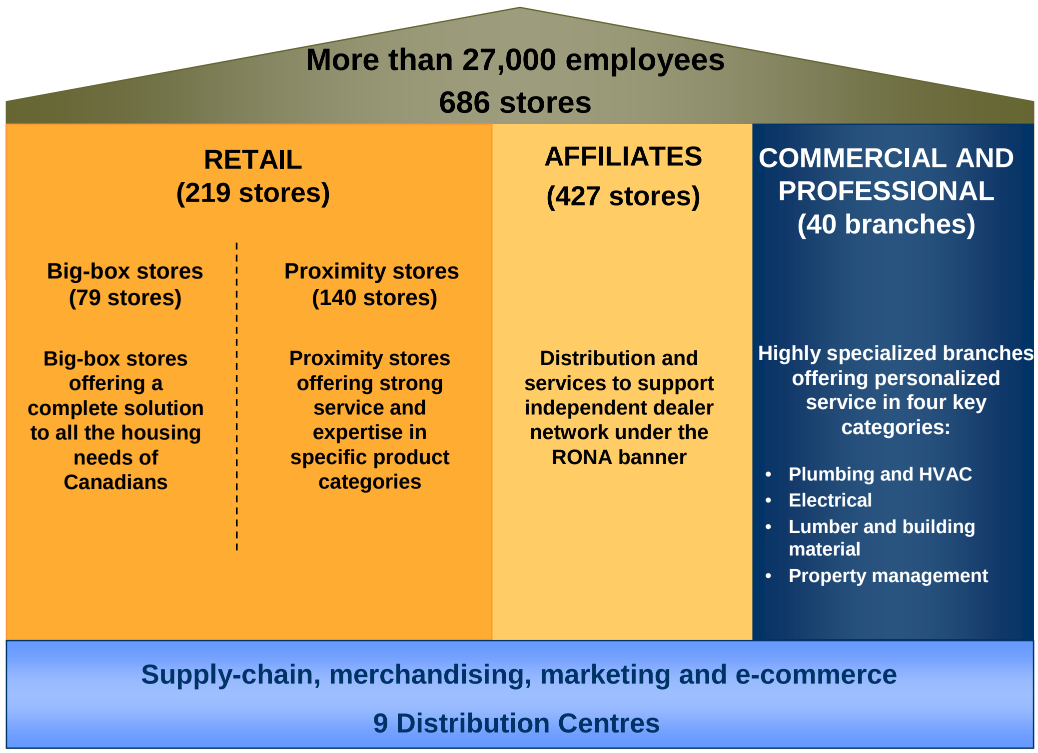
Phase 1: PEP program

The Company embarked on the first phase of the plan in early 2008 with a vast optimization of RONA activities called the PEP Program, for Productivity, Efficiency and Profitability. The program includes five major projects:

1. Improve sales and profitability of the corporate store network
2. Optimize the supply chain
3. Invest in employee training and mobilization
4. Upgrade information systems, including the implementation of a new Financial Suite, an improved point-of-sale information system, and establish high-performance dashboards
5. Finalize the integration of the most recent acquisitions and continue to improve the integration process

To improve efficiency, a few changes have been made to the RONA business model, also known as the House of RONA. The model now presents our activities under three different categories: the retail sector, affiliates and independent dealer-owners operating under the RONA banner, and the commercial and professional sector. With many acquisitions in various sectors of the industry, the recruitment of a hundred independent dealer-owners in different regions of Canada and the opening of more stores in the last few years, it was time for this new reality to be reflected in our business model.

The House of RONA



The retail sector includes corporate stores and franchise big-box and proximity stores. The affiliate sector includes distribution and support activities for affiliate dealer-owners. The commercial and professional sector includes recent acquisitions of building materials and plumbing specialists, as well as the RONA sales force for various products geared to our commercial and professional customers. These three sectors are supported by the solid foundation of RONA's merchandising, supply chain management, marketing and e-commerce activities. Finally, the Company's 27,000 employees are hard at work each and every day to ensure that RONA's unique business model provides our customers with the best service and the best shopping experience in Canada. Please note that the retail and commercial and professional activities are grouped under the heading "corporate and franchise stores" in the financial information disclosed in this MD&A and financial statements.

Phase 2: Acceleration of RONA's development

The second phase of the business plan focuses on accelerated development. RONA now operates in three sectors that provide differing growth opportunities. The Company's growth will continue to rely on the four growth vectors that have contributed to our success over the last few years – same-store sales, new store openings, the recruitment of independent dealer-owners and acquisitions – but the vectors will be adjusted to suit each sector.

In the retail sector, the accent will be on standardization of the store network in combination with ongoing innovations in order to become THE destination for the complete home needs of Canadian consumers. This development will be pursued by opening new stores, making acquisitions and developing innovative concepts. Concepts for paint stores, urban stores and ecological stores are already under study. In the affiliate sector, greater efforts will be devoted to recruitment activities in order to become the biggest association of independent dealer-owners in Canada. Finally, in the commercial and professional sector, RONA aims to become the national leader in specific product categories or regions that complement our retail operations, through both organic growth and acquisitions

Although Phase 2 of the 2008-2011 strategic plan will gather more steam by the end of 2009, several initiatives are already underway to improve sales and build customer loyalty to the RONA network. Specific Phase 2 objectives have already been set.

Sales improvement and customer loyalty objectives for the RONA network

1. Increase penetration of sales to Air Miles™ customers from 53% to 60% of total retail sales.
2. Increase percentage of sales with the RONA credit card from 1.4% to 4%.
3. Increase percentage of sales of private brand products from 16% to 20%.
4. Launch 15 innovative renovation designs per year in the RONA by Design series.
5. Increase sales of installation services from 2% to 5% in the retail sector.
6. Increase the number of visits to rona.ca from 1 million to 2 million a month.

The last major component of the 2008-2011 strategic plan is related to RONA's involvement in sustainable development. While several extensive initiatives are already in place, we will continue to take action involving all sectors of the Company in order to become THE benchmark for environmental friendliness in our industry in Canada.

2008-2011 financial objectives

The main objectives of the 2008-2011 strategic plan are:

1. To become the industry leader in Canada, with a market share of over 20% and special emphasis on Western Canada and Ontario. RONA's market share is currently estimated at 17%.
2. To increase annual earnings per share by low single digit on average during the first half of the plan, a period when we expect to face difficult market conditions, and double digits in the following years.
3. To optimize our return on invested capital.
4. To maintain an investment grade credit rating.

The next section deals with our main accomplishments under the 2008-2011 strategic plan in the first quarter of 2008. This section will be updated every quarter from 2008 to 2011 to show the main steps taken in each quarter toward achieving the objectives of the 2008-2011 strategic plan.

Accomplishments in first quarter 2008

Achievement of Phase 1 initiatives: PEP program

1. **Improve sales and profitability of our corporate store network:**
    - 130 basis point improvement in gross margin during the first quarter as a result of improved purchasing conditions with our suppliers, a reduction in store losses (shrinkage) and better management of product categories.
    - Creation of a multidisciplinary team to undertake an in-depth performance review of the corporate store network in order to make adjustments to improve the overall profitability of the network.
    - Accelerated recovery plan for the 10 stores with the most improvement potential. Many new initiatives to improve the performance of under-performing stores in terms of merchandising, human resource management, shrinkage and inventory.

- Network optimization through the closure of four proximity stores in the first quarter and another one at the beginning of April. Announcement of the closure of two big box stores at the end of April. The business volume from these stores has been or will be transferred to existing RONA corporate stores, RONA affiliates or new stores.
- Reduction of investment costs for new store construction.
- Establishment of a new support program for store openings with promising results at recent openings in Halifax, Candiac, Carleton Place and Thetford Mines.

2. Optimize the supply chain:

- Better demand management and supply planning through the establishment of a dedicated team and new management tools.
- Same-store and distribution centre inventory reduction of $83 million in the first quarter (excluding new stores and acquisitions) compared to first quarter 2007.
- Reduction of space required in distribution centres and decrease in the number of satellite centres.
- Optimization of various available distribution channels, especially for imports, resulting in a reduction in logistics costs.

3. Invest in employee training and mobilization.

- Numerous training sessions on the Project Guide and related services (installation, RONA by Design, private brand products, the new RONA ECO line and financing services).
- Presentation of the 2008-2011 strategic plan and 2008 priorities to employees during RONA Management Tour in major Canadian cities and communication of the plan through the Company's internal newsletter.

4. Upgrade information systems, including the introduction of a new Financial Suite, an improved point-of-sale information system and establish high-performance dashboards:

- Continued implementation of the Financial Suite and improved management system for stores.
- Development of new analysis tools to improve efficiency, particularly in supply chain management.

5. Finalize the integration of the most recent acquisitions and continue to improve the integration process:

- Continued integration of Dick's Lumber and Best-MAR.
- In-depth review of best business practices derived from our 12 major acquisitions over the last 8 years.

Achievements related to sales and customer loyalty improvement objectives for the RONA network

- 12 new designs in the RONA by Design series were launched for basement, bathroom, and patio and garden renovation projects.
- The RONA ECO private brand was launched in early April.
- Increased employee training on private brand products, the innovative Project Guide service, and credit and financing solutions for customers.
- Major emphasis in stores and flyers on private brand products and credit and financing solutions.

- Numerous mass (RONA Super Rendez-Vous) and targeted (direct marketing) Air Miles™ promotions. Combined activities with different Air Miles™ partners in various markets.
- Success of the Project Guide service and RONA by Design has a positive impact on sales of private brand products and installation services.
- Growth of over 10% in sales of private brand products in the first quarter, representing a penetration rate of over 17% of sales.
- Growth of over 10% in sales of installation services.
- Increase in the number of products in the electronic catalogue and upgrading website in progress.

Achievements related to 2008-2011 financial objectives

1. **Remain the industry leader in Canada, with a market share of over 20% and special emphasis on Western Canada and Ontario. RONA's market share is currently estimated at 17%**:
   - In the last two months, since the publication of our 2007 results on February 20, RONA has recruited nine new independent dealer-owners representing estimated annual retail sales of nearly $50 million. These dealer-owners are located mainly in Western Canada and Quebec.
   - We have opened four new stores since the beginning of 2008, two big boxes – a Reno-Dépôt in Candiac, Quebec, and a RONA in Halifax, Nova Scotia – and two proximity stores flying the RONA banner, one in Carleton Place, Ontario, and one in Thetford Mines, Quebec.
   - We plan to open three more proximity stores in the next quarters, in Grimsby and Bowmanville, Ontario, and in Kamloops, British Columbia.
   - The Réno-Dépôt store in Gatineau was renovated as part of an extensive $20 million renovation program for the Réno-Dépôt banner.

2. **Increase annual earnings per share by low single digit on average during the first half of the plan, a period when we expect to face difficult market conditions, and double digits in the following years:**
   - Due to market conditions that were even more difficult than foreseen at the beginning of the year, weather conditions that have been especially bad for construction/renovation activities, and the difficulty of reducing variable costs in a period of the year that represents only about 15% of total sales and 5% of total annual earnings, RONA posted a drop in earnings per share in the first quarter of 2008, from $0.08 per share in 2007 to $0.01 per share in 2008. The Company has started to benefit from the various efficiency improvement measures introduced through the PEP program, however. We improved our gross margin by 130 basis points over first quarter 2007, reduced same-store inventories by $83 million and began to optimize the store network, in addition to improving our performance during recent store openings.
   - The numerous efficiency improvement measures underway in the PEP program, as well as various initiatives undertaken to boost sales and stimulate customer loyalty, will continue to produce gains over the next quarters and their effect will gradually increase. These measures will allow us to compensate for the negative effects of the downward pressure on sales in our industry.
   - The achievement of our low single digit growth objective for our earnings per share on average in the first half of the plan has turned out to be a bigger challenge than we expected, given the results for first quarter 2008 and a greater-than-anticipated

slowdown in Canadian economic activity. We are nevertheless optimistic about the fundamental factors that support the demand for and interest in renovation projects, and we are already working to prepare for the recovery in our sector.

3. **Optimize our return on invested capital:**
    - Since the beginning of the year, RONA has made considerable efforts to optimize our existing network, rationalize our invested capital and optimize our most recent investments. However, current pressure on sales and profitability has masked the success of these promising initiatives on the optimization of our return.

4. **Maintain an investment grade credit rating:**
    - We have managed our balance sheet in a very disciplined manner, reducing comparable inventory by $83 million compared to first quarter 2007 and putting certain non-strategic assets up for sale. RONA has also been very prudent in terms of acquisitions, with the announcement of a small acquisition, Best-MAR, which was rapidly integrated into the Noble Trade plumbing specialty network in Ontario.
    - On March 30, 2008, the ratio of total debt to capital was 38.0%, exactly the level expected by the Company. This ratio will improve over the next quarters due to the seasonality of our results and the numerous efficiency improvement initiatives underway.

ANALYSIS OF CONSOLIDATED RESULTS

Economic conditions

For the first quarter of 2008, firm commodity prices, high employment levels, and the effect of cumulative easing in monetary policy continued to sustain domestic demand, which is the primary driver of economic growth in Canada. Activity remains relatively high in the western part of the country, with a level of inflation that is nevertheless higher than the national average and a persistent problem of labour scarcity. The workforce is shifting from Alberta to Saskatchewan and Manitoba, where the economy is growing rapidly and the cost of accommodations is much lower. In the eastern part of the country, activity continues to be affected by lower demand for Canadian exports. This decline has a major effect on economic growth in the country, which dropped significantly in the fourth quarter of 2007. In the three-month period ending in February, the Canadian economy shrank by 0.7% on an annualized basis.

Consumer confidence has been shaken by fears of a recession in the United States and by difficult economic conditions in the manufacturing sector in Ontario and Quebec. In its April report on monetary policy, the Bank of Canada predicted a deeper and more protracted economic slowdown in the United States than suggested in its January report. The projection reflects a more pronounced impact on consumer spending of the contraction in the US housing market and significantly tighter credit conditions. Under the influence of this deterioration in the American economy and ongoing turbulence in international financial markets, the pace of expansion in the world economy has begun to slow since the last quarter of 2007.

According to the Bank of Canada, the recent downward trend in the expansion rate for the world economy will have consequences for the Canadian economy. First, exports are projected to continue to decline over the next quarters, and second, turbulence in global financial markets will continue to affect the cost and availability of credit. In this context, the Bank of Canada decided to lower its overnight rate by 50 basis points on March 4, 2008, and again on April 22, 2008, bringing it to 3%. In its most recent report, the Bank of Canada also lowered its economic growth prediction for Canada to 1.4%, down from 1.8% in the January report. In 2007, the Canadian economy grew by 2.7% of GDP.

The current interest rate environment remains favourable to high levels of housing starts and resales, but given the economic uncertainty, the Canada Mortgage and Housing Corporation (CMHC) predicted in its report in first quarter 2008 that housing starts will drop to 211,700 in 2008, compared to 228,343 in 2007, which is nevertheless a historically high level and conducive to expenditures for renovations.

In the first quarter of 2008, housing starts continued to grow at a rate of 12.7%, according to CMHC estimates. This growth sprang from multiple family dwellings, while starts of single family homes in the urban setting dropped by 10.7%. The demand for RONA products is largely related to starts of single family homes and has little connection to starts of multiple family dwellings. During the first quarter, we also noted a major decline in the demand for building materials in Alberta due to an unusually high inventory of unsold houses. This temporary drop in demand should be erased in the next few months as the inventory decreases and the market achieves balance again. The outflow of workers from Alberta toward Saskatchewan and Manitoba also led to an increase in the demand for building materials in those regions.

In terms of the sale of existing homes, the trend is also downward, with an estimate of 499,650 in 2008 compared to 520,000 in 2007. Again, these are historically high levels that should favour renovation expenditures when consumer confidence returns. The CMHC also predicts that the resale prices for houses will climb more moderately in 2008 than in 2007, at 5.2% compared to 10.6%, since the resale market is reaching its balance point.

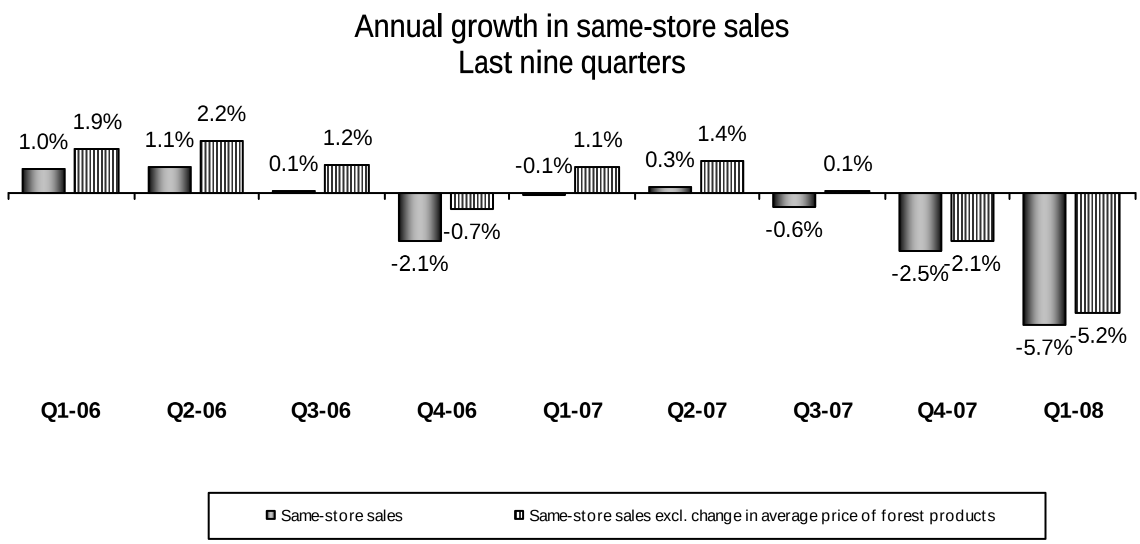
Despite significant regional differences, the Canadian construction and renovation market is performing well overall and seems much more solid than the American market, which continues to show a marked decline.

Finally, weather conditions during the first quarter were particularly unfavourable for construction and renovation activities in Eastern Canada. Nearly twice the usual snowfall affected Montreal, in Quebec, and Toronto, in Ontario, was faced with two and a half times as much snow as usual. Snowstorms also occurred several times on the weekend, usually our busiest store days. In addition to reducing the number of visits to the stores, the accumulation of snow in the eastern part of the country also slowed construction starts. And the two- to three-week delay in the arrival of spring also greatly affected same-store sales for businesses in the construction/renovation sector.

Consolidated sales

Consolidated sales in first quarter 2008 stood at $911.5 million, $33.0 million or 3.8% more than the $878.5 million posted in 2007. The growth can be mainly attributed to acquisitions, store openings, and the recruitment of new affiliate dealer-owners. Excluding the contributions of our acquisitions – Noble Trade, Dick's Lumber, Centre de Rénovation André Lessard and Best-MAR – consolidated sales dropped by 3.5%. Sales generated by new stores opened in the last 12 months could not compensate for the drop in same-store sales, which decreased by 5.2% in first quarter 2008, excluding the 0.5% decline in the price of forest products and the negative effect of statutory holidays, evaluated at 1.3%. A new statutory holiday ("Family Day") was introduced in Ontario, and the Easter weekend fell in the first quarter this year, rather than the second quarter last year.

As mentioned, this decrease stems from an ongoing decline in the level of consumer confidence in Canada, weather conditions that were especially unfavourable to construction/renovation activities in the eastern part of the country, and a temporary drop in the demand for building materials in Alberta. RONA's loyalty-building and sales-boosting activities, combined with employee efforts to offer the best service and shopping experience in the industry, have helped increase our average shopping basket, but the factors cited above created downward pressure on the number of transactions in stores. Sales declined in most product categories, indicating a general drop in renovation projects during the first quarter. We should mention, however, that sales of the RONA private brand increased by over 10%. This growth can be explained by the popularity of the RONA by Design projects, which include a number of private brand products. The strong demand for our Project Guide service is also influencing our private brand sales and our sale of installation services.



Note: Figures for Q4-06 and Q4-07 have been adjusted for the impact of the 14th week in Q4-06, and the figures for Q1-08 exclude the –1.3% impact of the addition/shift of statutory holidays.

Gross margin

In the first quarter of 2008, the Company's gross margin improved by 130 basis points, increasing from 28.4% in 2007 to 29.7% in 2008. This growth is the result of an improvement in purchasing conditions with our suppliers, a reduction of store losses (shrinkage), an increase in sales of private brand products and better management of product categories.

Consolidated operating income

Operating income was $33.4 million in the first quarter of 2008, down $7.5 million or 18.2% from 2007. Our EBITDA margin dropped from 4.65% in 2007 to 3.66% in 2008, a decrease of 99 basis points.

This decline is the result of downward pressure on sales in the construction/renovation industry due to lower consumer confidence levels and the effect of unfavourable weather conditions on sales. New stores that have not yet reached their full potential also contributed to the decline in operating income and gross profit margin. These factors could not be compensated by a rapid adjustment in the Company's cost structure at the beginning of the year, since this is the time of the year with the lowest sales, when variable costs are hard to adjust: the first quarter historically represents only about 15% of annual sales and 5% of annual earnings.

But these results mask a number of efficiency improvements posted under the PEP program that is the first phase of the 2008-2011 strategic plan. In the first quarter, this program allowed us to improve our gross margin, reduce inventory levels, excluding acquisitions and new stores, optimize the network of existing stores and distribution centres, and improve the results from recent store openings.

Interest and depreciation

Interest on long-term debt and bank loans in the first quarter of 2008 rang in at $7.9 million, compared to $7.0 million in 2007, an increase of $0.9 million or 12.6%. This is partly due to the increase in our debt related to the Company's expansion, in particularly the acquisition of Noble Trade at the beginning of 2007 and Dick's Lumber at the end of 2007. The recent drop in interest rates combined with disciplined financial management has reduced our interest expense in the first quarter compared to the last quarter of 2007.

Depreciation for first quarter 2008 was $25.2 million, compared to $21.6 million in 2007, an increase of $3.6 million or 16.9%. This stems from new corporate store start-ups, acquisitions, the renovation program for existing corporate stores, ongoing improvement of our information systems, and investment in our distribution infrastructure. Since the first quarter historically represents only about 15% of sales and 5% of earnings for the year, these fixed costs temporarily affect our profitability at the beginning of the year, especially when sales are under pressure.

Income taxes

Income taxes for the quarter amount to $0.1 million, for an effective tax rate of 30.1%. Last year, income taxes were $3.7 million, also a 30.1% effective tax rate.

Net earnings

Net earnings for the first quarter of 2008 were $1.0 million, or $0.01 per share, compared to $9.0 million in 2007 or $0.08 per share. The factors that affected operating income also apply to the change in net earnings, along with the increase in fixed costs related to the expansion of the network, particularly depreciation and financial costs related to recent store openings and acquisitions. Since the first quarter represents only about 15% of sales and 5% of earnings for the year, it is to be expected that the effect of these charges is more pronounced at the beginning of the year than in the other quarters.

SEGMENT ANALYSIS

RONA has two distinct business sectors: distribution, and corporate and franchise stores.

RONA: key segment figures for the quarter ended March 30, 2008

(in thousands of dollars)	**First quarter 2008**	First quarter 2007	$ Change over 2007	% Change over 2007
Segment sales				
Corporate and franchise stores	**683,029**	641,750	41,279	6.4%
Distribution	**491,401**	494,973	(3,572)	(0.7%)
Total	**1,174,430**	1,136,723	37,707	3.3%
Intersegment sales and royalties				
Corporate and franchise stores	**–**	–	–	–
Distribution	**(262,896)**	(258,227)	4,669	1.8%
Total	**(262,896)**	(258,227)	4,669	1.8%
Sales				
Corporate and franchise stores	**683,029**	641,750	41,279	6.4%
Distribution	**228,505**	236,746	(8,241)	(3.5%)
Total	**911,534**	878,496	33,038	3.8%
Operating income				
Corporate and franchise stores	**19,265**	24,802	(5,537)	(22.3%)
Distribution	**14,136**	16,048	(1,912)	(11.9%)
Total	**33,401**	40,850	(7,449)	(18.2%)
EBITDA margin				
Corporate and franchise stores	**2.82%**	3,86%	–	-104 b.p.
Distribution	**6.19%**	6.78%	–	-59 b.p.
Total	**3.66%**	4.65%	–	-99 b.p.

Note: During the period, the Company reviewed its segmented information analysis method and, as a result, modified the presentation of such information between segments. The 2007 comparable period was adjusted accordingly.

Corporate and franchise stores: sales up 6.4%, operating income down 22.3% and EBITDA margin down 104 basis points

Retail sales in the corporate and franchise store segment increased by $41.3 million, or 6.4% in the first quarter of 2008, reaching $683.0 million. Acquisitions completed in 2007 and early 2008 – Noble Trade in early 2007, Dick’s Lumber and Centre de Rénovation André Lessard in late 2007 and Best-MAR in early 2008 – played an important role in this growth. Excluding contributions from these acquisitions, consolidated sales dropped by 3.7%. Sales generated by new stores opened in the last 12 months have not been able to compensate for the drop in same-store sales, which declined by 5.2% in first quarter 2008, not counting a 0.5% drop in the average price of forest products, the effect of a new statutory holiday (“Family Day”) in Ontario, and the fact that the Easter weekend fell in the first quarter this year instead of the second, like last year. As mentioned, this decrease can also be attributed to an ongoing decline in the level of consumer confidence in Canada, to weather conditions that were especially bad for construction/renovation activities in the eastern part of the country, and to a temporary drop in the demand for building materials in Alberta.

RONA's loyalty-building and sales-boosting activities, combined with employee efforts to offer the best service and shopping experience in the industry, have helped increase our average customer shopping basket, but the factors cited above created downward pressure on the number of transactions in stores. Sales declined in most product categories, indicating a general drop in renovation products in the first quarter. We should mention, however, that sales of the RONA private brand increased by over 10%. This growth can be explained by the popularity of the RONA by Design projects, which include a number of private brand products. The strong demand for our Project Guide service is also influencing our private brand sales and our sale of installation services.

Operating income from retail activities was $19.3 million, compared to $24.8 million in first quarter 2007. Despite an improvement in gross margin, the EBITDA margin for retail activities decreased by 104 basis points. This drop is the result of downward pressure on same-store sales and the results of recently opened stores that have not yet reached their full potential. Because of strong seasonal fluctuations in our industry, these factors could not be compensated for by a rapid adjustment in our cost structure, especially with the labour shortage in several regions of the country. Besides, our goal is to give our customers the best service in the industry in every season. Finally, numerous training sessions were given in the quiet period of the first quarter.

Distribution: sales down 3.5%, operating income down 11.9% and operating margin down 59 basis points

Net of intersegment activities, distribution sales decreased by 3.5% to $228.5 million in 2008.

Between the two comparison years, we acquired all or most of the shares of several affiliates in order to strengthen RONA's presence in certain areas of the country. On a comparable basis, excluding these acquisitions, sales declined by 1.5% in the first quarter of 2008, stemming from a drop in activity levels in our industry, better supply planning, and a time lag in deliveries due to especially adverse weather conditions in first quarter 2008 compared to first quarter 2007.

Distribution activities generated operating income of $14.1 million in first quarter 2008, compared to $16.0 million in the same quarter a year earlier, for a decrease of $1.9 million or 11.9%. Despite an increase in gross profit margin, the EBITDA margin dropped by 59 basis points, reflecting the lower activity levels in the first quarter, a time of the year when variable costs are hard to control given the low level of activity in the industry. The decrease also reflects an increase in transportation costs and the negative impact of the exchange rate, compared to a positive exchange rate in first quarter 2007.

This drop masks a significant improvement in the operational efficiency of the Company's distribution activities, which was achieved through better demand management and improved supply planning, reducing the amount of space required for distribution, and the optimization of the various available supply channels, especially for imports, to lower logistics costs. These improvements also allowed us to cut distribution centre inventory levels by $40 million in the first quarter compared to first quarter 2007.

TREASURY AND FINANCIAL POSITION

Operations generated $27.2 million in first quarter 2008, compared to $26.0 million in the same quarter of 2007. Net of the increase in working capital related to the growth and development of the retail and distribution network, operations required $125.9 million, compared to

$131.6 million in 2007. Same-store and distribution centre inventories declined by $83 million compared to first quarter 2007.

During the first quarter of 2008, we invested $42.1 million in fixed assets, compared to $42.8 million in 2007. These investments related to the expansion of our retail network, namely, the construction of new stores as well as repairs, renovations and upgrades of existing stores to reflect our new concepts, especially for stores flying the Réno-Dépôt banner. Significant investments were also approved for the continuous improvement of information systems in order to increase our operational effectiveness. The Company practised disciplined financial management for the entire quarter and strictly monitored investments in fixed assets. Non-strategic assets were also put up for sale this quarter.

The table below presents a synopsis of the Company's contractual obligations as at March 30, 2008, including off-balance sheet leasing agreements used in the normal course of business. The Company has also concluded off-balance sheet arrangements such as the buy-back of inventory goods and guaranteed mortgage loans (arrangements which do not appear in the table below). For a detailed description of these arrangements, please see note 7 in the interim consolidated financial statements.

RONA: Contractual obligations by term
(As at March 30, 2008)

Contractual obligations	**Payments by term (thousands of dollars)**				
	Total	**Less than 1 year**	**1-2 years**	**3-4 years**	**5 years and more**
Long-term loans	746,718	6,454	8,498	324,091	407,675
Obligations under capital leases	15,925	6,390	7,713	1,704	118
Operating and other leases	1,262,784	115,535	221,398	201,725	724,126
Other long-term obligations	71,262	42,397	24,065	4,763	37
Total	**2,096,689**	**170,776**	**261,674**	**532,283**	**1,131,956**

RONA: Shares outstanding as at May 9, 2008

Common shares	115,678,576
Unexercised options	3,144,152
Total	118,822,728

RONA's balance sheet remains very strong. On March 30, 2008, the ratio of total debt to capital was 38.0%, compared to 35.1% at the end of the corresponding quarter in 2007. RONA's equity/asset ratio stood at 48.8% at the end of the first quarter 2008, compared to 49.4% at the same date in 2007.

The Company's operations produce significant cash flow. With relatively low debt and long-term fixed rates on most of our long-term debt, we have significant liquidity and can access $170 million in additional debt at competitive rates. Our financial resources are sufficient to pursue disciplined development in our four growth vectors: growth of the existing store network, construction of new corporate and franchise stores, recruitment of new affiliate stores and acquisitions.

In 2008, our capital spending program will be in the area of $240 million. Of this sum, approximately $180 million will be allocated to store construction, upgrades and renovations and property acquisitions. About $20 million will be spent expanding the distribution network to sustain the rapid growth of our network in the western part of the country. Finally, some $40 million will go to the ongoing improvement of our information systems.

QUARTERLY INFORMATION

RONA: Consolidated Quarterly Financial Results
(in millions of dollars, except earnings per share)

	2008	2007				2006*			
	Q1	Q4	Q3	Q2	Q1	Q4*	Q3	Q2	Q1
Sales	**911.5**	1,087.0	1,350.5	1,469.1	878.5	1,141.3	1,265.8	1,346.0	798.8
Operating income	**33.4**	75.9	121.6	161.8	40.9	86.7	109.6	145.0	42.6
Net earnings	**1.0**	30.5	59.4	86.2	9.0	38.1	56.1	80.0	16.4
Earnings per share ($)	**0.01**	0.26	0.52	0.75	0.08	0.33	0.49	0.70	0.14
Diluted earnings per share ($)	**0.01**	0.26	0.51	0.74	0.08	0.33	0.48	0.69	0.14

** Q4 2006 consisted of 14 weeks, compared to 13 weeks for the other quarters.*

As we mentioned at the end of the year, RONA's sector varies significantly from one quarter to another. Sales in the first quarter of the year are always lower than in the other three quarters, because of the low activity levels in the renovation sector in the winter. Furthermore, bad weather conditions can have a major impact on sales. With the increase in the proportion of our activities related to the corporate store and franchise segment, and the greater proportion of products related to building materials, the seasonal effect of the first quarter has been more pronounced in 2007 and 2008 than in previous years.

OUTLOOK

As described in detail in the section on economic conditions, consumer confidence has been shaken for the last few quarters and especially since the beginning of 2008, due to fears of a recession in the United States, the major softening of the manufacturing sector in Eastern Canada and the rise in prices for items such as fuel. This situation, combined with the temporary slowdown in the demand for building materials in Alberta and the predicted drop in starts of single family homes in Canada, will continue to put downward pressure on sales in our industry.

The numerous optimization measures introduced under the PEP program in Phase 1 of our 2008-2011 strategic plan and the various initiatives undertaken to boost sales and stimulate customer loyalty will continue to produce gains over the next quarters and their effect will gradually increase. These measures will allow us to compensate for the negative effects arising from the downward pressure on sales in our industry.

We are keeping our sights on our 2008-2011 financial objectives, but achieving our goal of low single-digit growth in average earnings per share in the first half of the plan is turning out to be a bigger challenge than expected, given our first quarter results and the greater-than-anticipated slowdown in the Canadian economy. We are nevertheless very optimistic about the fundamental factors that support the demand for and interest in renovation projects, and we are already preparing for the recovery of our sector.

SUBSEQUENT EVENTS

On April 23, 2008, at our Annual Shareholders Meeting, RONA announced the recruitment of nine independent dealer-owners in the two months following the publication of our year-end results on February 20. These dealers, who now fly the RONA banner, come from various purchasing groups in Western Canada and Quebec and represent estimated annual retail sales of some $50 million. Eight of these dealers own stores ranging from 2,000 to 24,000 square feet, and one plans to build a proximity store of 52,000 square feet.

At the end of April, RONA made the decision to close two big-box stores and consolidate the sale volume from these stores to neighbouring RONA stores. Strong growth in recent years leading to store openings, the recruitment of independent dealers and acquisitions has made it necessary to consolidate operations in order to increase the overall efficiency of the RONA network. This decision is consistent with the efficiency improvement initiatives taken under the PEP program (Productivity, Efficiency and Profitability) launched at the beginning of the year. The operations of the Scarborough store, acquired in the transaction with Réno-Dépôt in 2003 and located at 1970 Eglinton, will be transferred to other corporate big-box RONA stores in the area. The operations of the Richmond store, located at 3000 Sexsmith Street in Richmond BC will be transferred to a RONA affiliate in the area, Mack Foster Building Supplies, located at 7111 Elmbridge Road, and to nearby corporate stores. The employees from the Scarborough store will be relocated to other nearby RONA stores. The employees from the Richmond store will be offered jobs in stores in the area. In this situation, RONA's priority is to treat the employees with the greatest respect.

RISKS AND UNCERTAINTIES

There have been no significant changes to the Company's principal risks and uncertainties during the first quarter of 2008. Please refer to the Annual MD&A for a complete description of the risks the Company faces.

CHANGES IN ACCOUNTING POLICIES

At the beginning of the interim period the Company retroactively adopted without restatement of prior period financial statements the following new recommendations of the Canadian Institute of Chartered Accountants' (CICA) Handbook:

Financial instruments – Disclosures and presentation

Section 3862, *Financial Instruments - Disclosures* describes the required disclosures related to the significance of financial instruments on the entity's financial position and performance and the nature and extent of risks arising for financial instruments to which the entity is exposed and how the entity manages those risks. Section 3863, *Financial Instruments – Presentation* establishes standards for presentation of financial instruments and non-financial derivatives. These Sections complement the principles of recognition, measurement and presentation of financial instruments of Section 3855, *Financial Instruments – Recognition and Measurement* and Section 3865, *Hedges* and replace the presentation standards of Section 3861, *Financial Instruments – Disclosure and Presentation.*

Capital disclosures

Section 1535, *Capital Disclosures* establishes standards for disclosing information about the entity's capital and how it is managed to enable users of financial statements to evaluate the entity's objectives, policies and procedures for managing capital.

Inventories
Section 3031, *Inventories,* replaces Section 3030 of the same title and prescribes the basis and method for measuring inventories. It allows for the reversal of any previous write-down of inventories as a result of an increase in value. Finally, the Section prescribes new requirements on the disclosure of the accounting policies adopted, carrying amounts, amounts recognized as an expense, the amount of any write-down and the amount of any reversal of a write-down.

The adoption of the new recommendations had no material impact on the Company's results, financial position and cash flow.

SIGNIFICANT ACCOUNTING ESTIMATES

No significant changes have been noted since the publication of the MD&A for the year ended December 30, 2007.

INTERNAL CONTROL OVER FINANCIAL REPORTING

During the quarter ended March 30, 2008, no change to internal control over financial reporting has occurred that has materially affected, or is reasonably likely to have materially affected, such control.

FORWARD-LOOKING STATEMENTS

This MD&A includes "forward-looking statements" that involve risks and uncertainties. All statements other than statements of historical facts included in this MD&A, including statements regarding the prospects of the industry and prospects, plans, financial position and business strategy of the Company, may constitute forward-looking statements within the meaning of the Canadian securities legislation and regulations. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "may," "will," "expect," "intend," "estimate," "anticipate," "plan," "foresee," "believe" or "continue" or the negatives of these terms or variations of them or similar terminology. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to have been correct. Forward-looking statements do not take into account the effect that transactions or non-recurring or other special items announced or occurring after the statements are made have on the Company's business. For example, they do not include the effect of dispositions, acquisitions, other business transactions, asset write-downs or other charges announced or occurring after forward-looking statements are made.

Investors and others are cautioned that undue reliance should not be placed on any forward-looking statements. For more information on the risks, uncertainties and assumptions that would cause the Company's actual results to differ from current expectations, please also refer to the Company's public filings available at www.sedar.com and www.rona.ca. In particular, further details and descriptions of these and other factors are disclosed in this MD&A under the "Risks and Uncertainties" section and in the "Risk Factors" section of the Company's current Annual Information Form.

The forward-looking statements in this MD&A reflect the Company's expectations as of May 12, 2008, and are subject to change after this date. The Company expressly disclaims any obligation or intention to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by the applicable securities laws.

ADDITIONAL INFORMATION

This MD&A was prepared on May 12, 2008. The reader will find additional information concerning RONA, including the Company's Annual Information Form, on the Company's Web site at www.rona.ca or on SEDAR at www.sedar.com.

Claude Guévin CA
Executive Vice President and
Chief Financial Officer

Robert Dutton
President and Chief Executive Officer

RONA inc.
Consolidated Earnings
For the thirteen-week periods ended March 30, 2008 and April 1, 2007
(Unaudited, in thousands of dollars, except earnings per share)

	2008	2007
Sales	**$ 911,534**	$ 878,496
Earnings before the following items	**33,401**	40,850
Interest on long-term debt	**7,662**	6,247
Interest on bank loans	**258**	784
Depreciation and amortization	**25,247**	21,605
	33,167	28,636
Earnings before income taxes and non-controlling interest	**234**	12,214
Income taxes	**70**	3,678
Earnings before non-controlling interest	**164**	8,536
Non-controlling interest	**(851)**	(491)
Net earnings and comprehensive income	**$ 1,015**	$ 9,027
Net earnings per share (Note 13)		
Basic	**$ 0.01**	$ 0.08
Diluted	**$ 0.01**	$ 0.08

The accompanying notes are an integral part of the interim consolidated financial statements.

RONA inc.
Consolidated Retained Earnings
Consolidated Contributed Surplus

For the thirteen-week periods ended March 30, 2008 and April 1, 2007
(Unaudited, in thousands of dollars)

	2008	2007
Consolidated Retained Earnings		
Balance, beginning of period, as previously reported	**$ 892,967**	$ 709,467
Financial instruments - recognition and measurement	**–**	(1,589)
Restated balance, beginning of period	**892,967**	707,878
Net earnings	**1,015**	9,027
Balance, end of period	**$ 893,982**	$ 716,905

	2008	2007
Consolidated Contributed Surplus		
Balance, beginning of period	**$ 11,045**	$ 9,182
Compensation cost relating to stock option plans	**379**	471
Exercise of stock options	**–**	(219)
Balance, end of period	**$ 11,424**	$ 9,434

The accompanying notes are an integral part of the interim consolidated financial statements.

RONA inc.
Consolidated Cash Flows

For the thirteen-week periods ended March 30, 2008 and April 1, 2007
(Unaudited, in thousands of dollars)

	2008	2007
Operating activities		
Net earnings	**$ 1,015**	$ 9,027
Non-cash items		
Depreciation and amortization	**25,247**	21,605
Derivative financial instruments	**568**	(1,224)
Future income taxes	**78**	(4,281)
Compensation cost relating to stock option plans	**379**	471
Non-controlling interest	**(851)**	(491)
Other items	**797**	879
	27,233	25,986
Changes in working capital items	**(153,105)**	(157,543)
Cash flows from operating activities	**(125,872)**	(131,557)
Investing activities		
Business acquisitions (Note 3)	**(2,128)**	(3,023)
Advances to joint ventures and other advances	**5,943**	4,025
Fixed assets	**(42,135)**	(42,780)
Other assets	**(2,102)**	(1,493)
Disposal of assets	**3,031**	1,270
Cash flows from investing activities	**(37,391)**	(42,001)
Financing activities		
Bank loans and revolving credit	**152,723**	123,038
Other long-term debt	**1,977**	922
Repayment of other long-term debt and redemption of preferred shares	**(3,018)**	(9,742)
Issue of common shares	**556**	2,220
Cash flows from financing activities	**152,238**	116,438
Net decrease in cash	**(11,025)**	(57,120)
Cash, beginning of year	**2,866**	58,486
Cash (outstanding cheques), end of year	**$ (8,159)**	$ 1,366
Supplementary information		
Interest paid	**$ 15,124**	$ 6,668
Income taxes paid	**$ 23,883**	$ 37,462

The accompanying notes are an integral part of the interim consolidated financial statements.

RONA inc.
Consolidated Balance Sheets
March 30, 2008, April 1, 2007 and December 30, 2007
(In thousands of dollars)

	2008 March 30 (Unaudited)	2007 April 1 (Unaudited)	2007 December 30
Assets			
Current assets			
Cash	**$ –**	$ 1,366	$ 2,866
Accounts receivable	**298,362**	266,320	237,043
Income taxes receivable	**29,575**	22,254	5,684
Inventory (Note 4)	**966,932**	943,878	856,326
Prepaid expenses	**49,481**	27,165	27,913
Derivative financial instruments (Note 10)	**139**	-	1,168
Future income taxes	**10,520**	15,627	12,279
	1,355,009	1,276,610	1,143,279
Investments	**12,143**	14,793	11,901
Fixed assets	**795,742**	662,102	816,919
Fixed assets held for sale (Note 5)	**42,317**	-	-
Goodwill	**457,547**	317,399	454,882
Trademarks	**4,058**	1,326	4,145
Other assets	**28,045**	25,321	28,685
Future income taxes	**22,499**	18,438	22,635
	$ 2,717,360	$ 2,315,989	$ 2,482,446
Liabilities			
Current liabilities			
Outstanding cheques	**$ 8,159**	$ -	$ -
Bank loans	**18,997**	27,813	19,574
Accounts payable and accrued liabilities	**492,079**	485,485	421,446
Derivative financial instruments (Note 10)	**607**	1,158	1,067
Future income taxes	**3,217**	971	3,650
Instalments on long-term debt	**40,146**	25,883	34,239
	563,205	541,310	479,976
Long-term debt	**753,859**	565,431	602,537
Other long-term liabilities	**25,382**	21,282	24,526
Future income taxes	**22,396**	20,491	23,781
Non-controlling interest	**25,362**	22,980	26,420
	1,390,204	1,171,494	1,157,240
Shareholders' equity			
Capital stock (Note 6)	**421,750**	418,156	421,194
Retained earnings	**893,982**	716,905	892,967
Contributed surplus	**11,424**	9,434	11,045
	1,327,156	1,144,495	1,325,206
	$ 2,717,360	$ 2,315,989	$ 2,482,446

The accompanying notes are an integral part of the interim consolidated financial statements.

1. Basis of presentation

The accompanying unaudited interim consolidated financial statements are in accordance with Canadian generally accepted accounting principles for interim financial statements and do not include all the information required for complete financial statements. They are also consistent with the policies outlined in the Company's audited financial statements for the year ended December 30, 2007. The interim financial statements and related notes should be read in conjunction with the Company's audited financial statements for the year ended December 30, 2007. The interim operating results do not necessarily reflect the results for the full fiscal year. Accordingly, the comparative balance sheet at as April 1, 2007 is also included to reflect seasonal fluctuations that characterize the hardware, renovation and home garden industry. When necessary, the financial statements include amounts based on estimated information and management's best judgments.

2. Changes in accounting policies

At the beginning of the interim period the Company retroactively adopted without restatement of prior period financial statements the following new recommendations of the Canadian Institute of Chartered Accountants' (CICA) Handbook:

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Section 3862, *Financial Instruments - Disclosures* describes the required disclosures related to the significance of financial instruments on the entity's financial position and performance and the nature and extent of risks arising for financial instruments to which the entity is exposed and how the entity manages those risks. Section 3863, *Financial Instruments – Presentation* establishes standards for presentation of financial instruments and non-financial derivatives. These Sections complement the principles of recognition, measurement and presentation of financial instruments of Section 3855, *Financial Instruments – Recognition and Measurement* and Section 3865, *Hedges* and replace the presentation standards of Section 3861, *Financial Instruments – Disclosure and Presentation.*

Capital disclosures
Section 1535, *Capital Disclosures* establishes standards for disclosing information about the entity's capital and how it is managed to enable users of financial statements to evaluate the entity's objectives, policies and procedures for managing capital.

(Unaudited, in thousands of dollars, except amounts per share)

2. Changes in accounting policies (continued)

Inventories
Section 3031, *Inventories*, replaces Section 3030 of the same title and prescribes the basis and method for measuring inventories. It allows for the reversal of any previous write-down of inventories as a result of an increase in value. Finally, the Section prescribes new requirements on the disclosure of the accounting policies adopted, carrying amounts, amounts recognized as an expense, the amount of any write-down and the amount of any reversal of a write-down.

The adoption of the new recommendations had no material impact on the results, financial position and cash flows of the Company.

3. Business acquisitions

During the period ended March 30, 2008, the Company acquired one company (two companies in 2007), operating in the corporate and franchised stores segment, by way of an asset purchase (share and asset purchases in 2007). Taking direct acquisition costs into account, this acquisition was for a total consideration of $5,389 ($3,133 in 2007). The Company financed this acquisition from its existing credit facilities. The results of operations of this company are consolidated from the date of acquisition.

The preliminary purchase price allocation of the acquisitions was established as follows:

	2008	2007
Current assets	**$ 3,975**	$ 6,424
Fixed assets	**634**	2,378
Goodwill	**2,665**	841
Future income taxes	**–**	163
Current liabilities	**(1,885)**	(3,149)
Long-term debt	**–**	(3,524)
	5,389	3,133
Less : Accrued direct acquisition costs	**(162)**	–
Balance of purchase price	**(3,099)**	(110)
Cash consideration paid	**$ 2,128**	$ 3,023

The Company expects that an amount of $1,725 of goodwill will be deductible for tax purposes.

(Unaudited, in thousands of dollars, except amounts per share)

4. Inventory

For the thirteen-week period ended March 30, 2008, $640,738 of inventory was expensed in the consolidated results ($629,313 as at April 1, 2007). The amount includes a depreciation charge of $7,790 ($7,438 as at April 1, 2007).

5. Fixed assets held for sale

The Company has decided to dispose of land and buildings in the corporate and franchised store segment which are no longer used in operations, and accordingly, established a detailed plan to sell. The Company expects to dispose of these assets in the current year.

6. Capital stock

Issued and fully paid:

The following tables present changes in the number of outstanding common shares and their aggregate stated value:

	March 30, 2008	
	Number of shares	**Amount**
Balance, beginning of period	**115,412,766**	**$ 418,246**
Issuance in exchange for common share subscription deposits	**197,854**	**3,350**
Issuance in exchange for cash	**20,764**	**290**
Balance before elimination of reciprocal shareholdings	**115,631,384**	**421,886**
Elimination of reciprocal shareholdings	**(72,396)**	**(435)**
Balance, end of period	**115,558,988**	**421,451**
Deposits on common share subscriptions, net of eliminations of joint ventures [(a)]		**299**
		$ 421,750

	April 1, 2007	
	Number of shares	Amount
Balance, beginning of period	114,935,569	$ 413,542
Issuance in exchange for common share subscription deposits	120,715	2,513
Issuance under stock option plans	334,327	1,859
Issuance in exchange for cash	2,350	55
Balance before elimination of reciprocal shareholdings	115,392,961	417,969
Elimination of reciprocal shareholdings	(56,841)	(341)
Balance, end of period	115,336,120	417,628
Deposits on common share subscriptions, net of eliminations of joint ventures [(a)]		528
		$ 418,156

(Unaudited, in thousands of dollars, except amounts per share)

6. Capital stock (continued)

	December 30, 2007	
	Number of shares	Amount
Balance, beginning of year	114,935,569	$ 413,542
Issuance in exchange for common share subscription deposits	120,715	2,513
Issuance under stock option plans	339,327	1,876
Issuance in exchange for cash	17,155	315
Balance before elimination of reciprocal shareholdings	115,412,766	418,246
Elimination of reciprocal shareholdings	(70,319)	(401)
Balance, end of year	115,342,447	417,845
Deposits on common share subscriptions, net of eliminations of joint ventures [a]		3,349
		$ 421,194

[a] Deposits on common share subscriptions represent amounts received during the year from affiliated and franchised merchants in accordance with commercial agreements. These deposits are exchanged for common shares on an annual basis.

Stock option plan of May 1, 2002

The Company adopted a stock option plan for designated senior executives which was approved by the shareholders on May 1, 2002. A total of 2,920,000 options were granted at that date. Options granted under the plan may be exercised since the Company made a public share offering on November 5, 2002. The Company can grant options for a maximum of 3,740,000 common shares. As at March 30, 2008 the 2,920,000 options granted have an exercise price of $3.47 and of this number, 1,449,500 options (1,444,500 options as at April 1, 2007) were exercised.

The fair value of each option granted was estimated at the grant date using the Black-Scholes option-pricing model. Calculations were based upon a market price of $3.47, an expected volatility of 30%, a risk-free interest rate of 4.92%, an expected life of four years and 0% expected dividend. The fair value of options granted was $1.10 per option according to this method.

No compensation cost was expensed with respect to this plan for the thirteen-week periods ended March 30, 2008 and April 1, 2007.

Stock option plan of October 24, 2002

On October 24, 2002, the Board of Directors approved another stock option plan for designated senior executives of the Company and for certain designated directors. The total number of common shares which may be issued pursuant to the plan will not exceed 10% of the common shares issued and outstanding less the number of shares subject to options granted under the stock option plan of May 1, 2002. These options become vested at 25% per year, if the market price of the common share has traded, for at least 20 consecutive trading days during the twelve-month period preceding the grant anniversary date, at a price equal to or higher than the grant price plus a premium of 8% compounded annually.

(Unaudited, in thousands of dollars, except amounts per share)

6. Capital stock (continued)

On March 8, 2007, the Board of Directors approved certain modifications to the plan. These modifications were also approved by the shareholders at the annual shareholders' meeting on May 8, 2007. These modifications establish that this plan is no longer applicable to the designated directors of the Company and also provide for the replacement of the terms and conditions for granting options under the plan by a more flexible mechanism for setting the terms and conditions for granting options. The Board of Directors will adopt the most appropriate terms and conditions relative to each type of grant. For the options granted on March 8, 2007 and February 29, 2008, the Board approved the option grants with vesting over a four-year period following the anniversary date of the grants at 25 % per year.

As at March 30, 2008, the 1,944,052 options (1,700,852 options as at April 1, 2007) granted have exercise prices ranging from $14.18 to $26.87 ($14.29 to $26.87 as at April 1, 2007) and of this number, 85,100 options (85,100 options as at April 1, 2007) have been exercised and 180,300 options (95,200 options as at April 1, 2007) have been forfeited.

The fair value of stock options granted was estimated at the grant date using the Black-Scholes option-pricing model on the basis of the following weighted average assumptions for the stock options granted during the period:

	March 30, 2008	April 1, 2007
Weighted average fair value per option granted	**$4.42**	$8.50
Risk-free interest rate	**3.25%**	3.90 %
Expected volatility in stock price	**26%**	26 %
Expected annual dividend	**0%**	0 %
Expected life (years)	**6**	6

Compensation cost expensed with respect to this plan was $379 for the thirteen-week period ended March 30, 2008 ($471 as at April 1, 2007).

(Unaudited, in thousands of dollars, except amounts per share)

6. Capital stock (continued)

A summary of the situation of the Company's stock option plans and the changes that occurred during the periods then ended is presented below:

		March 30, 2008
	Options	**Weighted average exercise price**
Balance, beginning of period	**2,922,552**	**$ 11.31**
Granted	**243,200**	**14.18**
Forfeited	**(16,600)**	**21.24**
Balance, end of period	**3,149,152**	**11.48**
Options exercisable, end of period	**2,054,569**	**$ 7.06**

		April 1, 2007
	Options	Weighted average exercise price
Balance, beginning of period	3,162,479	$ 10.16
Granted	196,000	23.58
Exercised	(334,327)	4.90
Forfeited	(28,100)	19.62
Balance, end of period	2,996,052	11.53
Options exercisable, end of period	1,896,600	$ 6.20

		December 30, 2007
	Options	Weighted average exercise price
Balance, beginning of year	3,162,479	$ 10.16
Granted	196,000	23.58
Exercised	(339,327)	4.88
Forfeited	(96,600)	20.94
Balance, end of year	2,922,552	11.31
Options exercisable, end of year	2,011,194	$ 6.70

(Unaudited, in thousands of dollars, except amounts per share)

6. Capital stock (continued)

The following table summarizes information relating to stock options outstanding as at March 30, 2008:

Exercise price	Expiration date	Options outstanding	Options exercisable
$ 3.47	December 31, 2012	1,470,500	1,470,500
$ 14.18	February 29, 2018	243,200	–
$ 14.29	December 16, 2013	432,550	432,550
$ 20.27	December 22, 2014	411,250	103,750
$ 21.21	February 24, 2016	372,000	–
$ 21.78	September 1, 2016	17,576	4,394
$ 23.58	March 8, 2017	173,500	43,375
$ 23.73	April 5, 2015	11,000	–
$ 26.87	February 24, 2016	17,576	–
		3,149,152	2,054,569

7. Guarantees

In the normal course of business, the Company reaches agreements that could meet the definition of “guarantees” in AcG-14.

The Company guarantees mortgages for an amount of $2,238. The terms of these loans extend until 2012 and the net carrying amount of the assets held as security, which mainly include land and buildings, is $5,971.

Pursuant to the terms of inventory repurchase agreements, the Company is committed towards financial institutions to buy back the inventory of certain customers at an average of 62% of the cost of the inventory to a maximum of $57,246. In the event of recourse, this inventory would be sold in the normal course of the Company’s operations. These agreements have undetermined periods but may be cancelled by the Company with a 30-day advance notice. In the opinion of management, the likelihood that significant payments would be incurred as a result of these commitments is low.

8. Vendor rebates

In accordance with EIC-144 *Accounting by a customer (including a reseller) for certain consideration received from a vendor,* the Company must disclose the amount recognized for which the full requirements for vendor rebate entitlement have not yet been met. For the thirteen-week period ended March 30, 2008, the Company recognized an amount of $4,481 ($6,234 as at April 1, 2007) which was estimated based on the attainment of specified requirements to receive the rebates.

9. Capital disclosures

The Company maintains a level of capital that is sufficient to meet several objectives, including an acceptable debt to capital ratio to provide access to adequate funding sources to support current operations, pursue its internal growth strategy and undertake targeted acquisitions.

Total debt includes bank loans and long-term debt. The Company's capital includes total debt and equity.

As at March 30, 2008, the Company's debt to capital ratio is 38.0% (35.1% as at April 1, 2007).

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares or sell assets to reduce debt.

The Company's credit facilities include certain covenants affecting, among others, the leverage ratio and the interest coverage ratios. These ratios are submitted to the Board of Directors each quarter and, as at March 30, 2008, the Company is in compliance with the ratios. Other than covenants related to its credit facilities, the Company is not subject to any other externally imposed capital requirements.

(Unaudited, in thousands of dollars, except amounts per share)

10. Financial instruments

The carrying amounts and fair values of financial instruments were as follows:

	March 30, 2008		April 1, 2007		December 30, 2007	
	Carrying amount	**Fair value**	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets held for trading						
Cash	$ –	$ –	$ 1,366	$ 1,366	$ 2,866	$ 2,866
Derivative financial instruments	**139**	**139**	–	–	1,168	1,168
Loans and receivables						
Accounts receivable	**298,362**	**298,362**	266,320	266,320	237,043	237,043
Redeemable preferred shares	**1,071**	**1,071**	1,400	1,400	1,071	1,071
Financial liabilities						
Bank loans	**18,997**	**18,997**	27,813	27,813	19,574	19,574
Accounts payable and accrued liabilities	**492,079**	**492,079**	485,485	485,485	421,446	421,446
Revolving credit	**313,500**	**313,500**	118,009	118,009	160,200	160,200
Debentures	**395,909**	**343,821**	395,529	393,942	395,821	372,145
Mortgage loans and balance of purchase price	**64,354**	**64,354**	54,287	54,287	60,438	60,438
Preferred shares	**5,000**	**5,000**	6,000	6,000	5,000	5,000
Financial liabilities held for trading						
Outstanding cheques	**8,159**	**8,159**	–	–	–	–
Derivative financial instruments	**607**	**607**	1,158	1,158	1,067	1,067

The following methods and assumptions were used to determine the estimated fair value of each class of financial instruments:

- The fair value of accounts receivable, bank loans and accounts payable and accrued liabilities is comparable to their carrying amount, given the short maturity periods;
- The fair value of loans and advances, substantially all of which have been granted to dealer-owners, has not been determined because such transactions have been conducted to maintain or to develop favourable trade relationships and do not necessarily reflect terms and conditions which would have been negotiated with arm's length parties. Moreover, the Company holds sureties on certain investments which provide it with potential recourse regarding the operations of the dealer-owners in question;
- The fair value of the revolving credit, mortgage loans and balance of purchase price is equivalent to their carrying amount given that significant loans bear interest at rates that fluctuate with the market rate;

(Unaudited, in thousands of dollars, except amounts per share)

10. Financial instruments (continued)

- The fair value of debentures was determined using market prices;
- The fair value of class C preferred shares, Series 1 and class D preferred shares, included in long-term debt, approximates their redemption value;
- The fair value of derivative instruments was determined by comparing the original rates of the derivatives with rates prevailing at the revaluation date for contracts having equal values and maturities.

The revenues, expenses, gains and losses resulting from financial assets and liabilities recorded in net earnings are as follows:

	2008	2007
Interest on accounts receivable	**$ (710)**	$ (1,226)
Interest on long-term loans and advances	**(1,064)**	(841)
Dividends on redeemable preferred shares	**(26)**	(21)
Interest on cash and bank loans	**258**	784
Interest on long - term debt	**7,662**	6,247
Loss (gain) on fair value of derivative financial instruments	**3,632**	(275)

Credit risk

Credit risk relates to the risk that a party to a financial instrument will not fulfil some or all of its obligations, thereby causing the Company to sustain a financial loss. The main risks relate to accounts receivable and the Company's loans and advances receivable. The Company may also be exposed to credit risk from its cash and its forward exchange contracts, which is managed by dealing with reputable financial institutions.

To manage credit risk from accounts receivable and loans and advances receivable, the Company has mortgages on some movable and immovable property owned by the debtors as well as guarantees. It examines their financial stability on a regular basis. The Company records allowances, determined on a client-per-client basis, at the balance sheet date to account for potential losses.

(Unaudited, in thousands of dollars, except amounts per share)

10. Financial instruments (continued)

As at March 30, 2008, the aging of accounts receivable is as follows:

Current	$ 234,586
Past due 0 - 30 days	27,999
Past due 31-120 days	14,080
Past due over 121 days	15,607
Trade accounts receivable	292,272
Less allowance for doubtful accounts	11,683
	$ 280,589

The following table provides the change in allowance for doubtful accounts for trade accounts receivable:

Balance as at December 30, 2007	$ 10,181
Variance in allowance for doubtful accounts	1,502
Balance as at March 30, 2008	$ 11,683

Liquidity risk
Liquidity risk is the risk that the Company will be unable to fulfil its obligations on a timely basis or at a reasonable cost. The Company manages its liquidity risk by monitoring its operating requirements and using various funding sources to ensure its financial flexibility. The Company prepares budget and cash forecasts to ensure that it has sufficient funds to fulfil its obligations. In recent years, the Company financed the growth of its capacity and sales primarily through cash flows from operations, used its revolving credit on a regular basis and issued debentures to finance working capital requirements and acquisitions.

(Unaudited, in thousands of dollars, except amounts per share)

10. Financial instruments (continued)

The following table presents the financial liability instalments payable when contractually due, excluding future interest payments but including accrued interest as at March 30, 2008:

	Carrying amount	Less than 1 year	1 - 2 years	3 - 4 years	5 years and more
Revolving credit	$ 313,500	$ –	$ –	$ 313,500	$ –
Debentures	400,000	–	–		400,000
Mortgage loans and balance of purchase price	64,624	32,782	13,576	10,591	7,675
Obligations under capital leases	15,925	6,390	7,713	1,704	118
Preferred shares	5,000	1,000	2,000	2,000	–
Bank loans	18,997	18,997	–	–	–
Accounts payable and accrued liabilities	492,079	492,079	–	–	–
Derivative financial instruments	607	607	–	–	–
Total	$ 1,310,732	$ 551,855	$ 23,289	$ 327,795	$ 407,793

Exchange risk
The Company is exposed to exchange risk as a result of its U.S. dollar purchases. To limit the impact of fluctuations of the Canadian dollar over the U.S. dollar on net earnings, the Company uses forward exchange contracts. The Company does not use derivative financial instruments for speculative or trade purposes.

As at March 30, 2008, the par value of forward exchange contracts is US$17,100. The average rate of these contracts is 1.0119 and they expire on various dates until July 2008.

On March 30, 2008, a 1% increase or decrease in the exchange rate of the Canadian dollar compared to the U.S. dollar, assuming that all other variables are constant, would have resulted in a $203 increase or decrease in the Company's net earnings for the thirteen-week period ended March 30, 2008.

Interest rate risk
In the normal course of business, the Company is exposed to interest rate fluctuation risk as a result of the floating-rate loans and debts receivable and loans payable. The Company manages its interest rate fluctuation exposure by allocating its financial debt between fixed and floating-rate instruments.

On March 30, 2008, a 25-basis-point increase or decrease in interest rates, assuming that all other variables are constant, would have resulted in a $137 increase or decrease in the Company's net earnings for the thirteen-week period ended March 30, 2008.

(Unaudited, in thousands of dollars, except amounts per share)

11. Employee future benefits

As at March 30, 2008, the Company has eight defined contribution pension plans and four defined benefit pension plans. The net pension expense for the benefit plans is as follows:

	2008	2007
Costs recognized for defined contribution pension plans	**$ 2,176**	$ 2,084
Costs recognized for defined benefit pension plans	**197**	326
Net employee future benefit costs	**$ 2,373**	$ 2,410

12. Segmented information

The Company has two reportable segments: distribution and corporate and franchised stores. The distribution segment relates to the supply activities to affiliated, franchised and corporate stores. The corporate and franchised stores segment relates to the retail operations of the corporate stores and the Company's share of the retail operations of the franchised stores in which the Company has an interest.

The accounting policies that apply to the reportable segments are the same as those described in accounting policies. The Company evaluates performance according to earnings before interest, depreciation and amortization, rent, income taxes and non-controlling interest, i.e. sales less chargeable expenses. The Company accounts for intersegment operations at fair value.

(Unaudited, in thousands of dollars, except amounts per share)

12. Segmented information (continued)

	2008	2007
Segment sales [(a)]		
Corporate and franchised stores	**$ 683,029**	$ 641,750
Distribution	**491,401**	494,973
Total	**1,174,430**	1,136,723
Intersegment sales and royalties [(a)]		
Corporate and franchised stores	–	–
Distribution	**(262,896)**	(258,227)
Total	**(262,896)**	(258,227)
Sales [(a)]		
Corporate and franchised stores	**683,029**	641,750
Distribution	**228,505**	236,746
Total	**911,534**	878,496
Earnings before interest, depreciation and amortization, rent, income taxes and non-controlling interest [(a)]		
Corporate and franchised stores	**47,690**	50,265
Distribution	**19,860**	20,700
Total	**67,550**	70,965
Earnings before interest, depreciation and amortization, income taxes and non-controlling interest [(a)]		
Corporate and franchised stores	**19,265**	24,802
Distribution	**14,136**	16,048
Total	**33,401**	40,850
Acquisition of fixed assets		
Corporate and franchised stores	**38,498**	39,446
Distribution	**4,271**	4,558
Total	**42,769**	44,004
Goodwill		
Corporate and franchised stores	**2,665**	841
Distribution	–	–
Total	**$ 2,665**	$ 841
Total assets		
Corporate and franchised stores	**2,259,783**	1,840,657
Distribution	**457,577**	475,332
Total	**$ 2,717,360**	$ 2,315,989

(a) During the period, the Company reviewed its segmented information analysis method and, as a result, modified the presentation of such information between segments. The 2007 comparable period was adjusted accordingly.

13. Earnings per share

The table below shows the calculation of basic and diluted net earnings per share:

	2008	2007
Net earnings	**$ 1,015**	$ 9,027
Number of shares (in thousands)		
Weighted average number of shares used to compute basic net earnings per share	**115,544.5**	115,129.1
Effect of dilutive stock options [(a)]	**1,147.8**	1,635.1
Weighted average number of shares used to compute diluted net earnings per share	**116,692.3**	16,764.2
Net earnings per share - basic	**$ 0.01**	$ 0.08
Net earnings per share - diluted	**$ 0.01**	$ 0.08

(a) As at March 30, 2008, 1,246,102 common share stock options (658,152 options as at April 1, 2007) were excluded from the calculation of diluted net earnings per s hare since the unrecognized future compensation cost of these options has an antidilutive effect.

14. Effect of new accounting standards not yet implemented

In February 2008, the CICA published Section 3064 *Goodwill and Intangible Assets* which replaces Section 3062 of the same title. The Section applies to fiscal years beginning on or after October 1, 2008. In the coming quarters, the Company will determine the effect of adopting this new section in its consolidated financial statements.

RONA inc. is the largest Canadian distributor and retailer of hardware, home renovation and gardening products. RONA operates a network of over 680 corporate, franchise and affiliate stores of various sizes and formats. With over 27,000 employees working under its family of banners in every region of Canada and more than 15 million square feet of retail space, the RONA store network generates over $6.3 billion in annual retail sales.

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