



2012

Notice of Annual Meeting of Shareholders
and Management Proxy Circular

Table of Contents

Table of Contents	i
Notice of Annual Meeting of Shareholders	ii
Voting and Proxies	1
Election of Directors	5
Compensation of Directors	15
Mandate of the Board of Directors	18
Committees of the Board of Directors	19
Compensation Discussion and Analysis	25
Compensation of the Named Executive Officers	55
Appointment of Auditors	68
General Business Information	69
Approval of Circular	72
Schedule "A"	73
Schedule "B"	75
Schedule "C"	83
Schedule "D"	86

Notice of Annual Meeting of Shareholders

To the Holders of Common Shares:

NOTICE IS HEREBY GIVEN that the annual meeting of shareholders (the “**Meeting**”) of RONA inc. (the “**Corporation**”) will be held at the Corporation’s head office located at 220 chemin du Tremblay, Boucherville, Quebec, Académie Room, on Wednesday, May 9, 2012 at 11:00 a.m. (local time) for the purposes of:

- (a) receiving the financial statements of the Corporation for the year ended December 25, 2011, together with the auditors’ report thereon;
- (b) electing twelve (12) directors for the ensuing year;
- (c) appointing auditors for the ensuing year and authorizing the directors to fix their compensation; and
- (d) transacting such other business as may properly come before the Meeting.

Boucherville, Quebec, March 15, 2012

By order of the Board of Directors,

(signed)

France Charlebois
Corporate Secretary and Chief Legal Officer

Shareholders may exercise their rights by attending the Meeting or by completing a form of proxy. If you are unable to attend the Meeting in person, please complete, date and sign the enclosed form of proxy and return it in the envelope provided for that purpose.

Proxies must be received by Computershare Investors Services Inc. (9th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1) no later than 5:00 p.m. (local time) on Monday, May 7, 2012. Your shares will be voted in accordance with your instructions as indicated on the form of proxy or, if no instructions are given on the form of proxy, the proxy holder will vote “FOR” each of the matters indicated at items (b) and (c) of this Notice of Annual and Special Meeting of Shareholders. If you are a non-registered shareholder, reference is made to the section entitled “How do non-registered shareholders vote?” on page 4 of the accompanying Management Proxy Circular.

Voting and Proxies

This Management Proxy Circular (the “**Circular**”) is furnished in connection with the solicitation of proxies for use at the annual meeting of shareholders of RONA inc. (the “**Corporation**” or “**RONA**”) to be held on Wednesday, May 9, 2012 at the place and time and for the purposes set forth in the accompanying notice of meeting, and at any adjournments thereof (the “**Meeting**”). Except as otherwise indicated, the information contained herein is given as of March 15, 2012, and all dollar amounts set forth herein are expressed in Canadian dollars.

Questions and Answers

The following questions and answers provide guidance on how to vote shares.

Who is soliciting proxies?

The enclosed proxy is being solicited by the management of the Corporation. The solicitation is being made primarily by mail, but proxies may also be solicited by telephone, fax or other personal contact by directors, officers or other employees of the Corporation. The entire cost of the solicitation will be borne by the Corporation.

How can the transfer agent be contacted?

Shareholders can contact the transfer agent either by mail at Computershare Investors Services Inc., 9th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1, by telephone at 1-800-564-6253, by fax at 1-888-453-0330 or by email at service@computershare.com.

Who can vote?

Holders of Common Shares have voting rights at the Meeting. As at March 12, 2012, 124,171,820 Common Shares were issued and outstanding. Each Common Share entitles the holder thereof to one vote at any meeting of shareholders of the Corporation.

Holders of Common Shares whose names are registered on the list of shareholders of the Corporation as at the close of business (local time) on March 12, 2012, being the date set by the Corporation for the determination of the registered holders of Common Shares who are entitled to receive the notice of Meeting (the “**Record Date**”), will be entitled to exercise the voting rights attaching to the Common Shares in respect of which they are so registered at the Meeting, or any adjournment thereof, if present or represented by proxy thereat.

Who is Rona’s Proxy Solicitation Agent?

Kingsdale Shareholder Services Inc. (“Kingsdale”) is acting as Rona’s proxy solicitation agent. Shareholders can contact Kingsdale either by mail at Kingsdale Shareholder Services Inc., The Exchange Tower, 130 King Street West, Suite 2950, P.O. Box 361, Toronto, Ontario M5X 1E2, by toll-free telephone in North America at 1-866-851-2743 or call collect outside North America at 416-867-2272 or by email at contactus@kingsdaleshareholder.com.

How do shareholders vote?

Shareholders eligible to vote whose Common Shares are registered in their name can vote their Common Shares in person at the Meeting or by proxy, as explained below. Shareholders whose Common Shares are held in the name of a nominee should follow the instructions below under “How do non-registered shareholders vote?”

What will shareholders be voting on?

Shareholders will be voting in respect of the matters identified as items (b) and (c) of the attached notice of Meeting. The Board of Directors and management of the Corporation are recommending that shareholders vote **IN FAVOUR** of these matters.

How will these matters be decided at the Meeting?

A simple majority of the votes cast, in person or by proxy, will constitute approval of these matters at the Meeting in order to be adopted.

How do registered shareholders vote?

1. VOTING BY PROXY

Shareholders whose name appears on their share certificate are registered shareholders. Registered shareholders may appoint someone else to vote for them as their proxy holder by using the enclosed form of proxy.

How to appoint a proxy?

The persons named as proxy holders in the enclosed form of proxy are directors and/or officers of the Corporation. Each shareholder is entitled to appoint a person, who need not be a shareholder, other than the persons designated in the enclosed form of proxy, to represent him or her at the Meeting. In order to appoint such other person, the shareholder should insert such person’s name in the blank space provided on the form of proxy and delete the names printed thereon or complete another proper form of proxy and, in either case, deliver the completed form of proxy to Computershare Investors Services Inc. (9th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1) no later than 5:00 p.m. (local time) on Monday, May 7, 2012. A proxy need not be a shareholder.

What is the deadline for receiving forms of proxy?

The deadline for receiving duly completed forms of proxy is 5:00 p.m. (local time) on Monday, May 7, 2012, or if the Meeting is adjourned, by no later than 5:00 p.m. (local time) on the business day prior to the day fixed for the adjourned meeting.

How to revoke a proxy?

A shareholder who executes and returns the accompanying form of proxy may revoke the same: (a) by instrument in writing executed by the shareholder, or by his or her attorney authorized in writing, and deposited either (i) at the offices of the Corporation, to the attention of the Corporate Secretary and Chief Legal Officer of the Corporation, at 220 chemin du Tremblay, Boucherville, Quebec, Canada J4B 8H7, at any time up to and including 5:00 p.m. (local time) on Monday, May 7, 2012, or (ii) with the chairman of the Meeting on the day of the Meeting or any adjournment thereof; or (b) in any other manner permitted by law. If the shareholder is a legal person, any such instrument of revocation shall be executed by a duly authorized officer or attorney thereof.

How will Common Shares for which a proxy is given be voted?

The persons named as proxies will vote or withhold from voting the shares in respect of which they are appointed, or will vote for or against any particular matter in accordance with the instructions of the shareholders appointing them. In the absence of such instructions, such shares will be voted IN FAVOUR of the matters identified as items (b) and (c) of the attached notice of Meeting. The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the notice of Meeting, and with respect to other business which may properly come before the Meeting or any adjournment thereof. As of the date hereof, management of the Corporation knows of no such amendment, variation or other business to come before the Meeting. If any such amendment or other business properly comes before the Meeting or any adjournment thereof, the persons named in the enclosed form of proxy will vote on such matters in accordance with their best judgment.

2. VOTING IN PERSON

Shareholders who wish to vote in person may present themselves to a representative of Computershare Investors Services Inc. at the registration table. Their vote will be taken and counted at the Meeting. Shareholders who wish to vote in person at the Meeting should not complete or return the form of proxy.

How do non-registered shareholders vote?

The information set forth in this section should be reviewed carefully by non-registered shareholders of the Corporation. Shareholders who do not hold their shares in their own name (the “Beneficial Shareholders”) should note that only proxies deposited by shareholders who appear on the records maintained by the Corporation’s registrar and transfer agent as registered holders of shares will be recognized and acted upon at the Meeting. If shares are listed in an account statement provided to a shareholder by a broker, those shares are, in all likelihood, *not* registered in the shareholder’s name. Such shares are more likely registered under the name of the shareholder’s broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms). Shares held by brokers (or their agents or nominees) on behalf of a broker’s client can only be voted at the direction of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for the broker’s clients. Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to the appropriate person well in advance of the Meeting.

All references to shareholders in this Circular and the accompanying form of proxy and notice of Meeting are to registered shareholders unless specifically stated otherwise.

1. GIVING VOTING INSTRUCTIONS

National Instrument 54-101 of the Canadian Securities Administrators requires brokers and other intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholders’ meetings. The various brokers and other intermediaries have their own mailing procedures and provide their own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their shares are voted at the Meeting. If you have any questions respecting the voting of shares held through a broker or other intermediary, please contact that broker or other intermediary for assistance.

2. VOTING IN PERSON

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting shares registered in the name of his or her broker (or an agent of such broker), a Beneficial Shareholder may attend the Meeting as proxy holder for the registered shareholder and vote the shares in that capacity. Beneficial Shareholders who wish to attend the Meeting and indirectly vote their shares as proxy holder for the registered shareholder should enter their own names in the blank space on the proxy form provided to them by their broker (or the broker’s agent) and return the same to their broker (or the broker’s agent) in accordance with the instructions provided by such broker (or the broker’s agent).

To the knowledge of the directors and officers of the Corporation, no person beneficially owns, or exercises control or direction over, directly or indirectly, voting securities carrying 10% or more of the voting rights attached to any class of voting securities of the Corporation, except for Invesco Trimark Ltd., which controls approximately 14,438,956 Common Shares, or approximately 11.6% of the issued and outstanding Common Shares, and Caisse de dépôt et placement du Québec, which controls approximately 13,277,600 Common Shares, or approximately 10.7% of the issued and outstanding Common Shares.

Election of Directors

The Articles and By-laws of the Corporation provide that the Board of Directors of the Corporation (the “**Board of Directors**” or the “**Board**”) shall be made up of a minimum of three (3) and a maximum of twenty (20) directors as determined from time to time by resolution of the Board of Directors.

The Board of Directors has currently set the number of directors at twelve (12). The provisions of the By-laws provide that the tenure of directors will be of one year and will end on the date of the annual meeting following their election or when their successors are elected.

The Board proposes the twelve (12) persons named hereinafter as nominees for election as directors. Except for Mr. Geoff Molson, all of the nominees for election as directors of the Corporation are current directors.

Mr. Jean Gaulin, Chairman of the Board, will retire at the close of the Meeting, after serving on the Board of Directors since May 2004, and will not seek re-election as a director. The Board of Directors currently intends that Mr. Gaulin will be replaced by Mr. Robert Paré as Chairman of the Board of Directors, subject to his re-election as a director by the shareholders at the Meeting.

Mr. Jocelyn Tremblay, who has reached the mandatory retirement age of 70 under the Board’s retirement policy, will also retire at the close of the Meeting, after serving on the Board of Directors since May 1998, and will not seek re-election as a director.

Information relating to Messrs. Gaulin and Tremblay therefore does not appear below along with the information regarding the twelve (12) proposed nominees for election as directors of the Corporation. Nevertheless, because Messrs. Gaulin and Tremblay acted as directors up to the Meeting, information concerning them appears in the other sections of this Circular that pertain to the members of the Board.

The following table sets forth the name, age, province or state and country of residence, position with the Corporation or principal occupation of each of the current directors of the Corporation who are candidates for re-election at the Meeting. The table also indicates the date at which a person became a director of the Corporation, as well as the number of Common Shares and Deferred Share Units of the Corporation (“DSUs”) beneficially owned, directly or indirectly, or over which control or direction is exercised by each such person. Finally, it describes the level of attendance of directors to Board and committee meetings and the value of total compensation received by each individual to act as director of the Corporation.

Except where authority to vote with respect to the election of directors is withheld, the persons named in the enclosed form of proxy or voting instruction form intend to vote FOR the election of the nominees whose names are hereinafter set forth. If prior to the Meeting, any nominee is unable or, for any reason, becomes unwilling to serve as a director, it is intended that the discretionary power granted by the form of proxy or voting instruction form shall be used to vote for any other person or persons as directors. The Board of Directors and the management of the Corporation have

no reason to believe that any of the said nominees will be unable or unwilling to serve, for any reason, if elected to office.

As you will note from the enclosed form of proxy or voting instruction form, shareholders may vote for each director individually.

The Board has adopted a formal retirement policy in the context of its succession planning process. Under this policy, directors who reach the age of 70 should not be nominated for re-election at the subsequent annual meeting of shareholders.

Policy regarding Continuous Improvement and Exchange in Matters of Governance and Compensation

In 2010, the Board of Directors adopted a policy regarding continuous improvement and exchange in matters of governance and compensation with the goal of continuously improving its governance and compensation practices and meeting the expectations of the Corporation's shareholders. The policy was amended in December 2011. Principles set forth in the policy include the following:

- The Human Resources and Compensation Committee periodically makes recommendations to the Board of Directors with respect to executive compensation policies and plans. These recommendations take into account the Corporation's strategic objectives, executives' qualities and experience and the potential risks associated with the various compensation methods. In the course of developing such recommendations, the Human Resources and Compensation Committee may avail itself of the services of compensation consultants and takes into consideration proposals by groups representing shareholders and other stakeholders.
- The Board of Directors, through the Corporate Secretary's office, will ensure that it is promptly informed of proposals, recommendations and best practices in matters of governance and compensation that originate from the Canadian Securities Administrators or from groups representing shareholders or other stakeholders. After reviewing these proposals, the Nominating and Governance Committee and the Human Resources and Compensation Committee will, where appropriate, make recommendations to the Board of Directors with a view to improving RONA's governance policies and practices and compensation plans on an ongoing basis.
- RONA will publish its governance and compensation policies, plans and practices on its website. This approach will allow the Board of Directors to proactively communicate to stakeholders any significant changes that are made to such policies, plans and practices.
- Means will be made available to stakeholders enabling them to submit to the Board of Directors, through the corporate secretary's office, any recommendations or suggestions for improvements to RONA's governance and compensation practices.
- The corporate secretary's office and human resources department personnel may arrange for meetings to be held with shareholder representatives to discuss these matters.

At the annual meeting, shareholders will be invited to ask any questions that pertain to governance or executive compensation.

Under this policy, the Board may take into account the result of the vote and request that a director who receives more votes "withheld" than "for" his or her election submit his or her resignation or not be nominated at the next annual meeting of shareholders of the Corporation.

NOMINEES



SUZANNE BLANCHET



RÉAL BRUNET



LOUISE CAYA



ROBERT DUTTON



RICHARD FORTIN



JEAN-GUY HÉBERT



ALAIN MICHEL



GEOFF MOLSON



PATRICK PALERME



JAMES PANTELIDIS



ROBERT PARÉ



JEAN-ROCH VACHON

Description of Nominees

Suzanne Blanchet

Mrs. Blanchet started with Cascades Inc. (papermaker) in 1977 and currently serves as President and Chief Executive Officer of Cascades Tissue Group (papermaker) since 1997.

She is also a member of the executive committee of Cascades Inc. (papermaker), a member of the Board of Directors and chair of the audit committee of Éco Entreprises Québec (private non-profit organization) since June 2006, a member of the Board of Directors of the FCPC (Food & Consumer Products of Canada) (food and consumer products industry association) since September 2004, a member of the Board of Directors of Innovassur, Assurances générales Inc. (insurance company) since February 2000, and a member of the Board of Directors of CTAC (Conseil de la transformation agroalimentaire et des produits de consommation) since June 2008.



Suzanne Blanchet

Age 54⁽¹⁾
Quebec, Canada
Director Since: May 10, 2011
Independent

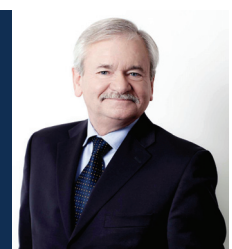
- (1) Age as of the date of the Meeting.
- (2) Mrs. Blanchet was appointed as director and is a member of the Human Resources and Compensation Committee since May 10, 2011.
- (3) For further details, please see "Compensation of Directors", on page 15 of this Circular.
- (4) As at December 25, 2011 or December 26, 2010, as the case may be.
- (5) Under the Directors' Shareholding Guidelines, each non-employee director is required to acquire Common Shares and/or DSUs having a combined value of at least four (4) times his or her director annual cash retainer. For further details, please see "Compensation of Directors-Director Shareholding Guidelines", on page 17 of this Circular.

Board/Committee Membership:			Value of Total Compensation Received as Director ⁽³⁾ :			
Attendance ⁽²⁾ :						
Member of:			Year	Value (\$)		
• Board of Directors	8/8	100%	2011	48,750		
• Human Resources and Compensation Committee	3/3	100%	2010	-		
Securities Held ⁽⁴⁾ :						
Year	Common Shares (#) ⁽⁴⁾	DSUs (#)	Total Common Shares and DSUs (#) ⁽⁴⁾	Total Market Value of Common Shares and DSUs (\$) ⁽⁴⁾	Total Market Value of Common Shares and DSUs as a Multiple of Annual Retainer	Minimum Required (within 5 years) (\$) ⁽⁵⁾
2011	-	4,830	4,830	46,948	0,89	212,000
2010	-	-	-	-	-	-

Réal Brunet

Mr. Brunet is a member of the Agriculture and Agri-Food Canada Audit Committee and currently serves as Chairman of the Board of Directors of Dr. Clown since 2009, a not-for-profit organization dedicated to improving the quality of life of hospital patients through its therapeutic clown programs, and has been a member of that entity's Board of Directors since 2007.

He was an audit partner and senior advisory partner at Ernst & Young (professional services organization) from 1983 to 2010, a professor at the Collège des administrateurs de sociétés from 2004 to 2010, and was a member of the Americas Executive Board, the body responsible for managing Ernst & Young's Americas practice, from 2005 to 2008. Mr. Brunet was also a member of the Board of Directors of the Montreal section of The Institute of Internal Auditors from 2007 to 2010.



Réal Brunet

Age 62⁽¹⁾
Quebec, Canada
Director Since: December 6, 2010
Independent

- (1) Age as of the date of the Meeting.
- (2) For further details, please see "Compensation of Directors", on page 15 of this Circular.
- (3) As at December 25, 2011 or December 26, 2010, as the case may be.
- (4) Under the Directors' Shareholding Guidelines, each non-employee director is required to acquire Common Shares and/or DSUs having a combined value of at least four (4) times his or her director annual cash retainer. For further details, please see "Compensation of Directors-Director Shareholding Guidelines", on page 17 of this Circular.

Board/Committee Membership:			Value of Total Compensation Received as Director ⁽²⁾ :			
Attendance:						
Member of:			Year	Value (\$)		
• Board of Directors	12/12	100%	2011	86,243		
• Audit Committee (Chair)	9/9	100%	2010	7,788		
Securities Held ⁽³⁾ :						
Year	Common Shares (#) ⁽³⁾	DSUs (#)	Total Common Shares and DSUs (#) ⁽³⁾	Total Market Value of Common Shares and DSUs (\$) ⁽³⁾	Total Market Value of Common Shares and DSUs (as a Multiple of Annual Retainer)	Minimum Required (within 5 years) (\$) ⁽⁴⁾
2011	3,700	8,369	12,069	117,311	2,21	212,000
2010	3,700	548	4,248	60,576	-	-

Louise Caya

Mrs. Caya is a member of the Board of Directors, Vice-President and Controller of Industrie Fabco inc. (prefabricated kiosks and shelters). Mrs. Caya is also a member of the Board of Directors, Vice-President and Secretary of Thomas Caya (1982) inc. (affiliated hardware store operating under the RONA L'Express Matériaux banner).



Louise Caya

Age 46⁽¹⁾
Quebec, Canada
Director Since: May 2002
Not Independent

- (1) Age as of the date of the Meeting.
- (2) For further details, please see "Compensation of Directors", on page 15 of this Circular.
- (3) As at December 25, 2011 or December 26, 2010, as the case may be.
- (4) Mrs. Caya also has a 50% interest in Thomas Caya (1982) inc., a company that held 222,456 Common Shares as at December 25, 2011.
- (5) Under the Directors' Shareholding Guidelines, each non-employee director is required to acquire Common Shares and/or DSUs having a combined value of at least four (4) times his or her director annual cash retainer. For further details, please see "Compensation of Directors-Director Shareholding Guidelines", on page 17 of this Circular".

Board/Committee Membership:		Attendance:		Value of Total Compensation Received as Director ⁽²⁾ :		
Member of:				Year	Value (\$)	
• Board of Directors		12/12	100%	2011	72,516	
• Development Committee		-	-	2010	69,750	
Securities Held ⁽³⁾ :						
Year	Common Shares (#) ⁽⁴⁾	DSUs (#)	Total Common Shares and DSUs (#) ⁽⁴⁾	Total Market Value of Common Shares and DSUs (\$) ⁽⁴⁾	Total Market Value of Common Shares and DSUs (as a Multiple of Annual Retainer)	Minimum Required (within 5 years) (\$) ⁽⁴⁾⁽⁵⁾
2011	4,300	24,214	28,514	277,156	5,23	212,000
2010	4,000	17,690	21,690	309,299		

Robert Dutton

Mr. Dutton is President and Chief Executive Officer of RONA since 1992. Prior to that, Mr. Dutton held many positions within the Corporation, including Executive Vice President and Chief Operating Officer from 1990 to 1992. He is a member of the Board of Directors of The Montreal Heart Institute Foundation and of the Fondation pour l'Art Thérapeutique et l'Art Brut du Québec.



Robert Dutton

Age 57⁽¹⁾
Quebec, Canada
Director Since: March 1990
Not Independent

- (1) Age as of the date of the Meeting.
- (2) Mr. Dutton is the President and CEO (as defined below) of the Corporation. He does not receive any compensation for acting as a director of the Corporation. For details on his compensation, please see "Compensation of the Named Executive Officers" on page 55 of this Circular.
- (3) As at December 25, 2011 or December 26, 2010, as the case may be.
- (4) Mr. Dutton holds 478,624 of these shares through 9122-5482 Québec inc., of which he holds 100% of the issued and outstanding shares.
- (5) Under Management Share Ownership Guidelines, the President and CEO is required to hold Common Shares, exercisable options or PSUs (as defined below) having a combined value of at least three (3) times his salary. For further details, please see "Share Ownership Requirements", on page 33 of this Circular.
- (6) In addition, Mr. Dutton attended all Board committee meetings (except in camera meetings) for the 12-month period ended December 25, 2011 but does not receive attendance fees for his presence at such meetings.
- (7) The value for 2010 only includes Common Shares and exercisable options.

Board/Committee Membership:		Attendance ⁽⁶⁾		Value of Total Compensation Received as Director ⁽²⁾ :		
Member of:				Year	Value (\$)	
• Board of Directors		12/12	100%	2011	-	
				2010	-	
Securities Held ⁽³⁾ :						
Year	Common Shares (#) ⁽⁴⁾	Options Exercisable (#)	Total Market Value of Common Shares (\$)	Total Market Value of Common Shares, Options Exercisable and 50% of PSUs (\$)	Total Market Value of Common Shares, Options Exercisable and 50% of PSUs (as a Multiple of salary)	Minimum Required (\$) ⁽⁵⁾
2011	492,472	1,452,300	4,786,828	12,181,648	20.0	2,701,500
2010	492,472	1,360,000	7,022,650	17,517,100 ⁽⁷⁾		

Richard Fortin

Mr. Fortin was Chairman of the Board of Alimentation Couche-Tard Inc. until September 2011, a publicly traded corporation, where he had been Executive Vice President and Chief Financial Officer since 1999. He worked for more than 13 years in the banking industry, holding various management positions, namely as Vice President, Quebec for the Société Générale (Canada). Mr. Fortin currently serves as lead director on the Board of Directors of Transcontinental Inc. (printing company) and as chair of its audit committee. He is also a member of the Board of Directors and a member of the audit committee of the National Bank Life Insurance Company (life insurance company).



Richard Fortin

Age 63⁽¹⁾
Quebec, Canada
Director Since: April 2009
Independent

- (1) Age as of the date of the Meeting.
- (2) For further details, please see "Compensation of Directors", on page 15 of this Circular.
- (3) As at December 25, 2011 or December 26, 2010, as the case may be.
- (4) Under the Directors' Shareholding Guidelines, each non-employee director is required to acquire Common Shares and/or DSUs having a combined value of at least four (4) times his or her director annual cash retainer. For further details, please see "Compensation of Directors-Director Shareholding Guidelines", on page 17 of this Circular.

Board/Committee Membership:			Attendance:		Value of Total Compensation Received as Director ⁽²⁾ :	
Member of:			Year	Value (\$)		
• Board of Directors	12/12	100%	2011	89,755		
• Audit Committee	9/9	100%	2010	85,750		
• Human Resources and Compensation Committee	4/5	80%				

Securities Held ⁽³⁾ :						
Year	Common Shares (#) ⁽³⁾	DSUs (#)	Total Common Shares and DSUs (#) ⁽³⁾	Total Market Value of Common Shares and DSUs (\$) ⁽³⁾	Total Market Value of Common Shares and DSUs (as a Multiple of Annual Retainer)	Minimum Required (within 5 years) (\$) ⁽⁴⁾
2011	10,000	17,946	27,946	271,635	5,13	212,000
2010	10,000	9,892	19,892	283,660		

Jean-Guy Hébert

Mr. Hébert is a member of the Board of Directors and President of several companies, including Maximat inc. (holding company), Maximat Granby inc. (holding company), Horizon Devcow inc. (real estate), and 9060-4976 Québec inc. (operating a store under the RONA L'Entrepôt banner (Granby)). He is also Vice-President of 9066-7403 Québec inc. (operating a store under the RONA l'Entrepôt St-Hyacinthe) and Rocvale Produits de Béton inc. (concrete products).



Jean-Guy Hébert

Age 66⁽¹⁾
Quebec, Canada
Director Since: May 2002⁽²⁾
Not Independent

- (1) Age as of the date of the Meeting.
- (2) Mr. Hébert was also a director of the Corporation from 1986 to 2001.
- (3) For further details, please see "Compensation of Directors", on page 15 of this Circular.
- (4) As at December 25, 2011 or December 26, 2010, as the case may be.
- (5) Mr. Hébert also held indirectly 168,496 Common Shares through his interest in Maximat Inc., and has interests in certain companies which held an additional number of 225,775 Common Shares (168,965 Common Shares through 9060-4976 Québec inc., of which he holds 42.5% of the issued and outstanding shares, and 56,810 Common Shares through 9066-7403 Québec inc., of which he holds 50% of the issued and outstanding shares) as at December 25, 2011.
- (6) Under the Directors' Shareholding Guidelines, each non-employee director is required to acquire Common Shares and/or DSUs having a combined value of at least four (4) times his or her director annual cash retainer. For further details, please see "Compensation of Directors-Director Shareholding Guidelines", on page 17 of this Circular.

Board/Committee Membership:			Attendance:		Value of Total Compensation Received as Director ⁽³⁾ :	
Member of:			Year	Value (\$)		
• Board of Directors	11/12	91%	2011	70,745		
• Development Committee	-	-	2010	69,750		

Securities Held ⁽⁴⁾ :						
Year	Common Shares (#) ⁽⁴⁾⁽⁵⁾	DSUs (#)	Total Common Shares and DSUs (#) ⁽⁴⁾⁽⁵⁾	Total Market Value of Common Shares and DSUs (\$) ⁽⁴⁾⁽⁵⁾	Total Market Value of Common Shares and DSUS (as a Multiple of Annual Retainer)	Minimum Required (within 5 years) (\$) ⁽⁶⁾
2011	68,200	15,074	83,274	809,423	15,27	212,000
2010	43,200	11,225	54,425	776,101		

Alain Michel

Mr. Michel is a member of the Board of Directors and audit committee (chair) of DiagnoCure Inc. (biotechnology), and a member of the Board of Directors and audit committee of La Survivance (insurance). Mr. Michel was also Chairman of the Board of Directors of Groupe Cari-All inc. (shopping carts manufacturer) until January 2012, and, from 2001 to 2005, Management Consultant at the Caisse de dépôt et placement du Québec (investment). From 1992 to 2000, he was Senior Vice-President and Chief Financial Officer of Group Videotron Ltd. (telecommunications).⁽²⁾



Alain Michel

Age 63⁽¹⁾
Quebec, Canada
Director Since: May 2005
Independent

Board/Committee Membership:			Attendance:		Value of Total Compensation Received as Director ⁽³⁾ :	
Member of:			Year	Value (\$)		
• Board of Directors	12/12	100%	2011	91,539		
• Audit Committee	9/9	100%	2010	88,750		
• Nominating and Governance Committee	3/4	75%				

Securities Held ⁽⁴⁾ :						
Year	Common Shares (#) ⁽⁴⁾	DSUs (#)	Total Common Shares and DSUs (#) ⁽⁴⁾	Total Market Value of Common Shares and DSUs (\$) ⁽⁴⁾	Total Market Value of Common Shares and DSUS (as a Multiple of Annual Retainer)	Minimum Required (within 5 years) (\$) ⁽⁵⁾
2011	–	30,888	30,888	300,231	5,66	212,000
2010	4,000	22,676	26,676	380,400		

- (1) Age as of the date of the Meeting.
- (2) Mr. Michel was a director of Cable Satisfaction International Inc. which, in July 2003, applied for protection under the Companies' Creditors Arrangement Act. The plan of arrangement and reorganization proposed by Cable Satisfaction International Inc. was unanimously approved at the meeting of the company's creditors held on March 16, 2004 and was sanctioned by the Quebec Superior Court on March 19, 2004.
- (3) For further details, please see "Compensation of Directors", on page 15 of this Circular.
- (4) As at December 25, 2011 or December 26, 2010, as the case may be.
- (5) Under the Directors' Shareholding Guidelines, each non-employee director is required to acquire Common Shares and/or DSUs having a combined value of at least four (4) times his or her director annual cash retainer. For further details, please see "Compensation of Directors-Director Shareholding Guidelines", on page 17 of this Circular.

Geoff Molson

Mr. Molson is President and Chief Executive Officer of the Club de hockey Canadien inc., evenko and the Bell Center, since 2009. From 2006 to 2009, Mr. Molson served as Vice-President of Marketing for Molson (brewing company) in Canada. He has worked for Molson in various other roles in the United States and Canada, including positions at Molson USA such as Vice-President of Sales and Marketing, and Vice-President of Quality and Distributor Development. He currently represents MCBC as Ambassador, representing the Molson Family in key strategic areas of the business.



Geoff Molson

Age 41⁽¹⁾
Quebec, Canada
Director Since: –
Independent

In addition to the Molson family foundation to support philanthropic initiatives across Canada, Mr. Molson also serves on the Board of Directors of the St. Mary's Hospital Foundation and the Montreal Canadiens Children's Foundation, and is active in many key community initiatives across Canada. Mr. Molson is also a member of the Board of Directors of Res Publica, Molson Coors Brewing Company and a member of the Board of Governors of the National Hockey League.

Board/Committee Membership ⁽²⁾ :			Attendance:		Value of Total Compensation Received as Director ⁽³⁾ :	
Member of:			Year	Value (\$)		
–	–	–%	2011	–		
			2010	–		

Securities Held ⁽⁴⁾ :						
Year	Common Shares (#) ⁽⁴⁾	DSUs (#)	Total Common Shares and DSUs (#) ⁽⁴⁾	Total Market Value of Common Shares and DSUs (\$) ⁽⁴⁾	Total Market Value of Common Shares and DSUS (as a Multiple of Annual Retainer)	Minimum Required (within 5 years) (\$) ⁽⁵⁾
2011	–	–	–	–	–	212,000
2010	–	–	–	–		

- (1) Age as of the date of the Meeting.
- (2) Mr. Molson is a new candidate proposed for election as a director of the Corporation.
- (3) For further details, please see "Compensation of Directors", on page 15 of this Circular.
- (4) As at December 26, 2010 or December 25, 2011, as the case may be.
- (5) Under the Directors' Shareholding Guidelines, each non-employee director is required to acquire Common Shares and/or DSUs having a combined value of at least four (4) times his or her director annual cash retainer. For further details, please see "Compensation of Directors-Director Shareholding Guidelines", on page 17 of this Circular.

Patrick Palerme

Mr. Palerme is currently Managing Director North America of Global Change Leaders. He is Chairman of the board of directors of the Fondation du Centre Jeunesse de Montréal, and a member of the board of directors of the Fondation Québec Jeunes.

Mr. Palerme was the President and Chief Executive Officer of GE Capital Canada (commercial financing solutions) from 2005 to 2010. Previously, Mr. Palerme was Chief Operating Officer of GE Capital Solutions Canada (from 2001 to 2004) and Chief Financial Officer of GE Commercial Equipment Financing Canada (from 1993 to 2001).



Patrick Palerme

Age 54⁽¹⁾
Quebec, Canada
Director Since: May 10, 2011
Independent

- (1) Age as of the date of the Meeting.
- (2) Mr. Palerme was appointed as director and is a member of the Nominating and Governance Committee since May 10, 2011.
- (3) For further details, please see "Compensation of Directors", on page 15 of this Circular.
- (4) As at December 25, 2011 or December 26, 2010, as the case may be.
- (5) Under the Directors' Shareholding Guidelines, each non-employee director is required to acquire Common Shares and/or DSUs having a combined value of at least four (4) times his or her director annual cash retainer. For further details, please see "Compensation of Directors-Director Shareholding Guidelines", on page 17 of this Circular.

Board/Committee Membership:			Attendance ⁽²⁾ :		Value of Total Compensation Received as Director ⁽³⁾ :	
Member of:			Year	Value (\$)		
<ul style="list-style-type: none"> • Board of Directors 			2011	47,979		
<ul style="list-style-type: none"> • Nominating and Governance Committee 			2010	-		
Securities Held⁽⁴⁾:						
Year	Common Shares (#) ⁽⁴⁾	DSUs (#)	Total Common Shares and DSUs (#) ⁽⁴⁾	Total Market Value of Common Shares and DSUs (\$) ⁽⁴⁾	Total Market Value of Common Shares and DSUS (as a Multiple of Annual Retainer)	Minimum Required (within 5 years) (\$) ⁽⁵⁾
2011	-	4,762	4,762	46,287	0,87	212,000
2010	-	-	-	-	-	-

James Pantelidis

Mr. Pantelidis is Chairman of the Board of Directors, and a member of the Audit Committee, Investment Committee and Compensation and Governance Committee of EnerCare Ltd. (energy heating), Chairman of the Board of Directors and a member of the Audit Committee and Supply Committee (chair) of Parkland Fuel Corporation (energy downstream), a member of the Board of Directors, Human Resources and Compensation Committee and Investment Committee (chair) of Industrial Alliance Insurance and Financial Services Inc. (financial services), and a member of the Board of Directors, Audit Committee and Human Resources and Compensation Committee (chair) of Equinox Minerals Limited (mining).

From 2002 to 2006, Mr. Pantelidis was a member of the Board of Directors of Fishercast Global Corporation (die casting) after having served as Chairman and Chief Executive Officer of that company from 2004 to 2006. From 2002 to 2003, he was President and Chief Executive Officer of J.P. Associates (private equity and strategic consulting). Between 1999 and 2001, he was Chairman and Chief Executive Officer of Bata Ltd. (retail and shoes manufacturing) and from 1996 to 1998 he was Executive Vice-President at Petro-Canada (energy).⁽²⁾



James Pantelidis

Age 66⁽¹⁾
Ontario, Canada
Director Since: May 2004
Independent

- (1) Age as of the date of the Meeting.
- (2) Mr. Pantelidis made a private equity investment in Tattoo Footwear Inc. and joined the board of that company in 2003. In the 12-month period following the sale of his shares and departure from the board, the company went into receivership.
- (3) For further details, please see "Compensation of Directors", on page 15 of this Circular.
- (4) As at December 25, 2011 or December 26, 2010, as the case may be.
- (5) In addition, Mr. Pantelidis' daughter and son each hold an additional number of 100 Common Shares.
- (6) Under the Directors' Shareholding Guidelines, each non-employee director is required to acquire Common Shares and/or DSUs having a combined value of at least four (4) times his or her director annual cash retainer. For further details, please see "Compensation Directors-Director Shareholding Guidelines", on page 17 of this Circular.

Board/Committee Membership:			Attendance:		Value of Total Compensation Received as Director ⁽³⁾ :	
Member of:			Year	Value (\$)		
<ul style="list-style-type: none"> • Board of Directors 			2011	83,209		
<ul style="list-style-type: none"> • Human Resources and Compensation Committee (Chair) 			2010	79,250		
<ul style="list-style-type: none"> • Development Committee 			-	-		
Securities Held⁽⁴⁾:						
Year	Common Shares (#) ⁽⁴⁾⁽⁵⁾	DSUs (#)	Total Common Shares and DSUs (#) ⁽⁴⁾⁽⁵⁾	Total Market Value of Common Shares and DSUs (\$) ⁽⁴⁾⁽⁵⁾	Total Market Value of Common Shares and DSUS (as a Multiple of Annual Retainer)	Minimum Required (within 5 years) (\$) ⁽⁶⁾
2011	5,200	27,930	33,130	322,024	6,08	212,000
2010	5,200	20,462	25,662	365,940	-	-

Robert Paré

Mr. Paré is a corporate lawyer and partner at Fasken Martineau Dumoulin LLP (law firm), a member of the Board of Directors of Groupe BMTC inc. (furniture and appliances), a member of the Board of Directors of Essilor Canada Ltd. (ophthalmic optical products) and Group ADF inc. (design, engineering, fabrication and installation of complex steel superstructures). Mr. Paré is also corporate secretary and a member of the Board of Directors and executive committee of The Montreal Heart Institute Foundation, and a member of the Board of Directors of the Institute of Corporate Directors – Quebec Chapter.

Board/Committee Membership:			Attendance:		Value of Total Compensation Received as Director ⁽²⁾ :		
Member of:			Year		Value (\$)		
• Board of Directors (Vice Chairman)	12/12	100%	2011		85,029		
• Human Resources and Compensation Committee (Chair)	5/5	100%	2010		74,250		
• Nominating and Governance Committee	4/4	100%					

Securities Held ⁽³⁾ :						
Year	Common Shares (#) ⁽³⁾	DSUs (#)	Total Common Shares and DSUs (#) ⁽³⁾	Total Market Value of Common Shares and DSUs (\$) ⁽³⁾	Total Market Value of Common Shares and DSUS (as a Multiple of Annual Retainer)	Minimum Required (within 5 years) (\$) ⁽⁴⁾
2011	30,000	16,140	46,140	448,481	8,46	212,000
2010	20,000	8,491	28,491	406,282		



Robert Paré

Age 57⁽¹⁾
Quebec, Canada
Director Since: April 2009
Independent

- (1) Age as of the date of the Meeting.
- (2) For further details, please see "Compensation of Directors", on page 15 of this Circular.
- (3) As at December 25, 2011 or December 26, 2010, as the case may be.
- (4) Under the Directors' Shareholding Guidelines, each non-employee director is required to acquire Common Shares and/or DSUs having a combined value of at least four (4) times his or her director annual cash retainer. For further details, please see "Compensation of Directors-Director Shareholding Guidelines", on page 17 of this Circular.

Jean-Roch Vachon

Mr. Vachon is a member of the Board of Directors of Groupe St-Hubert inc. (food service) and Chairman of the Board of Directors of Investissements J.R.V. (holding). From 2001 to 2009, he was Chairman of La Madeleine Holdings (food service USA), from 1996 to 1999, he was Chairman of Cantrex Group Inc. (furniture and electronic) and from 1990 to 1996, he was Chairman and Chief Executive Officer of Smitty's Super Valu Inc. (retail).

Board/Committee Membership:			Attendance:		Value of Total Compensation Received as Director ⁽²⁾ :		
Member of:			Year		Value (\$)		
• Board of Directors	12/12	100%	2011		89,409		
• Audit Committee	9/9	100%	2010		83,750		
• Development Committee (Chair)	-	-					

Securities Held ⁽³⁾ :						
Year	Common Shares (#)	DSUs (#)	Total Common Shares and DSUs (#)	Total Market Value of Common Shares and DSUs (\$)	Total Market Value of Common Shares and DSUS (as a Multiple of Annual Retainer)	Minimum Required (within 5 years) (\$) ⁽⁴⁾
2011	10,000	29,779	39,779	386,652	7,30	212,000
2010	10,000	21,747	31,747	452,712		



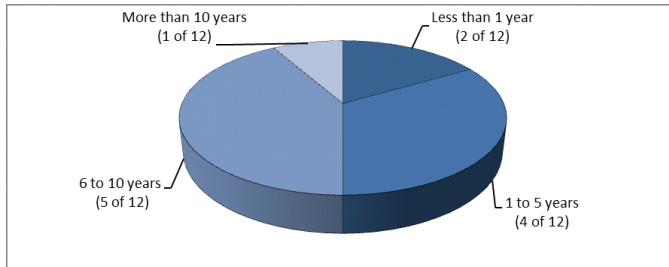
Jean-Roch Vachon

Age 68⁽¹⁾
Quebec, Canada
Director Since: May 2006
Independent

- (1) Age as of the date of the Meeting.
- (2) For further details, please see "Compensation of Directors", on page 15 of this Circular.
- (3) As at December 25, 2011 or December 26, 2010, as the case may be.
- (4) Under the Directors' Shareholding Guidelines, each non-employee director is required to acquire Common Shares and/or DSUs having a combined value of at least four (4) times his or her director annual cash retainer. For further details, please see "Compensation of Directors-Director Shareholding Guidelines", on page 17 of this Circular.

Director Tenure

The following chart indicates the number of years the current directors (except Mr. Dutton) have dedicated to the Corporation's Board as of March 15, 2012:



The Corporation's average Board tenure is 6,083 years.

Skills Matrix

The following table identifies some of the current skills and other factors considered as part of the skills matrix used by the Nominating and Governance Committee, along with identification of each nominee for election to the Board of Directors possessing each skill:

NOMINEES	SKILL REQUIREMENTS (EXPERIENCE/EXPERTISE)														REPRESENTATIVENESS			
	Finance				Accounting	Legal	Strategy	Human Resources	Environment	Knowledge of Certain Industries				Experience on Boards other than RONA's	Other	Geographic	Age on 31/12/2011	Gender (M/F)
	Risk Management	Transactions	Financial Products and Derivatives	Financial Audit						Hardware/Retail	Advertising	Real Estate	Information Technology					
Suzanne Blanchet	X	X			X		X	X	X		X			X	Independent	QC	54	F
Réal Brunet	X	X	X	X	X		X	X						X	Independent	QC	61	M
Louise Caya	X			X	X		X			X					Non-Independent	QC	46	F
Robert Dutton, CEO	X	X					X	X	X	X				X	Non-Independent	QC	56	M
Richard Fortin	X	X			X		X	X	X					X	Independent	QC	63	M
Jean-Guy Hébert	X	X	X	X	X		X	X	X	X		X			Non-Independent	QC	65	M
Alain Michel	X	X	X	X	X		X							X	Independent	QC	62	M
Geoff Molson	X	X					X				X			X	Independent	QC	41	M
Patrick Palerme	X	X	X	X	X		X	X				X		X	Independent	QC	54	M
James Pantelidis	X	X			X		X	X		X		X	X	X	Independent	ON	66	M
Robert Paré	X	X					X	X		X				X	Independent	QC	57	M
Jean-Roch Vachon	X	X		X			X	X		X		X		X	Independent	QC	67	M

Compensation of Directors

Compensation Policy

The Directors Compensation Program is designed to attract and retain the most qualified people to serve on the Corporation's Board and committees, taking into account the risks and responsibilities of being an effective director. The Chairman of the Board (the "Chairman") is entitled to an annual compensation of \$250,000 and is not entitled to receive any other fees. Since 2009, the Corporation's policy is to pay each director who is not an employee of the Corporation (except the Chairman) an annual amount of \$40,000 in cash or DSUs, \$13,000 in DSUs and directors' fees of \$1,500 per meeting of the Board of Directors and Board committees (\$750 in the case of participation by telephone). Each chair of a committee of the Board of Directors is also entitled to an additional annual amount of \$5,000, except for the Chair of the Audit Committee, who is entitled to an additional annual amount of \$10,000 and each committee member is entitled to an annual retainer of \$2,500 per year, except Audit Committee members who are entitled to \$4,000 per year.

The following table discloses the total dollar value of all cash and non-cash compensation provided to each director in the last fiscal year:

Name of Director ⁽¹⁾	Fees earned				Dividends	Total			Paid in cash
	Director and Board Chair/ Vice Chair Cash Retainer ⁽³⁾	Committee Chair Cash Retainer	Director Meeting Fees ⁽⁸⁾			Received in DSUs			
	(\$)	(\$)	(\$)			(#) ⁽⁹⁾	(\$)	(%)	
Suzanne Blanchet ⁽²⁾	35,069	-	13,500	181	4,830	48,750	100	-	
Réal Brunet	54,000	6,319	25,500	424	7,821	86,243	100	-	
Louise Caya	55,500	-	14,250	2,766	6,524	72,516	100	-	
Richard Fortin	59,500	-	28,500	1,755	8,054	89,755	100	-	
Jean Gaulin ⁽⁴⁾	250,000	-	-	-	-	-	-	250,000	

Name of Director ⁽¹⁾	Fees earned				Total			Paid in cash
	Director and Board Chair/ Vice Chair Cash Retainer ⁽³⁾	Committee Chair Cash Retainer	Director Meeting Fees ⁽⁸⁾	Dividends	Received in DSUs			
	(\$)	(\$)	(\$)	(\$)	(#) ⁽⁹⁾	(\$)	(%)	
Jean-Guy Hébert	55,500	-	13,500	1,745	3,849	42,745	59	28,000
J. Spencer Lanthier ⁽⁵⁾	19,511	3,681	8,250	3,342	2,601	34,784	100	-
Alain Michel	59,500	-	28,500	3,539	8,212	91,539	100	-
Patrick Palerme ⁽⁶⁾	35,069	-	12,750	160	4,762	47,979	100	-
James Pantelidis	55,500	5,000	19,500	3,209	7,468	83,209	100	-
Robert Paré ⁽⁷⁾	58,000	-	25,500	1,529	7,649	85,029	100	-
Jocelyn Tremblay	58,000	-	26,250	3,409	7,889	87,659	100	-
Jean-Roch Vachon	57,000	5,000	24,000	3,409	8,032	89,409	100	-
TOTAL	852,149	20,000	240,000	25,468	77,691	859,617	76	278,000

- (1) Mr. Dutton does not receive any compensation to act as director of the Corporation. The disclosure of his compensation as President and CEO is included in the Summary Compensation Table on page 65.
- (2) Ms. Blanchet was appointed as director and is a member of the Human Resources and Compensation Committee since May 10, 2011.
- (3) \$40,000 in cash or in DSUs, and \$13,000 in DSUs, except for Jean Gaulin who was paid \$250,000 in cash. This column also includes committee member annual retainers.
- (4) Mr. Gaulin, as a US resident, cannot benefit from the tax advantages of the DSU plan. Furthermore, he has reached the required holding applicable to the Chairman of the Board under the "Director Shareholding Guidelines" described on page 17 of this Circular.
- (5) Mr. Lanthier resigned from the Board effective on May 10, 2011 after having reached the mandatory retirement age of 70 under the Board's retirement policy.
- (6) Mr. Palerme was appointed as director and is a member of the Nominating and Governance Committee since May 10, 2011.
- (7) Mr. Paré was appointed Vice Chairman of the Board of Directors on December 7, 2011. Since January 1, 2012, he is entitled to an annual compensation of \$50,000 for acting as Vice Chairman of the Board of Directors, in addition to his other fees.
- (8) Director meeting fees have been paid in respect of only one (1) of the two (2) meetings of the Board of Directors held on May 10, 2011.
- (9) Number of DSUs is determined quarterly by dividing total fees earned in the quarter by the average closing price of the Common Shares traded on the TSX during the five (5) trading days immediately preceding the last day of each quarter.

Director Shareholding Guidelines

The Board believes it is important that directors demonstrate their commitment to the Corporation's growth through equity ownership. In 2006, the Board adopted shareholding guidelines pursuant to which each non-employee director of the Corporation, including the Chairman, is required, within the latest of five (5) years of (i) his or her election to the Board or (ii) the adoption of the shareholding guidelines, to acquire Common Shares of the Corporation and/or DSUs having a combined value of at least four (4) times his or her director annual retainer (excluding committee chair retainers and director meeting fees). Each non-employee director is required to continue to hold such value in Common Shares and/or DSUs throughout the remainder of his or her tenure as a director. Shares or units held by directors cannot be the object of monetization procedures or other hedging procedures to reduce the exposure related to such holdings. Details on the common shares and DSUs held by each director are provided in the biographies starting on p. 8 of this Circular.

Details on the deferred share unit plan of the Corporation (the "DSU Plan"), pursuant to which DSUs are issued to directors, are provided in the Schedule "D" of this Circular.

Outstanding Share-Based Awards

The following table shows the numbers and value of DSUs held by each director as at December 25, 2011.

Name of Director ⁽¹⁾	Number of DSUs ⁽³⁾ (#)	Value of DSUs ⁽³⁾ (\$)
Suzanne Blanchet ⁽²⁾	4,830	46,948
Réal Brunet	8,369	81,347
Louise Caya	24,214	235,360
Richard Fortin	17,946	174,435
Jean Gaulin ⁽⁴⁾	-	-
Jean-Guy Hébert	15,074	146,519
Alain Michel	30,888	300,231
Patrick Palerme ⁽⁵⁾	4,762	46,287
James Pantelidis	27,930	271,480
Robert Paré	16,140	156,881
Jocelyn Tremblay	29,772	289,384
Jean-Roch Vachon	29,779	289,452

- (1) Mr. Dutton does not receive any compensation to act as director of the Corporation.
- (2) Ms. Blanchet was appointed as director and is a member of the Human Resources and Compensation Committee since May 10, 2011.
- (3) Shows information regarding units held by directors under the DSU Plan as of December 25, 2011. Please see "Election of Directors" for more information on their equity holdings. Please also see "Compensation of the Named Executive Officers" — Outstanding Awards" for more information on Mr. Dutton's option-based and share-based awards and holdings. Number of DSUs is determined quarterly by dividing total fees earned in the quarter by the average closing price of the Common Shares traded on the TSX during the five (5) trading days immediately preceding the last day of each quarter. Value of DSUs at financial year-end is calculated based on the closing price of the Common Shares on the TSX on December 25, 2011 (\$9.72) multiplied by the number of DSUs.
- (4) Mr. Gaulin, as a US resident, cannot benefit from the tax advantages of the DSU plan. Furthermore, he has reached the required holding applicable to the Chairman of the Board under the "Compensation of Directors-Director Shareholding Guidelines" of this Circular.
- (5) Mr. Palerme was appointed as director and is a member of the Nominating and Governance Committee since May 10, 2011.

Mandate of the Board of Directors

The Board of Directors is responsible for the supervision of the management of the Corporation's business and affairs, with the objective of maximizing long-term corporate value. The Board approves all matters required by the Business Corporations Act (Quebec) and other applicable legislation and the Corporation's Articles and By-laws. The Board may inter alia assign to Board committees the prior review of any issues it is responsible for. In that case, Board committee recommendations are subject to Board approval. In addition, to the extent permitted by the Business Corporations Act (Quebec), the Board may delegate the exercise of its powers to any director, officer or Board committee. Board members are expected to attend all meetings of the Board and to review all meeting materials in advance. Board members are also expected to take an active role in Board decision-making. The responsibilities of the Board of Directors are described in the charter of the Board of Directors, attached as Schedule "C" to this Circular.

Committees of the Board of Directors

The Board of Directors has four (4) committees: the Audit Committee, the Human Resources and Compensation Committee, the Nominating and Governance Committee and the Development Committee. The responsibilities and composition of the committees of the Board of Directors can be summarized as follows:



Réal Brunet
Chair

The Audit Committee

The **Audit Committee** is responsible for assisting the Board of Directors in its oversight of (i) the production of reliable financial information, (ii) the identification of the principal financial risks associated with the Corporation's activities and the implementation of appropriate systems to mitigate these risks, (iii) the internal control and management information systems of the Corporation, (iv) the Corporation's financial compliance with the various authorities and legislation, (v) the competencies, independence and work of the external and internal auditors, and (vi) the performance of the other responsibilities set out in the committee's mandate as well as those delegated to the committee by the Board of Directors. The responsibilities of the Audit Committee are described in detail in the committee's charter attached as a schedule to the Corporation's Annual Information Form available on the SEDAR website at www.sedar.com.



Richard Fortin

The Audit Committee is currently chaired by Mr. Réal Brunet and consists of four (4) outside directors, all of whom are independent and financially literate. Other than Mr. Brunet, the other members of the committee are currently Messrs. Richard Fortin, Alain Michel and Jean-Roch Vachon.



Alain Michel

All the members of the Audit Committee have acquired relevant experience through their education, as members of other boards of directors and also as executive officers of various companies. Moreover, a number of them are or have been members of the audit committees of other public companies. More specifically, (i) Réal Brunet has a Bachelor's degree in Commerce, was an audit partner and senior advisory partner at Ernst & Young since 1983, and was a member of the board of directors of the Montreal section of The Institute of Internal Auditors; (ii) Richard Fortin has acted as Executive Vice President and Chief Financial Officer of Alimentation Couche-Tard Inc. from 1999 to 2008 and was acting as Chairman of the board of directors of that company until September 2011; (iii) Alain Michel has a Master's degree in Commerce and was Senior Vice-President and Chief Financial Officer of Group Videotron Ltd; and (iv) Jean-Roch Vachon has served on the board of directors and audit committee of several private and public companies since 1982, and was Chairman of Cantrex Group Inc. from 1996 to 1999.



Jean-Roch Vachon

The Human Resources and Compensation Committee

The **Human Resources and Compensation Committee** is responsible for assisting the Board of Directors in discharging its responsibilities regarding recruitment, evaluation, compensation and succession planning for the Corporation’s executive officers and other employees. The responsibilities of the Human Resources and Compensation Committee include, among other things, (i) recommending to the Board of Directors the principles and rules regarding the recruitment, hiring and evaluation of the President and Chief Executive Officer (the “**President and CEO**”) and executive officers reporting to the latter, (ii) recommending to the Board of Directors all compensation plans or policies applicable to senior management executives and other key employees of the Corporation, (iii) recommending to the Board of Directors a development and succession plan for senior management and ensuring its implementation, (iv) recommending to the Board of Directors the hiring, position description and conditions of employment of the President and CEO and other senior management, (v) at the start of each year, assessing the objectives of the President and CEO for compensation purposes and proposing such objectives to the Board for approval and, at the end of each year or at the start of the following year, assessing the extent to which such objectives have been attained and recommending to the Board the President and CEO’s compensation based on this assessment, (vi) recommending to the Board of Directors any material change to the Corporation’s organizational structure, (vii) ensuring the implementation of all human resources policies and ensuring that the Corporation complies with applicable legislation and regulations, (viii) approving the annual report on executive compensation which appears in the Circular, (ix) overseeing risk identification and management in relation to compensation policies and practices and reviewing disclosure in this respect, (x) overseeing the selection of a benchmark group for the purposes of determining compensation or any element of compensation and reviewing disclosure in this respect, (xi) reviewing the structure of the Corporation’s and its subsidiaries’ incentive plans and pension plans, and (xii) together with management, assessing and, if needed, initiating the review of the Corporation’s pension plans, in particular, with respect to their positioning as a benefit for purposes of compensation of employees assessed by the Human Resources and Compensation Committee, and examining the structure and governance of such plans.

The Human Resources and Compensation Committee is currently chaired by Mr. James Pantelidis and consists of five (5) outside directors, all of whom are independent. Other than Mr. Pantelidis, the members of the committee are currently Mr. Robert Paré, Mr. Richard Fortin, Mrs. Suzanne Blanchet and Mr. Jocelyn Tremblay. Mr. Tremblay, who has reached the mandatory retirement age of 70 under the Board’s retirement policy, will retire at the close of the Meeting.

The Board of Directors believes that the members of the Human Resources and Compensation Committee collectively have the knowledge, experience and background required to fulfill their mandate:

Mr. James Pantelidis (Chair) - Mr. Pantelidis is Chairman of the Board of Directors and a member of the Compensation and Governance Committee of EnerCare Ltd., a member of the Board of Directors and Human Resources and Compensation Committee of Industrial Alliance Insurance and Financial Services Inc., a member of the Board of Directors and Chair of the Human Resources and Compensation Committee of Equinox Minerals Limited, and Chairman of the Board



James Pantelidis
Chair



Suzanne Blanchet



Richard Fortin



Robert Paré



Jocelyn Tremblay

of Directors of Parkland Fuel Corporation. From 2002 to 2006, Mr. Pantelidis was a member of the Board of Directors of Fishercast Global Corporation (die casting) and served as Chairman and Chief Executive Officer from 2004 to 2006. From 2002 to 2003, he was President and Chief Executive Officer of J.P. Associates (private equity and strategic consulting). Between 1999 and 2001, he was Chairman and Chief Executive Officer of Bata Ltd. (retail and shoes manufacturing) and from 1996 to 1998 he was Executive Vice-President at Petro-Canada (energy). Mr. Pantelidis acquired experience in numerous fields related to human resources and compensation matters through his vast experience as a board member sitting on various human resources/compensation committees. In addition, as part of his extensive senior management experience, Mr. Pantelidis actively supervised human resources departments and oversaw performance with respect to human resources and executive compensation policies and practices.

Mrs. Suzanne Blanchet - Mrs. Blanchet is President and Chief Executive Officer of Cascades Tissue Group since 1997, and is a member of the Board of Directors of the FCPC (Food & Consumer Products of Canada) since September 2004, a member of the Board of Directors of Innovassur, Assurances générales inc. since February 2000, a member of the Board of Directors of CTAC (Conseil de la transformation agroalimentaire et des produits de consommation) since June 2008, and a member of the Board of Directors of Éco Entreprises Québec since June 2006. Mrs. Suzanne Blanchet actively supervises human resources departments and oversees performance with respect to human resources and executive compensation policies and practices through her executive responsibilities at Cascades Tissue Group. She also acquired experience in several fields related to human resources and compensation matters through her experience as a board member.

Mr. Richard Fortin - Mr. Fortin was Chairman of the Board of Alimentation Couche-Tard Inc. until September 2011, a publicly traded corporation, where he had been Executive Vice President and Chief Financial Officer since 1999. He worked for more than 13 years in the banking industry, holding various management positions, namely as Vice President, Quebec for the Société Générale (Canada). Mr. Fortin currently serves as lead director on the Board of Directors of Transcontinental Inc., and is a member of the Board of Directors of the National Bank Life Insurance Company. Through the various management positions which he held over the years, including at Alimentation Couche-Tard Inc., Mr. Fortin actively supervised human resources departments and oversaw performance with respect to human resources and executive compensation policies and practices, and acquired experience in several fields related to human resources and compensation matters through his experience as a board member.

Mr. Robert Paré - Mr. Paré is a corporate lawyer and partner at Fasken Martineau Dumoulin LLP (law firm), a member of the Board of Directors of Groupe BMTC Inc., Essilor Canada Ltd. and Group ADF inc. Mr. Paré is also corporate secretary and a member of the Board of Directors and executive committee of The Montreal Heart Institute Foundation, and a member of the Board of Directors of the Institute of Corporate Directors – Quebec Chapter. Mr. Paré has vast experience advising clients in all legal aspects of transactions in the field of mergers and acquisitions, which allowed him to acquire experience in numerous fields related to human resources and compensation matters. He also oversaw performance with respect to human resources and executive compensation policies and practices through his experience as a board member of various entities.

Mr. Jocelyn Tremblay - Mr. Tremblay is a member of the Board of Directors and Human Resources and Compensation Committee of Groupe St-Hubert Inc., a member of the Board of Directors and Human Resources Committee of Industries Lassonde Inc. and a member of the

Board of Directors of Laboratoire Oméga Ltée. From 2006 to 2008, Mr. Tremblay was President and Chief Executive Officer of Vins Arista inc., and from 1986 to 1998 he was President and Chief Executive Officer of Société des Alcools du Québec. Through his extensive senior management experience, including through his executive responsibilities at Société des Alcools du Québec, Mr. Tremblay actively supervised human resources departments and oversaw performance with respect to human resources and executive compensation policies and practices. He also acquired experience in various fields related to human resources and compensation matters through his experience as a board member sitting on human resources/compensation committees.

The Nominating and Governance Committee

The **Nominating and Governance Committee** is responsible for assisting the Board of Directors in the development of the Corporation's approach to matters of governance, selection of new director nominees, directors' compensation and for assessing the effectiveness of the Board of Directors and its committees, their respective chairs and each director. The responsibilities of the Nominating and Governance Committee include, among other things, (i) recommending and obtaining the Board of Directors' approval for governance policies and guidelines in compliance with laws and regulations and ensuring their implementation within the Corporation, (ii) recommending to the Board of Directors and periodically reviewing a code of conduct for directors, officers and employees, and ensuring its implementation within the Corporation, (iii) reviewing the size of the Board of Directors to ensure optimal decision-making and effectiveness and, as required, making appropriate recommendations to the Board of Directors, (iv) recommending a process for assessing the performance of the Board of Directors as a whole, the committees of the Board of Directors, the Chairman of the Board and the committee chairs and the contribution of individual directors, and seeing to its implementation, (v) assisting the Board in determining Board committee composition, as well as the appropriate mandate of each committee, (vi) recommending the competencies, skills and personal qualities required on the Board in order to create added value, taking into account the opportunities and risks faced by the Corporation and subsequently identifying and recommending to the Board new director nominees, (vii) implementing an orientation and continuing education policy for directors, (viii) recommending and obtaining the Board of Directors' approval for directors' compensation, (ix) ensuring that a statement of governance practices is disclosed and that such statement is in conformity with applicable laws and regulations and (x) advising the management of the Corporation on matters relating to the conduct of annual and special meetings of shareholders.

The Nominating and Governance Committee is currently chaired by Mr. Jean Gaulin and consists of five (5) outside directors, all of whom are independent. Other than Mr. Gaulin, the members of the committee are currently Mr. Alain Michel, Mr. Robert Paré, Mr. Patrick Palerme and Mr. Jocelyn Tremblay.

Mr. Gaulin, Chair of the Nominating and Governance Committee, will retire at the close of the Meeting. Mr. Tremblay, who has reached the mandatory retirement age of 70 under the Board's retirement policy, will also retire at the close of the Meeting.



Jean Gaulin
Chair



Alain Michel



Patrick Palerme



Robert Paré



Jocelyn Tremblay

The Development Committee

The **Development Committee** is generally responsible for assisting the Board of Directors in the development of the Corporation's approach to real estate matters. The responsibilities of the Development Committee include, among other things, (i) reviewing real estate investment opportunities submitted by management and, more specifically, the acquisition, lease or building of new stores to add to the Corporation's network of stores where the total investment is in excess of \$20 million, (ii) recommending and obtaining the Board of Directors' approval for the investments reviewed by the Committee, (iii) monitoring the financial status of real estate sites (including reviewing budgets and comparative financial statements), and (iv) periodically recommending and obtaining the Board of Directors' approval for real estate development plans.

The Development Committee is currently chaired by Mr. Jean-Roch Vachon and consists of four (4) members, two of whom are not independent. Other than Mr. Vachon, the members of the committee are currently Mrs. Louise Caya, Mr. Jean-Guy Hébert and Mr. James Pantelidis.



Jean-Roch Vachon
Chair



Louise Caya



Jean-Guy Hébert



James Pantelidis

Compensation Discussion and Analysis

A Few Words from Jim Pantelidis Chair, Human Resources and Compensation Committee

Dear RONA shareholders:

In the spirit of open communication, I again invite you on behalf of the Board to take a close look at our executive compensation programs at RONA and build an understanding of how the Board reaches its decisions about executive pay plans and awards. The Compensation Discussion and Analysis is one of the many communication tools we use to engage shareholders, shareholder advisory groups, and industry analysts so we can disclose in clear terms how our executive compensation aligns with RONA's strategic business plan, Corporation and individual performance, and with your interests.

Our executive management team, as you know, is responsible for achieving the business goals and objectives we set each year. During 2011, we continued to experience fallout from the slow economic recovery of the past several years. Our financial performance met the objectives set for the second half of 2011, due to the introduction of important cost control measures and the optimization of our capital structure. Nevertheless, we did not meet overall financial performance goals for the year.

The 2011 business results will have the following impact on executive compensation:

- The short-term incentive plan ("STIP") payouts will be negatively impacted.
- The long-term incentive plan ("LTIP") awards will be negatively impacted due to RONA's performance relative to its peers. This will affect the vesting of the restricted share units with performance vesting criteria ("PSUs") granted under the Share Unit Plan (as defined below) in 2009, 2010 and 2011.
- The decrease in stock price continues to impact both shareholder return and the value of stock options. All stock option grants made since 2003 currently have no value.

You can find out more about the key principles that guide our executive compensation philosophy and practices in the appropriate sections of the 2011 Compensation Discussion and Analysis. Our key principles have not changed since last year and we continue to apply them at RONA as follows:

We align executive pay practices with shareholders' interests: We link executive pay to company performance by ensuring that compensation depends on the achievement of corporate, business sector and individual performance objectives.

A significant proportion of executive pay is at-risk: In 2011, 59% of our President and CEO's target compensation and 46% of the other Named Executive Officers' (NEOs') target compensation was at-risk.

We follow best pay practices: Severance arrangements and perquisites are not excessive; bonus amounts are capped and paid out only on meeting performance objectives set at the beginning of the year; share ownership guidelines require a minimum level of stock ownership which cannot be monetized or subject to hedging. STIP and LTIP payouts are subject to a clawback policy in the event of any financial restatement.

We assess and manage compensation risk: Our compensation programs discourage executives from excessively risky behaviour, firstly, by ensuring a balanced pay mix between cash and equity and between annual and long-term incentive compensation; secondly, by linking performance-based pay to a balance of qualitative and quantitative goals including internal financial and operational measures and performance relative to our peer group.

We continue to manage and monitor our executive compensation in line with our business strategies, changes in our external market, and best practices in the industry. As such, the Human Resources and Compensation Committee recently approved significant changes to the performance indicators used in our incentive plans. In order to reflect the increased emphasis given to Return on Capital in both operational and financial decisions, this indicator was added to the STIP and will replace the current indicator when measuring the Corporation's relative performance for the awarding of PSUs. We believe this change will further improve alignment with shareholder interests.

We are looking ahead to 2012 with excitement and enthusiasm. The theme of our 2012 business plan is *New Realities, New Solutions* and the goal is to bring us closer to our customers. The 2012 business plan is the result of our analysis and understanding of the behaviours and needs of Canadian consumers and on our successful pilot projects to test new retail store concepts in various communities and locations during 2011.

We start 2012 under revitalized and renewed leadership. The new executive management team, led by President and CEO Robert Dutton, is charged with executing on our 2012 business plan to redefine the customer experience in our industry and increase our return on capital.

Leadership changes began last year with the appointment of Luc Rodier as Executive Vice President, Retail and Dominique Boies as Executive Vice President and Chief Financial Officer.

Further changes came earlier this year, when RONA announced the transition of Claude Bernier and Normand Dumont, two long-serving pillars of our Management Committee. Karim Salabi steps into the role of Executive Vice President of Marketing and Customer Innovations upon Mr. Bernier's retirement. Manon Bouchard has been named Executive Vice President, Merchandising, as Mr. Dumont will transition to a new role as Vice President, Sustainable Development later in 2012.

As the torch passes in 2012 to this revitalized executive management team, we acknowledge the effectiveness of our executive succession planning process. Most of the newly appointed team members have risen through the ranks at RONA which is a testament to our focus on developing talent from within. We are confident that we have the right talent in the right positions to lead *New Realities, New Solutions*.

We hope you will continue to follow our progress as we launch *New Realities, New Solutions* to the Canadian retail sector and to our valued customers.

Yours sincerely,

(signed)

Jim Pantelidis
Chair, Human Resources and Compensation Committee, RONA

Our Executive Pay Program

Our Named Executive Officers

The Compensation Discussion and Analysis section explains the pay program for the financial year ended December 25, 2011 for our “named executive officers” (NEOs), which include our President and Chief Executive Officer, Executive Vice President and Chief Financial Officer (or individuals who acted in a similar capacity for part of the most recently completed financial year), and our three other most highly compensated executive officers as follows:

Robert Dutton President and Chief Executive Officer
Dominique Boies Executive Vice President and Chief Financial Officer
Claude Bernier Executive Vice President, Marketing and Customer Innovations
Normand Dumont Executive Vice President, Merchandising
Michael Storfer Vice President, Commercial and Professional Market and President of Noble
Claude Guévin Former Executive Vice President and Chief Financial Officer
Marie-Claude Lalonde Vice President and Corporate Controller

Mr. Claude Guévin, former Executive Vice President and Chief Financial Officer, left the Corporation as of June 3, 2011. From May 2, 2011 until Mr. Dominique Boies’ appointment as Executive Vice President and Chief Financial Officer on September 12, 2011, Ms. Marie-Claude Lalonde, Vice President and Corporate Controller, assumed the financial management of the Corporation on an interim basis.

Executive Compensation Philosophy and Policy

Executive compensation at RONA is aligned in several ways with our strategic business plan. Our key long-term objective is to motivate executives to achieve targets that are aligned with the Corporation’s strategic goals and that are expected to enhance shareholder value over the long term. Our shorter-term corporate goals, business unit objectives, and individual contributions to business success are reflected in the annual incentive plan. A significant portion of the executive pay program consists of “at-risk” pay meaning that compensation is dependent on achieving corporate, business sector and individual performance objectives both in the short and long term.

RONA’s executive pay program is also designed to attract and retain experienced executives who have the skills required to help the Corporation achieve its strategic and organizational goals. RONA is committed to providing compensation plans that are consistent with best practices in corporate governance.

The Corporation’s executive compensation policy is to provide total compensation that is generally competitive with the median of its peer group, taking into consideration additional Corporation-specific issues such as the achievement of financial and operational objectives, and the specific roles and responsibilities of different executive positions. Total compensation plans are structured to provide compensation that is above market median when results exceed the Corporation’s business objectives and below market median when results are below target.



Robert Dutton
President and Chief Executive Officer



Dominique Boies
Executive Vice President and Chief Financial Officer



Claude Bernier
Executive Vice President Marketing and Customer Innovations



Normand Dumont
Executive Vice President Merchandising



Michael Storfer
Vice President Commercial and Professional Market and President of Noble

Executive Compensation Components

General Description

The following table describes the different compensation components, which together provide compensation packages that meet the objectives of RONA's compensation philosophy. The table provides a description of each component's key features and objectives:

Compensation Elements, Key Features and Objectives

Compensation Element	Key Features	Objectives
Base Salary	Market-competitive fixed rate of pay	<ul style="list-style-type: none"> Attract and retain executives with experience and skills required to achieve strategic and organizational goals Recognize executives' experience, level of responsibility and individual performance
Annual Short-term Incentive Plan "STIP"	<p>Annual cash bonus with target awards established for each NEO as a percentage of base salary</p> <p>Payments can be higher or lower than target (down to zero), based on total Corporation annual results, business unit results and/or individual achievements</p>	<ul style="list-style-type: none"> Motivate executives to drive superior short-term performance through Corporation, business sector and individual objectives Reward achievement of overall Corporation performance goals defined as earnings before income taxes and non-controlling interest (EBT) Reward achievement of business unit level performance goals defined as financial objectives (for example, sales, margin, profit, expenses or inventory reduction) or achievement of annual business plan Recognize individual contributions to specific initiatives, projects or other qualitative and quantitative measures
Long-term Incentive Plans "LTIP"	Long-term incentives tied to growth in stock price through stock option and share unit grants	Encourage executives to pursue objectives that are aligned with RONA's long-term strategic objectives
Performance Share Units	Share unit grant levels vary to reflect individual contributions and vest at the end of 3 years based on the Corporation's return on net assets relative to a peer group of companies	Motivate executives to achieve performance targets by demonstrating Corporation's ability to generate and maximize profits using the available assets relative to peers
Stock Options	Option grant levels are based on individual performance and options are time-vested ratably over 4 years with a 10-year term	Promote retention and encourage executives to pursue opportunities that will increase shareholder value over the long term
Pension Plans		
Defined Contribution Plans (NEOs excluding President and CEO)	<p>Annual contribution based on salary up to the Canada Revenue Agency (CRA) limit</p> <p>Supplemental plan with annual contribution over the basic plan based on salary and paid annual short-term incentive</p>	Attract and retain highly qualified executives by providing market competitive benefits for income security in retirement
Defined Benefit Plans (President and CEO only)	<p>Annual contribution required to provide retirement income in the form of a lifetime annuity</p> <p>Supplemental plan with annual contribution over the basic plan based on salary and paid annual short-term incentive</p>	Provide CEO with income in the form of a lifetime annuity
Health and Other Benefits and Perquisites	<p>Health, dental, life and disability insurance plans</p> <p>Automobile, medical exam, financial planning</p>	Attract and maintain healthy, engaged, high-performing executives by providing market competitive benefits and perquisites

Compensation Positioning

To achieve the objectives described in the above table, each element of pay is targeted at the market median with adjustments based on meeting specific performance goals as follows:

- Base salary is adjusted above and below the median to reflect specific circumstances such as experience, individual performance and changes in responsibility;
- STIP payouts may exceed market median target levels when results exceed objectives and may be below median levels (down to zero) when results are below targets;
- LTIP grants of PSUs and stock options can be adjusted from 0% to 200% of target levels based on each individual's performance and contribution to the Corporation's overall results;
- PSU grants include performance vesting criteria to ensure that PSU awards vest only when the Corporation's performance exceeds a pre-established minimum threshold. Based on RONA's performance at the end of the vesting period, anywhere from 0% to 200% of the PSUs may vest; and
- Pension and benefits are set at market competitive levels.

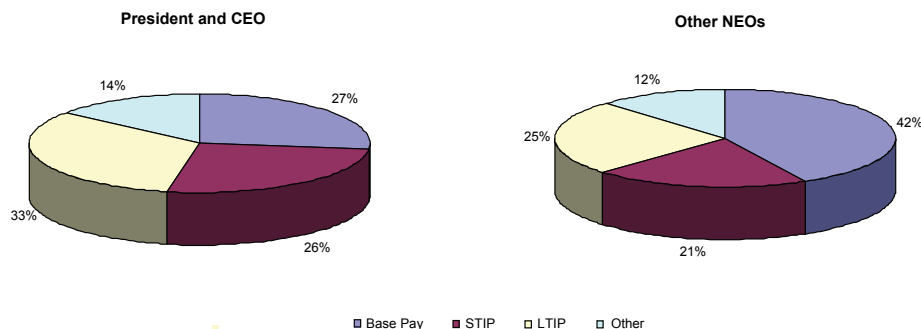
Pay Mix

The compensation program is comprised of a mix of base salary, short- and long-term incentive compensation and pension and other benefits. The relative emphasis of these elements in the compensation program indicates the amount of compensation that is "at-risk", that is, based on meeting corporate, business sector and individual performance goals.

As illustrated in the following charts, which show the mix of pay elements for the President and CEO and for the other NEOs, a significant portion of each NEO's compensation is performance-based. In total, 59% of the target total compensation for the President and CEO and 46% of the other NEOs' target total compensation was performance-based and aligned with the interests of shareholders.

Mix of Pay Elements

The figures in the charts are based on target, not actual, pay mix.



Summary of Performance Indicators

Each year, the Human Resources and Compensation Committee approves performance targets for the STIP that reflect the Corporation's short-term business objectives. The STIP consists of three performance indicators:

- *Overall corporate earnings targets*, which reward increases in earnings before income taxes and non-controlling interest ("EBT").
- *Business unit or sector objectives*, which reward achievement of various performance objectives such as sales results, margin, inventory, synergies, expenses, growth projects or annual priorities.
- *Individual objectives*, which vary for each NEO and consist of key initiatives and projects aligned with the sector's annual business plan, measured either using quantitative measures (for example, expenses, compliance with project deadlines and budgets) or qualitative goals (for example, implementation of new programs, effectiveness of new processes or structures).

The LTIP is also driven by Corporation performance as follows:

- PSUs vest at the end of three years if the Corporation achieves certain target levels for return on net asset relative to a specified performance peer group. This "performance peer group" is detailed on page 46.
- Stock options vest evenly over four years and provide value to executives only if the Corporation's stock price increases above the exercise price before the end of the 10-year term; in other words, the stock option plan includes an implicit absolute total shareholder return performance measure.

Our Executive Compensation Practices

Recent Changes to Executive Compensation

Over the last year, the Human Resources and Compensation Committee recommended the following changes to executive compensation:

- Continuing previous years' practice of granting long-term incentives in a 3:1 ratio between PSUs and stock options to give more weight to PSUs that are subject to performance vesting criteria and to reduce the proportion of stock options, which are time-vested;
- Reducing the relative weighting of individual objectives in the STIP to a maximum of 10% and increasing the value given to corporate and/or sector objectives that are measured against clearly defined financial or operational targets;
- Standardizing employment agreements for all executives (other than NEOs). Refer to pages 49 to 51 for a description of the NEOs' employment agreements.
- Amending the clawback policy (effective in 2012) allowing the Corporation to seek reimbursement of all or a portion of any annual and long-term incentive compensation awarded, or profit realized from the exercise of stock options.

Best Pay Practices

Our compensation program is designed to reward executives for achieving short- and long-term business goals. RONA is committed to using best pay practices to ensure executives are properly motivated and to discourage executives from making excessively risky business decisions. RONA's best pay practices include:

- Employment agreements are aligned with the compensation peer group practices: they are not individually negotiated with executives and do not include multi-year guarantees;
- All future employment agreements will require both a change of control and termination of employment or constructive dismissal by the Corporation, meaning there is a so-called "double-trigger" for payment of termination benefits. The current President and CEO, Mr. Dutton, has voluntarily agreed to include a double-trigger change of control provision in his current employment agreement;
- Severance arrangements are not excessive (please refer to pages 49 to 51 for a detailed description);
- Bonus payouts are made only upon meeting performance objectives that are set at the beginning of the year and are not changed or cancelled. Bonus payouts are also subject to caps;
- Pension plan calculations for NEOs other than the President and CEO use actual bonus (not target), are capped (at target), and exclude performance-based equity awards; the President and CEO's pension plan has a service cap, excludes performance-based equity awards, and does not allow for crediting additional years of service;

In its first meeting of 2012, the Human Resources and Compensation Committee has recommended the following changes to executive compensation:

- *Introduction of Return on Capital under the STIP as one of the performance indicators (representing 15% of the target bonus)*
- *Adopting Return on Capital as the sole performance criterion for the vesting of PSUs (replacing Return on Net Assets)*

These changes reflect the increased emphasis given to Return on Capital in both operational and financial decisions, and will further improve alignment with shareholder interests.

- Perquisites do not exceed \$50,000 or 10% of the total base salary annually for each NEO. The Corporation does not provide executive loans;
- Equity grants are always approved at the first Human Resources and Compensation Committee meeting of each fiscal year: the timing of equity grants is not based on the release of material non-public information; and
- Share ownership guidelines require a minimum level of stock ownership to help align executives' interests with those of shareholders.

Risk Assessment of Pay Programs

The Board has overall responsibility for the oversight of our risk management plans, policies and practices. The Human Resources and Compensation Committee is responsible for overseeing our compensation policies and practices to ensure they do not encourage executives to take risks that would be reasonably likely to have a material adverse effect on RONA. The Committee's charter has been revised to reflect these risk oversight responsibilities. In addition, management is currently developing a formal compensation risk assessment process for approval by the Human Resources and Compensation Committee in 2012. As part of this process, management will evaluate risk exposures related to compensation of the Board of Directors, executives, management, and the broader employee population, with a focus on the Corporation's incentive plans and pension plans. Management will be asked to report to the Human Resources and Compensation Committee on the steps taken to identify, monitor and control compensation risk exposures.

Our pay program is designed to motivate and reward executives who take appropriate business risks to help the Corporation achieve its goals without encouraging risk-taking behaviors which may have a material adverse effect on the Corporation. The following characteristics of our pay program are designed with this in mind:

- Pay mix is balanced to include sufficient fixed compensation as well as annual and long-term incentive compensation that together represent a mix of cash and equity;
- Bonus amounts are capped and paid out only on meeting performance objectives set at the beginning of the year;
- Base salary is fixed to provide steady income regardless of share price and therefore does not encourage excessive risk-taking;
- Performance compensation is provided as a mix of cash and equity, based on the achievement of short- and long-term financial metrics that represent internal and external performance. Metrics include aggressive but attainable EBT targets, a variety of qualitative and quantitative business sector and individual goals, and measures relative to the performance of RONA's peer group of companies;
- Target LTIP grants are provided 75% in PSUs and 25% in stock options. This puts more emphasis on PSUs, which vest only if and when RONA's ambitious three-year performance-based criteria are achieved;
- Equity awards vest over an extended period: three years for PSUs and four years for stock options. This helps to ensure that performance aligns with shareholders' interests;
- Share ownership guidelines require a minimum level of ownership, which more closely aligns the interests of senior executives with those of shareholders. Shares cannot be monetized or subject to other hedging procedures;
- STIP and LTIP payouts are subject to a clawback policy in the event of any financial restatement;
- With regards to pension plans, calculation for NEOs other than the President and CEO use actual bonus (and are capped at target) while the President and CEO's pension plan has a service cap; and

- The Human Resources and Compensation Committee oversees the Corporation's pay program and policies in consultation with Mercer, its outside compensation consultant, and periodically stress-tests with Mercer the executive compensation plans under various performance scenarios.

Stress Testing

To ensure that the Corporation's total compensation is aligned with the Corporation's compensation objectives, the Human Resources and Compensation Committee periodically works with Mercer, its outside compensation consultant, to stress-test the executive compensation plans under various performance scenarios. These scenarios illustrate the impact of various Corporation performance outcomes relative to the incentive awards that would be earned by executives. Stress testing helps determine whether the incentive plans would pay out as anticipated and remain consistent with RONA's pay-for-performance philosophy, while avoiding the creation of excessive risks that could threaten the Corporation's value.

The various scenarios contemplate Corporation performance ranging from 'weak' to 'extraordinary' and calculate incentive plan payouts based on these results to ensure an appropriate pay-for-performance linkage. In light of this analysis, the committee believes that the relationship between pay and performance is appropriate and that the objectives of the Corporation's performance-based compensation programs are achieved.

Share Ownership Requirements

The interests of the management team are further aligned with shareholders' interests through share ownership requirements. The Board has adopted guidelines that require minimum levels of share ownership (or options or PSUs), based on each executive's position and salary. NEOs are required to achieve and maintain share ownership levels that meet or exceed the guidelines.

Corporation shares acquired through the exercise of stock options, or through the vesting of PSU awards under the long-term incentive programs, must be held until the guidelines are met. For the purposes of assessing ownership levels, RONA includes the value of shares and vested stock options, as well as fifty percent (50%) of the value of unvested PSUs. Shares are valued at the greater of the stock price on the date they were acquired, or the date that share ownership levels are assessed. Vested stock options are valued based on the in-the-money value, if any, on the date that share ownership levels are assessed. PSUs are valued using the share price on the date that share ownership levels are assessed, assuming performance criteria are fully met.

Shares, PSUs, stock options, or other RONA securities held by NEOs cannot be the object of monetization or other hedging procedures to reduce the exposure related to the holdings.

The following table provides information about the stock-based holdings of RONA's NEOs, as at December 25, 2011. For further details, see pages 55 to 64.

Share Ownership Guidelines⁽¹⁾

Executive Position ⁽¹⁾	Stock Ownership Guidelines: Multiple of Salary	Status as at December 25, 2011
Robert Dutton President and CEO	3.0	Guideline is met
Dominique Boies ⁽²⁾ Executive Vice President and Chief Financial Officer	1.0	Guideline is not met
Claude Bernier Executive Vice President, Marketing and Customer Innovations	1.0	Guideline is met
Normand Dumont Executive Vice President, Merchandising	1.0	Guideline is met
Claude Guévin Former Executive Vice President and Chief Financial Officer (to June 3, 2011)	1.0	Guideline was met up to date of departure from RONA

(1) As Vice Presidents, Mr. Storfer and Ms. Lalonde are not subject to the share ownership guidelines.

(2) Mr. Dominique Boies was appointed as Executive Vice President and CFO on September 12, 2011; therefore he has not yet reached the threshold.

Executive Compensation Clawback

The Corporation has an executive compensation clawback policy relating to awards made under the Corporation's STIP and LTIP. Under the policy, starting in 2012, the Board may, in its sole discretion, require reimbursement of all or a portion of annual and long-term incentive compensation received by an executive officer as well as any profit realized from the exercise of stock options granted following a restatement of all or a portion of the Corporation's financial statements.

Benchmarking Executive Compensation

Market Benchmarking of Executive Compensation

RONA uses two different peer groups: the first group is used to benchmark executive compensation and to ensure the Corporation's ability to attract and retain executives with the experience and skills required to achieve strategic and organizational goals; the second group is used to benchmark Corporation performance with regards to PSU vesting. The second peer group reflects the broader investment opportunities that are available to shareholders within the general sectors in which RONA operates and creates a better alignment between executives' and shareholders' interests. Please refer to page 46 for a detailed description of the performance peer group used for PSU vesting.

Compensation Peer Group

The peer group used to benchmark compensation of the Corporation's NEOs was reviewed and updated in 2009 to more closely reflect the market within which RONA competes for executive talent. The compensation peer group is composed of major Canadian retail companies similar in size to RONA. When selecting peers, annual revenues were used as the primary measure of company size; however, other metrics such as total assets and market capitalization were also considered. The compensation peer group is shown below.

NEO Compensation Peer Group

NEO Compensation Benchmarking Peer Group	
<ul style="list-style-type: none"> Alimentation Couche-Tard Canadian Tire Empire Company Forzani Group (since acquired by Canadian Tire) Jean Coutu Group Metro 	<ul style="list-style-type: none"> North West Company Reitmans Canada Sears Canada Shoppers Drug Mart Tim Hortons Uni-Select

\$ Millions ⁽¹⁾			
NEO Compensation Peer Group	Most Recent Sales	Most Recent Total Assets	Market Value
75th percentile	\$10,640	\$5,358	\$5,184
Median	\$3,762	\$2,496	\$2,053
25th percentile	\$1,449	\$791	\$1,192

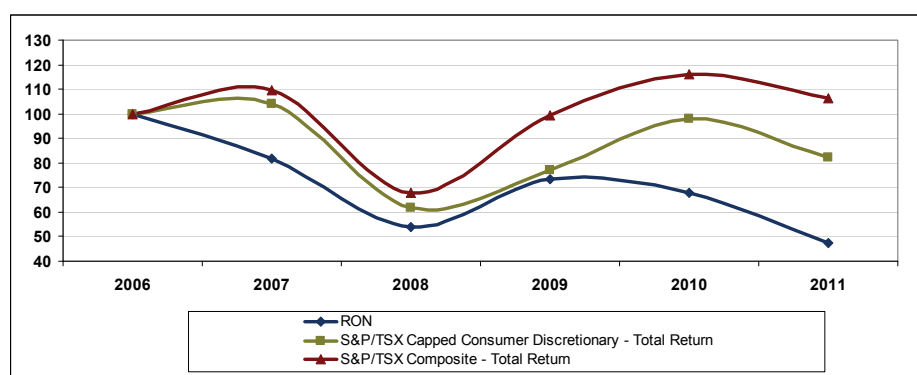
(1) Revenues are for the most recently available 12 months and assets are for the most recently available quarter for each company; market value is as of October 31, 2011. Market value is based on the month-end close price multiplied by the Common Shares outstanding for all actively traded securities.

How RONA Ties Executive Pay to Performance

Stock Performance: 2007 to 2011

The following graph compares the cumulative total shareholder return (“TSR”) on \$100 invested in Common Shares of RONA from December 31, 2006 through December 25, 2011 with the cumulative TSR for the same period of the TSX Capped Consumer Discretionary Index and the TSX Composite Index.

Comparison of RONA Total Return with S&P Indices (chart)



Comparison of RONA Total Return with S&P Indices (table)

	Financial Years Ended ⁽¹⁾					
	Dec. 31, 2006	Dec. 30, 2007	Dec. 28, 2008	Dec. 27, 2009	Dec. 26, 2010	Dec. 25, 2011
The Corporation	\$100.00	\$81.81	\$53.76	\$73.24	\$67.90	\$47.27
S&P/TSX Capped Consumer Discretionary – Total Return	\$100.00	\$104.08	\$61.82	\$76.89	\$97.93	\$82.06
S&P/TSX Composite – Total Return	\$100.00	\$109.74	\$67.93	\$99.32	\$116.22	\$106.29

(1) The table shows cumulative TSR from December 31, 2006.

Compensation, Corporation Performance and Stock Performance: 2007 to 2011

Each year, the Board considers RONA's overall performance in making executive pay decisions to ensure that compensation programs, compensation level, annual STIP payouts as well as LTIP award levels are aligned with shareholder interests.

The table below illustrates variation in TSR, cash compensation and total compensation (as reported in the Summary Compensation Table).

Trends in Total Compensation for NEOs⁽¹⁾ 2007 to 2011

Year	2007	2008	2009	2010 ⁽²⁾	2011 ⁽³⁾
Corporation performance TSR					
Variation in TSR over previous year	-18.2%	-34.3%	36.2%	-7.3%	-33.9%
Compensation					
Cash compensation (base salary + STIP award)	\$1,907,424	\$2,263,984	\$2,335,680	\$3,568,538	\$2,364,291
Variation over previous year	-12.5%	18.7%	3.2%	52.8%	-33.7%
Total compensation	\$4,619,921	\$4,461,131	\$6,064,153	\$7,796,503	\$5,231,318
Variation over previous year	-9.9%	-3.4%	35.9%	28.6%	-32.9%

(1) As disclosed in previous years' information circular.

(2) For purposes of this table, compensation values do not include compensation paid to Mr. Dandoy for the year 2010.

(3) For purposes of this table, compensation values do not include compensation paid to Ms. Lalonde for the year 2011, nor the total actual termination benefit paid to Mr. Guévin upon his departure from RONA on June 3, 2011.

During the five-year period, TSR variation over the previous year was negative four times out of five, with an overall 53% decrease. Recent changes in the group of NEOs, in both 2010 and 2011, make year over year comparisons between total compensation and total shareholder return challenging and potentially misleading. Although overall total compensation is higher in 2011 than in 2007, it has fluctuated during this five-year period and has not always followed the trend in total shareholder return. This is due to several factors, the most significant of which are:

- Base salary, as well as other benefits such as pension, are designed and set at market competitive levels. Base salary adjustments over the past five years have been mainly influenced by the reference market or by additional responsibilities assumed after business acquisitions and other expansion initiatives which were undertaken to increase shareholder value over the long term;
- Changes have been made on an on-going basis to the STIP and LTIP design (for example, targets as a percentage of base salary were increased based on benchmarking results and the STIP payout formula was modified in 2010) in order to remain at a competitive level;
- LTIP value reported in the Summary Compensation Table is based on grant date fair value, not on actual value. Grant levels were also adjusted to reflect individual performance or to maintain total compensation at a competitive level;
- STIP payouts in 2011 were lower than in the prior year due to the fact that results on the corporate component of the STIP (*i.e.* EBT) were below the minimum performance threshold;
- LTIP awards in 2011 were lower than in the two previous years.

We believe that a closer look at actual compensation over the five-year period is required to better demonstrate the alignment between compensation, Corporation performance and stock performance.

Although RONA's performance measures under the STIP and LTIP (for PSUs) are not directly linked to the Corporation's total shareholder return, our choice of performance indicators nevertheless generates a similar outcome in terms of actual pay. STIP awards are heavily weighted towards the achievement of earnings before income taxes and non-controlling interest (EBT), and PSU awards emphasize RONA's performance in comparison with its peer group. In recent years, RONA has set aggressive annual growth and profit objectives which impacted STIP awards as well as ambitious performance vesting criteria for PSU grants. In combination with current market conditions, this has resulted in significant variability in annual and long-term incentive awards in recent years which had the biggest impact on actual pay.

The table below illustrates the relationship between TSR and actual pay received by the President and CEO over the same 5-year period.

Trends in the President and CEO Incentive Compensation: 2007 to 2011

Year	2007	2008	2009	2010	2011
Corporation performance					
Variation in net earnings ⁽⁵⁾⁽⁷⁾	-5%	-12%	-12%	4%	-31% ⁽⁶⁾
Variation in TSR	-18.2%	-34.3%	36.2%	-7.3%	-33.9%
Annual incentive compensation					
Annual STIP payout in \$	\$108,000	\$155,000	\$170,000	\$729,347	\$87,641
Annual STIP payout as a percentage of target bonus	20%	20%	20%	84%	10%
Long-term incentive compensation					
Stock options value on grant date	\$460,890	\$288,976	\$602,467	\$547,070	\$281,832
Expected value of stock options granted in the specific year as at December 25, 2011 ⁽¹⁾	0	0	0	0	0
PSUs value on grant date	\$539,917	\$388,688	\$1,275,416	\$1,641,270	\$845,470
Expected value of PSUs granted in the specific year as at December 25, 2011 ⁽²⁾	0 ⁽³⁾	0 ⁽³⁾	\$394,304 ⁽⁴⁾	\$1,033,236	\$573,480
Direct compensation					
Direct compensation at target (base salary + STIP target + LTIP target)	\$1,755,000	\$2,325,000	\$2,550,000	\$2,843,750	\$2,926,625
Direct compensation awarded (base salary + STIP target + LTIP award)	\$2,295,000	\$2,325,000	\$3,400,000	\$3,937,500	\$2,926,625
Expected value (base salary + STIP payout + LTIP value as at December 25, 2011)	\$783,000	\$930,000	\$1,414,304	\$2,637,583	\$1,581,004
Difference in expected value as at December 25, 2011 vs. direct compensation awarded	-66%	-60%	-58%	-33%	-46%

(1) Expected value is based on stock price of \$9.72 as at December 25, 2011 and the assumption that options are fully vested.

(2) Expected value is based on the completed portion of each of the 3-year cycles and variation in stock price. Full acquisition (100%) is assumed for the remaining portion of each of the 3-year cycles.

(3) Performance criteria were not met.

(4) Based on the assumption that one-third of the PSUs will vest.

(5) The financial highlights for 2007 and 2008 have been restated to reflect the application of Section 3064, "Goodwill and intangible assets" of the Canadian Institute of Chartered Accountants (CICA) Handbook.

(6) Results before extraordinary items (please refer to the most recent management's discussion and analysis of RONA available on SEDAR at www.sedar.com for a description of extraordinary items).

(7) The financial highlights for 2007 to 2010 do not reflect the impact of the adoption of the IFRS accounting standards.

The following observations can be drawn from the information presented on page 38:

- In each of the five years reported, the current expected value of the compensation is below the value that was approved for the President and CEO for a given year, showing a relationship between actual compensation and TSR.
- STIP payouts have been below target levels since 2007, due to aggressive annual growth and profit objectives and competitive market conditions.
- As shown in the “Outstanding Awards” section on page 66, stock options awarded since 2003 have no value as at December 25, 2011 because the exercise price was above market price. Similarly, PSUs granted in 2007 and 2008 did not vest at the end of their respective three-year cycles, and therefore have no value. PSUs granted in 2009 are expected to partially vest.
- Actual grants in 2009 and 2010 were increased in order to maintain total compensation at a competitive level. In 2011, grants were made at target.
- The value of PSUs and options granted has fluctuated with the value of RONA’s stock; PSUs will only vest if RONA’s performance objectives are achieved.

Based on the foregoing analysis, RONA is of the view that its incentive compensation demonstrates a strong alignment between executive and shareholder interests over the short and long term.

Description of Compensation Elements

Base Salary

Each year, the Human Resources and Compensation Committee reviews the individual salaries of the NEOs and makes adjustments when required to ensure that compensation remains market competitive and reflects individual performance, responsibility and experience. Individual performance includes, but is not limited to, each officer's contribution, business unit results, leadership, quality of management, and sponsorship of corporate values.

The annual budget for salary increases is usually set at the average of our compensation peer group. However, increases in base salary over the period reflected additional responsibilities resulting in part from the Corporation's acquisitions that are expected to contribute to the Corporation's growth and deliver shareholder value over the long term, as well as market adjustments required to maintain current compensation at the median of the reference market.

NEO salary levels increased in 2011 to reflect each NEO's increased tenure in their position.

Base Salary Comparison: 2010/2011

	2010	2011 ⁽¹⁾	% Change
All NEOs	\$2,179,000	\$2,255,500	3.5

(1) Salary for NEOs in place at the time of the salary increase.

Refer to pages 55 to 64 for a detailed explanation of the NEOs individual base salary compensation.

Annual Short-Term Incentive Plan

RONA believes short-term incentive rewards should be paid to senior executives for their contribution to the overall performance of RONA and for meeting objectives in their respective business units.

The Corporation has chosen to reward achievement of overall Corporation performance goals defined as earnings before income taxes and non-controlling interest (EBT). The Corporation believes that EBT is the most appropriate indicator of the operational and financial performance of the business. The CEO's STIP awards are more heavily weighted toward overall Corporation performance (EBT) since he has a greater ability to influence Corporation-wide performance. The other NEOs have a sector component to their objectives with somewhat less emphasis on EBT.

The following table describes the performance indicator weightings for the President and CEO and the other NEOs.

2011 Performance Indicator Weightings

Position	Corporate objective EBT ⁽¹⁾	Sector objectives	Individual objectives
President and CEO Mr. Dutton	90%	-	10%
Executive Vice Presidents and CFOs ⁽²⁾ Mr. Boies, Mr. Guévin	70%	20%	10%
Executive Vice Presidents Mr. Bernier, Mr. Dumont	60%	30%	10%
Vice President Mr. Storfer	15%	75%	10%

(1) "EBT" or Earnings before income taxes and non-controlling interest.

(2) In the case of Ms. Lalonde these weightings were 50% for the corporate objective, 40% for the sector objectives and 10% for the individual objectives.

The Human Resources and Compensation Committee sets the STIP target levels as a percentage of base salary. This gives the President and CEO greater opportunity to reflect his accountability for the Corporation's success while providing a competitive opportunity for other NEOs. The following table describes the target annual payout under the STIP:

2011 Annual Incentive Targets (% of base salary)

Position	Minimum	Target	Maximum
President and CEO Mr. Dutton	0%	100%	190%
Executive Vice Presidents and CFOs ⁽¹⁾ Mr. Boies, Mr. Guévin	0%	50%	87%
Executive Vice Presidents Mr. Bernier, Mr. Dumont	0%	45%	75%
Vice President Mr. Storfer	0%	60%	114%

(1) In the case of Ms. Lalonde, the target was 30% with a minimum payout of 0% and a maximum payout of 47%.

The following table describes the potential 2011 annual payout percentages under the STIP for the NEOs assuming performance of each metric below threshold, at threshold, at target and at maximum:

Payout Matrix Assigned to Each Performance Indicator

Performance Indicator	Purpose	Below Threshold		At Threshold		At Target		At Maximum	
		Performance level	Payout	Performance level	Payout	Performance level	Payout	Performance level	Payout
EBT (Earnings before income taxes and non-controlling interest)	To align with and reward achievement of corporate results.	Less than 80% of target	Zero	80% of target	20%	Target ⁽¹⁾	100%	Target + 15%	200%
Sector objectives	To reward contribution of the specific business unit to the overall Corporation results and foster teamwork.	Not achieved	Zero	Per objective ⁽²⁾	0-100% ⁽²⁾	Fully achieved	100%	Surpassed	125% ⁽³⁾
Individual objectives	To reward achievement of specific priority objectives.	Not achieved	Zero	Per objective ⁽²⁾	0-100% ⁽²⁾	Fully achieved	100%	n/a	n/a

- (1) Each year, the EBT target is recommended by the President and CEO and approved by the Board of Directors. Please refer to pages 55 to 64 for further details on targets set for the year ended December 25, 2011.
- (2) Depending on the nature of the objective approved by the President and CEO, the achievement threshold may differ for each objective and may include qualitative or quantitative measures; methodology to assess the level of achievement is defined for each objective at the beginning of the year.
- (3) Maximum payout on Sector objectives is 150% for Mr. Storfer.

Each year, the Human Resources and Compensation Committee recommends to the Board the level of attainment of the performance objectives set at the beginning of the previous year for all NEOs as well as the performance objectives of the President and CEO for the upcoming year. These recommendations are based on the performance achieved in the previous year and the Corporation's corporate objectives for the coming year, as well as on the difficulty of achieving them. Each year, objectives (corporate, sector and/or individual) are set at an aggressive but attainable level as illustrated by the level of achievement of these objectives over the past years.

For 2011, there was no payout in respect of the corporate objective of the STIP, as the minimum performance threshold in respect of EBT was not achieved.

The sector performance portion of the bonus is paid based on meeting a sector's financial or key operational objectives (in terms of sales, margin, profit or expenses) or the annual business plan (approved at the beginning of the year and aligned with the overall Corporation's business plan). For 2011, sector objectives were partially reached for NEOs who have this measure; the level of achievement ranged from 0% to 73% (excluding Mr. Boies who only joined the Corporation in 2011) which is significantly lower than in 2010.

The individual objectives portion of the STIP (which now have a relative weight of only 10% of the target bonus) usually consists of specific projects to be completed or other financial targets to be achieved during the year, in addition to the position's basic responsibilities and based on the sector's key priorities. Individual objectives for the NEOs are measured using both quantitative and qualitative indicators. For 2011, all personal objectives were fully met, which represents a slight improvement over last year.

Please refer to pages 55 to 64 for a detailed explanation of the objectives set in 2011 for each of the NEOs and their respective levels of achievement.

Specific information on some of these business sector and individual objectives (such as, for 2011: margin targets, customer satisfaction, execution of the acquisition strategy) can be deemed confidential and sensitive, as disclosure could allow competitors to gain access to strategic information about the Corporation or impact customer perception and buying decisions. For these reasons, detailed information on some of the business sector and individual objectives, including their target and threshold performance levels where applicable, is not fully disclosed. The portion of compensation linked to such undisclosed information included both sector and individual achievements and represented 3.8% of the total compensation of all NEOs in 2011. As mentioned above, these objectives (sector and/or individual) were set at an aggressive but attainable level.

Long-Term Incentive Plans

Executive compensation is strongly aligned with shareholders' long-term interests through grants of stock options and performance-based share units. PSUs vest only when RONA's ambitious three-year performance-based criteria are achieved. As a consequence, 2007 and 2008 PSU grants did not vest and have no value because the Corporation did not reach the minimum performance thresholds. As for PSUs granted in 2009, only a portion thereof will provide some value given that performance criteria were met in only one year of the three-year performance cycle. Furthermore, the value of earned PSUs and vested stock options fluctuates with the value of RONA's stock.

The Corporation administers two stock option plans: the share option plan which was established prior to RONA's initial public offering ("IPO") (the "Initial Plan"), and the share option plan which was established for all grants subsequent to the IPO (the "2002 Plan"). Although all current stock option grants are made under the 2002 Plan, certain RONA executives continue to hold options that were granted under the Initial Plan. In addition, a share unit plan was adopted in 2007 (the "Share Unit Plan"). The details of these plans are provided in Schedule "D" to this Circular.

The purpose and characteristics of each type of grant are summarized in the following table.

Types of Equity Awards

Type of grant	Purpose of grant	Vesting	Payment characteristics
PSUs	<ul style="list-style-type: none"> To encourage executives to pursue opportunities that are aligned with RONA's strategic objectives. To ensure that LTIP payouts to executives are directly linked to Corporation performance. To promote executive retention over the long term. 	<ul style="list-style-type: none"> Performance vesting: at the end of 3 years based on the Corporation's relative return on net assets performance. 	<ul style="list-style-type: none"> Based on RONA's performance at the end of the vesting period, anywhere from 0% to 200% of the PSUs may vest. Vested awards can be settled in cash, or in shares purchased on the open market, at RONA's discretion.
Stock options	<ul style="list-style-type: none"> To encourage executives to pursue opportunities that will increase shareholder value over the long term. To promote executive retention over the long term. 	<ul style="list-style-type: none"> Time vesting: over 4 years from the date of grant at a rate of 25% per year. Stock options have a 10-year term, after which they expire. 	<ul style="list-style-type: none"> All stock options are issued with an exercise price equal or superior to the weighted average price of Common Shares traded on the Toronto Stock Exchange, such price to be calculated by aggregating the value of each transaction during the five (5) trading days immediately preceding the day on which such option is granted and dividing the said value by the total number of Common Shares traded during the said period. Stock options provide value to executives only if stock price increases above the exercise price before the end of the term.

Each year, the Human Resources and Compensation Committee recommends, for approval by the Board, grants to the NEOs under the Corporation's long-term incentive programs. The number of stock options and PSUs granted is based on long-term incentive target award levels for each position expressed as a percentage of base salary. These targets are set at the market median consistent with the Corporation's compensation strategy.

RONA's target LTIP mix for eligible NEOs is 25% stock options (issued under the 2002 Plan) and 75% PSUs (issued under the Share Unit Plan). Actual awards can be adjusted from 0% to 200% of target levels and may vary based on each individual's performance and contribution to the Corporation's overall results. In addition, long-term incentive grants can be made in specific situations such as promotions or new executive hires.

2011 Long-Term Incentive Target Mix

Position	Target as % of Base Salary	Target Mix
President and CEO Mr. Dutton	125%	
Executive Vice Presidents and CFOs ⁽¹⁾ Mr. Boies, Mr. Guévin	75%	25% options and 75% PSUs
Executive Vice Presidents Mr. Bernier, Mr. Dumont	65%	
Vice President Mr. Storfer	40%	

(1) In the case of Ms. Lalonde, the target was 40% of base salary and the mix was 50% options and 50% PSUs.

When making decisions regarding actual awards of PSUs and stock options, the Human Resources and Compensation Committee also considers additional factors such as the number of PSUs and stock options currently outstanding from previous awards, the retention value that those awards provide, individual contribution to performance, Corporation performance relative to RONA's performance peer group at that time, and the degree to which previous years' awards continue to motivate executives to achieve the Corporation's long-term objectives. Based on these factors, the total actual LTIP awards for 2011 were granted at 100% of the target level for the CEO and at a range of between 100% and 200% of the target level for the other NEOs.

In 2011, the NEOs received 104,000 stock options, with an expected value of \$582,715 (based on the Black-Scholes-Merton ("BSM") model value of the options), and 122,000 PSUs with a value of \$1,748,260 based on the stock price on the date of grant. The fair market value on the grant date of PSUs and stock options granted to each of RONA's NEOs in 2011 is described in the "Compensation of the Named Executive Officers-Summary Compensation Table" section on page 65.

Vesting of PSUs granted since 2009 is based solely on return on net asset performance measured relative to a peer group. This performance peer group is described below. The vesting matrix for 2011 PSU awards is shown in the following table.

2011 PSU Vesting Matrix

	% of PSU Award that Vests				
	0%	50%	100%	150%	200%
Relative Return on Net Assets Performance	25th percentile and less	26th – 40th percentile	41st – 60th percentile	61st – 75th percentile	76th percentile and more

Benchmarking Corporation Performance

To benchmark Corporation performance to determine vesting of PSUs under the LTIP, RONA selected a broader peer group of 31 companies included in the S&P TSX Consumer Staples and Consumer Discretionary indices, in addition to large Canadian retail companies with annual revenues above \$500 million (“performance peer group”). This peer group reflects the broader investment opportunities available to shareholders within the general sectors in which RONA operates.

The performance peer group, for 2011 PSU awards, is shown in the following table:

Performance Peer Group

Category	Performance Peer Company	
Consumer Discretionary Index	<ul style="list-style-type: none"> • Astral Media Inc. • Canadian Tire ⁽¹⁾ • Cogeco Cable Inc. • Corus Entertainment Inc. • Dorel Industries Inc. • Forzani Group Ltd.⁽¹⁾ (since acquired by Canadian Tire) • Gildan Activewear Inc. • Groupe Aeroplan Inc. 	<ul style="list-style-type: none"> • Magna International • Quebecor Inc. • Reitmans (Canada)⁽¹⁾ • Sears Canada Inc.⁽¹⁾ • Shaw Communications Inc. • Thomson-Reuters Corp. • Tim Hortons Inc. ⁽¹⁾ • Torstar Corp.
Consumer Staples Index	<ul style="list-style-type: none"> • Alimentation Couche-Tard Inc. ⁽¹⁾ • Empire Co Ltd. ⁽¹⁾ • Jean Coutu Group ⁽¹⁾ • Loblaw Companies Ltd. • Maple Leaf Foods Inc. 	<ul style="list-style-type: none"> • Metro Inc. ⁽¹⁾ • North West Co Fund ⁽¹⁾ • Saputo Inc. • Shoppers Drug Mart Corp. ⁽¹⁾ • Viterra Inc. • Weston (George) Ltd.
Large Canadian Retailer	<ul style="list-style-type: none"> • Leon's Furniture Ltd. • Uni-Select Inc. ⁽¹⁾ 	<ul style="list-style-type: none"> • BMTC Group Inc. • Indigo Books & Music Inc.

(1) Also part of the compensation peer group used to benchmark the other pay elements.

Performance Peer Group	\$ Millions ⁽¹⁾		
	Most Recent Sales	Most Recent Total Assets	Market Value
75th percentile	\$9,678	\$6,839	\$7,200
Median	\$2,566	\$2,736	\$2,026
25th percentile	\$1,405	\$1,309	\$1,104
RONA	\$4,800	\$2,975	\$1,253

(1) Revenue, total assets and market value data is as of October 31, 2011. Revenues are for the most recently available 12 months and assets are for the most recently available quarter for each company. Market value is based on the month-end close price multiplied by the Common Shares outstanding for all actively traded securities.

Pension and Other Benefits

Pension Plans

CEO Defined Benefit Plans

The pension plan for the President and CEO consists of a basic defined benefit registered pension plan and a supplemental plan, which is also a defined benefit plan. The purpose of these plans is to provide the President and CEO, upon retirement, with income in the form of a lifetime annuity equal to 2% per year of service, multiplied by the final average compensation, with no offset for any payment from the Canada and Quebec pension plans. No contribution is required from the President and CEO.

The total retirement benefit provided to the President and CEO is intended to be at market median. As such, the final average compensation is defined as the average of the best three years of annual compensation (annual compensation in a given year being equal to the salary paid in this specific year, plus the bonus related to this specific year). However, for the determination of benefits related to years of service prior to January 1, 2000 (22.5 years), final average compensation is limited to \$350,000. For the years of service between January 1, 2000 and December 31, 2001 (2 years), final average compensation is limited to \$700,000. Such maximum amount is no longer applicable for subsequent years. Accordingly, the President and CEO does not benefit from a full final average 2% plan for all his years of credited service.

The normal retirement age is 65, with an optional early retirement age of 55 without reduction. As of December 25, 2011, the President and CEO has accrued a total of 34.5 years of credited service and has already reached the right to receive an unreduced pension (55 years of age). The total annual pension benefits of \$440,000 payable if the President and CEO would have retired at that date corresponds to a replacement ratio of 34.5% of his final average compensation.

In 2010, the Human Resources and Compensation Committee reviewed the competitiveness of retirement benefits offered to the CEO. The committee agreed that there should be a maximum to the number of years of service that can be pensionable and introduced a limit of 35 years of service. To remain at market median, the committee also decided to reassess the calculation formula for the years of service where there was a limit to the final average compensation (years before December 31, 2001), using the money that would otherwise have been used to pay benefits after the 35-year limit to buy back benefits capped for service prior to 2002. These modifications will come into force when the 35 years of service limit is reached and will gradually improve the plan value to a full 2% final average plan over the next years (up to a maximum of 70% replacement ratio).

The portion of the pension benefits payable from the registered plan is indexed annually after retirement according to the Consumer Price Index (CPI) increase. The portion of the pension benefits payable from the supplemental plan once calculated is not indexed. The normal form of pension provided to the President and CEO is a joint and 66⅔% survivor pension with a 5-year guarantee if he has a spouse at retirement or a 15-year guarantee pension if he does not have a spouse at retirement. The Corporation does not credit additional extra years of service to the participant of this plan.

The following table shows the entitlement of the President and CEO under the defined benefit plans that provide for payments or benefits at, following, or in connection with retirement. All figures were calculated using the accounting methods and assumptions disclosed in the annual financial statements of RONA available on SEDAR at www.sedar.com:

CEO Defined Benefit Plans

Name	Number of years of service credited (#)	Annual benefits payable		Accrued obligation at start of year (\$)	Compensatory change ⁽¹⁾ (\$)	Non-compensatory change ⁽²⁾ (\$)	Accrued obligation at year end ⁽³⁾ (\$)
		At year end (\$)	At age 65 (\$)				
Robert Dutton	34.5	440,000	1,217,000	7,116,000	(89,000)	1,272,000	8,299,000

(1) *Compensatory change includes service cost net of voluntary employee contributions and differences between actual and estimated earnings.*

(2) *Non-compensatory change includes all items that are not compensatory such as changes in assumptions. The non-compensatory change of 1,272,000 for 2011 mostly comes from the change in the valuation discount rate used to determine the obligation (from 5.50% to 5.00%).*

(3) *The President and CEO has also accrued a buy back pension of \$205,400 as at December 25, 2011. This benefit is not included in the annual benefits payable presented above but the difference between the value of this buy back pension and the accrued value of the President and CEO's buy back contributions with interest is included in the accrued obligation amounts.*

Other NEO Defined Contribution Plans

The pension plan for the other NEOs is made up of a basic defined contribution registered plan and a supplemental plan which is also a defined contribution plan. Participation in these plans is determined by the level of the position held and must be approved by the Human Resources and Compensation Committee.

The purpose of the basic registered plan is to accumulate, on an annual basis beginning on January 1, 2000, the maximum amount allowed by the tax authorities (\$22,970 in 2011). The purpose of the supplemental plan, when combined with the basic registered plan, is to provide officers, upon retirement, with pension income from the accumulation, on an annual basis beginning on January 1, 2000, of 18% of the annual compensation paid to the officer during a given year, together with the annual return thereon. Annual compensation is defined as the sum of the salary and bonus paid, up to the target bonus, in a specific year.

The annual return credited on the registered pension plan contributions is equal to the rate of net return on the assets invested in the registered plan fund. The annual return credited on the supplemental plan notional contributions is equal to 7.5%. The supplemental plan includes vesting criteria over a 10-year period for the employer's contribution and restrictions relating to non-competition clauses which state that the retirement benefit will be suspended if the plan member transgresses the non-competition clauses.

In 2011, a benchmarking study confirmed the competitiveness of the current design. It was determined that the Corporation's defined contribution plan, combined with a guaranteed rate of return, provides a level of pension income which is competitive with that of peer companies, most of which offer defined benefit plans.

The following table presents the entitlement under the defined contribution plans for each of the NEOs (other than the President and CEO) as of the beginning and end of the Corporation's financial year ending on December 25, 2011. All figures were calculated using the accounting

methods and assumptions disclosed in the annual financial statements of RONA available on SEDAR at www.sedar.com:

Defined Contribution Plans

Name ⁽⁵⁾	Accumulated value at start of year ⁽¹⁾⁽²⁾ (\$)	Compensatory ⁽¹⁾⁽³⁾ (\$)	Accumulated value at year end ⁽¹⁾ (\$)
Dominique Boies	0	20,800	20,600
Claude Guévin ⁽⁴⁾	1,047,800	61,500 ⁽⁴⁾	1,143,600 ⁽⁴⁾
Claude Bernier	927,700	58,700	1,011,200
Normand Dumont	738,600	58,700	815,900
Marie-Claude Lalonde ⁽⁶⁾	266,900	22,970	282,600

- (1) These amounts are net of the impact of all accrued additional voluntary contributions.
- (2) Revised amounts (versus last year's management proxy circular) following the production of pension plan financial statements.
- (3) Compensatory change includes service costs (employer contribution).
- (4) Accumulated value as of the termination date of Mr. Guévin (June 3, 2011) excluding any severance payment made to his pension plan.
- (5) Mr. Storfer does not benefit from a pension plan.
- (6) Ms. Lalonde does not benefit from the supplemental defined contribution plan.

Other Benefits

The aggregate value of perquisites that are provided to each NEO (and that are not generally available to all employees) do not exceed the lesser of \$50,000 or 10% of the NEO's base salary annually. Perquisites consist of car allowance, health care, and financial planning. From time to time, the value of these benefits is benchmarked against the Corporation's compensation peer group. Benefits offered are designed to remain at (or below) market average.

Severance and Other Termination Benefits

The Corporation has employment agreements in place with each of the NEOs.

Mr. Dutton's employment agreement provides for severance in the event of termination of employment corresponding to twenty-four (24) months of base salary, health and dental insurance coverage, contributions to the applicable pension plans and car benefits, plus, at the sole discretion of the Corporation, all or part (down to zero) of his annual target bonus (prorated to the number of months worked). Mr. Dutton's employment agreement also provides for severance corresponding to thirty-six (36) months of base salary, annual target bonus, life, health and dental insurance coverage, contributions to the applicable pension plans and car benefits and expenses, following a change of control of the Corporation and employment being terminated by the Corporation (including by way of constructive dismissal) within the first twelve (12) months following the change of control. The severance entitlements for Mr. Dutton reflect his 34 years of service with RONA and his 19 years as President and CEO.

Mr. Boies' employment agreement provides for severance in the event of termination of employment that varies with years of service, up to a maximum of 24 months (after 20 years of service) of base salary, health and dental insurance coverage, contributions to the applicable pension plans and car benefits, plus, at the sole discretion of the Corporation, all or part (down to

zero) of his annual target bonus (prorated to the number of months worked). Mr. Boies' employment agreement also provides for severance corresponding to 24 months of base salary, annual target bonus, life, health and dental insurance coverage, contributions to the applicable pension plans and car benefits, following a change of control of the Corporation and employment being terminated by the Corporation (including by way of constructive dismissal) within the first twelve (12) months following the change of control.

Messrs. Bernier and Dumont's employment agreements provide for severance in the event of termination of employment corresponding to eighteen (18) months of base salary. Messrs. Bernier and Dumont's employment agreements also provide for severance corresponding to twenty-four (24) months of base salary plus target bonus upon employment being terminated (either by the Corporation or by the NEO) within the first eight (8) months following a change of control of the Corporation.

Mr. Storfer's employment agreement provides for severance in the event of termination of employment corresponding to eighteen (18) months of base salary, annual incentive and benefits. Mr. Storfer's employment agreement does not contain a clause pertaining to termination following a change of control.

No payments are to be expected in the case of termination by the Corporation for cause, or voluntary termination by the NEO.

Should a change of control occur at the Corporation, the employment agreements further allow for the immediate vesting of any outstanding and unvested awards granted under the Corporation's share unit and stock option plans as well as immediate vesting of the employer contributions under the supplemental defined contribution pension plan.

In 2010, the Human Resources and Compensation Committee decided to change its policy and implement a "double trigger" approach in future employment agreements requiring both a change of control and termination of employment by the Corporation (rather than at the sole discretion of the executive) for payment of termination benefits. In addition, Mr. Dutton voluntarily agreed to modify his then current employment agreement to immediately include a double-trigger change of control provision. The Human Resources and Compensation Committee also adopted a policy that any new employment agreement for any future President and CEO will have a maximum severance benefit of 24 months of base salary plus target bonus upon a change of control.

All employment agreements also include non-compete and non-solicitation clauses that remain in force for the duration of the NEO's employment with the Corporation and for twelve (12) months thereafter (eighteen (18) months in the case of Mr. Dutton and sixty (60) months following the Noble acquisition in the case of Mr. Storfer), in addition to customary confidentiality clauses for all NEOs.

All conditions set under these employment agreements are, from time to time, compared to and aligned with practices in the Corporation's compensation peer group (and are not the result of individual negotiation) and best practices in corporate governance. They are approved by the Human Resources and Compensation Committee.

The following table provides the total value of all severance, incremental payments, payables and any other termination benefits that would have been paid to each NEO, had employment been

terminated at the end of the most recently completed financial year under various termination scenarios.

Termination and Change of Control Benefits

Name	Retirement ⁽¹⁾	Change of Control	Voluntary Termination	Termination Not for Cause	Termination For Cause
	(\$)	(\$)	(\$)	(\$)	(\$)
Robert Dutton					
Base		2,701,500		1,801,000	
Target bonus		2,701,500		—	
Total ⁽²⁾	—	5,403,000	—	1,801,000	—
Dominique Boies					
Base		800,000		266,667	
Target bonus		400,000		—	
Total ⁽³⁾	—	1,200,000	—	266,667	—
Claude Bernier					
Base		670,000		502,500	
Target bonus		301,000		—	
Total	—	971,000	—	502,500	—
Normand Dumont					
Base		670,000		502,500	
Target bonus		301,000		—	
Total	—	971,000	—	502,500	—
Michael Storfer					
Base				450,000	
Target bonus				270,000	
Total	—	—	—	720,000	—
Claude Guévin	N/A	N/A	N/A		N/A
Total				828,512 ⁽⁴⁾	

- (1) The bonus earned during the reference year (prorated to the number of months worked) is payable even if the incumbent has retired at the time of payment.
- (2) Excludes pension and car benefits that would represent an estimated amount of \$1,318,700 upon termination not for cause and \$2,058,550 upon a change of control of the Corporation.
- (3) Excludes pension and car benefits that would represent an estimated amount of \$62,400 upon termination not for cause and \$187,200 upon a change of control of the Corporation.
- (4) Represents Mr. Guévin's total actual termination benefit upon his departure from RONA on June 3, 2011. Refer to page 65 for further details.

Role of the Human Resources and Compensation Committee

Rewarding the executive team in line with what was accomplished in the previous year and setting performance targets to be achieved in the years ahead is one of the Board's most important responsibilities, exercised through the Human Resources and Compensation Committee. The Human Resources and Compensation Committee reviews and recommends to the Board the compensation of the President and CEO and of the members of senior management reporting directly to the President and CEO, including the other NEOs. The Human Resources and Compensation Committee also determines if the executive compensation program is aligned with shareholder interests and the Corporation's business objectives and ensures that risks are properly considered and mitigated in all compensation programs.

The Human Resources and Compensation Committee is also responsible for assisting the Board in discharging its responsibilities regarding recruitment, evaluation, and compensation for the Corporation's executive officers and other employees.

Finally, the Human Resources and Compensation Committee closely monitors the succession planning process for the CEO, other NEOs as well as other members of the senior management team. As part of this process, the Human Resources and Compensation Committee discusses each year the evolving skills and expertise required for the senior management team, and the competencies and development considerations for potential successor candidates in order to assess whether there is a readiness to fill potential vacancies with qualified executives. In 2011, the Human Resources and Compensation Committee was introduced to the profile of future leaders of the Corporation and to a large array of strategies aimed at developing, nurturing and retaining talent at all levels of the organization (both corporate and affiliated stores network).

The Human Resources and Compensation Committee meets three to four times per year and may hold special meetings as needed. The Chair of the Human Resources and Compensation Committee, Mr. Pantelidis, will be available at the Meeting to answer any questions regarding RONA's executive compensation practices.

The Human Resources and Compensation Committee works closely with RONA's People and Culture Department to ensure that executive compensation policies and decisions are appropriate relative to compensation policies and decisions applicable to all RONA employees.

2011 Schedule of Human Resources and Compensation Committee Meetings

Meeting	Main subjects covered
February 2011	<ul style="list-style-type: none"> • Reviewed the Human Resources and Compensation Committee mandate • Reviewed the role of the President and CEO • Reviewed and approved 2011 base salary increases • Reviewed and approved Annual Short-Term Incentive Plan payouts for 2010 performance • Reviewed and approved 2011 performance objectives for the President and CEO • Reviewed Annual Short-Term Incentive Plan design, including weightings on Corporation, sector and individual performance • Reviewed and approved option and PSU grants under the Long-Term Incentive Programs • Reviewed and approved payout for PSUs granted in 2008 • Reviewed and approved PSU performance vesting criteria for 2011 grants • Reviewed and approved PSU pool to be used for hiring grants and key contributors
March 2011	<ul style="list-style-type: none"> • Reviewed and approved 2011 Compensation Discussion and Analysis
August 2011	<ul style="list-style-type: none"> • Reviewed succession planning for all key executive roles, including the CEO • Reviewed the governance structure, funding and investment policies and returns of the Corporation's pensions plans • Reviewed and approved standardization of employment agreements • Reviewed and approved a new formula to calculate share ownership requirements • Reviewed competitiveness of the SERP offered to NEOs
December 2011	<ul style="list-style-type: none"> • Reviewed proxy analytics report prepared by shareholder advisory group as well as new disclosure rules • Mandated Mercer to review the long term incentive plans (PSU) • Reviewed and updated the Human Resources and Compensation Committee mandate • Reviewed and updated the Human Resources and Compensation Committee annual plan

Compensation Consultant

The Human Resources and Compensation Committee retained Mercer (Canada) Limited (“Mercer”), a wholly-owned subsidiary of Marsh & McLennan Companies, Inc. beginning in 2005 to assist the Human Resources and Compensation Committee in determining compensation for the Corporation’s executive officers.

In 2011, the Human Resources and Compensation Committee engaged Mercer to provide executive compensation analysis and advice on an ongoing basis throughout the year to ensure that the executive compensation program aligns with shareholder interests and the Corporation’s business objectives. The analysis and advice by Mercer includes (without being limited to) executive compensation policy, pay-for-performance analysis, incentive plan review, and performance calibration. Mercer has also been mandated to assist the Corporation in continuously improving its disclosure strategy and communication to shareholders.

In reaching its decisions, the Human Resources and Compensation Committee has considered Mercer’s analysis and advice as well as any other Corporation-specific factors the committee considers appropriate. However, decisions related to executive compensation are the responsibility of the Human Resources and Compensation Committee and the Board, and may reflect factors and considerations other than the information and recommendations provided by Mercer.

In fiscal 2011, Mercer billed the Corporation an amount totalling \$105,020 in executive compensation-related fees, compared with an amount of \$73,734 in fiscal 2010. The Corporation did not engage Mercer to provide any services other than, or in addition to, executive compensation services during fiscal 2011 or 2010. In any event, the pre-approval of the Human Resources and Compensation Committee would be required prior to engaging Mercer to provide any other services.

Compensation of the Named Executive Officers

Robert Dutton

President and Chief Executive Officer

Robert Dutton has been at the helm of RONA inc. as President and Chief Executive Officer since 1992. From 1990 to 1992, he was Executive Vice President and Chief of Operations at RONA.

Under Robert Dutton's leadership, RONA has enjoyed a remarkable streak of growth over the years and has now become the leading Canadian retailer and distributor of hardware, home renovation and gardening products. From 1977 to 1990, Mr. Dutton held several positions, including Vice President, Development where he was responsible for all services related to marketing, retail operations, sales and corporate development.

Born in 1955, Robert Dutton received his bachelor's of business administration in marketing and finance from École des Hautes Études Commerciales (Montréal) in 1977.



Robert Dutton
President and Chief Executive Officer

Share Ownership Guideline

Guideline	Value of Equity at Risk	Multiple of Salary	Met or Not
Three times annual salary	\$12,181,648	13	Met

Base Salary Comparison: 2010/2011

2010	2011	% Change
\$875,000	\$900,500	2.9

2011 Annual Short-term Incentive Plan Payout

Performance Indicator	Bonus earned as a % of base salary when results meet the objectives	Performance Threshold	Results	Payout (\$)	Bonus earned as a % of base salary
Corporate objective EBT (Earnings before income taxes and non-controlling interest) (Relative weight of 90%)	90% ⁽¹⁾	Target: \$216,279,000 Minimum: \$173,023,000	(\$64,519,000)	0	0%
Individual objectives (Relative weight of 10%)	10% ⁽¹⁾		Fully achieved	87,641	10%
<ul style="list-style-type: none"> Establishment of the new integrated management structure for retail activities aiming for growth and market development; Introduction of new strategies to increase purchasing loyalty by independent retailers; Continuation of the Productivity Efficiency Profitability program initiatives, particularly regarding the supply chain's efficiency; Presentation to the Board of Directors of RONA's 2012-2015 strategic vision for growth, development and profitability. 					
TOTAL	100%			87,641	10%

(1) Result of relative weight multiplied by the target bonus of 100%.

Three-Year Look-Back

	3-Year Total	2011	2010	2009
	(\$)	(\$)	(\$)	(\$)
Base Salary	2,556,318	876,413	868,270	811,635
Annual Cash Incentive	986,988	87,641	729,347	170,000
Share-based Awards	3,762,158	845,470	1,641,272	1,275,416
Option-based Awards	1,431,369	281,832	547,070	602,467
Total Direct Compensation	8,736,833	2,091,356	3,785,959	2,859,518
All other Compensation	--	--	--	--
Pension Value	444,000	(89,000)	202,000	331,000
Total Compensation	9,180,833	2,002,356	3,987,959	3,190,518

Dominique Boies

Executive Vice President and Chief Financial Officer

Mr. Dominique Boies holds a master of science degree (specializing in finance) from the Université du Québec à Montréal, which in 2002 awarded him a Prix Performance, one of five awarded each year by the École des Sciences de la Gestion to alumni who have distinguished themselves in their field. After graduating, Mr. Boies worked for 11 years at the Royal Bank of Canada, where he held several high-ranking positions, including Vice President of Strategic Planning and Managing Director within the Capital Markets Group. After that, he filled various positions during a five-year period at the Caisse de dépôt et placement du Québec, including Senior Vice President Investments, Corporate Debt and Investment Funds groups within the Private Equity team. He was also accountable for the strategic management of the private equity portfolio.

Mr. Boies joined RONA in September 2011 as Executive Vice President and Chief Financial Officer. He is responsible for the Corporation's financial orientation and oversees investor relations, accounting, financing, treasury, corporate development, information technologies and legal affairs.



Share Ownership Guideline

Guideline	Value of Equity at Risk	Multiple of Salary	Met or Not
One time annual salary	\$195,469	0.5	Not met ⁽¹⁾

(1) Mr. Dominique Boies was appointed as Executive Vice President and CFO on September 12, 2011, therefore he has not reached the threshold yet.

Base Salary Comparison: 2010/2011

2010	2011	% Change
n/a	\$400,000	--

2011 Annual Short-term Incentive Plan Payout

Performance Indicator	Bonus earned as a % of base salary when results meet the objectives	Performance Threshold	Results	Payout (\$)	Bonus earned as a % of base salary
Corporate objective EBT (Earnings before income taxes and non-controlling interest) (Relative weight of 70%)	35% ⁽¹⁾	Target: \$216,279,000 Minimum: \$173,023,000	(\$64,519,000)	0	0%
Sector objectives (Relative weight of 20%)	10% ⁽¹⁾		Fully achieved	11,539	10%
<ul style="list-style-type: none"> Present a strategy and an action plan to optimize Rona's capital structure 					
Individual objectives (Relative weight of 10%)	5% ⁽¹⁾		Fully achieved	5,769	5%
<ul style="list-style-type: none"> Improve efficiency of the finance sector 					
TOTAL	50%			17,308	15%

(1) Result of relative weight multiplied by the target bonus of 50%.

Three-Year Look-Back

	3-Year Total	2011	2010	2009
	(\$)	(\$)	(\$)	(\$)
Base Salary	115,385	115,385	--	--
Annual Cash Incentive	17,308	17,308	--	--
Share-based Awards	199,400	199,400	--	--
Option-based Awards	192,620	192,620	--	--
Total Direct Compensation	524,713	524,713	--	--
All other Compensation	33,333	33,333	--	--
Pension Value	20,800	20,800	--	--
Total Compensation	578,846	578,846	--	--

Claude Bernier

Executive Vice President, Marketing and Customer Innovations

Born in 1953, Claude Bernier studied at the École des Hautes Études Commerciales in Montreal, earning a bachelor's degree in business administration with a major in marketing in 1976. After graduation, he worked as a sales representative for Procter & Gamble before joining Sports Expert Inc., where he was successively assistant manager and then manager of advertising. Mr. Bernier spent the next eight years honing his skills at leading advertising agencies including Planicom PNMD Inc., Publicité BCP Inc. and Groupe Morrow Inc. By the time he left Groupe Morrow Inc., he was Vice President in charge of major accounts.

Mr. Bernier joined RONA as the Corporation's new Director of Marketing in 1988. In 2001, he has been appointed Executive Vice President of Traditional and Specialized Stores and since November 2008 has acted as Executive Vice President, Marketing and Customer Innovations.



Claude Bernier
Executive Vice President
Marketing and Customer Innovations

Share Ownership Guideline

Guideline	Value of Equity at Risk	Multiple of Salary	Met or Not
One time annual salary	\$1,740,337	5	Met

Base Salary Comparison: 2010/2011

2010	2011	% Change
\$325,000	\$335,000	3.0

2011 Annual Short-term Incentive Plan Payout

Performance Indicator	Bonus earned as a % of base salary when results meet the objectives	Performance Threshold	Results	Payout (\$)	Bonus earned as a % of base salary
Corporate objective EBT (Earnings before income taxes and non-controlling interest) (Relative weight of 60%)	27% ⁽¹⁾	Target: \$216,279,000 Minimum: \$173,023,000	\$(64,519,000)	0	0%
Sector objectives (Relative weight of 30%)	13.5% ⁽¹⁾		Achieved at 70%	30,798	9.45%
<ul style="list-style-type: none"> Reach sales target Achieve margin targets Maintain a variation in number of transactions superior to sales variation 					
Individual objectives (Relative weight of 10%)	4.5% ⁽¹⁾		Fully achieved	14,666	4.5%
<ul style="list-style-type: none"> Significantly increase unaided brand recognition in Ontario/GTA and maintain it in Western Canada and Quebec (2011 vs 2010) Meet objectives, timeframe and budget for e-commerce project iPad project Increase Rona's presence in the English-speaking media mainly in Ontario and the Western provinces 					
TOTAL	45%			45,464	13.95%

(1) Result of relative weight multiplied by the target bonus of 45%.

Three-Year Look-Back

	3-Year Total	2011	2010	2009
	(\$)	(\$)	(\$)	(\$)
Base Salary	937,770	325,908	319,350	292,512
Annual Cash Incentive	207,654	45,464	125,169	37,021
Share-based Awards	775,680	252,208	318,064	205,408
Option-based Awards	286,728	84,045	105,696	96,987
Total Direct Compensation	2,207,832	707,625	868,279	631,928
All other Compensation	--	--	--	--
Pension Value	180,400	58,700	64,100	57,600
Total Compensation	2,388,232	766,325	932,379	689,528

Normand Dumont
Executive Vice President, Merchandising

Born in 1954, Normand Dumont graduated from the University of Laval with a bachelor of science degree in bio-agronomics in 1979. Between 1979 and 1987, he held a variety of management positions in the commercial and industrial construction sector before moving into retail sales as manager for a two-year period. Mr. Dumont came to RONA in 1989, where he held a number of progressively senior positions. He was appointed RONA Vice President of Sales and Merchandising in 2000 and Executive Vice President of Merchandising, with responsibilities for all storewide networks in 2004.



Normand Dumont
Executive Vice President
Merchandising

Share Ownership Guideline

Guideline	Value of Equity at Risk	Multiple of Salary	Met or Not
One time annual salary	\$347,937	1	Met

Base Salary Comparison: 2010/2011

2010	2011	% Change
\$325,000	\$335,000	3.0

2011 Annual Short-term Incentive Plan Payout

Performance Indicator	Bonus earned as a % of base salary when results meet the objectives	Performance Threshold	Results	Payout (\$)	Bonus earned as a % of base salary
Corporate objective EBT (Earnings before income taxes and non-controlling interest) (Relative weight of 60%)	27% ⁽¹⁾	Target: \$216,279,000 Minimum: \$173,023,000	(\$64,519,000)	0	0%
Sector objectives (Relative weight of 30%)	13.5% ⁽¹⁾		Achieved at 73%	32,118	9.86%
<ul style="list-style-type: none"> Reach sales target Achieve margin targets Achieve fill rate and average inventory targets Decrease obsolescence value 					
Individual objectives (Relative weight of 10%)	4.5% ⁽¹⁾		Fully achieved	14,666	4.5%
<ul style="list-style-type: none"> Develop and implement a code of conduct for RONA suppliers Control operating expenses budget Develop, implement and communicate a packaging policy 					
TOTAL	45%			46,784	14.36%

(1) Result of relative weight multiplied by the target bonus of 45%.

Three-Year Look-Back

	3-Year Total	2011	2010	2009
	(\$)	(\$)	(\$)	(\$)
Base Salary	926,058	325,908	316,927	283,223
Annual Cash Incentive	204,567	46,784	121,938	35,845
Share-based Awards	770,440	252,208	318,064	200,168
Option-based Awards	283,851	84,045	105,696	94,110
Total Direct Compensation	2,184,916	708,945	862,625	613,346
All other Compensation	--	--	--	--
Pension Value	178,700	58,700	63,500	56,500
Total Compensation	2,363,616	767,645	926,125	669,846

Michael Storfer

Vice President, Commercial and Professional Market and President of Noble

Born in 1968, Michael Storfer started his own company, Noble Plumbing Supplies, in 1993. Noble grew from a start-up to a dynamic province-wide enterprise with 19 locations across Ontario. The chain was acquired by RONA in 2007 and continued on its aggressive and successful growth path and now has operations in Quebec and British Columbia.

Mr. Storfer is Vice President of Commercial and Professional Market at RONA and President of Noble. He is responsible for RONA’s growth in these specialized markets.



Michael Storfer
 Vice President
 Commercial and Professional Market
 and President of Noble

Base Salary Comparison: 2010/2011

2010	2011	% Change
\$279,000	\$300,000	7.5

2011 Annual Short-term Incentive Plans Payout

Performance Indicator	Bonus earned as a % of base salary when results meet the objectives	Performance Threshold	Results	Payout (\$)	Bonus earned as a % of base salary
Corporate objective EBT (Earnings before income taxes and non-controlling interest) (Relative weight of 15%)	9% ⁽¹⁾	Target: \$216,279,000 Minimum: \$173,023,000	(\$64,519,000)	0	0%
Sector objectives (Relative weight of 75%)	45% ⁽¹⁾		Not achieved	0	0%
• Division financial performance (EBIT)					
Individual objectives (Relative weight of 10%)	6% ⁽¹⁾		Achieved at 80%	14,128	4.8%
• Growth of the division as per strategic plan					
TOTAL	60%			14,128	4.8%

(1) Result of relative weight multiplied by the target bonus of 60%.

Three-Year Look-Back

	3-Year Total	2011	2010	2009
	(\$)	(\$)	(\$)	(\$)
Base Salary	865,597	294,346	286,944	284,307
Annual Cash Incentive	423,286	14,128	279,558	129,600
Share-based Awards	468,326	180,558	168,296	119,472
Option-based Awards	173,526	60,513	56,300	56,713
Total Direct Compensation	1,930,735	549,545	791,098	590,092
All other Compensation	--	--	--	--
Pension Value	--	--	--	--
Total Compensation	1,930,735	549,545	791,098	590,092

Summary Compensation Table

The following table sets forth, for the financial years ended December 25, 2011, December 26, 2010, and December 27, 2009, the aggregate compensation paid by the Corporation to the Named Executive Officers during such financial years.

Name and Principal Position	Year	Salary (\$)	Share-based awards ⁽¹⁾ (\$)	Option-based awards ⁽²⁾ (\$)	Non-equity incentive plan compensation (\$)		Pension value ⁽³⁾ (\$)	All other compensation ⁽⁴⁾ (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Robert Dutton President and CEO	2011	876,413	845,470	281,832	87,641	--	(89,000)	--	2,002,356
	2010	868,270	1,641,272	547,070	729,347	--	202,000	--	3,987,959
	2009	811,635	1,275,416	602,467	170,000	--	331,000	--	3,190,518
Dominique Boies Executive Vice President and Chief Financial Officer ⁽⁸⁾	2011	115,385	199,400	192,620	17,308	--	20,800	33,333	578,846
Claude Bernier Executive Vice President, Marketing and Customer Innovations	2011	325,908	252,208	84,045	45,464	--	58,700	--	766,325
	2010	319,350	318,064	105,696	125,169	--	64,100	--	932,379
	2009	292,512	205,408	96,987	37,021	--	57,600	--	689,528
Normand Dumont Executive Vice President, Merchandising	2011	325,908	252,208	84,045	46,784	--	58,700	--	767,645
	2010	316,927	318,064	105,696	121,938	--	63,500	--	926,125
	2009	283,223	200,168	94,110	35,845	--	56,500	--	669,846
Michael Storfer Vice President, Commercial and Professional Market and President of Noble	2011	294,346	180,558	60,513	14,128	--	--	--	549,545
	2010	286,944	168,296	56,300	279,558	--	--	--	791,098
	2009	284,307	119,472	56,713	129,600	--	--	--	590,092
Marie-Claude Lalonde Vice President and Corporate Controller ⁽⁶⁾	2011	232,168	45,856	44,824	34,825 ⁽⁹⁾	--	22,970	25,000	405,643
	2010	216,857	98,816	32,930	58,552	--	22,450	--	429,605
	2009	204,838	97,704	31,892	24,379	--	22,000	--	380,813
Claude Guévin Former Executive Vice President and Chief Financial Officer ⁽⁷⁾	2011	215,006	217,816	72,279	--	--	61,500	828,512 ⁽⁵⁾	1,395,113
	2010	366,926	423,056	140,571	154,109	--	74,100	--	1,158,942
	2009	332,069	258,856	122,466	44,829	--	66,800	--	825,020

- (1) Share-based awards have been valued using a stock price of \$14.33 in 2011 (except for share-based awards granted to Mr. Boies, which have been valued using a stock price of \$9.97), \$15.44 in 2010, and \$10.48 in 2009. See Schedule "D" to this Circular for more details on PSUs.
- (2) Options were issued pursuant to the 2002 Plan. See Schedule "D" to this Circular for more details on stock options plans. Option-based awards have been valued using the BSM model, an established options valuation methodology using stock price on grant date, exercise price as per the plan's rules, option term, historical stock price volatility, dividend yield and risk-free rate as key assumptions, resulting in a value of \$5.60 for option-based awards granted in 2011 (except for option-based awards granted to Mr. Boies, which result in a value of \$3.21), \$5.31 for option-based awards granted in 2010, and \$4.11 for option-based awards granted in 2009.
- (3) For the President and CEO, pension value includes service costs net of voluntary employee contributions and differences between actual and estimated earnings. Please refer to page 47 of this Circular for a detailed explanation.
- (4) Perquisite benefits are not in excess of \$50,000 or 10% of the total base salary paid to each of the NEOs for the years indicated and thus are not reported.
- (5) The severance package covered base salary, car allowance and contribution to the basic and supplemental pension plan for 18 months (all fixed compensation). It also included a portion of the 2011 bonus as well as a portion of the bonus that could have been earned over the length of the severance.
- (6) Ms. Lalonde assumed the role of Chief Financial Officer of the Corporation on an interim basis from May 2, 2011 until September 12, 2011.
- (7) Mr. Guévin left the Corporation on June 3, 2011.
- (8) Mr. Boies was appointed as Executive Vice President and CFO on September 12, 2011.
- (9) In 2011, Ms. Lalonde's target bonus was equal to 30% of her base salary, of which 50% was based on the corporate objective (EBT), 40% on sector objectives (reorganization of the Finance department, implementation of harmonized procedures, timely production of financial statements and reporting) and 10% on an individual objective (revision of the required structure to support future acquisitions and their integration, implementation and follow-up of IFRS). As for other NEOs, there was no payout under the corporate objective, while sector and individual objectives were fully met.

Outstanding Awards

The following table shows all awards outstanding to each Named Executive Officer as at December 25 2011.

Name	Date of Grant	Option-Based Awards			Share-Based Awards		
		Number of Securities Underlying Unexercised Options	Option Exercise Price	Option Expiration Date	Value of Unexercised In-The-Money Options ⁽¹⁾	Number of Share Units (PSUs) that have not Vested	Market or Payout Value of Share-Based Awards (PSUs) that have not Vested ⁽²⁾⁽⁴⁾
		(#)	(\$)		(\$)	(#)	(\$)
Robert Dutton President and CEO	Mar 07, 2011	50,300	14.33	Mar 2021	0	59,000	573,480
	Mar 09, 2010	103,000	15.44	Mar 2020	0	106,300	1,033,236
	Mar 11, 2009	146,600	10.62	Mar 2019	0	121,700	1,182,924
	Feb 29, 2008	65,400	14.18	Feb 2018	0	-	-
	Mar 08, 2007	54,200	23.58	Mar 2017	0	-	-
	Feb 24, 2006	0	21.21	Feb 2016	0	-	-
	Dec 22, 2004	50,000	20.265	Dec 2014	0	-	-
	Dec 16, 2003	240,000	14.285	Dec 2013	0	-	-
	Jan 24, 2002	960,000 ⁽³⁾	3.47	Jan 2012	6,000,000	-	-
				6,000,000			2,789,640
Dominique Boies Executive Vice President and Chief Financial Officer	Sep 21, 2011	60,000	9.97	Sep 2021	0	20,000	194,400
					0		194,400
Claude Bernier Executive Vice President, Marketing and Customer Innovations	Mar 07, 2011	15,000	14.33	Mar 2021	0	17,600	171,072
	Mar 09, 2010	19,900	15.44	Mar 2020	0	20,600	200,232
	Mar 11, 2009	23,600	10.62	Mar 2019	0	19,600	190,512
	Feb 29, 2008	10,000	14.18	Feb 2018	0	-	-
	Mar 08, 2007	10,000	23.58	Mar 2017	0	-	-
	Feb 24, 2006	0	21.21	Feb 2016	0	-	-
	Dec 22, 2004	5,000	20.265	Dec 2014	0	-	-
	Dec 16, 2003	21,400	14.285	Dec 2013	0	-	-
	Jan 24, 2002	0	3.47	Jan 2012	0	-	-
				0			561,816
Normand Dumont Executive Vice President, Merchandising	Mar 07, 2011	15,000	14.33	Mar 2021	0	17,600	171,072
	Mar 09, 2010	19,900	15.44	Mar 2020	0	20,600	200,232
	Mar 11, 2009	22,900	10.62	Mar 2019	0	19,100	185,652
	Feb 29, 2008	9,700	14.18	Feb 2018	0	-	-
	Mar 08, 2007	10,000	23.58	Mar 2017	0	-	-
	Feb 24, 2006	0	21.21	Feb 2016	0	-	-
	Dec 22, 2004	5,000	20.265	Dec 2014	0	-	-
	Dec 16, 2003	18,400	14.285	Dec 2013	0	-	-
	Jan 24, 2002	0	3.47	Jan 2012	0	-	-
				0			556,956
Michael Storfer Vice President, Commercial and Professional Market and President of Noble	Mar 07, 2011	10,800	14.33	Mar 2021	0	12,600	122,472
	Mar 09, 2010	10,600	15.44	Mar 2020	0	10,900	105,948
	Mar 11, 2009	13,800	10.62	Mar 2019	0	11,400	110,808
	Feb 29, 2008	6,600	14.18	Feb 2018	0	-	-
				0			339,228
Marie-Claude Lalonde Vice President and Corporate Controller ⁽⁵⁾	Mar 07, 2011	8,000	14.33	Mar 2021	0	3,200	31,104
	Mar 09, 2010	6,200	15.44	Mar 2020	0	6,400	62,208
	Mar 11, 2009	11,000	10.62	Mar 2019	0	9,200	89,424
	Feb 29, 2008	5,100	14.18	Feb 2018	0	-	-
	Mar 08, 2007	4,000	23.58	Mar 2017	0	-	-
	Feb 24, 2006	8,000	21.21	Feb 2016	0	-	-
	Dec 22, 2004	5,000	20.265	Dec 2014	0	-	-
	Dec 16, 2003	6,000	14.285	Dec 2013	0	-	-
				0			182,736
Claude Guévin ⁽⁶⁾ Executive Former Vice President and Chief Financial Officer	-	-	-	-	-	-	-

- (1) "Value of the unexercised in-the-money options" at financial year-end is calculated based on the difference between the closing price of the Common Shares on the TSX on December 25, 2011 (\$9.72) and the exercise price of the options, multiplied by the number of unexercised options.
- (2) The value of PSUs at financial year-end is determined by multiplying the number of PSUs held as of December 25, 2011, by the closing price of the Common Shares on the TSX on December 25, 2011 (\$9.72) and assuming that performance measures had been achieved for the PSUs subject to such measures.
- (3) Mr. Dutton exercised these 960,000 options on March 6, 2012.
- (4) The performance criteria pertaining to the PSUs awarded in 2009 will be partially met.
- (5) Ms. Lalonde assumed the role of Chief Financial Officer of the Corporation on an interim basis from May 2, 2011 until September 12, 2011.
- (6) Mr. Guévin left the Corporation on June 3, 2011 and had 90 days following such date to exercise his outstanding options, which have been cancelled following such 90-day period.

There are no vested share-based awards that have not yet been paid out or distributed.

The following table describes the value of awards vested or earned during the financial year ending on December 25, 2011.

**Incentive Plan Awards –
Value Vested or Earned During the Year**

Name	Option-Based Awards - Value Vested During the Year ⁽¹⁾	Option-Based Awards - Gains Realized Upon Exercise During the Year ⁽²⁾	Share-Based Awards - Value Vested During the Year ⁽³⁾	Non-Equity Incentive Plan Compensation - Value Earned During the Year ⁽⁴⁾
	(\$)	(\$)	(\$)	(\$)
Robert Dutton President and CEO	136,946	0	0	87,641
Dominique Boies Executive Vice President and Chief Financial Officer	0	0	0	17,308
Claude Bernier Executive Vice President, Marketing and Customer Innovations	21,964	291,000	0	45,464
Normand Dumont Executive Vice President, Merchandising	21,312	373,917	0	46,784
Michael Storfer Vice President, Commercial and Professional Market and President of Noble	12,960	0	0	14,128
Marie-Claude Lalonde Vice President and Corporate Controller ⁽⁵⁾	10,305	0	0	34,825
Claude Guévin ⁽⁶⁾ Former Executive Vice President and Chief Financial Officer	27,978	523,926	0	0

- (1) The amount represents the aggregate dollar value that would have been realized if the options had been exercised on the vesting date, based on the difference between the closing price of the Common Shares on the TSX and the exercise price on such vesting date.
- (2) The amount represents the aggregate dollar value realized upon exercise, based on the difference between the closing price of the Common Shares on the TSX on the exercise date and the exercise price.
- (3) The amount represents the aggregate dollar value realized upon vesting of the PSUs.
- (4) Annual incentive plan payouts.
- (5) Ms. Lalonde assumed the role of Chief Financial Officer of the Corporation on an interim basis from May 2, 2011 until September 12, 2011.
- (6) Mr. Guévin left the Corporation on June 3, 2011.

Appointment of Auditors

Raymond Chabot Grant Thornton, Chartered Accountants (“**Raymond Chabot**”), are the auditors of the Corporation.

The Corporation paid \$1,181,000 as audit fees⁽¹⁾ to Raymond Chabot, during the financial year ended December 25, 2011. During the same year, the Corporation also paid to Raymond Chabot, the amounts of \$143,000 in audit-related fees⁽²⁾, \$0 in tax fees⁽³⁾ and \$100,000 in other fees⁽⁴⁾.

For the year ended December 26, 2010, the Corporation paid to Raymond Chabot \$1,534,000 in audit fees⁽¹⁾, \$212,000 in audit-related fees⁽²⁾, \$12,000 in tax fees⁽³⁾ and \$399,000 in other fees⁽⁴⁾.

- (1) *Audit fees. These fees include the fees and disbursements for audit services and for the review of the interim financial statements.*
- (2) *Audit-related fees. These fees include the fees and disbursements for services reasonably related to the performance of the audit or review of the Corporation’s financial statements that are not reported under “Audit fees”.*
- (3) *Tax fees. These fees include the fees and disbursements for services related to tax compliance, tax advice, and tax planning.*
- (4) *Other fees. These fees include fees and disbursements for services other than those described under “Audit Fees”, “Audit-related Fees and “Tax fees”, and relate mainly to due diligence mandates.*

The Board of Directors recommends that shareholders of the Corporation reappoint Raymond Chabot as auditors of the Corporation. Except where authorization to vote with respect to the appointment of auditors is withheld, the persons named in the enclosed form of proxy or voting instruction form intend to vote FOR the reappointment of Raymond Chabot, as auditors of the Corporation, to hold office until the close of the next annual meeting of shareholders at such compensation as may be fixed by the directors.

General Business Information

Securities Authorized for Issuance Under Equity Compensation Plans

The table below provides, as at December 25, 2011, additional information with respect to the Corporation's long-term incentive programs.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights (\$)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in the first column) ⁽¹⁾
Equity compensation plans approved by security holders	2,574,175	10.32	4,813,400
Equity compensation plans not approved by security holders	-	-	-
Total	2,574,175	10.32	4,813,400

(1) Since no further options will be granted pursuant to the Initial Plan, the remaining securities available for issuance under the Initial Plan are not included in the total. Please see Schedule "D" of this Management Proxy Circular for further details.

Indebtedness

As at March 15, 2012, there is no indebtedness outstanding to the Corporation or any of its subsidiaries of any executive officers, directors, employees and former executive officers, directors and employees of the Corporation or any of its subsidiaries.

Statement of Corporate Governance Practices

The Board of Directors is of the view that maintaining effective corporate governance practices is an important factor which contributes to the general success of the Corporation. The Corporation complies with the applicable Canadian legislation and regulations such as National Instrument 58-101 (the "Corporate Governance Disclosure Instrument"), National Instrument 52-110 (the "CSA Audit Committee Rules") and National Policy 58-201 of the Canadian Securities Administrators (collectively the "Canadian Corporate Governance Standards"). The Corporation's disclosure addressing each of the guidelines set forth in the Corporate Governance Disclosure Instrument is set out in Schedule "B" to this Circular.

Directors and Officers' Liability Insurance

The Corporation provides insurance for the benefit of its directors and officers against liability that may be incurred by them in these capacities. The current policy limit is \$50,000,000. Such insurance is subject to a maximum deductible of \$250,000 per loss, as well as specific exclusions which are usually contained in policies of this nature. The Corporation pays a total annual premium of \$188,000, which premium has not been specifically allocated between the directors as a group and the officers as a group.

Interest of Management and Others in Material Transactions

To the Corporation's knowledge, except as otherwise specified in this Circular, no material transactions involving the Corporation or any of its subsidiaries have been entered into since the beginning of the last financial year of the Corporation, or are proposed to be entered into, in which any director, proposed director or member of management of the Corporation, or any subsidiary, insider, nominee or person or company that beneficially owns, controls or directs, directly or indirectly, over 10% of the voting shares of the Corporation, or any of their associates or affiliates has had or expects to have a material interest.

Additional Information

The Corporation is a reporting issuer under the securities laws of all provinces of Canada and is therefore required to file its comparative financial statements, its MD&As and its management proxy circulars with the various securities commissions in such provinces. These documents include financial information about the Corporation. The Corporation also files its annual information form with such securities commissions. Copies of the Corporation's latest annual information form, audited financial statements, MD&As and any interim financial statements filed since the date of the latest audited financial statements, are available on request from the Corporate Secretary and Chief Legal Officer of the Corporation or by consulting the SEDAR web site at www.sedar.com. The Corporation may require the payment of a reasonable charge when the request is made by a person other than a holder of securities of the Corporation.

Shareholder Proposals for 2012 Annual Meeting

Proposals for any matters that persons entitled to vote at the next annual shareholders' meeting propose to raise at the said meeting must be received by the Corporation at the latest on December 8, 2012.

Caution Regarding Forward-Looking Statements

This Circular includes “forward-looking statements” that involve risks and uncertainties. All statements other than statements of historical facts included in this Circular, including, without limitation, statements regarding the prospects of the industry and prospects, plans, financial position and business strategy of the Corporation, 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 Corporation 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 Corporation’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.

Forward-looking statements are provided for the purposes of assisting the reader in understanding the Corporation’s financial position and results of operations as at and for, the periods ended on certain dates and to present information about management’s current expectations and plans relating to the future and the reader is cautioned that such statements may not be appropriate for other purposes. Investors and others are cautioned that undue reliance should not be placed on any forward-looking statements. Certain material factors or assumptions are applied in making forward-looking statements, and actual results may differ materially from those expressed or implied in such statements. For more information on the risks and uncertainties that could cause the Corporation’s actual results to differ materially from current expectations, and about material factors or assumptions applied in making forward-looking statements, please also refer to the Corporation’s public filings available at www.sedar.com and at www.rona.ca. In particular, further details and descriptions of these and other factors are disclosed in the “Risk Factors” section of our Annual Information Form for the year ended December 25, 2011.

The forward-looking statements in this Circular reflect the Corporation’s expectations as of March 15, 2012, and are subject to change after this date. The Corporation 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.

Approval of Circular

The contents and sending of this Circular have been approved by the Board of Directors of the Corporation.

Boucherville, Quebec, March 15, 2012.

By order of the Board of Directors,

(signed)

France Charlebois
Corporate Secretary and Chief Legal Officer

Schedule "A"

Record of Attendance by Current Directors For the 12-month period ended December 25, 2011

Number and % of meetings attended							
Director	Board	Audit Committee	Human Resources and Compensation Committee	Nominating and Governance Committee	Development Committee	Committees (total)	Overall Attendance
Suzanne Blanchet ⁽¹⁾	8 / 8 (100%)	-	3 / 3 (100%)	-	-	3 / 3 (100%)	11 / 11 (100%)
Réal Brunet ⁽²⁾	12 / 12 (100%)	9 / 9 (100%)	-	-	-	9 / 9 (100%)	21 / 21 (100%)
Louise Caya	12 / 12 (100%)	-	-	-	-	-	12 / 12 (100%)
Robert Dutton ⁽³⁾	12 / 12 (100%)	-	-	-	-	-	(12 / 12) (100%)
Richard Fortin	12 / 12 (100%)	9 / 9 (100%)	4 / 5 (80%)	-	-	13 / 14 (93%)	25 / 26 (96%)
Jean Gaulin ⁽⁴⁾	12 / 12 (100%)	-	-	4 / 4 (100%)	-	4 / 4 (100%)	16 / 16 (100%)
Jean-Guy Hébert	11 / 12 (92%)	-	-	-	-	-	11 / 12 (92%)
J. Spencer Lanthier ⁽⁵⁾	4 / 4 (100%)	4 / 4 (100%)	-	-	-	4 / 4 (100%)	8 / 8 (100%)
Alain Michel	12 / 12 (100%)	9 / 9 (100%)	-	3 / 4 (75%)	-	12 / 13 (92%)	24 / 25 (96%)
Patrick Palerme ⁽⁶⁾	8 / 8 (100%)	-	-	2 / 2 (100%)	-	2 / 2 (100%)	10 / 10 (100%)
James Pantelidis	12 / 12 (100%)	-	5 / 5 (100%)	-	-	5 / 5 (100%)	17 / 17 (100%)
Robert Paré	12 / 12 (100%)	-	5 / 5 (100%)	4 / 4 (100%)	-	9 / 9 (100%)	21 / 21 (100%)
Jocelyn Tremblay ⁽⁷⁾	12 / 12 (100%)	-	5 / 5 (100%)	4 / 4 (100%)	-	9 / 9 (100%)	21 / 21 (100%)
Jean-Roch Vachon	12 / 12 (100%)	9 / 9 (100%)	-	-	-	9 / 9 (100%)	21 / 21 (100%)

(1) Ms. Blanchet was appointed as director and is a member of the Human Resources and Compensation Committee since May 10, 2011.

(2) Mr. Brunet was elected as director and is a member of the Audit Committee since December 6, 2010.

- (3) *In addition, Mr. Dutton attended all Board committee meetings (except in camera meetings) for the 12-month period ended December 25, 2011 but did not receive attendance fees for his presence at such meetings.*
- (4) *The Chairman may attend all Board committee meetings but does not receive attendance fees for his presence at such meetings. For the 12-month period ended December 25, 2011, Mr. Gaulin attended all Board committee meetings (except in camera meetings of the Audit Committee, Human Resources and Compensation Committee and Development Committee but including, for greater certainty, in camera meetings of the Nominating and Governance Committee, of which he is the Chairman). Mr. Gaulin will retire at the close of the Meeting, and will not seek re-election as a director.*
- (5) *Mr. Lanthier resigned from the Board effective on May 10, 2011 after having reached the mandatory retirement age of 70 under the Board's retirement policy.*
- (6) *Mr. Palerme was appointed as director and is a member of the Nominating and Governance Committee since May 10, 2011.*
- (7) *Mr. Jocelyn Tremblay, who has reached the mandatory retirement age of 70 under the Board's retirement policy, will retire at the close of the Meeting, and will not seek re-election as a director.*

Board and Board Committee Meetings	Number of meetings held
Board (8 regular; 4 special) (each of which were followed by in camera meetings)	12
Audit Committee (6 regular; 3 special) (each of which were followed by in camera meetings)	9
Human Resources and Compensation Committee (3 regular; 2 special) (each of which were followed by in camera meetings)	5
Nominating and Governance Committee (4 regular; 0 special) (each of which were followed by in camera meetings)	4
Development Committee (0 regular; 0 special)	0

For the 12-month period ended December 25, 2011, the independent directors held a private *in camera* meeting after each meeting of the Board of Directors and each meeting of the Board of Directors' committees.

Schedule "B"

Statement of Corporate Governance Practices

CORPORATE GOVERNANCE GUIDELINES	CORPORATE GOVERNANCE PRACTICES AT THE CORPORATION																							
1. BOARD OF DIRECTORS																								
(A) Disclose the identity of directors who are independent.	<p>Independence – of the current thirteen (13) members of the Board, ten (10) directors are “independent” within the meaning of the Corporate Governance Disclosure Instrument. They are Messrs. Réal Brunet, Richard Fortin, Jean Gaulin, Alain Michel, Patrick Palerme, James Pantelidis, Robert Paré, Jocelyn Tremblay and Jean-Roch Vachon, and Ms. Suzanne Blanchet. Nine (9) of the twelve (12) Board nominees proposed in the Circular are independent.</p>																							
(B) Disclose the identity of directors who are not independent, and describe the basis for that determination.	<p>Three (3) directors of the Corporation do not qualify as “independent” within the meaning of the Corporate Governance Disclosure Instrument. They are Mrs. Louise Caya and Messrs. Jean-Guy Hébert and Robert Dutton.</p>																							
	<table border="1"> <thead> <tr> <th colspan="4" data-bbox="987 1058 1360 1083">Independence Status of Current Directors</th> <th data-bbox="1365 1083 1503 1146" rowspan="2">Reason for Non-Independent Status</th> </tr> <tr> <th data-bbox="997 1125 1101 1146">Management</th> <th data-bbox="1117 1125 1214 1146">Independent</th> <th data-bbox="1230 1104 1334 1146">Not Independent</th> <th data-bbox="1365 1083 1503 1146"></th> </tr> </thead> <tbody> <tr> <td data-bbox="846 1167 984 1230">Suzanne Blanchet Réal Brunet Louise Caya</td> <td data-bbox="1159 1167 1175 1209">√ √</td> <td data-bbox="1284 1209 1300 1230">√</td> <td data-bbox="1365 1209 1503 1346" rowspan="2">Mrs. Caya is a dealer-owner Mr. Dutton is the President and CEO of the Corporation</td> </tr> <tr> <td data-bbox="846 1262 959 1283">Robert Dutton</td> <td data-bbox="1045 1262 1062 1283">√</td> <td data-bbox="1284 1262 1300 1283">√</td> </tr> <tr> <td data-bbox="846 1346 976 1409">Richard Fortin Jean Gaulin Jean-Guy Hébert</td> <td data-bbox="1159 1346 1175 1388">√ √</td> <td data-bbox="1284 1388 1300 1409">√</td> <td data-bbox="1365 1388 1503 1430" rowspan="2">Mr. Hébert is a dealer-owner</td> </tr> <tr> <td data-bbox="846 1430 984 1566">Alain Michel Patrick Palerme James Pantelidis Robert Paré Jocelyn Tremblay Jean-Roch Vachon</td> <td data-bbox="1159 1430 1175 1566">√ √ √ √ √ √</td> <td data-bbox="1284 1430 1300 1566"></td> </tr> </tbody> </table>	Independence Status of Current Directors				Reason for Non-Independent Status	Management	Independent	Not Independent		Suzanne Blanchet Réal Brunet Louise Caya	√ √	√	Mrs. Caya is a dealer-owner Mr. Dutton is the President and CEO of the Corporation	Robert Dutton	√	√	Richard Fortin Jean Gaulin Jean-Guy Hébert	√ √	√	Mr. Hébert is a dealer-owner	Alain Michel Patrick Palerme James Pantelidis Robert Paré Jocelyn Tremblay Jean-Roch Vachon	√ √ √ √ √ √	
Independence Status of Current Directors				Reason for Non-Independent Status																				
Management	Independent	Not Independent																						
Suzanne Blanchet Réal Brunet Louise Caya	√ √	√	Mrs. Caya is a dealer-owner Mr. Dutton is the President and CEO of the Corporation																					
Robert Dutton	√	√																						
Richard Fortin Jean Gaulin Jean-Guy Hébert	√ √	√	Mr. Hébert is a dealer-owner																					
Alain Michel Patrick Palerme James Pantelidis Robert Paré Jocelyn Tremblay Jean-Roch Vachon	√ √ √ √ √ √																							
(C) Disclose whether or not a majority of directors are independent. If a majority of directors are not independent, describe what the Board of Directors does to facilitate its exercise of independent judgment in carrying out its responsibilities.	<p>Majority of independent directors – ten (10) of our thirteen (13) current directors are independent. Nine (9) of the twelve (12) Board nominees proposed in the Circular are independent.</p>																							

<p>(D) If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.</p>	<p>Outside directorships – the directorships of all director nominees are described on pages 8 to 13 of this Circular.</p>
<p>(E) Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer’s most recently completed financial year. If the independent directors do not hold such meetings, describe what the Board does to facilitate open and candid discussion among its independent directors.</p>	<p>In camera sessions – meetings of directors without the presence of non-independent directors and management have taken place after each of the regular in-person meetings and special in-person meetings of the Board of Directors (including after each such meeting where compensation questions were discussed). such meetings are chaired by Mr. Jean Gaulin, the independent Chairman of the Board.</p> <p>The respective independent members of the Audit Committee, Human Resources and Compensation Committee, Development Committee and Nominating and Governance Committee, also generally meet at each regularly-scheduled committee meeting without management present. See Schedule “A” for disclosure on such meetings.</p>
<p>(F) Disclose whether or not the Chair of the Board is an independent director. If the board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director, and describe his or her role and responsibilities. If the Board has neither a chair that is independent nor a lead director that is independent, describe what the Board does to provide leadership for its independent directors.</p>	<p>Independent Chair of the Board – Mr. Jean Gaulin is the Chairman of the Board of the Corporation. He is independent within the meaning of the Corporate Governance Disclosure Instrument. The mandate of the Chairman of the Board states that his or her key role is to take all reasonable measures to ensure that the Board (i) has procedures and methods in place to enable it to function independently of management; (ii) carries out its duties effectively; and (iii) clearly understands and respects the boundaries between the responsibilities of the board and those of management. The Chairman of the Board chairs all in camera Board meetings of independent directors. He takes reasonable measures to ensure that Board meetings are conducted in such a way as to promote discussions and allow for the efficient and effective review and discussion of the issues submitted to the independent directors.</p> <p>Mr. Jean Gaulin will retire at the close of the Meeting, after serving on the Board of Directors since May 2004, and will not seek re-election as a director. The Board of Directors currently intends that Mr. Gaulin will be replaced by Mr. Robert Paré as Chairman of the Board of Directors, subject to his re-election as a director by the shareholders at the Meeting.</p> <p>Vice Chairman of the Board – Mr. Robert Paré is the Vice Chairman of the Board of the Corporation. He is independent within the meaning of the Corporate Governance Disclosure Instrument.</p>
<p>(G) Disclose the attendance record of each director for all Board meetings held since the beginning of the issuer’s most recently completed financial year.</p>	<p>Record of attendance – the record of attendance of directors to Board and Committee meetings is set forth as Schedule “A” of this Circular.</p> <p>More information about each director can be found on pages 8 to 13 of this Circular.</p>
<p>2. Board mandate – disclose the text of the Board’s written mandate. If the Board does not have a written mandate, describe how the Board delineates its role and responsibilities.</p>	<p>The Board has adopted a formal Board charter, which is attached hereto as Schedule “C”.</p> <p>The mandate of the Board states that the Board is responsible for the supervision of the management of the Corporation’s business and affairs, with the objective of maximizing long-term corporate value.</p>

3. POSITION DESCRIPTIONS

(A) **Disclose whether or not the Board has developed written position descriptions for the chair and the chair of each Board Committee. If the Board has not developed written position descriptions for the chair and/or the chair of each board committee, briefly describe how the board delineates the role and responsibilities of each such position.**

Mandate of the Chairman of the Board – the Board has adopted formal mandates for the Chairman of the Board, the Vice Chairman of the Board and Board Committee chairs. The mandate of the Chairman of the Board states that his or her key role is to take all reasonable measures to ensure that the Board (i) has procedures and methods in place to enable it to function independently of management; (ii) carries out its duties effectively; and (iii) clearly understands and respects the boundaries between the responsibilities of the Board and those of management.

Mandate of Committee Chairs – the mandate of Committee Chairs provides that each Committee Chair takes reasonable measures to ensure that the Committee carries out its duties effectively and fully discharges its mandate. The responsibilities of the Committee Chairs include taking reasonable measures to ensure that the Committee’s work runs smoothly, providing essential leadership to that effect and ensuring that Committee members receive all the necessary information to perform their role fully.

(B) **Disclose whether or not the Board and President and CEO have developed a written position description for the President and CEO. If the Board and President and CEO have not developed such a position description, briefly describe how the Board delineates the role and responsibilities of the President and CEO.**

Mandate of the President and CEO – the Board has adopted a formal mandate for the President and CEO.

The President and CEO is responsible for the management of the Corporation’s strategic and operational plan and for the execution of the resolutions and policies of the Board.

The Human Resources and Compensation Committee, together with the President and CEO, develops each year objectives that the President and CEO is responsible for meeting. The Human Resources and Compensation Committee evaluates the President and CEO’s performance in light of such objectives and any other criterion deemed relevant and recommends the President and CEO’s compensation based on this evaluation.

4. ORIENTATION AND CONTINUING EDUCATION

(A) **Briefly describe what measures the Board takes to orient new directors regarding**

- i. **The role of the Board, its Committees and its directors; and**
- ii. **The nature and operation of the issuer’s business.**

Orientation program – the Nominating and Governance Committee is responsible for implementing an orientation and continuing education policy for directors.

New directors are provided with an extensive information package on the Corporation’s business, its strategic and operational business plans, its operating performance, its governance system and its financial position. Also, new directors are invited to meet individually with the Chairman, the President and CEO and other senior executives, if necessary, to discuss these matters.

The Board ensures that prospective candidates fully understand the role of the Board and its Committees and the contribution that individual directors are expected to make, including, in particular, the personal commitment that the Corporation expects of its directors.

(B) Briefly describe what measures, if any, the Board takes to provide continuing education for its directors. If the Board does not provide continuing education, describe how the Board ensures that its directors maintain the skill and knowledge necessary to meet their obligations as directors.

Continuing education – the Nominating and Governance Committee monitors and reviews the Corporation’s continuing education programs for directors. Senior management makes regular presentations to the Board on the main areas and specialized aspects of the Corporation’s business.

Ongoing site visits by the directors of the Corporation’s facilities and operations is also used as an efficient educational tool for the directors.

The following ongoing training initiatives were among those undertaken in 2011:

TOPIC	DATE AND PLACE	PRESENTATION BY	DIRECTORS ATTENDING
Orientation session for new members of the Board of Directors	June 15, 2011, at RONA’s head office	Robert Dutton, Marie-Claude Lalonde, Jean-Luc Meunier, Mario St-Louis, Claude Bernier, Normand Dumont, Paul Jovian, Michael Storfér, Marie-Claude Soucy and Christian Proulx	Suzanne Blanchet, Réal Brunet and Patrick Palerme
Presentation of the retail and import strategy during the 2012 RONA Spring Show and a tour of the show	November 24, 2011 at the Palais des Congrès de Montréal	Manon Bouchard, Luc Rodier, Normand Dumont and Robert Dutton	Alain Michel, Jean-Guy Hébert, Jocelyn Tremblay, Louise Caya, Patrick Palerme, Réal Brunet, Robert Paré, Suzanne Blanchet and Robert Dutton
Presentation of the 2012 business plan and digital strategy	December 6, 2011, at the W Montreal hotel	Robert Dutton, Dominique Boies, Mario St-Louis, Luc Rodier, Claude Bernier and Karim Salabi	Jean-Guy Hébert, Réal Brunet, Jocelyn Tremblay, Jean-Roch Vachon, Alain Michel, James Pantelidis, Suzanne Blanchet, Louise Caya, Patrick Palerme, Richard Fortin, Robert Paré, Jean Gaulin and Robert Dutton

In addition to the above training activities, a monthly newsletter is sent to all directors in order to ensure that they are up to date at all times on the latest trends and developments in the industry in which the Corporation operates.

5. ETHICAL BUSINESS CONDUCT

(A) Disclose whether or not the Board has adopted a written code for the directors, officers and employees. If the Board has adopted a written code:

Code of ethics – the Corporation adopted a new code of conduct on February 23, 2011 (the “Code of Conduct”).

i. Disclose how a person or company may obtain a copy of the Code;

The Code of Conduct is accessible on the Corporation’s web site at www.rona.ca and on the SEDAR web site at www.sedar.com. A paper copy is also available, on request, from the Corporate Secretary and Chief Legal Officer of the Corporation.

<p>ii. Describe how the Board monitors compliance with its Code, or if the Board does not monitor compliance, explain whether and how the Board satisfies itself regarding compliance with its Code; and</p>	<p>The Nominating and Governance Committee is responsible for ensuring the implementation of the Code of Conduct within the Corporation. The Code of Conduct is distributed to and signed by each of the Corporation's employees when he or she is hired. Under the Code, all employees of the Corporation must report any activity which appears to be in breach of the Code of Conduct or laws and regulations in force.</p>
<p>iii. Provide a cross-reference to any material change report filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the Code.</p>	<p>No such material change report has ever been filed by the Corporation.</p>
<p>(B) Describe any steps the Board takes to ensure directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest.</p>	<p>Process for dealing with conflicts of interests – in accordance with applicable law, when a conflict of interest arises, a director is requested to disclose his or her interest and abstain from voting on the matter. If considered appropriate, the Chairman of the Board may invite the director to leave the room during any discussion concerning such matter.</p>
<p>(C) Describe any other steps the Board takes to encourage and promote a culture of ethical business conduct.</p>	<p>Reporting process – the Board has adopted various corporate policies to encourage and promote a culture of ethical business conduct, including the policy on complaints regarding accounting, internal accounting controls or auditing matters available on the Corporation's web site at www.rona.ca.</p>
<p>6. NOMINATION OF DIRECTORS</p>	
<p>(A) Describe the process by which the Board identifies new candidates for Board nomination.</p>	<p>General – the Nominating and Governance Committee is responsible for recommending and obtaining the approval of the Board on the competencies, skills and personal qualities required on the Board in order to create added value, taking into account opportunities and risks faced by the Corporation. In doing so, the Committee uses a skill matrix. The Committee identifies, with the Chairman of the Board, candidates qualified to become Board members and recommends that the Board selects director nominees for the next annual meeting of shareholders. It also assesses and reviews annually the performance and effectiveness of the Board, Board Committees, the Board and Committee Chairs and individual directors.</p> <p>The skill matrix described on p. 14 of this Circular identifies some of the current skills and other factors considered by the Nominating and Governance Committee, along with identification of each nominee for election to the Board of Directors possessing each skill.</p>
<p>(B) Disclose whether or not the Board has a Nominating Committee composed entirely of independent directors. If the Board does not have a Nominating Committee composed entirely of independent directors, describe what steps the Board takes to encourage an objective nomination process.</p>	<p>Composition of the Nominating and Corporate Governance Committee – the Nominating and Governance Committee is composed exclusively of outside directors, all of whom are “independent” within the meaning of the Corporate Governance Disclosure Instrument.</p>

<p>(C) If the Board has a Nominating Committee, describe the responsibilities, powers and operation of the Nominating Committee.</p>	<p>Responsibilities of the Nominating and Governance Committee – the Board has adopted a formal mandate for the Nominating and Governance Committee.</p> <p>The responsibilities of the Committee are described on page 20 of this Circular. The majority of its members constitute a quorum at meetings of the Committee. The Committee reports to the Board periodically on its meetings and its recommendations. In certain circumstances, the Committee may retain independent advisors to assist it in carrying out its duties.</p>
<p>7. COMPENSATION</p>	
<p>(A) Describe the process by which the Board determines the compensation for the issuer’s directors and officers.</p>	<p>General – the compensation of the directors and senior managers is determined regularly by the Board based on the reviews and recommendations of its Nominating and Governance Committee and its Human Resources and Compensation Committee, respectively. The Board has determined that such compensation realistically reflects the responsibility and risks undertaken by the Corporation’s directors and senior managers and serves to align the interests of the directors and senior managers with the interests of the shareholders of the Corporation. See pages 15 to 17 of this Circular for information about the compensation received by directors and pages 25 to 67 for information about the compensation received by named executive officers.</p>
<p>(B) Disclose whether or not the Board has a Compensation Committee composed entirely of independent directors. If the Board does not have a Compensation Committee composed entirely of independent directors, describe what steps the Board takes to ensure an objective process for determining such compensation.</p>	<p>Composition of the Human Resources Committee – the Human Resources and Compensation Committee is composed exclusively of outside directors, all of whom are “independent” within the meaning of the Corporate Governance Disclosure Instrument.</p>
<p>(C) If the Board has a Compensation Committee, describe the responsibilities, powers and operation of the Compensation Committee.</p>	<p>Responsibilities of the Human Resources and compensation Committee – the Board has adopted a formal mandate for the Human Resources and Compensation Committee.</p> <p>The responsibilities of the Committee are described on page 20 of this Circular. The majority of its members constitute a quorum at meetings of the Committee. The Committee reports to the Board periodically on its meetings and its recommendations. As the need arises, the Committee may engage independent advisors to assist it in carrying out its duties, set the fees and other conditions of their engagement and obtain the necessary funds from the Corporation to pay such fees. The Committee or its Chair shall pre-approve all compensation and non-compensation services provided by such independent advisors.</p>
<p>(D) If a compensation consultant or advisor has, at any time since the beginning of the issuer’s most recently completed financial year, been retained to assist in determining compensation for any of the issuer’s directors and officers, disclose the identity of the consultant or advisor and briefly summarize the mandate for which they have been retained. If the consultant or advisor has been retained to perform any other work for the issuer, state that fact and briefly describe the nature of the work.</p>	<p>Compensation Consultant – during financial year 2011 and with respect to 2010, the Committee has retained the services of Mercer to provide advice on the competitiveness and appropriateness of compensation programs for the President and CEO and top executive officers, and to conduct a market review of the Corporation’s directors compensation programs (please see “Compensation Consultant” on page 54 of this Circular). During those periods, Mercer has not been retained to perform any other work for the Corporation.</p>

<p>8. Other Board Committees – if the Board has standing committees other than the Audit, Compensation and Nominating Committees identify the committees and describe their function.</p>	<p>Please see page 23 of this Circular for more information on the responsibilities of the Development Committee.</p>
<p>9. Assessments – disclose whether or not the Board, its Committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the Board satisfies itself that the Board, its Committees, and its individual directors are performing effectively.</p>	<p>Assessment process – regularly, the Nominating and Governance Committee of the Board assesses the performance and effectiveness of the Board as a whole, the Board Committees, the Chairman of the Board, Board Committee Chairs and individual directors. Questionnaires are distributed to each director for the purpose of evaluating the Board’s responsibilities and functions and the performance of the Board’s Committees. The results of the questionnaires are compiled on a confidential basis to encourage full and frank commentary and are discussed at the next regular meeting of the Nominating and Governance Committee. The Nominating and Governance Committee Chair then presents the Committee’s findings and recommendations to the Board.</p> <p>The Chairman meets regularly with each director to discuss such director’s performance and such director’s assessment of the Board Committees and other directors’ performance.</p>
<p>The CSA Audit Committee Rules state that the Audit Committee must be composed of a minimum of three (3) members, who must be “independent” directors (as defined in those rules).</p>	<p>Composition of the Audit Committee – the Audit Committee consists exclusively of outside directors, who are “independent” as contemplated under the CSA Audit Committee Rules.</p>
<p>The CSA Audit Committee Rules state that each Audit Committee member must be financially literate.</p>	<p>Financial literacy of Audit Committee members – the Board has adopted the following definition of “financial literacy”: “the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation’s financial statements”. All four (4) directors who constitute the Audit Committee are “financially literate” within the meaning of such definition.</p>
<p>The CSA Audit Committee Rules state that the Audit Committee must have a written charter that sets out its mandate and responsibilities.</p>	<p>Responsibilities of the Audit Committee – the mandate of the Audit Committee, attached to the Annual Information Form of the Corporation available on SEDAR, at www.sedar.com, describes explicitly the role and oversight responsibilities of the Committee.</p>
<p>The CSA Audit Committee Rules state that the Audit Committee must recommend to the Board of Directors: (a) the external auditor to be nominated for the purposes of preparing or issuing an auditors’ report or performing other audit, review or attest services for the issuer; and (b) the compensation of the external auditor.</p>	<p>Appointment of external auditors – the mandate of the Audit Committee states that the Committee is responsible for recommending to the Board the appointment or discharge of the external auditors as well as their compensation.</p>

The CSA Audit Committee Rules state that the Audit Committee must be directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditors report or performing other audit, review or attest services for the issuer, including the resolution of disagreements between management and the external auditor regarding financial reporting.

Relations with external auditors – the mandate of the Audit Committee provides that the Committee is directly responsible for overseeing the work of the external auditors and discussing with them the quality and not just the acceptability of the Corporation’s accounting principles, including any written communications between the Corporation’s management and the external auditors and management’s actions following the recommendations of the external auditors. The Committee also oversees the resolution of disagreements between management and the external auditors regarding financial reporting.

The CSA Audit Committee Rules state that the Audit Committee must pre-approve all non-audit services to be provided to the issuer or its subsidiary entities by the issuer’s external auditor.

Pre-approval of non-audit services – the mandate of the Audit Committee states that the Committee has sole authority to pre-approve all non-audit services that management intends to entrust to the external auditors.

The CSA Audit Committee Rules state that the Audit Committee must review the issuer’s financial statements, MD&A and annual and interim earnings press releases before the issuer publicly discloses this information. These Rules also mention that the Audit Committee must be satisfied that adequate procedures are in place for the review of the issuer’s public disclosure of financial information extracted or derived from the issuer’s financial statements, other than the public disclosure referred to in the preceding sentence, and must periodically assess the adequacy of those procedures.

Review of financial information documents – the mandate of the Audit Committee provides that the Committee is responsible for reviewing the annual and interim financial statements of the Corporation as well as external auditors’ report, MD&A and press releases related thereto. The Committee also reviews the procedures in place for the review of financial information extracted or derived from the financial statements and periodically assessing the adequacy of those procedures.

The CSA Audit Committee Rules state that an Audit Committee must establish procedures for: (a) the receipt, retention and treatment of complaints received by the issuer regarding accounting, internal accounting controls, or auditing matters; and (b) the confidential, anonymous submission by employees of the issuer of concerns regarding questionable accounting or auditing matters.

Complaints on accounting or other matters – the mandate of the Audit Committee provides that the Committee must establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission of concerns by employees of the Corporation regarding accounting or auditing matters. Please refer to the policy on complaints regarding accounting, internal accounting controls or auditing matters available on the Corporation’s web site at www.rona.ca. The Corporation has also adopted a similar policy for its employees.

The CSA Audit Committee Rules state that the Audit Committee must review and approve the issuer’s hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the issuer.

External auditors hiring policy – the mandate of the Audit Committee provides that the Committee is responsible for reviewing hiring policies regarding partners, employees and former partners and employees of the present and former external auditors.

The CSA Audit Committee rules state that the Audit Committee must have the authority: (a) to engage independent counsel and other advisors as it determines necessary to carry out its duties; (b) to set and pay the compensation for any advisors employed by the Audit Committee; and (c) to communicate directly with the internal and external auditors.

Engagement of independent counsel – according to the mandate of the Audit Committee, the Committee may, as the need arises, engage any outside advisors to assist it in carrying out its duties, set the fees and other conditions of their engagement and obtain the necessary funds from the Corporation to pay such fees.

Schedule "C"

Board of Directors Charter

The Board of Directors (the "Board") is responsible for the supervision of the management of the Corporation's business and affairs, with the objective of maximising long-term corporate value.

The Board approves all matters expressly required herein, under the Business Corporations Act (Quebec) and other applicable legislation and the Corporation's articles and by-laws. The Board may inter alia assign to board committees the prior review of any issues it is responsible for. In that case, Board committee recommendations are subject to Board approval. In addition, to the extent permitted by law, the Board may delegated the exercise of its powers to any director, officer or Board committee. The Board has delegated the approval of certain matters to management pursuant to its Schedule of Authority, as amended from time to time.

In spite of the fact that directors may be elected by the shareholders to bring a special expertise or point of view to Board deliberations, they are not chosen to represent a particular constituency. All decisions of each Board member must be made in the best interest of the Corporation.

The Board expects directors to be present at all meetings of the Board and to review meeting materials in advance. The Board also expects directors to take an active role in Board decision-making.

Mandate

The responsibilities of the Board include:

With respect to strategic planning

- Adopting a strategic planning process and approving, on at least an annual basis, a strategic plan which takes into account, among other matters, the opportunities and risks of the business.

With respect to human resources and performance assessment

- Appointing the President and Chief Executive Officer ("President and CEO") and, upon his recommendation, appointing the other executive officers reporting to the President and CEO.
- Assessing the performance of the President and CEO and ensuring that processes are implemented by the President and CEO to assess the other executive officers.
- Approving the compensation of executive officers (particularly the President and CEO) and the compensation plans or policies which apply to them and to the other key employees of the Corporation, taking into consideration expectations and objectives fixed by the Board.

- Taking reasonable measures to satisfy itself as to the integrity of the President and CEO and the other executive officers and that the President and CEO and other executive officers create a culture of integrity throughout the Corporation.
- Monitoring the succession planning process for executive officers and the Board of Directors.
- Reviewing the size and composition of the Board and its committees taking into account competencies, skills and personal qualities of each member of the Board of Directors.
- Approving the list of Board nominees for election by shareholders.
- Appointing the Chairman of the Board.

With respect to financial matters, risk management and internal control

- Approving the Corporation's financial statements and ensuring the appropriateness of their disclosure.
- Reviewing the general content of, and the Audit Committee's report on the financial aspects of, the Corporation's Annual Information Form, Annual Report, Management Proxy Circular, Management's Discussion and Analysis, prospectuses, and any other document required to be disclosed or filed by the Corporation before its public disclosure or filing with regulatory authorities in Canada.
- Approving operating and capital budgets, the issue of securities and, subject to the Schedule of Authority of the Corporation, any significant transaction out of the ordinary course of business, including proposals on mergers, acquisitions or other major investments or divestitures.
- Determining dividend policies and procedures and declaring dividends if the Board thinks it appropriate.
- Identifying the principal risks of the Corporation's business and ensuring the implementation of appropriate systems to manage these risks.
- Monitoring the Corporation's internal control and management information systems.
- Monitoring the Corporation's compliance with applicable legal and regulatory requirements.
- Recommending to the Corporation's shareholders the external auditors to be appointed at the annual shareholders meeting and filling any vacancy that occurs during year.
- Reviewing at least annually the Corporation's communications policy and monitoring the Corporation's communications with analysts, investors and the public.

With respect to governance matters

- Taking reasonable measures to ensure the competent and ethical operation of the Corporation.
- Developing the Corporation's approach with respect to governance, including developing a set of governance principles and guidelines that are specifically applicable to the Corporation.
- Adopting and periodically reviewing the Corporation's code of conduct and taking reasonable steps to see to it that this code is respected.
- Ensuring the annual performance assessment of the Board, Board committees, Board and committee chairs and individual directors.
- Adopting and periodically reviewing the policy for orientation and continuing education of directors.
- Adopting and periodically reviewing a policy for receiving feedback or comments concerning the Corporation from stakeholders.
- Submitting to the Corporation's shareholders any matter which requires their approval.

- Filling the vacancies on the Board of Directors or appointing additional directors, if the Board thinks it appropriate.

With respect to pension matters

- Monitoring governance structure, funding, and investment policies for the Corporation's pension plans.
- Monitoring the investment management of the pension funds.

Composition

- The number of directors shall be determined from time to time by resolution of the Board of Directors, within the limits provided in the Corporation's articles. The Board is composed of a majority of individuals who qualify as independent directors, as determined by the Board in accordance with the applicable rules of the Canadian Securities Administrators.

Board Meetings and Quorum

- The Board shall meet as the need arises, but at least quarterly; in addition, a special meeting of the Board is held, at least annually, to review the Corporation's strategic plan.
- Independent directors meet regularly without management and non-independent directors present. The Chairman of the Board chairs these meetings.
- A majority of the current directors shall constitute a quorum at meetings of the Board.

Review of the Charter

The Board of Directors shall review this Charter periodically and make any appropriate amendments.

Assessment of the Board's Performance

Each year, the members of the Board shall assess and review the Board's performance.

Schedule "D"

Long-Term Incentive Programs

Initial Plan (Share Option Plan dated January 24, 2002)

On January 24, 2002, the Board of Directors set up a share option plan for designated members of senior management of RONA and its subsidiaries (the "**Initial Plan**"). The Initial Plan was set up by the Corporation in order (a) to induce its participants to take measures to favor growth in shareholder value and to have them benefit from that growth and the Corporation's success, (b) to induce its participants to take necessary measures to create favorable conditions for the Corporation to make a public offering before January 1, 2006 (which objective was achieved on November 5, 2002) and (c) to establish a direct link between the interests of participants and those of shareholders. The persons eligible to receive options for the purchase of Common Shares were members of senior management of the Corporation and its subsidiaries who were designated from time to time by the Board of Directors.

The maximum number of options issuable under the Initial Plan was 3,740,000, representing 5% of the outstanding Common Shares as at January 1, 2002 and 3.0% as at March 5, 2012. The Board of Directors had full discretion to grant options to eligible designated members of senior management. The exercise price of each option was set at \$3.47 per share. All unexercised options granted under the terms of the Initial Plan expired on January 1, 2012. As no further options will be granted pursuant to the Initial Plan, the Initial Plan has been terminated by the Board of Directors as of March 6, 2012.

2002 Plan (Share Option Plan dated October 24, 2002)

On October 24, 2002, the Board of Directors approved a new share option plan (the "**2002 Plan**") for designated senior executives of the Corporation and its subsidiaries (the "**Participants**"). The 2002 Plan was approved by the shareholders of the Corporation on May 14, 2003. The purpose of the 2002 Plan is to provide the Corporation with a share-related mechanism to attract, retain and motivate executives whose skills, performance and loyalty to the Corporation are necessary to its success, image, reputation or activities, particularly by aligning the interests of executives with the interests of the Corporation's shareholders.

The total number of stock options (each exercisable for one Common Share) which may be issued pursuant to the 2002 Plan is 6,600,000, representing 9% of the outstanding Common Shares as at October 24, 2002 and 5.4% of the outstanding Common Shares as at March 5, 2012. A total of 3,713,452 options were granted by the Board of Directors pursuant to the 2002 Plan and 2,068,350 were outstanding as at March 5, 2012, representing respectively 3.0% and 1.7% of the outstanding

Common Shares as at March 5, 2012. As at such date, a total of 4,359,225 stock options remained issuable under the 2002 Plan, representing 3.5% of the outstanding Common Shares.

In 2011, a total of 384,900 stock options were granted by the Board of Directors, representing 0.3% of the outstanding Common Shares as at March 5, 2012.

The exercise price of any option granted under the 2002 Plan must be equal or superior to the weighted average price of the Common Shares traded on the Toronto Stock Exchange, such price to be calculated by aggregating the value of each transaction during the five (5) trading days immediately preceding the day on which such option is granted and dividing the said value by the total number of Common Shares traded during the said period. Subject to the following paragraph, the terms and number of Common Shares covered by each option as well as the vesting periods of such options are determined by the Board of Directors upon the recommendation of its Human Resources and Compensation Committee at the time the options are granted to beneficiaries. Other than in the case of a blackout extension term, the expiry date of an option shall be the date so fixed by the Board or described in the 2002 Plan, provided that such date is not later than the tenth (10th) anniversary of the date of grant. Options shall expire at the earlier of the date stipulated in a notice of termination received by a participant or the date at which the participant ceases to be an employee of the Corporation and any of its subsidiaries (the “**Option Cancellation Date**”). Notwithstanding the foregoing, a participant shall have an additional ninety (90) business days after the Option Cancellation Date to exercise options that are vested on the Option Cancellation Date, unless: (i) the participant resigns or terminates his employment voluntarily or is terminated for cause, in which case the exercise period shall be reduced to thirty (30) business days following the Option Cancellation Date; or (ii) the participant retires in which case the exercise period shall be increased to thirty-six (36) months. Options that have not vested at that time shall expire unless the Board decides otherwise. If a participant dies in office or during the period of thirty (30) business days, ninety (90) business days or thirty-six (36) months referred to above, his/her assigns shall have a period of six (6) months from the date of his/her death to exercise all the options that are vested at the moment of his/her death. However, the said periods of thirty (30) business days, ninety (90) business days, thirty-six (36) months or six (6) months may not exceed the tenth (10th) anniversary of the grant date, except if any such period ends during a blackout period, or within ten (10) business days after the end of a blackout period, in which case it shall be extended by a period of ten (10) business days.

The 2002 Plan contains the following restrictions: (i) the maximum number of Common Shares which may be reserved for issuance to any one person under the 2002 Plan or under any other share compensation arrangements of the Corporation shall not exceed 5% of the outstanding Common Shares at the time of grant, (ii) the maximum number of Common Shares issuable to insiders at any time pursuant to the 2002 Plan or other share compensation arrangements of the Corporation shall not exceed, unless duly approved by the shareholders, 10% of the outstanding Common Shares, and (iii) the maximum number of Common Shares issued under the 2002 Plan or other share compensation arrangements of the Corporation during a period of one year shall not exceed (a) 10% of the outstanding Common Shares in the case of Common Shares to be issued to insiders or (b) 5% of the outstanding Common Shares in the case of Common Shares to be issued to any one insider and his/her associates.

Options granted under the 2002 Plan may be exercised and do vest immediately in the event of a Change of Control, which is defined as a change in control of the Corporation of a nature that would be required to be reported pursuant to Canadian securities legislation or regulations, provided

that, except in limited circumstances, a Change of Control will be deemed to have occurred if (i) any person or entity or group of persons or entities become the beneficial owner of more than 50% of the combined voting power of the Corporation's outstanding securities entitled to vote in the election of directors of the Corporation, (ii) a majority of members of the Corporation's Board is replaced during any twelve-month period by directors whose appointment or election is not endorsed by a majority of the members of the Corporation's Board, (iii) any person or entity, or group of persons or entities acquires assets from the Corporation or its subsidiaries representing more than 50% of the total gross fair market value of all of the assets of the Corporation and its subsidiaries, taken as a whole, (iv) the Corporation is part to an amalgamation, merger or consolidation with or into another person or entity, except if a majority of the members of the board of directors of the surviving or resulting person or entity immediately after the transaction are individuals who were members of the Corporation's Board prior to such transaction, or (v) the Board determines that a particular event constitutes or constituted a Change of Control. Except in limited circumstances described in the 2002 Plan, options granted pursuant to the 2002 Plan may also be exercised and will vest immediately in the event of a disposition of retail stores of the Corporation and its subsidiaries representing more than 50% of the revenues derived from all retail stores of the Corporation and its subsidiaries, taken as a whole, for a period of twelve (12) consecutive months, or elements of the distribution business of the Corporation and its subsidiaries representing more than 50% of the revenues derived from the distribution business of the Corporation and its subsidiaries, taken as a whole, for a period of twelve (12) consecutive months.

The terms of the 2002 Plan also include an amendment procedure pursuant to which the Board of Directors may amend any of the provisions of the 2002 Plan or amend the terms of any then outstanding award of options under the 2002 Plan, provided, however, that the Corporation shall obtain shareholder approval for:

- any amendment to the maximum number of Common Shares issuable under the 2002 Plan, other than pursuant to any amendments to the share capital of the Corporation;
- any amendment which would allow non-employee directors to participate under the 2002 Plan;
- any amendment which would permit any option granted under the 2002 Plan to be transferable or assignable other than by will or pursuant to succession laws;
- any amendment resulting in the addition of a cashless exercise feature, payable in cash or in Common Shares, which does not provide for a full deduction of the number of underlying securities from the 2002 Plan reserve;
- any amendment resulting in the addition, in the 2002 Plan, of deferred or restricted share unit provisions or any other provisions pursuant to which participants may receive Common Shares while no cash consideration is received by the Corporation;
- any reduction in the exercise price of an option after the option has been granted to a participant or any cancellation of an option and the substitution of that option by a new option with a reduced exercise price granted to the same participant, other than pursuant to any amendments to the share capital of the Corporation;
- any extension to the term of an option beyond the original expiry date, subject to the provisions applicable to blackout periods;
- any amendment resulting in an increase to the maximum number of Common Shares that may be granted to (i) insiders under the 2002 Plan and other share compensation arrangements of the Corporation or (ii) to any one insider and such insider's associates in any one-year period, other than pursuant to any amendments to the share capital of the Corporation; and
- the addition in the 2002 Plan of any form of financial assistance and any amendment to a financial assistance provision which is more favourable to participants.

The Board of Directors may, subject to receipt of requisite regulatory approval, where required, in its sole discretion, make all other amendments to the 2002 Plan or to any award of options under the 2002 Plan.

The rights of a participant with respect to options granted under the 2002 Plan may not be assigned or transferred except by testamentary provision or pursuant to the applicable laws of succession.

Share Unit Plan

In 2007, the Board of Directors adopted a share unit plan (the “**Share Unit Plan**”) for the grant of share units to officers and key employees of the Corporation and its subsidiaries, in order to assist and encourage such officers and key employees to work towards and participate in the growth and development of the Corporation, assist the Corporation in attracting, retaining and motivating such officers and key employees, and align the interests of such officers and key employees with those of the shareholders of the Corporation. The Share Unit Plan is administered by the Board of Directors, which has delegated responsibilities to the Human Resources and Compensation Committee.

The Share Unit Plan is non-dilutive: payment of restricted share units with performance vesting criteria (“**PSUs**”) or Deferred Share Units (“**DSUs**”), as the case may be, are made in cash or in Common Shares purchased from the secondary market, at the option of the Corporation, pursuant to the terms and conditions described in the Share Unit Plan. The Share Unit Plan does not rely upon shares from treasury, nor are there any corresponding shares reserved in treasury for purposes of such plan.

PSUs entitle participants to receive, on the vesting date thereof, cash equal to the average closing price of the Common Shares on the Toronto Stock Exchange for the twenty (20) trading days during which Common Shares were traded immediately preceding the fifth trading day prior to the vesting date, or, at the Corporation’s option, an amount of Common Shares, purchased on the secondary market, with an aggregate value equal to the amount that would have been paid in cash as described above, subject to the terms and conditions set forth in the Share Unit Plan. The Board has discretion to establish at the time of each grant, within the restrictions set forth in the Share Unit Plan, the terms and conditions of each PSU award, as well as the vesting date (subject to a maximum term of three (3) years, and subject to the provisions of the Share Unit Plan with respect to early expiry), the performance objectives, if any, which must be attained for any PSU award, or part thereof, to vest, and other particulars. Notwithstanding their respective vesting date, and unless otherwise determined by the Board at or after the time of grant: (i) where vesting of an PSU award, or part thereof, is subject to the attainment of performance objectives, such PSU award, or part thereof, shall expire on the vesting date if such performance objectives have not been attained, and (ii) any PSU award granted to a participant who ceases to be an officer or employee of the Corporation before the vesting of such PSU award, whether or not such PSU award is subject to the attainment of performance objectives, shall expire on the Cessation Date, being the date stipulated in a notice given in writing to a participant informing him/her that his/her active employment with the Corporation and its subsidiaries will end, or the date at which the participant dies or otherwise terminates his/her active employment with the Corporation and its subsidiaries.

On March 11, 2009, the Board of Directors amended the Share Unit Plan to provide that in a case where a Participant retires at the age prescribed under the Corporation’s retirement policies or ceases to be an officer or a key employee of the Corporation but remains employed by the Corporation, the Participant shall be entitled to a number of PSUs, pro rated to take into account the

number of months worked as an officer or a key employee within the vesting period, the whole subject to the attainment of performance objectives, if applicable.

Pursuant to the terms of the Share Unit Plan, participants have the option to convert their PSUs (or part thereof) in DSUs, on the vesting date of the PSUs, by duly completing an election form pursuant to which the participant shall notify the Corporation of such irrevocable choice, at least thirty (30) days prior to the vesting date of any PSU award, failing which he or she will be deemed to have irrevocably elected to be paid Common Shares or cash, as described above, for the PSUs described in his/her PSU award on the vesting date thereof.

DSUs entitle holders thereof to receive, with respect to all DSUs held by such holder, on the date specified in a redemption notice filed with the Corporation but not later than December 1st of the first calendar year commencing after the calendar year in which the Cessation Date occurs (the “**Redemption Date**”), cash equal to the average closing price of the Common Shares on the Toronto Stock Exchange for the twenty (20) trading days during which Common Shares were traded immediately preceding the fifth trading day prior to the Redemption Date, or, at the Corporation’s option, an amount of Common Shares, purchased on the secondary market, with an aggregate value equal to the amount that would have been paid in cash as described above, subject to the terms and conditions set forth in the Share Unit Plan.

The Share Unit Plan contains the following restrictions: (a) the sum of (i) the number of Common Shares that may be purchased by the Corporation for delivery to participants over a 12-month period and (ii) the number of Common Shares that may be purchased by the Corporation pursuant to a normal course issuer bid, if applicable, during such period, shall not represent more than 5% of the Common Shares that were outstanding at the commencement of such 12-month period, and (b) the sum of (i) the number of Common Shares that may be purchased by the Corporation for delivery to participants over any thirty (30) day period and (ii) the number of Common Shares that may be purchased by the Corporation pursuant to a normal course issuer bid, if applicable, during such period, shall not represent more than 2% of the Common Shares that were outstanding at the commencement of such thirty (30) day period.

Any PSU award, whether or not vesting is subject to the attainment of performance objectives, shall vest in the case of a Change of Control, as defined in the 2002 Plan. Except in limited circumstances described in the Share Unit Plan, PSUs awarded pursuant to the Share Unit Plan will vest immediately in the event of a disposition of retail stores of the Corporation and its subsidiaries representing more than 50% of the revenues derived from all retail stores of the Corporation and its subsidiaries, taken as a whole, for a period of twelve (12) consecutive months, or elements of the distribution business of the Corporation and its subsidiaries representing more than 50% of the revenues derived from the distribution business of the Corporation and its subsidiaries, taken as a whole, for a period of twelve (12) consecutive months.

The rights in PSU awards, PSUs and DSUs may not be assigned or transferred and PSUs and DSUs may not be disposed of, sold, pledged, hypothecated or given as security by a participant, subject to the rights of the legal representatives of the participant in the case where a participant dies and an PSU award is vested at the time of the death. The Board of Directors may also, at any time, amend, suspend or terminate the Share Unit Plan, or any PSU or DSU granted thereunder, provided that no such amendment, suspension or termination may be made without regulatory approval, if required, and/or without the consent of the participants where such amendment, suspension or termination would alter or impair their rights.

DSU Plan

In 2006, the Corporation adopted the DSU Plan to align the interests of directors with those of the shareholders of the Corporation and help directors meet the shareholding guidelines applicable to them.

Pursuant to the DSU Plan, outside directors may elect to receive in the form of DSUs any percentage, up to one hundred percent (100%), of their fees payable in respect of serving as director. Under the DSU Plan, outside directors are granted, as of the last day of each fiscal quarter of the Corporation, a number of DSUs determined on the basis of the amount of deferred remuneration payable to directors in respect of such quarter divided by the value of a DSU, which is the average of the closing prices of the Common Shares on the TSX the five (5) trading days immediately preceding the last day of each fiscal quarter of the Corporation. Directors to whose accounts DSUs stand credited will be credited with additional DSUs whenever cash dividends are paid on Common Shares. DSUs granted under the DSU Plan will be redeemable, and the value thereof payable, only after the holder of DSUs ceases to act as a director of the Corporation.

Any questions and requests for assistance may be directed to the
Proxy Solicitation Agent:



The Exchange Tower
130 King Street West, Suite 2950, P.O. Box 361
Toronto, Ontario
M5X 1E2
www.kingsdaleshareholder.com

North American Toll Free Phone:

1-866-851-2743

Email: contactus@kingsdaleshareholder.com

Facsimile: 416-867-2271

Toll Free Facsimile: 1-866-545-5580

Outside North America, Banks and Brokers Call Collect: 416-867-2272