



**NOTICE OF ANNUAL
MEETING OF SHAREHOLDERS**

AND

**MANAGEMENT PROXY CIRCULAR OF
RONA INC.**

2010



**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 “**Company**”) will be held at the Company’s head office located at 220 chemin du Tremblay, Boucherville, Quebec, Académie Room, on Tuesday, April 27, 2010 at 11:00 a.m. (local time) for the purposes of:

- (a) receiving the financial statements of the Company for the year ended December 27, 2009, 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 18, 2010

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 Friday, April 23, 2010. 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), (c) and (d) hereinabove.

TABLE OF CONTENTS OF THE MANAGEMENT PROXY CIRCULAR

VOTING AND PROXIES	1
ELECTION OF DIRECTORS	2
COMPENSATION OF DIRECTORS	9
MANDATE OF THE BOARD OF DIRECTORS	11
COMMITTEES OF THE BOARD OF DIRECTORS	11
COMPENSATION DISCUSSION AND ANALYSIS	13
COMPENSATION OF THE NAMED EXECUTIVE OFFICERS	26
SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS	28
INDEBTEDNESS	28
APPOINTMENT OF AUDITORS	28
AUDITORS' FEES	28
STATEMENT OF CORPORATE GOVERNANCE PRACTICES	29
DIRECTORS AND OFFICERS' LIABILITY INSURANCE	29
INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS	29
ADDITIONAL INFORMATION	29
APPROVAL OF CIRCULAR	30
SCHEDULE "A" RECORD OF ATTENDANCE BY CURRENT DIRECTORS	31
SCHEDULE "B" STATEMENT OF CORPORATE GOVERNANCE PRACTICES	32
SCHEDULE "C" CHARTER OF THE BOARD OF DIRECTORS	41
SCHEDULE "D" LONG-TERM INCENTIVE PROGRAMS	44



MANAGEMENT PROXY CIRCULAR

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 “Company” or “RONA”) to be held on Tuesday, April 27, 2010 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 17, 2010, and all dollar amounts set forth herein are expressed in Canadian dollars.

VOTING AND PROXIES

Solicitation of Proxies

The enclosed proxy is being solicited by the management of the Company. 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 Company. The entire cost of the solicitation will be borne by the Company.

Appointment of Proxy

The persons named as proxy holders in the enclosed form of proxy are directors and/or officers of the Company. 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 Friday, April 23, 2010. A proxy need not be a shareholder.

Revocation of 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 Company, to the attention of the Corporate Secretary and Chief Legal Officer of the Company, at 220 chemin du Tremblay, Boucherville, Quebec, Canada J4B 8H7, at any time up to and including 5:00 p.m. (local time) on Friday, April 23, 2010, 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.

Exercise of Voting Rights by Proxies

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), (c) and (d) 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 Company 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.

Notice to Beneficial Holders of Shares

The information set forth in this section should be reviewed carefully by non-registered shareholders of the Company. 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 Company’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.**

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.

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).

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.

Voting Shares and Principal Holders Thereof

Holders of Common Shares have voting rights at the Meeting. As at March 17, 2010, 129,931,609 Common Shares were issued and outstanding. Each Common Share entitles the holder thereof to one vote at any meeting of shareholders of the Company.

Holders of Common Shares whose names are registered on the list of shareholders of the Company as at the close of business (local time) on March 17, 2010, being the date set by the Company 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.

To the knowledge of the directors and officers of the Company, 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 Company, except for Invesco Trimark Ltd., which controls approximately 17,765,146 Common Shares, or approximately 13.7% of the issued and outstanding Common Shares.

ELECTION OF DIRECTORS

The Articles and General By-Laws of the Company provide that the Board of Directors of the Company (the “**Board of Directors**” or the “**Board**”) shall be made up of a minimum of three (3) and a maximum of thirty (30) 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 General 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. All of the twelve (12) nominees for election as directors of the Company are current directors.

The following table sets forth the name, age, province or state and country of residence, position with the Company and principal occupation of each of the current directors of the Company who are candidates for re-election at the Meeting. The table also indicates the date at which a person became a director of the Company, as well as the number of Common Shares and Deferred Share Units of the Company (“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 Company.

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, unless the shareholder has specified in the form of proxy or voting instruction form that his or her shares are to be withheld from voting on the election of directors. The Board of Directors and the management of the Company 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.

Nominees

LOUISE CAYA						
		Age 44 ⁽¹⁾ Quebec, Canada Director Since: May 2002 Not Independent		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).		
Board/Committee Membership:		Attendance:		Value of Total Compensation Received as Director⁽²⁾:		
Member of:				<i>Year</i>		<i>Value (\$)</i>
<ul style="list-style-type: none"> • Board of Directors • Development Committee 		8/8	100%	2009	65,750	
		1/1	100%	2008	68,000	
Securities Held⁽³⁾:						
<i>Year</i>	<i>Common Shares (#)⁽⁴⁾</i>	<i>DSUs (#)</i>	<i>Total Common Shares and DSUs (#)⁽⁴⁾</i>	<i>Total Market Value of Common Shares and DSUs (\$)⁽⁴⁾</i>	<i>Minimum Required (within 5 years) (\$)⁽⁴⁾⁽⁵⁾</i>	
2009	3,000	12,943	15,943	245,203		
2008	1,600	8,095	9,695	109,457	212,000	

(1) Age as of the date of the Meeting.

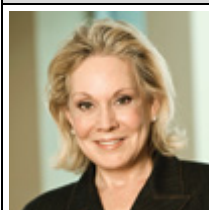
(2) For further details, please see “Compensation of Directors”, on page 9 of this Circular.

(3) As at December 27, 2009 or December 28, 2008, 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 27, 2009.

(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 9 of this Circular.

DORIS JOAN DAUGHNEY



Age 59⁽¹⁾
British Columbia, Canada
Director Since: May 2007
Independent

Mrs. Daughney is a principal and member of the board of directors, audit committee, governance committee and compensation committee of Echelon Home Products Inc., and Echelon Home Products Ltd. (home appliances). Mrs. Daughney is the immediate past chair of the board of directors, member of the audit committee and governance committee, and CEO of BC Pavilion Corporation (public tourism management). Mrs. Daughney is also a member of the board of directors of the Vancouver Opera Association, and has acted as Chairman of that entity from 2001 to 2004.

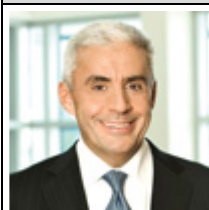
Board/Committee Membership:	Attendance:	Value of Total Compensation Received as Director ⁽²⁾ :
Member of:		<i>Year</i>
• Board of Directors	8/8 100%	2009
• Nominating and Governance Committee	3/4 75%	2008
• Human Resources and Compensation Committee	6/6 100%	
		<i>Value (\$)</i>
		74,750
		71,750

Securities Held⁽³⁾:

Year	Common Shares (#)	DSUs (#)	Total Common Shares and DSUs (#)	Total Market Value of Common Shares and DSUs (\$)	Minimum Required (within 5 years) (\$) ⁽⁴⁾
2009	–	13,038	13,038	200,524	212,000
2008	–	7,511	7,511	84,799	

- (1) Age as of the date of the Meeting.
- (2) For further details, please see “Compensation of Directors”, on page 9 of this Circular.
- (3) As at December 27, 2009 or December 28, 2008, 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. Since Mrs. Daughney was elected as director in May 2007, she has until May 2012 to meet the Directors’ Shareholding Guidelines. For further details, please see “Compensation of Directors-Director Shareholding Guidelines”, on page 9 of this Circular.

ROBERT DUTTON



Age 55⁽¹⁾
Quebec, Canada
Director Since: March 1990
Not Independent

Mr. Dutton is President and Chief Executive Officer of RONA. Mr. Dutton is also a member of the board of directors and corporate governance committee of Quebecor Inc. (communications). Mr. Dutton has been the President and Chief Executive Officer of RONA since 1992. Prior to that, Mr. Dutton held many positions within the Company, including Executive Vice-President and Chief Operating Officer from 1990 to 1992. Mr. Dutton is involved in many charitable organizations. 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.

Board/Committee Membership:	Attendance:	Value of Total Compensation Received as Director ⁽²⁾ :
Member of the Board of Directors	8/8 100%	<i>Year</i>
		2009
		2008
		<i>Value (\$)</i>
		–
		–

Securities Held⁽³⁾:

Year	Common Shares (#) ⁽⁴⁾	Options Exercisable (#)	Share Units ⁽⁵⁾	Total Market Value of Common Shares and Share Units ^{(4) (5)}	Total Market Value of Common Shares, Share Units and Options Exercisable (\$) ^{(4) (5)}	Minimum Required (\$) ⁽⁴⁾⁽⁶⁾
2009	492,472	1,293,450	173,520	9,864,301	21,580,321	
2008	492,472	1,263,550	51,820	5,867,097	13,374,297	2,325,000

- (1) Age as of the date of the Meeting.
- (2) Mr. Dutton is the President and CEO of the Company. He does not receive any compensation for acting as a director of the Company. For details on his compensation, please see “Compensation of the Named Executive Officers” on page 26 of this Circular.
- (3) As at December 27, 2009 or December 28, 2008, 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) 24,620 of these share units carry no value given that their performance criteria have not been met. For further details, please see “Compensation of the Named Executive Officers” on page 26 of this Circular.
- (6) Under Management Share Ownership Guidelines, the President and CEO is required to hold Common Shares or exercisable options having a combined value of at least three (3) times his salary. For further details, please see “Compensation of Directors-Director Shareholding Guidelines”, on page 9 of this Circular.

RICHARD FORTIN



Age 61⁽¹⁾
Quebec, Canada
Director Since: April 2009
Independent

Mr. Fortin is the Chairman of the Board of Alimentation Couche-Tard Inc. (convenience store operator) since October 13, 2008 and has acted as Executive Vice President and Chief Financial Officer of that Company from July 7, 1999 until his appointment as Chairman. 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).

Board/Committee Membership:		Attendance ⁽²⁾ :		Value of Total Compensation Received as Director ⁽³⁾ :		
Member of:				<i>Year</i>	<i>Value (\$)</i>	
•	Board of Directors	6/6	100%	2009	57,750	
•	Audit Committee	5/5	100%	2008	–	
•	Human Resources and Compensation Committee	2/2	100%			
Securities Held ⁽⁴⁾ :						
<i>Year</i>	<i>Common Shares (#)</i>	<i>DSUs (#)</i>	<i>Total Common Shares and DSUs (#)</i>	<i>Total Market Value of Common Shares and DSUs (\$)</i>	<i>Minimum Required (within 5 years) (\$)⁽⁵⁾</i>	
2009	10,000	4,037	14,037	215,889	212,000	
2008	10,000	–	–	112,900		

(1) Age as of the date of the Meeting.

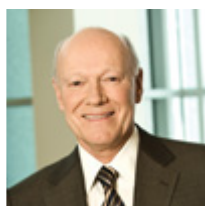
(2) Mr. Fortin was elected as director and is a member of the Audit Committee and Human Resources and Compensation Committee since April 22, 2009.

(3) For further details, please see “Compensation of Directors”, on page 9 of this Circular.

(4) As at December 27, 2009 or December 28, 2008, 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 9 of this Circular.

JEAN GAULIN



Age 67⁽¹⁾
California, United States of America
Director Since: May 2004
Independent

Mr. Gaulin is the Chairman of the board of directors of RONA. He is a member of the board of directors, human resources committee (chair), and risks and audit committee of National Bank of Canada, a member of the board of directors, human resources committee and corporate governance committee of Saputo Inc. (food), and a member of the board of directors and audit committee (chair) of Bombardier Recreational Products (recreational vehicles). Between 1999 and 2002, Mr. Gaulin was Chairman (2000-2002) and Chief Executive Officer of Ultramar Diamond Shamrock (energy).

Mr. Gaulin is involved in many charitable organizations. He is Chairman of the board of directors of Friends of Polytechnique of Montreal.

Board/Committee Membership:		Attendance:		Value of Total Compensation Received as Director ⁽⁴⁾ :		
Member of:				<i>Year</i>	<i>Value (\$)</i>	
•	Board of Directors ⁽²⁾	8/8	100%	2009	200,000	
•	Nominating and Governance Committee (Chair) ⁽³⁾	1/1	100%	2008	200,000	
Securities Held ⁽⁵⁾ :						
<i>Year</i>	<i>Common Shares (#)</i>	<i>DSUs (#)</i>	<i>Total Common Shares and DSUs (#)</i>	<i>Total Market Value of Common Shares and DSUs (\$)</i>	<i>Minimum Required (within 5 years) (\$)⁽⁶⁾</i>	
2009	85,000	–	85,000	1,307,300	800,000	
2008	85,000	–	85,000	959,650		

(1) Age as of the date of the Meeting.

(2) As Chairman of the Board, Mr. Gaulin 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 27, 2009, Mr. Gaulin attended all Board committee meetings.

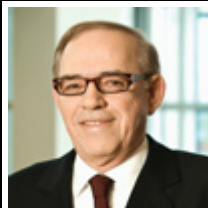
(3) Mr. Gaulin is the Chairman of the Nominating and Governance Committee since April 22, 2009.

(4) For further details, please see “Compensation of Directors”, on page 9 of this Circular.

(5) As at December 27, 2009 or December 28, 2008, as the case may be.

(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 9 of this Circular.

JEAN-GUY HÉBERT



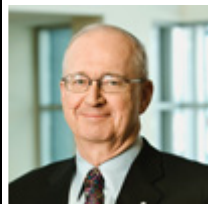
Age 63⁽¹⁾
Quebec, Canada
Director Since: May 2002⁽²⁾
Not Independent

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).

Board/Committee Membership:		Attendance:		Value of Total Compensation Received as Director ⁽³⁾ :	
Member of:				<i>Year</i>	<i>Value (\$)</i>
<ul style="list-style-type: none"> Board of Directors Development Committee 		8/8	100%	2009	65,750
		1/1	100%	2008	68,000
Securities Held ⁽⁴⁾ :					
<i>Year</i>	<i>Common Shares (#)⁽⁵⁾</i>	<i>DSUs (#)</i>	<i>Total Common Shares and DSUs (#)⁽⁵⁾</i>	<i>Total Market Value of Common Shares and DSUs (\$)⁽⁵⁾</i>	<i>Minimum Required (within 5 years) (\$)⁽⁵⁾⁽⁶⁾</i>
2009	43,200	8,408	51,608	793,731	212,000
2008	43,200	5,506	48,706	549,891	

- (1) Age as of the date of the Meeting.
- (2) Mr. Hébert was also a director of the Company from 1986 to 2001.
- (3) For further details, please see "Compensation of Directors", on page 9 of this Circular.
- (4) As at December 27, 2009 or December 28, 2008, as the case may be.
- (5) Mr. Hébert also held indirectly 143,496 Common Shares through his interest in Maximat Inc., and has interests in certain companies which held an additional number of 112,646 Common Shares (68,965 Common Shares through 9060-4976 Québec inc., of which he holds 42.5% of the issued and outstanding shares, and 43,681 Common Shares through 9066-7403 Québec inc., of which he holds 50% of the issued and outstanding shares) as at December 27, 2009.
- (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 9 of this Circular.

J. SPENCER LANTHIER



Age 69⁽¹⁾
Ontario, Canada
Director Since: May 2006
Independent

Mr. Lanthier is a member of the board of directors, corporate governance committee and finance and audit committee (chair) of the TMX Group Inc. (securities exchange), a member of the board of directors, human resources committee and audit committee (chair) of Gerdau Ameristeel Corporation (steel manufacturer), Chairman of the board of directors, audit committee and human resources committee of Ellis-Don Inc. (construction), a member of the board of directors, audit committee, compensation committee and corporate governance committee of Zarlink Semiconductor Inc. (semiconductor), a member of the board of directors (lead director), corporate governance and human resources committee of Biovail Corporation (pharmaceutical products), and a member of the advisory board of Birch Hill Equity Partners III, LP (equity investments). Mr. Lanthier is also President of Emile Lanthier Ltee (family holding company). Mr. Lanthier is also a member of the board of directors of Wellspring Cancer Support.

Mr. Lanthier is a retired partner of KPMG Canada and has acted as Chairman and Chief Executive of KPMG Canada and was a member of the KPMG International executive committee and board of directors from 1993 to 1999.

Board/Committee Membership:		Attendance:		Value of Total Compensation Received as Director ⁽²⁾ :	
Member of:				<i>Year</i>	<i>Value (\$)</i>
<ul style="list-style-type: none"> Board of Directors Audit Committee (Chair) 		8/8	100%	2009	84,000
		7/7	100%	2008	82,500
Securities Held ⁽³⁾ :					
<i>Year</i>	<i>Common Shares (#)</i>	<i>DSUs (#)</i>	<i>Total Common Shares and DSUs (#)</i>	<i>Total Market Value of Common Shares and DSUs (\$)</i>	<i>Minimum Required (within 5 years) (\$)⁽⁴⁾</i>
2009	5,000	16,910	21,910	336,976	212,000
2008	5,000	10,739	15,739	177,693	

- (1) Age as of the date of the Meeting.
- (2) For further details, please see "Compensation of Directors", on page 9 of this Circular.
- (3) As at December 27, 2009 or December 28, 2008, 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 9 of this Circular.

ALAIN MICHEL



Age 61⁽¹⁾
Quebec, Canada
Director Since: May 2005
Independent

Mr. Michel is Corporate Director and Chairman of the board of directors of Groupe Cari-All inc. (shopping carts manufacturer), a member of the board of directors and audit committee (chair) of DiagnoCure Inc. (biotechnology), and IPL Inc. (plastic), and a member of the board of directors and audit committee of La Survivance (insurance). From 2001 to 2005, Mr. Michel was also 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⁾

Board/Committee Membership:		Attendance:		Value of Total Compensation Received as Director ⁽⁴⁾ :		
Member of:				<i>Year</i>	<i>Value (\$)</i>	
<ul style="list-style-type: none"> Board of Directors Audit Committee Nominating and Governance Committee 		8/8	100%	2009	78,500	
		7/7	100%	2008	77,750	
		4/4	100%			
Securities Held ⁽⁵⁾ :						
<i>Year</i>	<i>Common Shares (#)</i>	<i>DSUs (#)</i>	<i>Total Common Shares and DSUs (#)</i>	<i>Total Market Value of Common Shares and DSUs (\$)</i>	<i>Minimum Required (within 5 years) (\$)⁽⁵⁾</i>	
2009	4,000	16,598	20,598	316,797	212,000	
2008	4,000	10,814	14,814	167,250		

- Age as of the date of the Meeting.
- 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.
- For further details, please see "Compensation of Directors", on page 9 of this Circular.
- As at December 27, 2009 or December 28, 2008, as the case may be.
- 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 9 of this Circular.

JAMES PANTELIDIS



Age 64⁽¹⁾
Ontario, Canada
Director Since: May 2004
Independent

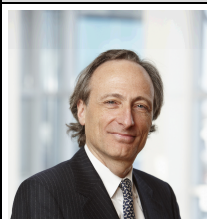
Mr. Pantelidis is Chairman of the board of directors, and a member of the audit committee, investment committee and compensation and governance committee of Consumers' Waterheater Income Fund (energy heating), Chairman of the board of directors and a member of the audit committee and supply committee (chair) of Parkland Income Fund (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) 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).⁽²⁾

Board/Committee Membership:		Attendance:		Value of Total Compensation Received as Director ⁽⁴⁾ :		
Member of:				<i>Year</i>	<i>Value (\$)</i>	
<ul style="list-style-type: none"> Board of Directors Human Resources and Compensation Committee (Chair)⁽³⁾ Development Committee 		8/8	100%	2009	74,000	
		6/6	100%	2008	71,750	
		1/1	100%			
Securities Held ⁽⁵⁾ :						
<i>Year</i>	<i>Common Shares (#)⁽⁶⁾</i>	<i>DSUs (#)</i>	<i>Total Common Shares and DSUs (#)⁽⁶⁾</i>	<i>Total Market Value of Common Shares and DSUs (\$)⁽⁶⁾</i>	<i>Minimum Required (within 5 years) (\$)⁽⁶⁾⁽⁷⁾</i>	
2009	5,000	15,055	20,055	308,446	212,000	
2008	5,000	9,593	14,593	164,755		

- Age as of the date of the Meeting.
- 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.
- Mr. Pantelidis is the Chairman of the Human Resources and Compensation Committee since April 22, 2009.
- For further details, please see "Compensation of Directors", on page 9 of this Circular.
- As at December 27, 2009 or December 28, 2008, as the case may be.
- In addition, Mr. Pantelidis' daughter and son each hold an additional number of 100 Common Shares.
- 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 9 of this Circular.

ROBERT PARÉ



Age 55⁽¹⁾
Quebec, Canada
Director Since: April 2009
Independent

Mr. Paré is a corporate lawyer and partner at Fasken Martineau Dumoulin LLP (law firm), a member of the board of directors and investment committee (chair) 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.

Board/Committee Membership:		Attendance ⁽²⁾ :		Value of Total Compensation Received as Director ⁽³⁾ :	
Member of:				<i>Year</i>	<i>Value (\$)</i>
•	Board of Directors	5/6	83%	2009	48,750
•	Nominating and Governance Committee	1/1	100%	2008	–
Securities Held ⁽⁴⁾ :					
<i>Year</i>	<i>Common Shares (#)</i>	<i>DSUs (#)</i>	<i>Total Common Shares and DSUs (#)</i>	<i>Total Market Value of Common Shares and DSUs (\$)</i>	<i>Minimum Required (within 5 years) (\$)⁽⁵⁾</i>
2009	20,000	3,425	23,425	360,277	
2008	20,000	–	20,000	225,800	212,000

(1) Age as of the date of the Meeting.

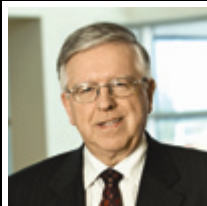
(2) Mr. Paré was elected as director and is a member of the Nominating and Governance Committee since April 22, 2009.

(3) For further details, please see “Compensation of Directors”, on page 9 of this Circular.

(4) As at December 27, 2009 or December 28, 2008, 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 9 of this Circular.

JOCELYN TREMBLAY



Age 68⁽¹⁾
Quebec, Canada
Director Since: May 1998
Independent

Mr. Tremblay is a member of the board of directors and human resources and compensation committee of Groupe St-Hubert Inc. (food), a member of the board of directors and human resources committee of Industries Lassonde Inc. (fruit beverages) and a member of the board of directors of Laboratoire Oméga Ltée (pharmaceutical products). Mr. Tremblay is an advisor to Vins Arista inc. (Groupe Lassonde) (wine merchant) and, from 2006 to 2008, he was President and Chief Executive Officer of that company. Mr. Tremblay is also Vice-President, Corporate Affairs, Vins Philippe Dandurand inc. (wine agent). From 1986 to 1998 he was President and Chief Executive Officer of Société des Alcools du Québec (SAQ).

Board/Committee Membership:		Attendance:		Value of Total Compensation Received as Director ⁽²⁾ :	
Member of:				<i>Year</i>	<i>Value (\$)</i>
•	Board of Directors	8/8	100%	2009	75,500
•	Human Resources and Compensation Committee	6/6	100%	2008	73,250
•	Nominating and Governance Committee	4/4	100%		
Securities Held ⁽³⁾ :					
<i>Year</i>	<i>Common Shares (#)</i>	<i>DSUs (#)</i>	<i>Total Common Shares and DSUs (#)</i>	<i>Total Market Value of Common Shares and DSUs (\$)</i>	<i>Minimum Required (within 5 years) (\$)⁽⁴⁾</i>
2009	6,000	16,177	22,177	341,082	
2008	6,000	10,587	16,587	187,267	212,000

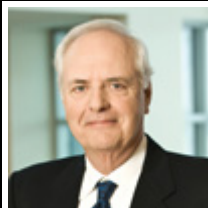
(1) Age as of the date of the Meeting.

(2) For further details, please see “Compensation of Directors”, on page 9 of this Circular.

(3) As at December 27, 2009 or December 28, 2008, 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 9 of this Circular.

JEAN-ROCH VACHON



Age 66⁽¹⁾
Arizona, United States of America
Director Since: May 2006
Independent

Mr. Vachon is a member of the board of directors, of the audit committee and human resources committee of La Madeleine Holdings (restaurant) and Chair of the board of directors of Investissements J.R.V. (holding). Mr. Vachon is also a member of the board of directors and audit committee of Groupe St-Hubert Inc. (food). 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 (\$)	
<ul style="list-style-type: none"> Board of Directors Audit Committee Development Committee (Chair) 	8/8 100% 7/7 100% 1/1 100%		2009	77,500	
			2008	76,750	
Securities Held ⁽³⁾ :					
Year	Common Shares (#)	DSUs (#)	Total Common Shares and DSUs (#)	Total Market Value of Common Shares and DSUs (\$)	Minimum Required (within 5 years) (\$) ⁽⁴⁾
2009	10,000	16,017	26,017	400,141	212,000
2008	10,000	10,319	20,319	229,402	

(1) Age as of the date of the Meeting.

(2) For further details, please see "Compensation of Directors", on page 9 of this Circular.

(3) As at December 27, 2009 or December 28, 2008, 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 9 of this Circular.

COMPENSATION OF DIRECTORS

Compensation Policy

The Directors Compensation Program is designed to attract and retain the most qualified people to serve on the Company'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 \$200,000 and is not entitled to receive any other fees. In 2008, the Company's policy was to pay each director who was not an employee of the Company (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 was also entitled to an additional annual amount of \$2,000, except for the Chair of the Audit Committee, who was entitled to an additional annual amount of \$10,000.

In 2009, RONA engaged Mercer (Canada) Limited ("**Mercer**") to perform a market review of the Company's Directors Compensation Programs. The market review used the same peer group of companies that was used to review RONA's executive compensation plans, as described in the Compensation Discussion and Analysis which begins on page 13. Based on the market review, the following changes to RONA's Directors Compensation Programs have been adopted for 2010:

Compensation Component	Action	Explanation
Board Chair Annual Retainer	<ul style="list-style-type: none"> Increased from \$200,000 to \$250,000 per year. 	<ul style="list-style-type: none"> RONA's Board Chair does not receive any compensation other than the annual retainer. The annual retainer was increased to reflect the additional responsibilities that the current Board Chair assumes as Chair of the Nominating and Governance Committee, and to ensure that the Board Chair's total compensation package remains competitive with the Board Chairs in RONA's peer group.
Committee Chair Annual Retainer (other than Audit Committee)	<ul style="list-style-type: none"> Increased from \$2,000 to \$5,000 per year. 	<ul style="list-style-type: none"> The Committee Chair annual retainer was increased to reflect the increasing responsibilities of this role, and to ensure that the Committee Chairs' total compensation package remains competitive with those in RONA's peer group.

Compensation Component	Action	Explanation
Committee Member Annual Retainer	<ul style="list-style-type: none"> ▪ Audit Committee member annual retainer set at \$4,000 per year. ▪ Each other committee member annual retainer set at \$2,500 per year. 	<ul style="list-style-type: none"> ▪ The Committee Member annual retainer was established for members of the Audit Committee and Human Resources and Compensation Committee to reflect the increasing responsibilities and workload associated with these specific committees, and to ensure that the total compensation package for members of these committees remains competitive with those in RONA's peer group.

Director Shareholding Guidelines

The Board believes it is important that directors demonstrate their commitment to the Company's growth through equity ownership. In 2006, the Board adopted shareholding guidelines pursuant to which each non-employee director of the Company, 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 Company 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 deferred share unit plan of the Company (the "**DSU Plan**"), pursuant to which DSUs are issued to directors, are provided in the Schedule "D" of this Circular.

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			Total			
	Director and Board Chair Cash Retainer ⁽²⁾	Committee Chair Cash Retainer	Director Meeting Fees	Received in DSUs			Paid in cash
	(\$)	(\$)	(\$)	(#) ⁽⁷⁾	(\$)	(%)	(\$)
Louise Caya	53,000	-	12,750	4,848	65,750	100	-
Doris Joan Daughney	53,000	-	21,750	5,527	74,750	100	-
Pierre Ducros ⁽⁴⁾	16,524	624	7,500	2,057	24,648	100	-
Richard Fortin ⁽⁵⁾	39,750	-	18,000	4,037	57,750	100	-
Jean Gaulin ⁽³⁾	200,000	N/A	N/A	N/A	N/A	N/A	200,000
Jean-Guy Hébert	53,000	-	12,750	2,902	39,375	60	26,375
J. Spencer Lanthier	53,000	10,000	21,000	6,171	84,000	100	-
Alain Michel	53,000	-	25,500	5,784	78,500	100	-
James Pantelidis	53,000	1,500	19,500	5,462	74,000	100	-
Robert Paré ⁽⁵⁾	39,750	-	9,000	3,425	48,750	100	-
Robert Sartor ⁽⁶⁾	9,422	-	4,500	1,172	13,922	100	-
Louis A. Tanguay ⁽⁴⁾	16,524	624	9,000	2,180	26,148	100	-
Jocelyn Tremblay	53,000	-	22,500	5,590	75,500	100	-
Jean-Roch Vachon	53,000	2,000	22,500	5,698	77,500	100	-
TOTAL	745,970	14,748	206,250	54,853	740,593	77	226,375

(1) Mr. Dutton does not receive any compensation to act as director of the Company. The disclosure of his compensation as President and CEO is included in the Summary Compensation Table on page 26.

- (2) \$40,000 in cash or in DSUs, and \$13,000 in DSUs, except for Jean Gaulin who was paid \$200,000 in cash.
- (3) 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 9 of this Circular.
- (4) Mr. Ducros and Mr. Tanguay were directors until April 22, 2009.
- (5) Mr. Fortin and Mr. Paré were elected on April 22, 2009.
- (6) Mr. Sartor resigned from the Board on March 5, 2009.
- (7) 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.

Outstanding Share-Based Awards

The following table shows the numbers and value of DSUs held by each director as at December 27, 2009.

Name of Director ⁽¹⁾	Number of DSUs ⁽²⁾ (#)	Value of DSUs ⁽²⁾ (\$)
Louise Caya	12,943	199,063
Doris Joan Daughney	13,038	200,524
Richard Fortin	4,037	62,089
Jean Gaulin ⁽³⁾	N/A	N/A
Jean-Guy Hébert	8,408	129,315
J. Spencer Lanthier	16,910	260,076
Alain Michel	16,598	255,277
James Pantelidis	15,055	231,546
Robert Paré	3,425	52,677
Jocelyn Tremblay	16,177	248,802
Jean-Roch Vachon	16,017	246,341

- (1) Mr. Dutton does not receive any compensation to act as director of the Company.
- (2) Shows information regarding units held by directors under the DSU Plan as of December 27, 2009. 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 27, 2009 (\$15.38) multiplied by the number of DSUs.
- (3) 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 9 of this Circular.

MANDATE OF THE BOARD OF DIRECTORS

The Board of Directors is responsible for the supervision of the management of the Company's business and affairs, with the objective of maximizing long-term corporate value. The Board approves all matters required by the *Companies Act* (Quebec) and other applicable legislation and the Company's Articles and General By-Laws. When authorized by the Company's applicable legislation, the Board may assign to Board committees the prior review of any issues it is responsible for. Board committee recommendations are subject to Board approval. 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:

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 financial risks associated with the Company's activities and the implementation of appropriate systems to mitigate these risks, (iii) the internal control and management information systems of the Company, (iv) the Company'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 Company's Annual Information Form available on the SEDAR website at www.sedar.com.

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

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) J. Spencer Lanthier was a partner of KPMG Canada, has acted as Chairman and Chief Executive Officer of KPMG Canada and was a member of the KPMG International executive committee and board of directors from 1993 to 1999; (ii) Richard Fortin has acted as Executive Vice President and Chief Financial Officer of Alimentation Couche-Tard Inc. from 1999 to 2008 and is now acting as Chairman of the board of directors of that company; (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.

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 Company'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 key employees of the Company, (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 and conditions of employment or, if applicable, the termination of the employment of the President and CEO, (v) determining and obtaining the Board of Directors' approval for the position description of the President and CEO, (vi) at the start of each year, determining and obtaining the Board of Directors' approval for the objectives of the President and CEO and, at the end of each year or at the start of the following year, determining the extent to which such objectives have been attained and recommending to the Board the President and CEO's compensation based on this assessment, (vii) recommending to the Board of Directors the hiring, position description and conditions of employment of senior management reporting to the President and CEO, (viii) recommending and obtaining the Board of Directors' approval for the compensation of senior management reporting to the President and CEO, (ix) recommending to the Board of Directors any material change to the Company's organizational structure, (x) ensuring the implementation of all human resources policies and ensuring that the Company complies with applicable legislation and regulations, (xi) approving the annual report on executive compensation which appears in the Circular, and (xii) reviewing the structure of the Company's and its subsidiaries' incentive plans and pension plans.

The Human Resources and Compensation Committee is currently chaired by Mr. James Pantelidis and consists of four (4) outside directors, all of whom are independent. Other than Mr. Pantelidis, the members of the committee are currently Mrs. Doris Joan Daughney, Mr. Richard Fortin and Mr. Jocelyn Tremblay.

The Nominating and Governance Committee is responsible for assisting the Board of Directors in the development of the Company's approach to matters of corporate 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 corporate governance policies and guidelines in compliance with laws and regulations and ensuring their implementation within the Company, (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 Company, (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) 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 Company and subsequently identifying and recommending to the

Board new director nominees, (vi) implementing an orientation and continuing education policy for directors, (vii) recommending and obtaining the Board of Directors' approval for directors' compensation, (viii) ensuring that a statement of corporate governance practices is disclosed and that such statement is in conformity with applicable laws and regulations and (ix) advising the management of the Company 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 Mrs. Doris Joan Daughney, Mr. Alain Michel, Mr. Robert Paré and Mr. Jocelyn Tremblay.

The Development Committee is generally responsible for assisting the Board of Directors in the development of the Company'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 Company's network of stores where the total investment is in excess of \$15 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.

COMPENSATION DISCUSSION AND ANALYSIS

Role of the Human Resources and Compensation Committee with Respect to Executive Compensation

The Human Resources and Compensation Committee recommends to the Board all compensation plans and policies applicable to senior executives. It also reviews and recommends to the Board of Directors the compensation of the President and CEO and of the members of senior management reporting directly to the President and CEO. 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.

Compensation Consultant

The Human Resources and Compensation Committee engaged Mercer to provide executive compensation analysis and advice on an ongoing basis throughout the year. Such analysis and advice by Mercer includes, but is not limited to executive compensation policy, pay-for-performance analysis, incentive plan redesign, and performance calibration.

In reaching its decisions, the Human Resources and Compensation Committee has considered Mercer's analysis and advice, as well as any other factors the committee considers appropriate. However, decisions related to executive remuneration 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 2009, the Company paid fees totalling \$121,300 to Mercer for the above-mentioned executive compensation consulting services. The Company did not engage Mercer to provide any other services during fiscal 2009.

Executive Compensation Philosophy

The compensation of senior officers of RONA is designed to achieve the following primary objectives:

- To attract and retain executives with the experience and skills required to achieve the Company's strategic and organizational goals;

- To motivate executives to achieve targets that are aligned with the Company’s strategic objectives and are expected to enhance shareholder value over the long term; and
- To provide compensation plans that are consistent with best practices in corporate governance.

The Company’s executive compensation policy is to provide total compensation that is generally competitive with the median of its peer group, taking into consideration additional Company-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 Company’s business objectives and below market median when results are below target.

2009 Market Benchmarking of Executive Compensation

In 2009, the Human Resources and Compensation Committee engaged Mercer to perform a market review of the company’s various Executive Compensation Programs. As part of this process, the peer group of companies that is used to benchmark RONA’s executive compensation plans was reviewed and updated. RONA’s executive compensation plans were then compared against those of the peer companies in order to ensure that RONA’s total compensation package remains competitive and allows the Company to successfully achieve the objectives outlined in the compensation philosophy described above. The market review indicated that RONA’s executive compensation plans are generally competitive with those of its peers, with the exception of the Company’s target long-term incentive award levels, which were found to be generally below market. Based on this analysis, the Human Resources and Compensation Committee has decided to increase the target LTIP (as defined below) award levels in 2010.

Peer Group

The peer group used to benchmark the compensation of the Company’s President and CEO, the Executive Vice-President and Chief Financial Officer and each of the three (3) other most highly compensated executive officers (the “**Named Executive Officers**” or “**NEOs**”) was reviewed and updated in 2009 to more closely reflect the market within which RONA competes for executive talent. The updated 2009 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 updated peer group is shown in the following table.

Peer group used for Named Executive Officers compensation benchmarking purposes

▪ Empire Company	▪ Metro	▪ Tim Horton’s
▪ Jean Coutu Group	▪ Forzani Group	▪ North West Company
▪ Alimentation Couche-Tard	▪ Sears Canada	▪ Uni-Select
▪ Canadian Tire	▪ Shoppers Drug Mart	▪ Reitmans Canada

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, eligibility for each program and the objectives of such programs:

Program	Description	Eligibility	Objectives
ANNUAL COMPENSATION			
Base Salary	<ul style="list-style-type: none"> • Fixed rate of pay 	<ul style="list-style-type: none"> • All employees 	<ul style="list-style-type: none"> • Attract • Recognize level of responsibility and individual performance over time (pay for performance)

Program	Description	Eligibility	Objectives
Annual Short-term Incentive Plan	<ul style="list-style-type: none"> • Annual bonus with target awards established at each employee level • Payments can be higher or lower than target (down to zero), based on total Company annual results, business unit results and/or personal achievements 	<ul style="list-style-type: none"> • All employees 	<ul style="list-style-type: none"> • Motivate to drive superior performance <ul style="list-style-type: none"> ◆ Individual contribution ◆ At business unit level and overall Company
LONG-TERM INCENTIVE PLANS			
Stock option plans: 2002 Plan and Initial Plan	<ul style="list-style-type: none"> • Long-term incentive program tied to growth in stock price • Grant amounts vary to reflect individual contribution 	<ul style="list-style-type: none"> • All Senior Managers, Executives and Senior Executives 	<ul style="list-style-type: none"> • Motivate to achieve targets that are aligned with the Company's strategic objectives and shareholder value over the long term • Retention
Share Unit Plan	<ul style="list-style-type: none"> • Long-term incentive program tied to the achievement of strategic financial measures and growth in stock price • Paid in restricted share units • Grant amounts vary to reflect individual contribution 	<ul style="list-style-type: none"> • All Senior Managers, Executives and Senior Executives 	
PENSION AND OTHER BENEFITS			
Defined Benefit Plan for the President and CEO	<ul style="list-style-type: none"> • Annual contribution required to provide retirement income in the form of a lifetime annuity 	<ul style="list-style-type: none"> • President and CEO 	<ul style="list-style-type: none"> • Retention
Defined Contribution Plan	<ul style="list-style-type: none"> • Annual contribution based on salary up to the Canada Revenue Agency (CRA) limit 	<ul style="list-style-type: none"> • Executives and Senior Executives (excluding the President and CEO) 	
	<ul style="list-style-type: none"> • Annual contribution made based on salary and years of service 	<ul style="list-style-type: none"> • Other employees 	
Supplemental Plans	<ul style="list-style-type: none"> • Annual contribution over the basic plans based on salary and paid annual short-term incentive plan 	<ul style="list-style-type: none"> • President and CEO and Senior Executives 	
Health Benefits	<ul style="list-style-type: none"> • Extended health, dental, and disability insurance plans 	<ul style="list-style-type: none"> • All employees 	<ul style="list-style-type: none"> • Attraction • Healthy, engaged, high-performing employees
Other Benefits	<ul style="list-style-type: none"> • Automobile, medical exam, financial planning 	<ul style="list-style-type: none"> • Senior Managers, Executives and Senior Executives 	<ul style="list-style-type: none"> • Attraction

Stress-testing

To ensure that the Company's total compensation is aligned with the Company's compensation objectives, the Human Resources and Compensation Committee worked with Mercer to stress-test the executive compensation plans under various performance scenarios. These scenarios illustrate the impact of various corporate performance outcomes relative to the incentive awards that would be earned by executives. In light of this analysis, the committee believes that the relationship between pay and performance is appropriate and that the objectives of the Company's performance-based compensation programs are achieved.

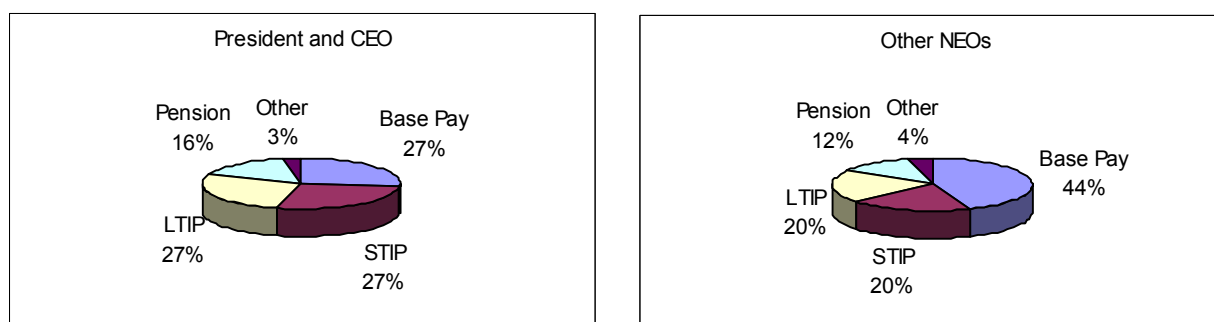
Compensation Components Positioning

In order to achieve the objectives described in the above table, the various compensation components are positioned as follows:

- **Base salary** is targeted at the market median, with adjustments above and below median to reflect specific circumstances such as experience and individual performance;
- **Annual short-term incentive plan (“STIP”)** targets are set at the median of the market for performance that meets objectives, with the possibility of exceeding target incentive payments when results exceed objectives and earning below target (down to zero (0)) incentive payments when results are below target;
- **Long-term incentive plan (“LTIP”)** grants are made at market median levels, and include performance vesting criteria to ensure that incentive awards vest only when the Company’s performance exceeds a pre-established minimum threshold; and
- **Pension and benefits** are set at market competitive levels.

The following graph illustrates the compensation mix of pay elements for the President and CEO and for the other NEOs⁽¹⁾.

Mix of Pay Elements



(1) Using short- and long-term incentive plan targets.

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 to reflect individual performance, responsibility and experience. Individual performance includes, but is not limited to, each officer’s contribution, business units results, leadership, quality of management and sponsorship of corporate values. The current base salary amounts received by Named Executive Officers in 2009 are set forth in the “Compensation of the Named Executive Officers – Summary Compensation Table” section below.

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 individual business units. The following tables describe the performance indicator weightings, the target annual payout under the plan and potential payouts for the President and CEO and the other NEOs.

2009 Performance Indicator Weightings

Position	EBT ⁽¹⁾	Sector objectives	Personal objectives
President and CEO	80%	-	20%
Other NEOs	70%	15%	15%

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

2009 Annual Incentive Targets (% of base salary)

Position	Minimum	Target	Maximum
President and CEO	0%	100%	200%
Executive Vice-President and CFO	0%	50%	87%
Other NEOs	0%	45%	78%

Payout Matrix Assigned in 2009 to Each Performance Indicator for the President and CEO and other NEOs

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 95% of target	Zero	95% of target	33%	Target ⁽¹⁾	100%	Target + 15%	200%
Sector objectives	To reward contribution of the specific business unit to the overall Company results and foster teamwork.	Not achieved	Zero	n/a	n/a	Fully achieved	100%	Surpassed	125%
Personal objectives	To reward achievement of specific priority objectives.	Not achieved	Zero	n/a	n/a	Fully achieved	100% ⁽¹⁾	n/a	n/a

(1) Each year, the EBT target is recommended by the President and CEO and approved by the Board of Directors.

(2) For the President and CEO only, the level of attainment pertaining to personal objectives can reach up to 200% when the corporate financial objective (EBT) is surpassed.

The sector performance is defined as a sector's financial 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 Company's business plan).

Personal objectives are also approved at the beginning of the year. They usually consist 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. Both sector and personal objectives are set at an ambitious level.

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 named executives 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, the Company's corporate objectives for the coming year as well as the difficulty of achieving them.

The tables below summarize the level of attainment of each performance indicator for 2009.

2009 Annual Short-term Incentive Plan Payout for the President and CEO

Performance Indicator	Bonus earned as a % of base salary when results meet the objectives	Minimum Performance Threshold (\$000)	Level of attainment (\$000)	Bonus earned as a % of base salary
EBT (Earnings before income taxes and non-controlling interest) (Relative weight of 80%)	80% ⁽¹⁾	215,000	206,300	0%
Personal objectives (Relative weight of 20%)	20% ⁽¹⁾	n/a	100%	20%
TOTAL	100%	-	-	20%

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

In 2009, the President and CEO's personal objectives were related to (a) the implementation of new strategies and programs specific to the dealer-owners network, (b) consolidating the new customer-experience and innovations orientations including the opening of new store concepts and the introduction of new products supporting the Company's leading position in terms of sustainable development, and (c) ensuring succession plans are in place for senior management as well as strategies to identify and develop high potential managers throughout the corporate and affiliate stores network.

2009 Annual Short-term Incentive Plan Payout for the Executive Vice-President and CFO

Performance Indicator	Bonus earned as a % of salary when results meet the objectives	Minimum Performance Threshold (\$000)	Level of attainment (\$000)	Bonus earned as a % of salary
EBT (Earnings before income taxes and non-controlling interest) (Relative weight of 70%)	35% ⁽¹⁾	215,000	206,300	0%
Sector objectives (Relative weight of 15%)	7.5% ⁽¹⁾	n/a	85%	6.4%
Personal objectives (Relative weight of 15%)	7.5% ⁽¹⁾	n/a	95%	7.1%
TOTAL	50%	-	-	13.5%

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

For Mr. Guévin, the Executive Vice-President and CFO, as for the President and CEO, no bonus was paid on the corporate financial performance indicator (EBT) in 2009. His sector and personal objectives were partially met in 2009. Sector objectives included the expenses budget as well as the sector's annual business plan. Personal objectives consisted of specific projects to be delivered in 2009. Both quantitative (expenses audit reports) and qualitative measures (compliance with project deadlines, effectiveness of the new processes or structures implemented) were used by the President and CEO to assess the level of achievement of these objectives.

2009 Annual Short-term Incentive Plan Payout for the other NEOs

Performance Indicator	Bonus earned as a % of salary when results meet the objectives	Minimum Performance Threshold (\$000)	Level of attainment (\$000)	Bonus earned as a % of salary
EBT (Earnings before income taxes and non-controlling interest) (Relative weight of 70%)	31.5% ⁽¹⁾	215,000	206,300	0%
Sector objectives (Relative weight of 15%)	6.75% ⁽¹⁾	n/a	87.5%	5.9%
Personal objectives (Relative weight of 15%)	6.75% ⁽¹⁾	n/a	100% ⁽²⁾	6.75%
TOTAL	45%	-	-	12.65%

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

(2) In the case of Mr. Dandoy, personal objectives were met at 95% for a bonus earned of 12.3%.

For the other NEOs, as for the President and CEO and the Executive Vice-President and CFO, no bonus was paid on the corporate financial performance indicator (EBT) in 2009. All other NEOs shared the same three sector objectives for 2009. These consisted of (a) inventory reduction targets, (b) gross margin and promotional margin targets, and (c) combined corporate and franchisees sales results. Each such NEO also had a fourth sector objective, namely loss reduction for Mr. Dandoy, variation in number of transactions for Mr. Bernier and reduction in obsolete products on inventory for Mr. Dumont. All those objectives were fully achieved with the exception of the inventory reduction targets that were partially met (at 50%).

Personal objectives for the other NEOs consisted of specific initiatives or projects to be delivered in 2009. Both quantitative (market study, profit and loss statements, expenses audit reports) and qualitative measures (compliance with project deadlines, effectiveness of the new processes or structures implemented, team collaboration and development) were used by the President and CEO to assess the level of achievement of these objectives. They were fully achieved (100%) for Mr. Bernier and Mr. Dumont, while Mr. Dandoy obtained a 95% level of achievement.

For all NEOs as a group, 2009 sector and personal objectives were translated into 27 different projects or initiatives. As described above, both quantitative and qualitative assessments were used to evaluate the level of achievement for each NEO. Detailed information pertaining to these objectives is deemed confidential and sensitive when taken as a whole; and their disclosure could allow competitors to gain access to strategic information about the Company. For these reasons, detailed information on these objectives (including their target and threshold performance levels where applicable) is not disclosed. The portion of compensation linked to such undisclosed information represented less than 5.5% of the total compensation of each NEO in 2009.

Long-Term Incentive Programs

The Company administers two separate stock option plans, the details of which are provided in Schedule “D” to this Circular: the share option plan dated January 24, 2002 (the “**Initial Plan**”), which was established prior to RONA’s initial public offering (the “**IPO**”), and the share option plan dated October 24, 2002 (the “**2002 Plan**”), which was established for all grants subsequent to the IPO. Certain RONA executives continue to hold options that were granted under the Initial Plan. However, all current stock option grants are made under the 2002 Plan. The Company also administers a share unit plan, adopted in 2007 (the “**Share Unit Plan**”), the details of which are also provided in Schedule “D”.

Each year, the Human Resources and Compensation Committee recommends, for approval by the Board, grants to the Named Executive Officers under the Company’s long-term incentive programs. The number of share units and stock options 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 as per the Company’s compensation strategy.

Under the terms of these plans, RONA’s target LTIP grants to eligible executives are delivered 50% in the form of stock options (issued under the 2002 Plan) and 50% in the form of share units (issued under the Share Unit

Plan). Actual awards can be adjusted from 0% to 200% of target levels and the mix between stock options and share units may vary based on each individual's performance and contribution to the Company's overall results. In addition, above target long-term incentive grants can be made in specific situations such as promotions or new executive hires.

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

Type of grant	Target share of total grant	Target in % of Base Salary	Vesting	Purpose of grant	Payment characteristics
Stock options	50%	President and CEO 50% <hr/> Executive Vice-President and CFO 25% <hr/> Other NEOs 22.5%	Time vesting: over 4 years from the date of grant at a rate of 25% per year. Stock options issued in 2008 have a 10-year term, after which they expire.	<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"> All stock options are issued with an exercise price 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. Stock options only provide value to executives if share price increases above the exercise price before the end of the term.
Share units	50%	President and CEO 50% <hr/> Executive Vice-President and CFO 25% <hr/> Other NEOs 22.5%	Performance vesting: at the end of 3 years based on the Company's relative return on net assets performance.	<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 Company performance. To promote executive retention over the long term. 	<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 share units may vest. Vested awards can be settled in cash, or in shares purchased on the open market, at RONA's discretion.

When making decisions regarding actual awards of stock options and share units, the Human Resources and Compensation Committee also considers additional factors such as the number of stock options and share units currently outstanding from previous awards, the retention value that those awards provide, and the degree to which previous years' awards continue to motivate executives to achieve the Company's long-term objectives. Due to these factors, the Committee decided to award the target number of stock options and 3 times the target number of performance vesting share units to eligible LTIP participants. As a result, the total actual LTIP awards for 2009 were granted at 200% of the target level.

In 2009, the NEOs received 246,500 stock options, with an expected value of \$1,013,000 (based on the Black-Scholes-Merton ("BSM") model value of the options on the date of grant and using the same assumptions as for the Company's financial statements), and 204,700 share units with a value of \$2,145,300 based on the share price on the date of grant. All share units include performance vesting criteria as described below. The grant date fair market value of stock options and share units granted to each of RONA's Named Executive Officers in 2009 as well as detailed information on the BSM model are described in the "Compensation of the Named Executive Officers– Summary Compensation Table" section on page 26.

Vesting of share units granted in 2009 is based solely on Return on Net Asset performance measured relative to a peer group consisting of companies included in the S&P TSX Consumer Staples and Consumer Discretionary indexes in addition to large Canadian retail companies with annual revenues above \$500 million. The enlarged performance peer group differs from the executive compensation benchmarking peer group in order to

reflect the broader investment opportunities that are available to shareholders within the general sectors that RONA operates in. The vesting matrix for 2009 share unit awards is shown in the following table.

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

The performance peer group for 2009 share unit awards is shown in the following table:

Category	Performance Peer Company	
Consumer Discretionary Index	<ul style="list-style-type: none"> • Astral Media Inc. • Canadian Tire Corp.⁽¹⁾ • Cogeco Cable Inc. • Corus Entertainment Inc. • Dorel Industries Inc. • Forzani Group Ltd.⁽¹⁾ • 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. • Metro Inc.⁽¹⁾ 	<ul style="list-style-type: none"> • 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 peer group used to benchmark the other pay elements

Pension

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.

The final average compensation is defined as the average of the best three (3) 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). For the determination of benefits related to years of service prior to January 1, 2000, final average compensation is limited to \$350,000. For the years of service between January 1, 2000 and December 31, 2001, final average compensation is limited to \$700,000. Such maximum amount is no longer applicable for subsequent years. No contribution is required from the President and CEO.

As at December 27, 2009, the President and CEO had accrued a total of 32.5 years of credited service, for total annual pension benefits of \$358,000 payable at retirement. The normal retirement age is 65, with an optional early retirement age of 55 without reduction. At age 55, the President and CEO will have accumulated 32.75 years of credited service, for total estimated annual pension benefits of \$364,000. The portion of the pension benefits payable from the registered plan is indexed annually after retirement according to the Consumer Price Index (CPI) increase and 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 Company 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 the figures were calculated using the accounting methods and assumptions disclosed in the annual financial statements of RONA available on SEDAR at www.sedar.com):

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	32.5	358,000	580,000	4,664,000	331,000	859,000	5,854,000

(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.

(3) The President and CEO has also accrued a buy back pension of \$169,600 as at December 27, 2009. 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.

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 to these plans is determined by the level of the position held and approved by the 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 (\$22,000 in 2009). 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 being 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 a 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.

The following table presents the entitlement under the defined contribution plans for each of the Named Executive Officers (other than the President and CEO) as of the beginning and end of the Company's financial year ending on December 27, 2009 (all the figures were calculated using the accounting methods and assumptions disclosed in the annual financial statements of RONA available on SEDAR at www.sedar.com):

Name	Accumulated value at start of year ⁽¹⁾⁽²⁾ (\$)	Compensatory ⁽¹⁾⁽³⁾ (\$)	Non-compensatory ⁽⁴⁾ (\$)	Estimated accumulated value at year end ⁽¹⁾ (\$)
Claude Guévin	763,800	66,800	69,000	899,600
Pierre Dandoy	474,100	58,300	41,900	574,300
Claude Bernier	680,500	57,600	62,600	800,700
Normand Dumont	518,400	56,500	48,500	623,400

(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 contributions).

(4) Non-compensatory change includes all items that are not compensatory such as changes in assumptions.

Other Benefits

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

Share Ownership Requirements

The Board has adopted guidelines for executives that require share ownership, based on each executive's position and compensation. These guidelines have been established based on the Company's belief that share ownership by executives further aligns the interests of the management team with those of shareholders. NEOs are required to maintain share ownership levels that meet or exceed the guidelines shown in the following table. According to such guidelines, any Company shares acquired through the exercise of share options, or through the vesting of share unit awards under the Company's long-term incentive programs, must be held until the guidelines are met. Shares or units held by executives cannot be the object of monetization procedures or other hedging procedures to reduce the exposure related to such holdings.

The following table provides information regarding the stock-based holdings of RONA's Named Executive Officers, as at December 27, 2009.

Executive Position	Stock Ownership Guidelines: Multiple of Salary	Status as at December 27, 2009
Robert Dutton President and CEO	3.0	Guideline is exceeded
Claude Guévin Executive Vice-President and Chief Financial Officer	1.0	Guideline is exceeded
Pierre Dandoy Executive Vice-President, Retail Operations	1.0	Guideline is exceeded
Claude Bernier Executive Vice-President, Marketing and Customer Innovations	1.0	Guideline is exceeded
Normand Dumont Executive Vice-President, Merchandising	1.0	Guideline is exceeded

Severance and other termination benefits

The Company has employment contracts in place with each of the Named Executive Officers. The employment contracts provide for severance payments in the event of termination of employment corresponding to twenty-four (24) months of base salary for Mr. Dutton, and eighteen (18) months of base salary for all other Named Executive Officers (except in the case of termination by the Company for cause, or voluntary termination by the Named Executive Officer). These employment arrangements also provide for severance payments corresponding to thirty-six (36) months of base salary plus target bonus for Mr. Dutton and twenty-four (24) months of base salary plus target bonus for the other Named Executive Officers upon the Named Executive Officer's employment being terminated (either by the Company or by the Named Executive Officer) within the first eight (8) months following a change of control of the Company. Upon the occurrence of a change of control of the Company, the employment arrangements further allow for the immediate vesting of any outstanding and unvested awards granted under the Company's stock option plans and share units plan.

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 Named Executive Officer, had their employment been terminated at the end of the most recently completed financial year under various termination scenarios.

Name	Retirement⁽¹⁾ (\$)	Change of Control (\$)	Voluntary Termination (\$)	Termination – Not for Cause (\$)	Termination – For Cause (\$)
Robert Dutton	—	5,100,000	—	1,700,000	—
Claude Guévin	—	1,035,000	—	517,500	—
Pierre Dandoy	—	881,600	—	456,000	—
Claude Bernier	—	881,600	—	456,000	—
Normand Dumont	—	855,500	—	442,500	—

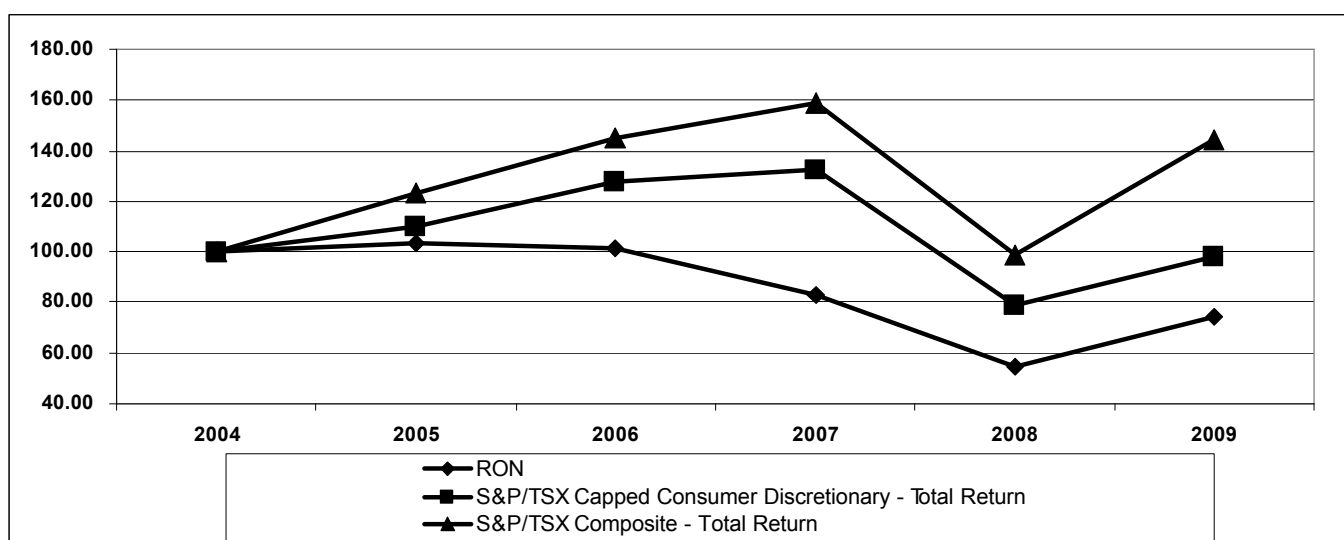
(1) The bonus earned during the reference year is payable even if the incumbent has retired at the time of payment.

All employment contracts also include non-compete and non-solicitation clauses (including provisions in regards to confidentiality of information) that remain in force for the duration of the Named Executive Officer's employment with the Company and for twelve (12) months thereafter (eighteen (18) months for Mr. Dutton), in addition to customary confidentiality clauses, for all Named Executive Officers (including Mr. Dutton). Each Named Executive Officer also agreed to comply with the share ownership requirements adopted by the Board and described above.

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

Performance Graph

The following graph compares the cumulative total return on \$100 invested in Common Shares of RONA from December 27, 2004 until December 27, 2009 with the cumulative total return of two (2) indexes of the Toronto Stock Exchange for the same period.



	FINANCIAL YEARS ENDED ⁽¹⁾					
	December 26, 2004	December 25, 2005	December 31, 2006	December 30, 2007	December 28, 2008	December 27, 2009
The Company	\$100,00	\$103,17	\$101,67	\$83,18	\$54,66	\$74,46
S&P/TSX Capped Consumer Discretionary – Total Return	\$100,00	\$109,68	\$127,58	\$132,78	\$78,87	\$98,09
S&P/TSX Composite – Total Return	\$100,00	\$123,24	\$145,01	\$159,13	\$98,51	\$144,02

(1) The table shows cumulative total return from December 26, 2004.

Trend in direct compensation for all NEOs

Year	2004	2005	2006	2007	2008	2009	5-year period (%) ⁽²⁾
Variation in total return (over the previous year, in %)	-	3.2	-1.5	-18.2	-34.3	36.2	-25.5
Sum of NEOs' salaries	\$1,521,696	\$1,642,655	\$1,727,980	\$1,799,424	\$1,980,096	\$2,011,951	32.2
Sum of NEOs' annual incentive payouts	\$985,100	\$867,200	\$452,725	\$108,000 ⁽¹⁾	\$283,888	\$323,729	-67.1
Sum of NEOs' direct compensation (salaries + annual incentive payouts)	\$2,506,796	\$2,509,855	\$2,180,705	\$1,907,424	\$2,263,984	\$2,335,680	-6.8
Variation in direct compensation (over the previous year, in %)	-	0.1	-13.1	-12.5	18.7 ⁽¹⁾	3.2	-

(1) In 2007 Mr. Dutton had a different bonus plan than other Named Executive Officers. Under his plan, 20% of his target bonus is based on individual objectives which were fully achieved in 2007. For other members of management, the payment of a bonus was entirely linked to the achievement of a threshold of 95% of a financial target which was not met in 2007. This explains most of the positive increase in direct compensation in 2008 compared to 2007.

(2) Calculated using the number disclosed in the "2009" column less the number disclosed in the "2004" column, divided by the number disclosed in the "2004" column.

Base salary as well as other benefits such as pension are designed and set at market competitive level. Annual variation does not follow the trend in total return. Compensation decisions over the past five years were mainly influenced by the reference market and, where required, adjustments were brought to ensure competitiveness of the total compensation package. As an example, annual budget for increases were set at the median of the reference market. In some occasions, increases in base salary over that period also reflected additional responsibilities resulting in part from the Company's acquisitions that are expected to contribute to the Company's growth and deliver shareholder value over the long term.

As described in the "Compensation Discussion and Analysis - Executive Compensation Components" section on page 14, a significant portion of the total compensation that NEOs receive in any year is comprised of variable compensation provided under the Annual Short-Term Incentive Plan and the Company's long-term incentive plans. These plans are intended to drive and reward superior performance during the current year as well as over the long term.

With regards to the annual incentive plan, aggressive annual growth and profit objectives in conjunction with competitive market conditions resulted in incentive payouts below target levels (or zero) since 2006. This trend in incentive payment is aligned with the decrease in stock value over the same period.

Similarly, the Company's equity-based long-term incentive plan grants have included ambitious performance vesting criteria. As a result, the value of share units and options granted has fluctuated with the value of RONA's stock and will only vest if RONA's performance objectives are achieved.

More specifically, as shown in the "Outstanding awards" section on page 27, stock options awarded in 2006 and 2007 (and 2004) currently have no value either because the exercise price is above market price (as at December 27, 2009) and/or performance criteria have not been met. Share units also follow the same rationale. Although the vesting period is not fully completed for the 3-year cycle started in 2007, the financial period on which the performance criteria are based upon is completed. The Company's performance level for that period does not reach the minimum threshold level and share units granted in 2007 will not vest and therefore have no value. This demonstrates a strong alignment between executives and shareholder interests over the long term.

COMPENSATION OF THE NAMED EXECUTIVE OFFICERS

Summary Compensation Table

The following table sets forth, for the financial years ended December 27, 2009, December 28, 2008, and December 30, 2007, the aggregate compensation paid by the Company to the Named Executive Officers during such financial years. Please refer to the Company's 2009 and 2008 Management Proxy Circulars available on SEDAR at www.sedar.com for a more detailed description of the compensation paid to the Named Executive Officers for the financial years ended December 28, 2008, and December 30, 2007.

Name and Principal Position	Year	Salary (\$)	Share-based awards ⁽¹⁾ (⁽¹¹⁾) (\$)	Option-based awards ⁽²⁾⁽¹¹⁾ (⁽¹¹⁾) (\$)	Non-equity incentive plan compensation (\$)		Pension value ⁽³⁾ (⁽³⁾) (\$)	All other compensation ⁽⁴⁾ (⁽⁴⁾) (\$)	Total compensation (\$)
					Annual incentive plans ⁽¹⁰⁾ (⁽¹⁰⁾) (\$)	Long-term incentive plans (⁽¹⁰⁾) (\$)			
Robert Dutton President and CEO	2009	811,635 ⁽⁶⁾	1,275,416	602,467	170,000	--	331,000	--	3,190,518
	2008	762,981 ⁽⁵⁾	388,688	288,976	155,000	--	845,000	--	2,440,645
	2007	666,923	539,917 ⁽⁹⁾	460,890	108,000 ⁽⁸⁾	--	635,000	--	2,410,730
Claude Guévin Executive Vice-President and Chief Financial Officer	2009	332,069 ⁽⁷⁾	258,856	122,466	44,829	--	66,800	--	825,020
	2008	337,404	84,311	62,744	39,223	--	60,700	--	584,382
	2007	314,616	160,089 ⁽⁹⁾	134,355	-	--	67,198	--	676,258
Pierre Dandoy Executive Vice-President, Retail Operations	2009	292,512 ⁽⁷⁾	205,408	96,987	36,034	--	58,300	--	689,241
	2008	297,980	60,018	44,186	31,288	--	53,600	--	487,072
	2007	282,308	99,782 ⁽⁹⁾	85,035	-	--	58,581	--	525,706
Claude Bernier Executive Vice-President, Marketing and Customer Innovations	2009	292,512 ⁽⁷⁾	205,408	96,987	37,021	--	57,600	--	689,528
	2008	296,635	60,018	44,186	27,587	--	53,400	--	481,826
	2007	275,962	98,027 ⁽⁹⁾	85,035	-	--	57,151	--	516,175
Normand Dumont Executive Vice-President, Merchandising	2009	283,223 ⁽⁷⁾	200,168	94,110	35,845	--	56,500	--	669,846
	2008	285,096	57,160	42,860	30,790	--	51,300	--	467,206
	2007	259,615	92,764 ⁽⁹⁾	85,035	-	--	53,638	--	491,052

- (1) Share-based awards have been valued using a share price of \$10.48 in 2009, \$14.29 in 2008 and \$21.93 in 2007, corresponding to the average closing prices of the Common Shares on the TSX during the five (5) trading days immediately preceding the respective dates of grant. See Schedule "D" to this Circular for more details on share units.
- (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 and using the same assumptions as for the Company's financial statements.
- (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 21 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) Represents the first (1st) of two (2) market adjustments to the President and CEO base salary.
- (6) Represents the second (2nd) of two (2) market adjustments to the President and CEO base salary less the impact of a special pay reduction program (which ended on Dec 31st 2009).
- (7) Salaries (earnings) in 2009 are lower than those of the previous year following the application of a special pay reduction program (which ended on Dec 31st 2009). Also, the 2008 payroll calendar provided for fifty-three (53) pay period instead of fifty-two (52).
- (8) In 2007 Mr. Dutton had a different bonus plan than other Named Executive Officers. Under his plan, 20% of his target bonus is based on individual objectives which were fully achieved in 2007. For other members of management, the payment of a bonus was entirely linked with achievement of a threshold of 95% of financial target which was not met in 2007.
- (9) The performance criteria pertaining to the share units awarded in 2007 have not been met. Share units carry no value and will be cancelled on their vesting date later in 2010.
- (10) Bonus earned is calculated using annual earnings of the individual except for Mr. Dutton for whom salary as at December 31 is used.
- (11) Each year, the Compensation and Human Resources Committee approves the long-term incentive grants expressed as a percentage of each NEO's base salary. Recommendations are prepared in early February using the compensation consultant's methodology with regards to the BSM model and current stock price. The exact number of share units and stock options is then determined as per the rules of the applicable plan on the date of grant without any changes in the BSM factor. The value of the options granted as reported in the above table is also calculated based on the BSM model but using the same assumptions as for the Company's financial statements. The two sets of assumptions (accounting purposes and compensation consultant) differ. As a result, although the number of share units and stock options in 2009 was granted according to a 3:1 ratio, the respective expected values of share units and stock options do not follow this ratio. The main differences in the assumption sets are:
 - (a) Timing of the calculation: For accounting purposes, the BSM factor is recalculated on the date of grant.
 - (b) Stock volatility: the reference period is equal to 6 years for accounting purposes (corresponding to the estimated term), and to 3 years in the compensation consultant's methodology.
 - (c) Option term: the option term is equal to 6 years for accounting purposes, and to 6.5 years in the compensation consultant's methodology.
 - (d) Risk-free rate: 1.98% was used for accounting purposes, while 1.5% was used in the compensation consultant's methodology.
Starting in 2010, when determining the number of options to be granted, the BSM factor will be calculated using the same assumptions as for the Company's financial statements in order to avoid any discrepancies.

Outstanding awards

The following table shows all awards outstanding to each Named Executive Officer as at December 27, 2009.

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 that have not Vested (#)	Market or Payout Value of Share-Based Awards that have not Vested ⁽²⁾ (\$)
Robert Dutton President and CEO	Mar 11, 2009	146,600	10.62	Mar 2019	697,816	121,700	1,871,746
	Feb 29, 2008	65,400	14.18	Feb 2018	78,480	27,200	418,336
	Mar 08, 2007	54,200	23.58	Mar 2017	0	24,620	378,655 ⁽³⁾
	Feb 24, 2006	150,000	21.21	Feb 2016	0	-	-
	Dec 22, 2004	50,000	20.265	Dec 2014	0	-	-
	Dec 16, 2003	240,000	14.285	Dec 2013	262,800	-	-
	Jan 24, 2002	960,000	3.47	Jan 2012	<u>11,433,600</u>	-	-
				12,472,696		2,668,737	
Claude Guévin Executive Vice- President and Chief Financial Officer	Mar 11, 2009	29,800	10.62	Mar 2019	141,848	24,700	379,886
	Feb 29, 2008	14,200	14.18	Feb 2018	17,040	5,900	90,742
	Mar 08, 2007	15,800	23.58	Mar 2017	0	7,300	112,274 ⁽³⁾
	Sept 09, 2006	17,576	21.78	Sept 2016	0	-	-
	Feb 24, 2006	17,576	26.87	Feb 2016	0	-	-
	Feb 24, 2006	25,000	21.21	Feb 2016	0	-	-
	Dec 22, 2004	10,000	20.265	Dec 2014	0	-	-
Dec 16, 2003	40,000	14.285	Dec 2013	43,800	-	-	
Jan 24, 2002	60,000	3.47	Jan 2012	<u>714,600</u>	-	-	
				917,288		582,902	
Pierre Dandoy Executive Vice- President, Retail Operations	Mar 11, 2009	23,600	10.62	Mar 2019	112,336	19,600	301,448
	Feb 29, 2008	10,000	14.18	Feb 2018	12,000	4,200	64,596
	Mar 08, 2007	10,000	23.58	Mar 2017	0	4,550	69,979 ⁽³⁾
	Feb 24, 2006	20,000	21.21	Feb 2016	0	-	-
	Dec 22, 2004	5,000	20.265	Dec 2014	0	-	-
	Dec 16, 2003	21,400	14.285	Dec 2013	23,433	-	-
Jan 24, 2002	70,000	3.47	Jan 2012	<u>833,700</u>	-	-	
				981,469		436,023	
Claude Bernier Executive Vice- President, Marketing and Customer Innovations	Mar 11, 2009	23,600	10.62	Mar 2019	112,336	19,600	301,448
	Feb 29, 2008	10,000	14.18	Feb 2018	12,000	4,200	64,596
	Mar 08, 2007	10,000	23.58	Mar 2017	0	4,470	68,749 ⁽³⁾
	Feb 24, 2006	20,000	21.21	Feb 2016	0	-	-
	Dec 22, 2004	5,000	20.265	Dec 2014	0	-	-
	Dec 16, 2003	21,400	14.285	Dec 2013	23,433	-	-
Jan 24, 2002	100,000	3.47	Jan 2012	<u>1,191,000</u>	-	-	
				1,338,769		434,793	
Normand Dumont Executive Vice- President, Merchandising	Mar 11, 2009	22,900	10.62	Mar 2019	109,004	19,100	293,758
	Feb 29, 2008	9,700	14.18	Feb 2018	11,640	4,000	61,520
	Mar 08, 2007	10,000	23.58	Mar 2017	0	4,230	65,057 ⁽³⁾
	Feb 24, 2006	20,000	21.21	Feb 2016	0	-	-
	Dec 22, 2004	5,000	20.265	Dec 2014	0	-	-
	Dec 16, 2003	18,400	14.285	Dec 2013	20,148	-	-
Jan 24, 2002	55,000	3.47	Jan 2012	<u>655,050</u>	-	-	
				795,842		420,335	

(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 27, 2009 (\$15.38) and the exercise price of the Options, multiplied by the number of unexercised Options.

(2) The value of share units at financial year-end is determined by multiplying the number of share units held as of December 27, 2009, by the closing price of the Common Shares on the TSX on December 27, 2009 (\$15.38) and assuming that performance measures had been achieved for the share units subject to such measures.

(3) The performance criteria pertaining to the share units awarded in 2007 have not been met. Share units carry no value and will be cancelled on their vesting date later in 2010.

Incentive plan awards – Value vested or earned during the year

The following table describes the value of awards vested or earned during the financial year ending on December 27, 2009.

Name	Option-Based Awards - Value Vested During the Year⁽¹⁾ (\$)	Share-Based Awards - Value Vested During the Year⁽²⁾ (\$)	Non-Equity Incentive Plan Compensation - Value Earned During the Year⁽³⁾ (\$)
Robert Dutton	0	0	170,000
Claude Guévin	0	0	44,829
Pierre Dandoy	0	0	36,034
Claude Bernier	0	0	37,021
Normand Dumont	0	0	35,845

(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 vesting of the share units.

(3) Annual incentive plan payouts.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The table below provides, as at December 27, 2009, additional information with respect to the Company'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	2,966,852	10.47	4,815,773
Equity compensation plans not approved by security holders	-	-	-
Total	2,966,852	10.47	4,815,773

(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 17, 2010, there is no indebtedness outstanding to the Company or any of its subsidiaries of any executive officers, directors, employees and former executive officers, directors and employees of the Company or any of its subsidiaries.

APPOINTMENT OF AUDITORS

Raymond Chabot Grant Thornton, Chartered Accountants ("**Raymond Chabot**"), are the auditors of the Company. **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 Company, to hold office until the close of the next annual meeting of shareholders at such compensation as may be fixed by the directors.**

AUDITORS' FEES

The Company paid \$1,542,000 as audit fees⁽¹⁾ to Raymond Chabot, during the financial year ended December 27, 2009. During the same year, the Company also paid to Raymond Chabot, the amounts of \$104,000 in audit-related fees⁽²⁾, \$0 in tax fees⁽³⁾ and \$59,000 in other fees⁽⁴⁾.

For the year ended December 28, 2008, the Company paid to Raymond Chabot \$1,478,000 in audit fees⁽¹⁾, \$15,000 in audit-related fees⁽²⁾, \$0 in tax fees⁽³⁾ and \$127,000 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 Company'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.

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 Company. The Company 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 Company'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 Company 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 Company 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 Company's knowledge, except as otherwise specified in this Circular, no material transactions involving the Company or any of its subsidiaries have been entered into since the beginning of the last financial year of the Company, or are proposed to be entered into, in which any director, proposed director or member of management of the Company, 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 Company, or any of their associates or affiliates has had or expects to have a material interest.

ADDITIONAL INFORMATION

The Company 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 Company. The Company also files its annual information form with such securities commissions. Copies of the Company'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 Company or by consulting the SEDAR web site at www.sedar.com. The Company may require the payment of a reasonable charge when the request is made by a person other than a holder of securities of the Company.

APPROVAL OF CIRCULAR

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

Boucherville, Quebec, March 18, 2010.

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 27, 2009

Number and % of meetings attended							
Director	Board	Audit Committee	Human Resources and Compensation Committee	Nominating and Governance Committee	Development Committee	Committees (total)	Overall Attendance
Louise Caya	8/8 (100%)	—	—	—	1/1 (100%)	1/1 (100%)	9/9 (100%)
Doris Joan Daughney	8/8 (100%)	—	6/6 (100%)	3/4 (75%)	—	9/10 (90%)	17/18 (94%)
Robert Dutton	8/8 (100%)	—	—	—	—	—	8/8 (100%)
Richard Fortin ⁽¹⁾	6/6 (100%)	5/5 (100%)	2/2 (100%)	—	—	7/7 (100%)	13/13 (100%)
Jean Gaulin ⁽²⁾	8/8 (100%)	—	—	1/1 (100%)	—	1/1 (100%)	9/9 (100%)
Jean-Guy Hébert	8/8 (100%)	—	—	—	1/1 (100%)	1/1 (100%)	9/9 (100%)
J. Spencer Lanthier	8/8 (100%)	7/7 (100%)	—	—	—	7/7 (100%)	15/15 (100%)
Alain Michel	8/8 (100%)	7/7 (100%)	—	4/4 (100%)	—	11/11 (100%)	19/19 (100%)
James Pantelidis	8/8 (100%)	—	6/6 (100%)	—	1/1 (100%)	7/7 (100%)	15/15 (100%)
Robert Paré ⁽³⁾	5/6 (83%)	—	—	1/1 (100%)	—	1/1 (100%)	6/7 (86%)
Jocelyn Tremblay	8/8 (100%)	—	6/6 (100%)	4/4 (100%)	—	10/10 (100%)	18/18 (100%)
Jean-Roch Vachon	8/8 (100%)	7/7 (100%)	—	—	1/1 (100%)	8/8 (100%)	16/16 (100%)

- (1) Mr. Fortin was elected as director and is a member of the Audit Committee and Human Resources and Compensation Committee since April 22, 2009.
- (2) 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 27, 2009, Mr. Gaulin attended all Board committee meetings.
- (3) Mr. Paré was elected as director and is a member of the Nominating and Governance Committee since April 22, 2009.

Board and Board Committee Meetings	Number of meetings held
Board (8 regular; 0 special)	8
Audit Committee (7 regular; 0 special)	7
Human Resources and Compensation Committee (5 regular; 1 special)	6
Nominating and Governance Committee (3 regular; 1 special)	4
Development Committee (0 regular; 1 special)	1

For the 12-month period ended December 27, 2009, the independent directors held a private *in-camera* meeting after each regular in-person meeting of the Board of Directors.

* * * * *

SCHEDULE “B”

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

Corporate Governance Guidelines

Corporate Governance Practices at the Company

1. Board of Directors

- (a) Disclose the identity of directors who are independent.

Independence – Of the current twelve (12) members of the Board, nine (9) directors are “independent” within the meaning of the Corporate Governance Disclosure Instrument. They are Mrs. Doris Joan Daughney, Messrs. Richard Fortin, Jean Gaulin, J. Spencer Lanthier, Alain Michel, James Pantelidis, Robert Paré, Jocelyn Tremblay and Jean-Roch Vachon. Nine (9) of the twelve (12) Board nominees proposed in the Circular are independent.

- (b) Disclose the identity of directors who are not independent, and describe the basis for that determination.

Three (3) directors of the Company 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.

Independence Status of Current Directors

	Management	Independent	Not Independent	Reason for Non-Independent Status
Louise Caya			√	Mrs. Caya is a dealer-owner
Doris Joan Daughney		√		
Robert Dutton	√		√	Mr. Dutton is the President and CEO of the Company
Richard Fortin		√		
Jean Gaulin		√		
Jean-Guy Hébert			√	Mr. Hébert is a dealer-owner
J. Spencer Lanthier		√		
Alain Michel		√		
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.

Majority of Independent Directors – Nine (9) of our twelve (12) current directors are independent. Nine (9) of the twelve (12) Board nominees proposed in the Circular are independent.

- (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.

Outside Directorships – The directorships of all director nominees are described on pages 3-9 of this Circular.

(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.

(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.

(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.

In camera sessions – Meetings of directors without the presence of non-independent directors and management have taken place at each meeting of the Board. Such meetings are chaired by Mr. Jean Gaulin, the independent Chairman of the Board.

The members of the Audit Committee, who are all independent, also meet at each regularly-scheduled committee meeting without management present.

Independent Chair of the Board – Mr. Jean Gaulin is the Chairman of the Board of the Company. 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 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.

Record of Attendance – The record of attendance of directors to Board and committee meetings is set forth as Schedule "A" of this Circular.

More information about each director can be found on pages 3-9 of this Circular.

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.

The Board has adopted a formal Board charter, which is attached hereto as Schedule “C”.

The mandate of the Board states that the Board is responsible for the supervision of the management of the Company’s business and affairs, with the objective of maximizing long-term corporate value.

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 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 Company’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 Company'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 Company 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 Company's continuing education programs for directors. Senior management makes regular presentations to the Board on the main areas of the Company's business.

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:

- i. disclose how a person or company may obtain a copy of the code;
- 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

Code of Ethics – The Company adopted a Code of Conduct on August 9, 2005 (the "**Code of Conduct**").

The Code of Conduct is accessible on the Company'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 Company.

The Nominating and Governance Committee is responsible for ensuring the implementation of the Code of Conduct within the Company. The Code of Conduct is distributed to and signed by each of the Company's employees when he or she is hired. Under the code, all employees of the Company must report any activity which appears to be in breach of the Code of Conduct or laws and regulations in force.

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.

(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.

(c) Describe any other steps the board takes to encourage and promote a culture of ethical business conduct.

No such material change report has ever been filed by the Company.

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.

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 Company's web site at www.rona.ca.

6. Nomination of Directors

(a) Describe the process by which the board identifies new candidates for board nomination.

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 Company. 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. In certain circumstances, the committee may retain independent advisors to assist it in carrying out its duties.

(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.

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.

- (c) If the board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.

Responsibilities of the Nominating and Governance Committee – The Board has adopted a formal mandate for the Nominating and Governance Committee.

The responsibilities of the committee are described on page 12 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.

7. Compensation

- (a) Describe the process by which the board determines the compensation for the issuer's directors and officers.

Compensation Determination Process – 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 Company'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 Company. See pages 9-11 of this Circular for information about the compensation received by directors and pages 13-28 for information about the compensation perceived by Named Executive Officers.

- (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.

Composition of the Human Resources Committee – The Human Resources and Compensation Committee currently consists exclusively of outside directors, all of whom are "independent" within the meaning of the Corporate Governance Disclosure Instrument.

- (c) If the board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.

Responsibilities of the Human Resources and Compensation Committee – The Board has adopted a formal mandate for the Human Resources and Compensation Committee.

The responsibilities of the committee are described on page 12 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.

(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.

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.

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.

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).

The CSA Audit Committee Rules state that each audit committee member must be financially literate.

Compensation Consultant – During financial year 2009 and with respect to 2010, the committee has retained the services of Mercer Human Resource Consulting 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 Company's Directors Compensation Programs (please see "Compensation Consultant" on page 13 of this Circular). During those periods, Mercer Human Resource Consulting has not been retained to perform any other work for the Company.

Please see page 13 of this Circular for more information on the responsibilities of the Development Committee.

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.

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.

Composition of the Audit Committee – The Audit Committee consists exclusively of outside directors, who are "independent" as contemplated under the CSA Audit Committee Rules.

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 Company's financial statements". All four (4) directors who constitute the Audit Committee are "financially literate" within the meaning of such definition.

The CSA Audit Committee Rules state that the audit committee must have a written charter that sets out its mandate and responsibilities.

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.

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.

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.

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.

Responsibilities of the Audit Committee – The mandate of the Audit Committee, attached to the Annual Information Form of the Company available on SEDAR, at www.sedar.com, describes explicitly the role and oversight responsibilities of the committee.

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.

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 Company's accounting principles, including any written communications between the Company'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.

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.

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 Company 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.

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.

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.

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 Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission of concerns by employees of the Company regarding accounting or auditing matters. Please refer to the Policy on complaints regarding accounting, internal accounting controls or auditing matters available on the Company's web site at www.rona.ca. The Company has also adopted a similar policy for its employees.

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.

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 Company to pay such fees.

* * * * *

SCHEDULE “C”

CHARTER OF THE BOARD OF DIRECTORS

The Board of Directors (the “Board”) is responsible for the supervision of the management of the Company’s business and affairs, with the objective of maximizing long-term corporate value.

The Board approves all matters expressly required herein, under the *Companies Act* (Quebec) and other applicable legislation and the Company’s articles and by-laws. The Board may assign, when authorized by the Company’s applicable legislation, to board committees the prior review of any issues it is responsible for. Board committee recommendations are subject to Board approval. 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 Company.

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

- Choosing the President and Chief Executive Officer (“President and CEO”) and approving the appointment of other executive officers.
- Monitoring and assessing the performance of the President and CEO and ensuring that these same processes are conducted by the President and CEO for the other officers reporting directly to him.
- Approving the compensation of executive officers (particularly the President and CEO) and the compensation policy for the other employees of the Company, taking into consideration expectations and objectives fixed by the Board.
- To the extent feasible, satisfying 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 Company.
- 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.

With respect to financial matters and internal control

- Monitoring the reliability and quality of the Company’s financial statements and the appropriateness of their disclosure.
- Reviewing the general content of, and the Audit Committee’s report on the financial aspects of, the Company’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 Company 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 Company, 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.
- Identifying the principal risks of the Company's business and ensuring the implementation of appropriate systems to manage these risks.
- Monitoring the Company's internal control and management information systems.
- Monitoring the Company's compliance with applicable legal and regulatory requirements.
- Reviewing at least annually the Company's communications policy and monitoring the Company's communications with analysts, investors and the public.

With respect to corporate governance matters

- Taking reasonable measures to ensure the competent and ethical operation of the Company.
- Developing the Company's approach with respect to corporate governance, including developing a set of corporate governance principles and guidelines that are specifically applicable to the Company.
- Adopting and periodically reviewing the Company'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 Company from stakeholders.

With respect to pension matters

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

Composition

- The articles and By-Laws of the Company provide that the Board shall consist of three to thirty directors, as determined from time to time by resolution of the Board of Directors. 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 Company's strategic plan.
- Independent directors meet regularly without management and non-independent directors present. The lead director 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 at least once a year 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 Company in order (a) to induce its participants to take measures to favour growth in shareholder value and to have them benefit from that growth and the Company’s success, (b) to induce its participants to take necessary measures to create favourable conditions for the Company 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 Company 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 2.9% as at March 17, 2010. 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. A total of 2,920,000 options were granted by the Board of Directors pursuant to the Initial Plan and 1,249,500 were outstanding as at March 17, 2010, representing respectively 2.2% and 1.0% of the outstanding Common Shares as at March 17, 2010. No further options will be granted pursuant to the Initial Plan.

Any option granted under the terms of the Initial Plan will expire on January 1, 2012 and may be exercised at any time prior thereto. A participant who voluntarily terminates his or her employment or who is dismissed for cause ceases to be eligible under the plan and his or her options become void and null. However, in the case of a termination of employment for another reason or in case of death or retirement of a participant, such participant or his or her legal representatives may exercise his or her options within three (3) months of the termination, within twenty-four (24) months of the retirement and within six (6) months of the death, subject to certain conditions described in the plan.

The rights of a participant regarding the options granted under the Initial Plan cannot be assigned nor transferred other than by testamentary provision or pursuant to the applicable laws of succession.

On February 18, 2009, the Board of Directors amended the terms of the Initial Plan to include an amendment procedure pursuant to which the Board of Directors may, in addition to its powers under the Initial Plan, amend any of the provisions of the Initial Plan or amend the terms of any then outstanding grants of options under the Initial Plan provided, however, that the Company shall obtain shareholder approval for any amendment other than the following:

- i. amendments of a “housekeeping” or clerical nature as well as any amendment clarifying any provision of the Initial Plan;
- ii. a change to the termination provisions of an option or the Initial Plan which does not entail an extension beyond a term of ten (10) years from the date of grant, subject to a further potential extension of ten (10) business days from the end of a blackout period self-imposed by the Company if the ten (10) years term falls within such blackout period;
- iii. any change required pursuant to the amendment to the share capital of the Company; and
- iv. suspending or terminating the Initial Plan.

The amendment procedure further states that no amendment, suspension or termination shall, except with the written consent or the deemed consent of the participants concerned, affect the terms and conditions of any options previously granted under the Initial Plan, to the extent that such options have not then been exercised, unless the rights of the participants shall then have terminated in accordance with the Initial Plan.

In addition, the Board of Directors approved on February 18, 2009, certain other amendments allowing participants who retire to benefit from an exercise period of twenty-four (24) months following their date of retirement instead of the period of three (3) months that was previously applicable. These amendments were approved by the shareholders of the Company on April 22, 2009.

Also on February 18, 2009, certain housekeeping amendments were approved by the Board in order to update the Initial Plan, to reflect the fact that the initial public offering of the Company took place in 2002 and to take into account the stock splits occurred since that year.

On April 13, 2009, the Board of Directors further amended the terms of the Initial Plan to provide for the following restrictions: (a) the maximum number of options that can be reserved for issuance to any one person pursuant to the exercise of options granted under the Initial Plan or under any other share based compensation plan or arrangement of the Company cannot exceed 5% of the outstanding shares at the time of the award, (b) the maximum number of shares issuable to insiders, at any time, under the Initial Plan or any other share based compensation plan or arrangement of the Company cannot exceed 10% of outstanding shares, and (c) the maximum number of shares issued pursuant to the Initial Plan or any other share based compensation plan or arrangement of the Company during a one (1) year period cannot exceed: (i) 10% of outstanding shares, in the case of shares to be issued to insiders; or (ii) 5% of outstanding shares, in the case of shares to be issued to any one insider and his associates. These amendments were not required to be approved by the shareholders of the Company.

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 Company and its subsidiaries (the “**Participants**”). The 2002 Plan was approved by the shareholders of the Company on May 14, 2003. The purpose of the 2002 Plan is to provide the Company with a share-related mechanism to attract, retain and motivate executives whose skills, performance and loyalty to the Company are necessary to its success, image, reputation or activities, particularly by aligning the interests of executives with the interests of the Company’s shareholders.

The total number of Common Shares 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 5.1% of the outstanding Common Shares as at March 17, 2010. A total of 2,857,452 options were granted by the Board of Directors pursuant to the 2002 Plan and 1,747,101 were outstanding as at March 17, 2010, representing respectively 2.2% and 1.3% of the outstanding Common Shares as at March 17, 2010. As at such date, a total of 4,815,773 Common Shares remained issuable under the 2002 Plan, representing 3.7% of the outstanding Common Shares.

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 company and any of its subsidiaries (the “**Option Cancellation Date**”). Notwithstanding the foregoing, a participant shall have an additional ninety (90) business days to exercise options that are vested 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 Company 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 Company 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 Company 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 Company 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 Company's outstanding securities entitled to vote in the election of directors of the Company, (ii) a majority of members of the Company'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 Company's Board, (iii) any person or entity, or group of persons or entities acquires assets from the Company or its subsidiaries representing more than 50% of the total gross fair market value of all of the assets of the Company and its subsidiaries, taken as a whole, (iv) the Company 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 Company'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 Company and its subsidiaries representing more than 50% of the revenues derived from all retail stores of the Company and its subsidiaries, taken as a whole, for a period of twelve (12) consecutive months, or elements of the distribution business of the Company and its subsidiaries representing more than 50% of the revenues derived from the distribution business of the Company 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 Company 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 Company;
- 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 Company;
- 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 Company;
- 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 Company 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 Company; 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 Company 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 Company, assist the Company 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 Company. 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 (“**RSUs**”) 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 Company, 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.

RSUs 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 Company’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 RSU 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 RSU 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 RSU award, or part thereof, is subject to the attainment of performance objectives, such RSU award, or part thereof, shall expire on the vesting date if such performance objectives have not been attained, and (ii) any RSU award granted to a participant who ceases to be an officer or employee of the Company before the vesting of such RSU award, whether or not such RSU 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 Company and its subsidiaries will end, or the date at which the participant dies or otherwise terminates his/her active employment with the Company 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 Company’s retirement policies or ceases to be an officer or a key employee of the Company but remains employed by the Company, the Participant shall be entitled to a number of RSUs, 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 RSUs (or part thereof) in DSUs, on the vesting date of the RSUs, by duly completing an election form pursuant to which the participant shall notify the Company of such irrevocable choice, at least thirty (30) days prior to the vesting date of any RSU 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 RSUs described in his/her RSU 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 Company 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 Company’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 Company for delivery to participants over a 12-month period and (ii) the number of Common Shares that may be purchased by the Company 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 Company for delivery to participants over any thirty (30) day period and (ii) the number of Common Shares that may be purchased by the Company 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 RSU 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, RSUs awarded pursuant to the Share Unit Plan will vest immediately in the event of a disposition of retail stores of the Company and its subsidiaries representing more than 50% of the revenues derived from all retail stores of the Company and its subsidiaries, taken as a whole, for a period of twelve (12) consecutive months, or elements of the distribution business of the Company and its subsidiaries representing more than 50% of the revenues derived from the distribution business of the Company and its subsidiaries, taken as a whole, for a period of twelve (12) consecutive months.

The rights in RSU awards, RSUs and DSUs may not be assigned or transferred and RSUs 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 RSU 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 RSU 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 Company adopted the DSU Plan to align the interests of directors with those of the shareholders of the Company 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 Company, 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 Company. 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 Company.

* * * * *



Recycled

Supporting responsible
use of forest resources
www.fsc.org Cert no. SGS-COC-004339
© 1996 Forest Stewardship Council

