RONA

Notice
of Annual General Meeting of Shareholders

and

Management
Proxy Circular
of RONA inc.

2006

RONA

Notice of Annual General Meeting of Shareholders

To the Holders of Common Shares:

NOTICE IS HEREBY GIVEN that the annual general 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, May 9, 2006 at 11:00 a.m. (local time) for the purposes of:

(a) receiving the financial statements of the Company for the year ended December 25, 2005, together with the auditors' report thereon;

(b) electing thirteen (13) directors for the ensuing year;

(c) appointing auditors for the ensuing year and authorizing the directors to fix their compensation; and

(d) transacting such other business as may properly come before the Meeting.

Boucherville, Quebec, March 15, 2006

By order of the Board of Directors,

France Charlebois

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 National Bank Trust (1100 University Street, 12th floor, Montréal, Quebec H3B 2G7, to the attention of Share Ownership Management) no later than 4:30 p.m. (local time) on Monday, May 8, 2006. 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 proxyholder will vote "FOR" each of the matters indicated at items (b) and (c) hereinabove.

RONA

Management Proxy Circular

*This Management Proxy Circular (the "**Circular**") is furnished in connection with the solicitation of proxies for use at the annual general meeting of shareholders of RONA inc. (the "**Company**" or "**RONA**") to be held on Tuesday, May 9, 2006 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 13, 2006, and all dollar amounts set forth herein are expressed in Canadian dollars. Unless otherwise specified, the figures referring to common shares of the Company (the "**Common Shares**") take into account the two-for-one stock split effective on March 22, 2005.*

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 proxyholders 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 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 National Bank Trust (1100 University Street, 12th floor, Montréal, Quebec H3B 2G7, to the attention of Share Ownership Management) no later than 4:30 p.m. (local time) on Monday, May 8, 2006. 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 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 4:30 p.m. (local time) on Monday, May 8, 2006, 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 all the matters identified in 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 judgement.

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 The Canadian Depositary for Securities Limited, 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. The form of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is substantially similar to the form of proxy provided directly to registered shareholders by the Company. However, its purpose is limited to instructing the registered shareholder (i.e., the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The vast majority of brokers now delegate responsibility for obtaining instructions from clients to ADP Investor Communications ("**ADPIC**") in Canada. ADPIC typically prepares a machine-readable voting instruction form, mails those forms to Beneficial Shareholders and asks Beneficial Shareholders to return the forms to ADPIC, or otherwise communicate voting instructions to ADPIC (by way of the Internet or telephone, for example). ADPIC then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. A Beneficial Shareholder who receives an ADPIC voting instruction form cannot use that form to vote shares directly at the Meeting. The voting instruction forms must be returned to ADPIC (or instructions respecting the voting of shares must otherwise be communicated to ADPIC) well in advance of the Meeting in order to have the shares voted. 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 proxyholder 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 proxyholder 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 13, 2006, 114,610,262 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 13, 2006, 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.

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 thirteen (13). The provisions of the General By-Laws provide that the mandate 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 thirteen (13) persons named hereinafter as nominees for election as directors. The thirteen (13) nominees for election as directors of the Company are all current directors except for Messrs. J. Spencer Lanthier and Jean-Roch Vachon, who are each new candidate to the Board. Mr. Pierre Brodeur has notified the Board that he will not be candidate for re-election to the Board. He will remain a member of the Board, Chair of the Development Committee and a member of the Nominating and Corporate Governance Committee until the Meeting. **Except where authority to vote with respect to the election of directors is withheld, the persons named in the enclosed form of proxy 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 shall be used to vote for any other person or persons as directors, unless the shareholder has specified in the form of proxy that his 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.

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 candidate for re-election at the Meeting and of each new candidate proposed for election as directors of the Company. The table also indicates the date at which a person became a director of the Company as well as the number of Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised by such persons.

Nominees

Name, Province/State, Country of Residence and Board committee membership	Common Shares Beneficially Owned, Directly or Indirectly, or over which Control is Exercised
Louise Caya, age 40 Quebec, Canada Mrs. Caya has served on the Board of Directors since May 2002. Mrs. Caya is Vice-President of Industrie Fabco Inc. Mrs. Caya is also Vice-President and Secretary of Thomas Caya (1982) inc. (hardware store).	1,600[(1)] Mrs. Caya is: Not independent Member of: Development Committee.
Simon Cloutier, age 49 Quebec, Canada Mr. Cloutier has served on the Board of Directors since May 1998. Mr. Cloutier is President of Matériaux Decoren Inc. (hardware store) and General Manager of RONA L'entrepôt Brossard (9065-9129 Québec inc.).	231,048[(2)] Mr. Cloutier is: Not independent Member of: Development Committee.
Pierre Ducros, age 66 Quebec, Canada Mr. Ducros has served on the Board of Directors since May 2005. Mr. Ducros is Corporate Director and a member of the board of directors of Emergis Inc. (electronic commerce), TELUS Corporation (telecommunications), Cognos Incorporated (software), Manulife Financials (financial services) and Nstein Technologies Inc. (information technologies).	2,000 Mr. Ducros is: Independent Member of: - Nominating and Corporate Governance Committee (Chair), and - Audit Committee.
Robert Dutton, age 50 Quebec, Canada Mr. Dutton has served on the Board of Directors since March 1990. Mr. Dutton is President and Chief Executive Officer of RONA[(3)] Mr. Dutton is a member of the board of directors of Quebecor Inc., the Montreal Heart Institute Foundation and University of Montreal.	492,472 Mr. Dutton is: Not independent.
André H. Gagnon, age 67 Quebec, Canada Mr. Gagnon has served on the Board of Directors since March 1972. Mr. Gagnon is President of H. Gagnon & Fils (1975) Ltée and President of RONA Le Régional Saint-Hyacinthe (9066-7403 Québec inc.). Mr. Gagnon is also a member of the board of directors of La Survivance (insurance).	437,107[(4)] Mr. Gagnon is: Not independent Chairman of the Board of RONA
Jean Gaulin, age 63 Texas, United States of America Mr. Gaulin has served on the Board of Directors since May 2004. Mr. Gaulin is Corporate Director and a member of the board of directors of Crane Co. (diversified industrial products), National Bank of Canada, Groupe St-Hubert Inc. (food), Saputo Inc. (food), Bombardier Recreational Products and the International Council of l'École des Hautes Études Commerciales (university). Between 1999 and 2002, Mr. Gaulin was Chief Executive Officer of Ultramar Diamond Shamrock (energy).	35,000 Mr. Gaulin is: Independent Lead Director of RONA Member of: - Audit Committee (Chair), and - Human Resources and Compensation Committee.
Jean-Guy Hébert, age 59 Quebec, Canada Mr. Hébert has served on the Board of Directors since May 2002[(5)]. Mr. Hébert is President of Maximat Inc. (holding company), Gestion J.G. Hébert Inc. and RONA L'entrepôt Granby (9060-4976 Québec inc.).	186,696[(6)] Mr. Hébert is: Not independent Member of: Development Committee.
J. Spencer Lanthier, age 65 Ontario, Canada Mr. Lanthier is a new candidate to the Board of Directors. Mr. Lanthier is Corporate Director and a member of the board of directors of the Bank of Canada (crown corporation), the TSX Group Inc. (securities exchange), Gerdau Ameristeel Corporation (steel manufacturer), Emergis Inc. (electronic commerce), Ellis-Don Inc. (construction), Torstar Corporation (newspapers) and Zarlink Semiconductor Inc. (semiconductor). 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.	— Mr. Lanthier is: Independent

Nominees (continued)

Name, Province/State, Country of Residence and Board committee membership	**Common Shares Beneficially Owned, Directly or Indirectly, or over which Control is Exercised**
Alain Michel, age 56 Quebec, Canada Mr. Michel has served on the Board of Directors since May 2005[7]. Mr. Michel is Corporate Director, Chair of the board of directors of Groupe Cari-All inc. (shopping carts manufacturer) and director of NB Capital Corporation (financial services), DiagnoCure Inc. (biotechnology), IPL Inc. (plastic), 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).	4,000 Mr. Michel is: Independent Member of: Audit Committee.
Jim Pantelidis, age 60 Ontario, Canada Mr. Pantelidis has served on the Board of Directors since May 2004[8]. Mr. Pantelidis is Chairman of the board of directors and Chief Executive Officer of Fishercast Global Corporation (manufacturing). He is Chairman of the board of directors of Consumers' Waterheater Income Fund (energy heating) and of Parkland Income Fund (energy downstream) and he is a member of the board of directors of Industrial Alliance Insurance and Financial Services Inc. (financial services). From 2002 to 2003, Mr. Pantelidis 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).	4,000 Mr. Pantelidis is: Independent Member of: - Audit Committee, and - Human Resources and Compensation Committee.
Louis A. Tanguay, age 68 Quebec, Canada Mr. Tanguay has served on the Board of Directors since May 1999. Mr. Tanguay is Corporate Director and member of the board of directors of Aéroports de Montréal, Bell Nordiq Group Inc. (telecommunications), Medisys Health Group Inc. (healthcare), Saputo Inc. (food), Simpler Networks Inc. (telecom network equipment manufacturing), SR Telecom Inc. (telecom network equipment manufacturing), Canbras Communications Corp. (communications), the Montreal Heart Institute Foundation and the Foundation of Sacré-Coeur Hospital of Montreal. From 1998 to 2001, Mr. Tanguay was President of Bell Canada International.	30,000 Mr. Tanguay is: Independent Member of: - Human Resources and Compensation Committee (Chair), and - Nominating and Corporate Governance Committee.
Jocelyn Tremblay, age 64 Quebec, Canada Mr. Tremblay has served on the Board of Directors since May 1998. Mr. Tremblay is Vice-President Corporate Affairs of Vins Philippe Dandurand Inc. (wine merchants). Mr. Tremblay is also President and Chief Executive Officer of Aliment Ouimet Cordon Bleu and Vins Arista du Groupe Lassonde.	6,000 Mr. Tremblay is: Independent Member of: - Human Resources and Compensation Committee, and - Nominating and Corporate Governance Committee.
Jean-Roch Vachon, age 61 Arizona, United States of America Mr. Vachon is a new candidate to the Board of Directors. Mr. Vachon is Chair of the board of directors of La Madeleine Holdings (restaurant) and Investissements J.R.V. (investment). Mr. Vachon is also a member of the board of directors of Bridor Canada and Groupe St-Hubert Inc. (food). From 1996 to 1999, he was President of the board of directors of Cantrex Group Inc. (furniture and electronic).	— Mr. Vachon is: Independent

(1) Mrs. Caya also has a 50% interest in a company which holds an additional number of Common Shares. Through this 50% interest, Mrs. Caya holds indirectly 111,228 Common Shares.

(2) Mr. Cloutier also has minority interests in certain companies which hold an additional number of Common Shares. Through these minority interests, Mr. Cloutier holds indirectly 16,525 Common Shares.

(3) Mr. Dutton has been the President and Chief Executive Officer 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.

(4) Mr. Gagnon also has minority interests in certain companies which hold an additional number of Common Shares. Through these minority interests, Mr. Gagnon holds indirectly 103,711 Common Shares.

(5) Mr. Hébert was also a director of the Company from 1986 to 2001.

(6) Mr. Hébert also has minority interests in certain companies which hold an additional number of Common Shares. Through these minority interests, Mr. Hébert holds indirectly 34,047 Common Shares.

(7) Mr. Alain Michel was 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.

(8) 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.

COMPENSATION OF DIRECTORS

For the year ended December 25, 2005, the Company paid an aggregate amount of $670,000 as directors' fees and compensation to the directors who were not executive officers of the Company. In 2005, the Company's policy was to pay each director who was not an executive officer an annual amount of $30,000 and directors' fees of $1,500 per meeting of the Board of Directors, Audit Committee, Human Resources and Compensation Committee, Nominating and Corporate Governance Committee and Development Committee. Each chair of a committee of the Board of Directors is 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 $5,000 until the third quarter of 2005 and $10,000 thereafter. The Chairman of the Board (the "**Chairman**" or the "**Chair**") is entitled to an additional annual compensation of $100,000.

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 value. The Board approves all matters expressly required by its mandate, under the *Companies Act* (Quebec) and other applicable legislation and the Company's articles and 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. 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 member of the Board must be made in the best interest of the Company. 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, including with respect to strategic planning, human resources and performance assessment, financial matters and internal controls, corporate governance matters and pension matters, are described in the charter of the Board of Directors attached as Schedule C to this Circular.

Meetings of the Board are held at least quarterly, and as required. 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 quorum at meetings of the Board is a majority of directors in office. Finally, the Board of Directors must review its charter at least once a year and make any appropriate changes.

COMMITTEES OF THE BOARD OF DIRECTORS

The Board of Directors has four committees: the Audit Committee, the Human Resources and Compensation Committee, the Nominating and Corporate Governance Committee and the Development Committee. The mandates of the committees of the Board of Directors are 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 principal risks associated with the Company's activities and the implementation of appropriate systems to manage 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 Schedule D to this Circular.

The Audit Committee is currently chaired by Mr. Jean Gaulin and consists of four outside directors, all of whom are independent and financially literate. Other than Mr. Gaulin, the other members of the committee are currently Messrs. Pierre Ducros, Alain Michel and Jim Pantelidis.

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 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 Chief Executive Officer, (v) determining and obtaining the Board of Directors' approval for the position description of the President and Chief Executive Officer, (vi) at the start of each year, determining and obtaining the Board of Directors' approval for the objectives of the President and Chief Executive Officer for compensation purposes 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 Chief Executive Officer'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 Chief Executive Officer, (viii) recommending and obtaining the Board of Directors' annual approval for the compensation of senior management reporting to the President and Chief Executive Officer, (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' pension plans.

The Human Resources and Compensation Committee is currently chaired by Mr. Louis A. Tanguay and consists of four outside directors, all of whom are independent. Other than Mr. Tanguay, the members of the committee are currently Messrs. Jean Gaulin, Jim Pantelidis and Jocelyn Tremblay.

The Nominating and Corporate 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 Corporate 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 and obtaining the Board of Directors' approval for 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 and obtaining the Board of Directors' approval for 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 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 included in the Company's annual report and management proxy circular and that such statement is in conformity with applicable laws and regulations, (ix) advising the management of the Company on matters relating to the conduct of annual and special meetings of shareholders, (x) reviewing and authorizing requests of directors, made in connection with the discharge of their duties, to engage outside advisers at the Company's expense, and (xi) reviewing the Company's liability insurance coverage for directors and officers of the Company.

The Nominating and Corporate Governance Committee is currently chaired by Mr. Pierre Ducros and consists of four outside directors, all of whom are independent. Other than Mr. Ducros, the members of the committee are currently Messrs. Pierre Brodeur, Louis A. Tanguay and 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 $10 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. Pierre Brodeur and consists of four members, a majority of whom are not independent. Other than Mr. Brodeur, the members of the committee are currently Mrs. Louise Caya and Messrs. Simon Cloutier and Jean-Guy Hébert.

COMPENSATION OF EXECUTIVE OFFICERS

Summary Compensation Table

The following table sets forth, for the three financial years ended December 25, 2005, December 26, 2004 and December 28, 2003, the aggregate compensation paid by the Company to the President and Chief Executive Officer of the Company, the Executive Vice-President and Chief Financial Officer and each of the three most highly compensated executive officers (the "**Named Executive Officers**") during such financial years.

		Annual Compensation			Long-term Compensation		
					Awards	Payouts[6]	
Name and Principal Position	Year	Salary ($)	Bonus ($)	Other Annual Compensation[1] ($)	Securities Under Options/SARs granted (#)	LTIP Payouts ($)	All Other Compensation ($)
Robert Dutton	2005	623,462	545,000	—	—	—	—
President and	2004	544,423	495,000	—	200,000	398,340	—
Chief ExecutiveOfficer	2003	503,712	418,500	—	240,000	702,000	—
Claude Guévin	2005	274,712	117,000	—	—	—	769,257[2]
Executive Vice-President and	2004	259,769	106,263	—	40,000	120,600	378,064[3]
Chief Financial Officer	2003	236,140	96,525	—	40,000	95,040	103,842[4]
Pierre Dandoy	2005	264,807	114,750	—	—	—	—
Executive Vice-President,	2004	254,827	108,000	—	20,000	—	—
Big Box Stores	2003	243,539	79,615		21,400	—	
Claude Bernier	2005	244,808	105,750	—	—	—	—
Executive Vice-President,	2004	234,827	99,000	—	20,000	102,240	—
Proximity and Specialised Stores	2003	222,770	84,825		21,400	156,600	
Marc Dufresne[5]	2005	234,866	102,600	—	—	—	—
Executive Vice-President,	2004	227,850	96,750	—	20,000	114,660	—
Distribution	2003	218,865	92,250		21,400	—	

(1) Perquisite benefits are not in excess of $50,000 or 10% of total base salary and bonuses paid to each Named Executive Officer for the years indicated and thus are not reported in this column.

(2) An amount of $769,257 was paid to Mr. Guévin in 2005, representing the third of four instalments of a special bonus granted by the Company to Mr. Guévin following the approval of the Board of Directors on August 27, 2002.

(3) An amount of $378,064 was paid to Mr. Guévin in 2004, representing the second of four instalments of a special bonus granted by the Company to Mr. Guévin following the approval of the Board of Directors on August 27, 2002.

(4) An amount of $103,842 was paid to Mr. Guévin in 2003, representing the first of four instalments of a special bonus granted by the Company to Mr. Guévin following the approval of the Board of Directors on August 27, 2002.

(5) Marc Dufresne is no longer with RONA since January 17, 2006.

(6) The Long-Term Incentive Plan was adopted on January 12, 1999 and was terminated on January 24, 2002 following the adoption by the Board of Directors of the Initial Plan (as defined under "Share Option Plans — Share Option Plan dated January 24, 2002"). No further units will be issued and no further payouts will be made pursuant to this plan.

Share Option Plans

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 5.1% of the outstanding Common Shares as at January 1, 2002 and 3.3% as at March 13, 2006. 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 2,048,677 were outstanding as at March 13, 2006, representing respectively 2.5% and 1.8% of the outstanding Common Shares as at March 13, 2006. 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. All holders of options granted under the Initial Plan have agreed not to dispose of shares received upon the exercise of the said options (the "**Underlying Shares**") except in accordance with the following schedule:

(a) 15% of the balance of the Underlying Shares on or after May 5, 2003 (the "**First Release Date**");

(b) 30% of the balance of the Underlying Shares on or after the first anniversary of the First Release Date;

(c) 50% of the balance of the Underlying Shares on or after the second anniversary of the First Release Date; and

(d) 100% of the balance of the Underlying Shares on or after the third anniversary of the First Release Date.

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 3 months of the termination or retirement and within 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.

The Board of Directors may, at its sole discretion, amend the Initial Plan, provided that such amendment is not prejudicial to any participant, unless consent is obtained from such participant.

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 and for certain outside directors (the "**Participants**"). The 2002 Plan was approved by the shareholders of the Company on May 14, 2003, at the annual meeting.

The purpose of the 2002 Plan is to provide the Company with a share-related mechanism to attract and motivate designated members of management and of the Board of Directors whose skills, performance and loyalty to the Company are necessary to its success, image, reputation or activities.

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 5.8% of the outstanding Common Shares as at March 13, 2006. The maximum number of Common Shares which may be optioned in favour of any single individual will not exceed the maximum number allowed pursuant to the rules of the applicable regulatory authorities. A total of 1,487,276 options were granted by the Board of Directors pursuant to the 2002 Plan, and 1,410,026 were outstanding as at March 13, 2006, representing respectively 1.3% and 1.2% of the outstanding Common Shares as at March 13, 2006. As at such date, a total of 5,112,724 Commons Shares remained issuable under the 2002 Plan, representing 4.5% of the outstanding Common Shares. The 2002 Plan also has the following characteristics:

- Vesting of the options will be conditional on the market price of the Common Shares rising at a rate representing annual compounding of 8%, for at least 20 consecutive trading days during the twelve-month period preceding each of the first four grant anniversary dates. If this condition is met, options will vest over a four-year period. Options that do not vest on the anniversaries of the grant due to the performance conditions not being met during each period may vest at a later date if the performance condition is met and the term has not elapsed.
- Options will be exercisable in periods (exercise windows) authorized by the Human Resources and Compensation Committee, but in all cases the maximum term of an option cannot exceed ten years following the date of grant.

Initially, the exercise price of any option granted under the 2002 Plan had to be equal 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 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. Following an amendment to the 2002 Plan made by the Board of Directors and approved by the Toronto Stock Exchange in December 2005, the exercise price of any such option may now be "equal or superior" to such weighted average price, which increases the incentive effect of the plan. No approval of securityholders was required for such amendment. 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 but will not be more favourable than those permitted by the applicable regulatory authorities.

The maximum number of Common Shares which may be reserved for issuance to any one person under the 2002 Plan or under other share compensation arrangements of the Company shall not exceed 5% of the outstanding issue and the maximum number of Common Shares which may be reserved for issuance to insiders pursuant to the exercise of options granted under the 2002 Plan or other employee options shall not exceed, unless duly approved by the shareholders, 10% of the outstanding issue.

Options expire 30 days after the date a participant ceases to be an employee or director of the Company if such participant terminates his or her employment voluntarily or is terminated for cause, 3 months after the participant ceases to be an employee or director of the Company in other cases and 6 months after the participant dies.

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.

The Board may, subject to regulatory approval, at its discretion, amend the 2002 Plan and the terms and conditions of options granted thereunder, provided that any such amendment shall not alter the terms or conditions of, or impair any right of any participant to options awarded prior to such amendment.

Options Granted During the Financial Year

No options were granted by the Company under the Initial Plan during the financial year ended December 25, 2005 and 11,000 options were granted under the 2002 Plan.

Aggregated Option Exercises During the Year and Financial Year-end Option Values

A total of 317,323 options were exercised by the beneficiaries under the Initial Plan during the year ended December 25, 2005. 13,400 options were exercised by the beneficiaries under the 2002 Plan during the same year. The following tables show the total number of exercised options during the year ended December 25, 2005, the total number of unexercised options held as at December 25, 2005 by the beneficiaries under the Initial Plan and the 2002 Plan, respectively, and the value of such options at that date.

Initial Plan

			Unexercised Options at December 25, 2005 (#)		Value of Unexercised In-the-Money Options at December 25, 2005 ($)[1]	
Name	Securities Acquired on Exercise (#)	Aggregate Value Realized ($)	Exercisable[2]	Unexercisable	Exercisable[2]	Unexercisable
Claude Bernier	N/A	N/A	200,000	N/A	3,568,000	N/A
Pierre Dandoy	50,000	909,300	150,000	N/A	2,676,000	N/A
Marc Dufresne	N/A	N/A	180,000	N/A	3,211,200	N/A
Robert Dutton	N/A	N/A	960,000	N/A	17,126,400	N/A
Claude Guévin	40,000	871,200	120,000	N/A	21,140,800	N/A

(1) The aggregate value of unexercised in-the-money options at financial year-end is the difference between the exercise or base price of the options and the closing price of the Common Shares on the Toronto Stock Exchange on December 25, 2005, which was $17.84 per share. This value has not been, and may never be, realized. Actual gains, if any, on exercise will depend on the value of the Common Shares on the date of exercise.

(2) The Underlying Shares may not be sold by the holders thereof before the dates mentioned under "Share Option Plans – Share Option Plan dated January 24, 2002".

2002 Plan

			Unexercised Options at December 25, 2005 (#)		Value of Unexercised In-the-Money Options at December 25, 2005 ($)[1]	
Name	Securities Acquired on Exercise (#)	Aggregate Value Realized ($)	Exercisable[2]	Unexercisable	Exercisable	Unexercisable[2]
Claude Bernier	N/A	N/A	15,700	25,700	80,314	90,714
Pierre Dandoy	N/A	N/A	15,700	25,700	80,314	90,714
Marc Dufresne	N/A	N/A	15,700	25,700	80,314	90,714
Robert Dutton	N/A	N/A	170,000	270,000	894,400	998,400
Claude Guévin	N/A	N/A	30,000	50,000	150,800	171,600

(1) The aggregate value of unexercised in-the-money options at financial year-end is the difference between the exercise or base price of the options and the closing price of the Common Shares on the Toronto Stock Exchange on December 25, 2005, which was $7.02 per share for the options granted during the financial year ended December 28, 2003 and $1.04 per share for the options granted during the financial year ended December 26, 2004. This value has not been, and may never be, realized. Actual gains, if any, on exercise will depend on the value of the Common Shares on the date of exercise.

(2) Options granted under the 2002 Plan during the financial years ended December 25, 2005, December 26, 2004 and December 28, 2003 can only be exercised when the conditions provided in the 2002 Plan have been met.

Employment Agreements

On February 24, 1999, the President and Chief Executive Officer of the Company, Robert Dutton, signed an employment agreement with the Company. The employment agreement provides for severance payments corresponding to 18 months' base salary in the event of the termination of his employment (except in the event of termination by the Company for cause). Furthermore, Mr. Dutton may terminate his employment at any time upon reasonable prior notice. The agreement also contains a non-competition clause that will remain in force for the duration of Mr. Dutton's employment and for 15 months following termination. If Mr. Dutton's employment is terminated within eight months of the sale of RONA or a merger or change of control affecting RONA, he will be entitled to receive the above-mentioned severance payment as well as his target bonus prorated to take into account the number of completed months preceding his departure. The agreement also contains the customary non-solicitation and confidentiality clauses.

Marc Dufresne, Executive Vice-President, Distribution, and Pierre Dandoy, Executive Vice-President, Big Box Stores, have each entered into an employment agreement with the Company which provides for an indefinite term commencing on November 20, 2000 in the case of Mr. Dufresne, and February 4, 2002 in the case of Mr. Dandoy. In addition to providing for Messrs. Dufresne's and Dandoy's duties and responsibilities, base and incentive compensation, these employment agreements provide for participation in the supplemental pension plan and certain other employment benefits to which Messrs. Dufresne and Dandoy are entitled while employed at RONA. Furthermore, in the event of termination of their employment (except in the event of termination by the Company for cause), each employment agreement provides for severance payments corresponding to twelve months' salary. Each agreement also contains the customary non-competition, non-solicitation and confidentiality clauses. Mr. Dufresne is no longer with the Company since January 17, 2006 and is entitled to severance payments.

Pension Plans

Pension Plan for the President and Chief Executive Officer

The pension plan for the President and Chief Executive Officer 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 offer the President and Chief Executive Officer, upon retirement, income equal to 2% per year of service, multiplied by the final average compensation of his three best years, with no offset for any payment from the Canada and Quebec pension plans.

For years of service prior to January 1, 2000, final average compensation is limited to $350,000. For 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 by the President and Chief Executive Officer is required.

As at December 25, 2005, the President and Chief Executive Officer had accrued a total of 28.5 years of credited service, for total annual pension benefits of $265,000 payable at retirement. The normal retirement age is 65, with an optional early retirement age of 55. At age 55, the President and Chief Executive Officer will have accumulated 32.75 years of credited service, for total estimated annual pension benefits of $390,000. The pension payable from the supplemental plan is not indexed.

Pension Value Disclosure for the President and Chief Executive Officer

Name	2005 Service Costs	Accrued Obligations at December 31, 2005	Annual Pension Benefits Payable Upon Retirement
Robert Dutton	$889,000 [(1)]	$3,605,000 [(1)]	$390,000 [(2)]

(1) Service costs and the amount of accrued obligations were determined using the same methods and assumptions as those used for the notes to the financial statements (GAAP– Section 3461 CICA).

(2) Benefits payable at age 55.

Pension Plan for Other Officers

The pension plan for the other officers is made up of a basic defined contribution registered plan and a supplemental plan which is also a defined contribution plan. 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 ($18,000 in 2005). 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, together with the annual return thereon.

The eligibility of officers for the supplemental plan is at the Company's discretion. Officers must contribute to the basic registered plan but do not contribute to the supplemental plan.

The supplemental plans include vesting criteria for the employer's contribution and restrictions relating to non-competition clauses.

Composition of the Human Resources and Compensation Committee

The current members of the Human Resources and Compensation Committee are Messrs. Louis A. Tanguay (Chair), Jean Gaulin, Jim Pantelidis and Jocelyn Tremblay, all of whom are independent and outside directors within the meaning of the Corporate Governance Disclosure Instrument (as defined herein below).

Report on Executive Compensation

The Human Resources and Compensation Committee recommends and obtains the approval of the Board for all compensation plans or policies applicable to senior management including those whose compensation is set forth under the summary compensation table. The compensation package for senior RONA officers includes the following components:

- Base salary and benefits;
- An annual incentive program; and
- A long-term incentive program.

The peer group used to benchmark the compensation of senior officers includes companies in the Canadian retail and distribution sector and large Canadian companies. The median of revenues of these companies is aligned with RONA revenues.

The compensation policy of RONA is to position total compensation at the median of its peer group when financial objectives are met. Total compensation may be higher when results exceed the objectives.

In order to comply with the policy, the various compensation components are positioned as follows:

- Base salary is at the market median;
- Annual target short-term incentives are set at the median of the market for meeting objectives with the possibility of exceeding target when results exceed targets;
- The long-term incentive program is at the median of the market; and
- Pension and benefits are set at a competitive level.

Base Salary

Each year, the Human Resources and Compensation Committee reviews the individual salaries of senior executives and makes adjustments when required to reflect individual performance, responsibility and experience, as well as the contribution expected from each officer.

Annual Short-Term Incentive Program

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 degree of attainment of these target objectives is assessed and reviewed by the Human Resources and Compensation Committee. The 2005 annual incentive payouts for each senior executive was based on actual results when compared to their objectives.

A threshold level of net income before taxes is established at 95% of the objective of net income before taxes.

If all objectives are 100% met, target bonus is paid out. If the objective of net income before taxes is exceeded, bonuses could be multiplied up to a maximum of 1.5 times the target level.

Stock Option Plan (2002 Plan)

RONA offers long-term incentives in the form of stock option grants to designated executives and employees. The grants are tied to increases in the market value of Common Shares and all options are granted by the Human Resources and Compensation Committee.

Compensation of the Chief Executive Officer

Each year, the Human Resources and Compensation Committee determines and obtains the approval of the Board for the objectives of the Chief Executive Officer and the level of attainment of the objectives set at the beginning of the year.

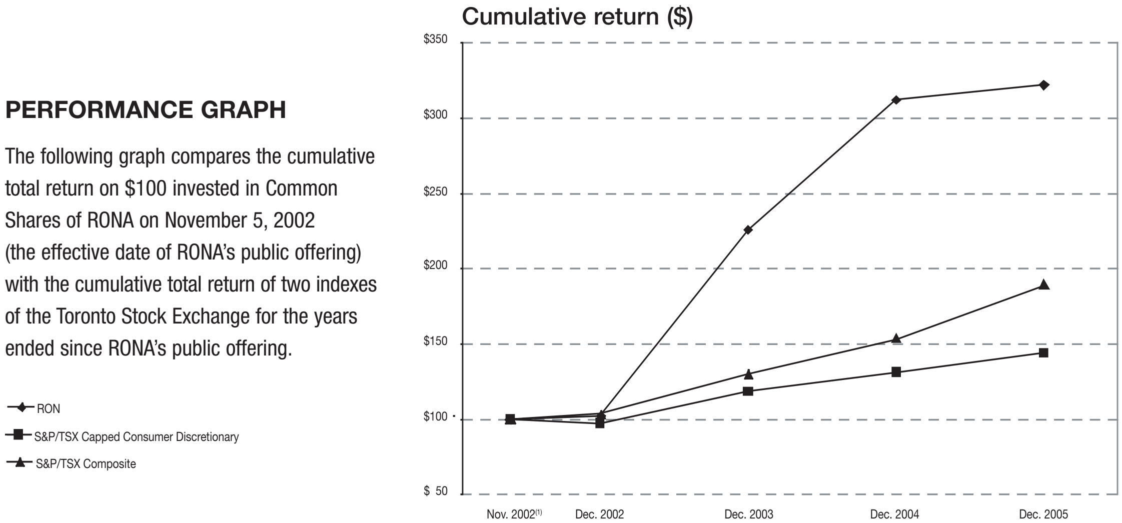
Periodically, the Human Resources and Compensation Committee will, with the help of external consultants, perform a market study to establish whether the compensation level is aligned with the market as defined in the compensation policy. (The peer group used is the same as the one used for other executives). More than 50% of the compensation of the Chief Executive Officer is made up of compensation at-risk, which is paid out when performance objectives are attained (Short-term incentives and long-term incentives).

The annual bonus of the President and Chief Executive Officer is determined based on objectives set in advance by the Board of Directors for the Company's attainment of predetermined financial results such as the creation of economic value, cash generation and return on equity. The objectives related to the bonus paid out in 2005 were 100% based on the earnings before taxes target. In the event that the company attains or exceeds such results, the President and Chief Executive Officer will receive between 66 2/3% and 100% of his base salary. With respect to the bonus paid in 2005, the objective was surpassed in excess of the maximum level and therefore the maximum bonus was paid out.

On behalf of the Human Resources and Compensation Committee:
Louis A. Tanguay, Chair
Jean Gaulin
Jim Pantelidis
Jocelyn Tremblay

PERFORMANCE GRAPH

The following graph compares the cumulative total return on $100 invested in Common Shares of RONA on November 5, 2002 (the effective date of RONA's public offering) with the cumulative total return of two indexes of the Toronto Stock Exchange for the years ended since RONA's public offering.



FINANCIAL YEARS ENDED(1)

	November 5, 2002 (1)	December 27, 2002	December 28, 2003	December 26, 2004	December 25, 2005
The Company	$100	$102.22	$222.07	$306.00	$315.70
S&P/TSX Capped Consumer Discretionary	$100	$97.46	$118.70	$131.20	$143.90
S&P/TSX Composite	$100	$103.44	$130.08	$151.06	$186.16

(1) The table shows cumulative total return from November 5, 2002 (the effective date of RONA's public offering).

AGGREGATE INDEBTEDNESS

The following table sets forth, as at March 13, 2006, the aggregate indebtedness of all directors, executive officers, employees and former directors, former executive officers and former employees of RONA and its subsidiaries.

Type	Owed to RONA or its subsidiaries ($)
Share purchases	37,608
Other	—

INDEBTEDNESS OF DIRECTORS AND OFFICERS

The following table sets out loans granted to certain officers pursuant to the financial assistance program adopted by the Company in order to facilitate their subscription for Common Shares offered pursuant to the subscription plan for the benefit of certain executive officers that was put in place in June 1997 and which is no longer in force. These loans were repayable within a period of five years (extended for an additional five-year period) by way of payroll deductions and are interest free. Such a financial assistance program is no longer a practice of the Company.

Name and Principal Position	Involvement of the Company	Largest Amount Outstanding During the Year Ended December 25, 2005	Amount Outstanding as at March 13, 2006	Financially Assisted Securities Purchases During the Year Ended December 25, 2005	Security for Indebtedness	Amount Cancelled (Forgiveness) During the Last Year
Claude Bernier Executive Vice-President, Proximity and Specialised Stores	Lender	$32,100	$17,600	None	None	None
Jean Émond Senior Vice-President, People and Culture	Lender	$10,953	$5,688	None	None	None
Linda Michaud Senior Vice-President, Information and Technology	Lender	$18,890	$9,812	None	None	None
Pierre Pelletier Vice-President, Logistics	Lender	$8,681	$4,508	None	None	None

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 related regulations such as National Instrument 58-101 (the "**Corporate Governance Disclosure Instrument**"), Multilateral 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 $150,000 per loss, as well as specific exclusions which are usually contained in policies of this nature. The Company pays a total annual premium of $285,000, 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 or member of management of the Company, or any subsidiary, insider, nominee or shareholder holding 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.

APPOINTMENT OF AUDITORS

Raymond Chabot Grant Thornton, Chartered Accountants, 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 intend to vote FOR the reappointment of Raymond Chabot Grant Thornton, Chartered Accountants, 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 $821,000 as audit fees(1) to Raymond Chabot Grant Thornton, Chartered Accountants ("**Raymond Chabot**"), during the financial year ended December 25, 2005. During the same year, the Company also paid to Raymond Chabot, the amounts of $131,000 in audit-related fees(2), $51,000 in tax fees(3) and $380,000 in other fees(4).

For the year ended December 26, 2004, the Company paid to Raymond Chabot $635,000 in audit fees(1), $255,000 in audit-related fees(2), $296,000 in tax fees(3) and $176,000 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.

ADDITIONAL INFORMATION

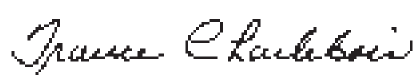
The Company has been a reporting issuer under the securities laws of Quebec since 1984 and under the securities laws of all provinces of Canada since November 5, 2002 and is therefore required to file its financial statements, its MD&As and its management proxy circulars with the various securities commissions in such provinces. The Company also files an annual information form annually with such securities commissions. Copies of the Company's latest annual information form, audited financial statements and any interim financial statements filed since the date of the latest audited financial statements as well as MD&As, if any, 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 15, 2006.

By order of the Board of Directors,



France Charlebois
Corporate Secretary and Chief Legal Officer

RONA

Schedule "A"

RECORD OF ATTENDANCE BY DIRECTORS

For the 12 month period ended December 25, 2005

	Number of meetings attended	
Directors	**Board**	**Committees**
Jacques Bougie [(1)]	4 of 4	6 of 6
Pierre Brodeur	9 of 9	10 of 10
Louise Caya	9 of 9	6 of 6
Simon Cloutier	9 of 9	6 of 6
Pierre Ducros [(2)]	4 of 5	3 of 4
Robert Dutton	9 of 9	-
Jean Gaulin	9 of 9	10 of 10
André H. Gagnon [(3)]	9 of 9	-
Jean-Guy Hébert	9 of 9	6 of 6
Monique Leroux [(1)]	4 of 4	4 of 4
Alain Michel [(2)]	4 of 5	2 of 2
Jim Pantelidis	9 of 9	7 of 8
Louis A. Tanguay	8 of 9	6 of 6
Jocelyn Tremblay	8 of 9	8 of 8

[(1)] Director until the Annual General Meeting of Shareholders held on May 10, 2005.
[(2)] Director since the Annual General Meeting of Shareholders held on May 10, 2005.
[(3)] The Chairman may attend all Board committee meetings but does not receive attendance fees for his presence at such meetings.

Summary of Board and Committee meetings held	
Board	9
Audit Committee	6
Nominating and Corporate Governance Committee	4
Human Resources and Compensation Committee	4
Development Committee	6

RONA

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.	Of the current twelve (12) members of the board of directors of the Company (the “Board” or the “Board of Directors”), seven (7) directors are “independent” within the meaning of the Corporate Governance Disclosure Instrument. They are Messrs. Pierre Brodeur, Pierre Ducros, Jean Gaulin, Alain Michel, Jim Pantelidis, Louis A. Tanguay and Jocelyn Tremblay.
(b) Disclose the identity of directors who are not independent, and describe the basis for that determination.	Five (5) 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. André H. Gagnon, Jean-Guy Hébert and Simon Cloutier, who are dealer-owners and Mr. Robert Dutton, who is the President and Chief Executive Officer of the Company.
(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 (the “**Board**”) does to facilitate its exercise of independent judgement in carrying out its responsibilities.	Seven (7) of our twelve (12) directors 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.	The directorships of all director nominees are described on pages 4 and 5 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.	With the nomination of a Lead Director, regular meetings of directors without the presence of non-independent directors and management has started in 2006. The members of the Audit Committee, who are all independent, already meet at each regularly-scheduled committee meeting without management present.
(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.	Jean Gaulin is the Lead Director of the Company. He is independent within the meaning of the Corporate Governance Disclosure Instrument. Pursuant to the mandate of the Lead Director, the Lead Director is the ex-officio Vice-Chairman of the Board. The Lead Director’s 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; and (ii) carries out its duties in this regard effectively. The Lead Director chairs all meetings of independent directors. He takes reasonable measures to ensure that these 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.

CORPORATE GOVERNANCE GUIDELINES	CORPORATE GOVERNANCE PRACTICES AT THE COMPANY
(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.	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 4 and 5 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.	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 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 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 CEO have developed a written position description for the CEO. If the board and CEO have not developed such a position description, briefly describe how the board delineates the role and responsibilities of the CEO.	The Board has adopted a formal mandate for the CEO. The 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 CEO, develops each year objectives that the CEO is responsible for meeting. The Human Resources and Compensation Committee evaluates the CEO's performance in light of such objectives and any other criterion deemed relevant and recommends the CEO's compensation based on this evaluation.

CORPORATE GOVERNANCE GUIDELINES

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.

CORPORATE GOVERNANCE PRACTICES AT THE COMPANY

The Nominating and Corporate 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 and the 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.

The Nominating and Corporate 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:

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

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

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

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

The Nominating and Corporate 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.

No such material change report has been required or filed during the Company's fiscal year ending December 25, 2005.

(b) Describe any steps the board takes to ensure directors exercise independent judgement in considering transactions and agreements in respect of which a director or executive officer has a material interest.

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.

CORPORATE GOVERNANCE GUIDELINES	CORPORATE GOVERNANCE PRACTICES AT THE COMPANY
(c) Describe any other steps the board takes to encourage and promote a culture of ethical business conduct.	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.	The Nominating and Corporate 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. 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.	The Nominating and Corporate 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.	The Board has adopted a formal mandate for the Nominating and Corporate Governance Committee. The responsibilities of the committee are described on page 7 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.	The compensation of the directors and senior managers is determined annually by the Board based on the reviews and recommendations of its Nominating and Corporate 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 page 6 of this Circular for information about the compensation received by directors.

CORPORATE GOVERNANCE GUIDELINES	CORPORATE GOVERNANCE PRACTICES AT THE COMPANY
(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.	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.	The Board has adopted a formal mandate for the Human Resources and Compensation Committee. The responsibilities of the committee are described on page 6 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.	During fiscal year 2005 and with respect to 2006, the committee has retained the services of Mercer human resources consultants to provide advice on the competitiveness and appropriateness of compensation programs for the CEO and top executive officers.
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.	Please see pages 6 and 7 of this Circular for more information on the responsibilities of each Board committee.
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.	On an annual basis, the Nominating and Corporate 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 Corporate Governance Committee. The Nominating and Corporate Governance Committee chair then presents the committee's findings and recommendations to the Board.

CORPORATE GOVERNANCE GUIDELINES	CORPORATE GOVERNANCE PRACTICES AT THE COMPANY
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 Audit Committee consists exclusively of outside directors, who are "independent" as contemplated under the CSA Audit Committee Rules.
The CSA Audit Committee Rules state that each audit committee member must be financially literate.	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 mandate of the Audit Committee, attached hereto as Schedule "D" to this Circular, describes explicitly the role and oversight responsibilities of the committee.
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 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.
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 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.
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 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.

CORPORATE GOVERNANCE GUIDELINES	CORPORATE GOVERNANCE PRACTICES AT THE COMPANY
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.	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 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.
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 mandate of the Audit Committee provides that the committee is responsible for reviewing hiring policies regarding partners, employees and former partners and employees of the present and former external auditors.
The CSA Audit Committee Rules state that the audit committee must have the authority: (a) to engage independent counsel and other advisors as it determines necessary to carry out its duties; (b) to set and pay the compensation for any advisors employed by the audit committee; and (c) to communicate directly with the internal and external auditors.	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.

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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 maximising 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"
Charter of the audit committee

The Audit Committee (the "**Committee**") is responsible for assisting the Board of Directors of the Company (the "**Board**") in its oversight of the following items: i) the production of reliable financial information, ii) the identification of the principal risks associated with the Company's activities and the implementation of appropriate systems to manage 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.

The Audit Committee may communicate directly with the internal and external auditors at any time.

Mandate

The responsibilities of the Committee include:

With respect to the review of financial information

- Reviewing the following documents with management and the external auditors:
  - annual and interim financial statements;
  - external auditors' reports: the audit report in the case of the annual financial statements and the interim review report in the case of the interim financial statements of the first three quarters;
  - annual and interim management's discussion and analysis;
  - annual and interim earnings press releases;
  - financial information contained in prospectuses and the annual information form.
- Recommending the approval of the above-mentioned documents by the Board before their public disclosure.
- Reviewing the procedures in place for the review of financial information extracted or derived from the financial statements other than the public disclosure provided for above and periodically assessing the adequacy of those procedures.
- Reviewing with management and the external auditors:
  - the Company's financial reporting prepared in accordance with generally accepted accounting principles;
  - proposals for changes and choice of new accounting principles and policies of the Company;
  - the reasonableness of provisions, reserves and estimates that may have a material effect on financial reporting;
  - material decisions made in connection with the presentation of the financial statements;
  - communication with the Autorité des marchés financiers.
- Reviewing the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Company.
- Monitoring the application and update, as necessary, of the Company's disclosure policy.

With respect to oversight of the external auditors

- Ensuring that the external auditors report directly to the Committee.
- Recommending to the Board the appointment or discharge of the external auditors as well as their compensation.
- Having sole authority to pre-approve all non-audit services that management intends to entrust to the external auditors.
- Reviewing with the external auditors the external audit plan as well as the qualifications, independence and objectivity of the external auditors, including written statements of all relationships the external auditors have with the Company which could have an effect on independence and objectivity and recommending measures the Board of Directors should take to ensure the independence of the external auditors.
- Being directly responsible for overseeing the work of the external auditors engaged for the purpose of preparing or issuing an auditors' report or performing other audit, review or attest services, including the resolution of disagreements between management and the external auditors regarding financial reporting.
- Discussing with the external auditors the quality and not just the acceptability of the accounting principles, including:
  - critical accounting policies and practices used;
  - any alternative treatments of financial information that have been discussed with management, the ramifications of their use and the treatment preferred by the external auditors;
  - other material written communications between the management and the external auditors.
- Reviewing once a year, a report prepared by the external auditors describing:
  - their internal quality control procedures;
  - any material issues raised by the most recent internal quality control review (or peer review) of the external auditors' firm or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the external auditors' firm, and any steps taken to deal with any such issues.

- Reviewing management's actions following the recommendations of the external auditors.
- Reviewing and approving the hiring policies regarding partners, employees and former partners and employees of the present and former external auditors.
- Ensuring the rotation of lead, concurring and other audit partners, to the extent required by the rules for independence applicable to external auditors.

With respect to the oversight of internal controls

- Requesting that management establish and maintain reliable internal control systems and reviewing the procedures in place to evaluate the effectiveness of such systems.
- Reviewing with the President and Chief Executive Officer as well as the Executive Vice-President and Chief Financial Officer the process for the certifications to be provided in the Company's public disclosure documents.
- Establishing procedures for the receipt, retention and treatment of complaints received regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission of concerns by employees of the Company regarding questionable accounting or auditing matters.
- Reviewing the Company's insurance coverage and ensuring its adequacy.

With respect to risk management

- Reviewing with management:
  - the risk management policy and changes which should be made;
  - its evaluation of the material risks to the Company;
  - the programs and processes used to manage and control risks;
  - the Company's degree of risk tolerance;
  - the governance structure, funding, and investment policies of the Company's pension plans, and overseeing the investment management of the pension funds of the Company.

With respect to the oversight of the internal auditors

- Annually reviewing and approving the charter of the internal auditors.
- Ensuring that the internal auditors are accountable to the Committee.
- Reviewing and approving the annual internal audit plan.
- Receiving and examining material internal audit reports, observations and recommendations.
- Reviewing management's actions following recommendations of the internal auditors.
- Reviewing the independence of the internal auditors.
- Reviewing, with the internal audit manager, difficulties encountered during his/her audits with respect to the scope of the mandate and access to information. Reviewing all changes with respect to the scope of his/her audit projects.

With respect to the monitoring of financial compliance with legal and regulatory requirements

- Reviewing and discussing with management, external and internal auditors and the General Counsel the effectiveness of policies and procedures to ensure financial compliance with laws and regulations and financial commitments.
- Reviewing the list of the Company's material litigation as well as the measures taken by management.
- Reviewing tax planning that has a material financial impact on the Company.

Composition

- The Committee shall consist of three to five Board members, all of whom shall be independent directors and be financially literate, as determined by the Board in accordance with the applicable rules of the Canadian Securities Administrators.
- The members of the Committee shall be appointed by the Board each year. The Board may fill a vacancy in the Committee or replace one of its members at any time.

Committee Meetings and Quorum

- The Committee shall meet as the need arises, but at least four times a year.
- Meetings shall be called by the Corporate Secretary of the Company, to whom a request is sent in writing, at the request of the Chair of the Committee, any of its members, the Chairman of the Board or the President and Chief Executive Officer.
- A majority of the current members of the Committee shall constitute a quorum at meetings of the Committee.
- From time to time, the Committee meets with management and the external and internal auditors, separately and in private.
- The Committee shall report to the Board periodically on its meetings and its recommendations.

Independent Advisors

As the need arises, the Committee may 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.

Review of the Charter

The Committee shall review this Charter at least once a year and submit proposals for its amendment to the Board as required.

Assessment of the Committee's Performance

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

The Committee shall report to the Board on this Charter once a year.