

RONA INC.



ANNUAL INFORMATION FORM

FOR THE YEAR ENDED DECEMBER 29, 2013

March 21, 2014

TABLE OF CONTENTS

CAUTION REGARDING FORWARD-LOOKING STATEMENTS	1
ITEM 1 - CORPORATE STRUCTURE	2
A – NAME AND INCORPORATION	2
B – INTERCORPORATE RELATIONSHIPS	2
ITEM 2 - GENERAL DEVELOPMENT OF THE BUSINESS	3
ITEM 3 - NARRATIVE DESCRIPTION OF THE BUSINESS	5
A – OVERVIEW	5
B – INDUSTRY OVERVIEW	5
C – OUR BUSINESS	6
D – MARKETING	9
E – TRADEMARKS	11
F – HUMAN RESOURCES	11
G – ENVIRONMENTAL PROTECTION	12
ITEM 4 - DIVIDEND POLICY	13
ITEM 5 - DESCRIPTION OF THE SHARE CAPITAL	13
A – COMMON SHARES	14
B – PREFERRED SHARES	14
C – CLASS A PREFERRED SHARES, SERIES 5 AND CLASS C PREFERRED SHARES, SERIES 1	16
D – SERIES 6 CLASS A PREFERRED SHARES AND SERIES 7 CLASS A PREFERRED SHARES	17
ITEM 6 - MARKET FOR SECURITIES	17
ITEM 7 - PLEDGED SHARES	19
ITEM 8 - DIRECTORS AND EXECUTIVE OFFICERS	20
A – NAME, ADDRESS AND OCCUPATION	20
B – SECURITY HOLDINGS	23
C – CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS	23
D – INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS	26
ITEM 9 - RISK FACTORS	26
ITEM 10 - LEGAL PROCEEDINGS	26
ITEM 11 - AUDIT COMMITTEE	26
A – MANDATE OF THE AUDIT COMMITTEE	26
B – MEMBERS OF THE AUDIT COMMITTEE	26
C – DESCRIPTION OF THE FINANCIAL LITERACY OF MEMBERS	26
D – AUDITORS’ FEES	27
ITEM 12 - TRANSFER AGENT AND REGISTRAR	28
ITEM 13 - MATERIAL CONTRACTS	28
ITEM 14 - INTERESTS OF EXPERTS	28
ITEM 15 - ADDITIONAL INFORMATION	29
SCHEDULE A	30

Except as otherwise indicated, the information contained herein is given as at December 29, 2013, and all dollar amounts set forth herein are expressed in Canadian dollars.

In this Annual Information Form, “RONA”, the “Corporation”, “we” and “our” refer, depending on the context, either to RONA inc. or to RONA inc. together with its subsidiaries. References to “RONA stores” or to “the Corporation’s stores” refer to affiliated, franchised and corporate stores, all of which are supplied by RONA’s distribution system. References to “dealer-owners” refer to dealers who own affiliated stores or all of, or a portion of, franchised stores. The Corporation’s consolidated sales do not include retail sales from dealer-owned stores except for the retail sales of stores in which RONA has an equity participation of at least 50% in accordance with International Financial Reporting Standards (“IFRS”).

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This Annual Information Form includes “forward-looking statements” that involve risks and uncertainties. All statements other than statements of historical facts included in this Annual Information Form, including, without limitation, statements regarding the prospects of the industry and future prospects, beliefs, plans, expectations, anticipations, estimates, intentions, forecasts, goals, priorities, competitive strengths, expansion and growth opportunities, planned operations or future actions, financial performance, financial condition or results, planned operations or actions, economic and business outlook, business strategies and objectives and measures to implement these strategies and objectives, dividend policies and references to the future success of the Corporation, may constitute forward-looking statements within the meaning of the Canadian securities legislation and regulations. Forward-looking statements generally can be identified by the use of forward-looking terminology such as “may,” “will,” “expect,” “intend,” “estimate,” “anticipate,” “plan,” “foresee,” “believe” or “continue” or the negatives of these terms or variations of them or similar terminology. Although the Corporation believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to have been correct. Forward-looking statements do not take into account the effect that transactions or non-recurring or other special items announced or occurring after the statements are made have on the Corporation’s business. For example, they do not include the effect of dispositions, acquisitions, other business transactions, asset write-downs or other charges announced or occurring after forward-looking statements are made.

Forward-looking statements are provided for the purpose of assisting investors and others in understanding certain key elements of the Corporation’s objectives, strategic priorities, management’s current expectations and plans, and in obtaining a better understanding of the Corporation’s business and anticipated operating environment as at and for, the periods ended on certain dates and the reader is cautioned that such statements may not be appropriate for other purposes. Investors and others are cautioned that undue reliance should not be placed on any forward-looking statements. Certain material factors or assumptions are applied in making forward-looking statements, and actual results may differ materially from those expressed or implied in such statements. Important factors that could affect forward-looking statements include, but are not limited to, risks and uncertainties relating to market and competition; the economy; human resources; information technology; reputation; supply chain; acquisitions; recruitment; integration; development; legal and regulatory requirements; availability of financing; transformational plan; credit risk; liquidity risk; exchange risk and foreign currency sensitivity; interest rate risk; use of estimates and judgments; and other risks detailed from time to time in reports filed by RONA with securities regulators in Canada, many of which are beyond the Corporation’s control and the effects of which can be difficult to predict. Key assumptions applied in making forward-looking statements include, but are not limited to, expected growth, results of operations, historical and current trends, corporate and strategic plans, performance and business prospects and opportunities which the Corporation believes are reasonable as of the current date. The Corporation cautions the reader that the economic downturn experienced over the past few years makes forward-looking information and the underlying assumptions subject to greater uncertainty and that, consequently, they may not materialize, or the results may significantly differ from the Corporation’s expectations. For more information on the risks and uncertainties that could cause the

Corporation's actual results to differ materially from current expectations, and about material factors or assumptions applied in making forward-looking statements, please also refer to the Corporation's public filings available at www.sedar.com. In particular, further details and descriptions of these and other factors are disclosed in the "Risks and Uncertainties" section of our Management's Discussion and Analysis for the year ended December 29, 2013.

The forward-looking statements in this Annual Information Form reflect the Corporation's expectations as of March 21, 2014, and are subject to change after this date. The Corporation expressly disclaims any obligation or intention to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by the applicable securities laws.

ITEM 1 - CORPORATE STRUCTURE

A – Name and Incorporation

RONA results from the amalgamation of Marchands Ro-Na inc. and Le Groupe RO-NA inc. through articles of amalgamation dated January 2, 1984 under Part IA of the *Companies Act* (Quebec) (replaced by the *Business Corporations Act* (Quebec) (the "Act") on February 14, 2011). Following the acquisition of Dismat inc. in 1988, the Corporation changed its name to Le Groupe RO-NA DISMAT inc. on January 11, 1989. On May 14, 1998, the Corporation again changed its name and is now known as RONA inc. Over the years, the Corporation has amended its articles of amalgamation several times to reflect changes in its authorized share capital and in connection with the entering into force of the Act. Considering that the articles of amalgamation of RONA have undergone such numerous amendments over time, on December 4, 2013, RONA filed articles of consolidation in order to consolidate all amendments made to its articles of amalgamation.

On December 30, 2013, pursuant to articles of amalgamation, RONA amalgamated with 12 of its directly or indirectly wholly-owned subsidiaries by way of a vertical short form amalgamation completed in accordance with the Act. See "Intercorporate Relationships" below for more details.

Our head office and principal place of business is located at 220 chemin du Tremblay, Boucherville, Quebec, Canada, J4B 8H7 and our website address is www.rona.ca.

Our financial year is a 52 or 53 week period ending on the last Sunday of December.

B – Intercorporate Relationships

As at December 29, 2013, our significant subsidiaries were:

- i. 9292-8753 Quebec inc. (formerly 4536631 Canada Inc.), which carried on its operations in Eastern Canada (Quebec, Ontario, Nova Scotia and Newfoundland and Labrador)¹;
- ii. 9292-8779 Quebec inc. (formerly RONA Revy Inc.) which carried on its operations mainly in Western Canada (Manitoba, Saskatchewan, Alberta and British Columbia)²; and

¹ RONA Ontario Inc. and Réno-Dépôt Inc. amalgamated pursuant to the federal laws of Canada as of December 28, 2009 to form 4536631 Canada Inc. Pursuant to articles of continuance dated December 29, 2013, 4536631 Canada Inc. was continued under the Act and its name was changed to 9292-8753 Quebec inc.

² Pursuant to articles of continuance dated December 29, 2013, RONA Revy Inc., which was incorporated and governed by the federal laws of Canada, was continued under the Act and its name was changed to 9292-8779 Quebec inc.

- iii. 220 Real Estate Limited Partnership, which carries on its operations in Alberta, British Columbia, Manitoba, New Brunswick, Nova Scotia, Ontario, Quebec, Saskatchewan and Newfoundland and Labrador.

These subsidiaries were all, as of December 29, 2013, directly or indirectly wholly-owned by the Corporation.

9292-8753 Quebec inc. and 9292-8779 Quebec inc. were both corporations that were continued under the Act and 220 Real Estate Limited Partnership was formed under the laws of Quebec.

Following the most recently completed financial year, and more precisely on December 30, 2013, RONA amalgamated with 12 of its directly or indirectly wholly-owned subsidiaries, which included 9292-8753 Quebec inc. and 9292-8779 Quebec inc., by way of a vertical short form amalgamation in accordance with the Act. Considering such amalgamation, as of the date hereof, our only significant subsidiary is 220 Real Estate Limited Partnership (wholly-owned by RONA), which owns and/or manages the majority of the immovables of the Corporation.

The subsidiaries that have been omitted under this item did not represent as at December 29, 2013, individually, more than 10% of (i) the consolidated assets or (ii) the consolidated revenue of RONA, or, in the aggregate, more than 20% of (i) the consolidated assets or (ii) the consolidated revenue of RONA.

ITEM 2 - GENERAL DEVELOPMENT OF THE BUSINESS

Three-Year History

2011

On August 18, 2011, we announced the appointment of Dominique Boies to the position of Executive Vice President and Chief Financial Officer, replacing Claude Guévin who left the Corporation effective June 3, 2011.

During the third quarter of 2011, RONA put in place three main financial priorities: improve efficiency, optimize the capital structure and increase the return on capital. In line with these three strategic priorities, RONA repurchased, at the end of 2011, \$283 million aggregate principal amount of its 5.40% debentures due October 20, 2016. RONA also repurchased a total of 10.4 million common shares in its share capital (3.37 million in 2011 and 7.03 million in 2012) at an average price of \$9.47 per share, for a total consideration of \$98.5 million, pursuant to its normal course issuer bid launched in November 2011. Also, in December 2011, RONA renewed its existing credit facility for a period of five years (to 2016) and the total amount available was increased from \$650 million to \$950 million.

2012

In February 2012, RONA announced its “*New Realities, New Solutions*” business plan. The plan addressed the need to adapt RONA's offering to new expectations and changes in the behaviour of many consumers in the retail home improvement industry. It was also aimed at improving the performance of our then underperforming stores. Such plan capitalized on market research, including studies on consumer expectations and behaviours, as well as RONA's continual experimentation with new store formats and new retail sales approaches. The plan mainly consisted in redeploying sales volume from underperforming stores to new store formats and RONA's existing store network adapted to new realities by further integrating regional banners like TOTEM in Alberta and renovating some stores. In addition to positioning RONA in the forefront of its industry, the *New Realities, New Solutions* plan was designed to address the three main financial priorities announced by the Corporation in the third quarter of 2011: to improve efficiency, optimize capital structure and

increase return on capital.

On November 8, 2012, RONA announced that Mr. Robert Dutton was stepping down as President and Chief Executive Officer and as a director of the Corporation, and that Mr. Dominique Boies, Executive Vice President and Chief Financial Officer would be acting Chief Executive Officer.

2013

On January 20, 2013, RONA announced that it had entered into an agreement with two of its largest shareholders, Caisse de dépôt et placement du Québec (“**Caisse**”) and Invesco Canada Ltd. (“**Invesco**”), providing for, among other things, several changes to its Board of Directors (the “**Board of Directors**” or the “**Board**”). Under the agreement, Caisse and Invesco supported the election of the Corporation’s full slate of director nominees at the annual meeting of shareholders held on May 14, 2013. See “Item 13 – Material Contracts” below for more details.

In February 2013, RONA announced, with the approval of its newly composed Board of Directors, its strategy to transform the Corporation and accelerate value creation for its stakeholders with the deployment of its 2013-2015 transformational plan which aimed at focusing on its core businesses by improving national distribution offering for dealers, optimizing retail and contractor proximity models across Canada and strengthening RONA’s leadership position in Quebec. More specifically, the plan had four distinct components: (i) adapt RONA’s administrative support model to a leaner and more efficient organization, (ii) execute rapidly the plan for enhanced customer experience and improved performance in the areas of merchandising, pricing strategy and service in-store and to franchised and affiliated dealers, (iii) optimize/rationalize non-core and underperforming assets and (iv) strengthen, leverage and grow core markets where profitability was already strong. The plan’s objective, on top of repositioning the Corporation to generate profitable top line growth, was to achieve \$35-45 million in annualized cost savings.

On March 19, 2013, RONA announced the appointment of Mr. Robert Sawyer as President and Chief Executive Officer of the Corporation, effective on April 8, 2013.

On June 27, 2013, RONA’s President and Chief Executive Officer, Robert Sawyer, announced new restructuring and reorganization measures to ramp up the recovery and improve profitability. The announced measures represent annualized cost savings of \$110 million.

In October 2013, RONA announced that it had sold the assets of its non-core Commercial and Professional Market Division specializing in plumbing, heating, ventilation and air conditioning (HVAC) systems to Talisker Plumbing Corporation. This transaction was in line with RONA’s strategic priorities, which are focused on unlocking the full potential of its retail and distribution business. The disposition resulted in cash proceeds of \$214 million, subject to working capital adjustments, which were used to repay the portion drawn on RONA’s credit facility.

In November 2013, RONA announced a normal course issuer bid under which it may purchase for cancellation, from November 18, 2013 to November 17, 2014, up to 8,578,384 of its common shares. Under this issuer bid, the purchases are made at market prices through the facility of the Toronto Stock Exchange or alternative Canadian trading platforms, in accordance with the requirements of the Toronto Stock Exchange. During the financial year ended December 29, 2013, RONA bought back and cancelled 1,177,300 common shares at an average price of \$13.06 per share for a total of \$15.4 million, pursuant to its normal course issuer bid.

ITEM 3 - NARRATIVE DESCRIPTION OF THE BUSINESS

A – Overview

RONA is a major Canadian retailer and distributor of hardware, building materials and home renovation products. The Corporation operates a network of over 516 corporate, franchise and affiliate stores under several different banners, and in a number of complementary formats. With its 8 distribution centres and its specialized TruServ Canada wholesaler, RONA serves its network as well as many independent dealers operating under other banners. With close to 24,000 employees, the Corporation generated annual consolidated sales of \$4.2 billion in the financial year ended December 29, 2013.

B – Industry Overview

Size and Fragmented Nature of the Retail Home Improvement Industry

According to *Hardlines*, a specialized information publishing company generating analysis for the retail home improvement industry, the retail home improvement market in Canada was valued at \$40.8 billion in 2012 (2013 figures were not available as of the date of this Annual Information Form). That number consists of retail sales by all hardware stores, building centres and home centres in Canada, including related hardware/home improvement/seasonal sales by Canadian Tire, Costco and mass merchants. It only includes hardware and home improvement sales from the co-ops. Sales to specialty retailers, including flooring, kitchen and bath stores, electrical and plumbing wholesalers, industrial/commercial/institutional wholesale suppliers and distributors, and sales by Canadian Tire of automotive and sporting goods are not included in this analysis.

Sales go to a wide range of customers, from retail customers (including do-it-yourselfers) to contractors, builders, and commercial/industrial customers.

Hardlines' calculations of the industry size differ from Statistics Canada's renovation spending figures because Statistics Canada, contrary to *Hardlines*, includes, in addition to the costs of materials, the costs to consumers of contractor and labour fees. *Hardlines'* calculations also differ from some retailers' calculations since they include related sales by mass merchants and warehouse clubs, considering these to be important competitors.

This industry is very competitive and fragmented, with numerous local and regional businesses. According to *Hardlines*, the top four players are RONA, Home Depot, Home Hardware and Canadian Tire. Together, these four players represent \$21.6 billion in sales, for a total of 53% of the market. The rest of the market is shared by many independent dealers part of different buying groups as well as by a large American retailer, Lowe's. Pursuant to *Hardlines'* analysis, RONA is the largest player in the industry in Canada. Management believes that RONA is well-positioned to compete effectively in this fragmented marketplace which still provides opportunity for consolidation.

Industry Segments

As mentioned above, the retail home improvement industry segment is highly competitive. Our competitors are large national and international chains and regional groups or independent stores. Nonetheless, we believe that we have the following advantages to perform in all market segments of the industry: a portfolio of banners and multiple store formats, locations coast-to-coast and an efficient distribution network. RONA also has the advantage of being both a retailer and a distributor specialized in the construction and renovation industry. The expertise developed in RONA's corporate stores can be shared to help dealers in its network improve their positioning and sales, thus providing added value compared to traditional distribution services. The variety of RONA's store network also requires a flexible distribution infrastructure capable to deliver products in large and

small quantities on a regular basis across Canada.

Seasonal Nature of the Industry

Our industry sector is seasonal. First quarter and last quarter sales are typically weaker than sales in the other two quarters, due to the low level of activity in the renovation/construction sector in winter. In addition, bad weather can impact our sales, particularly those of seasonal products. Moreover, fluctuations in the price of lumber and other building materials can have an impact on sales in our industry.

C – Our Business

RONA has two distinct operating segments: (i) distribution and (ii) retail. Revenues for our financial years 2013 and 2012, for each of our operating segments and in aggregate, are set forth in the following table.

<u>2013</u>	<u>Distribution</u>	<u>Retail</u>	<u>Total</u>
	<u>\$(000's)</u>	<u>\$(000's)</u>	<u>\$(000's)</u>
Segment sales	2,353,169	3,003,669	5,356,838
Intersegment sales and royalties	(1,150,000)	(14,646)	(1,164,646)
Sales.....	<u>1,203,169</u>	<u>2,989,023</u>	<u>4,192,192</u>

<u>2012</u>	<u>Distribution</u>	<u>Retail</u>	<u>Total</u>
	<u>\$(000's)</u>	<u>\$(000's)</u>	<u>\$(000's)</u>
Segment sales	2,418,192	3,230,196	5,648,388
Intersegment sales and royalties	(1,187,347)	(16,866)	(1,204,213)
Sales.....	<u>1,230,845</u>	<u>3,213,330</u>	<u>4,444,175</u>

The financial statements of the Corporation for the years ended December 30, 2012 and December 29, 2013 have been adjusted to exclude the Commercial and Professional Market Division's operations that have been sold during 2013 (see "Item 2 – General Development of the Business - Three-Year History" hereinabove for more details). Such sold Commercial and Professional Market Division's operations have been reclassified under "discontinued operations" and are presented distinctively in such financial statements.

Retail

In our retail segment, we offer a national network of stores under various formats and banners designed to serve our targeted customer profiles. In 2013, we reviewed our store network positioning which now consists of four main types of stores: big-box, Réno-Dépôt, proximity and contractor specialists. We continue to operate our stores under three different types of ownership: corporate, franchised and affiliated.

Corporate stores are fully or majority owned by RONA.

Franchised stores are owned either by dealer-owners or by dealer-owners in partnership with RONA. The owners of franchised stores enter into commercial agreements with RONA which include certain obligations which allow us to manage product selection, supply and assortment, and to exercise control over the site on which

such stores are operated through leasing and subleasing agreements. Under their commercial agreement, franchised dealers pay to RONA a royalty on their total retail sales.

Affiliated stores of our network are owned by dealer-owners who have entered into a commercial agreement with RONA. Pursuant to this agreement, dealer-owners are committed to respecting certain RONA guidelines regarding marketing, advertising, image and purchasing loyalty. RONA's sales to the affiliated dealers are recorded in the distribution segment but store count is included in the table below to show RONA's total store network.

Since its acquisition of TruServ Canada Inc. in 2010, RONA also supplies independent dealer-owners operating under different banners. These stores are not included in the table below and sales to these stores are recorded in the distribution segment.

As at December 29, 2013, our store network consisted of:

	Corporate	Franchised	Affiliated	TOTAL
Big-box	44	19	0	63
Réno-Dépôt	16	0	0	16
Proximity	131	1	282	414
Contractor	23	0	0	23
TOTAL	214	20	282	516

Big-Box Stores

Our big-box stores offer an extensive variety of products ranging from hardware products, tools and building materials, to gardening, paint, decoration and seasonal items. They truly are the *one-stop-shop* destination for Canadians in the home improvement sector. Not only do they offer a large variety of products but they can also provide installation services, financing programs and warranties. Throughout the years, we have developed or acquired the following banners for big-box stores:

- RONA, RONA L'entrepôt, RONA Home & Garden and RONA Le Régional: The stores operating under these banners generally vary from 60,000 to 165,000 square feet in size and offer 30,000 to 40,000 products.

Réno-Dépôt Stores

Our Réno-Dépôt stores' concept has been revisited in 2013 and the banner positioning is one of an "everyday low price retailer", particularly appealing to heavy "do-it-yourselfers" and professionals. We offer a large variety of products ranging from hardware products, tools and building materials, to gardening, paint, decoration and seasonal items.

The Réno-Dépôt stores were acquired in 2003 by RONA. The stores are still operating under the Réno-Dépôt banner.

Proximity Stores

Our proximity store network includes small or medium-sized neighborhood stores. Their objective is to meet the needs of our customers in hardware and building material items. These stores offer service and expertise to retail consumers and industry experts with an assortment of products in-stock for maintenance and "do-it-

yourself” renovation projects as well as for construction projects for our stores specialized in lumber and building materials.

We have developed or acquired the following banners for the proximity stores:

- RONA, RONA Le Rénovateur and RONA Home Centre: These stores generally vary between 5,000 and 60,000 square feet in size. They offer a wide variety of products and generate a higher proportion of sales in lumber and building materials.

Contractor Specialist Stores

Our contractor specialist stores include small point of sales with large lumberyard to fulfill the needs of heavy contractor in the construction and renovation business. We have a portfolio of banners that are mostly servicing professionals and entrepreneurs and operating under regional strong banner names. Our overall corporate retail store network also sells about 30% of its total sales to the contractors. We have developed or acquired the following banners for contractor specialist stores:

- Matériaux Coupal: one of the market leaders in the sales of building materials for housing industry professionals in the Greater Montreal Area, in Quebec.
- Dick’s Lumber: a leading lumber, building materials and hardware specialist in British Columbia.
- Contractor First: a new banner introduced in 2012 by RONA; a lumber and building materials specialist across Canada.

Product Offering

Our product offering features close to 104,000 regular products from up to 2,500 suppliers. We purchase at competitive prices approximately 90% of our products from suppliers having a place of business in Canada. The rest of our products are imported from Asia and the U.S. Furthermore, we offer over 5,000 different private and controlled brand products. Our house brand is sold under the name “RONA” and our most significant controlled brands are sold under the names “UBERHAUS”, “PRO-PULSE” and “FACTO”. We regularly review our product assortment to eliminate unprofitable and slow-moving product lines. No product represents more than 10% of our purchases or sales.

Distribution Activities

Our Distribution System

We rely on a national distribution system which supports the 516 stores of our bannered store network and our distribution clients. This distribution system is used to minimize order sizes and increase the frequency of delivery, thereby reducing retail inventory levels and providing access to a broad product assortment.

Our stores are supplied by two sources: direct delivery from suppliers and delivery via our distribution centres. The use of each of these sources varies depending on the nature and size of the orders, the stores’ geographic location and the agreements with the suppliers.

Our integrated distribution network consists of 8 distribution centres, including lumber yards, in Eastern, Central and Western Canada, as follows:

(in thousands of square feet)	Hardware	Lumber Yard
Boucherville, QC	900	-
Terrebonne, QC	366	-
Milton, ON	-	462
Kitchener, ON	240	-
Winnipeg, MB	400	-
Calgary, AB	320	-
Crossfield, AB	-	1,000
Surrey, BC	-	451
	2,226	1,913

The three main distribution centres which are dedicated to hardware products (Boucherville, Calgary and Terrebonne) have advanced control systems that provide step-by-step monitoring of each order, matching orders and stores as necessary.

In total, RONA has more than 4.1 million square feet of distribution capacity, including 2.2 million square feet in hardware and 1.9 million square feet in lumber.

Our Management Information Systems

Our information technology department provides system development and support to the major functional areas of the Corporation, including the stores and the distribution centres.

For the distribution centres, we have in place information systems which process orders, monitor inventories and handle the distribution of goods across the supply chain.

The in-store systems provide functionality to monitor sales, margins, inventory levels and costs. Orders are transmitted to us over a communication network which also forwards new product and price data to our affiliated, franchised and corporate stores.

Included within our corporate systems are our reporting and analysis systems which are used to produce reports on our sales and margins. These systems are also used to analyze the effect of merchandizing programs and marketing campaigns.

D – Marketing

Strategy

Starting September 2013, a major change took place in the vision and the management of the marketing strategy at RONA. While previous strategy was establishing a similar set of marketing mix for all RONA stores, the new vision focuses instead on differentiating and establishing strong and complementary positioning of RONA banners aimed at fulfilling needs of all Canadians. RONA's portfolio has been reorganized around four distinctive pillars:

- Big box stores;
- Réno-Dépôt stores;
- Proximity stores; and
- Contractor specialists stores.

For further information on each of these store types and the banners related to them respectively, see “Item 3 – Narrative Description of the Business – Our Business” above.

All marketing investments and actions are now spent behind RONA’s distinctive banners with clear objective to establish their unique selling proposition to targeted customer segments. No marketing money is now spent to promote the RONA corporate brand name by itself.

Advertising and promotions

The marketing strategy shift brought the establishment of a distinctive marketing mix per banner. Starting October 2013, two distinctive flyers were created, one to support the big box stores’ banner and one to support the proximity stores. Distinctive offers, promotions and differentiated marketing mix have been developed to better reflect each of such banners offer and reality. This also enables RONA to promote specific products or services available in big box stores that could not be supported in the smaller ones.

A major shift also took place in promotion management at the end of 2013, including a new focus on return on investment and measurement of each marketing activity. The objective is to reallocate marketing money to activities that are enabling lift in sales, with positive return on profit.

Sponsorship

In 2013, RONA has not renewed any of its sponsorship agreements or put an end to any existing ones (such as the Olympics, Canadian Football League and its 8 teams, Maple Leafs Sports and Entertainment (Maple Leafs-Raptors) and Calgary Flames) with no penalties. This is in line with the focus of investing money in marketing actions aimed at differentiating and building a better understanding of RONA’s portfolio offer to Canadians.

As at December 29, 2013, RONA still remained in partnership with the National Hockey League teams of the Montreal Canadiens (contract expires at the end of hockey season 2015-2016) and the Vancouver Canucks (contract expires in December 2014).

Digital platforms

RONA’s web site received over 35 million visits in 2013, and has a database of almost 900,000 emails addresses of Canadian consumers. While online sales remained low on the Web, they grew significantly in 2013 (50% more versus 2012, according to Google Analytics). Digital marketing became a key focus in September 2013, with the arrival of a new marketing leadership within the Corporation. Since then, priority has been put behind three key elements: (i) improve online users experience, (ii) increase digital presence (through a partnership with Google, who provides information on best practices, industry benchmarks as well as coaching on its online advertising platform, Google AdWords) and (iii) increase email database.

Installation services

Even though RONA has a national installation program since 2007, we recently improved its integration and promotion within our existing promotional mix (radio, email, flyers). A large specific campaign has been deployed in Quebec starting in November 2013 to take advantage of the new Quebec EcoRenov governmental program.

Customer loyalty programs

RONA has been a long time partner of the AIR MILES program and the penetration of the program can reach up to 70 % of total sales at participating RONA stores. RONA has access to several million AIR MILES collectors, active and non active, with a rich consumer profile and a large number of consumers being also part of our email databases. In 2013, RONA renegotiated its agreement with AIR MILES, which we will continue to offer in our big box stores and proximity stores. However, Réno-Dépôt stores will withdraw from the program in 2014. Members of the Réno-Dépôt credit card will still be entitled to collect AIR MILES reward miles.

RONAdvantages is a program linked with the RONA private label credit card for consumers, designed to reward RONA's most loyal customers. Customers can get up to 5% cash back annually in RONA gift cards and earn up to twice the AIR MILES reward miles upon presentation of the RONA private label credit card and the AIR MILES collector card on every transaction at participating locations throughout the RONA network. This program also allows for affordable financing options and exclusive monthly offers. Several hundred thousands of Canadians are taking advantage of the RONAdvantages program and their average shopping basket is the highest of all Rona types of consumers (versus AIR MILES collectors, Non-AIR MILES collectors and our email database members).

Private and controlled brands

In 2013, the Corporation decided to stop the development of private label products and pursued a deep analysis of the current position and performance of its private label brands. A rationalization of the offer (from 6,000 to 3,500) has been undertaken. Positioning of our 13 private and controlled brands will be reviewed in 2014, as well as the development of the private label strategy within each RONA banner.

E – Trademarks

Our principal trademarks are RONA, RÉNO-DÉPÔT, RONA Hardware, RONA Home Centre, RONA L'entrepôt, RONA Warehouse, RONA L'express, RONA L'express matériaux, RONA Le Quincaillier, RONA Le Régional, RONA Le Rénovateur, RONA Building Centre, RONA Home & Garden, Boutique Ambiance, STUDIO by RONA, Chester Dawe, Matériaux Coupal, Coupal, Dick's Lumber, TruServ Canada, Truserv, TruValue, Country Depot, V&S and Brico Max. RONA maintains trademarks of companies acquired for a transition period which varies for each acquisition.

We have and intend to continue to maintain our trademarks and the relevant registrations, and will actively pursue the registration of our trademarks in Canada.

F – Human Resources

As at December 29, 2013, our entire network included close to 18,000 employees, considering RONA stores only, and close to 24,000 employees including affiliated and independent stores across Canada.

G – Environmental Protection

Our environmental policies are intended to integrate environmental considerations into our activities throughout Canada. These policies guide the Corporation and its employees in fostering environmentally friendly initiatives and complying with applicable environmental laws, regulations and standards.

To the best of our knowledge, environmental protection requirements do not have, and are not reasonably expected to have during 2014, a material effect (financial, operational or otherwise) on our capital expenditures, earnings and competitive position.

Environmental Footprint

As the reduction of our environmental footprint is an everyday concern for all sectors of the Corporation, we have introduced various initiatives to help reduce the environmental footprint of our activities.

Encouraging Consumers to do the Right Thing

To support and promote product recycling and end-of-life recovery from customers, RONA operates a number of recovery programs that enable consumers to safely dispose of waste such as batteries and fluorescent lamps and was the first in Canada to recover used paint. Furthermore, through recycling stations which are clearly marked and accessible near the entrance of RONA stores, the public may dispose of products in household recycling containers.

ECO-Responsible Products

RONA offers to its clients ecoresponsible products that meet environmental expectations of our clients and are also eligible to various ecoresponsible grants and renovation programs such as EcoRenov in Quebec.

RONA carries a number of eco-responsible products under various brands qualified by RONA's third party evaluation program as delivering a better environmental performance in one or more stages of their life cycle.

Sustainability-Driven Procurement Policies

Responsible Procurement Policy (RPP)

In 2010, RONA adopted a *Responsible Procurement Policy (RPP)*, setting out sustainable development guidelines for responsible purchasing practices. This umbrella policy encompasses all the product procurement policies previously adopted by the Corporation and applies to products and services sold in stores as well as goods and services used by the Corporation.

Forest Products Procurement Policy

RONA's *Forest Products Procurement Policy* is designed to protect a precious renewable resource, Canada's boreal forest, by offering products sourced from sustainably managed woodlands certified under three recognized programs: the Forest Products Marking Program (CSA), the Sustainable Forestry Initiative (SFI) and the Forest Stewardship Council (FSC).

Sustainable Packaging Policy

RONA's *Sustainable Packaging Policy*, which was adopted in 2011, targets responsible use (reduction of over packaging), responsible sourcing, improved recyclability and improved in-store recovery, encompassing

RONA's packaging system and including various types of material used for packaging (paper, cardboard and plastic).

In 2012, RONA also joined the Packaging Association of Canada (PAC) and the PAC NEXT group on sustainable packaging initiatives.

Paper Products Use and Procurement Policy

RONA's policy on the use and procurement is in line with our *Forest Products Procurement Policy* and defines the environmental principles for the purchasing and use of paper products (ex: recycled and certified paper content).

For more information on RONA's corporate responsibility initiatives, please visit www.rona.ca/corporate/corporate-responsibility.

ITEM 4 - DIVIDEND POLICY

The Corporation declares and pays cash dividends on its Common Shares (as defined below) on a semi-annual basis since 2010. The Board of Directors considers a balance between shareholder cash dividends and the opportunities to develop and expand the business of the Corporation when it declares and pays cash dividends. The Board of Directors will consider several factors when reviewing dividend payments, including the Corporation's present and future earnings, cash flows and capital requirements, while complying with laws governing the Corporation. There can be no assurance as to the amount or timing of dividends in the future. The Board of Directors may review this policy from time to time.

We have declared the following dividends on our Common Shares and Preferred Shares (as defined below) in respect of the past three completed financial years:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Common Shares	\$17,045,000	\$17,191,000	\$9,134,000
Series 6 Class A Preferred Shares (as defined below).....	\$9,056,000	\$9,056,000	\$7,741,000
Class D Preferred Shares (as defined below).....	\$0 ⁽¹⁾	\$40,000 ⁽¹⁾	\$80,000 ⁽¹⁾

(1) The decrease in dividends from 2011 to 2013 is due to the redemption by the Corporation, over a period of ten years commenced on December 2, 2003, of all of the Class D Preferred Shares then outstanding in ten equal portions, all as more fully described in "Item 5 - Description of the Share Capital - Preferred Shares - Redemption by the Corporation" below.

ITEM 5 - DESCRIPTION OF THE SHARE CAPITAL

Our authorized share capital consists of: (i) an unlimited number of common shares (the "**Common Shares**"), (ii) an unlimited number of Class A preferred shares, issuable in series (the "**Class A Preferred Shares**") of which three series, designated as an unlimited number of Class A Preferred Shares, series 5 (the "**Class A Preferred Shares, Series 5**"), an unlimited number of Cumulative 5-Year Rate Reset Series 6 Class A Preferred Shares (the "**Series 6 Class A Preferred Shares**") and an unlimited number of Cumulative Floating Rate Series 7 Class A Preferred Shares (the "**Series 7 Class A Preferred Shares**"), are currently authorized, (iii) an unlimited number of Class B preferred shares (the "**Class B Preferred Shares**"), (iv) an unlimited number of Class C preferred shares, issuable in series (the "**Class C Preferred Shares**") of which one series, designated as an unlimited number of Class C Preferred Shares, series 1 (the "**Class C Preferred Shares, Series 1**") is currently authorized, and (v) an unlimited number of Class D Preferred Shares (the "**Class D**

Preferred Shares”, and collectively with the Class A Preferred Shares, the Class B Preferred Shares and the Class C Preferred Shares, the “**Preferred Shares**”), all of which are without par value (except for the Class B Preferred Shares which have a par value of \$1.00). As at March 21, 2014, 120,253,380 Common Shares, 6,900,000 Class A Preferred Shares, Series 6, and no other Preferred Shares were issued and outstanding.

The following is a summary of the principal terms of our authorized share capital. This summary is qualified by reference to, and is subject to, the detailed provisions of the Corporation’s articles (the “**Articles**”).

A – Common Shares

Voting Rights

Each holder of Common Shares is entitled to receive notice of, to attend and to vote at meetings of shareholders of the Corporation on the basis of one vote per share, save with respect to such meetings where only the holders of another given class or series are entitled to vote.

Liquidation Rights

In the event of the Corporation’s liquidation or dissolution or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs, the Common Shares entitle their respective holders to receive, in proportion to the number of Common Shares they hold in relation to the total number of outstanding Common Shares, the balance of the property of the Corporation, the whole subject to the rights, privileges, conditions and restrictions attached to the Preferred Shares.

Dividends

Subject to the rights, privileges, conditions and restrictions attached to the Preferred Shares, the Common Shares entitle their respective holders to receive, in proportion to the number of Common Shares they hold in relation to the total number of outstanding Common Shares, any dividend declared by the Corporation.

B – Preferred Shares

Issuable in Series

The Class A Preferred Shares and Class C Preferred Shares are issuable in series, each series consisting of such number of shares and having such provisions as may be determined by the Board of Directors prior to the issue thereof.

Voting Rights

Holders of Preferred Shares are not entitled to receive notice of, or to attend, any meeting of shareholders of the Corporation and are not entitled to vote at any such meeting, except to the extent otherwise provided in the Articles in respect of any Preferred Shares. In connection with any matter requiring the approval of any class (or series) of Preferred Shares as a class (or as a series) pursuant to the Act, each holder of the class (or series) of Preferred Shares in question has one vote for each share of the class (or series) in question held. Notwithstanding the foregoing, holders of Class A Preferred Shares and Class B Preferred Shares are entitled to one vote for each dollar of issue price of such shares at any meeting of holders of such shares held for the approval of amendments to the Articles as described below.

Rank

The Class A Preferred Shares of each series rank equally with the Class A Preferred Shares of all other series and rank ahead of the Class B Preferred Shares, which rank ahead of the Class C Preferred Shares, which rank ahead of the Class D Preferred Shares, which in turn rank ahead of the Common Shares with respect to the payment of dividends and the distribution of assets in the event of the liquidation, dissolution or winding-up of the Corporation. In addition, holders of Class A Preferred Shares rank prior to holders of shares of any other class of the Corporation ranking after the Class A Preferred Shares with respect to the payment of any return to merchant members (as such term is defined in the Articles). In the event of the liquidation, dissolution or winding-up of the Corporation, each holder of Preferred Shares will be entitled to receive, according to the holders' priority of rank, an amount equal to the price at which such shares were issued and (i) in the case of Class B Preferred Shares, any declared and unpaid dividends, (ii) in the case of any series of Class A Preferred Shares and Class C Preferred Shares, any accrued and unpaid dividends (if such series entitles the holders thereof to cumulative dividends) or any declared and unpaid dividends (if such series entitles the holders thereof to non-cumulative dividends), as well as the premium, if any, applicable to such series, and (iii) in the case of Class D Preferred Shares, any accrued and unpaid dividends.

Dividends

The holders of Class A Preferred Shares and Class C Preferred Shares are entitled to receive either cumulative or non-cumulative preferential dividends in such amounts and at such intervals as may be determined by the Board of Directors in respect of each series prior to the issue thereof.

The holders of Class B Preferred Shares are entitled to receive during each fiscal year of the Corporation, as and when declared by the Board of Directors, fixed and non-cumulative preferential dividends at the rate of 6% per share per annum.

The holders of Class D Preferred Shares are entitled to receive during each fiscal year of the Corporation fixed and cumulative preferred dividends at the rate of four percent (4%) per annum of the subscription price per share, before any income tax deduction, as the case may be, such dividends to be payable as determined by the directors.

Redemption by the Corporation

Subject to the Act and to any other provision of the Articles, the Corporation has the right, at its option, to redeem, at any time or from time to time, part of the Class B Preferred Shares then outstanding. The redemption price consists of an amount equal to the price at which such shares were issued plus all declared and unpaid dividends with respect to such shares on the redemption date. In the event of a partial redemption, the Class B Preferred Shares to be redeemed will be chosen, to the extent possible, pro rata to the holders of all Class B Preferred Shares then outstanding.

Subject to the Act and to any other provision of the Articles, the Corporation was required, over a period of ten years commencing on December 2, 2003, to redeem all, and not less than all, Class D Preferred Shares then outstanding in ten equal portions, upon payment of the redemption price for each outstanding Class D Preferred Share, which redemption price consisted for each share to be redeemed of an amount equal to the price at which such share was issued plus all accrued and unpaid dividends with respect to such share on the date of its redemption.

Purchase

Subject to the Act and any other provision of the Articles, the Corporation has the right, at its option, at any time or from time to time, to purchase for cancellation all or part of the Class B Preferred Shares or Class D

Preferred Shares, as the case may be, without the consent of holders of other shares of the class being purchased, by mutual agreement, at the lowest price at which, in the opinion of the directors of the Corporation, these shares may be obtained, without, however, exceeding their redemption price.

Amendments

The class provisions of any of the Preferred Shares may be amended at any time with such approval as may be required by the Act. In addition, the Articles provide that the Corporation shall not create other classes of shares whose rights, privileges, restrictions and conditions entitle their holders to equal or preferential treatment in relation to any class or series of Preferred Shares already issued, or repeal, amend or broaden the attributes attached to any class or series of Preferred Shares, including by amending the attributes of lower rank Preferred Shares in terms of dividends or repayment of capital, without the approval of the holders of the class (or series) of Preferred Shares in question. Such approval must be obtained by a resolution duly adopted by not less than three-quarters (or two-thirds in the case of Class A Preferred Shares) of the votes cast at a meeting of holders of such class of Preferred Shares. The Articles also provide, in respect of meetings of holders of a class (or series) of Preferred Shares, that a quorum is constituted by the holders of such number of Preferred Shares of that class or series carrying at least 25% of the voting rights attached to all of the outstanding Preferred Shares of that class; however, at any adjourned meeting, in the event of failure to meet the quorum requirement, the quorum will be constituted by persons present at such adjourned meeting, irrespective of the percentage of outstanding Preferred Shares of that class or series held by such persons.

C – Class A Preferred Shares, Series 5 and Class C Preferred Shares, Series 1

Dividends

The holders of the Class A Preferred Shares, Series 5 and Class C Preferred Shares, Series 1 are entitled to receive fixed, non-cumulative, preferential cash dividends, when declared by the Board of Directors, at a rate equal to 70% of the published interest rate of a designated Canadian chartered bank for its preferred commercial clients calculated on the last business day of each of the twelve months preceding the calculation date.

Purchase

Subject to the Act, the Corporation has the right, at its option, at any time or from time to time, to purchase for cancellation all or part of the Class A Preferred Shares, Series 5 or the Class C Preferred Shares, Series 1, as the case may be, without the consent of holders of other shares of the series being purchased, by mutual agreement, at the lowest price at which, in the opinion of the directors of the Corporation, the shares may be obtained, without, however, exceeding their redemption price.

Redemption by the Corporation

Subject to the Act, the Corporation has the right, at its option, to redeem, at any time, all or, from time to time, part of the Class A Preferred Shares, Series 5 or Class C Preferred Shares, Series 1, as the case may be, then outstanding. The redemption price will consist of an amount equal to the price at which such shares were issued plus all declared and unpaid dividends with respect to such shares on the redemption date. In the event of partial redemption, the Class A Preferred Shares, Series 5 or the Class C Preferred Shares, Series 1 to be redeemed will be chosen, to the extent possible, pro rata to the holders of all Class A Preferred Shares, Series 5 or Class C Preferred Shares, Series 1, as the case may be, then outstanding.

D – Series 6 Class A Preferred Shares and Series 7 Class A Preferred Shares

Certain Provisions of the Series 6 Class A Preferred Shares as a Series

The Series 6 Class A Preferred Shares rank equally with all other Class A Preferred Shares and have a fixed cumulative dividend at an annual rate equal to \$1.3125 per share, payable quarterly during the period from February 22, 2011 to but excluding March 31, 2016. Thereafter, during the “Subsequent Fixed Rate Periods” (that is, for the initial Subsequent Fixed Rate Period, the period from and including March 31, 2016 to but excluding March 31, 2021 and for each succeeding Subsequent Fixed Rate Period, the period commencing on the day immediately following the end of the immediately preceding Subsequent Fixed Rate Period to but excluding March 31 in the fifth year thereafter) the Series 6 Class A Preferred Shares have fixed cumulative preferential dividends equal to a product of \$25.00 and the rate of interest equal to the sum of the Government of Canada Yield on the applicable “Fixed Rate Calculation Date” (that is, for any Subsequent Fixed Rate Period, the 30th day prior to the first day of the applicable Subsequent Fixed Rate Period) plus 2.65 per cent, payable quarterly. RONA has the right to redeem the Series 6 Class A Preferred Shares on March 31, 2016 and on March 31 every five years thereafter, in whole or in part, for \$25.00 per share plus accrued and unpaid dividends to the date fixed for redemption. Subject to RONA’s right to redeem all the Series 6 Class A Preferred Shares, the holders of Series 6 Class A Preferred Shares will have the right, at their option, to convert their Series 6 Class A Preferred Shares into Series 7 Class A Preferred Shares, subject to certain conditions, on March 31, 2016 and on March 31 every five years thereafter.

Certain Provisions of the Series 7 Class A Preferred Shares as a Series

The Series 7 Class A Preferred Shares rank equally with all other Class A Preferred Shares and will have a floating rate cumulative dividend per annum, payable quarterly, in the amount per share equal to the product of \$25.00 and the “Floating Quarterly Dividend Rate”. The Floating Quarterly Dividend Rate means, for any “Quarterly Floating Rate Period” (that is, the period from and including March 31, 2016 to but excluding June 30, 2016, and thereafter the period from and including the day immediately following the end of the immediately preceding Quarterly Floating Rate Period to but excluding the next succeeding “Quarterly Commencement Date” (that is, the last business day of each of March, June, September and December in each year)), the rate of interest equal to the sum of the T-Bill Rate on the applicable “Floating Rate Calculation Date” (that is, for any Quarterly Floating Rate Period, the 30th day prior to the first day of such Quarterly Floating Rate Period) plus 2.65 per cent. RONA has the right to redeem the Series 7 Class A Preferred Shares in whole or in part commencing March 31, 2016: (i) for \$25.00 per share plus declared and unpaid dividends to the date fixed for redemption for redemptions on March 31, 2021 and on March 31 every five years thereafter or (ii) for \$25.50 together with all accrued and unpaid dividends to the date fixed for redemption in the case of redemptions on any other date after March 31, 2016 that is not a date on which Series 7 Class A Preferred Shares can be converted. Subject to RONA’s right to redeem all the Series 7 Class A Preferred Shares, the holders of Series 7 Class A Preferred Shares will have the right, at their option, to convert their Series 7 Class A Preferred Shares into Series 6 Class A Preferred Shares, subject to certain conditions, on March 31, 2021 and on March 31 every five years thereafter.

ITEM 6 - MARKET FOR SECURITIES

Our Common Shares are traded on the Toronto Stock Exchange under the symbol “RON”. The following table indicates, for the relevant periods, the high and low trading prices and the trading volume of our Common Shares on the Toronto Stock Exchange:

2013	Common Shares ⁽¹⁾		
	High	Low	Volume
	(\$)	(\$)	Shares
January.....	12.40	10.26	6,241,883
February.....	12.45	11.00	6,128,009
March.....	11.65	10.51	3,009,573
April.....	11.23	9.94	2,772,071
May.....	10.95	10.01	3,294,632
June.....	10.89	9.69	2,383,537
July.....	11.94	10.85	3,158,083
August.....	11.71	10.61	2,175,231
September.....	12.25	10.65	4,686,611
October.....	12.25	11.56	2,463,574
November.....	13.20	11.70	6,633,622
December (until December 29).....	13.54	12.75	7,002,343

(1) Source: *The Toronto Stock Exchange Historical Data Access*.

Our Series 6 Class A Preferred Shares are traded on the Toronto Stock Exchange under the symbol “RON.PR.A”. The following table indicates, for the relevant periods, the high and low trading prices and the trading volume of our Series 6 Class A Preferred Shares on the Toronto Stock Exchange:

2013	Preferred Shares ⁽¹⁾		
	High	Low	Volume
	(\$)	(\$)	Shares
January.....	25.89	25.10	162,486
February.....	25.70	25.20	163,847
March.....	25.89	21.45	508,490
April.....	23.34	19.03	794,750
May.....	22.51	21.60	205,982
June.....	22.23	19.64	129,955
July.....	21.50	20.04	91,411
August.....	20.86	19.95	90,416
September.....	20.25	18.50	191,026
October.....	19.76	19.00	261,899
November.....	20.51	19.25	233,915
December (until December 29).....	20.67	18.51	313,554

(1) Source: *The Toronto Stock Exchange Historical Data Access*.

Credit Ratings

As at March 21, 2014, the credit ratings for RONA’s senior unsecured medium term notes due in 2016, were as follows:

DBRS Limited (“ DBRS ”)	BB (high) (negative outlook)
Standard & Poor’s (“ S&P ”)	BB+ (stable outlook)

A BB rating from DBRS falls within the fifth highest of DBRS’s ten long-term debt rating categories which range from “AAA” to “D”. The capacity for the payment of financial obligations is considered uncertain and vulnerable to future events. A BB rating by S&P falls within the fifth highest of S&P’s ten major long-term credit rating categories which range from “AAA” to “D”. The rating reflects the fact that the Corporation might

face major ongoing uncertainties and exposure to adverse business, financial or economic conditions, which could lead to the obligor's inadequate capacity to meet its financial commitments.

As at March 21, 2014, the credit ratings for the Series 6 Class A Preferred Shares were as follows:

DBRS	Pfd-4 high (negative outlook)
S&P	P-4

Pfd-4 (high) is the tenth highest of eighteen ratings used by DBRS for preferred shares. According to DBRS, preferred shares rated Pfd-4 are speculative and the degree of protection afforded to dividends is uncertain, particularly during periods of economic adversity. A P-4 rating is the twelfth highest of twenty ratings used by S&P in its Canadian national preferred share rating scale. According to S&P, such a P-4 rating indicates that the obligation is considered speculative.

A DBRS rating may be modified by the addition of “(high)” or “(low)” to indicate the relative standing within the major rating categories. An S&P rating may be modified by the addition of a plus “(+)” or minus “(-)” sign to indicate the relative standing within the major rating categories. The outlook assesses the potential direction that a rating may be headed over the immediate to longer term.

The Corporation provides the rating agencies with confidential information to support the rating process. The credit ratings allocated by the rating agencies are not recommendations to purchase, hold or sell securities and do not address market risk, price risk or suitability for a particular investor. Credit ratings are intended to indicate the risk that the Corporation may not satisfy its obligations on a timely basis and such ratings can be changed or withdrawn at any time by the agencies.

RONA has made payments in the ordinary course to the applicable rating agencies in connection with their rating services, which include annual surveillance fees covering RONA’s outstanding securities, in addition to one-time rating fees when securities are initially issued.

ITEM 7 - PLEDGED SHARES

A portion of the Common Shares held by the dealer-owners of our network is pledged to us as security for the payment in full of indebtedness and for the performance of their obligations toward the Corporation and its subsidiaries. The release from time to time of the pledged shares essentially depends on requirements regarding security to be given, determined in accordance with the terms of the commercial licenses.

ITEM 8 - DIRECTORS AND EXECUTIVE OFFICERS

A – Name, Address and Occupation

Directors

The following table sets forth the name, province and country of residence and principal occupation of each of our current directors, as well as each director's age as at the date of our next annual meeting of shareholders to be held on Tuesday, May 13, 2014. It also sets forth the period during which each of them has served as director. Our by-laws provide that the tenure of directors is of one year and ends on the date of the annual meeting following their election or when their successors are elected.

<u>Name, Province and Country of Residence</u>	<u>Principal occupation (current and past five years)</u>	<u>Director since</u>
Suzanne Blanchet ⁽²⁾ Quebec, Canada age 56	President and Chief Executive Officer of Cascades Tissue Group (papermaker)	May 2011
Réal Brunet ⁽¹⁾ Quebec, Canada age 64	Corporate Director Former audit partner and senior advisor partner at Ernst & Young (from 1983 to 2010)	December 2010
Robert Chevrier ⁽³⁾⁽⁶⁾ Quebec, Canada age 70	Executive Chairman of the Board of Directors, chairman of the board of directors of Uni-Sélect Inc., a network of independently owned auto parts dealers in North America and President of Société de Gestion Roche Inc. (personal holding and investment company) Former chairman of the board of directors of Richelieu Hardware Ltd. (from 2004 to 2013)	January 2013
Eric Claus ⁽¹⁾ Nova Scotia, Canada age 57	President and Chief Executive Officer of Red Apple Stores Inc. (value retail stores) Represented various private equity firms as executive chairman overseeing the restructuring of under-performing assets (from 2009 to 2013) Former President and Chief Executive Officer of The Great Atlantic and Pacific Tea Company (supermarket chain) ("A&P") (from 2005 to 2009)	May 2013
Bernard Dorval ⁽¹⁾ Ontario, Canada age 61	Corporate Director Guest member of the board of directors and chair of the audit committee of Oncozyme Pharma Inc. Former chairman of the board of TD Insurance (Canada) (insurance services) (from 2005 to 2013) (he acted as non-executive chairman from 2012 to 2013) Former Group Head of Business Banking and Insurance, and Insurance and Global Development, successively at TD Bank Financial Group between 2003 and 2010, as well as Deputy Chair at TD Canada Trust from 2003 to 2012	January 2013
Guy G. Dufresne ⁽³⁾ Quebec, Canada age 72	Corporate Director	January 2013

<u>Name, Province and Country of Residence</u>	<u>Principal occupation (current and past five years)</u>	<u>Director since</u>
Barry Gilbertson ⁽²⁾ Somerset, United Kingdom age 62	Principal with Barry Gilbertson Consultancy (strategic business and real estate advisory firm) and Corporate Director Former partner at PricewaterhouseCoopers LLP (accounting and consultancy firm) (from 1996 until 2011)	January 2013
Jean-Guy Hébert ⁽⁵⁾ Quebec, Canada age 68	President of Maximat inc. (holding company), Maximat Granby inc. (holding company), Horizon Devcow inc. (real estate), and 9060-4976 Quebec inc. (operating a store under the RONA L'entrepôt banner (Granby)), and Vice President of 9066-7403 Quebec inc. (operating a store under the RONA L'entrepôt in St-Hyacinthe) and Rocvale Inc. (concrete products)	May 2002
James Pantelidis ⁽²⁾ Ontario, Canada age 68	Corporate Director and chairman of the board of directors of EnerCare Inc. (energy heating) and of Parkland Fuel Corporation (energy downstream)	May 2004
Robert Paré ⁽²⁾⁽³⁾⁽⁴⁾ Quebec, Canada age 59	Corporate lawyer and partner at Fasken Martineau DuMoulin LLP (law firm) and Corporate Director	April 2009
Steven P. Richardson ⁽¹⁾ Ontario, Canada age 54	Corporate Director Former member of the board of directors, chair of the corporate governance and compensation committee and member of the audit committee of Sterling Shoes Inc. (footwear stores) (from 2010 to 2013) and former director of easyhome Ltd. (merchandise lease company offering household furnishings, appliances and home electronic products) and co-chair of its compensation committee, chair of its special committee and member of its audit committee (from June 2011 to December 2011) Former senior executive of Hudson's Bay Company (department stores) (from 2003 and 2009) (including Chief Financial Officer between 2006 and 2009)	May 2013
Robert Sawyer ⁽⁷⁾ Quebec, Canada age 60	President and Chief Executive Officer of RONA Former senior executive of Metro Inc. (Canadian food company), including the positions of Executive Vice President and Chief Operating Officer (from 2009 to 2013) and Senior Vice President, Ontario Division (from 2007 to 2009)	May 2013
Wesley Voorheis ⁽³⁾ Ontario, Canada age 60	Partner at Voorheis & Co. LLP (law firm) and Managing Director of VC & Co. Incorporated and Corporate Director	January 2013

(1) Member of the Audit Committee.

(2) Member of the Human Resources and Compensation Committee.

(3) Member of the Nominating and Governance Committee.

(4) Mr. Paré was Chairman of the Board of Directors from May 9, 2012 to January 20, 2013.

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

(6) Mr. Chevrier was appointed Executive Chairman of the Board on January 20, 2013.

(7) Mr. Sawyer was appointed President and Chief Executive Officer of RONA on March 19, 2013, effective on April 8, 2013.

Executive Officers

The following table sets forth the name, province and country of residence, and position held with the Corporation of each of the Corporation's current executive officers, as well as their age as at May 13, 2014.

<u>Name, Province and Country of Residence</u>	<u>Position within the Corporation</u>
Dominique Boies ⁽¹⁾ Quebec, Canada age 42	Executive Vice President and Chief Financial Officer
Alain Brisebois Quebec, Canada age 55	Executive Vice President and Chief Commercial Officer
France Charlebois Quebec, Canada age 55	Corporate Secretary and Chief Legal Officer
Christian Proulx Quebec, Canada age 55	Senior Vice President, Human Resources and Communications
Luc Rodier Quebec, Canada age 43	Executive Vice President, Retail
Robert Sawyer Quebec, Canada age 60	President and Chief Executive Officer

(1) From November 9, 2012 and until Mr. Robert Sawyer's appointment as President and Chief Executive Officer effective on April 8, 2013, Mr. Dominique Boies assumed the role of Chief Executive Officer of the Corporation on an interim basis.

The following is a brief biography of each of the Corporation's executive officers:

Dominique Boies joined RONA as Executive Vice President and Chief Financial Officer in 2011. From November 9, 2012 and until Mr. Robert Sawyer's appointment as President and Chief Executive Officer effective on April 8, 2013, Mr. Dominique Boies assumed the role of Chief Executive Officer of the Corporation on an interim basis. Before joining RONA, Mr. Boies held various positions at the Caisse, including Senior Vice President of Investments, Corporate Debt and Investment Funds groups. He also worked for 11 years at Royal Bank of Canada, where he held several high-ranking positions, including Vice President for Strategic Planning and Managing Director in the Capital Markets group.

Alain Brisebois was appointed Executive Vice President and Chief Commercial Officer of RONA in May 2013. Prior to joining RONA, he worked at Alimentation Couche-Tard where he served as Vice President, Purchasing and Supply Chain from 2008 to 2009, and then Senior Vice President of Operations until 2012. Until his latest appointment at RONA, Mr. Brisebois was Senior Vice President, Marketing and National Procurement. He has also held key positions at Metro Inc. between 1999 and 2008, including Senior Vice President for the Ontario division.

France Charlebois joined the Corporation as Director, Legal Affairs and Secretary in 1992 and was appointed Corporate Secretary and Chief Legal Officer in 2001.

Christian Proulx joined RONA as Senior Vice President, People and Culture in 2007 and was appointed Senior Vice President, Human Resources and Communications in 2012.

Luc Rodier joined RONA as Quebec District Manager for RONA and Réno-Dépôt stores in 2005. In 2010, he was appointed Ontario Regional Vice President and then Vice President Retail for Western Canada, before being promoted to Executive Vice President, Retail in 2011.

On March 19, 2013, RONA announced the appointment of Mr. *Robert Sawyer* as President and Chief Executive Officer of the Corporation, effective on April 8, 2013. Before joining RONA, Mr. Sawyer was Executive Vice President and Chief Operating Officer of Metro Inc. since 2009. From 2007 to 2009, Mr. Sawyer was Senior Vice President, Ontario Division of Metro Inc.

B – Security Holdings

As at December 29, 2013, the number and percentage of RONA's Common Shares beneficially owned, directly or indirectly, or over which control or direction was exercised by the directors and all the executive officers of RONA as a group were 711,262 and 0.59%, respectively.

C – Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the knowledge of RONA, except as set out below, no director or executive officer of RONA or a shareholder holding a sufficient number of securities to affect materially the control of RONA:

- (a) is, or within ten years prior to the date hereof has been, a director, chief executive officer or chief financial officer of any company that was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days:
 - (i) that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or
 - (ii) that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer;
- (b) is, as at the date of this Annual Information Form or within ten years before the date of this Annual Information Form has been, a director or executive officer of any company that, while that person was acting in that capacity or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets;
- (c) has, within 10 years prior to the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder; or
- (d) has been subject to:
 - (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

- (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

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.

From on or about September 18, 2003 until June 24, 2004, Mr. Voorheis was a director of Atlas Cold Storage Holdings Inc. (“**Atlas**”), the entity through which Atlas Cold Storage Income Trust (“**Atlas Income Trust**”) carried on its business. The Ontario Securities Commission (the “**OSC**”) issued a management cease trade order relating to any trading in securities of Atlas Income Trust as a result of Atlas Income Trust not having filed its 2003 third quarter financial statements by the required deadline. The order was made against the trustees of Atlas Income Trust, certain members of the board of directors of Atlas and certain officers and former officers of Atlas. The cease trade order related to conduct that occurred before Mr. Voorheis became a member of the board of directors of Atlas. The cease trade order remained in effect until May 11, 2004, following the remediation of the filing default.

Mr. Voorheis was a director of Hollinger Inc. (“**Hollinger**”) from May 2006 to June 2008 and its Chief Executive Officer from April 2007 to June 2008. Mr. Voorheis agreed to join the Hollinger board at the request of a shareholder to deal with alleged management misconduct. Prior to Mr. Voorheis’ involvement in Hollinger (on May 18, 2004), the OSC issued a temporary cease trade order that prohibited certain directors, officers and insiders of Hollinger from trading in securities of Hollinger, subject to certain exceptions, as a result of Hollinger’s failure to file financial statements on a timely basis as required under Ontario securities laws. On June 1, 2004, the OSC issued a management cease trade order (the “**MCTO**”) (later varied on March 8, 2005, August 10, 2005 and April 28, 2006). The April 28, 2006 variation added the then current directors and officers of Hollinger to the list of persons subject to the MCTO. The MCTO was later revoked on April 10, 2007 by an OSC order, after remediation by Hollinger of its historical continuous disclosure record on March 7, 2007. Related cease trade orders were also issued by securities regulatory authorities in British Columbia on May 31, 2004 and Alberta on June 10, 2004 but were revoked, or expired, following the revocation of the MCTO by the OSC.

On August 1, 2007, Hollinger obtained an initial order for creditor protection from the court under the *Companies’ Creditors Arrangement Act* (Canada) (“**CCAA**”) and made a concurrent application for a companion order under Chapter 15 of the United States Bankruptcy Code. These proceedings included Hollinger and its wholly-owned subsidiaries, Sugra Limited and 4322525 Canada Inc. The initial order and the U.S. proceedings provided for an initial stay period of 30 days, and were subsequently extended. On May 26, 2008, the Court approved an agreement (announced by Hollinger on May 14, 2008) between Hollinger and its two principal creditors addressing matters in dispute among those parties and which stated that Mr. Voorheis would be resigning as an officer and director of Hollinger. On June 17, 2008, Mr. Voorheis resigned as a director and officer of Hollinger. Hollinger’s Series II preference shares and the common shares are subject to a cease trader order issued by the OSC on July 23, 2008. Hollinger has stated that the cease trade order was issued as a result of Hollinger’s determination, in the interests of reducing its costs for the benefit of its stakeholders, not to prepare and file annual audited financial statements and other annual disclosure documents in respect of Hollinger’s financial year ended March 31, 2008. Consequently, following June 30, 2008, Hollinger has been in default of its continuous disclosure filing requirements under Canadian securities laws.

Mr. Voorheis was a director of Sun Times Media Group, Inc. (“**Sun Times**”) from August 2007 to June 2008. Mr. Voorheis agreed to join the Sun Times board at the request of a Hollinger shareholder to deal with alleged management misconduct. On March 31, 2009, Sun Times and its domestic subsidiaries filed voluntary petitions under Chapter 11 of the United States Bankruptcy Code.

Mr. Voorheis was appointed director of Coventree Inc. (“**Coventree**”) in April 2008. On December 7, 2009, the OSC commenced proceedings against Coventree and certain of its officers in connection to events which occurred prior to Mr. Voorheis’ involvement with Coventree. The proceedings relate to whether Coventree complied with its disclosure obligations in its prospectus relating to the initial public offering of its shares, and its timely disclosure obligations in 2007 prior to the market for certain asset-backed commercial paper freezing up on August 13, 2007 (collectively, the “**Coventree Proceedings**”). On November 8, 2011, the OSC issued orders in connection with the Coventree Proceedings which included an order that until its winding up is completed, trading in any securities by Coventree cease and that any Ontario securities law exemptions not apply to Coventree, provided that this order will not prevent the winding up of Coventree or trades in securities reasonably related to that winding up. Coventree appealed the OSC order at the Ontario Divisional Court in late 2012 and in a decision dated March 19, 2013, the Divisional Court dismissed the appeals.

On June 30, 2010, the shareholders of Coventree approved a special resolution authorizing the winding up of Coventree and the distribution of its remaining assets, if any, to shareholders pursuant to the plan of liquidation and distribution (the “**Liquidation Plan**”). The Liquidation Plan commenced on February 15, 2012, when a liquidator was appointed for the purposes of winding up the Coventree’s affairs and Mr. Voorheis resigned as director and became an inspector of the company’s liquidation on that date.

Mr. Hébert is Vice-President of RocVale Inc. (formerly known as RocVale Concrete Products Inc.), which filed a notice of intention to make a proposal to its creditors on December 3, 2012 and thereafter concluded an arrangement with its creditors in May 2013.

From February 2012 to July 2013, Mr. Claus was the executive chairman of TBS Acquireco Inc., overseeing the restructuring of under-performing assets. On February 26, 2013, TBS Acquireco Inc., The Bargain! Shop Holdings Inc. and TBS Stores Inc. (collectively “**The Bargain Shop**”) obtained an initial order from the Ontario Superior Court of Justice (the “**OC**”) under the CCAA, granting The Bargain Shop protection under the CCAA for an initial period expired on March 28, 2013. Pursuant to the court order of the OC dated July 9, 2013, the assets and continuing operations of The Bargain Shop including 165 Red Apple and The Bargain! Shop branded stores were sold to Red Apple Stores Inc. Red Apples Stores Inc. was not a party to the CCAA proceeding or any other insolvency proceedings. On September 13, 2013, 627803 N.B. Inc. (formerly known as The Bargain! Shop Holdings Inc.), 639910 N.B. Inc. (formerly known as TBS Stores Inc.) and 627551 N.B. Inc. (formerly known as TBS Acquireco Inc.) each made a voluntary assignment in bankruptcy pursuant to the *Bankruptcy and Insolvency Act*.

Mr. Richardson was a member of the board of directors of Sterling Shoes Inc. from June 2010 to January 2013. Pursuant to orders of the Supreme Court of British Columbia, including an initial order dated October 21, 2011, Sterling Shoes Inc. and each of its subsidiaries obtained creditor protection under the CCAA. Furthermore, on September 9, 2013, the British Columbia Securities Commission issued a cease trade order relating to any trading in securities of Sterling Shoes Inc. as a result of Sterling Shoes Inc. not having filed its (i) annual audited financial statements, annual management's discussion and analysis and certification of annual filings for the years ended December 31, 2011 and December 31, 2012 and (ii) interim unaudited financial statements, interim management's discussion and analysis and certification of interim filings for the interim periods ended March 31, 2012, June 30, 2012, September 30, 2012, March 31, 2013, June 30, 2013 and September 30, 2013, by the required deadlines. Related cease trade orders were also issued by securities regulatory authorities in Alberta on December 9, 2013, Ontario on September 16, 2013 (replaced by a permanent cease trade order as of September 27, 2013) and Quebec on September 12, 2013 (replaced by a permanent cease trade order as of September 27, 2013). The cease trade orders remain in effect.

D – Interest of Management and Others in Material Transactions

Except as mentioned below, we are not aware of any existing or potential interest in material transactions within the three most recently completed financial years or during the current financial year between RONA, or any of its subsidiaries, any of their directors or officers, any person or company that beneficially owns, controls or directs, directly or indirectly, over 10% of the voting shares of the Corporation, or any of their associates or affiliates.

VC & Co. Incorporated (“**VC&Co.**”), which is controlled by Mr. G. Wesley Voorheis, a director of RONA, has in place an agreement with Invesco which exercises control or direction over 13,451,570 Common Shares as manager or portfolio advisor of certain funds and managed accounts, which provides for the payment to VC&Co. of a sum of \$3,000,000 together with disbursements and applicable taxes, as consideration for services rendered by VC&Co. and for the reimbursement of legal fees incurred by VC&Co. Half of this aggregate amount of approximately \$3,666,000 (including applicable taxes) has been paid to VC&Co. in February 2013 and two-thirds of the balance was paid subsequently in 2013 and in early 2014.

ITEM 9 - RISK FACTORS

In considering an investment in RONA, a prospective purchaser should carefully consider the risk factors described on pages 14 to 18 of our 2013 Management’s Discussion and Analysis under the heading “Risks and Uncertainties” available at www.sedar.com and www.rona.ca.

ITEM 10 - LEGAL PROCEEDINGS

The Corporation is involved in various claims and litigation as a regular part of its business. While the final outcome of these claims and litigation cannot be predicted, nor can we estimate the amount of loss, or range of loss, if any, that may result from these proceedings, based on the information currently available, management believes that the resolution of these claims and litigation (which, in certain cases, are subject to applicable deductibles covered by insurance) will not have a material adverse effect on its financial position or results of operations.

ITEM 11 - AUDIT COMMITTEE

A – Mandate of the Audit Committee

The mandate of our Audit Committee is attached hereto as Schedule A.

B – Members of the Audit Committee

Our Audit Committee currently consists of four independent directors. The members of the Audit Committee are Réal Brunet (Chair), Eric Claus, Bernard Dorval and Steven Richardson.

C – Description of the Financial Literacy of Members

All members of the Audit Committee are financially literate and can understand the accounting principles used by the Corporation in its financial statements and assess the general application of those principles. They also have relevant experience in preparing, auditing, analysing and evaluating financial statements that present a breadth and level of complexity of issues generally comparable with that of the Corporation’s financial statements, or in actively supervising persons engaged in such activities. The members also understand the procedures and internal controls regarding the disclosure of financial information.

Members of the Audit Committee have acquired relevant experience through their university studies, as members of other boards of directors and as executive officers of various corporations. Moreover, a number of them are or have been members of the audit committees of other public corporations. More specifically, (i) Réal Brunet has a Bachelor's degree in Commerce, was an audit partner and senior advisory partner at Ernst & Young from 1983 to 2010, is a guest member of the board of directors and audit committee of Agropur cooperative since 2012, is a member of the board of directors and audit committee of Ivanhoe Cambridge Inc. since 2013 and was a member of the board of directors of the Montreal section of The Institute of Internal Auditors from 2007 to 2010; (ii) Eric Claus is President and Chief Executive Officer of Red Apple Stores Inc. since 2013, he represented various private equity firms as executive chairman overseeing the restructuring of under-performing assets from 2009 to 2013, he served as President and Chief Executive Officer of the Canadian division of A&P from 2002 until he moved to the U.S. in 2005 to become President and Chief Executive Officer of a parent company of A&P until 2009; (iii) Bernard Dorval obtained a B.Sc. in 1973 and became a Fellow Actuary in 1979. He served successively as a Group Head of Business Banking and Insurance, and of Insurance and Global Development, for TD Bank Financial Group, between 2003 and 2010; as well as Deputy Chair of TD Canada Trust between 2003 and 2012 and chair of the retirement investment committee of the TD Bank Group between 2010 and 2013. He is a guest member of the board of directors of Oncozyme Pharma Inc. since 2012 and chair of its audit committee since 2013, and was a member and chair of the audit committee of TD Insurance Meloche-Monnex from 1997 to 2007; and (iv) Steven Richardson has a Bachelor's degree in Commerce and Economics and is a certified management accountant. Mr. Richardson was a member of the board of directors, chair of the corporate governance and compensation committee and member of the audit committee of Sterling Shoes Inc. from 2010 to 2013, and a director of easyhome Ltd. from June 2011 to December 2011 (and co-chair of its compensation committee; chair of its special committee and member of its audit committee). Between 2003 and 2009, Mr. Richardson acted in various senior executive roles at Hudson's Bay Company, including Chief Financial Officer between 2006 and 2009. Prior to joining Hudson's Bay Company in 2003, he was the Chief Financial Officer of Wells Fargo Financial Corporation Canada and Chief Financial Officer and a director of Associates Financial Services of Canada and Beneficial Canada Inc.

D – Auditors' Fees

The Audit Committee must approve any engagement of the Corporation's external auditors and to this end, the mandate of the Audit Committee states that the committee has sole authority to pre-approve all audit services and non-audit services that management intends to entrust to the external auditors. Such pre-approval is not required in the case of *de minimis* services, as provided in the applicable regulations.

We paid \$1,033,000 as audit fees⁽¹⁾ to Raymond Chabot Grant Thornton LLP (“**Raymond Chabot**”), Chartered Professional Accountants, during the financial year ended December 29, 2013. During the same year, we also paid Raymond Chabot \$60,000 as audit-related fees⁽²⁾, \$0 for tax fees⁽³⁾ and \$64,000 as other fees⁽⁴⁾.

In comparison, during the financial year ended December 30, 2012, we paid Raymond Chabot \$1,110,000 as audit fees⁽¹⁾, \$5,000 as audit-related fees⁽²⁾, \$0 for tax fees⁽³⁾ and \$7,000 as other fees⁽⁴⁾.

-
- (1) **Audit fees:** These fees include fees and disbursements for auditing the Corporation's annual financial statements and for reviewing the quarterly financial statements.
 - (2) **Audit-related fees:** These fees include fees and disbursements for services reasonably related to the audit or review of the Corporation's financial statements that are not reported under “Audit fees”.
 - (3) **Tax fees:** These fees include 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 engagements.

ITEM 12 - TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for our Common Shares and Series 6 Class A Preferred Shares is Computershare Investor Services Inc. at its principal offices in Montreal and Toronto.

ITEM 13 - MATERIAL CONTRACTS

On January 20, 2013, RONA announced that it had entered into an agreement (the “**Agreement**”) with two of its largest shareholders, Caisse and Invesco, providing for, among other things, several changes to its Board of Directors. Specifically, Mr. Robert Chevrier joined the Board of Directors as Executive Chairman on January 20, 2013, replacing Mr. Robert Paré, who stepped down as Chairman but continues to serve as a Board member. The Agreement further provided that the following individuals join the Board of Directors on January 20, 2013: Messrs. Bernard Dorval, Guy Dufresne, Barry Gilbertson and Wesley Voorheis. Messrs. Alain Michel and Patrick Palerme resigned from the Board, effective January 20, 2013, as part of these Board changes.

In addition, pursuant to the Agreement, Mr. Steven P. Richardson and Mr. Eric Claus were elected at RONA’s annual meeting of shareholders held on May 14, 2013, and Mr. Jean-Roch Vachon and Mr. Geoff Molson were not proposed for re-election at the same meeting of shareholders. The Agreement also provided that the new President and Chief Executive Officer would also join the Board. Under the Agreement, Caisse and Invesco supported the election of the Corporation’s full slate of director nominees at the annual meeting of shareholders of RONA held on May 14, 2013.

Under the Agreement, RONA created an ad hoc strategic review committee (the “**SRC**”) which then consisted of five directors, namely Messrs. Chevrier, Voorheis, Dufresne, Fortin and Paré, with Messrs. Chevrier and Voorheis as co-chairs. The mandate of the SRC was to identify and recommend to the Board the strategic initiatives that the SRC believed should be pursued by RONA to improve its operating and financial performance and to enhance value for the benefit of all RONA stakeholders and to work jointly with the Board’s ad hoc committee established in November 2012 and abolished in March 2013 (the “**Selection and New CEO Committee**”), which ad hoc committee recommended to the Board Mr. Robert Sawyer as the new President and Chief Executive Officer of RONA. On March 19, 2013, RONA announced the appointment of Mr. Sawyer as President and Chief Executive Officer of RONA, effective on April 8, 2013. Mr. Sawyer was elected as director at RONA’s annual meeting of shareholders held on May 14, 2013, and as such, Mrs. Louise Caya was not proposed for re-election at the same meeting. Having completed its mandate, the ad hoc Selection and New CEO Committee was abolished on March 20, 2013. Similarly, the SRC, also having completed its mandate, was abolished on March 13, 2014.

The Agreement also provided that without the prior written consent of RONA, neither Invesco nor the Caisse would, directly or indirectly, until January 20, 2014: (i) participate in any solicitation of proxies with respect to the voting of any shares of RONA; (ii) deposit any shares of RONA in any voting trust or similar arrangement; (iii) requisition a meeting of shareholders of RONA to propose the nomination of any candidate for election as a director; or (iv) submit, or induce any person to submit, any shareholder proposal relating to the nomination of a director. A copy of the Agreement entered into with Caisse and Invesco is available on SEDAR at www.sedar.com.

ITEM 14 - INTERESTS OF EXPERTS

Raymond Chabot is the public accounting firm who prepared the auditor’s report with respect to our annual consolidated financial statements for the years ended December 29, 2013 and December 30, 2012. Raymond Chabot has confirmed to us that it is independent within the meaning of the Code of Ethics of Chartered

Professional Accountants of Quebec. These rules are equivalent or similar to Rules of Professional Conduct applicable to chartered professional accountants in the other provinces of Canada.

ITEM 15 - ADDITIONAL INFORMATION

The following documents may be obtained, upon request, from the Corporate Secretary and Chief Legal Officer of the Corporation:

- Copy of this Annual Information Form, together with copy of any document or the relevant pages of any document incorporated by reference in this Annual Information Form.
- Copy of our comparative financial statements for our most recently completed financial year for which financial statements have been filed together with the accompanying report of the auditor and copy of our most recent interim financial statements that have been filed, if any, for any period after the end of our most recently completed financial year. Such documents include additional financial information about the Corporation.
- Copy of our 2014 Management Proxy Circular in respect of our upcoming annual meeting of shareholders that involves the election of directors. Our 2014 Management Proxy Circular includes additional information such as directors' and officers' remuneration, principal holders of the Corporation's securities and securities authorized for issuance under equity compensation plans.

We reserve the right to request a fee for the transmission of the information set forth above, unless the request is made by a security holder of the Corporation or during the course of a distribution of the Corporation's securities by means of a prospectus. In such cases, the transmission of information will be made free of charge.

Other financial information is included in our annual financial statements for the years ended December 29, 2013 and December 30, 2012 and in our corresponding Management's Discussion and Analysis.

The documents mentioned above are available from our Corporate Secretary and Chief Legal Officer at the following address:

220 chemin du Tremblay
Boucherville, Quebec, Canada
J4B 8H7
Telephone: (514) 599-5100

or on the Corporation's website address: www.rona.ca or on SEDAR: www.sedar.com.

* * * * *

SCHEDULE A

RONA INC. (the “Corporation”)

AUDIT COMMITTEE CHARTER

The Audit Committee (the “**Committee**”) is responsible for assisting the Board of Directors of the Corporation (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 Corporation’s activities and the implementation of appropriate systems to manage these risks, iii) the internal control and information management process of the Corporation, iv) the Corporation’s financial compliance with the various authorities and key 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 and accounting policies

- 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 and those containing financial information;
 - 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 Corporation’s financial reporting prepared in accordance with the international financial reporting standards ;
 - complex or uncommon financial transaction;

- 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* and other Securities commission.
- Monitoring the application and update, as necessary, of the Corporation's disclosure policy.
 - Review, with management and the External Auditors, any proposed changes in securities policies or regulations and/or major accounting policies, and key estimates and judgments that may be material to financial reporting of the Corporation and probe whether the underlying accounting policies, disclosures and key estimates and judgments are considered to be the most appropriate in the circumstances.
 - Report to the Board in a timely fashion on any proposed changes in securities policies or regulations and/or major accounting policies and key estimates and judgments that may be material to financial reporting and entail significant actual or potential liabilities, contingent or otherwise.
 - Discuss with management and the External Auditors the clarity and completeness of the Corporation's consolidated financial disclosures.
 - Review, whenever there are significant changes in accounting policies and disclosure requirements, benchmarks submitted by management of the Corporation's accounting policies and disclosure to those followed in its industry.

With respect to oversight of the external auditors

- Ensuring that the external auditors report directly to the Committee and plan private discussions.
- 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 Corporation 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.
- Discussing with the external auditors, once a year, their internal quality control procedures as well as the summary results of the Canadian Public Accountability Board (CPAB) inspection.
- 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

- Reviewing the procedures in place to evaluate the design and operational effectiveness of the internal controls set up by management.
- 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 Corporation'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 Corporation regarding questionable accounting, auditing or ethics matters.
- Obtain an understanding of the work performed by internal and external audit regarding internal controls, and obtain regular reports on significant observations, recommendations and Management action plans.

With respect to risk management

- Reviewing with management:
 - the identification and the risk evaluation methods;
 - the processes used to manage and control these risks;
- Reviewing with management the funding policies, the investment policies, the compliance reports and the financial statements of the pension plans.
- Review, at least once per year, the list of warranties provided by the Corporation
- Review, at least once a year, the appropriateness of foreign currency, interest rate and other financial risk mitigation practices such as the use of derivative financial instruments.
- Review, at least once a year, the reasonableness of insurance coverage maintained by the Corporation.

With respect to the oversight of the internal auditors

- Annually reviewing and approving the charter of the internal auditors;
- Approve the appointment, replacement, reassignment or dismissal of the Senior Director, Internal Audit and Loss Prevention;
- Ensuring that internal audit are directly accountable to the Committee and plan private discussions;
- 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 Senior Director, Internal Audit, difficulties encountered during his audits with respect to the scope of the mandate and access to information. Reviewing all changes with respect to the scope of his 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 Corporation's material litigation as well as the measures taken by management.
- Reviewing tax planning that has a material financial impact on the Corporation.

Composition and qualification

- The Committee shall consist of three to five Board members, all of whom shall be independent directors and be financially literate, as defined by in National Instruments 52-110, and subject to the independence exemptions provided for therein.
- 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 by a member of the Board.
- Subject to the exemptions provided for in NI 52-110, all members of the Audit Committee should be "financially literate" and, as such, able 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 breath and complexity of the issues that can reasonably be expected to be raised by the Corporation's consolidated financial statements.
- In contributing to the Audit Committee's discharging of its duties under this mandate, each member of the Audit Committee shall be entitled to rely in good faith upon:

- a. Consolidated financial statements of the Corporation represented to him or her by an officer of the Corporation or in a written report of the External Auditors to present fairly the consolidated financial position of the Corporation in accordance with IFRS; and
 - b. any report of a lawyer, accountant, engineer, appraiser or other person whose profession lends credibility to a statement made by any such person.
- In contributing to the Audit Committee's discharging of its duties under this mandate, each member of the Audit Committee shall be obliged only to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Nothing in this mandate is intended, or may be construed, to impose on any member of the Audit Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which all Board of Directors members are subject. The essence of the Audit Committee's duties is monitoring and reviewing to gain reasonable assurance (but not to ensure) that the fundamental accounting and reporting activities are being conducted effectively, that the financial reporting and disclosure objectives are being met and that a proper system of internal controls is in place, so as to report accordingly to the Board of Directors.

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 Corporation, 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.
- The Committee meets on a regular basis without the management members.

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 Corporation to pay such fees.

Review of the Charter

The Committee shall review this Charter periodically 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.