

RONA INC.



ANNUAL INFORMATION FORM

FOR THE FINANCIAL YEAR ENDED DECEMBER 27, 2015

February 25, 2016

TABLE OF CONTENTS

CAUTION REGARDING FORWARD-LOOKING STATEMENTS	1
ITEM 1 - CORPORATE STRUCTURE	2
A – NAME AND INCORPORATION	2
B – INTERCORPORATE RELATIONSHIPS	3
ITEM 2 - GENERAL DEVELOPMENT OF THE BUSINESS	3
ITEM 3 - NARRATIVE DESCRIPTION OF THE BUSINESS	6
A – OVERVIEW	6
B – INDUSTRY OVERVIEW	6
C – OUR BUSINESS	7
D – MARKETING	11
E – TRADEMARKS	12
F – HUMAN RESOURCES	12
G – ENVIRONMENTAL PROTECTION	12
ITEM 4 - DIVIDEND POLICY	13
ITEM 5 - DESCRIPTION OF THE SHARE CAPITAL	14
A – COMMON SHARES	14
B – PREFERRED SHARES	15
C – CLASS A PREFERRED SHARES, SERIES 5 AND CLASS C PREFERRED SHARES, SERIES 1	17
D – SERIES 6 CLASS A PREFERRED SHARES AND SERIES 7 CLASS A PREFERRED SHARES	17
ITEM 6 - MARKET FOR SECURITIES	19
ITEM 7 - PLEDGED SHARES	21
ITEM 8 - DIRECTORS AND EXECUTIVE OFFICERS	21
A – NAME, ADDRESS AND OCCUPATION	21
B – SECURITY HOLDINGS	24
C – CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS	24
D – INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS	26
ITEM 9 - RISK FACTORS	26
ITEM 10 - LEGAL PROCEEDINGS	26
ITEM 11 - AUDIT COMMITTEE	27
A – MANDATE OF THE AUDIT COMMITTEE	27
B – MEMBERS OF THE AUDIT COMMITTEE	27
C – DESCRIPTION OF THE FINANCIAL LITERACY OF MEMBERS	27
D – AUDITORS’ FEES	28
ITEM 12 - TRANSFER AGENT AND REGISTRAR	28
ITEM 13 - MATERIAL CONTRACT	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 27, 2015, 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 and corporate stores, all of which are supplied by RONA’s distribution system. References to “dealer-owners” refer to dealers who own affiliated 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 51% 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.

This Annual Information Form also contains forward-looking statements and information concerning the Arrangement (as defined below) (see discussion under “Item 2 – General Development of the Business”). In respect of such forward-looking statements and information, the Corporation has provided such in reliance on certain assumptions that it believes are reasonable at this time, including assumptions as to the ability of the parties to receive, in a timely manner and on satisfactory terms, the necessary regulatory, court, and shareholder approvals, including but not limited to the receipt of applicable foreign investment approval required in Canada; the ability of the parties to satisfy, in a timely manner, the other conditions to the closing of the Arrangement including that there be no material adverse effect; and other expectations and assumptions concerning the Arrangement and the operations and capital expenditure plans of RONA following completion of the Arrangement. Accordingly, shareholders should not place undue reliance on the forward-looking statements and information contained in this Annual Information Form.

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; economic situation; business strategies; acquisition; recruitment; integration; development; affiliate dealer-owners; human resources and labour relations; safety of employees and customers; information technology; business continuity; merchandising; supply chain and distribution; installation by a third party; payments; availability of financing; credit risk; liquidity risk; exchange risk and foreign currency sensitivity; interest rate risk; legal and regulatory requirements; legal proceedings; ethics and business conduct; 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. Risks and uncertainties inherent in the nature of the Arrangement include the failure of the parties to obtain the necessary shareholder, regulatory and court approvals, including those noted above, or to otherwise satisfy the conditions to the completion of the Arrangement, in a timely manner, or at all. Failure to obtain such approvals, or the failure of the parties to otherwise satisfy the conditions to or complete the Arrangement, may result in the Arrangement not being completed on the proposed terms, or at all. In addition, if the Arrangement is not completed, and the Corporation continues as an independent entity, there are risks that the announcement of the Arrangement and the dedication of substantial resources of the Corporation to the completion of the Arrangement could have an impact on the Corporation's current business relationships (including with future and prospective employees, customers, dealer-owners, distributors, suppliers and partners), operating results and businesses generally, and could have a material adverse effect on the current and future operations, financial condition and prospects of the Corporation. Furthermore, the failure of the Corporation to comply with the terms of the Arrangement Agreement may, in certain circumstances, result in the Corporation being required to pay a fee to Lowe's, the result of which could have a material adverse effect on the Corporation's financial position and results of operations and its ability to fund growth prospects and current operations.

Readers are cautioned that the foregoing list of factors is not exhaustive. 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 factors are disclosed in the "Risks and Uncertainties" section of our Management's Discussion and Analysis for the financial year ended December 27, 2015.

The forward-looking statements contained in this Annual Information Form are expressly qualified in their entirety by the foregoing cautionary statements. The forward-looking statements in this Annual Information Form reflect the Corporation's expectations as of February 25, 2016, 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 numerous amendments over time, on December 4, 2013, RONA filed restated articles. On December 30, 2013, pursuant to articles of amalgamation, RONA amalgamated with 12 of its wholly-owned, direct and indirect subsidiaries by way of a vertical short form amalgamation completed in accordance with the Act.

Our head office and principal place of business is located at 220 chemin du Tremblay, Boucherville, Quebec, Canada, J4B 8H7 and our web site 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 27, 2015, our only significant subsidiaries were 220 Real Estate Limited Partnership and R. Marcil & Frères inc.

220 Real Estate Limited Partnership carries on its operations in Alberta, British Columbia, Manitoba, New Brunswick, Nova Scotia, Ontario, Quebec, Saskatchewan and Newfoundland and Labrador. This subsidiary is directly wholly-owned by the Corporation and is incorporated under the laws of Quebec. It owns and manages most of the Corporation's immovables.

R. Marcil & Frères inc. carries on its operations as seller of building materials for housing industry professionals and retail in the Greater Montreal Area, Quebec. This subsidiary is directly wholly-owned by the Corporation and is incorporated under the laws of Quebec.

The subsidiaries that have been omitted under this item did not represent as at December 27, 2015, 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

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 affecting the composition of 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. The agreement also provided that, without the prior written consent of RONA, neither Invesco nor the Caisse would, directly or indirectly, at any time 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; or (iv) submit, or induce any person to submit, any shareholder proposal relating to the nomination of a director for election as a director. As of the date of this Annual Information Form, the agreement entered into with Caisse and Invesco is no longer in force.

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. This plan sought to focus on the Corporation's core businesses by improving the national distribution offering for dealers, optimizing retail and proximity models for consumers and contractors across Canada and consolidating 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-strategic and underperforming assets and (iv) strengthen, leverage and grow core markets where profitability was already strong.

On March 19, 2013, RONA announced the appointment of 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 represented annualized cost savings of \$110 million, 30% of which would be reinvested to enhance the positioning of our banners and improve our merchandising strategy nationwide.

On October 21, 2013, RONA announced that it had sold the assets of its non-strategic 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. This disposition resulted in cash proceeds of \$219.6 million, which were used to repay part of the indebtedness outstanding under RONA's credit facility.

On November 12, 2013, RONA announced a normal course issuer bid under which it could purchase for cancellation, from November 18, 2013 to November 17, 2014, up to 8,578,384 of its Common Shares (as defined under the heading "Description of the Share Capital"). Under this issuer bid, the purchases were 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. Pursuant to this normal course issuer bid, RONA bought back and cancelled a total of 6,097,500 Common Shares at an average price of \$12.69 per share, for a total consideration of \$77.4 million.

On December 29, 2013, RONA achieved its set target of \$110 million in annualized cost savings. Some of these savings already had a positive effect on the Corporation's results in 2013, including a \$67.2 million reduction in adjusted selling, general and administrative expenses since the beginning of the year.

2014

On May 13, 2014, RONA's President and Chief Executive Officer, Robert Sawyer, announced three business priorities for relaunching RONA's growth: growing sales, completing the transformation of the Réno-Dépôt banner and developing and implementing new positioning strategies for all other banners.

During the first six months of 2014, RONA completed the transformation of all 16 Réno-Dépôt banner stores. This large-scale transformation, initiated in January 2014, required an investment of more than \$20 million and generated more than 300 jobs across Quebec. During the transformation, the marketing and procurement strategies were completely revised, leading to an "everyday low pricing" strategy, increased customer service and improved product assortment and availability.

On November 11, 2014, RONA announced a normal course issuer bid under which it could purchase for cancellation, from November 18, 2014 to November 17, 2015, up to 9,207,281 of its Common Shares. Under this issuer bid, purchases were 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. Pursuant to this

normal course issuer bid, RONA bought back and cancelled a total of 9,207,281 Common Shares at an average price of \$13.65 per share, for a total consideration of \$125.7 million.

2015

On January 31, 2015, RONA announced the opening of the new Réno-Dépôt Drummondville store, the 17th location for the banner in Quebec. This opening was the first major milestone in the expansion of the banner. As part of the repositioning of Réno-Dépôt, begun in 2014, RONA moved forward with the expansion of its network by opening two new Réno-Dépôt stores, the first outside Quebec, in Aurora, Ontario on March 12, 2015 and in Calgary Northwest, Alberta, on April 2, 2015. In line with the expansion plan, RONA also opened two proximity stores since the beginning of the year, in Halifax, Nova Scotia on February 20, 2015, operating under the RONA banner and in Langley, British Columbia, on August 6, 2015, operating under the RONA HOME & GARDEN banner.

On May 12, 2015, at the shareholders annual meeting, 12 nominees were elected as directors by a majority of the ballots cast. On July 1, 2015, Mr. Jean-René Halde filled the vacant Board position created by the resignation of Mr. Barry Gilbertson.

In August 2015, RONA successfully completed the repositioning of its Coupal banner and its integration into the Marciel banner. The objective of this repositioning of 17 stores is to provide consumers access to new retail sales points for low-cost home renovation products.

On August 10, 2015, RONA's Board of Directors authorized a dividend increase of 14.3% on an annualized basis, from \$0.14 per Common Share annually to \$0.16 per Common Share, and a change in the payment frequency from semi-annual payment to a quarterly payment, subject to the declaration of such dividends by the Board of Directors.

On October 7, 2015, RONA completed its previously announced acquisition of the 20 franchised stores in its network, following the announcement on July 16, 2015 that RONA had signed a letter of intent to this effect. RONA has acquired, through 15 individual transactions, substantially all of the assets of these 20 franchised stores, comprising 17 big box stores and three proximity stores, operating under the RONA, RONA L'entrepôt and RONA Home & Garden banners. Two of those transactions were closed on the last day of the third quarter of the financial year ended December 27, 2015 and the remainder were closed in the fourth quarter of that year. These stores, 18 of which are located in Quebec and two in Ontario, generated more than \$500 million in annual retail sales. The estimated overall consideration, prior to working capital adjustments, for the acquisition is \$193 million.

On November 10, 2015, RONA announced a normal course issuer bid under which it could purchase for cancellation, from November 18, 2015 to November 17, 2016, up to 8,496,028 of its Common Shares, in accordance with the requirements of the Toronto Stock Exchange. During the financial year ended on December 27, 2015, no Common Shares were repurchased pursuant to this normal course issuer bid.

2016 to Date

On February 3, 2016, RONA announced that it had entered into an arrangement agreement dated February 2, 2016 (the "**Arrangement Agreement**") under which Lowe's Companies Inc., through its indirect wholly-owned subsidiary Lowe's Companies Canada, ULC (together with Lowe's Companies, Inc., "**Lowe's**") has agreed to acquire all of the issued and outstanding Common Shares at a price of \$24.00 per share in cash by way of a statutory plan of arrangement under the Act (the "**Arrangement**"). Under the terms of the Arrangement, Lowe's has also agreed to acquire all of the issued and outstanding Series 6 Class A Preferred Shares and any then outstanding Series 7 Class A Preferred Shares (in each case as defined under the heading "Description of the Share Capital") at a price of \$20.00 (plus any accrued but unpaid dividends thereon at closing) per share in cash

pursuant to the Arrangement. The Arrangement is subject to customary conditions for a transaction of this nature, which include court and regulatory approvals from the relevant authorities in Canada, and the approval of 66 $\frac{2}{3}$ % of the votes cast by holders of Common Shares (the “**Common Shareholders**”) represented in person or by proxy at a special meeting of Common Shareholders and holders of the Preferred Shares (the “**Preferred Shareholders**”) to be called to consider the Arrangement (the “**Special Meeting**”). Preferred Shareholders will vote on the Arrangement as a separate class of securities and their participation in the Arrangement will require the approval of 66 $\frac{2}{3}$ % of the votes cast by holders of Preferred Shares represented in person or by proxy at the Special Meeting. However, completion of the Arrangement is not conditioned upon approval by the Preferred Shareholders and if the Arrangement is not approved by the Preferred Shareholders in a separate class vote, the Preferred Shares will be excluded from the Arrangement and will remain outstanding in accordance with their terms.

ITEM 3 - NARRATIVE DESCRIPTION OF THE BUSINESS

A – Overview

RONA is a major retailer and distributor of hardware, building and home improvement products in Canada. The Corporation operates a network representing close to 500 corporate and independent affiliate dealer stores in a number of complementary formats. With its 9 distribution centres, RONA serves its network of stores and several independent dealers operating under other banners, including ACE, for which RONA owns the licensing rights and is the exclusive distributor in Canada. With more than 17,000 employees in corporate stores and more than 5,000 employees in the stores of its independent affiliate dealers, RONA generated consolidated sales of \$4.2 billion during the financial year ended December 27, 2015.

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 \$42.0 billion in 2014 (2015 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 seasonal sales of hardware and home improvement products by Canadian Tire, Costco and mass merchants, and only covers hardware and home improvement products sales from co-ops. Sales to specialty retailers, including flooring, kitchen and bath stores, electrical and plumbing wholesalers and industrial, commercial and institutional wholesale suppliers and distributors are not included in this analysis. The sales considered in this analysis are to a wide range of customers, including retail customers (among them do-it-yourselfers), contractors, builders and commercial and industrial customers.

Hardlines' calculations regarding the size of the industry differ from Statistics Canada's renovation spending figures. Statistics Canada includes not only the costs of materials in its calculations, but also the costs to consumers of contractor and labour fees. *Hardlines*' calculations also differ from some retailers' calculations because *Hardlines* includes related sales by mass merchants and warehouse clubs, which are considered to be significant competitors.

This industry is very competitive and fragmented, with numerous local and regional businesses. According to *Hardlines*, the top four players in Canada are RONA, The Home Depot, Home Hardware and Canadian Tire. Together, these four players represent \$21.9 billion in annual retail sales, for a total of 52% of the market. The rest of the market is shared by smaller chains, related sales by mass merchants, as well as independent dealers, the large majority of which are part of various buying groups.

Industry Segments

As mentioned previously, the retail home improvement industry segment is very competitive. Our competitors are large national and international chains, regional groups and independent dealers. Nonetheless, we believe that we have several advantages that enable us to perform well in all market segments of the industry – namely, 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 renovation and construction 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 and 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 ended December 27, 2015 and December 28, 2014, respectively, for each of our operating segments and in aggregate, are set forth in the following table.

(in thousands of dollars)			
<u>2015</u>	<u>Distribution</u>	<u>Retail</u>	<u>Total</u>
Segment sales	2,375,087	3,144,331	5,519,418
Intersegment sales and royalties	(1,284,479)	(1,684)	(1,286,163)
Sales	1,090,608	3,142,647	4,233,255
<u>2014⁽¹⁾</u>	<u>Distribution</u>	<u>Retail</u>	<u>Total</u>
Segment sales	2,387,586	2,926,177	5,313,763
Intersegment sales and royalties	(1,206,789)	(10,619)	(1,217,408)
Sales	1,180,797	2,915,558	4,096,355

(1) The closure of 11 underperforming stores in 2013 had a \$123.5 million impact on sales in 2014.

Retail

In our retail segment, we offer a national network of multiple store formats operated under different banners targeting various customer profiles. The positioning of our store network was reviewed in 2013. Since then, it has consisted of four types of stores: big-box stores, Réno-Dépôt, proximity stores and contractor specialist stores.

Moreover, we continue to operate our stores under two different types of ownership: corporate and affiliated.

Corporate stores are fully or majority-owned by RONA.

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.

In July 2014, RONA and ACE Hardware International Cooperatief U.A. entered into a long-term agreement for the master licensing of the ACE Hardware trademark in Canada, enabling RONA to increase the recruitment of affiliated dealers in Canada. RONA's sales to these stores are recorded in the distribution segment.

As at December 27, 2015, our store network consisted of:

	Corporate	Affiliated ⁽¹⁾	TOTAL
Big-box	61	0	61
Réno-Dépôt	19	0	19
Proximity	133	260	393
Contractor	23	0	23
TOTAL	236	260	496

(1) Excluding independent dealer-owned ACE and TruServ bannered stores.

Since its acquisition of TruServ Canada Inc. in 2010, RONA has also supplied independent dealer-owners operating under different banners. RONA's sales to these stores are recorded in the distribution segment.

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 are a *one-stop-shop* destination for Canadians in the home improvement sector. Not only do they offer a large variety of products but they also offer installation services, financing programs and warranties. These stores are operated under the RONA L'entrepôt or RONA Home & Garden banner and they range in area from 50,000 to 165,000 square feet and offer 30,000 to 40,000 products.

Réno-Dépôt Stores

Our Réno-Dépôt banner is now positioned as an "everyday low price retailer," which is particularly appealing to "do-it-yourselfers" and professionals. We offer a large variety of products ranging from hardware products, tools and building materials, to gardening, paint and seasonal items. These stores have an area of approximately 80,000 square feet and offer up to 30,000 products.

The Réno-Dépôt stores were acquired in 2003 by RONA. The stores are still operating under the Réno-Dépôt banner. In 2014, all the Réno-Dépôt stores were renovated in line with the new concept and repositioned, as disclosed under "Item 2 – General Development of the Business – Three-Year History – 2015". In 2015, the Réno-Dépôt concept was exported beyond the borders of Quebec with the opening of two stores, in Calgary North, Alberta, and Aurora, Ontario.

Proximity Stores

Our proximity store network includes small or medium-sized neighborhood stores. Their objective is to meet our customers' hardware and building material needs. These stores offer service and expertise to retail

consumers and experts while proposing an extensive inventory of products for maintenance and “do-it-yourself” renovation projects and, in the case of stores specializing in lumber and building materials, construction projects.

These stores range in area from 5,000 to 50,000 square feet. They offer a wide range of products and generate most of their sales in lumber and building materials.

Contractor Specialist Stores

Our contractor specialist stores include small point of sales with large lumberyard to fulfill heavy contractor needs in the construction and renovation business. These stores are generally smaller in area than our proximity stores.

We have a portfolio of banners that are mostly servicing professionals and contractors and that are strong regional banner names. Our overall corporate retail store network sells about 35% of its total sales to the contractors. We have developed or acquired the following banners for contractor specialist stores:

- **Marcil:** on December 29, 2014, the Corporation acquired the remaining 49% of the voting shares of the share capital of R. Marcil & Frères inc. which it did not already hold. During the financial year ended December 27, 2015, Matériaux Coupal has been integrated into the Marcil Banner. The repositioning of the combined and integrated 17 stores provides consumers access to new retail sales points for low-cost home renovation products in Quebec.
- **Dick’s Lumber:** a leading lumber, building materials and hardware specialist in British Columbia.
- **Contractor First:** a banner introduced in 2012 by RONA; a lumber and building materials specialist with locations across Canada.

Product Offering

Our product offering features close to 72,000 regular products from up to 2,050 suppliers. We purchase approximately 93% of our products from suppliers having a place of business in Canada. The rest of our products are imported from Asia and the United States. Furthermore, we offer over 3,500 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”, “FACTO” and “HAUSSMANN”. No product accounts for more than 10% of our purchases or sales.

Installation services

RONA has developed installation services as a core element of its banners strategy, which enabled it to increase awareness and sales of these services. Marketing activities and promotion supported the stores across the country under the RONA L’Entrepôt and RONA Home & Garden banners, Reno Depot and in stores under the RONA banner outside Quebec. The campaign reflects RONA’s desire to strengthen its role as a trusted partner of Canadians and to assist them in their home improvement projects not just through its product offering, but also through a full range of services for customers seeking this type of installation support.

Distribution Activities

Our Distribution System

We rely on a national distribution system which supports close to 500 corporate stores and affiliated dealers. This distribution system is used to minimize order sizes and increase the frequency of delivery, thereby

reducing the retail inventory levels required in the stores and providing quick access to a broad product assortment.

Our stores are supplied by two means: direct deliveries from suppliers and deliveries 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 nine distribution centres, including lumber yards, in Eastern, Central and Western Canada, as follows:

(in thousands of square feet) Location	Hardware	Materials Covered space	Materials Outside Yard
Boucherville, QC	900	-	-
Terrebonne, QC	366	-	-
St-Hyacinthe, QC	-	139	200
Milton, ON	-	112	462
Kitchener, ON	240	-	-
Winnipeg, MB	400	-	-
Calgary, AB	628	-	-
Crossfield, AB	-	40	1,698
Surrey, BC	-	75	260
	2,534	366	2,620

The three main distribution centres that 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's network has more than 5.5 million square feet of distribution capacity, including 2.5 million square feet in hardware and 3.0 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, track inventory and manage the distribution of goods across the supply chain.

The in-store systems provide functionality to track 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 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

The marketing strategy aims to differentiate the RONA banners and properly position them so they complement each other in order to meet the needs of all Canadians. RONA's banner portfolio is structured on the basis of four types of stores:

- Big box stores (RONA l'Entrepôt and RONA Home & Garden);
- Proximity stores (RONA)
- Réno-Dépôt stores;
- Marcil stores (following the integration of Coupal and Marcil banners)
- Contractor specialist stores (Contractor First and Dick's Lumber).

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 based on RONA's different banners in order to develop a unique selling proposition to the targeted customer profiles.

Advertising and promotions

Pursuant to our marketing strategy, a distinctive marketing mix can be created for each banner. In fact, different offers and promotions as well as differentiated marketing mixes are developed to better reflect the offering and particular situation of each banner.

Digital platforms

RONA's web site received over 43 million visits in 2015 (+23% increase vs 2014) and RONA has built a large database of Canadian consumer email addresses. In 2014, the Corporation initiated a digital shift and in 2015 it continued to give more importance to the Web. All key digital metrics have been up in 2015 for RONA's website; traffic, satisfaction, number of stock keeping units (**skus**) selection online or email acquisitions are the result of a continuous effort to pursue and focus on digital marketing, leading to sales performance and better return on investment of marketing activities.

In 2015, RONA focused on increasing its online presence through different digital campaigns or activities. We gradually launched a click and collect program for RONA Big Box banner. Customers are now able to buy and pay directly online their purchases and then collect them at store level, with a 2 hour promise for a large proportion on skus. This program was deployed to all Big-Box stores in Quebec at the end of 2015. Further deployments are planned in 2016.

Sponsorship

RONA renewed its partnership with the Montreal Canadiens, an important platform for visibility for the brand for a period of 5 years from September 1, 2015 to August 31, 2020.

Customer loyalty programs

RONA is a longstanding partner of the AIR MILES program and the penetration of this program accounts for a significant portion of our total sales at participating RONA stores. RONA therefore has access to several million AIR MILES collectors, active and non-active, with a range of potential profiles.

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. The program also allows for affordable financing options and exclusive monthly offers. This program exists at Réno-Dépôt under the name "The Build Up Plan" and targets Réno-Dépôt private-label credit cardholders, the difference being that these cardholders cannot earn twice the number of AIR MILES reward miles, only basic AIR MILES reward miles.

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, RONA ECO, RONA Revy, Revy Home & Garden, RONA Service d'installation, Uberhaus, Chester Dawe, Marcil, Dick's Lumber, TRU, TruServ Canada, TruServ and TruValue. 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 as well as pursuing the registration of the RONA trademark in the United States.

F – Human Resources

As at December 27, 2015, our entire network included over 17,000 employees, considering RONA corporate stores only, and over 22,000 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 2016, a material effect (financial, operational or otherwise) on our capital expenditures, earnings and competitive position.

Environmental Footprint

We are taking measures to reduce the environmental footprint of our products and activities, while facilitating customer choice.

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 eco-responsible products that meet environmental expectations of clients and are also eligible to various eco-responsible grants.

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).

Paper Products Use and Procurement Policy

RONA's use and procurement policy is in line with our *Forest Products Procurement Policy* and defines the environmental principles for the purchase and use of paper products (e.g., recycled and certified paper content).

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

ITEM 4 - DIVIDEND POLICY

Since 2010, the Corporation had declared and paid cash dividends on its Common Shares on a semi-annual basis. On August 10, 2015, RONA's Board of Directors authorized a dividend increase of 14.3% on an annualized basis, from \$0.14 per Common Share annually to \$0.16 per Common Share, and a change in the payment frequency from semi-annual to quarterly payment, subject to the declaration of such dividends by the Board of Directors. 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 applicable laws. 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. Pursuant to the terms of the Arrangement Agreement, the Corporation has made covenants to conduct its business in the ordinary course of the normal operations of the Corporation between the date of the Arrangement Agreement and the date the Arrangement is to become effective, as well as covenants not to declare or pay dividends or other distributions (except certain permitted regular quarterly dividends).

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Common Shares	\$16,162,000	\$16,644,000	\$17,043,000
Dividends on Common Shares	\$0.15 ⁽¹⁾	\$0.14	\$0.14
Series 6 Class A Preferred Shares (as defined below).....	\$9,056,000	\$9,056,000	\$9,056,000
Dividends on Preferred Shares (Class A)	\$1.3125	\$1.3125	\$1.3125

(1) On August 10, 2015, RONA's Board of Directors authorized a dividend increase of 14.3% on an annualized basis, from \$0.14 per share annually to \$0.16 per share, and a change in the payment frequency from semi-annual to quarterly payment, subject to the declaration of such dividends by the Board of Directors. Following such change in the dividend payment policy, RONA has declared and paid \$0.15 per share in 2015.

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 February 25, 2016, 106,904,501 Common Shares and 6,900,000 Class A Preferred Shares, Series 6 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

Effect of the Arrangement on the Series 6 Class A Preferred Shares and Series 7 Class A Preferred Shares

The Corporation does not intend to exercise its right to redeem all or any part of the currently outstanding 6,900,000 Series 6 Class A Preferred Shares on March 31, 2016. Subject to certain conditions set out in the short form prospectus of the Corporation dated February 11, 2011 relating to the issuance of the Series 6 Class A Preferred Shares, the holders of the Series 6 Class A Preferred Shares have the right, at their option, to convert all or any of their Series 6 Class A Preferred Shares into Series 7 Class A Preferred Shares on March 31, 2016, on the basis of one Series 7 Class A Preferred Share for each Series 6 Class A Preferred Share, as described below. The dividend rate applicable to the Series 6 Class A Preferred Shares for the 5-year period from and including March 31, 2016 to but excluding March 31, 2021, and the dividend rate applicable to the Series 7 Class A Preferred Shares for the 3-month period from and including March 31, 2016 to but excluding June 30, 2016, will be announced by way of a press release on March 1, 2016. Notwithstanding the conversion of any Series 6 Class A Preferred Shares into Series 7 Class A Preferred Shares on March 31, 2016, all Preferred Shares outstanding on the Effective Date will be treated in the same fashion under the Arrangement. Preferred Shareholders will vote on the Arrangement as a separate class of securities and their participation in the Arrangement will require the approval of 66⅔% of the votes cast by holders of Preferred Shares represented in person or by proxy at the Special Meeting. However, completion of the Arrangement is not conditioned upon approval by the Preferred Shareholders and if the Arrangement is not approved by the Preferred Shareholders in a separate class vote, the Preferred Shares will be excluded from the Arrangement and will remain outstanding in accordance with their

terms.

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 will have fixed cumulative preferential dividends equal to the 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. As disclosed above, the Corporation does not intend to exercise its right to redeem all or any part of the currently outstanding 6,900,000 Series 6 Class A Preferred Shares on March 31, 2016.

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 in the case of 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:

2015	Common Shares ⁽¹⁾		
	High	Low	Volume
	(\$)	(\$)	Shares
January	13.94	12.36	5,342,330
February	15.29	12.55	6,208,337
March	16.37	15.21	8,073,433
April	17.36	15.77	5,139,969
May	16.62	15.50	3,287,261
June	16.10	14.90	2,527,531
July	15.50	14.37	3,147,304
August	15.99	12.87	4,185,662
September	14.39	13.22	4,521,168
October	14.48	13.38	2,536,064
November	13.84	12.17	4,523,174
December (until December 27)	13.77	13.38	5,319,929

(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:

2015	Preferred Shares ⁽¹⁾		
	High	Low	Volume
	(\$)	(\$)	Shares
January	21.65	18.80	172,860
February	19.48	18.00	267,583
March	19.36	18.75	101,108
April	18.65	16.65	129,037
May	17.95	17.19	76,338
June	17.62	16.51	93,716
July	17.38	16.05	109,695
August	16.73	15.27	113,984
September	16.71	16.00	169,492
October	16.40	14.91	309,009
November	15.75	14.00	198,727
December (until December 27)	14.20	12.20	227,845

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

Prior Sales

Unlisted securities of the Corporation that were issued during the financial year ended December 27, 2015 were options to purchase Common Shares, deferred share units (“**DSUs**”), performance share units (“**PSUs**”) and restricted share units (“**RSUs**”).

The number of options, issue date and exercise price are as follows:

<u>Date of Issue</u>	<u>Number</u>	<u>Exercise Price</u>
26/02/2015	388,600	\$14,51

The numbers of DSUs, PSUs and RSUs and grant dates are as follows:

<u>Type</u>	<u>Date of Issue</u>	<u>Number</u>
DSUs	29/03/2015	24,436
	28/06/2015	18,527
	27/09/2015	24,623
	27/12/2015	26,000
PSUs	26/02/2015	278,650
RSUs	29/12/2014	1,500
	26/02/2015	132,850
	16/11/2015	2,000

In addition, an aggregate number of 19,623 RSUs and PSUs were granted during the financial year ended December 27, 2015 as dividend equivalents pursuant to the terms of the Corporation’s share unit plans.

Credit Ratings

As at February 25, 2016, the credit ratings for RONA’s senior unsecured medium term notes due in 2016, were as follows:

DBRS Limited (“ DBRS ”)	BB (high) (Under Review - Positive)
Standard & Poor’s (“ S&P ”)	BB+ (CreditWatch - Positive)

The rating of BB high is 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 February 25, 2016, the credit ratings for the Series 6 Class A Preferred Shares were as follows:

DBRS	Pfd-4 high (Under Review - Positive)
S&P	P-4 (high) (CreditWatch - Positive)

Pfd-4 (high) is the tenth highest of sixteen ratings used by DBRS for preferred shares. According to DBRS, preferred shares rated Pfd-4 high are speculative-grade investments and the degree of protection afforded

to dividends is uncertain, particularly during periods of economic adversity. The rating of P-4 (high) 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.

CreditWatch highlights S&P’s opinion regarding the potential direction of a short-term or long-term rating. It focuses on identifiable events and short-term trends that cause ratings to be placed under special surveillance by S&P’s analytical staff, which may include mergers, recapitalizations, voter referendums, regulatory actions, performance deterioration of securitized assets, or anticipated operating developments. The positive designation means that a credit rating may be raised.

DBRS announced on February 3, 2016 that it had placed the ratings of RONA Under Review with Positive Implications following the Corporation’s announcement that it had entered into the Arrangement Agreement with Lowe’s. Positive Implications status reflects Lowe’s current ratings (A (low) and R-1 (low) as rated by DBRS), Lowe’s intention to purchase RONA’s outstanding Preferred Shares and the assumption of RONA’s outstanding senior unsecured debt. Pursuant to its February 3, 2016 announcement, DBRS will proceed with its review as more information becomes available and aims to resolve the Under Review status by the closing of the Arrangement.

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. No other services were provided to RONA by these rating agencies during the financial years ended on December 27, 2015 and December 28, 2014.

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 the performance of their obligations toward the Corporation and its subsidiaries. The release from time to time of the pledged shares depends on requirements regarding security to be given, determined in accordance with the terms of their respective commercial license agreements with the Corporation.

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 this Annual Information Form. 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> ⁽¹⁾	<u>Principal occupation (current and past five years)</u>	<u>Director since</u>
Suzanne Blanchet ⁽²⁾ Quebec, Canada age 58	Senior Vice-President, Corporate Development of Cascades Inc. (manufacturing, conversion and marketing of products made with recycled fiber) President and Chief Executive Officer of Cascades Tissue Group (manufacturing and conversion of tissue paper) (1997 to 2014)	May 2011
Réal Brunet ⁽¹⁾ Quebec, Canada age 65	Corporate Director Former audit partner and senior advisor partner at Ernst & Young (from 1983 to 2010)	December 2010
Robert Chevrier Quebec, Canada age 72	Chairman of the Board of Directors of the Corporation and 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 59	Chief Executive Officer of Save-A-Lot (value grocery stores) Former President and Chief Executive Officer of Red Apple Stores Inc. (value retail stores) (from 2013 to 2015) Represented various private equity firms as executive chairman overseeing the restructuring of underperforming assets (from 2009 to 2013)	May 2013
Bernard Dorval ⁽¹⁾⁽³⁾ Ontario, Canada age 63	Corporate Director Former chairman of the board of TD Insurance from 2005 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 ⁽²⁾⁽³⁾ Quebec, Canada age 74	Corporate Director	January 2013
Jean-René Halde ⁽²⁾⁽³⁾ Quebec, Canada age 67	Corporate Director Former President and Chief Executive Officer of the Business Development Bank of Canada (from 2005 until 2015)	July 2015
Denise Martin ⁽¹⁾ Quebec, Canada age 67	Corporate Director	May 2014
James Pantelidis ⁽²⁾ Ontario, Canada age 70	Corporate Director	May 2004

<u>Name, Province and Country of Residence</u> ⁽¹⁾	<u>Principal occupation (current and past five years)</u>	<u>Director since</u>
Robert Paré ⁽²⁾⁽³⁾ Quebec, Canada age 61	Corporate lawyer and partner at Fasken Martineau DuMoulin LLP (law firm) and Corporate Director	April 2009
Steven P. Richardson ⁽¹⁾⁽²⁾ Ontario, Canada age 55	Corporate Director	May 2013
Robert Sawyer Quebec, Canada age 62	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

(1) Member of the Audit Committee.

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

(3) Member of the Nominating and Governance Committee.

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 the date of this Annual Information Form.

<u>Name, Province and Country of Residence</u>	<u>Position within the Corporation</u>
Dominique Boies Quebec, Canada age 43	Executive Vice President and Chief Financial Officer
Alain Brisebois Quebec, Canada age 57	Executive Vice President and Chief Commercial Officer
France Charlebois Quebec, Canada age 57	Corporate Secretary and Chief Legal Officer
Marie-Claude Lalonde Quebec, Canada age 51	Vice President and Corporate Controller
Stéphane Milot Quebec, Canada age 47	Vice President, Development, Real Estate and Investor Relations
Christian Proulx Quebec, Canada age 57	Senior Vice President, Human Resources and Communications
Luc Rodier Quebec, Canada age 45	Executive Vice President, Retail
Robert Sawyer Quebec, Canada age 62	President and Chief Executive Officer

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.

Marie-Claude Lalonde joined RONA in 1986 and successively occupied several positions in the Finance department and was promoted Vice President, Corporate Controller in 1996.

Stéphane Milot joined the Corporation as Senior Director, Investor Relations in 2007, he was promoted Vice President Finances in 2012, Vice President, Expansion, Development and Real Estate in 2014 and finally, Vice President, Development, Real Estate and Investor Relations in 2016. Prior to joining RONA, Mr. Milot was Senior Director, Investor Relations and External Communications at Transcontinental.

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.

Robert Sawyer has been President and Chief Executive Officer of the Corporation since April 8, 2013. Prior to 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 27, 2015, 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 281,765 and 0.26%, 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.

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 Apple 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. On November 28, 2014, the Court granted an order authorizing, among other things, a final distribution to the creditors of Sterling Shoes GP Inc. and Sterling Shoes Limited Partnership holding individual claims in excess of \$4,600;

such distribution is still ongoing. 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 disclosed herein, 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.

The directors and executives of the Corporation may have interests in the Arrangement that are, or may be, different from, or in addition to, the interest of other shareholders of the Corporation. These interests include, but are not limited to, the continued employment of certain executive officers of the Corporation by the purchaser parties and the treatment in the arrangement of Options, DSUs, PSUs and RSUs, Change of Control Agreements and other rights held by directors and executive officers of the Corporation. For further information regarding the interest of directors and executive officers relating to the Arrangement is included under the heading “The Arrangement – Interests of Directors and Executive Officers in the Arrangement” on pages 33 to 37 of the Corporation’s management information circular dated February 25, 2016 prepared in connection with the Special Meeting (the “**Circular**”), which pages are incorporated by reference in this Annual Information Form.

ITEM 9 - RISK FACTORS

In considering an investment in RONA, a prospective purchaser should carefully consider the risk factors described on pages 16 to 20 of our 2015 Management’s Discussion and Analysis under the heading “Risks and Uncertainties” available at www.sedar.com and www.rona.ca, which pages are incorporated by reference in this Annual Information Form.

Further information regarding the risk factors relating to the Arrangement is described on pages 58 and 59 of the Circular for the Special Meeting to consider the Arrangement under the heading “Risks Relating to the Arrangement” available at www.sedar.com and www.rona.ca, which pages are incorporated by reference in this Annual Information Form.

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 five independent directors. The members of the Audit Committee are Réal Brunet (Chair), Eric Claus, Bernard Dorval, Denise Martin and Steven Richardson.

C – Description of the Financial Literacy of Members

All members of the Audit Committee are financially literate (within the meaning of applicable Canadian securities laws) 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, analyzing 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 of the Audit Committee 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, FCPA, FCA, has a Bachelor's degree in Commerce, was an audit partner and senior advisory partner at Ernst & Young from 1983 to 2010, has been a member of the board of directors and audit committee of Ivanhoe Cambridge Inc. since 2013, was a guest member of the board of directors and audit committee of Agropur cooperative from 2012 to 2015 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 Chief Executive Officer of Save-A-Lot, a division of SUPERVALU Inc. since December 2015, formerly President and Chief Executive Officer of Red Apple Stores Inc. from 2013 to December 2015, 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 The Great Atlantic and Pacific Tea Company ("A&P") from 2002 until he moved to the United States 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. He was chair of the retirement investment committee of the TD Bank Group between 2010 and 2013 and was chair of the audit committee of TD Insurance Meloche-Monnex from 1997 to 2007. He has been a member of the Board of directors and chair of the audit committee of Verlyx Pharma Inc. (formerly Oncozyme Pharma Inc.) since 2013 and was acting chairman of the board in 2014. He is also a member of the independent review committee of the R.E.G.A.R. Investment Management Funds since 2014; (iv) Denise Martin obtained her Master's degree in Computer Sciences from Université de Montréal in 1972 and her Master's degree in Business Administration (MBA) from the École des Hautes Études Commerciales (HEC) in Montreal in 1976. She is a member of the board of directors, member of the governance and ethics committee and chair of the technologies committee of Revenu Québec. From 1982 to 2009, Ms. Martin held various positions within Metro Inc., including Vice-President and General Manager of McMahon Distributeur pharmaceutique inc. from 1989 to 2009. Ms. Martin was deputy chair of the board of directors, chair of the asset management committee and member of the executive committee, investment committee (traditional sector), sectorial adjustment committee, audit committee and evaluation committee of the Fonds de solidarité des travailleurs du Québec (FTQ) between 1994 and 2013 and was a member of the board of directors, audit committee and information systems committee

(chair) of the Société des alcools du Québec from 2001 to 2003; and (v) Steven Richardson has a Bachelor's degree in Commerce and Economics and is a CPA, CMA. 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 \$1,128,000 as audit fees⁽¹⁾ to Raymond Chabot Grant Thornton LLP (“**Raymond Chabot**”), Chartered Professional Accountants, during the financial year ended December 27, 2015. During the same year, we also paid Raymond Chabot \$225,000 as audit-related fees,⁽²⁾ \$0 for tax fees⁽³⁾ and \$0 as other fees.⁽⁴⁾

In comparison, during the financial year ended December 28, 2014, we paid Raymond Chabot \$962,000 as audit fees,⁽¹⁾ \$86,000 as audit-related fees,⁽²⁾ \$0 for tax fees⁽³⁾ and \$0 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 CONTRACT

Except for the Arrangement Agreement which has been filed on February 4, 2016 on the Corporation's profile on SEDAR at www.sedar.com, there are no contracts, other than those entered into in the ordinary course of business, that are material to the Corporation and were entered into between December 29, 2014 and the date hereof, or before the most recently completed financial year, but are still in effect.

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 27, 2015 and December 28, 2014. 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 2015 Management Proxy Circular in respect of our previous annual meeting of shareholders held on May 12, 2015, that involved the election of directors, which includes additional information, including directors' and officers' remuneration, principal holders of the Corporation's securities and securities authorized for issuance under equity compensation plans.
- Copy of our Circular with respect to the Special Meeting to consider the Arrangement.

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 27, 2015 and December 28, 2014 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) 599-5900

or on the Corporation's web site address: www.rona.ca or on the Corporation's profile 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.