



**NOTICE OF ANNUAL
MEETING OF SHAREHOLDERS**

AND

**MANAGEMENT PROXY CIRCULAR OF
RONA INC.**

2008



**NOTICE OF ANNUAL
MEETING OF SHAREHOLDERS**

To the Holders of Common Shares:

NOTICE IS HEREBY GIVEN that the annual meeting of shareholders (the “**Meeting**”) of RONA inc. (the “**Company**”) will be held at the Company’s head office located at 220, chemin du Tremblay, Boucherville, Quebec, Académie Room, on Wednesday, April 23, 2008, at 11:00 a.m. (local time) for the purposes of:

- (a) receiving the financial statements of the Company for the year ended December 30, 2007, together with the auditors’ report thereon;
- (b) electing thirteen (13) directors for the ensuing year;
- (c) appointing auditors for the ensuing year and authorizing the directors to fix their compensation;
- (d) considering and, if deemed advisable, adopting a resolution (the full text of which is reproduced in Schedule “A” to the accompanying Management Proxy Circular) approving the renewal of the Company’s shareholder rights plan adopted by the Board of Directors on March 10, 2005, and ratified by the Company’s shareholders on March 14, 2005, the whole as described in the accompanying Management Proxy Circular; and
- (e) transacting such other business as may properly come before the Meeting.

Boucherville, Quebec, March 14, 2008

By order of the Board of Directors,

France Charlebois (signed)
Corporate Secretary and Chief Legal Officer

Shareholders may exercise their rights by attending the Meeting or by completing a form of proxy. If you are unable to attend the Meeting in person, please complete, date and sign the enclosed form of proxy and return it in the envelope provided for that purpose. Proxies must be received by Computershare Investor Services Inc. (9th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1) no later than 5:00 p.m. (local time) on Tuesday, April 22, 2008. Your shares will be voted in accordance with your instructions as indicated on the form of proxy or, if no instructions are given on the form of proxy, the proxy holder will vote “FOR” each of the matters indicated at items (b), (c) and (d) hereinabove.

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MANAGEMENT PROXY CIRCULAR

This Management Proxy Circular (the “Circular”) is furnished in connection with the solicitation of proxies for use at the annual meeting of shareholders of RONA inc. (the “Company” or “RONA”) to be held on Wednesday, April 23, 2008 at the place and time and for the purposes set forth in the accompanying notice of meeting, and at any adjournments thereof (the “Meeting”).

Except as otherwise indicated, the information contained herein is given as of March 1, 2008, and all dollar amounts set forth herein are expressed in Canadian dollars.

VOTING AND PROXIES

Solicitation of Proxies

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

Appointment of Proxy

The persons named as proxy holders in the enclosed form of proxy are directors and/or officers of the Company. Each shareholder is entitled to appoint a person, who need not be a shareholder, other than the persons designated in the enclosed form of proxy, to represent him or her at the Meeting. In order to appoint such other person, the shareholder should insert such person’s name in the blank space provided on the form of proxy and delete the names printed thereon or complete another proper form of proxy and, in either case, deliver the completed form of proxy to Computershare Investor Services Inc. (9th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1) no later than 5:00 p.m. (local time) on Tuesday, April 22, 2008.

Revocation of Proxy

A shareholder who executes and returns the accompanying form of proxy may revoke the same: (a) by instrument in writing executed by the shareholder, or by his or her attorney authorized in writing, and deposited either (i) at the offices of the Company, to the attention of the Corporate Secretary and Chief Legal Officer of the Company, at 220 chemin du Tremblay, Boucherville, Quebec, Canada J4B 8H7, at any time up to and including 5:00 p.m. (local time) on Tuesday, April 22, 2008, or (ii) with the chairman of the Meeting on the day of the Meeting or any adjournment thereof or (b) in any other manner permitted by law. If the shareholder is a legal person, any such instrument of revocation shall be executed by a duly authorized officer or attorney thereof.

Exercise of Voting Rights by Proxies

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

Notice to Beneficial Holders of Shares

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

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

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

Voting Shares and Principal Holders Thereof

Holders of Common Shares have voting rights at the Meeting. As at March 1, 2008, 115,416,709 Common Shares were issued and outstanding. Each Common Share entitles the holder thereof to one vote at any meeting of shareholders of the Company.

Holders of Common Shares whose names are registered on the list of shareholders of the Company as at the close of business (local time) on March 14, 2008, being the date set by the Company for the determination of the registered holders of Common Shares who are entitled to receive the notice of Meeting (the “**Record Date**”), will be entitled to exercise the voting rights attaching to the Common Shares in respect of which they are so registered at the Meeting, or any adjournment thereof, if present or represented by proxy thereat.

To the knowledge of the directors and officers of the Company, no person beneficially owns, directly or indirectly, or exercises control or direction over, voting securities carrying 10% or more of the voting rights attached to the Common Shares of the Company.

ELECTION OF DIRECTORS

The Articles and General By-Laws of the Company provide that the Board of Directors of the Company (the “**Board of Directors**” or the “**Board**”) shall be made up of a minimum of three (3) and a maximum of thirty (30) directors as determined from time to time by resolution of the Board of Directors. The Board of Directors has currently set the number of directors at thirteen (13). The provisions of the General By-Laws provide that the mandate of directors will be of one year and will end on the date of the annual meeting following their election or when their successors are elected.

The Board proposes the thirteen (13) persons named hereinafter as nominees for election as directors. All nominees for election as directors of the Company are current directors.


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

director of the Company, as well as the number of Common Shares, Deferred Share Units (“DSUs”) or, in the case of Mr. Dutton, options of the Company beneficially owned, directly or indirectly, or over which control or direction is exercised by each such person. Finally, it describes the level of attendance of directors to Board and committee meetings and the value of total compensation received by each individual to act as a director of the Company.

Except where authority to vote with respect to the election of directors is withheld, the persons named in the enclosed form of proxy or voting instruction form intend to vote FOR the election of the nominees whose names are hereinafter set forth. If prior to the Meeting, any nominee is unable or, for any reason, becomes unwilling to serve as a director, it is intended that the discretionary power granted by the form of proxy or voting instruction form shall be used to vote for any other person or persons as directors, unless the shareholder has specified in the form of proxy or voting instruction form that his or her shares are to be withheld from voting on the election of directors. The Board of Directors and the management of the Company have no reason to believe that any of the said nominees will be unable or unwilling to serve, for any reason, if elected to office.

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

Nominees

LOUISE CAYA						
	Age 42 ⁽¹⁾ Quebec, Canada Director Since: May 2002 Not Independent		Mrs. Caya is a member of the board of directors, Vice-President and Controller of Industrie Fabco Inc. (prefabricated kiosks and shelters). Mrs. Caya is also a member of the board of directors, Vice-President and Secretary of Thomas Caya (1982) inc. (affiliated hardware store operating under the RONA L'Express banner).			
Board/Committee Membership:		Attendance:		Value of Total Compensation Received as Director⁽²⁾:		
Member of:				<i>Year</i>	<i>Value (\$)</i>	
<ul style="list-style-type: none"> • Board of Directors • Development Committee 		8/8	100%	2007	55,750	
		4/4	100%	2006	52,500	
Securities Held⁽³⁾:						
<i>Year</i>	<i>Common Shares (#)⁽⁴⁾</i>	<i>DSUs (#)</i>	<i>Total Common Shares and DSUs (#)⁽⁴⁾</i>	<i>Total Market Value of Common Shares and DSUs (\$)⁽⁴⁾</i>	<i>Minimum Required (within 5 years) (\$)⁽⁴⁾⁽⁵⁾</i>	
2007	1,600	2,677	4,277	73,479		
2006	1,600	–	1,600	33,600	160,000	

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

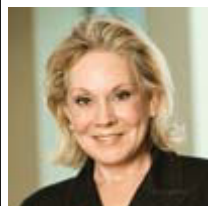
(2) For further details, please see “Compensation of Directors”, on page 10 of this Circular.

(3) As at December 30, 2007.

(4) Mrs. Caya also has a 50% interest in Thomas Caya (1982) inc., a company that held 111,228 Common Shares as at December 30, 2007.

(5) Under the Directors’ Shareholding Guidelines, each non-employee director is required to acquire Common Shares and/or DSUs having a combined value of at least four (4) times his or her director annual cash retainer. For further details, please see “Compensation of Directors”, on page 10 of this Circular.

DORIS JOAN DAUGHNEY



Age 57⁽¹⁾
British Columbia, Canada
Director Since: May 2007
Independent and
Financially Literate

Mrs. Daughney is a member of the board of directors and audit committee of Saxon Financial Inc. (investment management), and a principal and member of the board of directors of Echelon Home Products Inc., and Echelon Home Products Ltd. (home appliances). Mrs. Daughney is the immediate past chair of the board of directors, member of the audit committee and governance committee, and CEO of BC Pavilion Corporation (public tourism management).

Board/Committee Membership:		Attendance:		Value of Total Compensation Received as Director ⁽²⁾ :	
Member of:				<i>Year</i>	<i>Value (\$)</i>
<ul style="list-style-type: none"> Board of Directors Nominating and Governance Committee 		5/5	100%	2007	35,044
		1/1	100%	2006	–
Securities Held ⁽³⁾ :					
<i>Year</i>	<i>Common Shares (#)</i>	<i>DSUs (#)</i>	<i>Total Common Shares and DSUs (#)</i>	<i>Total Market Value of Common Shares and DSUs (\$)</i>	<i>Minimum Required (within 5 years) (\$)⁽⁴⁾</i>
2007	–	1,782	1,782	30,615	160,000
2006	–	–	–	–	–

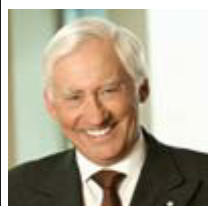
(1) Age as of the date of the Meeting.

(2) For further details, please see “Compensation of Directors”, on page 10 of this Circular.

(3) As at December 30, 2007.

(4) Under the Directors’ Shareholding Guidelines, each non-employee director is required to acquire Common Shares and/or DSUs having a combined value of at least four (4) times his or her director annual cash retainer. For further details, please see “Compensation of Directors”, on page 10 of this Circular.

PIERRE DUCROS



Age 69⁽¹⁾
Quebec, Canada
Director Since: May 2005
Independent and
Financially Literate

Mr. Ducros is a member of the board of directors and audit committee of TELUS Corporation (telecommunications), a member of the board of directors and corporate governance committee of Manulife Financial (financial services) and a member of the board of directors and communications committee of the Canadian Institute for Advanced Research (collaborative advanced research). Mr. Ducros is President of Pierre Ducros & Associates.⁽²⁾

Board/Committee Membership:		Attendance:		Value of Total Compensation Received as Director ⁽³⁾ :	
Member of:				<i>Year</i>	<i>Value (\$)</i>
<ul style="list-style-type: none"> Board of Directors Nominating and Governance Committee (Chair) Audit Committee 		6/8	75%	2007	57,750
		3/3	100%	2006	60,500
		4/5	80%		
Securities Held ⁽⁴⁾ :					
<i>Year</i>	<i>Common Shares (#)</i>	<i>DSUs (#)</i>	<i>Total Common Shares and DSUs (#)</i>	<i>Total Market Value of Common Shares and DSUs (\$)</i>	<i>Minimum Required (within 5 years) (\$)⁽⁶⁾</i>
2007	3,000 ⁽⁵⁾	4,939	7,939	136,392	160,000
2006	2,000 ⁽⁵⁾	2,176	4,176	87,696	–

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

(2) On June 14, 2006, the Ontario Securities Commission issued a management and insider cease trade order on Cognos Incorporated, a company of which Mr. Ducros was a director. The management and insider cease trade order was issued as a result of the late filing in Canada of the company’s annual financial statements, management discussion and analysis related to those financial statements and annual information form due to an ongoing review by the Staff of the Division of Corporate Finance of the U.S. Securities and Exchange Commission (“SEC”) that could have had an impact on the manner in which the company allocates revenue. The SEC Staff review was completed on July 20 2006, with the conclusion that the Staff did not object to the company’s revenue recognition policy under SOP 97-2 “Software Revenue Recognition”, after which the company remedied to its late filings. The management and insider cease trade order was lifted in August 2006. Mr. Ducros resigned from the board of directors of Cognos Incorporated in January 2008 as the company was bought by IBM.

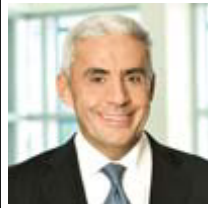
(3) For further details, please see “Compensation of Directors”, on page 10 of this Circular.

(4) As at December 30, 2007.

(5) Mr. Ducros holds these shares through Pierre Ducros & Associates, of which he holds 100% of the issued and outstanding shares.

(6) Under the Directors’ Shareholding Guidelines, each non-employee director is required to acquire Common Shares and/or DSUs having a combined value of at least four (4) times his or her director annual cash retainer. For further details, please see “Compensation of Directors”, on page 10 of this Circular.

ROBERT DUTTON



Age 53⁽¹⁾
Quebec, Canada
Director Since: March 1990
Not Independent

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

Board/Committee Membership:		Attendance:		Value of Total Compensation Received as Director ⁽²⁾ :		
Member of the Board of Directors	8/8	100%		<i>Year</i>	<i>Value (\$)</i>	
				2007	–	
				2006	–	
Securities Held ⁽³⁾ :						
<i>Year</i>	<i>Common Shares (#)⁽⁴⁾</i>	<i>Options Exercisable (#)</i>	<i>Total Common Shares and Options Exercisable (#)⁽⁴⁾</i>	<i>Total Market Value of Common Shares and Options Exercisable (\$)⁽⁴⁾</i>	<i>Minimum Required (\$)⁽⁴⁾⁽⁵⁾</i>	
2007	492,472	1,250,000	1,742,472	22,317,069	2,025,000	
2006	492,472	1,190,000	1,682,472	28,416,162		

- (1) Age as of the date of the Meeting.
- (2) Mr. Dutton is the President and CEO of the Company. He does not receive any compensation for acting as a director of the Company. For details on his compensation, please see “Compensation of the President and CEO” on page 16 of this Circular.
- (3) As at December 30, 2007.
- (4) Mr. Dutton holds 478,624 of these shares through 9122-5482 Québec inc., of which he holds 100% of the issued and outstanding shares.
- (5) Under Management Share Ownership Guidelines, the President and CEO is required to hold Common Shares or exercisable options having a combined value of at least three (3) times his salary. For further details, please see “Share Ownership Requirements”, on page 15 of this Circular.

JEAN GAULIN



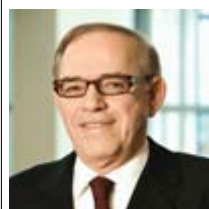
Age 65⁽¹⁾
Texas, United States of America
Director Since: May 2004
Independent and Financially Literate

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

Board/Committee Membership:		Attendance:		Value of Total Compensation Received as Director ⁽²⁾ :		
Member of				<i>Year</i>	<i>Value (\$)</i>	
• Board of Directors	8/8	100%		2007	120,860	
• Nominating and Governance Committee ⁽³⁾	2/2	100%		2006	58,250	
• Human Resources and Compensation Committee ⁽³⁾	4/4	100%				
Securities Held ⁽⁴⁾ :						
<i>Year</i>	<i>Common Shares (#)</i>	<i>DSUs (#)</i>	<i>Total Common Shares and DSUs (#)</i>	<i>Total Market Value of Common Shares and DSUs (\$)</i>	<i>Minimum Required (within 5 years) (\$)⁽⁵⁾</i>	
2007	85,000	–	85,000	1,460,300	160,000	
2006	35,000	–	35,000	735,000		

- (1) Age as of the date of the Meeting.
- (2) For further details, please see “Compensation of Directors”, on page 10 of this Circular.
- (3) Upon becoming Chairman of the Board, Mr. Gaulin ceased to be a member of these committees. As Chairman of the Board, he may attend all Board committee meetings but does not receive attendance fees for his presence at such meetings.
- (4) As at December 30, 2007.
- (5) Under the Directors’ Shareholding Guidelines, each non-employee director is required to acquire Common Shares and/or DSUs having a combined value of at least four (4) times his or her director annual cash retainer. For further details, please see “Compensation of Directors”, on page 10 of this Circular.

JEAN-GUY HÉBERT



Age 61⁽¹⁾
Quebec, Canada
Director Since: May 2002⁽²⁾
Not Independent

Mr. Hébert is a member of the board of directors and President of several companies, including Maximat Inc. (holding company), Maximat Granby Inc. (holding company), Horizon Devcow Inc. (real estate), and 9060-4976 Québec inc. (operating a store under the RONA L'Entrepôt banner (Granby)).

Board/Committee Membership:		Attendance:		Value of Total Compensation Received as Director ⁽³⁾ :		
Member of				<i>Year</i>	<i>Value (\$)</i>	
• Board of Directors		8/8	100%	2007	55,750	
• Development Committee		4/4	100%	2006	52,500	
Securities Held ⁽⁴⁾ :						
<i>Year</i>	<i>Common Shares (#)⁽⁵⁾</i>	<i>DSUs (#)</i>	<i>Total Common Shares and DSUs (#)⁽⁵⁾</i>	<i>Total Market Value of Common Shares and DSUs (\$)⁽⁵⁾</i>	<i>Minimum Required (within 5 years) (\$)⁽⁵⁾⁽⁶⁾</i>	
2007	43,200	2,284	45,484	781,415		
2006	43,200	945	44,145	927,045	160,000	

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

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

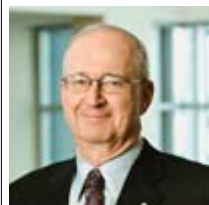
(3) For further details, please see "Compensation of Directors", on page 10 of this Circular.

(4) As at December 30, 2007.

(5) Mr. Hébert also held indirectly 143,496 Common Shares through his interest in Maximat Inc., and has interests in certain companies which held an additional number of 94,593 Common Shares (55,811 Common Shares through 9060-4976 Québec inc., of which he holds 42.5% of the issued and outstanding shares, and 38,782 Common Shares through 9066-7403 Québec inc., of which he holds 50% of the issued and outstanding shares) as at December 30, 2007.

(6) Under the Directors' Shareholding Guidelines, each non-employee director is required to acquire Common Shares and/or DSUs having a combined value of at least four (4) times his or her director annual cash retainer. For further details, please see "Compensation of Directors", on page 10 of this Circular.

J. SPENCER LANTHIER



Age 67⁽¹⁾
Ontario, Canada
Director Since: May 2006
Independent and
Financially Literate

Mr. Lanthier is a member of the board of directors, corporate governance committee and finance and audit committee (chair) of the TSX Group Inc. (securities exchange), a member of the board of directors, human resources committee and audit committee (chair) of Gerdau Ameristeel Corporation (steel manufacturer), a member of the board of directors, audit committee (chair) and human resources committee of Ellis-Don Inc. (construction), a member of the board of directors, audit committee (chair) and pension committee of Torstar Corporation (newspapers), a member of the board of directors, audit committee and corporate governance committee of Zarlink Semiconductor Inc. (semiconductor), and a member of the advisory board of Birch Hill Equity Partners III, LP (equity investments). Mr. Lanthier is a retired partner of KPMG Canada and has acted as Chairman and Chief Executive of KPMG Canada and was a member of the KPMG International executive committee and board of directors from 1993 to 1999.

Board/Committee Membership:		Attendance:		Value of Total Compensation Received as Director ⁽²⁾ :		
Member of				<i>Year</i>	<i>Value (\$)</i>	
• Board of Directors		8/8	100%	2007	66,500	
• Audit Committee (Chair)		5/5	100%	2006	53,750	
Securities Held ⁽³⁾ :						
<i>Year</i>	<i>Common Shares (#)</i>	<i>DSUs (#)</i>	<i>Total Common Shares and DSUs (#)</i>	<i>Total Market Value of Common Shares and DSUs (\$)</i>	<i>Minimum Required (within 5 years) (\$)⁽⁴⁾</i>	
2007	5,000	4,178	9,178	157,678		
2006	5,000	991	5,991	125,811	160,000	


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

(2) For further details, please see "Compensation of Directors", on page 10 of this Circular.

(3) As at December 30, 2007.


(4) Under the Directors' Shareholding Guidelines, each non-employee director is required to acquire Common Shares and/or DSUs having a combined value of at least four (4) times his or her director annual cash retainer. For further details, please see "Compensation of Directors", on page 10 of this Circular.

ALAIN MICHEL

	Age 59 ⁽¹⁾ Quebec, Canada Director Since: May 2005 Independent and Financially Literate	Mr. Michel is Corporate Director and Chairman of the board of directors of Groupe Cari-All inc. (shopping carts manufacturer), a member of the board of directors and audit committee (chair) of NB Capital Corporation (financial services), DiagnoCure Inc. (biotechnology), and IPL Inc. (plastic), and a member of the board of directors and audit committee of La Survivance (insurance). From 2001 to 2005, Mr. Michel was also Management Consultant at the Caisse de dépôt et placement du Québec (investment). From 1992 to 2000, he was Senior Vice-President and Chief Financial Officer of Group Videotron Ltd. (telecommunications). ⁽²⁾			
Board/Committee Membership:		Attendance:		Value of Total Compensation Received as Director⁽³⁾:	
Member of				<i>Year</i>	<i>Value (\$)</i>
<ul style="list-style-type: none"> Board of Directors Audit Committee Nominating and Governance Committee 		8/8	100%	2007	58,000
		5/5	100%	2006	50,250
		1/1	100%		
Securities Held⁽⁴⁾:					
<i>Year</i>	<i>Common Shares (#)</i>	<i>DSUs (#)</i>	<i>Total Common Shares and DSUs (#)</i>	<i>Total Market Value of Common Shares and DSUs (\$)</i>	<i>Minimum Required (within 5 years) (\$)⁽⁵⁾</i>
2007	4,000	4,615	8,615	148,006	160,000
2006	4,000	1,818	5,818	122,178	

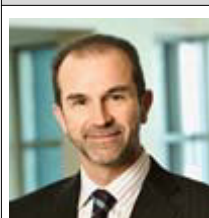
- Age as of the date of the Meeting.
- Mr. Michel was a director of Cable Satisfaction International Inc. which, in July 2003, applied for protection under the Companies' Creditors Arrangement Act. The plan of arrangement and reorganization proposed by Cable Satisfaction International Inc. was unanimously approved at the meeting of the company's creditors held on March 16, 2004 and was sanctioned by the Quebec Superior Court on March 19, 2004.
- For further details, please see "Compensation of Directors", on page 10 of this Circular.
- As at December 30, 2007.
- Under the Directors' Shareholding Guidelines, each non-employee director is required to acquire Common Shares and/or DSUs having a combined value of at least four (4) times his or her director annual cash retainer. For further details, please see "Compensation of Directors", on page 10 of this Circular.

JAMES PANTELIDIS

	Age 62 ⁽¹⁾ Ontario, Canada Director Since: May 2004 Independent and Financially Literate	Mr. Pantelidis is Chairman of the board of directors of Consumers' Waterheater Income Fund (energy heating) and of Parkland Income Fund (energy downstream) and he is a member of the board of directors, human resources and governance committee and investment committee (chair) of Industrial Alliance Insurance and Financial Services Inc. (financial services). From 2002 to 2006, Mr. Pantelidis was a member of the board of directors of Fishercast Global Corporation (die casting) and served as Chairman and Chief Executive Officer from 2004 to 2006. From 2002 to 2003, he was President and Chief Executive Officer of J.P. Associates (private equity and strategic consulting). Between 1999 and 2001, he was Chairman and Chief Executive Officer of Bata Ltd. (retail and shoes manufacturing) and from 1996 to 1998 he was Executive Vice-President at Petro-Canada (energy). ⁽²⁾			
Board/Committee Membership:		Attendance:		Value of Total Compensation Received as Director⁽³⁾:	
Member of				<i>Year</i>	<i>Value (\$)</i>
<ul style="list-style-type: none"> Board of Directors Human Resources and Compensation Committee Development Committee 		8/8	100%	2007	61,750
		6/6	100%	2006	54,000
		4/4	100%		
Securities Held⁽⁴⁾:					
<i>Year</i>	<i>Common Shares (#)⁽⁵⁾</i>	<i>DSUs (#)</i>	<i>Total Common Shares and DSUs (#)⁽⁵⁾</i>	<i>Total Market Value of Common Shares and DSUs (\$)⁽⁵⁾</i>	<i>Minimum Required (within 5 years) (\$)⁽⁵⁾⁽⁶⁾</i>
2007	5,000	3,889	8,889	152,713	160,000
2006	4,000	946	4,946	103,866	

- Age as of the date of the Meeting.
- Mr. Pantelidis made a private equity investment in Tattoo Footwear Inc. and joined the board of that company in 2003. In the 12-month period following the sale of his shares and departure from the board, the company went into receivership.
- For further details, please see "Compensation of Directors", on page 10 of this Circular.
- As at December 30, 2007.
- In addition, Mr. Pantelidis' daughter and son each hold an additional number of 100 Common Shares.
- Under the Directors' Shareholding Guidelines, each non-employee director is required to acquire Common Shares and/or DSUs having a combined value of at least four (4) times his or her director annual cash retainer. For further details, please see "Compensation of Directors", on page 10 of this Circular.

ROBERT SARTOR



Age 50⁽¹⁾
Alberta, Canada
Director Since: May 2007
Independent and
Financially Literate

Mr. Sartor is a member of the board of directors and Chief Executive Officer of The Forzani Group Ltd. (sporting goods retailer) and from 1997 to 2003, he was President, Commercial Development and Chief Financial Officer of that company.⁽²⁾

Board/Committee Membership:		Attendance:		Value of Total Compensation Received as Director ⁽³⁾ :	
Member of:				<i>Year</i>	<i>Value (\$)</i>
• Board of Directors		5/5	100%	2007	38,044
• Audit Committee		2/2	100%	2006	–
• Human Resources and Compensation Committee		1/1	100%		
Securities Held ⁽⁴⁾ :					
<i>Year</i>	<i>Common Shares (#)</i>	<i>DSUs (#)</i>	<i>Total Common Shares and DSUs (#)</i>	<i>Total Market Value of Common Shares and DSUs (\$)</i>	<i>Minimum Required (within 5 years) (\$)⁽⁵⁾</i>
2007	1,000	1,919	2,919	50,148	160,000
2006	–	–	–	–	–

- (1) Age as of the date of the Meeting.
- (2) Mr. Sartor was a member of the board of directors of Hartland Pipeline Services Ltd., which was petitioned into bankruptcy in December 1999 following proceedings initiated under the Companies' Creditors Arrangement Act in November 1999.
- (3) For further details, please see "Compensation of Directors", on page 10 of this Circular.
- (4) As at December 30, 2007.
- (5) Under the Directors' Shareholding Guidelines, each non-employee director is required to acquire Common Shares and/or DSUs having a combined value of at least four (4) times his or her director annual cash retainer. For further details, please see "Compensation of Directors", on page 10 of this Circular.

LOUIS A. TANGUAY



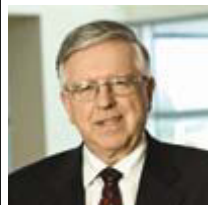
Age 71⁽¹⁾
Quebec, Canada
Director Since: May 1999
Independent

Mr. Tanguay is a member of the board of directors and corporate governance and human resources committee of Aéroports de Montréal, a member of the board of directors and audit committee of Bell Aliant (telecommunications), a member of the board of directors, audit committee and corporate governance and human resources committee (chair) of Medisys Health Group Inc. (healthcare), a member of the board of directors and audit committee (chair) of Saputo Inc. (food) and a member of the board of directors, corporate governance committee, audit committee and compensation committee (chair) of SR Telecom Inc. (telecom network equipment manufacturing). From 1998 to 2001, Mr. Tanguay was President and Chief Executive Officer of Bell Canada International.⁽²⁾

Board/Committee Membership:		Attendance:		Value of Total Compensation Received as Director ⁽³⁾ :	
Member of:				<i>Year</i>	<i>Value (\$)</i>
• Board of Directors		8/8	100%	2007	62,250
• Human Resources and Compensation Committee (Chair)		6/6	100%	2006	56,000
• Nominating and Governance Committee		3/3	100%		
Securities Held ⁽⁴⁾ :					
<i>Year</i>	<i>Common Shares (#)</i>	<i>DSUs (#)</i>	<i>Total Common Shares and DSUs (#)</i>	<i>Total Market Value of Common Shares and DSUs (\$)</i>	<i>Minimum Required (within 5 years) (\$)⁽⁵⁾</i>
2007	30,000	4,893	34,893	599,462	160,000
2006	30,000	1,926	31,926	670,446	–

- (1) Age as of the date of the Meeting.
- (2) On April 2, 2007, the *Autorité des marchés financiers* issued a management cease-trade order on SR Telecom Inc. covering all directors and officers of the company, as well as certain significant shareholders, as a result of a delay in the release of its fourth quarter and year-end results for the period ended December 31, 2006, and related filing of its annual financial statements, management discussion and analysis related to those financial statements and annual information form. The management cease-trade order was lifted on July 19, 2007. On November 19, 2007, SR Telecom Inc. applied for protection under the Companies' Creditors Arrangement Act, and announced on December 18, 2007 that it had obtained protection from creditors through February 29, 2008 via a stay of proceedings ordered by the Quebec Superior Court. On February 29, 2008, the Court extended this stay through May 2, 2008.
- (3) For further details, please see "Compensation of Directors", on page 10 of this Circular.
- (4) As at December 30, 2007.
- (5) Under the Directors' Shareholding Guidelines, each non-employee director is required to acquire Common Shares and/or DSUs having a combined value of at least four (4) times his or her director annual cash retainer. For further details, please see "Compensation of Directors", on page 10 of this Circular.

JOCELYN TREMBLAY



Age 66⁽¹⁾
Quebec, Canada
Director Since: May 1998
Independent

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

Board/Committee Membership:		Attendance:		Value of Total Compensation Received as Director ⁽²⁾ :	
Member of:				<i>Year</i>	<i>Value (\$)</i>
• Board of Directors		8/8	100%	2007	60,250
• Human Resources and Compensation Committee		6/6	100%	2006	54,750
• Nominating and Governance Committee		3/3	100%		
Securities Held ⁽³⁾ :					
<i>Year</i>	<i>Common Shares (#)</i>	<i>DSUs (#)</i>	<i>Total Common Shares and DSUs (#)</i>	<i>Total Market Value of Common Shares and DSUs (\$)</i>	<i>Minimum Required (within 5 years) (\$)⁽⁴⁾</i>
2007	6,000	4,762	10,762	184,891	160,000
2006	6,000	1,891	7,891	165,711	

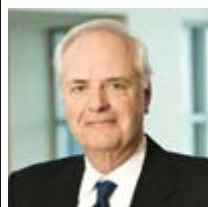
(1) Age as of the date of the Meeting.

(3) For further details, please see "Compensation of Directors", on page 10 of this Circular.

(3) As at December 30, 2007.

(4) Under the Directors' Shareholding Guidelines, each non-employee director is required to acquire Common Shares and/or DSUs having a combined value of at least four (4) times his or her director annual cash retainer. For further details, please see "Compensation of Directors", on page 10 of this Circular.

JEAN-ROCH VACHON



Age 64⁽¹⁾
Arizona, United States of America
Director Since: May 2006
Independent and Financially Literate

Mr. Vachon is a member of the board of directors, of the audit committee and human resources committee of La Madeleine Holdings (restaurant) and Chair of the board of directors of Investissements J.R.V. (holding). Mr. Vachon is also a member of the board of directors of Bridor Inc. (bakery) and Groupe St-Hubert Inc. (food). From 1996 to 1999, he was Chairman of Cantrex Group Inc. (furniture and electronic) and from 1990 to 1996, he was Chairman and Chief Executive Officer of Smitty's Super Valu Inc. (retail).

Board/Committee Membership:		Attendance:		Value of Total Compensation Received as Director ⁽²⁾ :	
Member of:				<i>Year</i>	<i>Value (\$)</i>
• Board of Directors		8/8	100%	2007	64,500
• Audit Committee		5/5	100%	2006	37,250
• Development Committee (Chair)		4/4	100%		
Securities Held ⁽³⁾ :					
<i>Year</i>	<i>Common Shares (#)</i>	<i>DSUs (#)</i>	<i>Total Common Shares and DSUs (#)</i>	<i>Total Market Value of Common Shares and DSUs (\$)</i>	<i>Minimum Required (within 5 years) (\$)⁽⁴⁾</i>
2007	10,000	4,215	14,215	244,214	160,000
2006	5,000	1,123	6,123	128,583	

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

(2) For further details, please see "Compensation of Directors", on page 10 of this Circular.

(3) As at December 30, 2007.

(4) Under the Directors' Shareholding Guidelines, each non-employee director is required to acquire Common Shares and/or DSUs having a combined value of at least four (4) times his or her director annual cash retainer. For further details, please see "Compensation of Directors", on page 10 of this Circular.

COMPENSATION OF DIRECTORS

In 2007, the Company's policy was to pay each director who was not an employee of the Company an annual amount of \$40,000 and directors' fees of \$1,500 per attendance to meetings of the Board of Directors and Board committees (\$750 in the case of participation to meetings by means of telephone). Each chair of a committee of the Board of Directors was also entitled to an additional annual amount of \$2,000, except for the Chair of the Audit Committee, who was entitled to an additional annual amount of \$10,000. The Chairman of the Board (the "Chairman" or the "Chair") was entitled to an additional annual compensation of \$100,000.

In 2006, the Board adopted shareholding guidelines pursuant to which each non-employee director of the Company, including the Chairman, is required, within the latest of five (5) years of (i) his or her election to the Board or (ii) the adoption of the shareholding guidelines, to acquire Common Shares of the Company and/or DSUs having a combined value of at least four (4) times his or her director annual cash retainer (excluding Chairman and committee chair retainers and director fees per meeting). Each non-employee director is required to continue to hold such value in Common Shares and/or DSUs throughout the remainder of his or her other tenure as a director. Shares or units held by directors cannot be the object of monetization procedures or other hedging procedures to reduce the exposure related to such holdings.

The table below shows all compensation received by the current directors of RONA in 2007:

Director	Director and Board Chairman Cash Retainer (\$)	Director Fees (Attendance to Meetings) (\$)	Committee Chair Cash Retainer (\$)	Value of Total Compensation Received (Including DSUs) (\$)	Value of DSUs Granted on the Date of Grant (\$)	Percentage of Total Compensation received in DSUs
Louise Caya	40,000	15,750	–	55,750	55,750	100%
Doris Joan Daughney	26,044	9,000	–	35,044	35,044	100%
Pierre Ducros	40,000	15,750	2,000	57,750	57,750	100%
Robert Dutton	–	–	–	–	–	–
Jean Gaulin	105,110	15,750	–	120,860	–	–
Jean-Guy Hébert	40,000	15,750	–	55,750	27,875	50%
J. Spencer Lanthier	40,000	16,500	10,000	66,500	66,500	100%
Alain Michel	40,000	18,000	–	58,000	58,000	100%
James Pantelidis	40,000	21,750	–	61,750	61,750	100%
Robert Sartor	26,044	12,000	–	38,044	38,044	100%
Louis A. Tanguay	40,000	20,250	2,000	62,250	62,250	100%
Jocelyn Tremblay	40,000	20,250	–	60,250	60,250	100%
Jean-Roch Vachon	40,000	22,500	2,000	64,500	64,500	100%
TOTAL	517,198	203,250	16,000	736,448	587,713	79.8%

MANDATE OF THE BOARD OF DIRECTORS

The Board of Directors is responsible for the supervision of the management of the Company's business and affairs, with the objective of maximizing long-term value. The Board approves all matters expressly required by its mandate under the *Companies Act* (Quebec) and other applicable legislation and the Company's Articles and General By-Laws. When authorized by the Company's applicable legislation, the Board may assign to Board committees the prior review of any issues it is responsible for. Board committee recommendations are subject to Board approval. Board members are expected to attend all meetings of the Board and to review all meeting materials in advance. Board members are also expected to take an active role in Board decision-making. The responsibilities of the Board of Directors are described in the charter of the Board of Directors, attached as Schedule "D" to this Circular.

COMMITTEES OF THE BOARD OF DIRECTORS

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

The Audit Committee is responsible for assisting the Board of Directors in its oversight of (1) the production of reliable financial information, (2) the identification of the principal risks associated with the Company's activities and the implementation of appropriate systems to manage these risks, (3) the internal control and management information systems of the Company, (4) the Company's financial compliance with the various authorities and legislation, (5) the competencies, independence and work of the external and internal auditors, and (6) the performance of the other responsibilities set out in the committee's mandate as well as those delegated to the committee by the Board of Directors. The responsibilities of the Audit Committee are described in detail in the committee's charter attached as Schedule "E" to this Circular.

The Audit Committee is currently chaired by J. Spencer Lanthier and consists of five (5) outside directors, all of whom are independent and financially literate. Other than J. Spencer Lanthier, the other members of the committee are currently Messrs. Pierre Ducros, Alain Michel, Robert Sartor and Jean-Roch Vachon.

All the members of the Audit Committee have acquired relevant experience through their education, as members of other boards of directors and also as executive officers of various companies. Moreover, a number of them are or have been members of the audit committees of other public companies. More specifically, (i) J. Spencer Lanthier was a partner of KPMG Canada, has acted as Chairman and Chief Executive Officer of KPMG Canada and was a member of the KPMG International executive committee and board of directors from 1993 to 1999; (ii) Pierre Ducros was President and Chief Executive Officer of DMR Inc. for a period of twenty-three (23) years and serves on the audit committee of Cognos Incorporated and TELUS Corporation; (iii) Alain Michel has a Master's degree in Commerce and was Senior Vice-President and Chief Financial Officer of Group Videotron Ltd; (iv) Robert Sartor is a member of the board of directors and Chief Executive Officer of The Forzani Group Ltd. (sporting goods retailer) and from 1997 to 2003, was President, Commercial Development and Chief Financial Officer of the same company; and (v) Jean-Roch Vachon has served on the board of directors and audit committee of several private and public companies since 1982, and was Chairman of Cantrex Group Inc. from 1996 to 1999.

The Human Resources and Compensation Committee is responsible for assisting the Board of Directors in discharging its responsibilities regarding recruitment, evaluation, compensation and succession planning for the Company's executive officers and other employees. The responsibilities of the Human Resources and Compensation Committee include, among other things, (1) recommending to the Board of Directors the principles and rules regarding the recruitment, hiring and evaluation of the President and Chief Executive Officer (the "President and CEO") and executive officers reporting to the latter, (2) recommending to the Board of Directors all compensation plans or policies applicable to senior management executives and key employees of the Company, (3) recommending to the Board of Directors a development and succession plan for senior management and ensuring its implementation, (4) recommending to the Board of Directors the hiring and conditions of employment or, if applicable, the termination of the employment of the President and CEO, (5) determining and obtaining the Board of Directors' approval for the position description of the President and CEO, (6) at the start of each year, determining and obtaining the Board of Directors' approval for the objectives of the President and CEO and, at the end of each year or at the start of the following year, determining the extent to which such objectives have been attained and recommending to the Board the President and CEO's compensation based on this assessment, (7) recommending to the Board of Directors the hiring, position description and conditions of employment of senior management reporting to the President and CEO, (8) recommending and obtaining the Board of Directors' annual approval for the compensation of senior management reporting to the President and CEO, (9) recommending to the Board of Directors' any material change to the Company's organizational structure, (10) ensuring the implementation of all human resources policies and ensuring that the Company complies with applicable legislation and regulations, (11) approving the annual report on executive compensation which appears in the Circular, and (12) reviewing the structure of the Company's and its subsidiaries' pension plans.

The Human Resources and Compensation Committee is currently chaired by Mr. Louis A. Tanguay and consists of four (4) outside directors, all of whom are independent. Other than Mr. Tanguay, the members of the committee are currently Messrs. James Pantelidis, Robert Sartor and Jocelyn Tremblay.

The Nominating and Governance Committee is responsible for assisting the Board of Directors in the development of the Company's approach to matters of corporate governance, selection of new director nominees, directors' compensation and for assessing the effectiveness of the Board of Directors and its committees, their respective chairs and each director. The responsibilities of the Nominating and Governance Committee include, among other things, (1) recommending and obtaining the Board of Directors' approval for corporate governance policies and guidelines in compliance with laws and regulations and ensuring their implementation within the Company, (2) recommending to the Board of Directors and periodically reviewing a code of conduct for directors, officers and employees, and ensuring its implementation within the Company, (3) reviewing the size of the Board of Directors to ensure optimal decision-making and effectiveness and, as required, making appropriate recommendations to the Board of Directors, (4) recommending a process for assessing the performance of the Board of Directors as a whole, the committees of the Board of Directors, the Chairman of the Board and the committee chairs and the contribution of individual directors, and seeing to its implementation, (5) recommending the competencies, skills and personal qualities required on the Board in order to create added value, taking into account the opportunities and risks faced by the Company and subsequently identifying and recommending to the Board new director nominees, (6) implementing an orientation and continuing education policy for directors, (7) recommending directors' compensation, (8) ensuring that a statement of corporate governance practices is disclosed and that such statement is in conformity with applicable laws and regulations, (9) advising the management of the Company on matters relating to the conduct of annual and special meetings of shareholders, (10) reviewing and authorizing requests of directors, made in connection with the discharge of their duties, to engage outside advisers at the Company's expense, and (11) reviewing the Company's liability insurance coverage for directors and officers of the Company.

The Nominating and Governance Committee is currently chaired by Mr. Pierre Ducros and consists of five (5) outside directors, all of whom are independent. Other than Mr. Ducros, the members of the committee are currently Mrs. Doris Joan Daughney and Messrs. Alain Michel, Louis A. Tanguay and Jocelyn Tremblay.

The Development Committee is generally responsible for assisting the Board of Directors in the development of the Company's approach to real estate matters. The responsibilities of the Development Committee include, among other things, (1) reviewing real estate investment opportunities submitted by management and, more specifically, the acquisition, lease or building of new stores to add to the Company's network of stores where the total investment is in excess of \$15 million, (2) recommending and obtaining the Board of Directors' approval for the investments reviewed by the Committee, (3) monitoring the financial status of real estate sites (including reviewing budgets and comparative financial statements), and (4) periodically recommending and obtaining the Board of Directors' approval for real estate development plans.

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

COMPENSATION ANALYSIS

Role of the Human Resources and Compensation Committee

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

The Chair of the Human Resources and Compensation Committee, Mr. Louis Tanguay, will be available at the Meeting and will be pleased to answer any questions regarding RONA's executive compensation practices.

Executive Compensation Philosophy

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

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

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

The peer group used to benchmark the compensation of the Company’s President and CEO, the Executive Vice-President and Chief Financial Officer and each of the three (3) other most highly compensated executive officers (the “**Named Executive Officers**”) includes companies in the Canadian retail, consumer goods, and distribution sectors, as shown in the following table. This peer group is periodically reviewed and updated as deemed necessary by the Human Resources and Compensation Committee.

Peer group used for Named Executive Officer compensation benchmarking purposes

▪ Sobeys	▪ Metro	▪ Cott Corporation
▪ Jean Coutu Group	▪ Maple Leaf Foods	▪ TransForce Income Fund
▪ Alimentation Couche-Tard	▪ Sears Canada	▪ Brick Group Income Fund
▪ Canadian Tire	▪ Shoppers Drug Mart	▪ Reitmans Canada
	▪ Saputo	

Executive Compensation Components

Overview

In order to comply with the Human Resources and Compensation Committee’s compensation policy, the various compensation components are positioned as follows:

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

Stress-testing

To ensure that the Company’s total compensation is aligned with the Company’s compensation objectives, the Human Resources and Compensation Committee has worked with a compensation consultant, Mercer Human Resource Consulting (“**Mercer**”), to stress-test the executive compensation plans under various performance scenarios. These scenarios illustrate the impact of various corporate performance outcomes relative to the incentive awards that would be earned by executives. In light of this analysis, the committee believes that the relationship

between pay and performance is appropriate and that the objectives of the Company's performance-based compensation programs are achieved.

Base Salary

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

Annual Short-Term Incentive Program

RONA believes short-term incentive rewards should be paid to senior executives for their contribution to the overall performance of RONA and for meeting objectives in their individual business units. The plan includes the following measures of performance:

- Earnings Before Tax ("EBT"): is used as a multiplier within the plan. The threshold level of EBT is established at 95% of the annual target performance level. If actual EBT is below 95% of target, no annual incentive is paid. If all objectives are 100% met, target bonus is paid out. If the objective of EBT is exceeded, bonuses could be multiplied up to a maximum of 2.0 times the target level.
- Additional performance measures are also included, based on each executive's role within the Company, as indicated in the following tables.

Weightings and Payout Matrix Assigned in 2007 to Each Performance Objective for the President and CEO

Performance Indicator	Weighting	Minimum Performance Threshold	Performance Maximum
EBT (Earnings before tax)	80% Also acts as multiplier	95% of target ⁽¹⁾	133% of target
Individual Performance	20%	n/a	100% of target

(1) If performance is below threshold, the payment of a bonus for the individual performance is at the sole discretion of the Board.

Weightings and Payout Matrix Assigned in 2007 to Each Performance Objective for the Named Executive Officers Other than the Chief Executive Officer

Performance Indicator	Weighting	Minimum Performance Threshold	Performance Maximum
EBT (Earnings before tax)	Multiplier	95% of target	133% of target
Corporate Performance	35%		
▪ <i>EBITDA</i>		90% of target	100% of target
▪ <i>Sales growth</i>		Previous year	100% of target
Business Unit Performance	35%		
▪ <i>Sector financial performance</i>		Sector specific	100% of target
▪ <i>Customer service (survey)</i>		Above previous year or corporate average	n/a
Individual Performance	30%	n/a	100% of target

Please refer to "Compensation of the President and CEO" and "Summary Compensation Tables" sections below for more details regarding bonus earned in 2007.

Long-Term Incentive Programs

In fiscal year 2007, the Company implemented a new long-term incentive program ("LTIP"). Under the terms of this new program, RONA grants eligible executives 50% of their LTIP awards in the form of stock options and 50% in the form of share units.

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

The Company also administers a share unit plan (the “**Share Unit Plan**”), adopted in 2007, the details of which are also provided in Schedule F.

The purpose of the grants under those plans is to provide the Company with equity-based incentives to attract, retain, and motivate designated members of management whose skills, performance and loyalty to the Company are necessary to its success, image, reputation or activities. In addition, LTIP grants are intended to align executives’ compensation with the interests of shareholders over the long term.

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

Type of grant	Vesting	Purpose of grant	Payment characteristics
<p>Stock options</p>	<p>Time vesting: over 4 years from the date of grant at rate of 25% per year.</p> <p>Stock options issued in 2007 have a 10-year term, after which they expire.</p>	<ul style="list-style-type: none"> • To promote executive retention over the long term. • To encourage executives to pursue opportunities that will increase shareholder value over the long term. 	<ul style="list-style-type: none"> • All stock options are issued with an exercise price equal or superior to the weighted average price of the Common Shares traded on the Toronto Stock Exchange, such price to be calculated by aggregating the value of each transaction during the five (5) trading days immediately preceding the day on which such option is granted and dividing the said value by the total number of Common Shares traded during the said period. • Stock options only provide value to executives if share price increases above the exercise price before the end of the term.
<p>Share units</p>	<p>Performance vesting: at the end of 3 years based on company performance as measured against two criteria:</p> <ul style="list-style-type: none"> • Revenue growth; and • Return on equity. 	<ul style="list-style-type: none"> • To encourage executives to pursue opportunities that are aligned with RONA’s strategic objectives. • To ensure that LTIP payouts to executives are directly linked to company performance. 	<ul style="list-style-type: none"> • Based on RONA’s performance at the end of the vesting period, anywhere from 0 to 150% of the share units may vest. • Vested awards can be settled in cash, or in shares purchased on the open market, at RONA’s discretion.

The actual number of stock options and share units granted to RONA’s Named Executive Officers in 2007 is shown in the “Summary Compensation Tables” section of this Management Proxy Circular.

Share Ownership Requirements

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

The following table provides information regarding the stock-based holdings of RONA's Named Executive Officers, as at December 30, 2007.

Executive Position	Stock Ownership Guidelines: Multiple of Salary	Situation as at December 30, 2007
Robert Dutton President and CEO	3.0	Guideline is exceeded
Claude Guévin Executive Vice-President and Chief Financial Officer	1.0	Guideline is exceeded
Pierre Dandoy Executive Vice-President, Big Box Stores	1.0	Guideline is exceeded
Claude Bernier Executive Vice-President, Proximity and Specialized Stores	1.0	Guideline is exceeded
Normand Dumont Executive Vice-President, Merchandising	1.0	Guideline is exceeded

Compensation of the President and CEO

Periodically, the Human Resources and Compensation Committee, with the help of external consultants, performs a market study to establish whether the compensation level of the President and CEO is aligned with the market as defined in the compensation policy (the peer group used is the same as the one used for other executives). More than 50% of the target compensation of the President and CEO is made up of compensation at-risk, which is paid out when performance objectives are attained (short-term incentives and long-term incentives). The table below shows the total remuneration of the President and CEO for the last three (3) years.

Year	Salary (\$)	Bonus ⁽¹⁾ (\$)	Long-Term Incentive Plans		Pension Plans Annual Current Service Cost (\$)	Other Annual and All Other Compensation ⁽⁴⁾ (\$)	Total Compensation (\$)
			Black Scholes Value of Option Grants ⁽²⁾ (\$)	Market Value of Share Unit Grants ⁽³⁾ (\$)			
2007	666,923	108,000	460,890	539,917	473,000	—	2,248,730
2006	644,615	268,320	1,144,575	—	377,000	—	2,434,510
2005	623,462	504,200	—	—	243,000	—	1,370,662

(1) Bonus earned in the reference year (paid the following year).

(2) No grant in 2005.

(3) Plan introduced in 2007.

(4) Perquisite benefits are not in excess of \$50,000 or 10% of total base salary and bonuses paid to the President and CEO and thus are not reported in this column.

Each year, the Human Resources and Compensation Committee recommends to the Board the performance objectives of the President and CEO for the upcoming year, and the level of attainment of the performance objectives set at the beginning of the previous year.

The President and CEO is entitled to receive a bonus under the Company's annual incentive program corresponding to 80% of his base salary provided the results fully meet the performance objectives. If these performance objectives are exceeded, the bonus could represent up to 160% of his base salary. In the event that objectives are not met, the bonus can go down to zero (0).

In 2007, the bonus earned represented 16% of the President's base salary. The table below summarizes the level of attainment of each performance indicator.

Performance Indicator	Bonus earned as a % of base salary when results meet the objectives	Minimum Performance Threshold	Level of attainment	Bonus earned as a % of base salary
EBT (Earnings before tax) (Relative weight of 80%)	64% ⁽¹⁾	95% of target	Under threshold. In such case, as per the plan's provisions, the payment of a bonus for the individual performance is at the sole discretion of the Board	0%
Individual Performance (Relative weight of 20%)	16% ⁽¹⁾	n/a	Fully achieved	16%
TOTAL	80%			16%

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

Each year, the Human Resources and Compensation Committee also determines and obtains the approval of the Board for grants to the President and CEO under the Company's long-term incentive programs. In 2007, the President and CEO received a grant of 54,200 stock options, with an expected value of \$460,890 (based on the Black Scholes value of the options on the date of grant), and 24,620 share units with a value of \$539,917 based on the share price on the date of grant. The share units include performance vesting criteria. The stock options and share units are intended to directly align the interests of the President and CEO with those of shareholders, and to ensure that the CEO's compensation is directly linked to the company's performance.

Compensation Consultant

The Human Resources and Compensation Committee engaged Mercer to provide compensation analysis and advice on an ongoing basis throughout the year. Such analysis and advice by Mercer includes, but is not limited to: executive compensation policy (for example, the choice of comparator group and compensation philosophy), pay-for-performance analysis, incentive plan design, and performance calibration.

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

In fiscal 2007, the Company paid fees totalling \$42,700 to Mercer for the above-mentioned executive compensation consulting services. The Company did not engage Mercer to provide any other services during fiscal 2007.

On behalf of the Human Resources and Compensation Committee:

Louis A. Tanguay, Chair
James Pantelidis
Robert Sartor
Jocelyn Tremblay

SUMMARY COMPENSATION TABLES

Compensation of the Named Executive Officers for Financial Years 2007, 2006 and 2005

The following table sets forth, for the three (3) financial years ended December 30, 2007, December 31, 2006 and December 25, 2005, the aggregate compensation paid by the Company to the Named Executive Officers during such financial years.

Name and Principal Position	Year	Annual Compensation			Long-Term Compensation			All Other Compensation (\$)
		Salary (\$)	Bonus ⁽¹⁾ (\$)	Other Annual Compensation ⁽²⁾ (\$)	Awards		Payouts	
					Securities Under Options/SARs granted ⁽³⁾ (#)	Shares or Units Subject to Resale Restrictions ⁽⁴⁾ (#)	LTIP Payouts (\$)	
Robert Dutton President and CEO	2007	666,923	108,000 ⁽⁵⁾	—	54,200	24,620	—	—
	2006	644,615	268,320	—	150,000	—	—	—
	2005	623,462	504,200	—	—	—	—	—
Claude Guévin Executive Vice-President and Chief Financial Officer	2007	314,616	—	—	15,800	7,300	—	—
	2006	299,519	61,341	—	60,152	—	—	527,016 ⁽⁶⁾
	2005	274,712	99,825	—	—	—	—	769,257 ⁽⁷⁾
Pierre Dandoy Executive Vice-President, Big Box Stores	2007	282,308	—	—	10,000	4,550	—	—
	2006	274,808	43,145	—	20,000	—	—	—
	2005	264,807	96,195	—	—	—	—	—
Claude Bernier Executive Vice-President, Proximity and Specialized Stores	2007	275,962	—	—	10,000	4,470	—	—
	2006	264,615	41,545	—	20,000	—	—	—
	2005	244,808	88,935	—	—	—	—	—
Normand Dumont Executive Vice-President, Merchandising	2007	259,615	—	—	10,000	4,230	—	—
	2006	244,423	38,374	—	20,000	—	—	—
	2005	214,326	78,045	—	—	—	—	—

(1) Bonus earned in the reference year (paid the following year).

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

(3) No grant in 2005.

(4) Plan introduced in 2007.

(5) Mr. Dutton has a different bonus plan than other Named Executive Officers. Under his plan, 20% of his target bonus is based on individual objectives which were fully achieved in 2007. For other members of management, the payment of a bonus is entirely linked with achievement of a threshold of 95% of financial target which was not met in 2007. Please refer to *Compensation of the President and CEO* and *Annual short-term incentive program* sections for details on the two bonus plans.

(6) An amount of \$527,016 was paid to Mr. Guévin in 2006, representing the fourth (4th) of four (4) installments of a special cash bonus granted by the Company to Mr. Guévin following the approval of the Board of Directors on August 27, 2002.

(7) An amount of \$769,257 was paid to Mr. Guévin in 2005, representing the third (3rd) of four (4) installments of a special cash bonus granted by the Company to Mr. Guévin following the approval of the Board of Directors on August 27, 2002.

Total Compensation for the Named Executive Officers for Financial Year 2007

The following table sets forth, for the financial year ended December 30, 2007, the aggregate value of all compensation awarded by the Company to the Named Executive Officers. The figures below include the expected value of all long-term incentive awards made under the Company's 2002 Plan, Share Unit Plan, as well as pension benefits earned during the year.

Total Compensation

Name	Salary (\$)	Bonus ⁽¹⁾ (\$)	Long-Term Incentive Plans		Pension Plans ^{(2) (3)} (\$)	Other Annual and All Other Compensation ⁽⁴⁾ (\$)	Total Compensation (\$)
			Black Scholes Value of Option Grants (\$)	Market Value of Share Units Granted (\$)			
Robert Dutton	666,923	108,000 ⁽⁵⁾	460,890	539,917	473,000	—	2,248,730
Claude Guévin	314,616	—	134,355	160,089	67,198	—	676,258
Pierre Dandoy	282,308	—	85,035	99,782	58,581	—	525,706
Claude Bernier	275,962	—	85,035	98,027	57,151	—	516,175
Normand Dumont	259,615	—	85,035	92,764	53,638	—	491,052

(1) Bonus earned in the reference year (paid the following year).

(2) Annual current service cost accrued under the defined benefits arrangements for the President and CEO.

(3) Accrued amounts in 2007 under the defined contribution arrangements for the Named Executive Officers other than the President and CEO.

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

(5) Mr. Dutton has a different bonus plan than other Named Executive Officers. Under his plan, 20% of his target bonus is based on individual objectives which were fully achieved in 2007. For other members of management, the payment of a bonus is entirely linked with achievement of a threshold of 95% of financial target which was not met in 2007. Please refer to *Compensation of the President and CEO* and *Annual short-term incentive program* sections for details on the two bonus plans.

Equity Awards (Options and Share Units) Granted During the Most Recently Completed Financial Year

During the financial year ended December 30, 2007, no options were granted by the Company under the Initial Plan and a total of 196,000 options were granted under the 2002 Plan, of which 100,000 options were granted to Named Executive Officers, as described in the table below.

Name	Securities, Under Options/SARs Granted (#)	Percent of Total Options/SARs Granted to Employees in Financial Year	Exercise or Base Price (\$/Security) ⁽¹⁾	Market Value of Securities Underlying Options/SARs on the Date of Grant (\$/Security)	Black Scholes Value of Option Grants (\$)	Expiration Date
Robert Dutton	54,200	27.7%	\$23.58	\$24.17	460,890	March 2017
Claude Guévin	15,800	8.1%	\$23.58	\$24.17	134,355	March 2017
Pierre Dandoy	10,000	5.1%	\$23.58	\$24.17	85,035	March 2017
Claude Bernier	10,000	5.1%	\$23.58	\$24.17	85,035	March 2017
Normand Dumont	10,000	5.1%	\$23.58	\$24.17	85,035	March 2017

(1) Weighted average price calculated based on the five (5) trading days immediately preceding the grant date.

During the financial year ended December 30, 2007, a total of 79,560 share units were granted under the Share Unit Plan, of which 45,170 share units were granted to Named Executive Officers, as described in the table below. These share units vest at the end of 3 years based on company performance, as measured against two criteria: (i) revenue growth; and (ii) return on equity.

Name	Share Units Granted (#)	Percent of Total Share Units Granted to Employees in Financial Year	Market Value of Share Units Granted (\$) ⁽¹⁾	Market Value on Date of Grant (\$/Security)	Vesting Date
Robert Dutton	24,620	30.9%	\$21.93	\$22.00	October 2010
Claude Guévin	7,300	9.2%	\$21.93	\$22.00	October 2010
Pierre Dandoy	4,550	5.7%	\$21.93	\$22.00	October 2010
Claude Bernier	4,470	5.6%	\$21.93	\$22.00	October 2010
Normand Dumont	4,230	5.3%	\$21.93	\$22.00	October 2010

(1) Average price calculated based on the five (5) trading days immediately preceding the grant date.

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

A total of 299,777 options were exercised by the beneficiaries under the Initial Plan during the year ended December 30, 2007. 39,550 options were exercised by the beneficiaries under the 2002 Plan during the same year. The following tables show, for each of the Initial Plan and the 2002 Plan, the total number of options exercised by the Named Executive Officers during the year ended December 30, 2007, the total number of unexercised options held by them as at December 30, 2007 and the value of such options at that date.

Initial Plan

Name	Securities Acquired on Exercise (#)	Aggregate Value Realized (\$)	Unexercised Options at December 30, 2007 (#)		Value of Unexercised In-the-Money Options at December 30, 2007 (\$) ⁽¹⁾	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Robert Dutton	—	—	960,000	—	13,161,600	—
Claude Guévin	—	—	120,000	—	1,645,200	—
Pierre Dandoy	—	—	70,000	—	959,700	—
Claude Bernier	20,000	414,600	180,000	—	2,467,800	—
Normand Dumont	5,000	98,450	55,000	—	754,050	—

(1) The aggregate value of unexercised in-the-money options at financial year-end is the difference between the exercise or base price of the options and the closing price of the Common Shares on the Toronto Stock Exchange on December 30, 2007, which was \$17.18 per share. This value has not been, and may never be, realized. Actual gains, if any, on exercise will depend on the value of the Common Shares on the date of exercise.

2002 Plan

Name	Securities Acquired on Exercise (#)	Aggregate Value Realized (\$)	Unexercised Options at December 30, 2007 (#)		Value of Unexercised In-the-Money Options at December 30, 2007 (\$) ⁽¹⁾	
			Exercisable ⁽²⁾	Unexercisable ⁽²⁾	Exercisable ⁽²⁾	Unexercisable ⁽²⁾
Robert Dutton	—	—	290,000	354,200	694,800	—
Claude Guévin	—	—	54,394	101,558	115,800	—
Pierre Dandoy	—	—	26,400	45,000	61,953	—
Claude Bernier	—	—	26,400	45,000	61,953	—
Normand Dumont	—	—	23,400	45,000	53,268	—

(1) The aggregate value of unexercised in-the-money options at financial year-end is the difference between the exercise or base price of the options and the closing price of the Common Shares on the Toronto Stock Exchange on December 30, 2007, which was \$17.18 per share. This value has not been, and may never be, realized. Actual gains, if any, on exercise will depend on the value of the Common Shares on the date of exercise.

(2) Options granted under the 2002 Plan can only be exercised when the conditions provided in the 2002 Plan have been met.

Securities Authorized for Issuance under Equity Compensation Plans

The table below provides, as at December 30, 2007, additional information with respect to the Company's long-term incentive programs.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights (\$)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in the first column) ⁽¹⁾
Equity compensation plans approved by security holders	2,922,552	11,31	4,899,148
Equity compensation plans not approved by security holders	—	—	—
Total	2,922,552	11,31	4,899,148

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

OTHER ELEMENTS OF COMPENSATION

Employment Agreements

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

The following table provides the total value of all severance and any other termination benefits that would have been paid to each Named Executive Officer, had their employment been terminated at the end of the last fiscal year under various termination scenarios.

Name	Retirement ⁽¹⁾ (\$)	Change of Control (\$)	Voluntary Termination (\$)	Termination – Not for Cause (\$)	Termination – For Cause (\$)
Robert Dutton	—	3,645,000	—	1,350,000	—
Claude Guévin	—	960,000	—	480,000	—
Pierre Dandoy	—	798,000	—	427,500	—
Claude Bernier	—	784,000	—	420,000	—
Normand Dumont	—	742,000	—	397,500	—

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

These employment contracts also include non-compete and non-solicitation clauses that remain in force for the duration of the Named Executive Officer's employment with the Company and for twelve (12) months thereafter (eighteen (18) months for Mr. Dutton), in addition to the customary confidentiality clauses, for all Named Executive Officers (including Mr. Dutton). Pursuant to the employment contracts, each Named Executive Officer also agrees to comply with the share ownership requirements adopted by the Board. Such share ownership requirements are described on page 15 of this Circular.

Pension Plans

Pension Plan for the President and CEO

The pension plan for the President and CEO consists of a basic defined benefit registered pension plan and a supplemental plan, which is also a defined benefit plan. The purpose of these plans is to provide the President and

CEO, upon retirement, with income in the form of a lifetime annuity equal to 2% per year of service, multiplied by the final average compensation, with no offset for any payment from the Canada and Quebec pension plans. The final average compensation is defined as the average of the best three (3) years of annual compensation (annual compensation in a given year being equal to the salary paid in this specific year, plus the bonus related to this specific year). For years of service prior to January 1, 2000, final average compensation is limited to \$350,000. For the years of service between January 1, 2000 and December 31, 2001, final average compensation is limited to \$700,000. Such maximum amount is no longer applicable for subsequent years. No contribution is required from the President and CEO. Both the basic and the supplemental plan offer the same guarantee in case of death.

As at December 30, 2007, the President and CEO had accrued a total of 30.5 years of credited service, for total annual pension benefits of \$314,000 payable at retirement. The normal retirement age is 65, with an optional early retirement age of 55. At age 55, the President and CEO will have accumulated 32.75 years of credited service, for total estimated annual pension benefits of \$400,000. The pension payable from the supplemental plan is not indexed.

Name	Credited Years of Service	2007 Annual Current Service Costs⁽¹⁾	Accrued Obligations at December 30, 2007⁽¹⁾⁽²⁾	Annual Pension Benefits Payable Upon Retirement⁽²⁾⁽³⁾
Robert Dutton	30.5	\$473,000	\$ 5,479,000	\$400,000

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

(2) These amounts are net of the impact of all accrued additional voluntary contributions.

(3) Benefits payable at age 55.

Pension Plan for Other Named Executive Officers

The pension plan for the other Named Executive Officers is made up of a basic defined contribution registered plan and a supplemental plan which is also a defined contribution plan. The purpose of the basic registered plan is to accumulate, on an annual basis beginning on January 1, 2000, the maximum amount allowed by the tax authorities (\$20,000 in 2007). The purpose of the supplemental plan, when combined with the basic registered plan, is to provide officers, upon retirement, with pension income from the accumulation, on an annual basis beginning on January 1, 2000, of 18% of the annual compensation paid to the officer during a given year, together with the annual return thereon (annual compensation being defined as the sum of the salary and bonus paid (up to the target bonus) in a specific year).

These plans include vesting criteria for the employer's contribution and restrictions relating to non-competition clauses. Since 2006, officers no longer make required contributions.

Pension Value Disclosure for Other Named Executive Officers

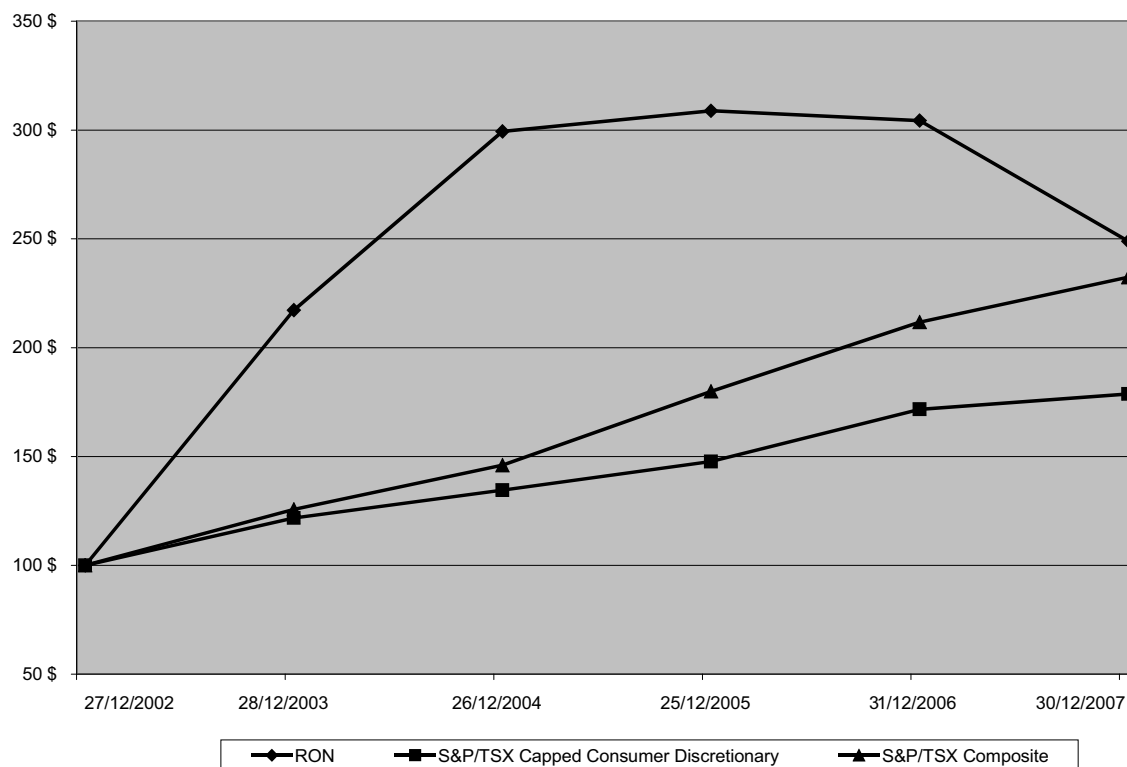
As at December 30, 2007, the Company's officers had accrued the following benefits over their credited years of service:

Name	Credited Years of Service	2007 Annual Current Service Costs ⁽¹⁾⁽²⁾	Accrued Obligations at December 30, 2007 ⁽²⁾
Claude Guévin	9.00	\$67,198	\$727,000
Pierre Dandoy	5.90	\$58,581	\$423,000
Claude Bernier	18.00	\$57,151	\$665,000
Normand Dumont	7.74	\$53,638	\$494,000

- (1) Annual current service costs represent the value of the employer's contributions credited to the officer's account during the year.
(2) These amounts are net of the impact of all accrued additional voluntary contributions, but include post employees' mandatory contributions, if any.

PERFORMANCE GRAPH

The following graph compares the cumulative total return on \$100 invested in Common Shares of RONA since December 27, 2002 with the cumulative total return of two (2) indexes of the Toronto Stock Exchange for the same period.



	FINANCIAL YEARS ENDED ⁽¹⁾					
	December 27, 2002	December 28, 2003	December 26, 2004	December 25, 2005	December 31, 2006	December 30, 2007
The Company	\$100.00	\$217.25	\$299.35	\$308.84	\$304.35	\$248.99
S&P/TSX Capped Consumer Discretionary	\$100.00	\$121.80	\$134.63	\$147.65	\$171.75	\$178.76
S&P/TSX Composite	\$100.00	\$125.75	\$146.04	\$179.97	\$211.76	\$232.39

- (1) The table shows cumulative total return from December 27, 2002.

INDEBTEDNESS

As at March 1, 2008, there is no indebtedness outstanding to the Company or any of its subsidiaries of any executive officers, directors, employees and former executive officers, directors and employees of the Company or any of its subsidiaries.

APPOINTMENT OF AUDITORS

Raymond Chabot Grant Thornton, Chartered Accountants (“**Raymond Chabot**”), are the auditors of the Company. **Except where authorization to vote with respect to the appointment of auditors is withheld, the persons named in the enclosed form of proxy or voting instruction form intend to vote FOR the reappointment of Raymond Chabot, as auditors of the Company, to hold office until the close of the next annual meeting of shareholders at such compensation as may be fixed by the directors.**

AUDITORS’ FEES

The Company paid \$1,445,000 as audit fees⁽¹⁾ to Raymond Chabot, during the financial year ended December 30, 2007. During the same year, the Company also paid to Raymond Chabot the amounts of \$185,000 in audit-related fees⁽²⁾, \$6,000 in tax fees⁽³⁾ and \$168,000 in other fees⁽⁴⁾.

For the year ended December 31, 2006, the Company paid to Raymond Chabot \$1,201,000 in audit fees⁽¹⁾, \$152,000 in audit-related fees⁽²⁾, \$28,000 in tax fees⁽³⁾ and \$383,000 in other fees⁽⁴⁾.

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

SHAREHOLDER RIGHTS PLAN

At the Meeting, shareholders will be asked to consider, and, if deemed advisable, to adopt an ordinary resolution, as set forth in Schedule “A” to this Circular (the “**Rights Plan Resolution**”) approving the renewal of the shareholder rights plan of the Company (the “**Rights Plan**”) originally adopted by the Board of Directors on March 10, 2005. The Rights Plan became effective on March 10, 2005. The Rights Plan will be renewed until December 1, 2010 should the Rights Plan Resolution be approved by a majority of the votes cast at the Meeting.

Objectives and Background of the Rights Plan

The Rights Plan is designed to provide the Company’s shareholders and the Board of Directors additional time to assess an unsolicited take-over bid for the Company and, where appropriate, to give the Board of Directors additional time to pursue alternatives for maximizing shareholder value. It also encourages fair treatment of all shareholders by providing them with an equal opportunity to participate in a take-over bid.

In recommending the renewal of the Rights Plan, it is not the intention of the Board of Directors to preclude a bid for control of the Company. The Rights Plan provides various mechanisms whereby shareholders may tender their Common Shares to a takeover bid as long as the bid meets the “Permitted Bid” criteria. Furthermore, even in the context of a take-over bid that would not meet the Permitted Bid criteria, the Board of Directors would still have a duty to consider any takeover bid for the Company and consider whether or not it should waive the application of the Rights Plan in respect of such bid. In discharging such duty, the Board of Directors must act honestly and in good faith with a view to the best interests of the Company and its shareholders.

The Rights Plan is designed to encourage a potential acquirer who makes a take-over bid to proceed either by way of a “Permitted Bid”, which requires a takeover bid to satisfy certain minimum standards designed to promote fairness, or with the concurrence of the Board of Directors. If a take-over bid fails to meet these minimum

standards and the Rights Plan is not waived by the Board of Directors, the Rights Plan provides that holders of Common Shares, other than the acquiror, will be able to purchase additional Common Shares at a significant discount to market, thus exposing the person acquiring Common Shares to substantial dilution of its holdings. The same factors considered by the Board of Directors when the Rights Plan was adopted in 2005 still exist today.

The Rights Plan is not renewed in response to any specific proposal to acquire control of the Company, nor is the Board of Directors currently aware of any pending or threatened take-over bid for the Company. Subject to shareholder approval, the Rights Plan will be in effect until March 10, 2011.

Summary of the Rights Plan

The following is a summary of the principal terms of the Rights Plan, which summary is qualified in its entirety by reference to the terms of the Rights Agreement entered into by the Company with National Bank Trust inc. (the “**Rights Agreement**”).

The Rights Agreement is available on SEDAR at www.sedar.com under the name of RONA inc.

Operation of the Rights Plan

Pursuant to the terms of the Rights Agreement, one right was issued in respect of each Common Share outstanding as at the close of business on March 10, 2005 (the “**Record Time**”). In addition, one right will be issued for each additional Common Share issued after the Record Time and prior to the earlier of the Expiration Time (as defined below) and the Separation Time (as defined below). The rights have an initial exercise price equal to the Market Price (as defined below) of the Common Shares as determined at the Separation Time, multiplied by five (5), subject to certain adjustments, and they are not exercisable until the Separation Time. Upon the occurrence of a Flip-in Event (as defined below), each right shall constitute the right for the holder thereof, other than an Acquiring Person (as defined below), to purchase from the Company that number of Common Shares as have an aggregate Market Price on the date of consummation or occurrence of such Flip-in Event equal to two (2) times the exercise price for an amount equal to the exercise price, subject to certain anti-dilution adjustments, in effect providing for a 50% discount relative to the Market Price. For example, if at the Separation Time, the Market Price of a Common Share is \$40, the exercise price would be \$200 (5 x \$40) and a holder of a Right would be entitled, from and after the Flip-in Event, to purchase ten (10) Common Shares (two (2) times the exercise price divided by the Market Price, or $(2 \times \$200) \div \$40 = 10$ Common Shares) for an aggregate exercise price of \$200.

Trading of Rights

Until the Separation Time, the rights trade with the Common Shares and are represented by the same share certificates as the Common Shares or by an entry in the Company’s securities register in respect of any outstanding Common Shares. From and after the Separation Time and prior to the Expiration Time, the rights would be evidenced by rights certificates and trade separately from the Common Shares. The rights do not carry any of the rights attaching to the Common Shares such as voting or dividend rights.

Separation Time

The rights will separate from the Common Shares to which they are attached and become exercisable at the time (the “**Separation Time**”) of the close of business on the eighth (8th) Trading Day (as defined below): (i) after the earlier of: (A) the first date of a public announcement or disclosure of facts indicating that a person has become an Acquiring Person (as defined below); and (B) the date of the commencement of, or first public announcement or disclosure of the intention of any person (other than the Company or any of its subsidiaries) to commence, a take-over bid or a share exchange bid for 20% or more of the Company’s outstanding Common Shares (other than a Permitted Bid, so long as such bid continues to satisfy the requirements of a Permitted Bid); or (ii) at such later time as may from time to time be determined by the Board of Directors.

Flip-in Event

The acquisition by a person (an “**Acquiring Person**”), including others acting jointly or in concert with such person, of 20% or more of the outstanding Common Shares, other than by way of a Permitted Bid, or in

certain other limited circumstances described in the Rights Plan, is referred to as a “**Flip-in Event**”. After the occurrence of the Flip-in Event, each right (other than those held by the Acquiring Person) will entitle the holder thereof to purchase from the Company such number of Common Shares as has an aggregate Market Price on the date of consummation or occurrence of such Flip-in Event equal to two (2) times the exercise price for an amount equal to the exercise price, subject to certain anti-dilution adjustments.

Exercise Price

The exercise price is set at a multiple of five (5) times the Market Price of the Common Shares at the Separation Time, subject to anti-dilution adjustments.

Definition of Market Price

“**Market Price**” is generally defined in the Rights Plan, on any given day on which a determination must be made, as the average of the daily closing prices per Common Share on each of the twenty (20) consecutive Trading Days (as defined below) through and including the Trading Day immediately preceding such date of determination, subject to certain exceptions. “**Trading Day**” is generally defined as a day on which the principal Canadian or United States securities exchange (as determined by the Board of Directors acting in good faith) on which the Common Shares are listed or admitted for trading is open for the transaction of business.

Permitted Bid Requirements

The requirements of a Permitted Bid are the following: (i) the take-over bid must be made by means of a take-over bid circular to all holders of Common Shares, other than the offeror; (ii) the take-over bid must contain the following irrevocable and unqualified conditions: (A) no Common Shares shall be taken up or paid for (x) prior to the close of business on a date which is not less than sixty (60) days following the date of the bid, and (y) unless, at the close of business on such date, the Common Shares deposited or tendered pursuant to the bid and not withdrawn constitute more than 50% of the then outstanding Common Shares which are held by the Company’s shareholders other than any Acquiring Person or offeror and their related parties (the “**Independent Shareholders**”); (B) unless the take-over bid is withdrawn, Common Shares may be deposited at any time prior to the close of business on the date of the first take-up of or payment for Common Shares; (C) Common Shares deposited pursuant to the take-over bid may be withdrawn until taken up and paid for; and (D) if more than 50% of the then outstanding Common Shares held by Independent Shareholders are deposited or tendered to the take-over bid and not withdrawn, the offeror must make a public announcement of that fact and the take-over bid must remain open for deposits and tenders of Common Shares for not less than ten (10) business days from the date of such public announcement.

The Rights Plan allows a competing Permitted Bid (a “**Competing Permitted Bid**”) to be made while a Permitted Bid is in existence. A Competing Permitted Bid must satisfy all the requirements of a Permitted Bid other than the requirement that no Common Shares shall be taken up and paid for prior to the close of business on a date which is not less than sixty (60) days following the date of the bid, and must not permit Common Shares tendered or deposited pursuant to the bid to be taken up or paid for prior to the close of business on a date that is earlier than the later of (A) thirty-five (35) days (or such longer minimum period of days that a take-over bid must remain open for acceptance under applicable securities legislation) after the date of such take-over bid and (B) the 60th day after the earliest date on which any other Permitted Bid that is then in existence was made.

Waiver and Redemption

The Board of Directors may, prior to the occurrence of a Flip-in Event, waive the dilutive effects of the Rights Plan in respect of, among other things, a particular Flip-in Event resulting from a take-over bid made by way of a take-over bid circular to all holders of the Common Shares. In these circumstances, such waiver shall also be deemed to be a waiver in respect of any other take-over bid made by way of a take-over bid circular to all holders of the Common Shares prior to the expiry of the first mentioned take-over bid.

Subject to the prior consent of the holders of Common Shares (prior to the Separation Time) or rights (after the Separation Time), the Board of Directors may elect to redeem all but not less than all of the outstanding rights at a price of \$0.0001 each.

Amendment to the Rights Agreement

The Rights Agreement may be amended to correct any clerical or typographical error or to make such changes as are required to maintain the validity of the Rights Agreement and the rights as a result of any change in any applicable legislation, regulations or rules, without the approval of the holders of Common Shares or rights. The Company may, with the prior consent of the holders of Common Shares or rights, amend, vary or delete any of the provisions of the Rights Agreement in order to effect any changes made by the Board of Directors.

Fiduciary Duty of Board

The Rights Plan will not detract from or lessen the duty of the Board of Directors to act honestly and in good faith with a view to the best interests of the Company and its shareholders. The Board of Directors will continue to have the duty and power to take such actions and make such recommendations to the Company's shareholders as are considered appropriate.

Exemptions for Investment Advisors and Grandfathered Persons

Persons whose ordinary business is managing investment funds for others, trust companies (acting in their capacities as trustees and administrators), statutory bodies whose business includes the management of funds, and administrators of registered pension plans are exempt from triggering a Flip-in Event, provided that they are not making, or are not part of a group making, a take-over bid. A person who is the beneficial owner of 20% or more of the outstanding Common Shares at the date of adoption of the Rights Plan shall not be considered an "Acquiring Person" (this exception shall cease to be applicable in the event a grandfathered person acquires more than an additional 1% of the Company's outstanding voting shares).

Term

Unless terminated earlier in accordance with its applicable terms, the Rights Agreement will expire on the date of the Meeting or, if the shareholders approve the Rights Plan at the Meeting, then on March 10, 2011 (the "**Expiration Time**").

Tax Consequences of the Rights Plan

Certain Canadian Federal Income Tax Considerations of the Rights Plan

The Company was not required to include any amount in computing the Company's income for the purposes of the *Income Tax Act* (Canada) (the "**ITA**") as a result of the issuance of the rights.

Under the ITA, the issuance of rights to a recipient could be considered as a taxable benefit, the value of which is required to be included in computing the income of a Canadian resident recipient or is subject to withholding tax in the case of a recipient who is not a resident of Canada. In any event, no amount in respect of the value of the rights is required to be included in computing income, or subject to withholding tax, if the rights do not have any value at the date of issue. The Company considers that the rights have negligible value when issued, there being only a remote possibility that the rights will ever be exercised. A holder of rights could be required to include an amount in computing income or be subject to withholding tax under the ITA if the rights become exercisable or are exercised. A holder of rights may be subject to tax under the ITA in respect of the proceeds of disposition of such rights.

This statement is of a general nature only and is not intended to constitute nor should it be construed to constitute legal or tax advice to any particular holder of Common Shares. Such shareholders are advised to consult their own tax advisors regarding the consequences of acquiring, holding, exercising or otherwise disposing of their rights, taking into account their own particular circumstances and any applicable federal, provincial, territorial or foreign legislation.

Approval of the Resolution

The Rights Plan Resolution, the text of which is reproduced at Schedule “A” to this Circular, must be approved by at least a majority of the votes cast at the Meeting by all shareholders of the Company present or represented by proxy in order for it to be adopted. The Company’s Board of Directors recommends that shareholders vote FOR the approval of the ordinary resolution.

Unless instructed otherwise, the persons designated in the enclosed form of proxy or voting instruction form intend to vote FOR the approval of this ordinary resolution.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The Board of Directors is of the view that maintaining very high standards of corporate governance practices contributes to the general success of the Company. The Company complies with the applicable Canadian legislation and regulations such as National Instrument 58-101 (the “**Corporate Governance Disclosure Instrument**”), Multilateral Instrument 52-110 (the “**CSA Audit Committee Rules**”) and National Policy 58-201 of the Canadian Securities Administrators (collectively the “**Canadian Corporate Governance Standards**”). The Company’s disclosure addressing each of the guidelines set forth in the Corporate Governance Disclosure Instrument is set out in Schedule “C” to this Circular.

DIRECTORS AND OFFICERS’ LIABILITY INSURANCE

The Company provides insurance for the benefit of its directors and officers against liability that may be incurred by them in these capacities. The current policy limit is \$50,000,000. Such insurance is subject to a maximum deductible of \$250,000 per loss, as well as specific exclusions which are usually contained in policies of this nature. The Company pays a total annual premium of \$261,000, which premium has not been specifically allocated between the directors as a group and the officers as a group.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

To the Company’s knowledge no material transactions involving the Company or any of its subsidiaries have been entered into since the beginning of the last financial year of the Company, or are proposed to be entered into, in which any director or member of management of the Company, or any subsidiary, insider, nominee or shareholder holding over 10% of the voting shares of the Company, or any of their associates or affiliates has had or expects to have a material interest.

ADDITIONAL INFORMATION

The Company has been a reporting issuer under the securities laws of Quebec since 1984 and under the securities laws of all provinces of Canada since November 5, 2002 and is therefore required to file its financial statements, its MD&As and its management proxy circulars with the various securities commissions in such provinces. These documents include financial information about the Company. The Company also files its annual information form with such securities commissions. Copies of the Company’s latest annual information form, audited financial statements, MD&As and any interim financial statements filed since the date of the latest audited financial statements, are available on request from the Corporate Secretary and Chief Legal Officer of the Company or by consulting the SEDAR web site at www.sedar.com. The Company may require the payment of a reasonable charge when the request is made by a person other than a holder of securities of the Company.

APPROVAL OF CIRCULAR

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

Boucherville, Quebec, March 14, 2008.

By order of the Board of Directors,

France Charlebois (signed)
Corporate Secretary and Chief Legal Officer

SCHEDULE "A"
RESOLUTION TO RENEW THE SHAREHOLDER RIGHTS PLAN

"RESOLVED:

1. THAT the Shareholder Rights Plan evidenced by the Shareholder Rights Plan Agreement entered into between the Company and National Bank Trust inc., as Rights Agent, dated March 10, 2005, be, and it is renewed, for a period ending on March 10, 2011, as substantially described in the management proxy circular of the Company dated March 14, 2008;
2. THAT any director or officer of the Company be, and each is hereby authorized and directed, for and on behalf of the Company, to sign and execute all documents, to conclude any agreements and to do and perform all acts and things deemed necessary or advisable in order to give effect to this resolution, including compliance with all securities laws and regulations; and
3. THAT the Board of Directors of the Company be, and it is hereby authorized to cause all measures to be taken, such further agreements to be entered into and such further documents to be executed as may be deemed necessary or advisable to give effect to and fully carry out the intent of this resolution."

**SCHEDULE “B”
RECORD OF ATTENDANCE BY DIRECTORS
For the 12-month period ended December 30, 2007**

Number and % of meetings attended							
Director	Board	Audit Committee	Human Resources and Compensation Committee	Nominating and Governance Committee	Development Committee	Committees (total)	Overall Attendance
Louise Caya	8/8 (100%)	—	—	—	4/4	4/4 (100%)	12/12 (100%)
Doris Joan Daughney ⁽¹⁾	5/5 (100%)	—	—	1/1	—	1/1 (100%)	6/6 (100%)
Pierre Ducros	6/8 (75%)	4/5	—	3/3	—	7/8 (87%)	13/16 (81%)
Robert Dutton	8/8 (100%)	—	—	—	—	—	8/8 (100%)
Jean Gaulin ⁽²⁾	8/8 (100%)	—	4/4	2/2	—	6/6 (100%)	14/14 (100%)
Jean-Guy Hébert	8/8 (100%)	—	—	—	4/4	4/4 (100%)	12/12 (100%)
J. Spencer Lanthier	8/8 (100%)	5/5	—	—	—	5/5 (100%)	13/13 (100%)
Alain Michel ⁽³⁾	8/8 (100%)	5/5	—	1/1	—	6/6 (100%)	14/14 (100%)
James Pantelidis	8/8 (100%)	—	6/6	—	4/4	10/10 (100%)	18/18 (100%)
Robert Sartor ⁽¹⁾	5/5 (100%)	2/2	1/1	—	—	3/3 (100%)	8/8 (100%)
Louis A. Tanguay	8/8 (100%)	—	6/6	3/3	—	9/9 (100%)	17/17 (100%)
Jocelyn Tremblay	8/8 (100%)	—	6/6	3/3	—	9/9 (100%)	17/17 (100%)
Jean-Roch Vachon	8/8 (100%)	5/5	—	—	4/4	9/9 (100%)	17/17 (100%)

(1) Mrs. Daughney and Mr. Sartor were elected on May 8, 2007.

(2) The Chairman may attend all Board committee meetings but does not receive attendance fees for his presence at such meetings. Prior to his election as Chairman on May 8, 2007, Mr. Gaulin served on the Human Resources and Compensation Committee and the Nominating and Governance Committee.

(3) Mr. Michel is a member of the Nominating and Governance Committee since May 8, 2007.

Board and Board Committee Meetings	Number of meetings held
Board (8 regular)	8
Audit Committee (5 regular)	5
Human Resources and Compensation Committee (2 regular; 4 special)	6
Nominating and Governance Committee (3 regular)	3
Development Committee (4 special)	4

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**SCHEDULE “C”
STATEMENT OF CORPORATE GOVERNANCE**

Corporate Governance Guidelines

Corporate Governance Practices at the Company

1. Board of Directors

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

Independence - Of the current thirteen (13) members of the Board, ten (10) directors are “independent” within the meaning of the Corporate Governance Disclosure Instrument. They are Messrs. Pierre Ducros, Jean Gaulin, J. Spencer Lanthier, Alain Michel, James Pantelidis, Robert Sartor, Louis A. Tanguay, Jocelyn Tremblay and Jean-Roch Vachon, and Mrs. Doris Joan Daughney.

Three (3) directors of the Company do not qualify as “independent” within the meaning of the Corporate Governance Disclosure Instrument. They are Mrs. Louise Caya and Messrs. Jean-Guy Hébert and Robert Dutton.

	Independence Status of Current Directors			Reason for Non-Independent Status
	Management	Independent	Not Independent	
Louise Caya			√	Mrs. Caya is a dealer-owner
Doris Joan Daughney		√		
Pierre Ducros		√		
Robert Dutton	√		√	Mr. Dutton is the President and Chief Executive Officer of the Company
Jean Gaulin		√		
Jean-Guy Hébert			√	Mr. Hébert is a dealer-owner
J. Spencer Lanthier		√		
Alain Michel		√		
James Pantelidis		√		
Robert Sartor		√		
Louis A. Tanguay		√		
Jocelyn Tremblay		√		
Jean-Roch Vachon		√		

- (c) Disclose whether or not a majority of directors are independent. If a majority of directors are not independent, describe what the board of directors does to facilitate its exercise of independent judgment in carrying out its responsibilities.
- (d) If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.

Majority of Independent Directors – Ten (10) of our thirteen (13) current directors and nominees to the Board are independent.

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

- (e) Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer's most recently completed financial year. If the independent directors do not hold such meetings, describe what the board does to facilitate open and candid discussion among its independent directors.
- (f) Disclose whether or not the chair of the board is an independent director. If the board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director, and describe his or her role and responsibilities. If the board has neither a chair that is independent nor a lead director that is independent, describe what the board does to provide leadership for its independent directors.
- (g) Disclose the attendance record of each director for all board meetings held since the beginning of the issuer's most recently completed financial year.

2. **Board Mandate** – Disclose the text of the board's written mandate. If the board does not have a written mandate, describe how the board delineates its role and responsibilities.

In camera sessions - With the nomination of a Lead Director, in 2006, meetings of directors without the presence of non-independent directors and management have taken place at each meeting of the Board. With the nomination of Mr. Jean Gaulin as Chairman in replacement of Mr. André H. Gagnon, in 2007, such meetings have since been chaired by an independent Chairman.

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

Independent Chair of the Board - Jean Gaulin is the Chairman of the Board. He is independent within the meaning of the Corporate Governance Disclosure Instrument. The Chairman's key role is to take all reasonable measures to ensure that the Board (i) has procedures and methods in place to enable it to function independently; and (ii) carries out its duties in this regard effectively. The Chairman chairs all board meetings of independent directors. He takes reasonable measures to ensure that these meetings are conducted in such a way as to promote discussions and allow for the efficient and effective review and discussion of the issues submitted to the independent directors.

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

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

The Board has adopted a formal Board charter, which is attached hereto as Schedule "D".

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

3. Position Descriptions

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

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

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

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

Mandate of the Chief Executive Officer - The Board has adopted a formal mandate for the President and CEO.

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

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

4. Orientation and Continuing Education

- (a) Briefly describe what measures the board takes to orient new directors regarding
- i. the role of the board, its committees and its directors; and
 - ii. the nature and operation of the issuer's business.

Orientation Program - The Nominating and Governance Committee is responsible for implementing an orientation and continuing education policy for directors.

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

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

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

Continuing Education - The Nominating and Governance Committee monitors and reviews the Company's continuing education programs for directors. Senior management makes regular presentations to the Board on the main areas of the Company's business.

5. Ethical Business Conduct

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

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

- i. disclose how a person or company may obtain a copy of the code;
- ii. describe how the board monitors compliance with its code, or if the board does not monitor compliance, explain whether and how the board satisfies itself regarding compliance with its code; and
- iii. provide a cross-reference to any material change report filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code.

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

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

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

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

Process for Dealing with Conflicts of Interests - In accordance with applicable law, when a conflict of interest arises, a director is requested to disclose his or her interest and abstain from voting on the matter. If considered appropriate, the Chairman of the Board may invite the director to leave the room during any discussion concerning such matter.

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

Reporting Process - The Board has adopted various corporate policies to encourage and promote a culture of ethical business conduct, including the Policy on complaints regarding accounting, internal accounting controls or auditing matters available on the Company's web site at www.rona.ca.

6. Nomination of Directors

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

General - The Nominating and Governance Committee is responsible for recommending and obtaining the approval of the Board on the competencies, skills and personal qualities required on the Board in order to create added value, taking into account opportunities and risks faced by the Company. The committee identifies, with the Chairman of the Board, candidates qualified to become Board members and recommends that the Board selects director nominees for the next annual meeting of shareholders. It also assesses and reviews annually the performance and effectiveness of the Board, Board committees, the Board and committee chairs and individual directors. In certain circumstances, the committee may retain independent advisors to assist it in carrying out its duties.

Age of Retirement- Under the Company's policies, the normal age of retirement for directors is seventy (70) years old, unless the Board decides otherwise on a case by case basis. This year, the Board has decided to recommend the nomination of Mr. Louis A. Tanguay who will be seventy-one (71) years old as at the date of the Meeting.

- (b) Disclose whether or not the board has a nominating committee composed entirely of independent directors. If the board does not have a nominating committee composed entirely of independent directors, describe what steps the board takes to encourage an objective nomination process.
- (c) If the board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.

Composition of the Nominating and Governance Committee - The Nominating and Governance Committee is composed exclusively of outside directors, all of whom are "independent" within the meaning of the Corporate Governance Disclosure Instrument.

Responsibilities of the Nominating and Governance Committee - The Board has adopted a formal mandate for the Nominating and Governance Committee. The main responsibilities of the committee are described on page 12 of this Circular. The majority of its members constitute a quorum at meetings of the committee. The committee reports to the Board periodically on its meetings and its recommendations.

7. Compensation

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

Compensation Determination Process - The compensation of the directors and senior managers is determined annually by the Board based on the reviews and recommendations of its Nominating and Governance Committee and its Human Resources and Compensation Committee, respectively. The Board has determined that such compensation realistically reflects the responsibility and risks undertaken by the Company's directors and senior managers and serves to align the interests of the directors and senior managers with the interests of the shareholders of the Company. See page 10 of this Circular for information about the compensation received by directors.

- (b) Disclose whether or not the board has a compensation committee composed entirely of independent directors. If the board does not have a compensation committee composed entirely of independent directors, describe what steps the board takes to ensure an objective process for determining such compensation.
- (c) If the board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.
- (d) If a compensation consultant or advisor has, at any time since the beginning of the issuer's most recently completed financial year, been retained to assist in determining compensation for any of the issuer's directors and officers, disclose the identity of the consultant or advisor and briefly summarize the mandate for which they have been retained. If the consultant or advisor has been retained to perform any other work for the issuer, state that fact and briefly describe the nature of the work.

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

Responsibilities of the Human Resources and Compensation Committee - The Board has adopted a formal mandate for the Human Resources and Compensation Committee. The main responsibilities of the committee are described on page 11 of this Circular. The majority of its members constitute a quorum at meetings of the committee. The committee reports to the Board periodically on its meetings and its recommendations.

Compensation Consultant - During financial year 2007 and with respect to 2008, the committee has retained the services of Mercer Human Resource Consulting to provide advice on the competitiveness and appropriateness of compensation programs for the President and CEO and top executive officers. During those periods, Mercer Human Resource Consulting has not been retained to perform any other work for the Company.

8. Other Board Committees – If the board has standing committees other than the audit, compensation and nominating committees identify the committees and describe their function.

Please see page 12 of this Circular for more information on the responsibilities of the Development Committee.

9. Assessments – Disclose whether or not the board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the board satisfies itself that the board, its committees, and its individual directors are performing effectively.

Assessment Process - On an annual basis, the Nominating and Governance Committee of the Board assesses the performance and effectiveness of the Board as a whole, the Board committees, the Chairman of the Board, Board committee chairs and individual directors. Questionnaires are distributed to each director for the purpose of evaluating the Board's responsibilities and functions and the performance of the Board's committees. The results of the questionnaires are compiled on a confidential basis to encourage full and frank commentary and are discussed at the next regular meeting of the Nominating and Governance Committee. The Nominating and Governance Committee chair then presents the committee's findings and recommendations to the Board.

The Chairman meets annually with each director to discuss such director's performance and such director's assessment of the Board committees and other directors' performance.

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SCHEDULE “D” CHARTER OF THE BOARD OF DIRECTORS

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

The Board approves all matters expressly required herein, under the *Companies Act* (Quebec) and other applicable legislation and the Company’s articles and by-laws. The Board may assign, when authorized by the Company's applicable legislation, to board committees the prior review of any issues it is responsible for. Board committee recommendations are subject to Board approval. The Board has delegated the approval of certain matters to management pursuant to its Schedule of Authority, as amended from time to time.

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

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

Mandate

The responsibilities of the Board include:

With respect to strategic planning

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

With respect to human resources and performance assessment

- Choosing the President and Chief Executive Officer (“President and CEO”) and approving the appointment of other executive officers.
- Monitoring and assessing the performance of the President and CEO and ensuring that these same processes are conducted by the President and CEO for the other officers reporting directly to him.
- Approving the compensation of executive officers (particularly the President and CEO) and the compensation policy for the other employees of the Company, taking into consideration expectations and objectives fixed by the Board.
- To the extent feasible, satisfying itself as to the integrity of the President and CEO and the other executive officers and that the President and CEO and other executive officers create a culture of integrity throughout the Company.
- Monitoring the succession planning process for executive officers and the Board of Directors.
- Reviewing the size and composition of the Board and its committees taking into account competencies, skills and personal qualities of each member of the Board of Directors.
- Approving the list of Board nominees for election by shareholders.

With respect to financial matters and internal control

- Monitoring the reliability and quality of the Company’s financial statements and the appropriateness of their disclosure.
- Reviewing the general content of, and the Audit Committee’s report on the financial aspects of, the Company’s Annual Information Form, Annual Report, Management Proxy Circular, Management’s Discussion and Analysis,

prospectuses, and any other document required to be disclosed or filed by the Company before its public disclosure or filing with regulatory authorities in Canada.

- Approving operating and capital budgets, the issue of securities and, subject to the Schedule of Authority of the Company, any significant transaction out of the ordinary course of business, including proposals on mergers, acquisitions or other major investments or divestitures.
- Determining dividend policies and procedures.
- Identifying the principal risks of the Company's business and ensuring the implementation of appropriate systems to manage these risks.
- Monitoring the Company's internal control and management information systems.
- Monitoring the Company's compliance with applicable legal and regulatory requirements.
- Reviewing at least annually the Company's communications policy and monitoring the Company's communications with analysts, investors and the public.

With respect to corporate governance matters

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

With respect to pension matters

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

Composition

- The articles and By-Laws of the Company provide that the Board shall consist of three to thirty directors, as determined from time to time by resolution of the Board of Directors. The Board is composed of a majority of individuals who qualify as independent directors, as determined by the Board in accordance with the applicable rules of the Canadian Securities Administrators.

Board Meetings and Quorum

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

- A majority of the current directors shall constitute a quorum at meetings of the Board.

Review of the Charter

The Board of Directors shall review this Charter at least once a year and make any appropriate amendments.

Assessment of the Board's Performance

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

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SCHEDULE “E”

CHARTER OF THE AUDIT COMMITTEE

The Audit Committee (the “**Committee**”) is responsible for assisting the Board of Directors of the Company (the “**Board**”) in its oversight of the following items: i) the production of reliable financial information, ii) the identification of the principal financial risks associated with the Company’s activities and the implementation of appropriate systems to manage these risks, iii) the internal control and management information systems of the Company, iv) the Company’s financial compliance with the various authorities and legislation, v) the competencies, independence and work of the external and internal auditors, and vi) the performance of the other responsibilities set out in the Committee’s mandate as well as those delegated to the Committee by the Board.

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

Mandate

The responsibilities of the Committee include:

With respect to the review of financial information

- Reviewing the following documents with management and the external auditors:
 - annual and interim financial statements;
 - external auditors’ reports: the audit report in the case of the annual financial statements and the interim review report in the case of the interim financial statements of the first three quarters;
 - annual and interim management’s discussion and analysis;
 - annual and interim earnings press releases 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 Company’s financial reporting prepared in accordance with generally accepted accounting principles;
 - proposals for changes and choice of new accounting principles and policies of the Company;
 - the reasonableness of provisions, reserves and estimates that may have a material effect on financial reporting;
 - material decisions made in connection with the presentation of the financial statements;
 - communication with the Autorité des marchés financiers.
- Reviewing the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Company.
- Monitoring the application and update, as necessary, of the Company’s disclosure policy.

With respect to oversight of the external auditors

- Ensuring that the external auditors report directly to the Committee.
- Recommending to the Board the appointment or discharge of the external auditors as well as their compensation.

- Having sole authority to pre-approve all non-audit services that management intends to entrust to the external auditors.
- Reviewing with the external auditors the external audit plan as well as the qualifications, independence and objectivity of the external auditors, including written statements of all relationships the external auditors have with the Company which could have an effect on independence and objectivity and recommending measures the Board of Directors should take to ensure the independence of the external auditors.
- Being directly responsible for overseeing the work of the external auditors engaged for the purpose of preparing or issuing an auditors' report or performing other audit, review or attest services, including the resolution of disagreements between management and the external auditors regarding financial reporting.
- Discussing with the external auditors the quality and not just the acceptability of the accounting principles, including:
 - critical accounting policies and practices used;
 - any alternative treatments of financial information that have been discussed with management, the ramifications of their use and the treatment preferred by the external auditors;
 - other material written communications between the management and the external auditors.
- 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 effectiveness of the internal controls systems 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 Company's public disclosure documents.
- Establishing procedures for the receipt, retention and treatment of complaints received regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission of concerns by employees of the Company regarding questionable accounting or auditing matters.
- Reviewing the Company's insurance coverage and ensuring its adequacy.

With respect to financial risk management

- Reviewing with management:
 - the identification and the financial risk evaluation methods;
 - the processes used to manage and control risks;

With respect to the oversight of the internal auditors

- Annually reviewing and approving the charter of the internal auditors.
- Ensuring that the internal auditors are accountable to the Committee.
- Reviewing and approving the annual internal audit plan.

- Receiving and examining material internal audit reports, observations and recommendations.
- Reviewing management’s actions following recommendations of the internal auditors.
- Reviewing the independence of the internal auditors.
- Reviewing, with the internal audit manager, difficulties encountered during his/her audits with respect to the scope of the mandate and access to information. Reviewing all changes with respect to the scope of his/her audit projects.

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

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

Composition

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

Committee Meetings and Quorum

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

Review of the Charter

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

Assessment of the Committee’s Performance

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

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

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SCHEDULE “F” LONG-TERM INCENTIVE PROGRAMS

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

On January 24, 2002, the Board of Directors set up a share option plan for designated members of senior management of RONA and its subsidiaries (the “**Initial Plan**”). The Initial Plan was set up by the Company in order (1) to induce its participants to take measures to favour growth in shareholder value and to have them benefit from that growth and the Company’s success, (2) to induce its participants to take necessary measures to create favourable conditions for the Company to make a public offering before January 1, 2006 (which objective was achieved on November 5, 2002) and (3) to establish a direct link between the interests of participants and those of shareholders. The persons eligible to receive options for the purchase of Common Shares were members of senior management of the Company and its subsidiaries who were designated from time to time by the Board of Directors.

The maximum number of options issuable under the Initial Plan was 3,740,000, representing 5% of the outstanding Common Shares as at January 1, 2002 and 3.2% as at March 1, 2008. The Board of Directors had full discretion to grant options to eligible designated members of senior management. The exercise price of each option was set at \$3.47 per share. A total of 2,920,000 options were granted by the Board of Directors pursuant to the Initial Plan and 1,470,500 were outstanding as at March 1, 2008, representing respectively 2.5% and 1.3% of the outstanding Common Shares as at March 1, 2008. No further options will be granted pursuant to the Initial Plan.

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

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

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

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

The total number of Common Shares which may be issued pursuant to the 2002 Plan is 6,600,000, representing 9% of the outstanding Common Shares as at October 24, 2002 and 5.7% of the outstanding Common Shares as at March 1, 2008. A total of 1,700,852 options were granted by the Board of Directors pursuant to the 2002 Plan and 1,452,052 were outstanding as at March 1, 2008, representing respectively 1.5% and 1.3% of the outstanding Common Shares as at March 1, 2008. As at such date, a total of 4,899,148 Common Shares remained issuable under the 2002 Plan, representing 4.2% of the outstanding Common Shares.

The exercise price of any option granted under the 2002 Plan must be equal or superior to the weighted average price of the Common Shares traded on the Toronto Stock Exchange, such price to be calculated by aggregating the value of each transaction during the five (5) trading days immediately preceding the day on which such option is granted and dividing the said value by the total number of Common Shares traded during the said period. Subject to the following paragraph, the terms and number of Common Shares covered by each option as well as the vesting periods of such options are determined by the Board of Directors upon the recommendation of its Human Resources and Compensation Committee at the time the options are granted to beneficiaries. Other than in the case of a Blackout Extension Term, as described below, the expiry date of an option shall be the date so fixed by the Board or described in the 2002 Plan, provided that such date is not later than the tenth (10th) anniversary of the date of grant. Options shall expire at the earlier of the date stipulated in a notice of termination received by a participant or the date at which the participant ceases to be an employee of the company and any of its subsidiaries (the “**Option Cancellation Date**”). Notwithstanding the foregoing, a participant shall have an additional ninety (90) business days to exercise options that are vested unless: (i) the participant resigns or terminates his employment voluntarily or is terminated for cause, in which case the exercise period shall be reduced to thirty (30) business days following the Option Cancellation

Date; or (ii) the participant retires in which case the exercise period shall be increased to thirty-six (36) months. Options that have not vested at that time shall expire unless the Board decides otherwise. If a participant dies in office or during the period of thirty (30) business days, ninety (90) business days or thirty-six (36) months referred to above, his/her assigns shall have a period of six (6) months from the date of his/her death to exercise all the options that are vested at the moment of his/her death. However, the said periods of thirty (30) business days, ninety (90) business days, thirty-six (36) months or six (6) months may not exceed the tenth (10th) anniversary of the grant date, except if any such period ends during a Blackout Period, as described below, or within ten (10) business days after the end of a Blackout Period, in which case it shall be extended by the duration of the Blackout Extension Term, as described below.

Although the 2002 Plan provides that the conditions of options granted thereunder are determined by the Board, options which were granted prior to March 8, 2007 are subject to certain predetermined vesting conditions, including the condition that the Common Shares have to trade at or above a premium of 8% over the exercise price at the time of grant for at least twenty (20) consecutive business days during any given vesting period. Subject to such conditions, 25% of any such grant of options vests after twelve (12) months, 50% after twenty-four (24) months, 75% after thirty-six (36) months and 100% vests after forty-eight (48) months after the date of grant (defined under the 2002 Plan as the date at which the option is granted by the Board, or, in the case the option is granted during a Blackout Period or within five business days following the Blackout Period, the sixth business day following the end of such Blackout Period).

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

The 2002 Plan provides for an extension of ten (10) business days from the end of a Blackout Period (which is defined as a period self-imposed by the Company during which directors and certain employees of the Company shall not trade the Common Shares) if the expiry date of an option falls within the Blackout Period or within ten (10) business days after the end of the Blackout Period (a “**Blackout Extension Term**”). Furthermore, should a new Blackout Period be imposed during a Blackout Extension Term, the Blackout Extension Term will be further extended at the end of the new Blackout Period so that the number of days during which participants will be able to trade securities of the Company will amount to a total of ten (10) business days.

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

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

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

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

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

On February 19th, 2008, the Board of Directors of RONA amended the 2002 Plan in order to allow participants who retire at the age prescribed under the Company's retirement policies to benefit from an exercise period of thirty-six (36) months following the date of retirement instead of the period of ninety (90) business days that would normally be applicable otherwise.

Share Unit Plan

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

The Share Unit Plan is non-dilutive: payment of Restricted Share Units ("**RSUs**") or Deferred Share Units ("**DSUs**"), as the case may be, are made in cash or in Common Shares purchased from the secondary market, at the option of the Company, pursuant to the terms and conditions described in the Share Unit Plan. The Share Unit Plan does not rely upon shares from treasury, nor are there any corresponding shares reserved in treasury for purposes of such plan.

RSUs entitle participants to receive, on the vesting date thereof, cash equal to the average closing price of the Common Shares on the Toronto Stock Exchange for the twenty (20) trading days during which Common Shares were traded immediately preceding the fifth trading day prior to the vesting date, or, at the Company's option, an amount of Common Shares, purchased on the secondary market, with an aggregate value equal to the amount that would have been paid in cash as described above, subject to the terms and conditions set forth in the Share Unit Plan. The Board has discretion to establish at the time of each grant, within the restrictions set forth in the Share Unit Plan, the terms and conditions of each RSU award, as

well as the vesting date (subject to a maximum term of three (3) years, and subject to the provisions of the Share Unit Plan with respect to early expiry), the performance objectives, if any, which must be attained for any RSU award, or part thereof, to vest, and other particulars. Notwithstanding their respective vesting date, and unless otherwise determined by the Board at or after the time of grant: (i) where vesting of an RSU award, or part thereof, is subject to the attainment of performance objectives, such RSU award, or part thereof, shall expire on the vesting date if such performance objectives have not been attained, and (ii) any RSU award granted to a participant who ceases to be an officer or employee of the Company before the vesting of such RSU award, whether or not such RSU award is subject to the attainment of performance objectives, shall expire on the Cessation Date, being the date stipulated in a notice given in writing to a participant informing him/her that his/her active employment with the Company and its subsidiaries will end, or the date at which the participant dies or otherwise terminates his/her active employment with the Company and its subsidiaries.

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

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

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

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

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

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