



July 8, 2012

Mr. Robert Paré
Chairman of the Board
RONA Inc.
220 Chemin du Tremblay
Boucherville, Québec J4B 8H7

Dear Robert,

Further to our meeting today, we are interested in working with you to pursue a combination of Lowe's and RONA, which we believe would benefit all shareholders and stakeholders. As you know from the meetings we had with Mr. Robert Dutton and our previous proposal letter dated December 15, 2011, we admire RONA's unique business model, strong management team and deep Canadian heritage. We continue to believe that a combination of RONA and Lowe's offers a unique and compelling opportunity to create value for all stakeholders as well as providing meaningful benefits for the Canadian customer.

Based on our strong belief in the value of combining our businesses in Canada, we are prepared, subject to satisfactory completion of confirmatory due diligence, to acquire all of the issued and outstanding common shares of RONA for C\$14.50 in cash per share, which we believe your shareholders will find attractive. This proposal represents a premium of 36.7% to the C\$10.61 closing share price on July 6, 2012 and a premium of 42.4% to the volume weighted average share price of C\$10.18 for the 20 trading days ended July 6, 2012. We are prepared to move forward quickly to consummate a transaction.

At this time, we are proposing a Board-supported, court approved plan of arrangement, subject to customary terms and conditions for a transaction of this nature. As further evidence of our commitment to the transaction, Lowe's has held confidential discussions with a number of large institutional shareholders of RONA regarding our proposal and, based on these discussions, shareholders representing in aggregate approximately 15% of RONA's outstanding shares have indicated that they are supportive of our proposal. Additionally, we have recently accumulated an ownership position in RONA through the public purchase of shares.

In addition to the attractive premium offered to RONA's shareholders, we believe the proposed transaction is underpinned by a compelling strategic rationale and we are prepared to make commitments benefiting all stakeholders and customers of both RONA and Lowe's:

- **Creation of a Strengthened Canadian Home Improvement Retailer with World-Class Capabilities Headquartered in Quebec** – Combining RONA's operations with Lowe's strong global presence would create a strengthened Canadian home improvement retailer with world-class capabilities across channels and markets. While the combined Canadian business would undoubtedly benefit from our global reach and deep supplier relationships, we believe that preserving RONA's local market expertise and relationships is critical. As a result, RONA would remain a Quebec-based company and the headquarters for the combined Canadian business would remain in Boucherville.
- **Share Best Practices and Leverage Strengths of Existing Employees** – RONA and Lowe's share strong organizational cultures and dedicated managers and employees that are critical to the success of both of our businesses. By combining the talents of our people and sharing organizational best practices, we would create a stronger platform for future growth and a great work environment. In order to capitalize on the strong local market expertise within RONA, we would provide continued leadership roles for much of RONA's management team, and we intend to preserve the important role that dealer-owners play in the management of RONA. We also expect that the number of people employed by RONA today, both within Quebec and across the rest of Canada, would be the same or greater following the transaction and believe that the combined entity would offer significantly enhanced growth opportunities benefiting all of our employees.
- **Strengthened Multi-Channel Retail Strategy** – While Lowe's is best known for its traditional large store formats, the Company would be committed to preserving and developing RONA's multi-channel retail strategy that includes retail, commercial and distribution channels offered through large stores, smaller urban/proximity format stores and a well-developed online presence offered under a number of different brands. RONA is a renowned Canadian brand and it is strategically and culturally desirable that RONA stores and distribution operations continue to operate under the RONA brand.



- **Enhanced Dealer-Owner Value Proposition** – Combining Lowe's and RONA's operations would create a strengthened, global home improvement retailer with more than C\$57 billion in aggregate annual sales - an organization that would be ranked among the top 50 Fortune 500 companies. The combination of our two companies would provide an enhanced product offering, creating significant value for RONA's dealer-owners and better positioning the company to serve its customers.
- **Commitment to Local and Ethical Sourcing of Materials** – Lowe's understands and shares RONA's commitment to procure goods in Canada wherever possible. During 2011, Lowe's Canada procured approximately 70% of its materials through Canadian suppliers. We will continue our local and ethical procurement strategy in the future and would like to expand the relationships that both Lowe's and RONA have developed with Canadian manufacturers and suppliers. With our leading global home improvement platform we believe that we are also uniquely well suited to increase the distribution of Canadian products into new international markets.
- **Continued Commitment to Canadian Communities** – We are aware of and endorse the significant level of support that RONA provides to communities across Canada through charitable initiatives such as the RONA Foundation. Lowe's shares the same philosophy and is committed to supporting charitable initiatives supported by RONA. Our Charitable and Educational Foundation has a proud history of improving the communities we serve. Lowe's commitment is about more than writing cheques – it's about our heritage of making an impact in our communities.

Please know that the Lowe's Board of Directors fully supports and is committed to this proposal. We have engaged and have been working closely with CIBC World Markets and Bank of America Merrill Lynch as our financial advisors, and Stikeman Elliott and Hunton & Williams, as our legal advisors. With the assistance of these advisors, we have completed an extensive analysis of RONA and have carefully considered the proposed transaction solely on the basis of publicly available information. At this time, we would like to work constructively with RONA's management team to conduct confirmatory due diligence and, subject to RONA's granting Lowe's exclusivity, we are prepared to devote all necessary resources to complete due diligence in an expeditious manner with minimal disruption to RONA's business. We believe we could complete our due diligence within two to four weeks, subject to engaged assistance from RONA's management team. In addition to completing confirmatory financial and legal due diligence, the key focus areas for our due diligence would be to review the current condition of RONA's IT systems and all lease arrangements relating to the store and distribution store network. We would also propose to work towards settling the transaction documents during the due diligence/exclusivity period. This letter represents a non-binding indication of interest on our part and is not intended to create any legally binding obligations.

We are confident that all necessary regulatory approvals will be obtainable and, with our significant cash on hand, excess credit facility capacity and our strong credit rating, the transaction would not be subject to any financing conditions.

In conclusion, we trust that the Board of Directors, in the exercise of its fiduciary duties, recognizes that this proposal represents a very attractive opportunity for RONA's shareholders and other stakeholders and we sincerely hope that we can work together to ensure that your shareholders, dealer-owners, employees and customers have the opportunity to realize its benefits. I ask that you please contact me at your earliest convenience to discuss the details of our proposal and to develop a timetable to advance the proposed transaction. We are eager to work with RONA's Board of Directors and senior leadership team to consummate a transaction and we request your response by July 15, 2012.

Sincerely,

Robert A. Niblock
Chairman, President
and Chief Executive Officer

cc: Mr. Robert Dutton (via e-mail: robert.dutton@rona.ca)
President and Chief Executive Officer, RONA Inc.