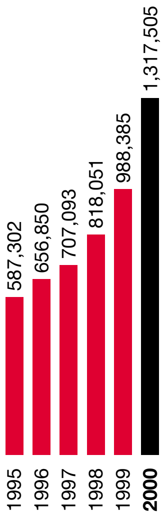
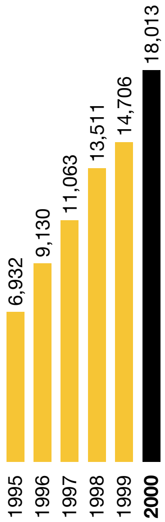
2000 Annual Report

A passion for consumers

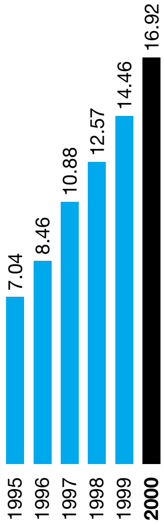
RONA



Net **sales**
in thousands of dollars



Net **earnings**
in thousands of dollars



Common **shares**
book value in dollars

Impressive numbers

Six-year financial summary

(in thousands of dollars, except figures relating to shares)

	2000	1999	1998	1997	1996	1995
Operations						
Net sales	**$ 1,317,505**	$ 988,385	$ 818,051	$ 707,093	$ 656,850	$ 587,302
Percentage increase	**33.3 %**	20.8 %	15.7 %	7.6 %	11.8 %	1.2 %
Operating income	**60,088**	37,175	30,570	25,734	20,212	16,405
Net earnings	**18,013**	14,706	13,511	11,063	9,130	6,932
Net earnings per share	**$ 2.35**	$ 1.86	$ 1.63	$ 1.61	$ 1.36	$ 1.02
Common shares						
Outstanding	**7,210,445**	7,616,016	7,795,641	8,042,748	6,614,680	6,679,665
Book value	**$ 16.92**	$ 14.46	$ 12.57	$ 10.88	$ 8.46	7.04
Funds provided by operations	**33,051**	(5,617)	30,615	10,240	15,258	11,703
Financial structure						
Total assets	**450,973**	287,916	253,575	165,692	142,291	130,588
Shareholders' equity	**132,658**	121,002	108,683	98,189	56,741	47,842
Long-term debt	**104,514**	36,242	34,877	4,639	26,259	9,833
Working capital	**57,479**	51,945	28,636	32,980	22,737	10,810

Major events

(In chronological order)

2000

February 2: Opening of RONA L'entrepôt in Brossard, Quebec

February 7: RONA announces the acquisition of Cashway Building Centres Ltd.

March 6: RONA finalizes acquisition of Cashway Building Centres Ltd.

March 20: RONA acquires five Hensall District Co-Op (HDC) Do-it Centres

April 27: RONA concludes an agreement with nurun inc. for the development of an e-commerce solutions strategy

June 1: Opening of RONA Le Régional in Lévis, Quebec

June 20: RONA and Technologies Interactives Mediagrif create the first B2B e-commerce marketplace for MRO products in Canada

August 22: RONA announces its sponsorship agreement with Olympic cyclist Geneviève Jeanson

December 7 Formation of the RONA Cycling Team

2001

March 7: Opening of RONA Le Régional in Longueuil, Quebec

March 28: Opening of RONA Home Solutions in Brampton, Ontario

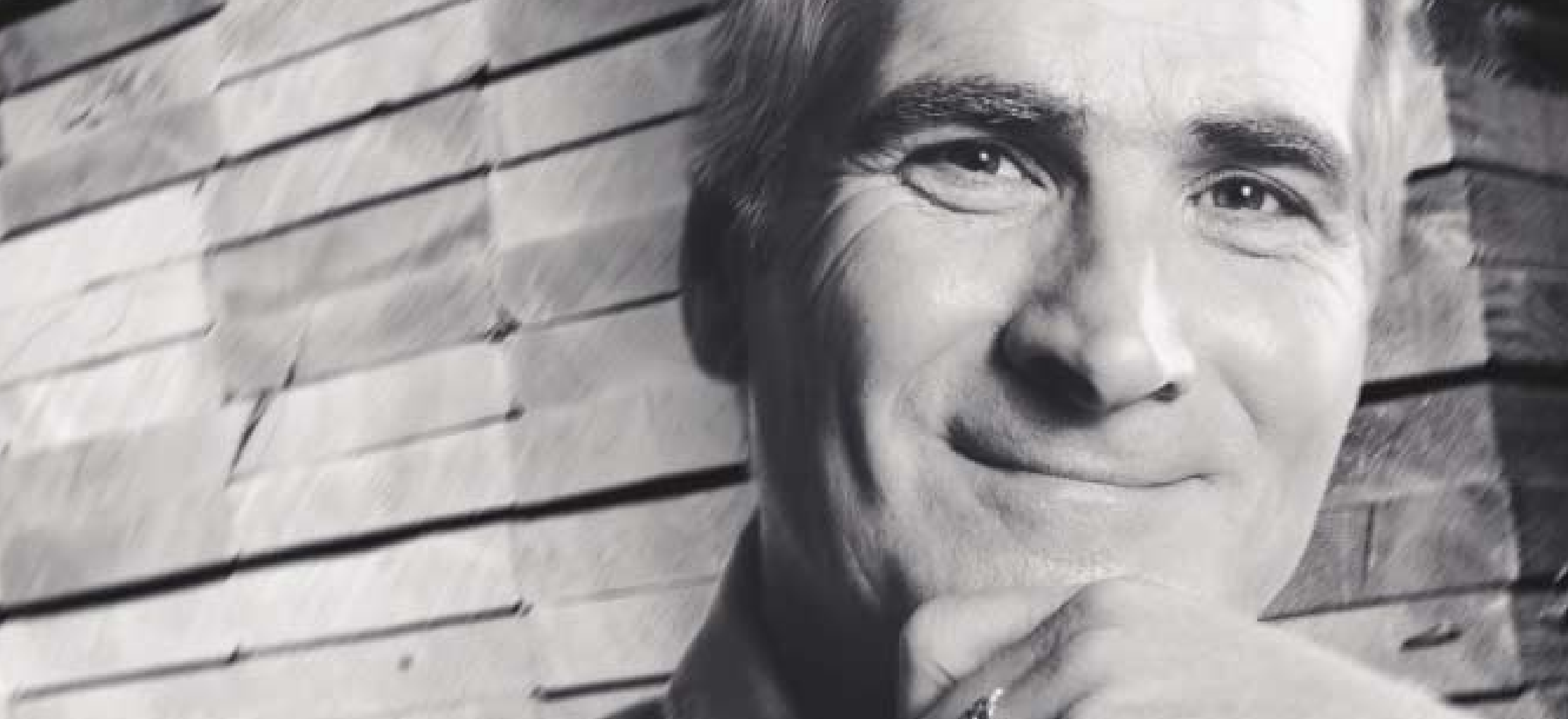
April 4: Opening of RONA Le Régional in Laval, Quebec

The one and only place

RONA is the leader in the home renovation market in Eastern Canada, with some $2 billion in retail sales, more than 11,000 employees and 500 stores across four provinces.

Founded over 60 years ago, RONA belongs to the store owners. However, RONA is a major corporation which benefits from the innovation of its independent dealer-owners—who work together every day to create the very best in the retail business.

RONA is one of the few companies in North America able to count on dealers who have been affiliated with the Company over several generations—individuals and families—who have believed in the RONA philosophy and have grown with it. In joining the RONA network, the dealers retain their independence while drawing on the strength of a world-class organization. RONA forges close ties with its dealers and their employees, who, in turn, do the same with their customers.



Our Mission

RONA is a network of dealer-owners whose mission is to offer customers the greatest variety of products, the best value for their money and the best possible service for all their home improvement needs, be it hardware, building materials, decoration, home accessories or gardening.

RONA, its dealers and their employees take great care to serve their clientele with the greatest attention, thoroughness and efficiency. Rising above the traditional notion of a commercial relationship, the model promoted by RONA motivates dealers and their employees to become true home improvement specialists.

Accordingly, RONA firmly believes that its human resources and those of its dealer-owners constitute their primary wealth and that their development represents an investment that is crucial to the group's success. RONA deals with individuals and businesses who share its vision of success and the means of achieving it.

RONA promotes the growth of its dealer-owners by sharing with them strategic information, skills and results, and also by proposing flexible methods that respect the willingness and ability of each one to commit to this partnership.

In the same spirit, the Company promotes dignity and respect in its relationships with its suppliers, dealer-owners, their clientele, its own personnel and its customers. In all circumstances, it strives to behave as a responsible corporate citizen concerned with the common good of all involved.

Jean-Marc Brien
Dealer-owner
RONA L'entrepôt, Mascouche, Quebec

Consolidated Financial Highlights

(in thousands of dollars, except figures relating to shares and financial ratios)

	2000	1999	1998
Operations			
Net sales	**$ 1,317,505**	$ 988,385	$ 818,051
Operating income	**60,088**	37,175	30,570
Net earnings	**18,013**	14,706	13,511
Net earnings per share	**$ 2.35**	$ 1.86	$ 1.63
Cash flow from operations	**24,655**	23,609	19,606
Shareholders' equity	**132,658**	121,002	108,683
Common shares			
Outstanding	**7,210,445**	7,616,016	7,795,641
Book value	**$ 16.92**	$ 14.46	$ 12.57
Financial ratios			
Working capital	**1.27**	1.40	1.26
Long-term capital/Shareholders' equity	**0.79**	0.30	0.32

Table of contents

A passion for consumers

From its very beginnings, RONA has been a meeting place for demanding consumers and the independent dealers to whom they turn for goods and services. And this still holds true after more than 60 years of existence. As for the dealers, RONA allows them to remain independent while competing with major groups. For consumers, RONA offers the attentive service of a skilled tradesman, combined with the resources of a large corporation.

Robert Dutton
President and Chief Executive Officer

Henri Drouin
Chairman of the Board

The best service in Canada

This quality of service was confirmed in 2000. According to research carried out by Kubas Consultants on the basis of consumer surveys, RONA provides the best customer service of all retailers in Canada, all sectors considered.

Over the years, RONA has undergone a number of changes. But its dual mission remains the same. Today as always, RONA groups together dealers who have consumers' interests at heart.

Fiscal year 2000 was yet another illustration of this fact. RONA's expansion into Ontario, the changes to our stores, its e-commerce approach—these are some of many ways of supporting the Company's devoted efforts to consumers.

Expansion in Ontario

One of the most outstanding events in 2000 was definitely the acquisition of Cashway Building Centres, a chain of 65 building supply stores with locations in all regions of Ontario. This acquisition brings the number of our Ontario stores to more than 100, for a total of more than 2.5 million square feet as of December 31, 2000.

A company over 100 years old, Cashway is distinguished by its strong presence in small and medium-sized urban and semi-urban centres—somewhat like the network of traditional RONA stores. Just like RONA, Cashway has developed particularly loyal ties with its customers, largely consisting of building and home improvement contractors.

The year 2000 was devoted to the integration of Cashway into RONA. All the stores now display the RONA Cashway banner. During 2000, a dozen RONA Cashway stores were renovated. These “new” RONA Cashway stores not only feature a more “user-friendly” physical layout but also offer consumers new lines of home improvement products.

For the time being, almost all of the RONA Cashway stores are owned by RONA inc. Six stores are joint ventures. In keeping with fundamental corporate values, they will gradually be transferred over to affiliated owner-operators. This operation, starting in 2001, is expected to extend over a period of approximately three years.

The network—consolidation and improvement

The integration of RONA Cashway has been the main focus of the expansion of the RONA network in 2000. In Québec, two stores were added to the big-box network, one in Brossard and the other in Lévis. Moreover, some twenty smaller stores were converted to the RONA banner, recognizing the benefits that RONA has to offer to independent dealers.

The year 2000 was marked more by modifications to existing stores than by their proliferation. Rather than being a carbon copy of its predecessors, each new store reflects the changing times and ongoing reorientations or fine-tuning of retail sales concepts. Those developed in 2000 are, to some extent, a new “generation” of stores. One new store, RONA Home Solutions, opened March 28, 2001 in Brampton, a suburb of Toronto, is particularly innovative in nature. It offers consumers in the Toronto area a physical layout, a range of products and a series of services that are beyond compare in our industry today.

Completing the change in direction in the retail industry

It has been seven years since RONA decided to carry out a transition from its mission as a distributor to its current mission as an integrated retailer. Initiated with the establishment of big-box stores and the appropriate franchise formula, this transition has progressed smoothly over the years. This year, it succeeded in taking a new step with the creation of RONA Retail Canada Inc. This division is mainly devoted to determining and implementing the most attractive shopping experience for consumers, from the physical layout of the stores to how well customers are greeted, including the choice of in-store products and services.

In 2000, this unit developed the AGP program (Acknowledge, Guide and Provide), which is currently in the process of being implemented. This program defines and enhances the value of the best behaviours for store employees to adopt in order to optimize consumers' shopping experience and the quality of service offered to them.

RONA-style e-commerce

RONA is the consumer specialist, not the specialist of a specific store format or a given retail sales formula. RONA is present in all store formats, from the smallest stores focusing on nearby service, to the largest big-box. Our store in Saint-Bruno is one of the largest hardware store in all of North America. After having completed a pilot project in 1999, RONA determinedly launched itself into e-commerce in 2000. And it is doing so in its own way, by making the most of the RONA difference.

In fact, RONA's e-commerce approach goes beyond merely setting up a transactional Web site. The virtual—or zero-surface—store, which has become a "permanent fixture" since April 2000, at www.rona.ca, ranks among the most popular transactional websites in Québec—although 30% of the transactions come from outside the province. Starting in spring 2001, the third generation of the transactional Web site will be introduced, offering approximately 10,000 products on-line.

But the direction toward an "electronic" orientation is much more profound than that. With the assistance of a leader in information technologies, RONA is examining all of its business processes, in light of the current and foreseeable potential of new technologies. A series of tools will be implemented making it possible for all network members (retailers, suppliers and customers) to make optimum, integrated use of new technologies.

Developing the industrial segment

The electronic initiative includes a major B2B (business-to-business) facet. With the collaboration of a company specializing in virtual markets, we are in fact going to develop a dedicated virtual—or on-line—market for industrial users of maintenance, repair and operations products (MRO).

The new Internet orientation should produce additional revenue of some $500 million within five to seven years' time, including $400 million from the industrial market.

Development of the virtual market is just part of the growth strategy in the industrial segment. Combined with information technology opportunities, the scope and density of the network provides unique advantages for offering added value to a great many major companies. Starting in 2001, the Industrium signature will be consolidated, by concentrating the industrial activity in a certain number of stores, some of which will be specialized, offering a wider range and state-of-the-art products and services for an industrial clientele.

Fiscal year 2001 will extend the strategic orientations initiated this year. On the one hand, we will strive to extend our territory by building new stores, by recruiting independent dealers or those affiliated with other banners and, if interesting opportunities justify our doing so, by going ahead with more acquisitions. On the other hand, we will develop the new retail sales formulas whose potential we consider attractive—e-commerce and virtual markets in particular. Although the uncertainties over the strength of the economy may have an impact on the rate of our expansion, it is not changing the underlying strategy.

This message to our shareholders would not be complete without calling attention to the contribution—outstanding yet again—on the part of the employees of RONA Inc. Once again this year, their competence and dedication have made it possible for the Company to take decisive steps in its development.

In closing, we wish to thank all RONA's dealer-owners for their support, without which their company could not provide them with the services it does.

(signed)
Henri Drouin
Chairman of the Board

(signed)
Robert Dutton
President and Chief Executive Officer

Conquering the Ontario market

In February 2000, RONA made a strategic breakthrough in the Ontario home improvement and renovation market by acquiring Cashway Building Centres Ltd., the third-largest player in its field of activity in Ontario.

The 65 Cashway stores will now operate under the RONA Cashway banner, thus bringing to more than 100 the number of RONA stores in Ontario and increasing its workforce by some 1,200 employees.

At 1999's year end, Cashway's annual retail sales were evaluated at $342 million, thereby boosting RONA's total retail sales to some $2 billion.

Bob Williams

"I was impressed by the knowledge of RONA experts and their willingness to make the extra effort, and take the time to give clear, unambiguous explanations on the benefits and drawbacks of our possible options. In the rare case where RONA was not offering a competitive price, they immediately applied their lowest price policy. The service I received is something of which everyone at RONA should be justifiably proud."

Bob Williams
Nepean, Ontario

An immediate imposing presence

This acquisition gave RONA a massive entry into Ontario, enabling the Company to take advantage of Cashway's competitive edge in the lumber and building materials sector. This key Ontario market is evaluated at some $9 billion.

By incorporating the Cashway stores into its network, RONA is benefiting from the resulting synergy of the union of two groups with complementary skills. RONA brings to the table its wealth of knowledge in the retail business, specifically with respect to marketing, product selection, store layout and customer service.

Cashway, for its part, brings with it solid commercial relationships it has built up over the years with contractors in the lumber and building materials industry, representing more than half of all store sales. Cashway also brings a skilled and experienced workforce, whose views on customer service reflect those already existing within the RONA family.

Bob Williams' story

In the spring of 1999, Bob Williams from Nepean, an Ottawa suburb, decided the time had come to undertake the sort of renovation project that others only dream about. He was going to transform his small bungalow into a modern, more spacious two-storey house. To do so, he would virtually have to tear down the old house and start anew.

Acting as his own general contractor, Bob first set about buying his materials, visiting the nearby RONA Warehouse on Hunt Club Road, where he met two experienced partners, Keith Bulmer and Brent Deevy.

"We had everything that Bob needed right here in the store, from framing lumber, to wall panels and roofing materials, not to mention the hardware, paint and plumbing accessories," stressed Keith Bulmer. "But that was not all. Often, he came to the store with his ideas, and then Brent and I would apply our knowledge to help him bring them to life. On the rare occasions when RONA didn't have what he wanted in stock or an available equivalent, we would suggest a manufacturer or a supplier. In fact, we were with him every step of the way."

Professionalism and courtesy

Keith Bulmer and Brent Deevy even extended the relationship as far as working closely with Bob Williams in order to ensure that the materials were always delivered to the work site on time, thus avoiding work hold-ups that would have pushed up the cost.

In the letter Bob Williams wrote to RONA, he said that one of the main ingredients in the success of his project had been the excellent service provided by RONA. "We were consistently more demanding than the average customer, but Brent Deevy and Keith Bulmer always met our needs in a professional and courteous manner," he said.

During 2000, RONA reorganized ten or so of the new RONA Cashway stores, and even managed to inaugurate five of them on the same day: Exeter, Forest, Ilderton, Seaforth and Zurich, all in Ontario.

Each of these stores has a new layout, which have specifically designed areas for displaying new trends in renovation, including new ranges of products that focus on improving the home environment.

A Quebec network in constant evolution

With a market share in excess of 34%, RONA is Quebec's undisputed leader in the distribution and sale of home hardware, building, renovation and gardening products.

Encouraged by this dominant position, the Company pursued its expansion in 2000 by adding a RONA L'entrepôt and a RONA Le Régional to the south shores of Quebec's two largest cities—Montreal and Quebec City, respectively.

In 2000, RONA also increased its network of traditional format points of sale.

Canada-wide, a total of 20 independent dealers or dealers affiliated with other groups acknowledged the RONA advantage by switching to one of its banners—RONA Le Rénovateur, RONA Le Quincaillier, RONA L'express, RONA L'express Matériaux, RONA Home Centre, RONA Hardware and BOTANIX.

Moreover, some 20 other regular-size RONA stores underwent relocation, expansion or substantial renovation.

Carol Lefley

"Last October, I was looking for information on ceramic tiles. In the past, I have often been dissatisfied with the customer service offered by your competitors.

The assistance and the quality of service provided by Bob Covert at RONA Cashway in Peterborough went far beyond the standard of service to which we have become accustomed in most stores today. Bob outdid himself in making helpful suggestions and taking the time to explain to me how to correctly install the tiles I had chosen for my project. The difference in service was indeed a pleasant surprise."

Carol Lefley
Peterborough, Ontario

2000

Brossard

On February 2, 2000, the twelfth member of the RONA L'entrepôt family was inaugurated in Brossard, a suburb of Montreal. The new store is one of the largest in North America, with a sales surface area of over 163,000 sq. ft.

Lévis

On June 1, 2000, the Company inaugurated the largest retail sales and home improvement, hardware and gardening consulting service in Quebec City's southern suburb.

RONA Le Régional in Lévis is the tenth store under this banner, created to meet the needs of suburban communities.

In spring 2001, Longueuil and Laval also opened a RONA Le Régional.

Doris Bélanger

"I had seen beautiful musical Christmas wreaths at your Saint-Bruno warehouse, but when I went there in November they were unfortunately sold out. I asked one of your young sales clerks if you had them in stock somewhere else. He checked the computer and found they were available at the Quebec City warehouse store. I told him that I wanted to reserve one and that I would go to Quebec City to pick it up. The young sales clerk made the necessary reservation. I was a little surprised to see the reservation made by telephone in order to immediately satisfy a customer.

The following Thursday, when I went to the RONA L'entrepôt in Quebec City, the clerk confirmed that my reservation had been received, with my name and the date when I would come by to pick it up. At RONA L'entrepôt locations, customer service still exists in the year 2000."

Doris Bélanger
Saint-Bruno, Quebec

Did you know that every year RONA buys more than $800 million of merchandise from Canadian manufacturers? Its suppliers of shovels, nuts and bolts, hammers, paint and wood come from almost every corner of Canada.

RONA is the largest customer of a great many Canadian small/medium-size companies as well as major corporations. These companies create jobs, support families and look to the future with confidence, as they can count on RONA to market their products.

Growing together

"RONA has always supported buying locally first and foremost," says Robert Dutton, RONA President and Chief Executive Officer. Suppliers are often our customers and vice versa, to everyone's benefit.

Over its six decades of existence, RONA has built close relationships of trust with the business community in Quebec and the other Canadian provinces. "We have been doing business with some people for 30, 40 years", said Mr. Dutton. "We have grown with them."

Patrick Courtemanche

"Canaduck, our wooden duck company, actually began in my basement at home. We won the RONA account, and now we have a 4,200-sq. ft. plant in Granby."

Patrick Courtemanche
Granby, Quebec

Wayne McMichael

"Over the past year, I have spent between $5,000 and $6,000 at one of your competitors in renovating my country cottage.

This fall, I was served (and I emphasize "served") by the assistant manager at RONA Cashway in Goderich, Don Sieman. I was asking for a customized order in addition to telephone billing and an alternative method of picking up the goods. Each of my requests was answered in a highly competent manner.

The service offered was personalized, efficient and courteous. This level of service is particularly rare in today's extremely busy business environment. I was so impressed that I will make a point of shopping at your Goderich store in the future."

Wayne McMichael
Bayfield, Ontario

Stéphane Larose

"Last January, I broke my car key in the lock of my trunk. I went to my local RONA hardware store, La Ferronnerie Leduc on Ste-Hélène Street in Longueuil, to have a copy cut.

While there, I asked about the best way to remove the broken piece of key which was stuck in the lock. The owner, Mr. Leduc himself, told me he had some special tools for this delicate type of operation. He then put on his coat and went outside with me, in the dark, to do the repair by flashlight.

All this, and all I bought was a duplicate key worth about $2.50. I was truly impressed."

Stéphane Larose
Longueuil, Quebec

An Eye for Retail

In early 2000, to further strengthen its position on the Canadian market, RONA implemented a new organizational structure. The Company separated its distribution operations from its retail activity operations, thus creating a new Retail division.

This change of course will enable RONA to develop and implement several innovative strategic initiatives, as well as more efficiently continue opening new points of sale across the country. The Retail division, based in Toronto, has been assigned responsibility for national marketing, purchasing and retail operations.

Consequently, there are now new guidelines for designing RONA points of sale. They will henceforth be centered on operations and merchandising, focusing efforts increasingly on product selection and positioning.

At the forefront of the consumer experience: RONA Home Solutions

RONA Retail is putting the finishing touches on its fourth generation of big-box stores. This innovative model, which completely reinvents this type of store, made its debut with the opening of RONA Home Solutions in Brampton, Ontario in late March 2001.

This new, 155,000-sq. ft. prototype offers customers a whole new shopping experience in terms of home renovation and hardware products. More than ever, this crossroads of innovative solutions is playing a key support role in home renovation decisions. Through interactive and entertaining, instructive methods, it introduces consumers to various ways of improving their immediate surroundings. In short, RONA Home Solutions helps them bring their home improvement dreams to life.

More modern and user-friendly

The more modern, user-friendly store layout is inspired by specific models developed at home shows. It features specialized shops and displays, with several model construction sites, renovation and decoration projects as well as computer workstations with Internet access and electronic catalogues for search purposes.

Not wishing to overlook contractors, the store also includes an indoor lumber yard which occupies one-quarter of the store's surface area. A greenhouse, garden centre and the Paint & CLIX Café–an area dedicated to customized colours–completes the landscape of this innovative point of sale.

Helping clients bring their projects to life

Personalized service is emphasized more than ever at the RONA Home Solutions store in Brampton. To help customers save even more time, a special team of employees—the RONAvators—is on hand.

These service experts are assigned the special mission of helping do-it-yourselfers, as well as individuals and companies planning major projects. They leave nothing to chance, touring the store and talking with clients to help them complete their projects.

Number 1 in customer service in Canada

According to the Major Market Retail Report 2000 by the market research firm Kubas Consultants, RONA ranks first among Canadian retail companies of all sectors with respect to customer service.

Its quality customer service makes RONA the consumers' top choice. In this respect, it surpasses not only its competitors in the renovation and hardware industry, but also pharmacies, department stores, shops, book stores, etc.

Published in July 2000, this study is based on a survey of consumers in the metropolitan markets of Montreal, Ottawa, Toronto, Calgary, Edmonton and Vancouver with respect to their shopping habits and store preferences.

Louise Caya
Dealer-owner
RONA L'express, Notre-Dame-du-Bon-Conseil, Quebec

Delivering solutions

Although recognized for its excellent service, RONA has not hesitated to work on improving its customer relations. Accordingly, in spring 2000, the Company implemented the AGP program (Acknowledge, Guide and Provide) to optimize customer service.

AGP is a tool designed to help RONA employees provide consumers with a unique, unparalleled shopping experience. The objective of this program is to acknowledge RONA's service experts—employees who have gone beyond the call of duty with respect to valued behaviours.

AGP Valued behaviours

Acknowledge the customer

A warm, courteous greeting is a must. It is essential to greet customers with a smile and make eye contact.

Guide the customer with his or her project

The first step consists in physically orienting customers within the store. Once in the right place, listen attentively and show active interest in their project, asking the necessary questions.

Provide a solution

Make recommendations that will save customers time and money. Following their main purchase, suggest complementary products/services so that they will have all of the elements necessary to complete their project. At RONA, catering to customers' imagination means first and foremost providing them with personalized service.

RONA: Synonymous with youth and sports

In 2000, RONA became involved in elite women's cycling, first by sponsoring a world-class athlete, Geneviève Jeanson, then by forming a team of remarkable cyclists around her, called the RONA Cycling Team.

Geneviève Jeanson and RONA: A natural combination

RONA became the main sponsor of cyclist Geneviève Jeanson, 1999 junior world champion in two events and the top-ranked Canadian woman by the International Cycling Union. Under this agreement, RONA provides the young phenomenon with financial backing and supports her in her athletic and public endeavours.

For Robert Dutton, president and CEO of RONA, "As an athlete, Geneviève Jeanson embodies the RONA values: Determination, discipline, perseverance, passionate involvement and the desire to excel. Her work ethic and strength of character are a new source of inspiration for the members of the RONA family."

The RONA team takes to the road

RONA extended its commitment to road cycling in December 2000 by announcing the formation of the RONA Cycling Team, a new women's elite team, which will travel the roads of Canada and the United States beginning in the 2001 season.

RONA will be the main sponsor for the team, the only one of its kind in Canada, and André Aubut, Geneviève Jeanson's trainer, will be its athletic director.

The RONA Cycling Team will count on the following athletes as it makes its debut on the North American cycling circuit:

- Amy Jarvis, Mississauga *Ontario*
- Manon Jutras, Verdun *Quebec*
- Melanie McQuaid, Victoria *British Columbia*
- Geneviève Jeanson, Lachine *Quebec*
- Raphaële Lemieux, Rivière-du-Loup *Quebec*
- Mélanie Nadeau, Sherbrooke *Quebec*

Winning investments – CFL's Montréal Alouettes

RONA is currently living a dream as a major sponsor of the Canadian Football League's Montreal Alouettes. RONA is proud to be associated with this team's success, both on the playing field and in terms of fan appreciation.

The RONA network and the Quebec Games

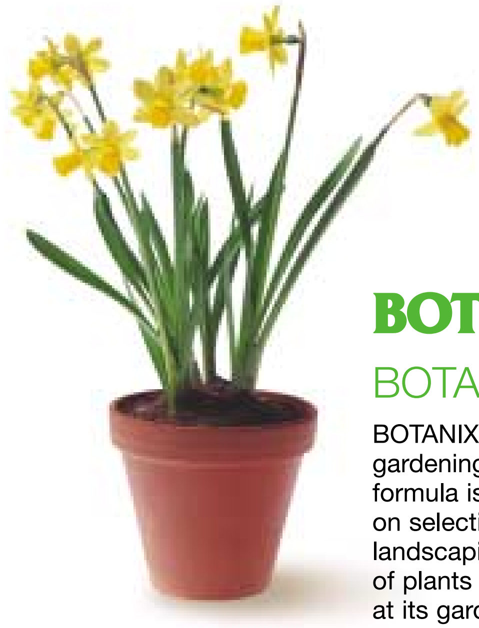
In the aim of helping young Quebecers excel and achieve the pinnacle of athletic excellence, RONA has embarked on the adventure of the Quebec Games as an associate sponsor of the provincial finals in Rimouski (winter 2001) and Lachine (summer 2001).

As such, the Company staged a fund-raising campaign in summer and fall 2000 in its 350 Quebec stores. The campaign, under the stewardship of the Olympic program On your marks! jointly with four vendor-partners (Sico, Westroc, BP, RCR), raised a total of $150,000 to defray a portion of the cost for the some 4,000 athletes who will participate in the games. RONA also allocated a budget for the Quebec Games organizing committees for the purposes of purchasing products.

RONA dons the yellow jersey with the *Féria du vélo de Montréal*

The year 2000 marked the birth of a new major partnership for the Company—RONA signed on as a major sponsor of the *Féria du vélo de Montréal*. Accordingly, the RONA name became synonymous with a terrific event which enables tens of thousands of people to challenge their personal limits.

In addition to its financial contribution to this family cycling event, RONA agreed to lend its support to the *Féria's* four main events, namely the *Tour des enfants*, *Un Tour la Nuit,* the *Tour de l'Île* and *le jour V*. The participating stores gave away certain cycling products, and offered others, with the focus on cycling safety, at discounted prices both in the stores and on the Féria site.



BOTANIX

BOTANIX

BOTANIX is the largest group of specialized gardening suppliers in Canada. The BOTANIX formula is based on advising customers on selecting and caring for plants and on landscaping, in addition to offering a variety of plants and specialized gardening products at its garden centres.

RONA L'express RONA Hardware

RONA L'express/RONA Hardware are neighbourhood stores that have become an integral part of community life wherever they are found. Their mission is to meet customers' basic hardware needs and offer a wide range of paint and related products.

The RONA network: Something for everyone

RONA Cashway

The new RONA Cashway is a mid-size renovation centre known as the Ontario specialist in building materials. Its target clientele is do-it-yourselfers and contractors.

RONA L'express Matériaux

RONA L'express Matériaux is the building materials specialist. It is equipped with a lumber yard and features a wide in-store variety of hardware and paint products, all at RONA's low prices.

RONA L'entrepôt / RONA Warehouse

RONA L'entrepôt/RONA Warehouse is a large home improvement store that offers an unparalleled variety of products at the best prices. Customers can find everything under one roof: hardware, tools, building materials, and gardening supplies, home decoration and seasonal products.

What is more, since 2000, RONA L'entrepôt/RONA Warehouse has been part of the AirMiles customer loyalty program already offered by the greater RONA network since it was launched in Quebec.

RONA Home Solutions

RONA Home Solutions is a big-box with style. A store that offers personalized customer service and a unique consumer experience in a contemporary, shopper-friendly environment. RONA Home Solutions is also an unlimited source of inspiration for new ideas and the leading retailer of construction, renovation, decoration and gardening products.

RONA Le Rénovateur / RONA Home Centre

Owners of RONA Le Renovateur/RONA Home Centre stores are considered experts in building materials as well as colour and paint. These mid-size renovation centres offer a wide range of seasonal products and a full assortment of other basic merchandise, all at competitive market prices.

RONA Le Quincaillier

RONA Le Quincaillier is a major, mid-size hardware store. The Quebec specialist in colour and paint, it also offers an extensive selection of seasonal products and a complete range of other basic merchandise at competitive prices.

RONA Le Régional

RONA Le Régional, a renovation superstore, is the ideal place for all home project needs. It combines the power of a superstore with the warmth of a small store, thanks to its specialized shops such as the *Boutique Peinture RONA*, the *Boutique de décoration Ambiance*, and the *Boutique Portes et Fenêtres*.

In April 2000, RONA assigned its teams the mission of developing comprehensive e-commerce solutions strategy in collaboration with the firm nurun, part of the Quebecor group. The goal? To make RONA the North American model for integrated e-commerce and e-business communications. In total, RONA is investing $50 million in this project over five years.

RONA's decision to take the lead in the e-commerce field is perfectly in keeping with its development trends. With already impressive technological capabilities and a wide, efficient distribution network, RONA has an undeniable competitive edge. Banking on these strengths, the Company adopted an e-commerce strategy which encompasses all aspects of communication with its various clientele, leading it to profoundly reexamine its traditional business methods.

Carving out a niche on the information highway

RONA is developing a model that is outpacing the current wave of "dotcom" distributors. A set of tools has been designed to enable all members of the network—retailers, suppliers and customers—to use the new technologies in an optimum and integrated manner.

The project increases efficiency, cuts transaction costs and renders the supply chain more efficient, from the manufacturer to the consumer. All aspects of the Company are affected: purchasing, material management and logistics, relations with dealers, advertising and marketing, pricing, etc.

Thanks to the multitude of communications possibilities offered by the Internet, Intranet and Extranet networks, the Company intends to create a veritable RONA community, united through its interest in do-it-yourself work, home renovation and gardening.

Additional sales of $500 million

Through its public e-commerce projects (B2C), RONA should generate additional sales of some $100 million in 5-7 years. Its business-to-business project should increase annual sales by approximately $400 million over the same period.

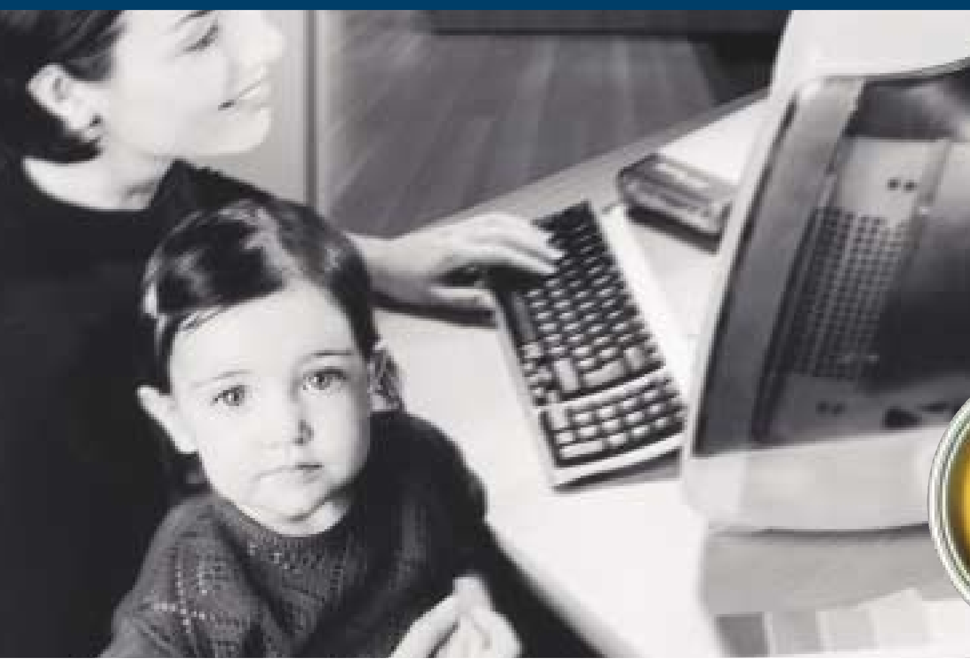
Note that these combined additional sales of some $500 million are equivalent to the average annual sales of approximately 10 big-box stores.

B2C Project: Understanding consumers better for better service

RONA's transactional Web site—the virtual store—offers consumers a unique and personalized on-line shopping experience that meets the interests and needs of each individual consumer. More than the experience of simply browsing through an electronic catalogue, it fully recreates the merchandising and consultant feel of a store.

The transactional Web site is just one aspect of a more comprehensive customer relations management program, an overall approach that enables a retailer such as RONA to solidify its business relationships with its customers by adding value to their shopping experience.

For example, RONA is working actively to develop a system that creates a customer record, complete with a personal identification number. These profiles could be generated automatically based on the customer's surfing or purchasing habits, or voluntarily by the customer, who would indicate personal preferences and interests. An even more personalized shopping experience can be provided, specifically through targeted promotional offers and electronic coupons.



RONA is also currently developing an innovative data analysis project commonly called "Data Mining." It involves analyzing relationships between data from multiple sources, which are then used to make associations and correlations in the aim of improved customer service.

RONA is also working on the Turn-key Project, which will offer home renovators complete on-line support from the RONA network. Consumers will find virtual tools to help in project planning, budgeting, scheduling and management.

www.rona.ca

B2B Project: Making RONA customers more efficient

RONA does business with thousands of contractors in the home renovation industry. Large businesses, contractors and tradesmen comprise this group of businesspeople who buy all types of products from its stores on a daily basis.

Since 1989, RONA has been selling thousands of institutional/industrial products related to the fields of maintenance, repairs and operations, including high-calibre power tools, electrical supplies, paint, specialized fasteners, etc.

Over 50 RONA locations, including all big-box stores, currently offer this service and these specialized products under the Industrium banner. A national sales team is assigned specifically to developing business relationships with these corporate accounts, to the benefit of dealer-owners throughout the entire RONA network.

The first cyber-marketplace of its type in Canada

To offer its industrial, commercial and institutional customers an innovative integrated electronic service approach, RONA has created the first cyber-marketplace in Canada in the field of maintenance products, in collaboration with the company Technologies Interactives Mediagrif.

RONA and its partner are jointly investing time and effort to create the Internet site vmro.com—Virtual Maintenance Repairs & Operations, which comprises an electronic platform designed exclusively for purchasers in the fields of maintenance, repairs and operations.

This strategic partnership has enabled the on-line creation of a veritable intercompany cyber-marketplace where all purchasers will have access to the largest integrated product catalogue in the field of industrial and institutional MRO, search, analysis and product comparison tools as well as significant personalization features specific to each purchaser's profile.

This new electronic platform enables increased efficiency, reduced stocks, lower transaction costs, special and personalized service, and a more efficient supply chain, from the manufacturer to the customer.

Business-to-business sales: A single solution

RONA has set up a department to develop business-to-business sales. This special task force will be designing business solutions for all large corporations, and for their small and medium-sized counterparts in Quebec and Ontario. Reaching beyond traditional sales of consumer products, RONA is currently offering solutions enabling businesses to significantly reduce their supply-side operating costs.

RONA's one-stop solution combines three purchasing methods: conventional distribution, shopping at neighbouring stores, and the B2B electronic procurement pathway. The resulting organizational flexibility and complementary expertise enable RONA to meet all the needs of its institutional, commercial and industrial clientele, without losing sight of its long-standing customers in the construction sector.

The sales volume resulting from agreements made by RONA permeates its entire network of retailers. This initiative gives individual merchants access to a level playing field where they can vie for the business of major clients and multi-location businesses looking for a comprehensive business solution.

Optimized supply chain

The new electronic infrastructure enables RONA to optimize its supply chain and further increase its operational efficiency.

To this end, RONA has undertaken an electronic supply project, enabling greater integration between the suppliers and RONA through the implementation of new purchasing channels. This project will optimize the order and resupply processes, reduce stocks, cut transaction costs and enable quality, personalized service.

Always aiming for the top

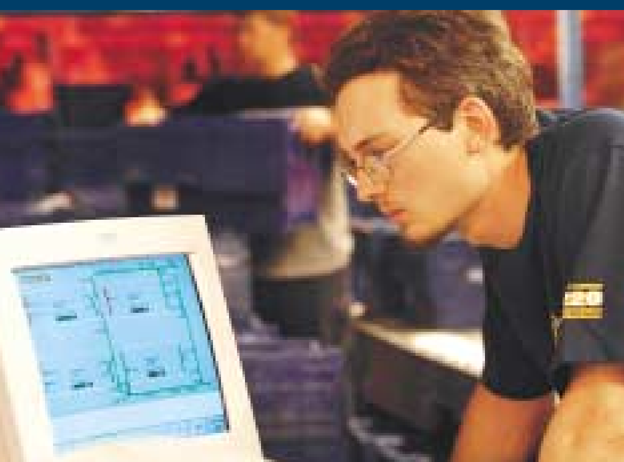
In 2000, RONA, one of the most successful companies in North America, continued to maximize its operational efficiency, specifically by taking full advantage of its distribution centre in Boucherville, opened last year.

Thanks to this centre, now in full operation, orders are filled much more efficiently, merchandise receiving costs are down for dealer-owners, and deliveries are being made more frequently, which improves stock management while reducing inventory.

The success of the distribution centre in 2000 can be explained largely by the high degree of personnel involvement in the ongoing process of improving operations. To strengthen in-house lines of communication, RONA held regular breakfast meetings with its distribution centre employees throughout the year. These meetings proved to be fertile ground for discussions, providing 130 suggestions for improving operational efficiency, most of which have been implemented.

Additionally, the computer system at the distribution centre has resulted in productivity gains, in 2000, of 27.8%. Thanks to its distribution centre, RONA has been able to cut its distribution costs by 8.2%, compared to 1999.

Also, on February 22, 2001, RONA signed a six-year work contract with the employees at its Boucherville distribution centre. This second consecutive long-term agreement represents additional assurance of uninterrupted service for dealer-owners throughout the network.



New distribution assets

The purchasing and distribution centre in Halton Hills, in Toronto's western suburbs, acquired in the Cashway purchase, supplies the 65 RONA Cashway stores and other Ontario RONA locations with lumber and building materials. This innovative centre enables RONA to stand out from its competition in a specific way—by offering its clientele unparalleled flexibility.

Thanks to this distribution centre, stores can purchase either a full or highly mixed truck load of lumber and building materials. Accordingly, RONA can better manage its stocks and remain competitive, which is a real advantage for stores located in sparsely populated rural communities.

Another of RONA's major strengths, stemming from the expertise developed by RONA Cashway personnel, is its ability to deal directly with manufacturing plants, without an intermediary, specifically for pressure-treated lumber. RONA first negotiates supply contracts with the sawmills. This wood is then shipped to a processing plant, and then delivered directly from the plant to the client. In this way, RONA obtains the best quality at a competitive price and ensures rapid delivery.

Successful merchants

For the second consecutive year, a RONA store has been recognized by the industry as being the country’s top home renovation big-box (over 50,000 sq. ft.).

First, in February 2000, RONA L'entrepôt in Saint-Bruno, on Montreal's South Shore, was named Best Large Surface Retailer in Canada by *Hardware Merchandising* magazine, the most widely read national specialized publication in the industry.

Then, in February 2001, RONA Le Régional in Granby carried off this prestigious industry award in the same category. At the same ceremony, the RONA Hardware store in Newcastle, Ontario, was named Rookie of the Year by the Canadian Retail Hardware Association.

The stores in Saint-Bruno, Granby and Newcastle were chosen according to criteria of expertise in merchandising, customer service, store design and layout, merchant profitability, personnel growth and training.

G. Moes
Dealer-owner
Botanix, St. Catharines, Ontario

A gold medal for a BOTANIX nursery

In 2000, Pépinière Abbotsford inc., a BOTANIX company, won the gold medal in the *Ordre national du mérite agricole* competition, awarded by the Quebec Minister of Agriculture, Fisheries and Food.

Since 1889, the *Ordre national du mérite agricole* has rewarded excellence and paid homage to Quebec agricultural producers.

BOTANIX Pépinière Abbotsford, in Saint-Paul d'Abbotsford (Québec), specializes in growing and selling outdoor decorative plants, such as perennials, shrubs (including rose bushes) and trees.

During peak season, between April and June, BOTANIX Pépinière Abbotsford employs up to 120 people, making it one of Quebec’s major players in this sector.

Attractive television showcase for RONA

In 2000, RONA took an innovative step by staging an advertising program featuring four major campaigns which ensured media visibility on RONA markets all year long. Each campaign was designed along a single line of communication—focusing on customers testifying to their trust in RONA.

RONA belongs to the Club Élite LCN, alongside some of the most successful companies in Quebec. As part of this partnership, various spots about RONA have aired on the TVA network's all-news station.

Our banner committees as communication tools

RONA's marketing success rests largely on the in-depth market knowledge demonstrated by our retailers, who are basically full-time pollsters carefully surveying changes in consumer trends and tastes.

In order to continually improve the effectiveness of its marketing activities, RONA periodically sounds out the opinion of its retailers operating under RONA banners through what have come to be known as "banner committees."

These advisory committees, which are formed of retailers delegated as regional representatives, make it their duty to gather comments and recommendations concerning strategies, marketing tools and other topics relating to product commercialization. The objective, of course, is to ensure that such initiatives reflect the true needs of retailers and optimally fulfill their mission to exceed customer expectations in terms of products, prices, variety and service.

Toward this end, per banner, three meetings are held annually at RONA head offices to study marketing actions and strategies. The main issues analyzed are the company's different promotional vehicles, such as circulars, the product-price mix, the different services available, sponsorships, special events or television advertising. RONA also hosts an annual meeting in each region to unveil the marketing plan for the upcoming year.

Renewed social commitment

In 2000, RONA continued its long tradition of community involvement.

In keeping with this commitment, the Company made substantial donations and got directly involved with a number of charitable organizations, including the *Association québécoise de la fibrose kystique*, the *Club des petits déjeuners*, the *Grands Brûlés du Québec*, *Opération Enfant Soleil*, *Collecte de l'Archevêché de Montréal* and the *Fondation pour l'art thérapeutique et l'art brut au Quebec*.

RONA Foundation: Helping youth

Created in 1998, RONA Foundation's mission is to help young people aged 12-30 by fighting school dropout rates and illiteracy, as well as by offering training that qualifies them to work in a trade or profession. The RONA Foundation feels it is essential that our young people be capable of assuming their place in the work force, now and in the future.

As a funding organization, the RONA Foundation gives the bulk of the money it receives to registered charitable organizations whose mission is in line with its youth development vision, such as the Children's Aid Foundation and Centraide. The cornerstone of the Foundation's fundraising activities remains its annual golf tournament, which raised $125,000 in 2000.

Management's Discussion and Analysis

Operations summary

Today, RONA is the largest distributor and retailer of home improvement products in eastern Canada. Through its dealer-owners, who operate an imposing network of over 500 outlets, the Company ranks among Canadian leaders in hardware, building supplies and gardening products.

In addition to pursuing its role as distributor, RONA also manages activities as a franchiser and retailer in order to ensure the strategic development of its network.

In this regard, RONA now has 25 franchised big-box stores in eastern Canada and a chain of 65 building supply stores in Ontario displaying the RONA Cashway banner.

The Company's consolidated financial statements include distribution activities as well as franchise and retail sales activities, the latter being pro-rated according to RONA's investment in its subsidiaries and joint ventures.

Net sales

RONA has virtually doubled its sales over the past three years. Totalling over $1.3 billion, net sales have risen 33% from 1999, and this despite the drastic drop in the prices of building supplies and the poor weather conditions in 2000.

To provide clientele with a shopping experience that meets their expectations, in addition to the many renovation projects carried out during 2000, within the network of RONA stores, RONA has pursued its development along three strategic lines of action: recruiting new stores, opening new big-box stores and one acquisition.

RONA therefore recruited some 20 new dealer-owners and then opened and established five new big-box stores, bringing the total to 25, and lastly, acquired Cashway Building Centres (Cashway), a chain of building supply stores present in all regions of Ontario.

Such development translates into nearly 2.5 million square feet of new retail sales area, thereby making RONA a leading player on eastern Canada's markets. Moreover, these investments have contributed toward creating some 800 new direct jobs.

Operating income

Operating income rose 62% in 2000, passing the $60-million mark. This operating income represents 4.6% of sales, compared to 3.8% in 1999.

The Company achieved such growth despite downward pressure on its profit margins due to plummeting prices of building supplies and the poor sales results of seasonal products related to disappointing summer weather conditions. Moreover, it recorded such results despite the fact that half of the big-box stores had been in existence for less than 24 months as at December 31, 2000.

The acquisition of Cashway produced synergies well above and beyond expectations, starting in the very first year, thereby contributing added value to the Company. RONA's many partnerships with Québec and Canadian suppliers as well as its strategic purchasing alliances, both North American (Alliance Internationale LLC) and European (Alliance RONA BMI inc.), giving the Company purchasing power of some $10 billion, have also contributed to such added value.

In 2000, thanks to the results in distribution operations, the Company was able to remain a leader in its field. Equipped with modern technology and very qualified personnel, who approved the adoption of a new labour contract for another six-year term, distribution operations have all the tools needed to support RONA's growth.

And through very effective management tools and tight controls over operating expenditures, the Company has managed to meet its budget estimates for the 10th year in a row.

Interest

The $11.9 million increase in interest over 1999 comes from the addition of two new joint ventures operating big-box stores as well as from the acquisition of Cashway. Through the Company's leverage, it was able to finance 100% of the Cashway acquisition, through revolving term credit, thereby making it possible to maximize added value to shareholders.

As for 1999, part of the interest is related to financing projects to set up new big-box stores; nevertheless, this interest was charged to each of these projects and the related revenue is included in operating income.

Depreciation and amortization

The $7.3-million increase in depreciation and amortization expenses over 1999 also comes from adding two new joint ventures operating big-box stores as well as from the acquisition of Cashway.

Moreover, the Company has a policy aimed at amortizing its fixed assets over relatively short periods of time.

Income

Income from fiscal year 2000 is up over 22% from 1999, to $18.0 million, compared to $14.7 million in 1999. The Company thus doubled its income over the past four years, and recorded net earnings per share of $2.35 in 2000, compared to $1.86 for 1999.

The book value of the 7,210,445 common shares outstanding, as at December 31, 2000, is $16.92, compared to $14.46 for the 7,616,016 common shares outstanding one year earlier. This amounts to a 17% appreciation in 2000 and an average annual appreciation of over 19% for the past five years.

Cash position

Cash flows from the Company's operations amounted to nearly $25 million in 2000. Through efficient management, cash flows from operating activities rose over $33 million.

Given the quality of the banking facilities of the parent company, its subsidiaries and its joint ventures as well as the cash flows from operating activities, RONA has managed to carry out and pursue its strategic development plan.

Loans made during the fiscal year come exclusively from franchising activities and from the retail sales sector; however, the Company intends to quickly reduce its debt level by going ahead with a sale and leaseback of part of its buildings during 2001.

Financial position

Total assets amount to $451 million as at December 31, 2000, compared to $288 million as at December 31, 1999. This increase is mainly due to the addition of assets related to franchising and retail sales activities. Some 80% of this increase comes from the acquisition of Cashway, while the remaining part is related to the addition of two new joint ventures operating big-box stores and to the increase in the Company's sales.

The Company's fixed assets are mainly related to buildings used for retail operations. As for the fixed assets relating to distribution operations, these are much less considerable and are accounted on an off-balance sheet.

Furthermore, the fixed assets include projects under way and totalling $16 million, which are related to setting up three new big-box stores for 2001. They also include 33 properties acquired for $13 million and used for the operations of half the network of Cashway stores.

The new accounting standard for income tax requires that from now on, deferred income tax be called "future income taxes." This is presented with its component assets and liabilities.

As at December 31, 2000, the long-term debt/shareholders' equity ratio is 0.79:1.00. This debt level, while guaranteed by quality assets, enables the Company to maximize its shareholders' return while maintaining a relatively low capital cost.

Cash flows generated by operations and by synergies from the acquisition of Cashway will make it possible for the Company to pursue its development while maintaining a respectable debt level.

Shareholders' equity, made up of all dealer-owners, ITM Entreprises S.A. and members of RONA's staff, totalled $132.7 million as at December 31, 2000, compared to $121.0 million as at December 31, 1999.

Risks and uncertainties

The phenomenon of consolidating businesses on the North American market makes matters increasingly competitive in the industry of distribution and retail sale of home improvement, building, decorating and gardening products. Faced with such circumstances, RONA intends to vigorously pursue a role of bringing forces together and integrating them.

In order to claim to play this role actively, RONA draws its support from its strategic partnerships, and particularly those with its suppliers, most of whom are Canadian, but also through its purchasing alliances with Canadian, U.S. and European companies which, together, represent retail sales of over $60 billion.

In addition, RONA can count on a unique network of retail sales, which is present in all market segments, from the zero-surface on-line store, to the largest big-box store in North America, thereby making it possible to provide consumers with variety, service and proximity. The Company's organizational structure, made up of some 375 affiliated dealer-owners, about 100 of whom are shareholders of franchised big-box stores, moreover guarantees the organization's continuity.

On the other hand, RONA ensures its future by constantly reinventing the retail business. Originator of the "big-box store" concept, including specialized shops, and the first Canadian company to sell products on the Internet, RONA is embarking on 2001 by introducing a new generation of big-box stores—RONA Home Solutions—responding to consumers' imagination.

And lastly, in order to successfully face the real challenge of the retail business, that is, to provide service that meets customers' expectations, RONA is investing, more than ever, in training its human resources.

Even if the term "recession" is left out of the working hypotheses for the coming months, no one can predict the rate of economic growth. Indicators such as housing starts, interest rates, prices of building supplies and the number of home improvement projects are presently very favourable in our areas of activity in Canada. Nevertheless, signs of slowdown in the North American economy prompt us to exercise caution. Measures will be taken in day-to-day management. That will not, however, prevent RONA from pursuing its development plan while counting on the support of its financial partners and remaining among the leaders.

Outlook

Within the next three years, RONA intends to transfer its RONA Cashway stores to affiliated dealer-owners. In so doing, RONA is aiming at recreating a network of dealer-owners in Ontario, increasing its market shares by attracting competitors and recouping its investment.

Moreover, RONA intends to pursue its development outside Québec and make the most of its role of bringing forces together, while being a stakeholder in the consolidation. Backed by its experience following the acquisition of Cashway, a critical mass of recruited dealer-owners and its new big-box store concept, RONA intends to increase its market shares in Ontario and use this model to extend its development to other horizons, both westward and southward.

Ever since its beginnings, RONA has managed to create and benefit from the opportunities that arose on the market, and the future holds many more in store… RONA also intends to develop a new and very high-potential market segment—the industrial segment—using the strength of its network and its distribution capabilities. To do so, RONA will make use of business-to-business (B2B) technology. A joint business venture (Virtual MRO inc.) has in fact been set up, in cooperation with a company specializing in on-line markets, to complete RONA's new offer on institutional and industrial markets for maintenance, repair and operations products. Through the Internet and its retail sales network, RONA will therefore be able to efficiently and effectively serve over 90% of the Québec population within extremely short delivery times for thousands of hardware products and building supplies. And in the near future, RONA's objective is to offer this service across Canada.

By pursuing its development plan so that it can increase market share and the competitive edge of its network, RONA is aiming at becoming the largest company in its field in Canada, and above all, the best.

(signed)

Claude Guévin, CA

Vice-President, Finance and Administration

Management's Report
on the Consolidated Financial Statements

Management is fully accountable for the consolidated financial statements of RONA Inc. as well as the financial information contained in this annual report. These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and have been approved by the Board of Directors.

RONA Inc. maintains internal accounting and control systems which, in management's opinion, reasonably ensure the accuracy of financial information and efficient and effective command of the company's business activities.

The board of directors relies largely on its audit committee in assuming liability for the consolidated financial statements included in this report. The committee, which holds an annual meeting with members of management and external auditors, has reviewed the financial statements of RONA Inc. and recommended their approval to the board of directors.

The consolidated financial statements attached have been audited by the firm Raymond Chabot Grant Thornton, general partnership.

(signed)
Henri Drouin
Chairman of the Board

(signed)
Claude Guévin, CA
Vice-President, Finance and Administration

Auditors' Report
to the Shareholders of RONA Inc.

We have audited the consolidated balance sheet of RONA Inc. as at December 31, 2000 and the consolidated statements of earnings, retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

(signed)
Raymond Chabot Grant Thornton
Chartered Accountants
Montreal
February 28, 2001

Consolidated Financial Statements

Earnings

Year ended December 31, 2000 (In thousands of dollars, except net earnings per share)

	2000	1999
Net sales	**$ 1,317,505**	$ 988,385
Operating income before the following items	**60,088**	37,175
Interest on long-term debt	**8,099**	3,651
Interest on bank loans	**8,653**	1,236
Depreciation and amortization	**14,991**	7,657
	31,743	12,544
Earnings before income taxes	**28,345**	24,631
Income taxes (Note 3)	**10,332**	9,925
Net earnings	**$ 18,013**	$ 14,706
Net earnings per share (Note 14)	**$ 2.35**	$ 1.86

The accompanying notes are an integral part of the consolidated financial statements.

Retained Earnings

Year ended December 31, 2000 (In thousands of dollars)

	2000	1999
Balance, beginning of year	**$ 68,837**	$ 56,699
Net earnings	**18,013**	14,706
	86,850	71,405
Premium on purchase of class A common shares (Note 14)	**5,116**	2,168
Dividends on class D preferred shares	**400**	400
	5,516	2,568
Balance, end of year	**$ 81,334**	$ 68,837

The accompanying notes are an integral part of the consolidated financial statements.

Cash Flows

Year ended December 31, 2000 (In thousands of dollars)

	2000	1999
Operating Activities		
Net earnings	**$ 18,013**	$ 14,706
Non-cash items, excluding changes in working capital items (Note 4)	**6,642**	8,903
	24,655	23,609
Changes in working capital items (Note 5)	**8,396**	(29,226)
Cash flows from operating activities	**33,051**	(5,617)
Investing Activities		
Temporary advances		
Joint ventures	**3,448**	11,972
Company subject to significant influence	**6,961**	(6,961)
Other	**8,748**	(7,502)
Investments		
Business acquisition (Note 6)	**(17,121)**	
Joint ventures	**(8,546)**	(4,842)
Company subject to significant influence	**(250)**	(2,437)
Other	**(2,485)**	(7,263)
Fixed assets	**(38,989)**	(26,534)
Other assets	**(6,297)**	(4,719)
Sale and leaseback of fixed assets		38,234
Disposal of assets	**8,421**	14,942
Cash flows from investing activities	**(46,110)**	4,890
Financing Activities		
Bank loans	**(1,062)**	(6,223)
Long-term debt and issue of preferred shares	**43,272**	20,616
Repayment of long-term debt and redemption of preferred shares	**(18,340)**	(17,662)
Net changes in capital stock (Note 14)	**(731)**	181
Premium on purchase of class A common shares (Note 14)	**(5,116)**	(2,168)
Dividends on class D preferred shares	**(400)**	(400)
Cash flows from financing activities	**17,623**	(5,656)
Net decrease (increase) in outstanding cheques	**4,564**	(6,383)
Outstanding cheques, beginning of year	**(6,458)**	(75)
Outstanding cheques, end of year	**$ (1,894)**	$ (6,458)

The accompanying notes are an integral part of the consolidated financial statements.

Balance Sheet

December 31, 2000 (In thousands of dollars)

	2000	1999
Assets		
Current assets		
Accounts receivable (Note 7)	**$ 88,928**	$ 93,705
Inventory	**174,972**	83,244
Prepaid expenses	**3,662**	3,336
Future income taxes (Note 3)	**1,665**	
	269,227	180,285
Investments (Note 8)	**38,660**	45,600
Fixed assets (Note 10)	**124,076**	56,292
Other assets (Note 11)	**13,937**	5,739
Future income taxes (Note 3)	**5,073**	
	$ 450,973	$ 287,916
Liabilities		
Current liabilities		
Outstanding cheques	**$ 1,894**	$ 6,458
Bank loans (Note 12)	**64,129**	12,286
Accounts payable and accrued liabilities	**129,343**	105,960
Income taxes payable	**4,609**	91
Instalments on long-term debt	**11,773**	3,545
	211,748	128,340
Long-term debt (Note 13)	**104,514**	36,242
Future income taxes (Note 3)	**2,053**	2,332
	318,315	166,914
Shareholders' equity		
Capital stock (Note 14)	**51,324**	52,165
Retained earnings	**81,334**	68,837
	132,658	121,002
	$ 450,973	**$** 287,916

The accompanying notes are an integral part of the consolidated financial statements.

On behalf of the Board,

(signed)
Simon Cloutier
Director

(signed)
Henri Drouin
Director

Notes to Consolidated Financial Statements

December 31, 2000 (Monetary amounts in the tables are in thousands of dollars.)

1 - Governing statutes and nature of operations

The Company is incorporated under Part IA of the Companies Act (Québec). The Company principally distributes building supplies and hardware products in Canada.

2 - Accounting policies

Accounting estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts recorded in the financial statements and notes to financial statements. These estimates are based on management's best knowledge of current events and actions that the Company may undertake in the future. Actual results may differ from those estimates.

Principles of consolidation

These financial statements include the accounts of the Company and its subsidiaries.

Moreover, the Company includes its share in the assets, liabilities and earnings of joint ventures in which the Company has an interest. This share is accounted for using the proportionate consolidation method.

Inventory valuation

Inventory is valued at the lower of cost and net realizable value. Cost is determined using the average cost method.

Investments

When there has been a loss in value of a long-term investment that is other than temporary decline, this loss is recognized in the statement of earnings.

Depreciation and amortization

Real estate investments and fixed assets

Real estate investments and fixed assets are depreciated over their estimated useful lives according to the following methods and annual rates:

	Methods	Rates
Buildings	Diminishing balance and straight-line	4% and 10%
Leasehold improvements	Straight-line	5% to 20%
Parking lots	Straight-line	8% and 12.5%
Furniture and equipment	Diminishing balance and straight-line	10% to 30%
Computer hardware and software	Diminishing balance and straight-line	10% to 33%

Other assets

Goodwill is amortized on a straight-line basis over periods of 5 to 20 years, maturing on various dates until 2015. The Company performs annual calculations to determine whether the net carrying value of goodwill has suffered a permanent impairment in value. To perform this evaluation, the Company considers current and future undiscounted cash flows to compare them with the carrying value of goodwill.

Pre-opening expenses are amortized on a straight-line basis over a three-year period beginning at the start of operations.

Development costs of big-boxes in Ontario will be cumulated until 2001 and subsequently amortized on a straight-line basis over a three-year period.

Refinancing expenses are amortized on a straight-line basis over the financial terms of two to three years.

Expenses relating to sale and leaseback arrangements are amortized over the lease term according to the straight-line method.

Income taxes
The Company uses the tax liability method to account for income taxes. Under this method, future tax assets and liabilities are determined according to differences between their respective carrying amounts and tax bases. They are measured by applying enacted or substantively enacted tax rates and laws at the date of the financial statements for the years in which the temporary differences are expected to reverse.

3 - Income Taxes

	2000	1999
Current	**$ 17,628**	$ 8,353
Future	**(7,296)**	1,572
	$ 10,332	$ 9,925

Future income taxes arise mainly from the recognition of unrecognized loss carry-forwards during previous years and temporary differences.

The Company's effective income tax rate differs from the combined federal and provincial income tax rate in Canada. This difference arises from the following items:

	2000	1999
Canadian statutory income tax rate	**40.0%**	38.3%
Unrecognized loss carry-forwards of subsidiaries and joint ventures		2.5
Recognition of loss carry-forwards not recognized in previous years	**(4.5)**	
Amortization of a subsidiary's goodwill	**0.4**	
Non-taxable capital gains	**(0.6)**	
Non-deductible dividends	**0.6**	0.4
Non-deductible costs	**1.0**	
Other	**(0.4)**	(0.9)
Effective income tax rate	**36.5%**	40.3%

Future income tax assets and liabilities result from differences between the carrying amount and the tax basis of the following:

	2000	1999
Future income tax assets		
Current		
Incentive payments received	**$ 1,151**	$
Pension plan	**506**	
Other	**8**	
	$ 1,665	$ –
Long-term		
Pension plan	**$ 304**	$
Deferred losses other than capital	**2,590**	
Cost related to investment projects	**735**	
Fixed assets and pre-opening expenses	**1,335**	
Other	**109**	
	$ 5,073	$ –
Future income tax liabilities		
Long-term		
Fixed assets and pre-opening expenses	**$ 2,053**	$ 2,332

4 - Non-cash items

	2000	1999
Depreciation and amortization	**$ 14,991**	$ 7,657
Future income taxes	**(7,296)**	1,572
Share in earnings of companies subject to significant influence	**(1,028)**	(755)
Write-down of investments	**180**	180
Loss (gain) on disposal of assets	**(205)**	249
	$ 6,642	$ 8,903

5 - Information included in the consolidated statement of cash flows

The changes in working capital items are detailed as follows:

	2000	1999
Accounts receivable	**$ 1,495**	$ (20,234)
Inventory	**(2,159)**	(24,998)
Prepaid expenses	**81**	(1,331)
Accounts payable and accrued liabilities	**2,012**	18,914
Income taxes payable	**6,967**	(1,577)
	$ 8,396	$ (29,226)

Cash flows relating to interest and income taxes on operating activities are detailed as follows:

	2000	1999
Interest paid	**$ 13,700**	$ 4,868
Income taxes paid	**$ 14,367**	$ 11,083

6 - Business acquisition

On March 6, 2000, the Company acquired 100% of the common shares of a retailer of building supplies and hardware products for a cash consideration of $17,121,000 plus an amount equal to the cash resources acquired i.e. $804,000 and recognized a balance of sale of $7,196,000. The acquired company's assets and liabilities were recorded using the purchase method. The operating results are consolidated in the statement of earnings as of the acquisition date.

The assets and liabilities acquired amount to $112,579,000 and $92,710,000 respectively and goodwill acquired amounts to $4,448,000.

7 - Accounts receivable

	2000	1999
Trade accounts		
Dealer-owners	**$ 30,816**	$ 37,460
Joint ventures	**5,628**	13,286
Companies subject to significant influence	**2,628**	4,067
Other (retail customers)	**39,006**	8,581
Advances to joint ventures, prime plus 1% (prime plus 0.5% in 1999)[a]	**5,440**	11,843
Advance to a company subject to significant influence, prime plus 0.5%		6,961
Other advances, prime plus 1% (prime plus 0.5% in 1999)[a]	**123**	8,907
Other accounts receivable	**3,162**	450
Portion of investments receivable within one year	**2,125**	2,150
	$ 88,928	$ 93,705

[a] The advances made to joint ventures and other companies yet to be created arise from payments made to set-up big-box stores. During 2001, these advances will be reimbursed once the shareholding has been completed and the financing obtained.

8 - Investments

	2000	1999
Joint ventures, at cost		
Preferred shares, dividend rate varying from 6% to 10.5%	**$ 8,653**	$ 7,312
Mortgages, weighted average rate of 8.5% (8.2% in 1999), maturing on various dates until 2015	**6,006**	6,881
Advances, prime plus 1% (prime plus 0.5% in 1999)[(a)]	**9,033**	10,112
	23,692	24,305
Companies subject to significant influence		
Shares, at equity value	**4,270**	3,206
Mortgages, at cost, 9.5%, maturing in 2015	**1,279**	
Advances, at cost, prime plus 1% (prime plus 0.5% in 1999)[(a)]	**250**	2,437
	5,799	5,643
Advances and loans, at cost		
Debentures, prime plus 0.5%, maturing until 2002	**524**	810
Mortgages and term notes, weighted average rate of 8.3% (8.2% in 1999), maturing at different dates until 2015	**8,633**	7,295
Advances, prime plus 1% (prime plus 0.5% in 1999)[(a)]	**1,100**	7,990
Loans to employees for acquisition of shares, without interest, maturing in 2002	**368**	425
	10,625	16,520
Real estate investments		
Land, at cost	**412**	1,170
Buildings, at depreciated cost[(b)]	**257**	112
	669	1,282
	40,785	47,750
Portion receivable within one year	**2,125**	2,150
	$ 38,660	$ 45,600

[(a)] When the joint ventures and other companies mentioned in Note 7[(a)] are set up, these advances will be converted into mortgage loans and/or into preferred shares and/or into common shares.

	2000	1999
[(b)] Buildings		
Cost	**$ 314**	$ 165
Accumulated depreciation	**57**	53
	$ 257	$ 112

9 - Interests in joint ventures

Interests in joint ventures are difficult to compare from one year to another since the Company can be required to dispose of its interests and can purchase interests in new joint ventures. Moreover, the latter may not have a complete financial year.

The Company's share in the assets, liabilities, earnings and cash resources of the joint ventures is detailed as follows, considering the effects of eliminating transactions between the Company and the joint ventures:

	2000	1999
Current assets	**$ 14,694**	$ 15,703
Long-term assets	**20,517**	15,942
Current liabilities	**14,393**	15,306
Long-term liabilities	**11,984**	16,339
Net sales	**26,192**	22,633
Net loss	**(1,172)**	(423)
Cash flows from operating activities	**(157)**	6,609
Cash flows from investing activities	**(1,592)**	(17,911)
Cash flows from financing activities	**(3,751)**	10,792

10 - Fixed assets

			2000	1999
	Cost	**Accumulated depreciation**	**Net**	Net
Land and parking lots	**$ 20,317**	**$ 910**	**$ 19,407**	$ 12,570
Buildings	**60,884**	**6,446**	**54,438**	24,713
Leasehold improvements	**4,018**	**1,230**	**2,788**	859
Furniture and equipment	**28,058**	**9,862**	**18,196**	9,031
Computer hardware and software	**18,391**	**10,793**	**7,598**	8,605
Projects in process[a]	**16,035**		**16,035**	
Assets under capital leases				
Furniture and equipment	**5,406**	**2,583**	**2,823**	503
Computer hardware and software	**5,185**	**2,394**	**2,791**	11
	$ 158,294	**$ 34,218**	**$ 124,076**	$ 56,292

The cost and accumulated depreciation of fixed assets as at December 31, 1999 aggregate $73,120,000 and $16,828,000 respectively.

During the year, the Company acquired fixed assets for a total cost of $9,950,000 by way of capital leases.

In the course of the transaction mentioned in Note 6, the Company acquired 33 properties and 30 buildings for a total cost of $13,300,000. The assets are used in the normal course of business of the acquired company's operations.

[a] Projects in process include the costs related to the construction of the buildings which will be used in the big-box store operations.

11 - Other assets

	2000	1999
At amortized cost		
Goodwill	**$ 5,214**	$ 1,271
Pre-opening expenses[(a)]	**3,768**	3,263
Development costs of big-box stores[(b)]	**3,158**	
Refinancing costs	**967**	
Costs related to leaseback agreements[(c)]	**652**	882
Other	**178**	323
	$ 13,937	$ 5,739

[(a)] Pre-opening expenses include expenses which precede the start of operations of the distribution centre, which has been operational since April 1999, as well as pre-opening expenses for big-box stores.

[(b)] The development costs represent the costs related to the development of the Ontario market.

[(c)] The costs related to leaseback agreements include financing fees and interest capitalized to the start of commercial operations of the distribution centre.

12 - Credit facilities

a) Parent company

As at December 31, 2000, the Company has credit facilities available in the amount of $130,000,000 bearing interest at prime. These facilities are composed of a $75,000,000 revolving line of credit and a $55,000,000 revolving term credit. The renewal date of the revolving line of credit, initially expiring on December 28, 2000, has been postponed to April 2, 2001 and can be renewed for one additional year. The revolving term credit expires on December 28, 2002. These credit facilities are secured by an assignment of book debts and inventory.

These credit facilities comprise a number of covenants. Assets may not be assigned as security and there are restrictions on the amounts of fixed assets which may be acquired and disposed of, on dividend payments and on guarantees.

The Company must also respect certain financial tests. As at December 31, 2000, these financial tests are respected.

b) Subsidiaries and joint ventures

The bank loans of the subsidiaries and joint ventures have been secured by certain assets of the subsidiaries and the joint ventures. The Company's share of these assets as at December 31, 2000 aggregates $189,396,000. The bank loans bear interest at rates varying from prime to prime plus 0.75% and are renewable annually.

13 - Long-term debt

	2000	1999
Revolving line of credit, prime (Note 12)	**$ 13,609**	$ 12,518
Revolving term credit, prime, maturing in 2002 (Note 12)	**24,550**	
Movable and real estate mortages, secured by assets having a depreciated cost of $81,403,000 as at December 31, 2000, at rates varying from 6% to 9.75% (6% to 8.15% in 1999), maturing at different dates until 2015	**55,175**	23,355
Subordinated debt, 4% in 2001 and 5% in 2002, maturing in 2002	**5,000**	
Balance of purchase price, without interest, payable in two instalments, i.e. $2,399,000 in March 2001 and the balance in March 2002	**7,196**	
Obligations under capital leases, secured by assets having a depreciated cost of $5,613,000 as at December 31, 2000, interest rates varying from 6.75% to 7.80%, maturing on various dates until 2005	**4,922**	421
Shares issued and fully paid		
5,820,427 class A preferred shares, series 5 (3,367,079 in 1999)[a]	**5,820**	3,367
15,297 class B preferred shares (126,305 in 1999)[b]	**15**	126
	116,287	39,787
Instalments due within one year	**11,773**	3,545
	$ 104,514	$ 36,242

[a] During the year, the Company issued 4,428,837 shares subsequent to the purchase of class A common shares for a value of $4,428,837. Moreover, 1,975,489 shares were redeemed for $1,975,489 in cash (Note 14).

[b] During the year, the Company redeemed 111,008 shares for $111,008 in cash (Note 14).

The instalments on long-term debt for the coming years are as follows:

	Obligations under capital leases	Other long-term loans
2001	$ 2,095	$ 10,059
2002	1,298	14,785
2003	1,034	8,566
2004	906	4,836
2005	262	4,495
2006 and subsequent years		68,624
Total minimum lease payments	5,595	
Interest expense included in minimum lease payments	673	
	$ 4,922	

14 - Capital stock

Authorized

Unlimited number of shares

Class A common shares, voting and participating. The Company may purchase for cancellation, at any time or from time to time, all or part of the class A common shares at a price equivalent to their carrying amount.

Class C common shares, voting and participating.

Class A preferred shares, issuable in series

Series 5, non-cumulative dividend equal to 70% of the prime, redeemable at the Company's option at their issue price (Note 13).

Class B preferred shares, 6% non-cumulative dividend, redeemable at their par value of $1 each (Note 13).

Class D preferred shares, 4% cumulative dividend, redeemable at the Company's option at their issue price. Beginning in 2003, these shares will be redeemable at their issue price over a maximum period of ten years on the basis of 10% per year, unless the Company chooses to exchange them for class C common shares.

Class E preferred shares, 5% cumulative dividend, redeemable at their issue price over ten years on the first anniversary of their issue, on the basis of 10% per year.

	2000	1999
Issued and fully paid		
5,864,149 class A common shares (6,269,720 in 1999)	**$ 20,642**	$ 21,301
1,346,296 class C common shares	**20,000**	20,000
10,000,000 class D preferred shares	**10,000**	10,000
Deposits received on class A common share subscriptions	**1,054**	1,060
	51,696	52,361
Share owned by joint ventures		
31,045 class A common shares (18,730 in 1999)	**(295)**	(111)
Deposits on share subscription	**(77)**	(85)
	$ 51,324	$ 52,165

During the year, the issued and fully paid class A common stock was changed as follows:

	Number	**Amount**
Balance, beginning of year	6,269,720	$ 21,301
Issued in exchange for subscription deposits	66,208	957
Issued for cash	3,799	57
Purchased for cash	(169,299)	(595)
Purchased in exchange for class A preferred shares, Series 5	(306,279)	(1,078)
Balance, end of year	5,864,149	$ 20,642

A $5,116,000 premium was paid on the purchase of the class A common shares and was applied against reduction in retained earnings.

Net earnings per share have been calculated without the share of class A common shares owned joint ventures.

The diluted net earnings per share, considering the possible conversion of the class D preferred shares, is $2.24 for the year ended December 31, 2000 ($1.76 in 1999).

15 - Transactions with dealer-owners

A large amount of the Company's sales arise from transactions with its dealer-owners. These transactions, which were concluded in the normal course of business, are measured according to the terms and conditions stipulated in the commercial concession agreements signed with dealer-owners.

16 - Financial instruments

The fair value of accounts receivable, outstanding cheques, bank loans and accounts payable and accrued liabilities is comparable to their carrying amount, given the short maturity periods.

The fair value of advances and loans, and preferred shares substantially all of which have been granted to dealer-owners, has not been determined because such transactions have been concluded to maintain or to develop favourable trade relationships and do not necessarily reflect terms and conditions which would have been negotiated with arm's length parties. Moreover, the Company holds sureties on certain investments which provide it with potential recourse regarding the operations of the dealer-owners in question.

The fair value of long-term debt, except for preferred shares, is determined on the discounted value of future contractual cash flows using interest rates representing those which the Company could currently use for loans with similar terms and conditions and maturity dates. The fair value of long-term debt approximates the carrying amount.

The fair value of the class A preferred shares, series 5, and class B preferred shares, presented in the long-term debt, is equivalent to their redeemable value.

The fair value of the endorsements corresponds to the estimated cost which would be required to discharge the liability in case of default of the debtors (Note 19).

17 - Employee benefits

The Company has defined benefit and defined contribution plans providing post-retirement benefits to most of its employees.

The annual expenses for the Company's defined benefit and defined contribution plans are as follows:

	2000	1999
Plans providing pension benefit		
Defined benefit	**$ 133**	$ 65
Defined contribution	**$ 842**	$ 546

The most important defined benefit plans were previously modified as defined contribution plans. The financial information related to the defined benefit plans are not provided because the amounts in question are not material.

18 - Commitments

The Company has entered into long-term lease agreements expiring until 2019 which call for lease payments of $77,037,000 for the rental of automotive equipment, computer equipment and distribution equipment, and the building housing the head office and the distribution centre.

As part of the development of big-box stores with dealer-owners, the Company is initially involved as a primary tenant and then signs a subleasing agreement with the dealer-owners. In this respect, the Company is committed under agreements expiring until 2023 which call for minimum lease payments of $173,331,000 for the rental of premises and land on which the Company erected a building. In consideration therefore, the Company has signed subleasing agreements totalling $165,715,000.

Minimum lease payments (minimum amounts receivable) for the next five years are $18,682,000 ($9,567,000) in 2001, $18,438,000 ($9,648,000) in 2002, $17,986,000 ($9,419,000) in 2003, $16,968,000 ($9,286,000) in 2004 and $16,335,000 ($9,352,000) in 2005.

19 - Contingencies

The Company has instituted proceedings against a third party for failure to comply with a contract for the acquisition of land. The third party responded to the Company's claim with a counterclaim for $6,000,000. In the opinion of management, this counterclaim is unfounded.

Moreover, other lawsuits have been filed against the Company totalling $5,000,000 relating to various claims the outcome of which cannot currently be determined. Management did not deem it necessary to account for an allowance since these lawsuits were unfounded. Any settlement that could arise from these lawsuits will be charged to earnings for the year then in progress.

The Company has guaranteed bank loans and certain leases of joint ventures and dealer-owners for a total of $6,182,000.

Furthermore, the Company has guaranteed mortgage loans of big-box stores for a total of $27,958,000. The net carrying amount of assets held as security is $43,300,000. The Company has also temporarily guaranteed mortgage loans and bank loans of big-box for $16,632,000 until the legal agreements are finalized.

20 - Segmented information

The Company has two reportable segments: distribution, and franchising and retail sales. In connection with its franchising and retail sales activities, the Company acts as a franchiser of retail chains operating big-box strores and operates 83 retail stores in Ontario and Québec.

The accounting policies that apply to the reportable segments are the same as those described in accounting policies. The Company evaluates performance according to the operating profit before income taxes, i.e. sales less chargeable expenses.

The reportable segments are summarized as follows:

	Franchising and Retail Sales [(a)]	**Distribution**	**Total**
Net sales	$ 518,985	$ 798,520 [(b)]	$ 1,317,505
Earnings before income taxes, interest and depreciation and amortization	39,561	20,527	60,088
Interest [(c)]	17,415	(663)	16,752
Depreciation and amortization [(c)]	10,761	4,230	14,991
Earnings before income taxes	11,385	16,960	28,345
Total assets [(c)]	327,500	123,473	450,973
Acquisitions of fixed assets and goodwill	27,572	4,222	31,794

[(a)] The data provided are proportionate to the Company’s interests in its subsidiaries and joint ventures.

[(b)] These sales exclude $198,768,000 in retail sales because they were eliminated on consolidation.

[(c)] The main fixed assets relating to the distribution sector were financed on an off-balance sheet basis,whereas the fixed assets relating to the franchising and retail sectors, made up primarily of buildings, are recorded on the balance sheet as well as their related debts.

Board of Directors

Henri Drouin (1) (2) (3)
Chairman of the Board, RONA inc.
President, Drouin Allard inc.

Renelle Anctil (2)
Director and Secretary, 9033-3196 Quebec inc.

Boris Blache (2)
President, S.A. Lebal, (Bricomarché in Vulaines sur Seine, France) and President, S.A. Frelor, (Bricomarché in Chartrettes, France)

Simon Cloutier (2)
President, Matériaux Décoren inc.

Robert Dutton (1)
President and Chief Executive Officer, RONA inc.

André H. Gagnon (1) (3)
President, H. Gagnon & Fils (1975) Itée

Jean Gauriat
President, ITM Entreprises S.A., Région Ouest

Jean-Guy Hébert (3)
President, Matériaux de Construction C.B.G. inc.

Jacques Landreville (1) (3)
President and Chief Executive Officer, Uni-Select inc.

Robert Lévesque
Manager, Poultry Division, J.O. Lévesque inc.

Michel Nepveu
President, Cyr & Nepveu inc.

Louis A. Tanguay
President and Chief Operating Officer,
Bell Canada International inc.

Jocelyn Tremblay (3)
Vice-President and General Manager,
Vins Philippe Dandurand inc.

Officers

Claude Bernier
Vice-President, National Marketing

J. Richard Blickstead
President and Chief Operating Officer
RONA Retail Canada inc.

Marc Dufresne
Vice-President, Strategy and Development

Normand Dumont
Vice-President, Purchasing and Merchandising

Robert Dutton
President and Chief Executive Officer

Jean Émond
Vice-President,
Human Resources and Public Affairs

Claude Guévin
Vice-President, Finance and Administration

Linda Michaud
Vice-President, Systems and Information Technology

Pierre Pelletier
Vice-President, Plant Operations

Michel Robin
Vice-President, Big-Box Stores

(1) Member of the Executive Committee

(2) Member of the Audit Committee

(3) Member of the Human Resources Committee and "régie d'entreprise"

SUBSIDIARIES

RONA Cashway Building Centres Ltd.
Robert Dutton
President

RONA Retail Canada inc.
J. Richard Blickstead
President and Chief Operating Officer

TRANSFER AGENT

General Trust of Canada
1100 University Street
Montreal QC Canada H3B 2G7

BANKERS

National Bank of Canada
Caisse Centrale Desjardins
Royal Bank of Canada
Bank of America
Laurentian Bank

AUDITORS

Raymond Chabot Grant Thornton
General Partnership
Chartered Accountants

RONA inc.
For information:
France Charlebois, Corporate Secretary
220 chemin du Tremblay
Boucherville QC Canada J4B 8H7
Telephone (514) 599-5155

La version française de ce rapport est disponible sur demande.

Legal deposit: 2nd Quarter 2001

Graphic Design: Charpentier Garneau Communications

RONA Inc.
220 chemin du Tremblay
Boucherville, QC Canada J4B 8H7
Tel.: (514) 599-5100
Fax: (514) 599-5138
www.rona.ca