

## RONA

### **RONA Issues statement regarding interest expressed by US based Lowe's Companies, Inc.**

"The Board of Directors of RONA believes that in the best interests of RONA and its stakeholders, the Corporation should remain focused on executing its business plan".

Boucherville, Quebec, July 31, 2012 – RONA inc. ("RONA" or the "Corporation") (TSX: RON, RON.PR.A), the largest Canadian distributor and retailer of hardware, renovation and gardening products, confirms that its Board of Directors has unanimously determined that an unsolicited, non-binding acquisition proposal recently received from U.S.-based Lowe's Companies, Inc. ("Lowe's") is not in the best interests of RONA and its stakeholders.

The Board believes that in the best interests of RONA and its stakeholders, the Corporation should remain focused on executing its business plan with a view to capturing significant opportunities that it sees for its business.

With a view to ensuring market transparency, RONA believes that it is important for its shareholders and other stakeholders to be made aware of these developments.

RONA's Board carefully considered Lowe's non-binding proposal. On July 8, 2012, RONA received an unsolicited, non-binding proposal from Lowe's to acquire all of RONA's issued and outstanding shares at a price of \$14.50 per share.

Following receipt of the non-binding proposal, RONA's Board of Directors and a special committee of independent directors, with the assistance of Scotiabank and BMO Capital Markets as their financial advisors and Norton Rose Canada LLP and Davies Ward Phillips & Vineberg LLP as their legal advisors, commenced a review and evaluation of Lowe's non-binding proposal.

On July 26, 2012, RONA informed Lowe's that RONA's Board of Directors and special committee had met on several occasions and had carefully reviewed and considered Lowe's unsolicited expression of interest with its financial and legal advisors, and that the Board of Directors of RONA had unanimously determined that Lowe's proposal is not in the best interests of RONA and its stakeholders. RONA's strategic focus remains to execute on its business plan with a view to capturing the significant opportunities that it sees for the business.

In its July 8 proposal, Lowe's indicated that it had held discussions with a number of shareholders of RONA and proposed entering into a board-supported transaction. In light of these statements, RONA requested that Lowe's confirm that it would not pursue a transaction that was not supported by RONA's Board. On July 28, 2012, Lowe's responded that it was still its desire to proceed with a board-supported transaction. Lowe's also indicated that it remained

very interested in pursuing a transaction with RONA and was going to consider all of its options.

RONA will provide further updates to the market as and when circumstances warrant.

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Lowe's launches microsite dedicated to proposal to acquire RONA

MOORESVILLE, NC, Aug. 2, 2012 /CNW Telbec/ - Lowe's Companies Inc. (NYSE: LOW) ("Lowe's") announced today that it has launched a microsite dedicated to providing shareholders and stakeholders with information about the non-binding proposal made to the Board of Directors of Canadian home improvement and hardware retailer RONA Inc. (TSX: RON) ("RONA"). The microsite, which outlines the strategic rationale of the proposal, contains related news, documents and contact information, and can be visited at [www.lowes.ca/ronaproposal](http://www.lowes.ca/ronaproposal).

#### FURTHER INFORMATION

This announcement is for informational purposes only and does not constitute an offer by Lowe's to purchase or a solicitation by Lowe's of an offer to sell RONA common shares.

SOURCE: Lowe's Companies, Inc.

For further information:

Shareholder/Analyst Inquiries:

Tiffany Mason, 704-758-2033

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#### **Lowe's confirms non-binding proposal to RONA Board to acquire RONA for C\$14.50 in cash per share**

- Lowe's non-binding proposal provides an attractive premium to RONA shareholders, compelling strategic logic for both companies and important commitments to RONA's key stakeholders
- Under Lowe's proposal RONA would remain a Quebec-based company with the Canadian head office in Boucherville, Quebec
- Lowe's seeking friendly negotiation with RONA Board of Directors

MOORESVILLE, NC, July 31, 2012 /CNW Telbec/ - Lowe's Companies Inc. (NYSE: LOW) ("Lowe's" or the "Company") confirmed today that it has made a non-binding proposal to the Board of Directors of Canadian home improvement and hardware retailer RONA Inc. (TSX: RON) ("RONA") to acquire all of the issued and outstanding common shares of RONA for C\$14.50 in cash per share. A number of institutional shareholders representing in the aggregate approximately 15% of RONA's outstanding shares have indicated that they support Lowe's proposal. The proposal,

which is subject to the satisfactory completion of confirmatory due diligence, represented an attractive premium of 36.7% to the C\$10.61 closing share price on July 6, 2012 and a premium of 42.4% to the volume-weighted average share price of C\$10.18 for the 20 trading days ended July 6, 2012, the last trading day prior to the submission of the Lowe's proposal. However, the proposal was rejected by the Board of Directors of RONA.

The non-binding proposal was delivered to RONA Board Chairman Mr. Robert Paré, on July 8th, 2012. RONA's Board asked Lowe's for additional time to consider the proposal but, subsequently, rejected it. In light of this decision, Lowe's is making its proposal public in its entirety to allow for all RONA shareholders and other stakeholders to evaluate the numerous economic and commercial benefits outlined in the proposal and to allow for shareholders to communicate their views directly to RONA's board. Lowe's proposal letter is appended in its entirety to this news release.

At RONA's request, the chief executive officers of Lowe's and RONA first met one year ago on July 27, 2011 to discuss a potential relationship between the two companies. RONA's CEO subsequently visited Lowe's in North Carolina to continue the initial discussions. Including these initial meetings, the two companies have discussed or reviewed proposals for a working arrangement between them, including a previous proposal by Lowe's to acquire RONA, dated December 15, 2011. That proposal was rejected by the RONA board.

Robert A. Niblock, Chairman, President and Chief Executive Officer of Lowe's, said, "We are disappointed that RONA's Board of Directors has rejected our friendly non-binding proposal, which is clearly attractive for RONA shareholders. We believe a combination of Lowe's and RONA makes enormous business sense. In addition, our proposal includes a number of important commitments to RONA that will benefit key stakeholders, including RONA's dealer-owners, employees, suppliers, customers and local communities and would keep RONA's headquarters in Boucherville, Quebec."

"We reiterate our proposal to the RONA Board. We hope that in the exercise of its fiduciary duties, RONA's Board will reconsider and recognize that our proposal represents a very attractive opportunity for all RONA shareholders and the company's major stakeholders. Lowe's operates with the utmost respect and support for the communities where we do business and our proposal demonstrates Lowe's respect for the economic and cultural heritage of this important Quebec-based business. Bottom line, we believe that our proposal is good for RONA and the communities it serves in Quebec as well as across Canada, and it is also good for consumers. We encourage the Board of RONA to reconsider its position," concluded Mr. Niblock.

#### Compelling Strategic Rationale and Commitments to RONA Stakeholders

In addition to the attractive premium offered to RONA's shareholders, the proposal is

underpinned by a compelling strategic rationale and commitments that benefit all stakeholders of both RONA and Lowe's, including customers.

**Creation of a Strengthened Canadian Home Improvement Retailer with World-Class Capabilities Headquartered in Quebec** - Combining RONA's Canadian operations with Lowe's strong global presence would provide RONA's operations with substantial benefits by creating a strengthened Canadian home improvement retailer with world-class capabilities across channels and geographies. While the combined Canadian business would undoubtedly benefit from Lowe's global reach and deep supplier relationships, Lowe's believes that preserving RONA's local market expertise and relationships is critical.

Under Lowe's proposal, RONA will remain a Quebec-based company and the headquarters for the combined Canadian business will remain in Boucherville, Quebec.

**Share Best Practices and Leverage Strengths of Existing Employees** - RONA and Lowe's share strong organizational cultures and dedicated managers and employees that are critical to the success of both their businesses. By combining the talents of their people and sharing organizational best practices, the combined companies create a stronger platform for future growth and a great work environment. In order to capitalize on the strong local market expertise within RONA, Lowe's intends for much of RONA's management team to continue in leadership roles, and intends to preserve the important role that dealer-owners play in the management of RONA. Lowe's also expects that the number of people employed by RONA today, both within Quebec and across the rest of Canada, would be the same or greater following the transaction and believes that the combined entity would offer significantly enhanced growth opportunities benefiting all of our employees.

**Strengthened Multi-Channel Retail Strategy** - While Lowe's is best known for its traditional large store formats, the Company would be committed to preserving and developing RONA's multi-channel retail strategy that includes retail, commercial and distribution channels offered through large stores, smaller urban/proximity format stores and a well-developed online presence offered under a number of different brands. RONA is a renowned Canadian brand and it is strategically and culturally desirable that RONA stores and distribution operations continue to operate under the RONA brand.

**Enhanced Dealer-Owner Value Proposition** - Combining Lowe's and RONA's operations would create a strengthened, global home improvement retailer with more than C\$57 billion in aggregate annual sales - an organization that would be ranked among the top 50 Fortune 500 companies. Lowe's deep supplier relationships and an enhanced product offering would create significant value for RONA's dealer-owners and better position the company to serve its customers.

Commitment to Local and Ethical Sourcing of Materials - Lowe's understands and shares RONA's commitment to procuring goods in Canada wherever possible. During 2011, Lowe's Canada procured approximately 70% of its materials through Canadian suppliers. Lowe's will continue its local and ethical procurement strategy in the future and would like to expand the relationships that both Lowe's and RONA have developed with Canadian manufacturers and suppliers. With its leading global home improvement platform, Lowe's believes that it is also uniquely well-suited to increase the distribution of Canadian manufactured products into new international markets.

Continued Commitment to Canadian Communities - Lowe's is aware of and endorses the significant level of support that RONA provides to communities across Canada through charitable initiatives such as the RONA Foundation. Lowe's shares the same philosophy and is committed to supporting charitable initiatives supported by RONA. Lowe's Charitable and Educational Foundation has a proud history of improving the communities it serves. Lowe's commitment is about more than writing cheques - it's about its heritage of making an impact in its communities.

Since Lowe's was founded in 1946, the company has grown from a small-town hardware store to a FORTUNE®100 company, serving millions of customers every week. The Company takes great pride in a culture built on more than 65 years of exceptional customer service. It is a culture shaped by more than 248,000 employees who are the foundation that unites it and drives its success. Employees and leadership share a vision and values that connect them with generations of Lowe's employees: a commitment to values - customer-focus, ownership in the company, respect for each other, teamwork, a passion for execution and integrity.

Lowe's currently operates more than 1,745 stores in North America, including 31 stores in Canada and three in Mexico, plus an additional 16 stores as part of a joint venture in Australia. As the company continues to enter new markets, it is working harder than ever to preserve and enhance its customer-focused culture and to carry on a rich tradition of caring for the communities in which it operates and where its employees live and work.

At this stage, there can be no assurance that any agreement will be reached between the two companies or that any transaction will result and Lowe's non-binding proposal to the RONA Board is subject to receiving access from RONA to perform satisfactory confirmatory due diligence. Any transaction would also be subject to the satisfaction of conditions, including the receipt of all necessary regulatory approvals.

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**Lowe's Companies Proposal Letter to the RONA Board**  
([http://files.newswire.ca/324/Letter\\_Eng.pdf](http://files.newswire.ca/324/Letter_Eng.pdf))

Proposal Fact Sheet ([http://files.newswire.ca/324/Fact\\_Sheet\\_Eng.pdf](http://files.newswire.ca/324/Fact_Sheet_Eng.pdf))

#### Disclosure Regarding Forward-Looking Statements

This news release includes "forward-looking statements" including those regarding Lowe's non-binding proposal to RONA's board of directors and the expected impact of the proposed acquisition on Lowe's strategic and operational plans and financial results. Statements including words such as "anticipate", "believe", "estimate" or "expect" and statements in the future tense are forward-looking statements. Forward-looking statements are subject to numerous assumptions, risks and uncertainties that could cause actual events or actual future results to differ materially from the expectations set forth in these forward-looking statements. Although the company believes that the expectations, opinions, projections, assumptions and comments reflected in forward-looking statements are reasonable, it can give no assurance that such statements will prove to be correct. Some of the factors which could cause results to differ materially from the expectations expressed in these forward-looking statements include the following: the possibility that Lowe's non-binding proposal to the RONA Board of Directors to acquire RONA will be rejected by RONA's board of directors or, if applicable, shareholders; the possibility that even if Lowe's proposal is accepted, the proposed transaction will not close or that the closing may be delayed; the failure to obtain, any necessary actions to obtain and the timing to obtain any required regulatory approvals for any transaction; the effect of the announcement of the non-binding proposal on Lowe's and RONA's strategic relationships, operating results and businesses generally; significant transaction costs or unknown liabilities; failure to realize the expected benefits of the combination; and general economic conditions. For more information about these and other risks and uncertainties that we are exposed to, you should read the "Risk Factors" and "Critical Accounting Policies and Estimates" included in our Annual Report on Form 10-K to the United States Securities and Exchange Commission (the "SEC") and the description of material changes therein or updated version thereof, if any, included in our Quarterly Reports on Form 10-Q.

The forward-looking statements contained in this news release are based upon data available as of the date of this release or other specified date and speak only as of such date. All subsequent written and oral forward-looking statements attributable to us or any person acting on our behalf about any of the matters covered in this release are qualified by these cautionary statements and in the "Risk Factors" included in our Annual Report on Form 10-K to the SEC and the description of material changes, if any, therein included in our Quarterly Reports on Form 10-Q. We expressly disclaim any obligation to update or revise any forward-looking statement, whether as a result of new information, change in circumstances, future events, or otherwise, except as required by law.

This announcement is for informational purposes only and does not constitute an offer to

purchase or a solicitation of an offer to sell RONA common shares.

PDF available at: [http://stream1.newswire.ca/media/2012/07/31/20120731\\_C3738\\_DOC\\_EN\\_16527.pdf](http://stream1.newswire.ca/media/2012/07/31/20120731_C3738_DOC_EN_16527.pdf)

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SOURCE: Lowe's Companies, Inc.

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