2015 Second-Quarter Performance

Financial Results and Company Highlights

September 9, 2015

Disclaimers

Forward-Looking Statements

This presentation includes "forward-looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. Forward-looking statements are subject to known and unknown risks and uncertainties, many of which may be beyond our control. We caution you that the forward-looking information presented herein is not a guarantee of future events, and that actual events may differ materially from those made in or suggested by the forward-looking information contained in this presentation. In addition, forward-looking statements generally can be identified by the use of forward-looking terminology such as "may," "plan," "seek," "comfortable with," "will," "expect," "intend," "estimate," "anticipate," "believe" or "continue" or the negative thereof or variations thereon or similar terminology. A number of important factors could cause actual events to differ materially from those contained in or implied by the forward-looking statements, including those factors discussed in our filings with the U.S. Securities & Exchange Commission (the "SEC"), including our annual report on Form 10-K, for the fiscal year ended February 1, 2015, which can be found at the SEC's website www.sec.gov. Any forward-looking information presented herein is made only as of the date of this presentation, and we do not undertake any obligation to update or revise any forward-looking information to reflect changes in assumptions, the occurrence of unanticipated events, or otherwise.

Non-GAAP Financial Measures

HD Supply supplements its reporting net income (loss) with non-GAAP measurements, including Adjusted EBITDA, Adjusted net income (loss) and Adjusted net income (loss) per share. This supplemental information should not be considered in isolation or as a substitute for the GAAP measurements. Additional information regarding Adjusted EBITDA, Adjusted net income (loss) and Adjusted net income (loss) per share referred to in this presentation is included at the end of this presentation under "Reconciliation of Non-GAAP Measures."

Q2'15 Highlights

- **+7% Net Sales Growth** Versus Prior Year (VPY)
- **+15% Adjusted EBITDA Growth** VPY
- **Approximately +60% Adjusted Net Income per Diluted Share Growth** VPY
- **+300 - 400 Basis Points Versus Market Estimate**[1]
- **+70 Basis Points Gross Margin Improvement** VPY
- **2.3x Operating Leverage**[2]

[1] Management estimate; market estimate is management estimate of the growth of our markets based on multiple quantitative and qualitative inputs
[2] Operating Leverage is defined as Adjusted EBITDA growth divided by Net sales growth
Note: "VPY" denotes Versus Prior Year

Strong Organic Sales, Operating Leverage and Earnings Growth

Focused Execution

✓ **Invest in Five (5) Growth Plays**

1. **Sell More to Existing Customers** (i.e., Share of Wallet)
2. **Introduce New Products and Services**
3. **Expand the Channels to Reach Our Customers** (e.g., Internet, Catalog, Mobility)
4. **Acquire New Customers**
5. **Enter New Geographies** (i.e., Open New Locations)

✓ **Prioritize our Large Leadership Businesses with Clear Number One Positions**

✓ **Enhance Capital Structure**

✓ **Evolve and Align Team Behaviors and Execution With Durable Operating Practices**

Disciplined Strategies… Get Better and Faster

Recent Execution

- ✓ Entered into **Definitive Agreement** to **Sell HD Supply Power Solutions Business Unit** for **~$825M in Cash**
  - ✓ **~$800M of Net Proceeds**… Plan to **Use Sales Proceeds** to **Repay Debt**
  - ✓ Received **Governmental Approvals**… **On Track** for **Q3'15 Closing**
- ✓ **Executed Enhanced Talent Alignment**
  - ✓ **Joe DeAngelo** to **Assume Direct Leadership** for **Facilities Maintenance** Business Unit
  - ✓ **Realigned Senior Leadership** in **Waterworks** Business Unit
  - ✓ **Enhance Functional Support Approach**
- ✓ **Refinanced Term Loan**
  - ✓ **~$100M Reduction** of **Principal**
  - ✓ **25 Basis Points Interest Rate Improvement**
  - ✓ **+3 Year Maturity Extension**
- ✓ **Evolved Shareholder Base** with **Exit** of **Remaining Financial Sponsors**

Transformational Action to Accelerate Growth Momentum

Topics of Recent Investor Interest

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1 Competitive Environment	▪ Continuously **Monitor Competitive Landscape** and **Analyze Dynamics** to Determine **Appropriate Response** ▪ **Extend Service Differentiation** in **Prioritized Customer Set** by Focusing on **Controllable Execution**
2 Business Mix Change	▪ **Three (3) Large Leadership Businesses** Participating in an **~$80 Billion Addressable Market** with **8% Share** ▪ **One DC-Based Business** and **Two (2) Branch-Based Businesses** Driving Towards **Distant #1 Positions**
3 Pricing & Op. Leverage	▪ **No Material Change** in the Deflationary Environment and **No Material Change** in Pricing Environment in Q2'15 ▪ **+70 Basis Points of Gross Margin Expansion** Driven by Continued **Category Management** Execution ▪ **Affirm 1.5x to 2.0x Operating Leverage Target**[1]
4 Oil & Gas Impact	▪ **No Change to Original Analysis… Estimate Oil & Gas Headwind of Approximately 100 Basis Points** ▪ **Difficult to Discern Direct Oil & Gas Impact**
5 End Markets	▪ **No Change to 2015 End Market Growth Estimate of ~3% to 4%**[2] ▪ **Non-Residential - Continued Momentum; Residential - Prolonged Recovery; Infrastructure - Sluggish; MRO - Stable**
6 Weather	▪ **Adverse Weather** Impact in **Early Q2**; **July** and **August Experienced More Typical Weather**
7 Foreign Exchange	▪ **Less than 2% Canadian Exposure**[3] Excluding Power Solutions
8 Capital Structure	▪ **Recent Term Loan Refinancing** and Expected Use of **Power Solutions Proceeds Reduces Interest Expense** and **Debt** ▪ **Cash Flow Momentum Enhanced by Working Capital Focus** and **Favorable Tax Position**
9 Capital Allocation	▪ **Evaluate Capital Allocation Strategy Evolution as Net Debt to Adjusted EBITDA Approaches 3.0x Target** ▪ **Continue to Invest in Talent** and **Five (5) Growth Plays** to **Drive Organic Growth**

[1] *Operating Leverage is defined as Adjusted EBITDA growth divided by total Net sales growth*
[2] *Market estimate is management estimate of the growth of our end markets based on multiple quantitative and qualitative inputs*
[3] *Based on percentage of overall Net Sales*

Q2’15 Financial Results

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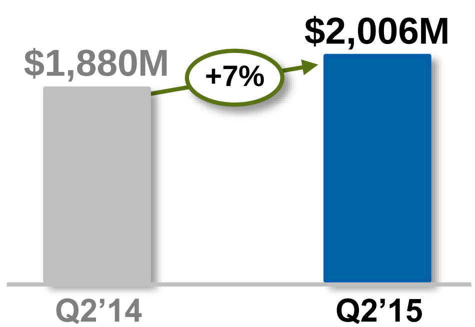
($ in millions, except per share data)

Net Sales



	Q2’14	Q2’15	VPY
Gross Profit	$611M	**$665M**	**+9%**
Gross Margin %	*32.5%*	***33.2%***	**+70 BPs**
Operating Income	$163M	**$222M**	**+36%**
Op. Income %	*8.7%*	***11.1%***	**+240 BPs**
Adj. EBITDA[1]	$224M	**$258M**	**+15%**
Adj. EBITDA %	*11.9%*	***12.9%***	+100 BPs
Adj. Net Income[1]	$71M	**$113M**	**+59%**
Per Diluted Share	*$0.35*	***$0.56***	**+$0.21**

- **~300 – 400 BPs** of **Growth in Excess of Estimated Market Growth[2]** in Q2’15
- **Q2’15 Net Sales Growth From:**
  - **$68M** of **Growth Initiatives**
  - **$66M** of **End Market Growth**
  - **($5M)** of **FX Impact**
- **2.3x** Q2’15 **Operating Leverage[3]**

[1] See appendix slides 24 and 25 for a reconciliation of Adjusted EBITDA and Adjusted Net Income to Net Income
[2] Management estimate; market estimate is management estimate of the growth of our markets based on multiple quantitative and qualitative inputs
[3] Operating Leverage is defined as Adjusted EBITDA growth divided by total Net sales growth
Note: “VPY” denotes Versus Prior Year

+7% Net Sales Growth; +15% Adjusted EBITDA Growth in Q2’15

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Q2’15 Segment Performance

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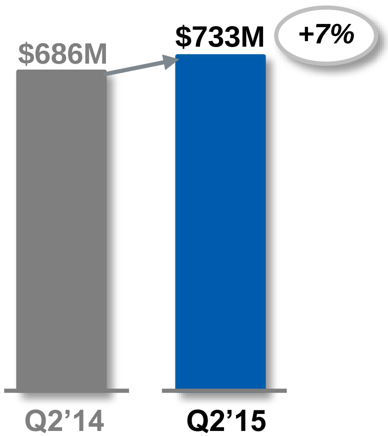
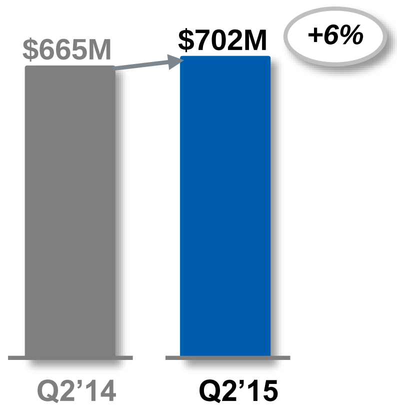
($ in millions)

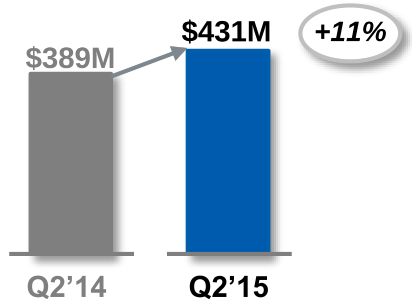
	HD SUPPLY FACILITIES MAINTENANCE	HD SUPPLY WATERWORKS	HD SUPPLY CONSTRUCTION & INDUSTRIAL

Net Sales

VPY







	Facilities Maintenance Q2’14	Facilities Maintenance Q2’15	VPY	Waterworks Q2’14	Waterworks Q2’15	VPY	Construction & Industrial Q2’14	Construction & Industrial Q2’15	VPY
Adj. EBITDA	$139M	$156M	+12%	$57M	$66M	+16%	$33M	$43M	+30%
Operating Leverage[1]		1.8x			2.8x			2.8x	

[1] Operating Leverage is defined as Adjusted EBITDA growth divided by total Net sales growth
Note: “VPY” denotes Versus Prior Year

Broad-Based Strength

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Liquidity and Capital Structure

($ in millions, unless otherwise noted)

- **$5.1B Net Debt at the End of Q2'15**
  - Recent Rating Agencies Upgrades
- **Favorable Tax Asset** with **Significant Gross Federal Net Operating Loss Carryforwards of $2.1B**
  - ~$900M Tax-affected Amount of Federal and State NOLs[1]
- **Cash Taxes:**
  - $6M in Q2'15
  - ~$5M Estimated for Q3'15
  - $15M – $25M Estimated for FY'15
- **GAAP Taxes:**
  - $13M in Q2'15
  - ~$10M Estimated for Q3'15[2]
  - $35M – $40M Estimated for FY'15[2]
- **$19M of Capital Expenditures in Q2'15**

Q2'15 Debt Balances

Facility	Balance[3]	Interest Rate[4]	Maturity	Soft Call Date[5]
Sec. ABL	$132	1.69%	6/28/**18**	*n/a*
Sec. Term Loan[6]	$850 ~~947~~	3.75% ~~4.00%~~	08/13/21 ~~6/28/18~~	2/13/16 ~~now~~
Sec. 1st Lien Notes	1,250	5.25%	12/15/**21**	12/15/**17**
Sec. 2nd Lien Notes	675	11.0%	4/15/**20**	4/15/**16**
Unsec. Sr. Notes	1,000	11.5%	7/15/**20**	10/15/**16**
Unsec. Sr. Notes	1,275	7.5%	7/15/**20**	10/15/**16**
Gross Debt	**$5,279**			
Less Cash	169			
Net Debt	**$5,110**			

[1] In 2014, we experienced an "ownership change" as defined in Section 382 of the Internal Revenue Code of 1985, as amended. For a discussion of the risk of a change of control on our tax net operating losses, see the risk factor entitled "Our NOL carryforwards could be limited if we experience an ownership change as defined in the Internal Revenue Code" in our Form 10-K for the fiscal year ended February 1, 2015
[2] Excludes a tax gain of $189 million related to the February 19, 2015 approval and finalization of the IRS audit of fiscal years 2007 and 2008
[3] Net of original issue discount
[4] Represents the stated rate of interest, without including the effect of discounts or premiums
[5] Subject to applicable redemption price terms
[6] Term Loan Amendment effective August 13, 2015

Enhance Capital Structure Opportunistically

Q2’15 Monthly Organic Average Daily Sales (%)

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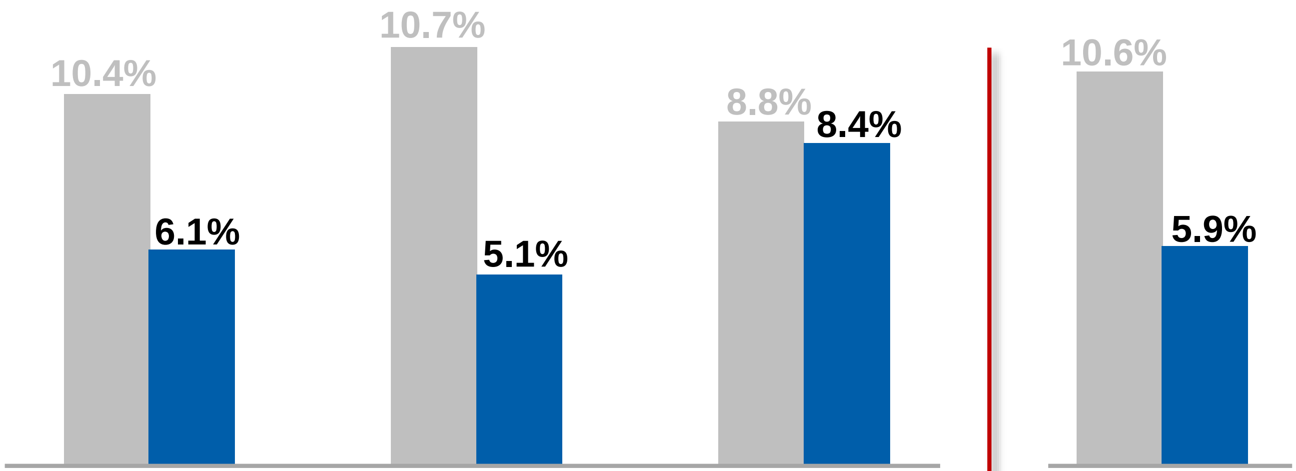
Prior Year
Current Year

HD Supply Average Daily Sales Growth VPY[1]



	May		Jun.		Jul.		Aug. (Preliminary)	
	Q2							
Facilities Maintenance	8.6%	7.1%	7.6%	7.0%	6.6%	6.6%	9.2%	9.1%
Waterworks	12.3%	3.6%	13.2%	1.0%	7.3%	10.9%	10.2%	2.5%
Construction & Industrial	13.7%	10.0%	15.1%	11.4%	18.2%	11.6%	16.8%	9.5%
HD Supply Net Sales	$547M	$580M	$607M	$638M	$726M	$788M	$611M	$646M
’15 Selling Days	19		20		24		20	
’14 Selling Days	19		20		24		20	

Note: “VPY” denotes Versus Prior Year

+7% Q2’15 Sales Growth Versus Prior Year

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Q3’15 Guidance

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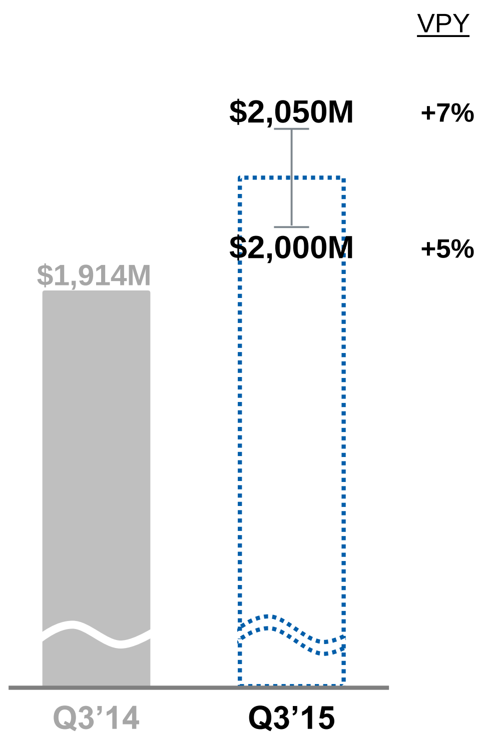
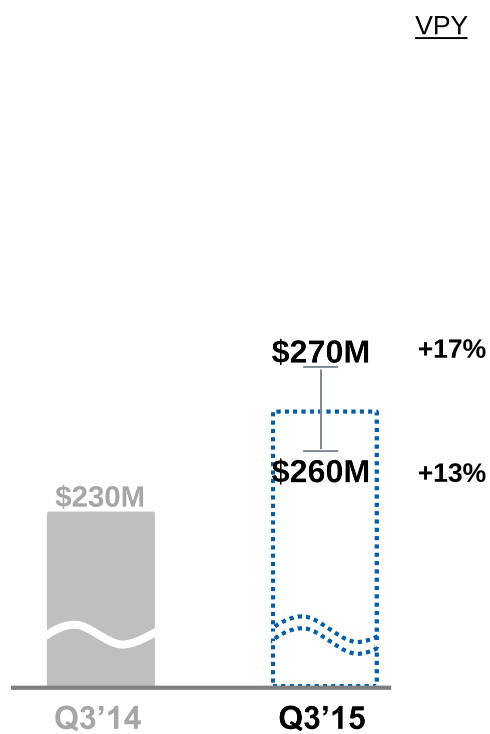
($ in millions, except per share amounts)

Net Sales



Adj. EBITDA



Adj. Net Income Per Diluted Share[1]

	Net Sales	VPY	Adj. EBITDA	VPY	Adj. Net Income Per Diluted Share	VPY
Midpoint	**$2,025M**	**+6%**	**$265M**	**+15%**	**$0.65**	**+59%**

[1] Q3’15 Adjusted Net Income per Share range assumes a fully diluted weighted average share count of 202 million
Note: “VPY” denotes Versus Prior Year

6% and 15% Sales and Adjusted EBITDA Growth, Respectively at Midpoint of Guidance Ranges

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Market Estimates and Execution Targets

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(Approximate End Market Exposure[1])

FY'15 End Markets

Primary End Market	Previous View[1] *as of Jul. '15*	Revision	Current View[1] *as of Sep. '15*
Residential	Mid to High Single-digit	None	Mid to High Single-digit
Non- Residential	Mid Single-digit	None	Mid Single-digit
Water Infrastructure	Flat to Up Low Single-digit	None	Flat to Up Low Single-digit
MRO	+1% to +2%	None	+1% to +2%
HD SUPPLY	~3% to ~4%	None	~3% to ~4%

- **Reaffirm HD Supply Controllable Execution Targets:**
  - **+300 Basis Points** of **Growth Above End Market Growth Estimates[2]**
  - **1.5x – 2.0x Operating Leverage[3]**

[1] Management estimates, including ~100 basis point of potential negative impact from Oil and Gas
[2] Long-term average growth target based on management estimates and aspirations
[3] Operating Leverage is defined as Adjusted EBITDA growth divided by Total Net sales growth; target based on management estimates and projections.

No Change to End Market Outlook or Long-term Controllable Execution Targets

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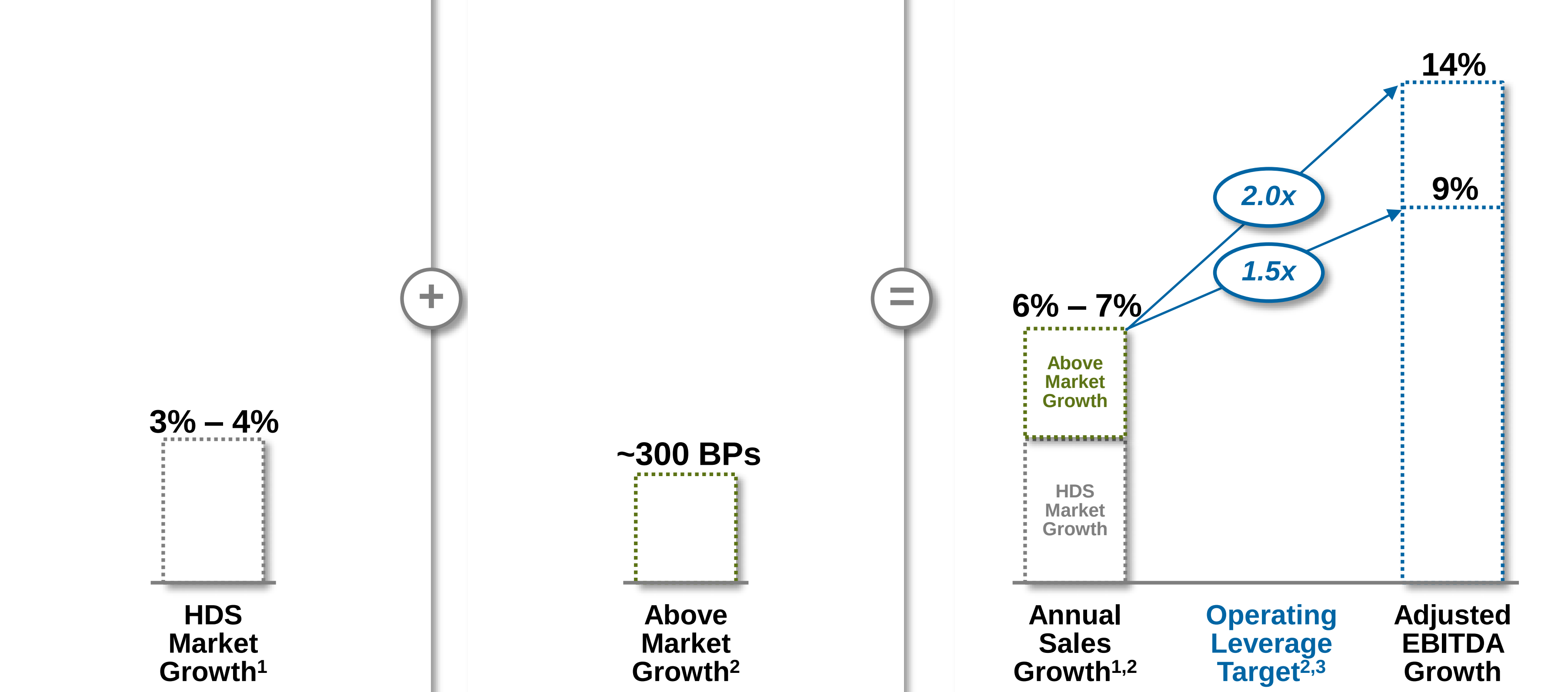
FY'15 Operating Leverage Framework

Illustrative

End Market Growth | Controllable Execution | Illustrative Adj. EBITDA Growth



[1] Management estimate; market estimate is management estimate of the growth of our markets based on multiple quantitative and qualitative inputs
[2] Long-term average growth target based on management estimates and aspirations
[3] Operating Leverage is defined as Adjusted EBITDA growth divided by Total Net sales growth; target based on management estimates and projections.

Note: These objectives are forward-looking, are subject to significant business, economic, regulatory and competitive uncertainties and contingencies, many of which are beyond the control of the Company and its management, and are based upon assumptions with respect to future decisions, which are subject to change. Actual results will vary and those variations may be material. For discussion of some of the important factors that could cause these variations, please consult the "Risk Factors" section of our Form 10-K for the fiscal year ended February 1, 2015. Nothing in this presentation should be regarded as a representation by any person that these objectives will be achieved and the Company undertakes no duty to update its objectives.

Affirm 1.5x – 2.0x FY'15 Operating Leverage Target;
9% to 14% Implied FY'15 Adjusted EBITDA Growth

Outlook Summary

Illustrative

Q3'15

- **+6% Sales Growth VPY** at Midpoint of Range
- **+15% Adjusted EBITDA Growth VPY** at Midpoint of Range
- **+59% Adjusted Net Income per Diluted Share Increase VPY** at Midpoint of Range
- **202M Diluted Share Count**

FY'15

- **3 to 4% Blended End Market Growth[1]**
- **~300 Basis Points of Estimated Market Outgrowth[2]**
- **1.5x to 2.0x Operating Leverage[3] Range**

[1] Management estimate; market estimate is management estimate of the growth of our markets based on multiple quantitative and qualitative inputs
[2] Long-term average growth target based on management estimates and aspirations
[3] Operating Leverage is defined as Adjusted EBITDA growth divided by Total Net sales growth; target based on management estimates and projections.
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Q&A
We Supply the Products and Services to Build Your City and Keep it Running

Concluding Remarks

- **Solid Q2'15 Performance…**
  - **+7% Sales Growth VPY**
  - **+15% Adjusted EBITDA Growth VPY**
  - **~60% Adjusted Net Income per Diluted Share Growth VPY**
- **Executed Transformative Transaction with Sale of Power Solutions**
- **Execute to Deliver Profitable Growth in Excess of Market Growth Estimate**
- **Drive Operating Leverage… Category Management and Productivity**
- **Generate Cash… Working Capital Discipline**

Note: "VPY" Denotes Versus Prior Year

Focus on Controllable Execution... Get Better and Faster

Appendix

Illustrative Adjusted EPS Calculation

($ in millions, except per share items)

Illustrative

	Actual			Estimates		
	Q4'14	**Q1'15**	**Q2'15**	**Q3'15**	**Q4'15**	**FY'15**
Adjusted EBITDA	$155M	$188M	$258M	*TBD*	*TBD*	*TBD*
(-) **Depreciation and Amortization**[1]	($30M)	(29)	(30)	(~30)	(~30)	($110M – $120M)
(+) **Amortization of Acquired Intangibles**	$4M	4	3	~4	~4	~$15M
(-) **Interest Expense** (GAAP)	($115M)	(106)	(106)	(~95)	(~95)	~($400M)
(-) **Cash Income Taxes**	($2M)	(3)	(6)	(~5)	(~5)	($15M – $25M)
(-) **Stock-based Compensation**	($5M)	(5)	(5)	(~4)	(~4)	(~$18M)
= **Adjusted Net Income**	$7M	$50M	$113M	*TBD*	*TBD*	*TBD*
÷ **Diluted Shares Outstanding**[2]	~200M	~201	~202	~202	~202	~202M
= **Adjusted Net Income per Diluted Share**	$0.03	$0.25	$0.56	*TBD*	*TBD*	*TBD*

[1] Includes Amounts Recorded Within Cost of Sales
[2] Assumes Paydown of 11% Senior Secured 2nd Lien Notes
[3] Excludes taxes due on Power Solutions Sale
[4] Weighted Average Diluted Shares Outstanding Based on Management Estimates
Note: These objectives are forward-looking, are subject to significant business, economic, regulatory and competitive uncertainties and contingencies, many of which are beyond the control of the Company and its management, and are based upon assumptions with respect to future decisions, which are subject to change. Actual results will vary and those variations may be material. For discussion of some of the important factors that could cause these variations, please consult the "Risk Factors" section of our Form 10-K for the year ended February 1, 2015. Nothing in this presentation should be regarded as a representation by any person that these objectives will be achieved and the Company undertakes no duty to update its objectives.

Amortization of Acquired Intangibles (Other than Software)

($ in millions)

Illustrative

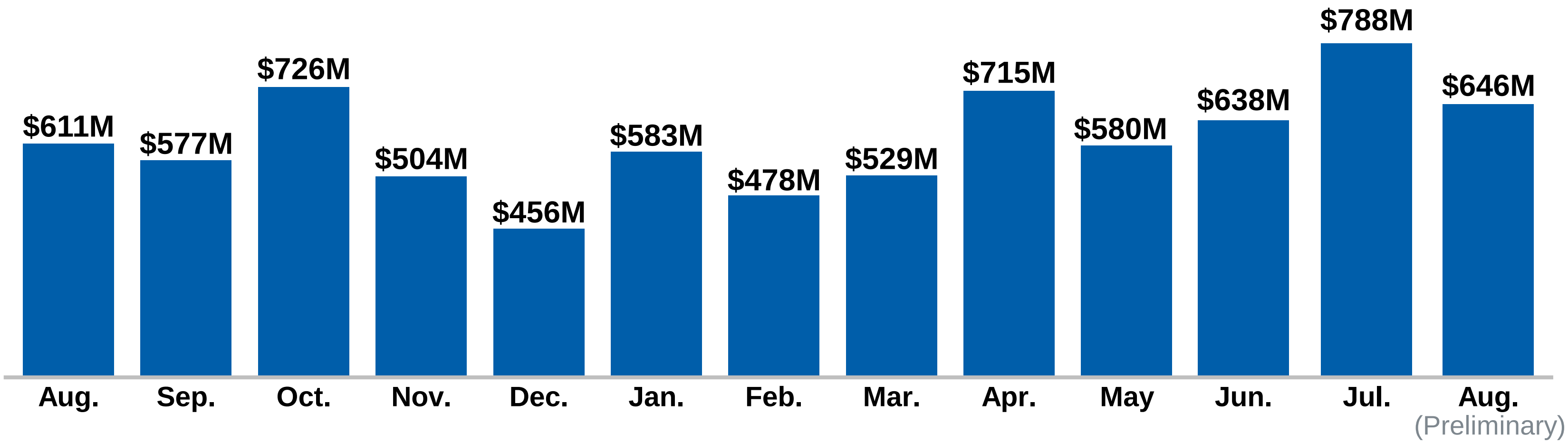
	Expected Annual Amortization of Acquired Intangibles (Other than Software)					
	FY'14	**FY'15**	**FY'16**	**FY'17**	**FY'18**	**FY'19**
Facilities Maintenance	$57M	$6M	$6M	$5M	$5M	$5M
Waterworks	3	2	2	2	1	1
Construction & Industrial	14	1	1	1	1	1
Corporate and Other	7	6	6	6	6	6
HD Supply	**$81M**	**$15M**	**$15M**	**$14M**	**$13M**	**$13M**

Note: These objectives are forward-looking; management estimates

Monthly Net Sales ($)

($ in millions)

HD Supply Net Sales



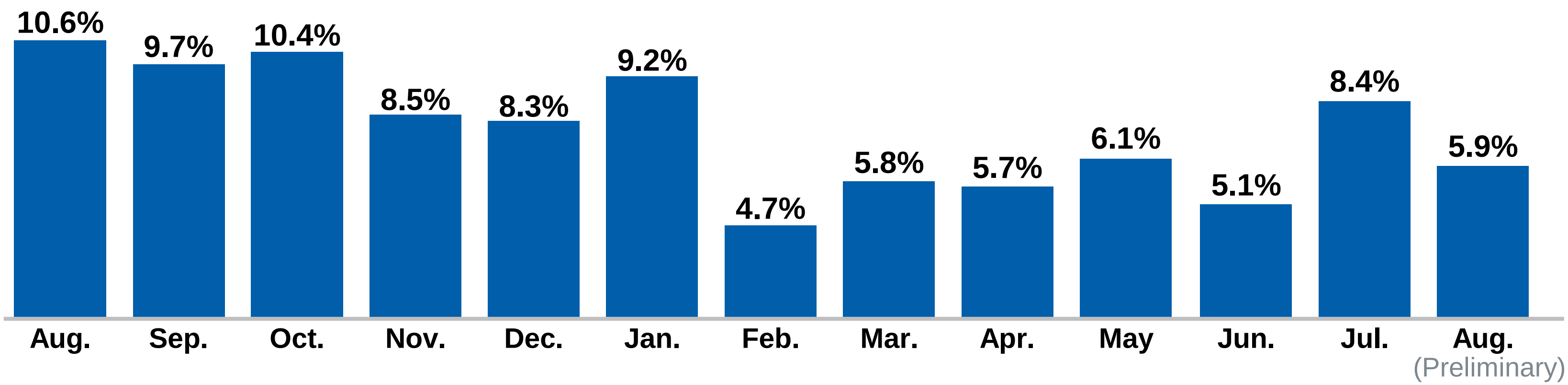
	FY 2014						FY 2015						
Facil. Maint.	$217	$197	$246	$175	$163	$222	$181	$198	$256	$208	$234	$291	$237
Waterworks	$222	$211	$262	$176	$151	$189	$151	$172	$247	$204	$221	$277	$227
Const. & Ind.	$127	$122	$162	$110	$99	$128	$110	$118	$160	$124	$139	$168	$139
’15 Selling Days	20	19	25	18	19	24	20	20	25	19	20	24	20
’14 Selling Days	20	19	25	18	19	24	20	20	25	19	20	24	20
’13 Selling Days	20	19	25	18	19	24	20	20	25	19	20	24	20

$646M August ’15 Preliminary Sales

Monthly Average Daily Sales Growth – Organic (%)

(VPY%)

HD Supply Organic Average Daily Sales Growth VPY[1]



	FY 2014						FY 2015						
	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug. (Preliminary)
Facil. Maint.	9.2%	7.2%	8.4%	7.5%	7.0%	7.3%	2.9%	7.7%	4.7%	7.1%	7.0%	6.6%	9.1%
Waterworks	10.2%	9.1%	10.3%	7.4%	9.1%	12.3%	3.3%	2.4%	4.5%	3.6%	1.0%	10.9%	2.5%
Const. & Ind.	16.8%	16.3%	16.9%	16.2%	12.2%	14.4%	14.8%	10.5%	12.9%	10.0%	11.4%	11.6%	9.5%
’15 Selling Days	20	19	25	18	19	24	20	20	25	19	20	24	20
’14 Selling Days	20	19	25	18	19	24	20	20	25	19	20	24	20
’13 Selling Days	20	19	25	18	19	24	20	20	25	19	20	24	20

[1] Adjusted for Acquisitions, Divestitures, and Selling Days
Note: “VPY” denotes Versus Prior Year

+7% Organic Average Daily Sales Growth in Q2’15

Average Daily Sales Growth – Organic[1]

(VPY%)

		Q1	Q2	Q3	Q4	FY
2011	Facil. Maintenance	9.3%	8.6%	13.5%	13.8%	11.2%
	Waterworks	-5.4%	8.5%	3.5%	15.0%	5.0%
	Construction & Industrial	5.4%	11.8%	18.4%	25.9%	15.1%
	HD Supply	**1.3%**	**8.0%**	**9.8%**	**16.6%**	**8.7%**
	Selling Days	65	63	64	61	253
2012	Facil. Maintenance	13.7%	11.4%	14.5%	10.1%	12.3%
	Waterworks	17.1%	6.3%	12.8%	9.3%	11.0%
	Construction & Industrial	23.1%	20.4%	14.8%	13.8%	17.7%
	HD Supply	**16.5%**	**11.0%**	**13.9%**	**10.8%**	**12.9%**
	Selling Days	65	63	64	66	258
2013	Facil. Maintenance	9.6%	9.4%	3.9%	6.9%	7.5%
	Waterworks	8.2%	9.5%	10.6%	3.3%	8.2%
	Construction & Industrial	16.5%	9.4%	10.7%	11.4%	11.9%
	HD Supply	**11.4%**	**10.0%**	**8.2%**	**7.2%**	**9.3%**
	Selling Days	65	63	64	61	253
2014	Facil. Maintenance	7.7%	7.5%	8.2%	7.3%	7.7%
	Waterworks	5.4%	10.6%	9.8%	9.8%	9.0%
	Construction & Industrial	11.0%	15.8%	16.8%	14.2%	14.5%
	HD Supply	**7.4%**	**9.9%**	**10.3%**	**8.7%**	**9.1%**
	Selling Days	65	63	64	61	253
2015	Facil. Maintenance	5.1%	6.9%			
	Waterworks	3.4%	5.6%			
	Construction & Industrial	12.8%	10.8%			
	HD Supply	**5.5%**	**6.7%**			
	Selling Days	65	63			

[1] Adjusted for Acquisitions, Divestitures, and Selling Days
Note: "VPY" Denotes Versus Prior Year

+7% Organic Average Daily Sales Growth in Q2'15

Operating Leverage[1]

(VPY%)

		Q1	Q2	Q3	Q4	FY
2011	Facil. Maintenance	1.2x	1.5x	0.7x	1.3x	1.1x
	Waterworks	*nm*	1.3x	2.5x	3.6x	2.8x
	Construction & Industrial	*nm*	*nm*	12.2x	*nm*	*nm*
	HD Supply	**13.3x**	**2.8x**	**2.2x**	**2.2x**	**3.1x**
2012	Facil. Maintenance	1.3x	1.2x	1.6x	1.3x	1.4x
	Waterworks	1.7x	2.9x	1.0x	1.8x	1.7x
	Construction & Industrial	*nm*	7.7x	4.7x	*nm*	12.5x
	HD Supply	**2.6x**	**2.4x**	**2.4x**	**3.3x**	**2.6x**
2013	Facil. Maintenance	1.4x	1.3x	1.6x	2.7x	1.6x
	Waterworks	2.7x	2.0x	2.1x	3.7x	2.4x
	Construction & Industrial	4.5x	3.5x	2.1x	9.2x	3.7x
	HD Supply	**2.0x**	**1.6x**	**1.5x**	**4.2x**	**2.0x**
2014	Facil. Maintenance	1.2x	1.5x	2.0x	2.1x	1.7x
	Waterworks	1.5x	1.3x	1.7x	2.0x	1.6x
	Construction & Industrial	5.2x	2.4x	1.8x	3.5x	2.8x
	HD Supply	**2.4x**	**1.7x**	**1.7x**	**2.3x**	**2.0x**
2015	Facil. Maintenance	2.3x	1.8x			
	Waterworks	2.9x	2.8x			
	Construction & Industrial	3.6x	2.8x			
	HD Supply	**2.4x**	**2.3x**			

[1] Operating Leverage is Defined as Adjusted EBITDA Growth Divided by Adjusted Net Sales Growth (adjusted for the 53rd Week in fiscal 2012)
Not Meaningful ("nm") when Sales Growth is Negative and when Prior Period Adjusted EBITDA is Negative.
Note: "VPY" Denotes Versus Prior Year

2.3x Operating Leverage in Q2'15

Reconciliation of Non-GAAP Measures: Net Income to Adjusted EBITDA

($ in millions)

	Three Months Ended	
	August 2, 2015	**August 3, 2014**
Net income	**$109**	$48
Less income from discontinued operations, net of tax	**7**	17
Income from continuing operations	**$102**	$31
Interest expense	**106**	116
Depreciation and amortization[1]	**30**	55
Provision for income taxes	**13**	16
Stock-based compensation	**5**	4
Restructuring[2]	**-**	3
Costs related to public offerings[3]	**1**	-
Other	**1**	(1)
Adjusted EBITDA	**$258**	$224

[1] Depreciation and amortization includes amounts recorded within Cost of sales in the Consolidated Statements of Operations.
[2] Represents the costs incurred for workforce reductions and branch closure or consolidations. These costs include occupancy costs, severance, and other costs incurred to exit a location.
[3] Represents the costs expensed in connection with Holdings' public offerings.

Reconciliation of Non-GAAP Measures: Net Income to Adjusted Net Income

($ in millions, except share and per share amounts)

	Three Months Ended	
	August 2, 2015	August 3, 2014
Net income	**$109**	$48
Less income from discontinued operations, net of tax	**7**	17
Income from continuing operations	**$102**	$31
Provision for income taxes	**13**	16
Cash paid for income taxes	**(6)**	(6)
Amortization of acquisition-related intangible assets (other than software)	**3**	27
Restructuring[1]	**-**	3
Costs related to public offerings[2]	**1**	-
Adjusted net income	**$113**	$71
Weighted average common shares outstanding (in thousands)		
Basic	**196,893**	194,227
Diluted	**201,809**	200,454
Adjusted Net Income Per Share - Basic	**$0.57**	$0.37
Adjusted Net Income Per Share - Diluted	**$0.56**	$0.35

[1] Represents the costs incurred for workforce reductions and branch closure or consolidations. These costs include occupancy costs, severance, and other costs incurred to exit a location.
[2] Represents the costs expensed in connection with Holdings' public offerings.