

A nighttime photograph of a city skyline, likely Atlanta, Georgia, featuring several prominent skyscrapers illuminated against a dark blue sky. In the foreground, a multi-lane highway is visible with light trails from traffic, suggesting a long-exposure shot. The overall scene is a vibrant urban landscape at dusk or night.

HD SUPPLY[®]

**2013 Fourth-Quarter and Full-Year
Performance**

Financial Results and Company Highlights

March 25, 2014

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’s (the “SEC”), including our annual report on Form 10-K for the year ended February 2, 2014, filed on March 24, 2014, 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.”

- **+9% Sales Growth Versus Prior Year¹ (“VPY”); +8% Organic Sales Growth VPY¹**

- **+21% Adjusted EBITDA Growth VPY¹**

- **+600 BPs Versus Market Estimate²**

- **\$70M of Investment in Strategic Growth Initiatives Across 5 Growth Strategies:**
 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)

¹ Prior year comparison adjusts Fiscal 2012 to eliminate impact of 53rd week and the Crown Bolt contract amendment (see slide 5)

² Management estimate; market estimate is management estimate of the growth of our markets based on multiple quantitative and qualitative inputs

Note: “VPY” denotes versus prior year

- **+7% Sales Growth Versus Prior Year¹ (“VPY”)**
- **+31% Adjusted EBITDA Growth VPY¹**
- **Executed Proactive Cost Structure Alignment to Enhance Growth Momentum**
- **Encouraging “Green Shoots” of Construction Activity Despite Weather Impact**
- **Business Unit Performance VPY¹:**
 - **Facilities Maintenance: +7% Sales, +20% Adjusted EBITDA... +500 BPs Versus Estimated Market Growth²**
 - **Waterworks: +4% Sales, +15% Adjusted EBITDA... +300 BPs Versus Estimated Market Growth²**
 - **Power Solutions: +6% Sales, +27% Adjusted EBITDA... +700 BPs Versus Estimated Market Growth²**
 - **White Cap: +11% Sales, +100% Adjusted EBITDA... +800 BPs Versus Estimated Market Growth²**

¹ Prior year comparison adjusts Fiscal 2012 to eliminate impact of 53rd week and the Crown Bolt contract amendment

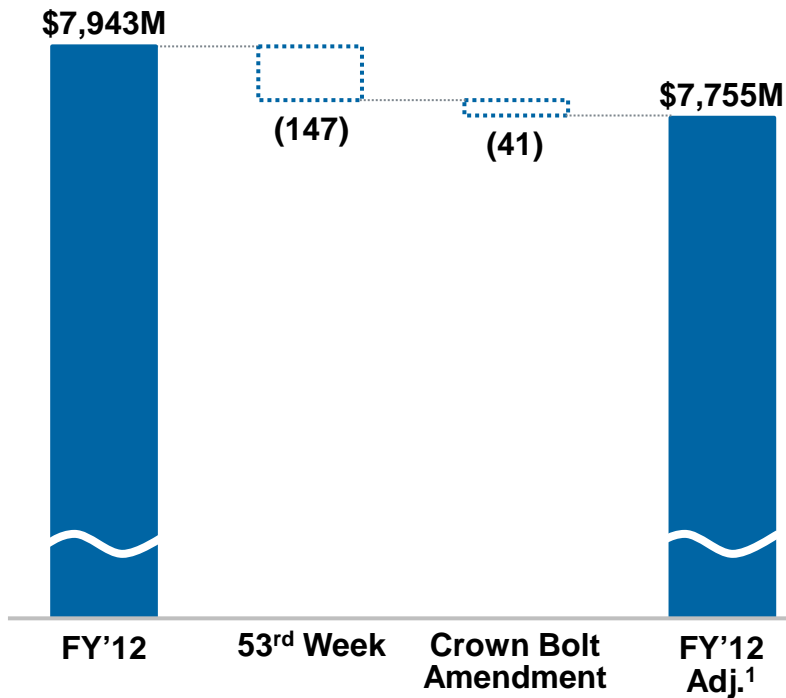
² Management estimate; market estimate is management estimate of the growth of our markets based on multiple quantitative and qualitative inputs

Note: “VPY” denotes versus prior year

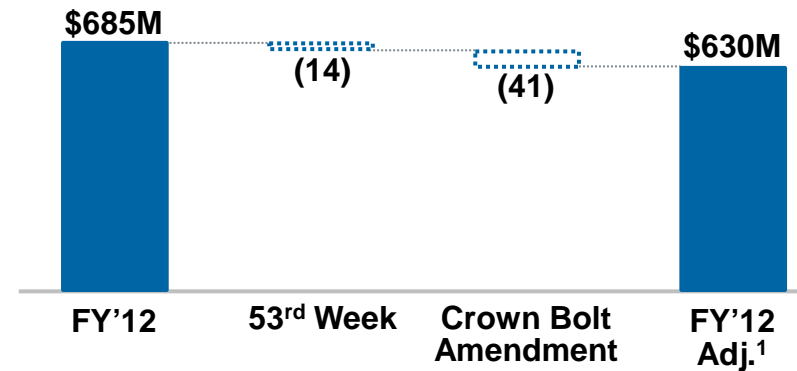
FY'12 Adjustments for Comparability

(\$ in millions)

Net Sales



Adj. EBITDA

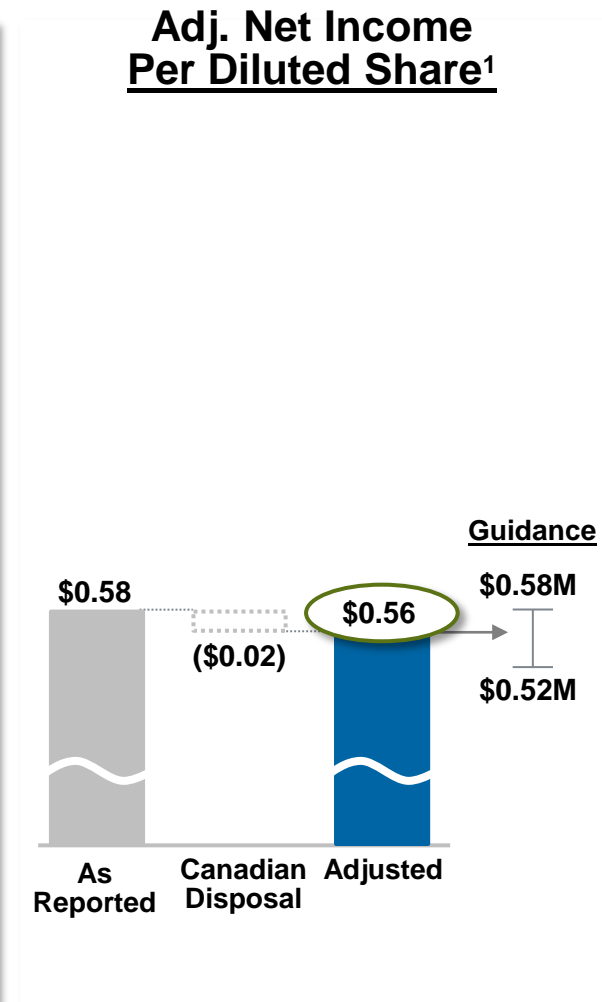
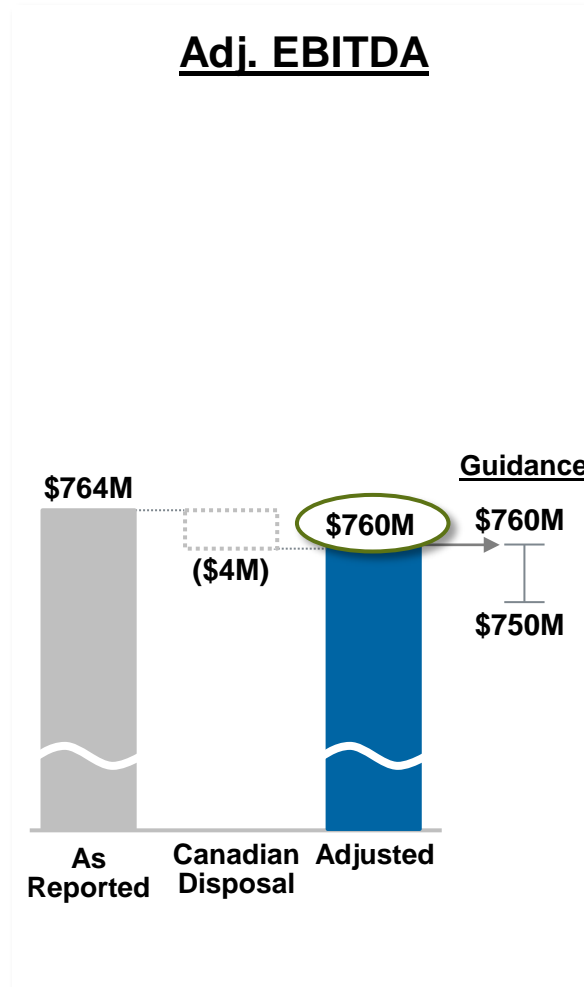
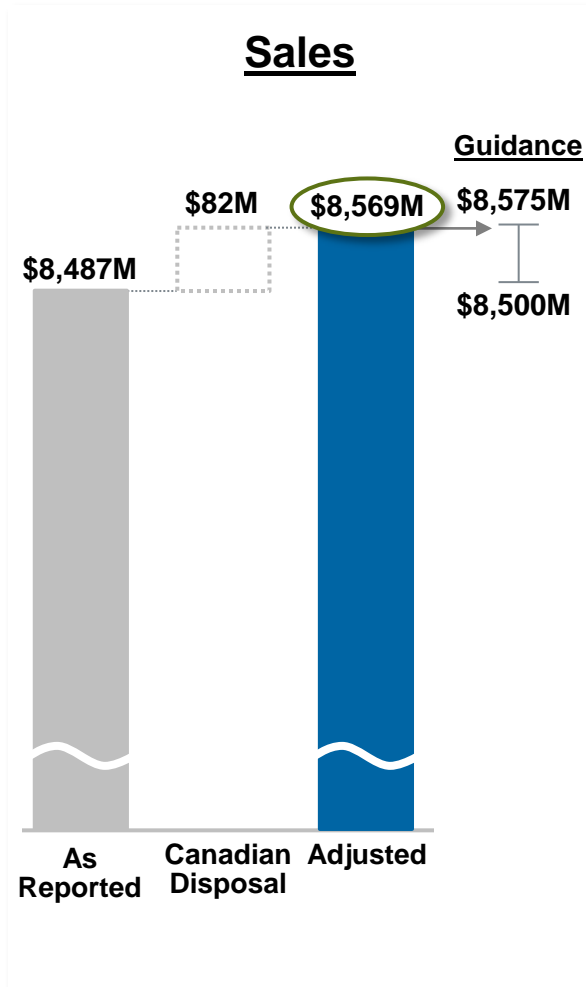


¹ See reconciliation on slide 27

FY'13 Performance Relative to Guidance



(\$ in millions)



¹ Fiscal 2013 Adjusted Net Income per Share guidance range and actuals both include a fully diluted weighted average share count of 172 million

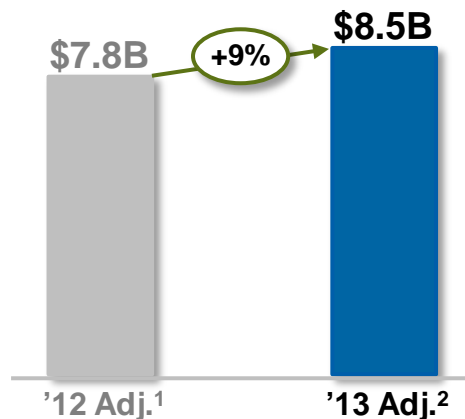
Adjustments for Canadian Discontinued Operations



FY'13 Financial Results

(\$ in millions, unless otherwise noted)

Sales



	'12 Adj. ¹	'13 Adj. ²	VPY ³
Gross Profit	\$2,217M	\$2,475M	+12%
<i>Gross Margin %</i>	28.6%	29.2%	+60BPs
Operating Income	\$271	\$500M	+85%
<i>Op. Income %</i>	3.5%	5.9%	+240BPs
Adj. EBITDA⁴	\$630M	\$764M	+21%
<i>Adj. EBITDA %</i>	8.1%	9.0%	+90BPs
Adj. Net Income⁴	(\$129M)	\$99M	+\$228M

- **FY'13 Sales Growth From:**
 - ~\$500M of Growth Initiatives
 - ~\$150M of End Market Growth
 - ~\$105M of Acquisitions

- **2.3x FY'13 Operating Leverage**

¹ Adjusted to eliminate the impact of the 53rd week and Crown Bolt contract amendment (see slide 27)

² Adjusted to include impact of Restructuring

³ Comparisons to FY'12 adjusted to eliminate the impact of the 53rd week and Crown Bolt contract amendment (see slide 5)

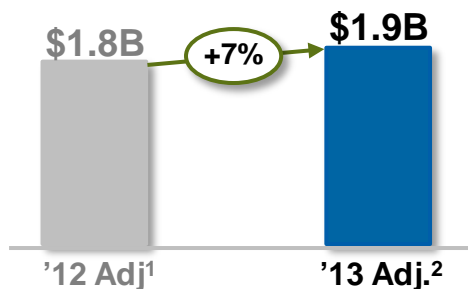
⁴ See appendix slides 29 and 30 for a reconciliation of Adjusted EBITDA and Adjusted Net Income to Net Income

+9% Sales Growth; +21% Adjusted EBITDA Growth in FY'13

Q4'13 Financial Results

(\$ in millions, unless otherwise noted)

Sales



	'12 Adj. ¹	'13 Adj. ²	VPY ³
Gross Profit	\$518M	\$563M	+9%
<i>Gross Margin %</i>	28.7%	29.2%	+50BPs
Operating Income	\$28M	\$87M	+211%
<i>Op. Income %</i>	1.6%	4.5%	+290BPs
Adj. EBITDA⁴	\$118M	\$154M	+31%
<i>Adj. EBITDA %</i>	6.5%	8.0%	+150BPs
Adj. Net Income⁴	(\$80M)	\$ – M	+\$80M

- **\$12M Restructuring Charge in Q4'13:**
 - \$3M of Power Solution Inventory Liquidation (COGS)
 - \$9M Reflected on Restructuring Line of Income Statement

¹ Adjusted to eliminate the impact of the 53rd week and Crown Bolt contract amendment (see slide 26)

² Adjusted to include impact of Restructuring

³ Comparisons to FY'12 adjusted to eliminate the impact of the 53rd week and Crown Bolt contract amendment (see slide 5)

⁴ See appendix slides 29 and 30 for a reconciliation of Adjusted EBITDA and Adjusted Net Income to Net Income

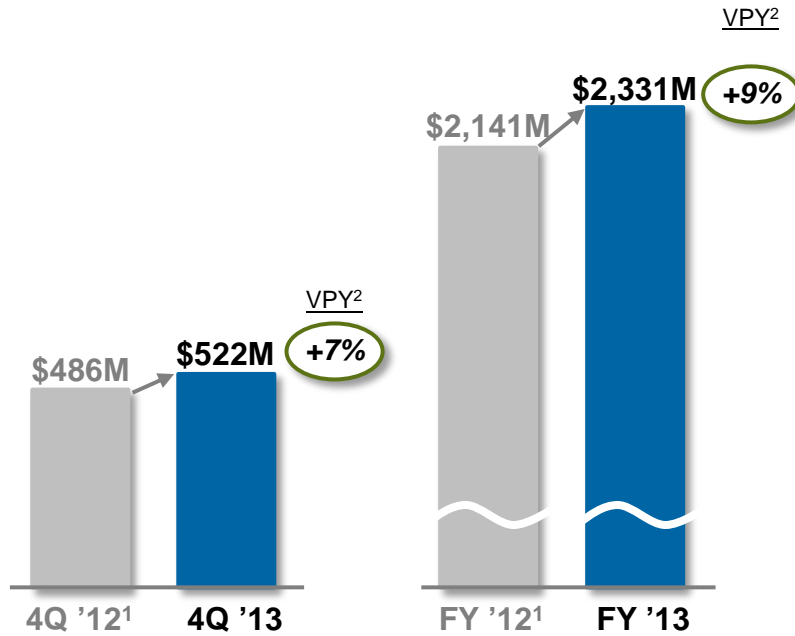
+7% Sales Growth; +31% Adjusted EBITDA Growth in FY'13

Segment Performance

(\$ in millions)



Sales



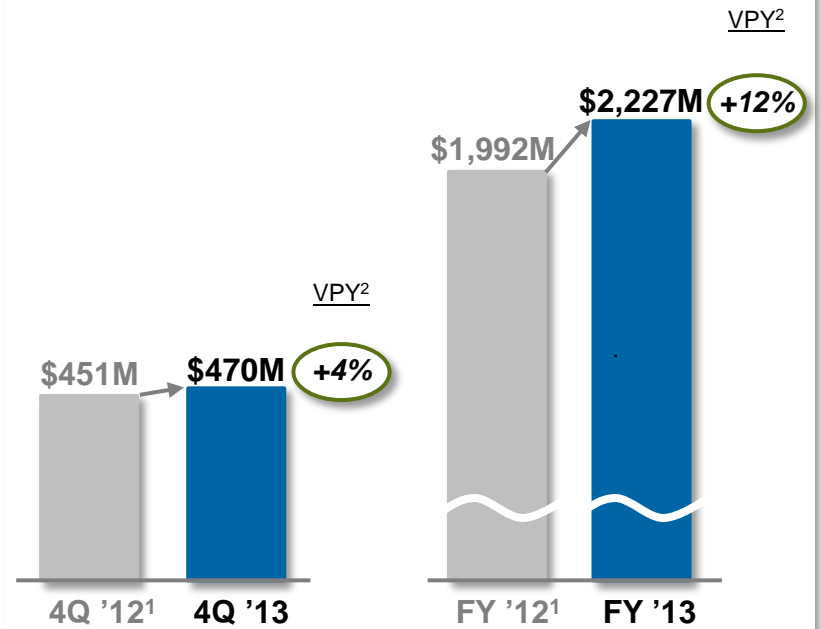
Adj. EBITDA \$75M \$90M +20% \$381M \$434M +14%

Operating Leverage

1.6x



Sales



\$26M \$30M +15% \$135M \$173M +28%

2.4x

¹ Excludes impact of 53rd week (see slide 28)

² Comparisons to FY'12 adjusted to eliminate the impact of the 53rd week (see slide 28)

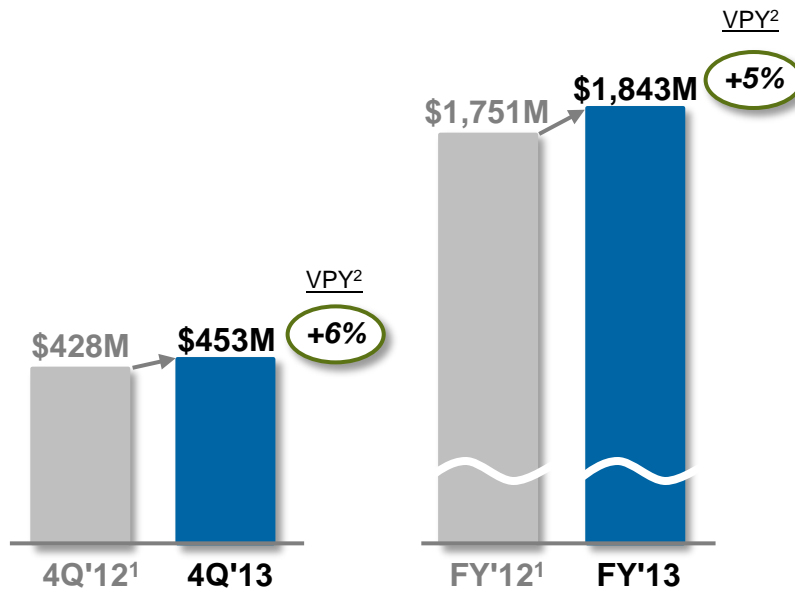
Sales Growth and Operating Leverage

Segment Performance

(\$ in millions)



Sales



Adj. EBITDA

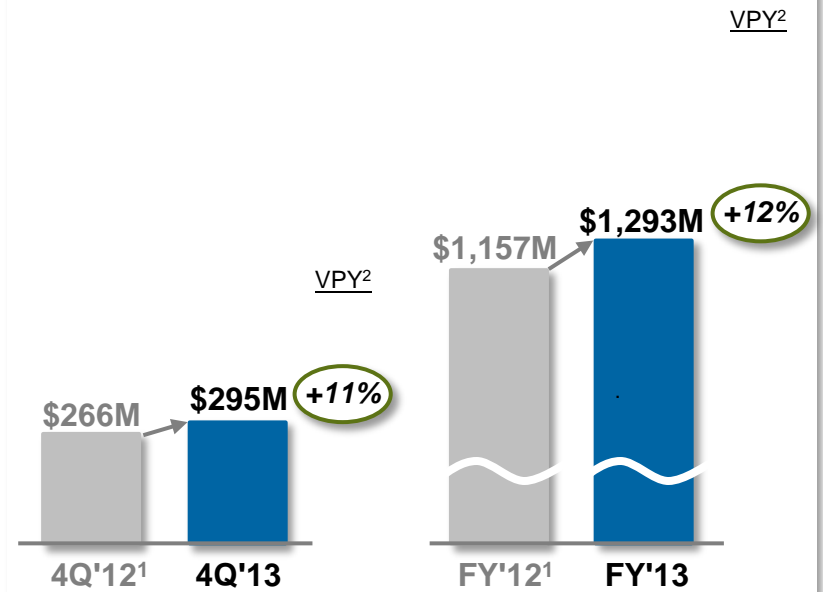


Operating Leverage

1.6x



Sales



3.7x

¹ Excludes impact of 53rd week (see slide 28)

² Comparisons to FY'12 adjusted to eliminate the impact of the 53rd week (see slide 28)

Liquidity and Capital Structure

(\$ in millions, unless otherwise noted)

- **\$5.4B Net Debt at the End of Q4'13**
- **\$994M Liquidity at the End of Q4'13**
- **No Material Bank Debt Maturities Until 2018 and No Note Maturities Until 2019**
- **Re-priced and Extended Maturity of Term Loan; ~\$5M of Annual Interest Expense Savings (after FYE '13)**
- **Favorable Tax Asset with Significant Gross Federal Net Operating Loss Carryforwards of \$2.3B (\$1B Tax-affected Amount of Federal and State NOLs)**
- **Cash Taxes of:**
 - \$8M in FY'13
 - \$10M¹ to \$20M¹ Estimated for FY'14
- **\$131M Capital Expenditures During FY'13 (1.5% of Sales)**

¹ Estimated cash taxes for future periods

² Net of original issue discount and premium

³ Represents the stated rate of interest, without including the effect of discounts of premiums

Q4'13 Debt Balances

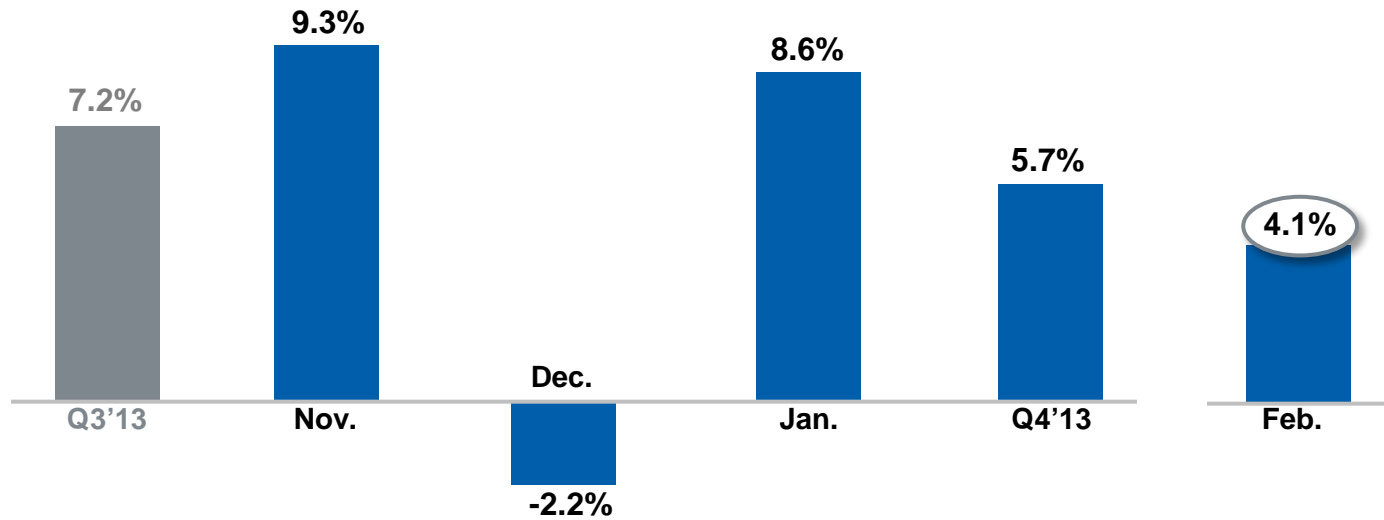
(Adjusted for Feb. '14 Term Loan Amendment)

<u>Facility</u>	<u>Balance²</u>	<u>Interest Rate³</u>	<u>Maturity</u>
Sec. ABL	\$360	1.66%	6/28/18
Sec. Term Loan	966	4.50% 4.00%	6/28/18
Sec. 1 st Lien Notes	1,268	8.125%	4/15/19
Sec. 2 nd Lien Notes	675	11.0%	4/15/20
Unsec. Sr. Notes	1,000	11.5%	7/15/20
Unsec. Sr. Notes	1,275	7.5%	7/15/20
Gross Debt	\$5,544		
Cash	115		
Net Debt	\$5,429		

\$994M of Liquidity with No Near Term Debt Maturities... Positioned for Growth

Q4'13 and February '14 Sales (%)

HD Supply Average Daily Sales Growth VPY



3.9%	8.1%	0.6%	10.6%	7.2%	9.8%
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14.5%	13.7%	-7.5%	6.0%	4.4%	2.2%
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0.9%	7.4%	-2.8%	10.4%	5.6%	-3.9%
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10.7%	9.2%	2.3%	19.9%	11.2%	9.4%
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'14 Selling Days	64	18	19	24	61	20
'13 Selling Days	64	18	19	24	61	20
'12 Selling Days	64	18	20	28	66	20

4% February Average Daily Sales Growth

'14 End Market Outlook

(Approximate End Market Exposure¹)

FY '14 End Markets

Primary End Market					FY '14 End Markets
Residential	✓ (~25%)			✓ (~25%)	Mid-teens Growth
Non-Residential	✓ (~25%)	✓ (~20%)		✓ (~75%)	Single-digit Growth
Infrastructure & Other					Down Low Single-digits to Flat
	Municipal	✓ (~50%)			
			Power	✓ (~80%)	
MRO	✓ (~100%)				+1% to +2%

¹ Management estimates

Cautious Optimism

Controllable Execution

	<u>LT Growth Target¹</u> (BPs Above BU End Market Estimate)	<u>Execution Focus</u>
 "MRO"	+200 - +500 BPs	<ul style="list-style-type: none"> Share of Wallet (Sales Force Effectiveness); New Products and Services (Category Management) Analyze and Prioritize Growth Investments
 "Pent-Up Demand"	+200 - +500 BPs	<ul style="list-style-type: none"> New Products and Services (Adjacent Offerings); New Locations Acquire New Customers (Talent Acquisition)
 "Industry Transformation"	0 - +200 BPs	<ul style="list-style-type: none"> Share of Wallet (Sales Force Effectiveness); New Products and Services (Category Management) SG&A Reductions Given Market Realities and Inventory Alignment
 "Non-Residential"	+200 - +500 BPs	<ul style="list-style-type: none"> Share of Wallet (Sales Force Effectiveness); New Products and Services (Category Management); New Locations Refresh Priority Market Sales Force Effectiveness
 "Focused Execution"	+300 BPs	<ul style="list-style-type: none"> Relevant Experience to Execute in Uncertain Markets... Strict Accountability, Deep Talent Base Executing Structural Cost Reductions and Growth Intensity

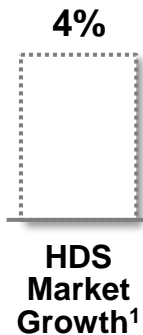
¹ Long-term average growth target based on management estimates and aspirations

Committed to Deliver +300 Basis Points Above Market

'14 Operating Leverage Framework

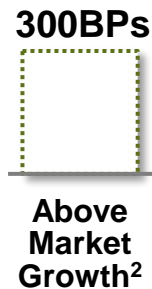
:: Illustrative ::

End Market Growth



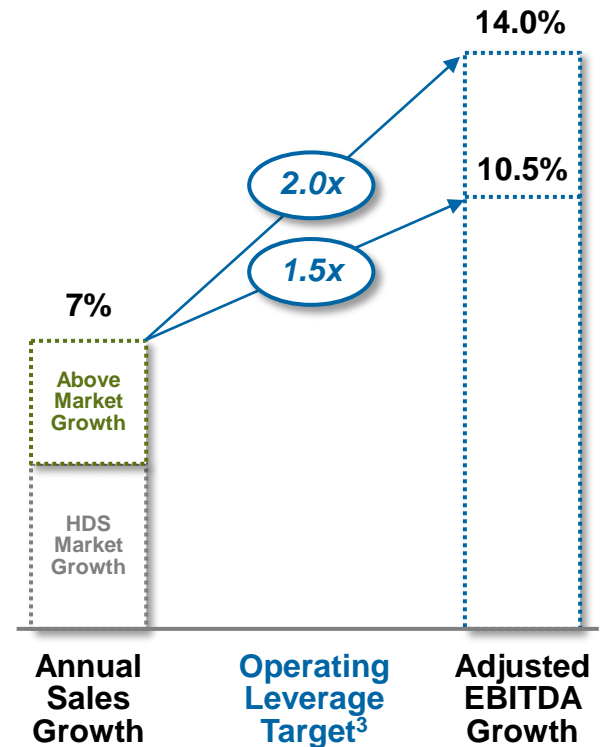
+

Controllable Execution



=

Illustrative Adj. EBITDA Growth



¹ Management estimates

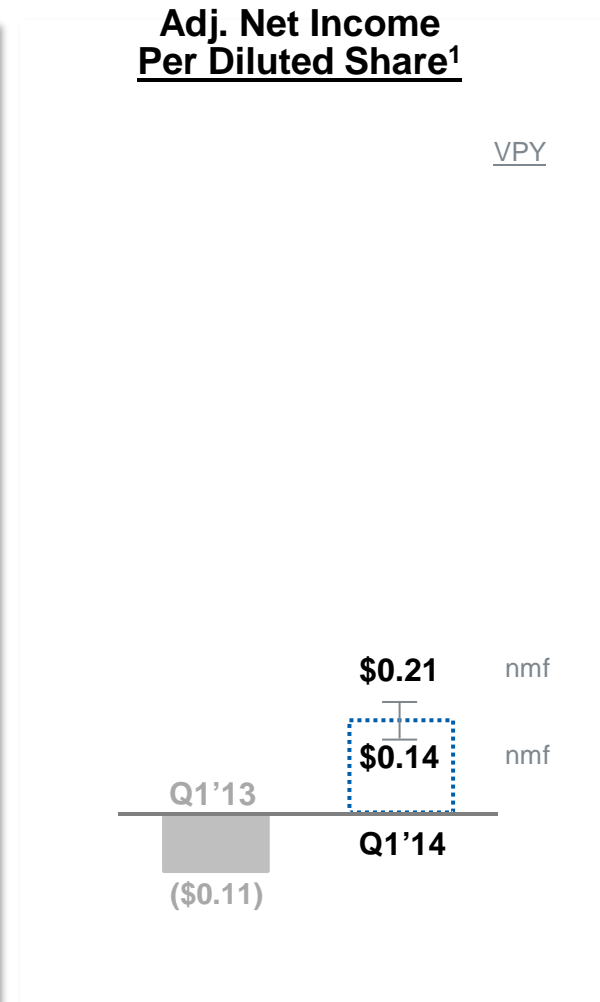
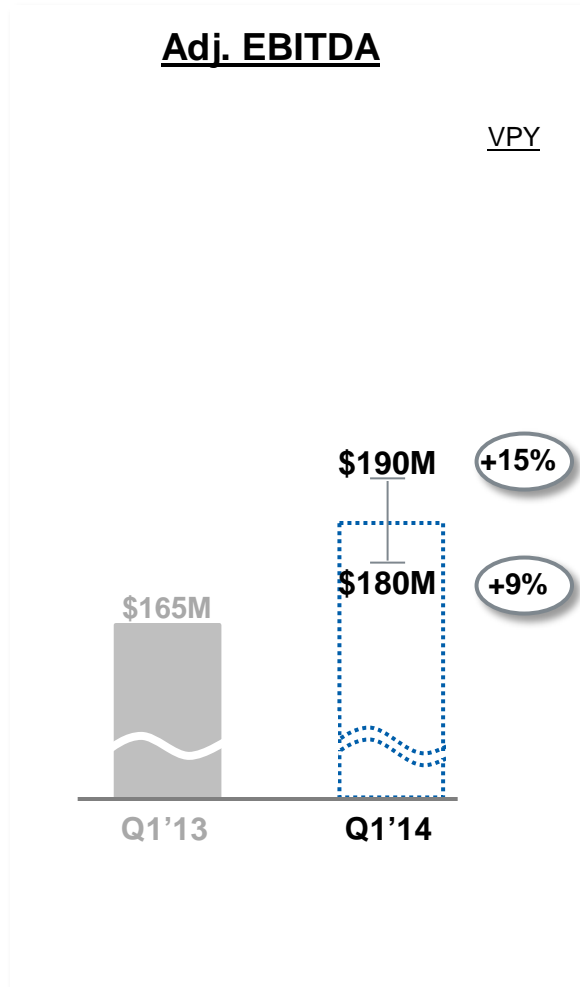
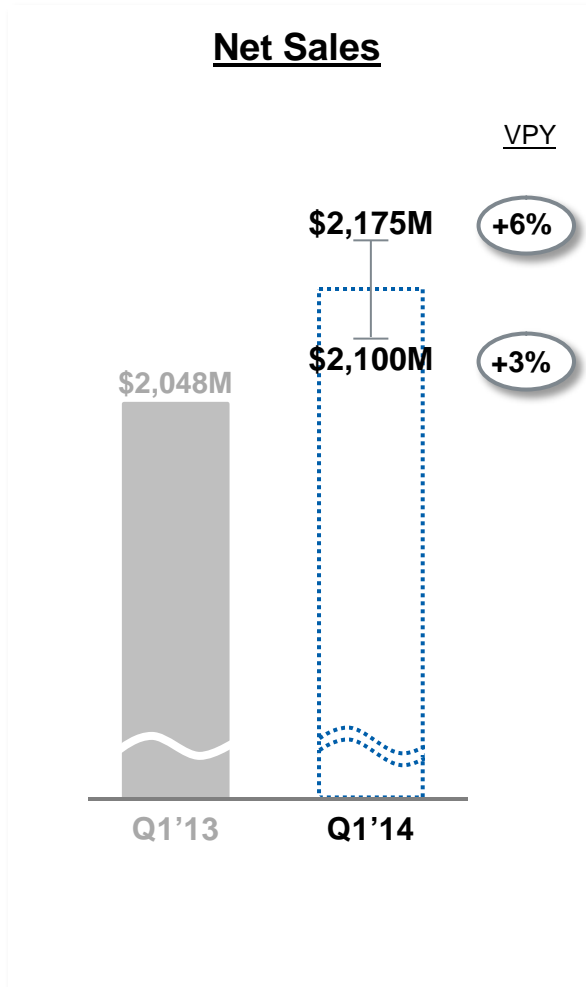
² Long-term average growth target based on management estimates and aspirations

³ Operating Leverage defined as the percentage change in Adjusted EBITDA divided by the percentage change in Sales; target based on management estimates and aspirations

**1.5x – 2.0x FY'14 Operating Leverage Target;
11% – 14% Implied FY'14 Adjusted EBITDA Growth**

Q1'14 Guidance

(\$ in millions, except per share amounts)



¹ Fiscal 2014 Adjusted Net Income per Share range assumes a fully diluted weighted average share count of 198 million

9% – 15% Implied Q1'14 Adjusted EBITDA Growth

A nighttime photograph of a city skyline, likely Atlanta, Georgia, featuring several prominent skyscrapers illuminated against a dark blue sky. In the foreground, a multi-lane highway is shown with light trails from traffic, suggesting a long exposure. The overall scene is a blend of urban architecture and transportation infrastructure.

HD SUPPLY[®]

Q&A

***We Supply the Products and Services to Build
Your City and Keep it Running***

- **+9% Sales Growth and +21% Adjusted EBITDA Growth in FY'13 VPY¹**
- **Executed Proactive Cost Structure Alignment to Enhance Growth Momentum**
- **Enhance Capital Structure**
- **Investing to Fuel Future Growth**
- **Encouraging “Green Shoots” of Construction Despite Weather Impact**
- **Early Innings of Our Full Potential**

¹ Prior year comparison adjusts Fiscal 2012 to eliminate impact of 53rd week and the Crown Bolt contract amendment (see slide 5)
Note: “VPY” denotes versus prior year



Appendix

Q4'13 End Market Growth Estimates

(Approximate End Market Exposure¹)

Q4 Primary End Market Estimate ²	Primary End Market ¹					Q4'13 BU Market ²	Q4'13 Growth ³	Growth in Excess of Estimated Market Growth ²
	MRO	Residential	Non-Resi.	Municipal	Power			
	~2%	~15%	~Flat	(~2%)	(~1%)			
	100%					~2%	7%	+500BPs
		25%	25%	50%		~Flat	3%	+300BPs
			20%		80%	(~1%)	6%	+700BPs
		25%	75%			~3%	11%	+800BPs
						~1%	7%	+600BPs

¹ Management estimates based on Fiscal Year 2012 Net Sales

² Management estimate

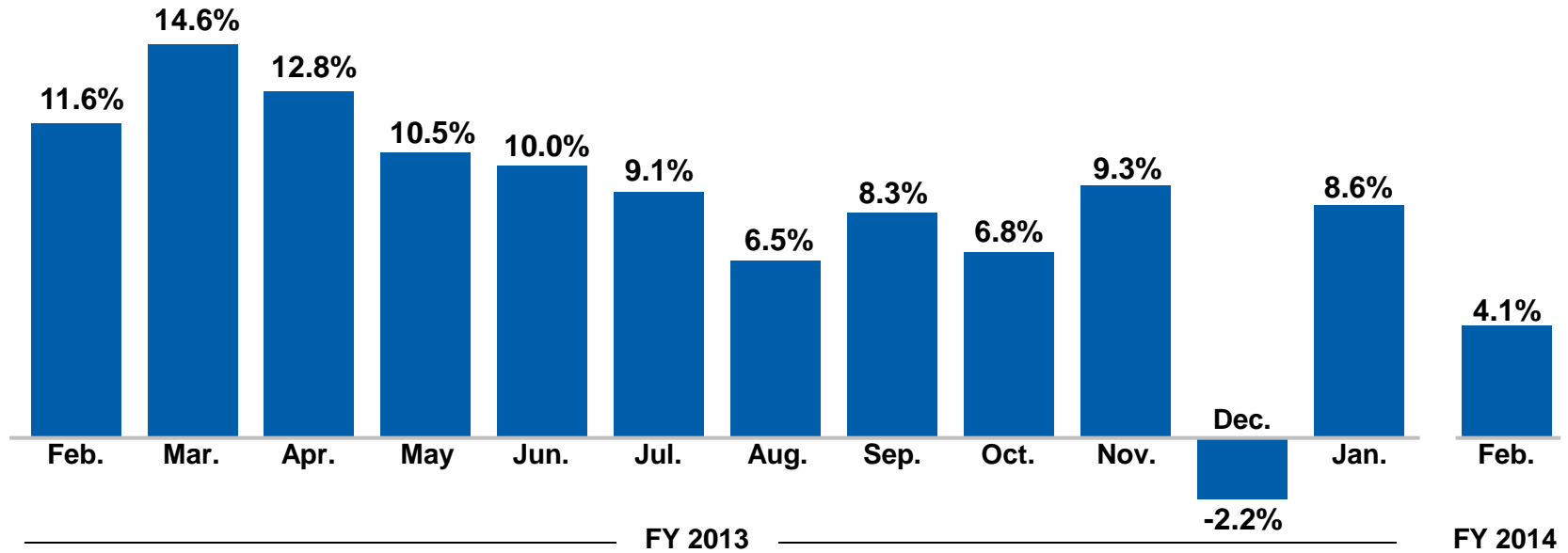
³ Organic Sales growth

+600BPs of Estimated End Market Outgrowth in Q4'13

Monthly Average Daily Sales Growth (%)

(VPY%)

HD Supply Average Daily Sales Growth VPY



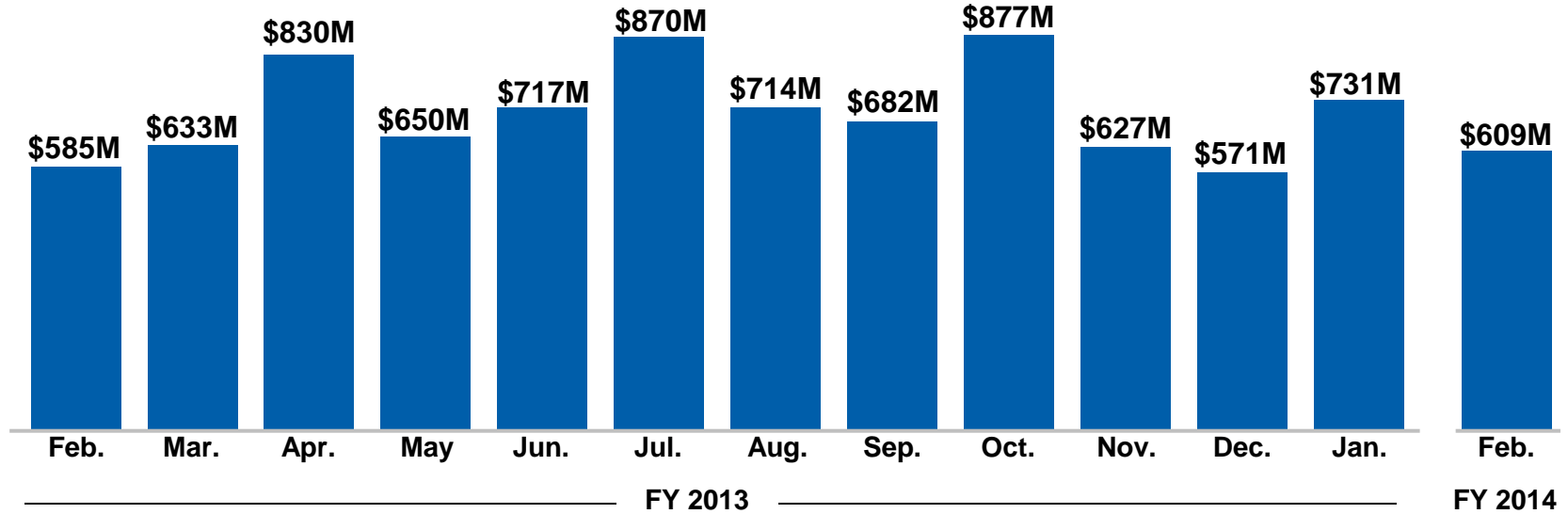
	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.
	FY 2013											FY 2014	
FACILITIES MAINTENANCE	11.6%	11.1%	15.5%	13.1%	13.0%	9.3%	1.6%	6.0%	4.5%	8.1%	0.6%	10.6%	9.8%
WATERWORKS	13.8%	15.2%	11.6%	12.2%	14.1%	15.7%	15.1%	15.7%	13.0%	13.7%	-7.5%	6.0%	2.2%
POWER SOLUTIONS	6.5%	18.9%	9.2%	4.4%	2.5%	3.8%	-0.4%	1.4%	1.3%	7.4%	-2.8%	10.4%	-3.9%
WHITE CAP	16.6%	17.9%	16.0%	10.6%	9.9%	7.3%	10.5%	12.4%	9.5%	9.2%	2.3%	19.9%	9.4%
'14 Selling Days	20	20	25	19	20	24	20	19	25	18	19	24	20
'13 Selling Days	20	20	25	19	20	24	20	19	25	18	19	24	20
'12 Selling Days	20	20	25	20	19	24	20	19	25	18	20	28	20

4% Average Daily Sales Growth in Feb. '14

Monthly Net Sales (\$)

(\$ in millions)

HD Supply Net Sales



	FY 2013												FY 2014
	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.
FACILITIES MAINTENANCE	\$160	\$170	\$231	\$179	\$203	\$256	\$199	\$184	\$227	\$162	\$153	\$207	\$176
WATERWORKS	\$143	\$157	\$223	\$175	\$193	\$233	\$201	\$194	\$238	\$163	\$139	\$168	\$146
POWER SOLUTIONS	\$140	\$149	\$173	\$133	\$147	\$176	\$141	\$136	\$195	\$145	\$134	\$174	\$134
WHITE CAP EXCELLENCE IN CONSTRUCTION EQUIPMENT SUPPLY	\$87	\$98	\$125	\$99	\$109	\$128	\$108	\$105	\$139	\$95	\$88	\$112	\$96

'14 Selling Days	20	20	25	19	20	24	20	19	25	18	19	24	20
'13 Selling Days	20	20	25	19	20	24	20	19	25	18	19	24	20
'12 Selling Days	20	20	25	20	19	24	20	19	25	18	20	28	20

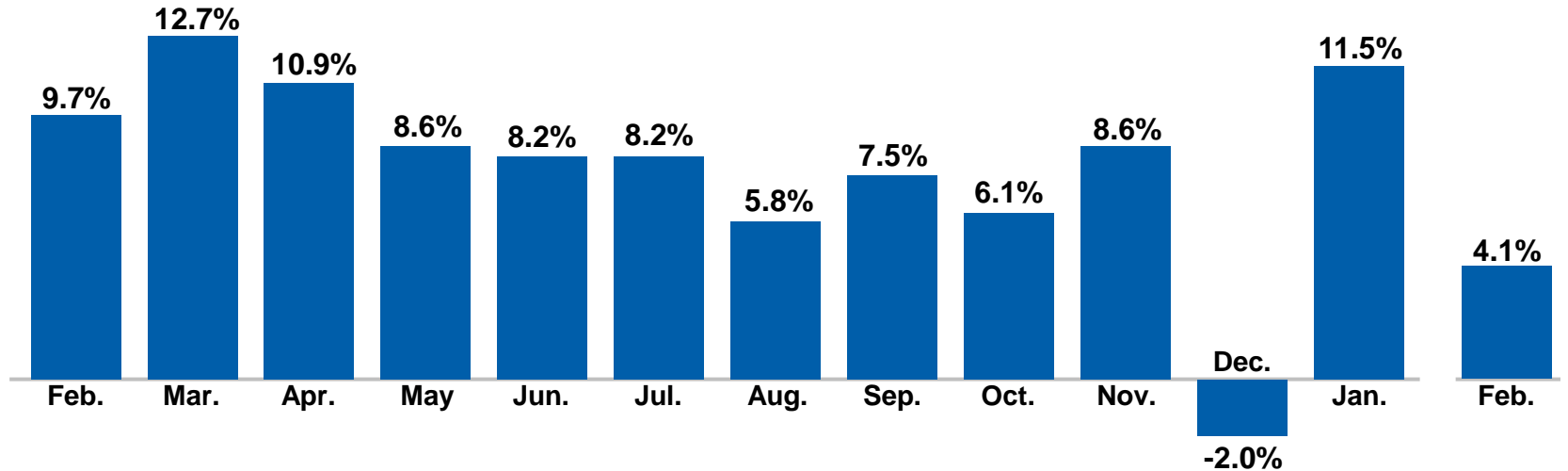
\$609M Feb. '14 Sales

Monthly Average Daily Sales Growth – Organic (%)



(VPY%)

HD Supply Organic Average Daily Sales Growth VPY¹



FY 2013

FY 2014

	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.
FACILITIES MAINTENANCE	8.3%	7.8%	11.8%	9.3%	9.8%	8.8%	1.6%	6.0%	4.5%	8.1%	0.6%	10.6%	9.8%
WATERWORKS	8.1%	9.8%	7.2%	7.7%	9.2%	11.1%	11.2%	11.7%	9.3%	9.7%	-7.5%	6.0%	2.2%
POWER SOLUTIONS	6.5%	18.9%	9.2%	4.4%	2.5%	3.8%	-0.4%	1.4%	1.3%	7.4%	-2.8%	10.4%	-3.9%
WHITE CAP	16.6%	17.9%	16.0%	10.6%	9.9%	7.3%	10.5%	12.4%	9.5%	9.2%	2.3%	19.9%	9.4%

'14 Selling Days	20	20	25	19	20	24	20	19	25	18	19	24	20
'13 Selling Days	20	20	25	19	20	24	20	19	25	18	19	24	20
'12 Selling Days	20	20	25	20	19	24	20	19	25	18	20	28	20

¹ Adjusted for Acquisitions, Crown Bolt Contract Amendment, and Selling Days

~7% Organic Average Daily Sales Growth in Q4'13



Average Daily Sales Growth – Organic



(VPY%)

Organic Average Daily Sales Growth VPY¹

	Q1	Q2	Q3	Q4	FY
2011					
Fac. Maintenance	9.3%	8.6%	13.5%	13.8%	11.2%
Waterworks	(5.4%)	8.5%	3.5%	15.0%	5.0%
Power Solutions	16.2%	12.2%	11.1%	5.5%	11.1%
White Cap	5.4%	11.8%	18.4%	25.9%	15.1%
HD Supply	3.5%	8.5%	9.2%	13.3%	8.6%
Selling Days	65	63	64	61	253
2012					
Fac. Maintenance	13.7%	11.4%	14.5%	10.1%	12.3%
Waterworks	17.1%	6.3%	12.8%	9.3%	11.0%
Power Solutions	5.1%	6.0%	9.1%	11.1%	7.8%
White Cap	23.1%	20.4%	14.8%	13.8%	17.7%
HD Supply	14.0%	9.7%	12.5%	10.1%	11.4%
Selling Days	65	63	64	66	258
2013					
Fac. Maintenance	9.6%	9.4%	3.9%	6.9%	7.5%
Waterworks	8.2%	9.5%	10.6%	3.3%	8.2%
Power Solutions	11.3%	3.6%	0.9%	5.7%	5.2%
White Cap	16.5%	9.4%	10.7%	11.4%	11.9%
HD Supply	11.1%	8.4%	6.5%	6.7%	8.2%
Selling Days	65	63	64	61	253

¹ Adjusted for Acquisitions, Crown Bolt Contract Amendment, and Selling Days

~7% Organic Average Daily Sales Growth in Q4'13



Operating Leverage

	Operating Leverage ¹				
	Q1	Q2	Q3	Q4	FY
2011					
Facilities Maintenance	1.2x	1.5x	0.7x	1.3x	1.1x
Waterworks	nm	1.3x	2.5x	3.6x	2.8x
Power Solutions	1.2x	0.6x	1.2x	(6.6x)	0.2x
White Cap	nm	nm	12.2x	nm	nm
HD Supply	6.6x	2.9x	1.9x	2.2x	2.7x
2012					
Facilities Maintenance	1.3x	1.2x	1.6x	1.3x	1.4x
Waterworks	1.7x	2.9x	1.0x	1.8x	1.7x
Power Solutions	3.3x	7.2x	2.6x	10.5x	5.1x
White Cap	nm	7.7x	4.7x	nm	12.5x
HD Supply	2.7x	2.4x	2.4x	3.1x	2.6x
2013					
Facilities Maintenance	1.4x	1.3x	1.6x	2.7x	1.6x
Waterworks	2.7x	2.0x	2.1x	3.7x	2.4x
Power Solutions	2.5x	(2.8x)	-	4.6x	1.6x
White Cap	4.5x	3.5x	2.1x	9.2x	3.7x
HD Supply	2.2x	1.7x	1.9x	4.4x	2.3x

¹ Operating Leverage is Defined as Adjusted EBITDA Growth Divided by Adjusted Sales Growth. Adjustments Comprise the 53rd Week in fiscal 2012 and the Crown Bolt Amended Agreement. Not Meaningful ("nm") when Sales Growth is Negative, and when Prior Period Adjusted EBITDA is Negative.

2.3x Operating Leverage in FY'13

Reconciliation of Non-GAAP Measures: Consolidated Results

(\$ in millions)

	Fourth-Quarter Fiscal 2013			Fourth-Quarter Fiscal 2012				
	As Reported	Restructuring ⁽¹⁾	Adjusted	As Reported	53 rd Week ⁽²⁾	CB / THD ⁽³⁾	Impairment ⁽⁴⁾	Adjusted
Net Sales	\$ 1,929	\$—	\$ 1,929	\$ 1,974	\$ (147)	\$ (23)	\$—	\$ 1,804
Cost of sales	1,369	(3)	1,366	1,392	(106)	—	—	1,286
Gross Profit	560	3	563	582	(41)	(23)	—	518
Operating expenses:								
Selling, general and administrative	415	—	415	431	(27)	—	—	404
Depreciation and amortization	61	—	61	86	—	—	—	86
Restructuring charge	9	(9)	—	—	—	—	—	—
Goodwill & other intangible asset impairment	—	—	—	152	—	—	(152)	—
Total operating expenses	485	(9)	476	669	(27)	—	(152)	490
Operating Income(Loss)	\$ 75	12	\$ 87	\$ (87)	(14)	(23)	152	\$ 28
Adjusted EBITDA	\$ 154	—	\$ 154	\$ 155	(14)	(23)	—	\$ 118

- (1) Represents the costs incurred for workforce reductions, branch closures or consolidations, and inventory liquidation. These costs include occupancy costs, severance, and other costs incurred to exit a location.
(2) Represents the 53rd week of operations in fiscal 2012. Fiscal 2013 includes 52 weeks of operations.
(3) Represents the impact of the amendment of the strategic purchase agreement between our Crown Bolt business and The Home Depot, Inc. The new 7-year exclusive agreement through January 2020 reduced pricing levels and eliminated the minimum purchase guarantee from the original agreement.
(4) Represents the 2012 Crown Bolt non-cash impairment charge of goodwill and an intangible asset.

Reconciliation of Non-GAAP Measures: Consolidated Results

(\$ in millions)

	Fiscal 2013			Fiscal 2012				
	As Reported	Restructuring ⁽¹⁾	Adjusted	As Reported	53 rd Week ⁽²⁾	CB / THD ⁽³⁾	Impairment ⁽⁴⁾	Adjusted
Net Sales	\$ 8,487	\$–	\$ 8,487	\$ 7,943	\$ (147)	\$ (41)	\$–	\$ 7,755
Cost of sales	6,015	(3)	6,012	5,644	(106)	–	–	5,538
Gross Profit	2,472	3	2,475	2,299	(41)	(41)	–	2,217
Operating expenses:								
Selling, general and administrative	1,733	–	1,733	1,637	(27)	–	–	1,610
Depreciation and amortization	242	–	242	336	–	–	–	336
Restructuring charge	9	(9)	–	–	–	–	–	–
Goodwill & other intangible asset impairment	–	–	–	152	–	–	(152)	–
Total operating expenses	1,984	(9)	1,975	2,125	(27)	–	(152)	1,946
Operating Income(Loss)	\$ 488	12	\$ 500	\$ 174	(14)	(41)	152	\$ 271
Adjusted EBITDA	\$ 764	–	\$ 764	\$ 685	(14)	(41)	–	\$ 630

- (1) Represents the costs incurred for workforce reductions, branch closures or consolidations, and inventory liquidation. These costs include occupancy costs, severance, and other costs incurred to exit a location.
(2) Represents the 53rd week of operations in fiscal 2012. Fiscal 2013 includes 52 weeks of operations.
(3) Represents the impact of the amendment of the strategic purchase agreement between our Crown Bolt business and The Home Depot, Inc. The new 7-year exclusive agreement through January 2020 reduced pricing levels and eliminated the minimum purchase guarantee from the original agreement.
(4) Represents the 2012 Crown Bolt non-cash impairment charge of goodwill and an intangible asset.

Reconciliation of Non-GAAP Measures: Segment Results

(\$ in millions)

	Fourth-Quarter Fiscal 2012			Fiscal 2012		
	As Reported	53 rd Week ⁽¹⁾	52-Week Basis	As Reported	53 rd Week ⁽¹⁾	52-Week Basis
Net Sales						
Facilities Maintenance	\$ 527	\$ (41)	\$ 486	\$ 2,182	\$ (41)	\$ 2,141
Waterworks	487	(36)	451	2,028	(36)	1,992
Power Solutions	464	(36)	428	1,787	(36)	1,751
White Cap	287	(21)	266	1,178	(21)	1,157
Adjusted EBITDA						
Facilities Maintenance	\$ 83	(8)	\$ 75	\$ 389	(8)	\$ 381
Waterworks	28	(2)	26	137	(2)	135
Power Solutions	17	(2)	15	72	(2)	70
White Cap	8	(1)	7	56	(1)	55

(1) Represents the 53rd week of operations in fiscal 2012. Fiscal 2013 includes 52 weeks of operations

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

(\$ in millions)

	Three Months Ended		Twelve Months Ended	
	Feb. 2, 2014	Feb. 3, 2013	Feb. 2, 2014	Feb. 3, 2013
Net income (loss)	\$ (66)	\$ (713)	\$ (218)	\$ (1,179)
Less income (loss) from discontinued operations, net of tax	(7)	–	(9)	18
Income (loss) from continuing operations	(59)	(713)	(209)	(1,197)
Interest expense, net	119	169	528	658
Provision (benefit) from income taxes	15	(32)	62	4
Depreciation and amortization (1)	62	87	245	339
Restructuring (2)	12	–	12	–
Goodwill & other intangible asset impairment (3)	–	152	–	152
Stock-based compensation	4	3	16	16
Management fee & related expenses paid to Equity Sponsor (4)	–	1	2	5
Loss on extinguishment & modification of debt (5)	–	489	87	709
Costs related to the initial public offering (6)	–	–	20	–
Other	1	(1)	1	(1)
Adjusted EBITDA	\$ 154	\$ 155	\$ 764	\$ 685

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, branch closures or consolidations, and inventory liquidation. These costs include occupancy costs, severance, and other costs incurred to exit a location.

3 Represents the 2012 Crown Bolt non-cash impairment charge of goodwill and an intangible asset

4 The company entered into consulting agreements with the Equity Sponsors whereby the company paid the Equity Sponsors a \$5 million annual aggregate management fee and related expenses. These consulting agreements were terminated in conjunction with the company's initial public offering in the second quarter of fiscal 2013.

5 Represents the loss on extinguishment of debt including the premium paid to repurchase or call the debt as well as the write-off of unamortized deferred financing costs and other assets or liabilities associated with such debt. Also includes the costs of debt modification.

6 Represents the costs expensed in connection with the initial public offering, including approximately \$18 million paid to the Equity Sponsors for termination of the consulting agreements.

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



(\$ in millions)

	Three Months Ended		Twelve Months Ended	
	Feb. 2, 2014	Feb. 3, 2013	Feb. 2, 2014	Feb. 3, 2013
Net income (loss)	\$ (66)	\$ (713)	\$ (218)	\$ (1,179)
Less income (loss) from discontinued operations, net of tax	(7)	–	(9)	18
Income (loss) from continuing operations	(59)	(713)	(209)	(1,197)
Plus: Provision(benefit) for income taxes	15	(32)	62	4
Less: Cash income taxes (paid) received	(2)	1	(8)	(1)
Plus: Amortization of acquisition-related intangible assets (other than software)	34	62	135	243
Plus: Restructuring (1)	12	–	12	–
Plus: Goodwill & other intangible asset impairment (2)	–	113	–	113
Plus: Loss on extinguishment & modification of debt (3)	–	489	87	709
Plus: Costs related to the initial public offering (4)	–	–	20	–
Adjusted net income (loss)	\$ –	\$ (80)	\$ 99	\$ (129)

Weighted average common shares outstanding (in thousands)

Basic	191,858	130,578	166,905	130,561
Diluted	191,858	130,578	171,764	130,561
Adjusted Net Income (Loss) Per Share - Basic	\$ -	(\$0.61)	\$0.59	(\$0.99)
Adjusted Net Income (Loss) Per Share - Diluted	\$ -	(\$0.61)	\$0.58	(\$0.99)

1 Represents the costs incurred for workforce reductions, branch closures or consolidations, and inventory liquidation. These costs include occupancy costs, severance, and other costs incurred to exit a location.

2 Represents the 2012 Crown Bolt non-cash impairment charge of goodwill and an intangible asset

3 Represents the loss on extinguishment of debt including the premium paid to repurchase or call the debt as well as the write-off of unamortized deferred financing costs and other assets or liabilities associated with such debt. Also includes the costs of debt modification.

4 Represents the costs expensed in connection with the initial public offering, including approximately \$18 million paid to the Equity Sponsors for termination of the consulting agreements.