



**CHARTER OF THE
AUDIT COMMITTEE OF THE BOARD OF DIRECTORS
OF HD SUPPLY HOLDINGS, INC.**

Pursuant to the duly adopted Third Amended and Restated By-Laws of the Company (the “By-Laws”), the Board of Directors (the “Board”) of HD Supply Holdings, Inc. (the “Company”) has determined that the Audit Committee (the “Committee”) of the Board shall assist the Board in fulfilling certain of its oversight responsibilities. The Board has adopted this Charter to establish the governing principles of the Committee. This Charter shall become effective upon the closing of the initial public offering of the Company’s common stock.

Purposes

The primary purposes of the Committee are to: (a) assist the Board in overseeing and monitoring matters relating to: (i) the Company’s accounting and financial reporting policies, practices and processes, (ii) the quality and integrity of the Company’s financial statements, (iii) the effectiveness of the Company’s internal control over financial reporting, (iv) the Company’s compliance with legal and regulatory requirements, (v) the qualifications, independence, and performance of the Company’s independent auditor and (vi) the capabilities, resources, and performance of the Company’s internal audit function and (b) prepare the report of the Committee required to be included in the Company’s annual proxy statement under the rules of the Securities and Exchange Commission (the “SEC”).

The function of the Committee is oversight. In fulfilling their responsibilities hereunder, it is recognized that members of the Committee are not employees of the Company. It is not the duty or responsibility of the Committee or its members to conduct auditing or accounting reviews or procedures. Each member of the committee shall be entitled to rely, to the maximum extent permitted under applicable law, on (i) the integrity of those persons and organizations within and outside the Company from which it receives information and (ii) the accuracy of the financial and other information provided to the Committee by such persons or organizations absent actual knowledge to the contrary (which shall be promptly reported to the Board).

Management is responsible for the preparation, presentation, and integrity of the Company’s financial statements, for the appropriateness of the accounting principles and reporting policies that are used by the Company, and for establishing and maintaining internal control over financial reporting. The independent auditor is responsible for auditing the Company’s financial statements and management’s assessment of the effectiveness of internal control over financial reporting, and for reviewing the Company’s unaudited interim financial statements.

Membership

The Committee shall consist of no fewer than three (3) directors. Members of the Committee shall be appointed, and may be removed, by the Board on the recommendation of the Nominating and Corporate Governance Committee of the Board in accordance with the By-Laws of the Company. Committee members shall serve for such term or terms as the Board may determine. The Committee shall have the authority to establish subcommittees and to delegate any of its responsibilities to such subcommittees as the Committee may deem appropriate, provided that any such subcommittee is composed entirely of directors that meet the independence standards provided herein. Unless a Chairman of the Committee is elected by the Board, the Committee may designate its Chairman by majority vote of the full Committee membership.

Each member of the Committee shall, in the judgment of the Board, satisfy the independence requirements relating to directors and audit committee members (a) of the Nasdaq Stock Exchange (the “Nasdaq”) and (b) under Section 10A(m) of the Securities Exchange Act of 1934 (the “Exchange Act”) and any rules and regulations promulgated thereunder by the SEC. Each member of the Committee shall be able to read and understand fundamental financial statements, including a company’s balance sheet, income statements and cash flow statement, and at least one member of the Committee shall be an “audit committee financial expert” as defined in Item 407(d) of SEC Regulation S-K, as such qualification is interpreted by the Board in its business judgment. The membership of the Committee shall meet the foregoing requirements within the phase-in periods provided in the Nasdaq rules relating to audit committees of public companies following an initial public offering.

No director may serve on the Committee if such director simultaneously serves on the audit committee of more than two other public companies, unless the Board determines that such simultaneous service would not impair the ability of such director to effectively serve on the Committee.

Powers and Responsibilities

The Committee’s duties and responsibilities shall include the matters enumerated below, as well as such other matters as may be delegated to the Committee by the Board from time to time:

- 1.** *Oversight of Relationship with the Independent Auditor.* The Committee shall have the sole authority to appoint or replace the independent auditor (subject, if applicable, to shareholder ratification). The Committee shall (a) review and evaluate the performance, independence and qualifications of the independent auditor; (b) review and evaluate the lead partner of the independent auditor, and ensure proper rotation of the lead partner as required by law; (c) pre-approve all audit and, subject to the de minimis exception of Section 10A(i) of the Exchange Act and the SEC rules promulgated thereunder, all permitted non-audit engagements for the independent auditor; and (d) approve compensation payable by the Company for any approved audit or non-audit services to any such independent auditor, including the fees, terms and conditions for the performance of such services. The Committee shall also be responsible for resolving

disagreements between management and the independent auditor regarding financial reporting. The independent auditor shall report directly to the Committee.

2. *Independence of the Independent Auditor.* In connection with the retention of the Company's independent auditor, the Committee shall (a) review and confirm the independence of the independent auditor by obtaining statements on relationships between the independent auditor and the Company (including the auditors' fees billed for audit services, audit-related fees, tax fees, and all other non-audit services, respectively, for each fiscal year); (b) establish, and periodically review, policies for the Company's hiring of employees or former employees of the independent auditor who participated in any capacity in the audit of the Company's financial statements; (c) engage in a dialogue with the independent auditor with respect to any disclosed relationship or service that may impact the auditor's independence and objectivity and (d) present its conclusions and recommendations with respect to the independent auditor to the Board at least annually.
3. *Review of Independent Auditor's Quality Control.* The Committee shall obtain and review a report from the independent auditor at least annually detailing: (a) the independent auditor's internal quality-control procedures; (b) any material issues raised by the most recent quality-control review, or peer review, of the independent auditor; (b) any publicly available reports issued within the past five years by the Public Company Accounting Oversight Board (the "PCAOB") or other governmental or professional authorities concerning the independent auditor; (c) any PCAOB review of the independent auditor, or any inquiry or investigation by governmental or professional authorities within the past five years of the independent auditor, and any steps taken to deal with such issues; and (d) all relationships between the independent auditor and the Company consistent with the applicable requirements of the PCAOB.
4. *Pre-approval of Auditing and Permitted Non-audit Services.* The Committee shall have the responsibility and authority to pre-approve all auditing and permitted non-audit services performed by the Company's independent auditor. The Committee may delegate pre-approval authority to one or more designated members of the Committee, who must then provide a report of such pre-approvals to the Committee at its next scheduled meeting. When pre-approving non-audit services by the independent auditor, the Committee shall consider whether provision of such services is consistent with maintaining the independent auditor's independence.
5. *Review of Audit Plan.* The Committee shall review the proposed audit scope, approach and staffing, including coordination of audit effort with internal audit.
6. *Review of Conduct of the Audit.* The Committee shall, at least annually, discuss with the independent auditor, out of the presence of management if deemed appropriate, (a) the matters required to be communicated to audit committees in accordance with the auditing standards of the PCAOB as they may be modified or supplemented, relating to the conduct of the audit; and (b) the audit process, including, without limitation, problems or difficulties and management's response, including (i) any restriction on audit scope or on access to requested information, (ii) any audit problems, difficulties or significant

disagreements with management and management's response thereto, and (iii) significant issues (including matters of audit quality and consistency) discussed with the independent auditor's national office. The Committee shall obtain annually assurance from the independent auditor that the audit was conducted in a manner consistent with Section 10A of the Securities Exchange Act of 1934, as amended.

7. *Review of Audit Results.* The Committee shall review and discuss with the independent auditor (a) the report of their annual audit, or proposed report of their annual audit; (b) material written communications between the independent auditor and management, such as any management letter or internal control letter issued or proposed to be issued, or schedule of unadjusted differences; (c) the reports of their reviews of the Company's interim financial statements conducted in accordance with Statement on Auditing Standards No. 100 and (d) the reports of the results of such other examinations outside of the course of the independent auditor's normal audit procedures that the independent auditor may from time to time undertake. The Committee shall review and discuss with management, the internal auditors and the independent auditor, as appropriate (a) all matters required to be communicated to the Committee under GAAP; (b) significant issues regarding accounting and auditing principles and practices and financial statement presentations, including all critical accounting policies and estimates, any significant changes in the Company's selection or application of accounting or auditing principles and any significant issues as to the adequacy of the Company's internal controls and any special audit steps adopted in light of material control deficiencies; (c) analyses prepared by management or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements and the treatment preferred by the independent auditor; (d) the effect of regulatory and accounting initiatives, as well as off-balance sheet structures; (e) all significant valuation allowances and liabilities, restructuring, and other reserves; and (f) the reports required by Section 204 of the Sarbanes-Oxley Act and all rules promulgated thereunder by the SEC. On a regular basis, the Committee shall meet separately with the independent auditor and/or internal auditors to discuss any matters that the Committee, independent auditor, and/or internal audit director believe should be discussed privately.
8. *Review of Financial Statements and Disclosures.* The Committee shall meet to review and discuss with financial management and the independent auditor prior to issuance drafts of the Company's annual audited financial statements and quarterly financial statements including (a) the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the results of the independent auditor's reviews of the quarterly financial results; and (b) in the event that the Company publishes one, the "Report of Management" in the Annual Report to Shareholders. The Committee shall also (a) consider whether such financial statements are complete, consistent with information known to Committee members, and reflect appropriate accounting principles; and (b) recommend to the Board whether the annual audited financial statements and quarterly financial statements should be included in the Company's Form 10-K or Form 10-Q, respectively. The Committee shall prepare, review and approve the "Report of Audit Committee" and its inclusion in any other

document, including in the Annual Report to Shareholders and in the annual proxy statement.

9. *Review of Financial Press Releases.* The Committee shall review and discuss earnings and other financial press releases (including any use of “pro forma” or “adjusted” non-GAAP information), as well as any financial information and earnings guidance provided to any third parties including analysts, lenders and rating agencies (which review may occur before or after issuance and, as appropriate, may include a review of the types or substance of information to be disclosed and the form of presentation to be made).
10. *Oversight of Internal Audit Function.* The Committee shall (a) review the appointment, replacement or dismissal of senior internal audit personnel; (b) review with management and senior internal audit personnel the charter, plans, activities, staffing, budget, compensation and organizational structure of the internal audit function; (c) review all significant reports to management prepared by internal audit personnel and management’s responses thereto; and (d) review any restrictions on the scope of the internal audit department’s activities or access to information.
11. *Review and Discuss the Systems of Internal Accounting Controls.* The Committee shall review with management, the internal auditors, and the independent auditor, as appropriate, significant findings and recommendations with respect to (a) the adequacy of the Company’s internal accounting controls; (b) the Company’s financial, auditing, and accounting organizations and personnel; (c) internal control related reports and procedures, including (i) management’s internal control report prepared in accordance with rules promulgated by the SEC pursuant to Sections 302 and 404 of the Sarbanes-Oxley Act, and (ii) the procedures undertaken by the Chief Executive Officer and Chief Financial Officer in connection with their certifications contained in the Company’s periodic reports, including their evaluation of the Company’s disclosure controls and procedures and internal control over financial reporting.
12. *Establish Procedures for Complaints Regarding Financial Statements and Accounting Policies.* The Committee shall establish procedures for (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters. The Committee shall receive reports from management on disposition of such concerns and complaints. The Committee shall also review with management and the independent auditor any correspondence with regulators or governmental agencies and any employee complaints or published reports that raise material issues regarding the Company’s financial statements or accounting policies.
13. *Review and Discuss Risk Management Practices.* The Committee shall review (a) the effectiveness of the system and policies for risk assessment and risk management, including the risk of fraud; (b) the Company’s major financial risk exposures and the steps management has taken to monitor and control such exposures; (c) any unusual material transactions; and (d) management, internal auditor and independent auditor

reviews of the Company's Foreign Corrupt Practices Act policies, procedures and monitoring.

14. *Review and Discuss Conformity with Legal and Business Conduct Requirements.* The Committee shall review, at least annually, the implementation and effectiveness of the Company's compliance and ethics program. The Company shall periodically review with the Company's general counsel (i) any legal matter that could have a significant impact on the Company's financial statements and (ii) any material reports, notices or inquiries received by the Company from regulators or governmental agencies. The Committee shall receive regular updates from management and the Company's legal counsel regarding compliance matters. On an annual basis the Committee shall review the Company's Code of Business Conduct and Ethics to ensure that it is adequate and up-to-date.
15. *Self-Evaluation.* Conduct an annual self-evaluation of the Committee's performance, comparing the performance of the Committee with the requirements of this Charter, and set forth the goals and objectives of the Committee for the upcoming year. The Committee shall conduct such performance evaluation, and report the results to the Board, in such manner as the Committee deems appropriate.
16. *Reports to the Board.* The Committee shall report regularly to the Board on all matters charged to the responsibility of the Committee, including, without limitation, any issues that arise with respect to: (i) the quality or integrity of the Company's financial statements; (ii) the performance and independence of the Company's independent auditor; (iii) the performance of the Company's internal audit function; and (iv) the Company's compliance with legal and regulatory requirements.
17. *Charter Review.* At least annually, review and assess the adequacy of this Charter and recommend to the Board for approval any changes that the Committee believes are appropriate.
18. *Other Powers and Duties.* Exercise such other powers and perform such other duties and responsibilities as are incidental to the purposes, duties and responsibilities specified herein or as may from time to time be delegated to the Committee.

Meetings and Procedures

The Committee shall meet at least quarterly and as frequently as necessary to carry out its responsibilities under this Charter. The meetings and other actions of the Committee shall be governed by the provisions of the Company's By-Laws applicable to meetings and actions of the committees of the Board. Meetings of the Committee may be called by the Chairman of the Board or any member of the Committee. The Chair of the Committee, in consultation with the other Committee members, shall determine the frequency and length of the Committee meetings and shall set meeting agendas consistent with this Charter. Committee members shall be given notice of a meeting at least 24 hours in advance by telephone, facsimile or electronic transmission. Any such notice need not be given to any Committee member who attends such meeting without protesting the lack of notice to him or her, prior to or at the commencement of

such meeting, or to any member who submits a signed waiver of notice, whether before or after such meeting. In the event the number of Committee members voting in favor of a proposal and the number of Committee members voting against such proposal are equal, the proposal shall be submitted to a vote of the Board, subject to applicable law. The Committee shall meet separately and periodically with management, the personnel responsible for the Company's internal audit function and the independent auditor, and have such other direct and independent interaction with such persons from time to time as the members of the Committee deem appropriate. In addition, the Committee may adopt rules of governance, not inconsistent with this Charter.

Authority and Resources

The Committee shall have appropriate resources and authority to discharge its functions and responsibilities, including (1) seeking any information it requires from the Company's employees, all of whom are directed to cooperate with the Committee's requests or external parties, and obtaining access to all books, records, and facilities of the Company; (2) conducting and/or authorizing investigations into any matters within the scope of this Charter, subject to the authority of the Board; (3) retaining, without further Board approval and at the Company's expense, independent legal, accounting or other advisors as the Committee considers necessary in discharging its oversight role and responsibilities hereunder; and (4) meeting with the officers of the Company, independent auditor, or outside counsel as necessary. Any accounting, legal or other advisor retained by the Committee may, but need not, be, in the case of an outside auditor, the same accounting firm employed by the Company for the purpose of rendering or issuing an audit report on the Company's annual financial statements, or, in the case of an outside legal or other advisor, otherwise engaged by the Company for any other purpose.

The Board authorizes funding for the Committee appropriate, in the Committee's discretion, for the discharge of the Committee's functions and responsibilities, including for payment of (1) compensation to any independent auditor engaged for the purpose of preparing an audit report or performing other audit, review, or attest services for the Company; (2) compensation to any counsel, advisor, expert, or consultant employed by the Committee, including, without limitation, usual and customary expenses and charges, as shall be determined by the Committee; and (3) ordinary administrative expenses of the Committee that are necessary and appropriate in carrying out its duties, as shall be determined by the Committee.

Miscellaneous

Nothing contained in this Charter is intended to expand applicable standards of liability under statutory or regulatory requirements for the directors of the Company or members of the Committee. This Charter is, and any amendments hereto will be, displayed on the Company's website and a printed copy will be made available to any shareholder of the Company who requests such.