

HD SUPPLY, INC.

FORM 8-K (Current report filing)

Filed 06/06/17 for the Period Ending 06/04/17

Address	3100 CUMBERLAND BOULEVARD SUITE 1700 ATLANTA, GA 30339
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CIK	0001465264
SIC Code	5000 - Wholesale-Durable Goods
Industry	Construction Materials
Sector	Basic Materials
Fiscal Year	01/31

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

**PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported): **June 6, 2017 (June 4, 2017)**

Commission File Number	Exact name of Registrant as specified in its charter, Address of principal executive offices and Telephone number	State of incorporation	I.R.S. Employer Identification Number
001-35979	HD SUPPLY HOLDINGS, INC. 3100 Cumberland Boulevard, Suite 1480 Atlanta, Georgia 30339 (770) 852-9000	Delaware	26-0486780
333-159809	HD SUPPLY, INC. 3100 Cumberland Boulevard, Suite 1480 Atlanta, Georgia 30339 (770) 852-9000	Delaware	75-2007383

Not Applicable

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 1.01. Entry into a Material Definitive Agreement.

On June 4, 2017, HD Supply, Inc., a Delaware corporation (“HDS” or the “Company”), an indirect wholly-owned subsidiary of HD Supply Holdings, Inc., entered into a Purchase Agreement (the “Purchase Agreement”) by and among HD Supply Holdings, LLC, a Florida limited liability company (“Holdings LLC”), HD Supply GP & Management, Inc., a Delaware corporation (together with Holdings, LLC, “Sellers”), CD&R Plumb Buyer, LLC, a Delaware limited liability company (“Buyer”), and HDS (solely as a guarantor of Sellers’ obligations under the Purchase Agreement), pursuant to which Buyer agreed, on the terms and subject to the conditions set forth in the Purchase Agreement, to acquire HD Supply’s Waterworks business (“Waterworks”). The transaction is structured as a purchase by Buyer of all of the equity interests of each of HD Supply Waterworks Group, Inc., a Delaware corporation (“WW Group”) and HD Supply Waterworks, Ltd., a Florida limited partnership, other than those owned by WW Group, from Sellers, as well as certain other assets used in the Waterworks business.

The purchase price for the transaction is \$2.5 billion in cash, subject to a post-closing working capital adjustment. The transaction is subject to various customary closing conditions, including the expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Act.

Subject to the satisfaction or waiver of the foregoing conditions and the other terms and conditions of the Purchase Agreement, the transaction is expected to close in our fiscal third quarter 2017.

The Purchase Agreement contains representations, warranties and covenants of the parties that are customary for transactions of this type. Until consummation of the transactions contemplated by the Purchase Agreement, Sellers have agreed, subject to certain exceptions, to, and to cause their affiliates to, conduct the Waterworks business in the ordinary course consistent with past practice. The parties are required to use their respective reasonable best efforts to take, or cause to be taken, all actions necessary, proper or advisable to consummate the transactions contemplated by the Purchase Agreement. The Purchase Agreement also contains certain limited indemnification provisions.

The Purchase Agreement contains certain termination rights customary for a transaction of this type, including if the closing has not occurred on or prior to December 15, 2017, and provides that upon termination of the Purchase Agreement under specified circumstances, Buyer will pay to Sellers, in cash, a reverse termination fee.

The representations, warranties and covenants contained in the Purchase Agreement are solely for the benefit of the parties to the Purchase Agreement. Investors and security holders are not third-party beneficiaries under the Purchase Agreement and should not rely on the representations, warranties, covenants or agreements, or any descriptions thereof as characterizations of the actual state of facts or condition of any party to the Purchase Agreement. Moreover, information concerning the subject matter of the Purchase Agreement may change after the date thereof and such subsequent information may or may not be fully reflected in our public disclosures.

For a discussion of certain risks relating to the transaction, see “Part II—Other Information, Item 1A. Risk Factors” in our Quarterly Report on Form 10-Q for the period ended April 30, 2017, filed with the SEC on June 6, 2017.

Item 7.01. Regulation FD Disclosure.

On June 6, 2017, Holdings issued a press release announcing that the Company and certain affiliates entered into the Purchase Agreement providing for the sale of the Waterworks business, a copy of which press release is attached hereto as Exhibit 99.1 and incorporated herein by reference.

In accordance with General Instruction B.2 of Form 8-K, the information in this Item 7.01 of this Current Report on Form 8-K, including Exhibit 99.1 attached hereto, shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except as shall be expressly set forth by specific reference in such a filing.

Item 9.01 Financial Statements and Exhibits.

(b) Pro Forma Financial Information

The unaudited pro forma consolidated statements of operations of Holdings and HDS for the three months ended April 30, 2017 and the fiscal years ended January 29, 2017, January 31, 2016, and February 1, 2015 and the unaudited pro forma consolidated statement of financial position as of April 30, 2017 are included as Exhibit 99.2 hereto and are incorporated herein by reference. The pro forma financial statements reflect adjustments for the sale of Waterworks, a business of HD Supply Holdings, Inc., and the use of proceeds from the sale.

(d) Exhibits

Exhibit No.	Description of Exhibit
99.1	Press Release "HD Supply Enters Into Definitive Agreement to Sell Its Waterworks Business Unit to Clayton, Dubilier & Rice" dated June 6, 2017.
99.2	Unaudited pro forma consolidated financial statements of HD Supply Holdings, Inc. and HD Supply, Inc.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: June 6, 2017

HD Supply Holdings, Inc.

By: /s/ Dan S. McDevitt
Dan S. McDevitt
General Counsel and Corporate Secretary

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: June 6, 2017

HD Supply, Inc.

By: /s/ Dan S. McDevitt
Dan S. McDevitt
General Counsel and Corporate Secretary

EXHIBIT INDEX

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HD Supply Enters Into Definitive Agreement to Sell Its Waterworks Business Unit to Clayton, Dubilier & Rice

ATLANTA, GA — June 6, 2017 — HD Supply Holdings, Inc. (NASDAQ:HDS) (“HD Supply”) today announced that it has entered into a definitive agreement to sell its Waterworks business unit, the nation’s largest distributor of water, sewer, storm and fire protection products, to Clayton, Dubilier & Rice for a purchase price of \$2.5 billion in cash. The transaction is expected to close in HD Supply’s third fiscal quarter of 2017 subject to customary regulatory approvals.

“After a detailed evaluation, we determined that a sale of our Waterworks business unit to Clayton, Dubilier & Rice is in the best interests of our Waterworks associates and HD Supply stockholders,” said Joe DeAngelo, HD Supply Chairman, President & CEO. “This significant strategic transaction will further simplify and focus HD Supply on our highest value creation opportunities, accelerate debt reduction, create additional cash to enable next generation growth investments and innovation as well as return cash to HD Supply stockholders.”

Conference Call

As previously announced, HD Supply will hold a conference call on Tuesday June 6th, 2017 at 8:00 a.m. (Eastern Time) to discuss both its first-quarter fiscal 2017 results and the Waterworks transaction. The conference call and presentation materials can be accessed via webcast by logging on from the Investor Relations section of the company’s Web site at hdsupply.com. The online replay will remain available for a limited time following the call.

Advisors

Goldman Sachs & Co, LLC served as financial advisor and King & Spalding served as legal counsel to HD Supply on the transaction.

About HD Supply

HD Supply (www.hdsupply.com) is one of the largest industrial distributors in North America. The company provides a broad range of products and value-add services to approximately 530,000 customers with leadership positions in maintenance, repair and operations, infrastructure and specialty construction sectors. Through approximately 500 locations across 48 states and six Canadian provinces, the company’s approximately 14,000 associates provide localized, customer-driven services including jobsite delivery, will call or direct-ship options, diversified logistics and innovative solutions that contribute to its customers’ success.

About Clayton, Dubilier & Rice

Founded in 1978, Clayton, Dubilier & Rice is a private investment firm. Since inception, CD&R has managed the investment of more than \$22 billion in 72 companies representing a broad range of industries with an aggregate transaction value of more than \$100 billion. The firm has offices in New York and London. For more information, visit www.cdr-inc.com.

Forward-Looking Statements and Preliminary Results

This press release 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 based on management’s beliefs, assumptions, and information currently available to management and 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 in this press release is not a guarantee of future results, and that actual results may differ materially from those made in or suggested by the forward-looking information contained in this press release. 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 “Risk factors” in our annual report on Form 10-K for the fiscal year ended January 29, 2017, filed on March 14, 2017, our quarterly report on Form 10-Q for the fiscal quarter ended April 30, 2017, and those described from time to time in our, and HD Supply, Inc.’s, other filings with the U.S. Securities and Exchange Commission, 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 press release, 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.

HD Supply Holdings, Inc.
Unaudited Pro Forma Financial Statements

Overview

On June 4, 2017, HD Supply, Inc. (“HDS”) entered into a Purchase Agreement (the “Purchase Agreement”) with HD Supply Holdings, LLC, a Florida limited liability company (“Holdings”), HD Supply GP & Management, Inc., a Delaware corporation (“HDS GP”, and together with Holdings, the “Sellers”), and CD&R Plumb Buyer, LLC (the “Buyer”).

Pursuant to the Purchase Agreement, the Sellers and certain affiliates of the Sellers will sell to the Buyer, and Buyer will purchase from the Sellers, (a) all of the issued and outstanding equity interests of: (i) HD Supply Waterworks, Ltd., a Florida limited partnership (“HDS WW”) and (ii) HD Supply Waterworks Group, Inc., a Delaware corporation (“HDS WW Group”) (collectively with HDS WW, the “Purchased Companies” or “Waterworks segment”), and (b) certain specified assets of the Sellers and certain affiliates of the Sellers (the “Transactions”).

The purchase price for the Transactions will be \$2.5 billion in cash, which may be adjusted for certain working capital calculations.

The Transactions are currently expected to close during the third quarter of HDS’s fiscal 2017, subject to the satisfaction of customary closing conditions, including among others, regulatory approvals in the United States and the continuing accuracy of representations and warranties.

Basis of Presentation

The unaudited pro forma consolidated statements of operations for the fiscal years ended January 29, 2017, January 31, 2016, and February 1, 2015 give effect to the Transactions and have been derived from the audited consolidated financial statements and notes thereto included in Holdings’ Form 10-K for the fiscal year ended January 29, 2017 that has been filed with the Securities and Exchange Commission (“SEC”). The unaudited pro forma consolidated statement of operations for the three months ended April 30, 2017 and the unaudited pro forma consolidated statement of financial position as of April 30, 2017 give effect to the Transactions and have been derived from the unaudited consolidated financial statements and notes thereto included in Holdings’ Form 10-Q for the three months ended April 30, 2017 that has been filed with the SEC. The unaudited pro forma consolidated financial statements are based upon available information and assumptions that Holdings believes are reasonable.

The unaudited pro forma consolidated financial statements are provided for informational purposes only and do not purport to project the future financial position or operating results of Holdings, together with its direct and indirect subsidiaries, including HDS. In accordance with pro forma rules, the pro forma unaudited consolidated statements of operations have been prepared as if the Transactions occurred on the first day of the most recent fiscal year, or February 1, 2016, except the pro forma unaudited consolidated statement of financial position has been prepared as if the Transactions occurred on April 30, 2017. The unaudited pro forma consolidated financial statements, including the notes thereto, should be read in conjunction with Holdings’ audited consolidated financial statements and notes thereto included in its Form 10-K for the fiscal year ended January 29, 2017 and Holdings’ unaudited consolidated financial statements and notes thereto included in its Form 10-Q for the three months ended April 30, 2017 that have been filed with the SEC.

The unaudited pro forma consolidated statement of operations for the three months ended April 30, 2017 give effect to the following:

- the elimination of the Waterworks segment;
- elimination of \$23 million in interest expense due to the unwinding of the refinancing transactions that occurred within the year ended January 29, 2017:

HDS has not yet definitively determined how it will use the net proceeds from the Transactions and continues to evaluate additional debt repayment options in regards to the use of the net proceeds therefrom.

The unaudited pro forma consolidated statement of operations for the year ended January 29, 2017 give effect to the following:

- the elimination of the Waterworks segment;
-

- the \$156 million interest expense reduction as a result of the use of net proceeds from the Transactions and cash on hand as of February 1, 2016 to redeem senior notes and the unwinding of the April 2016 and October 2016 debt transactions;

- the \$85 million increase to loss on extinguishment of debt as a result of the February 1, 2016 debt repayments with proceeds from the Transactions and the unwinding of the April 2016 and October 2016 debt transactions.

HDS has not yet definitively determined how it will use the net proceeds from the Transactions and continues to evaluate additional debt repayment options in regards to the use of the net proceeds therefrom.

The unaudited pro forma consolidated statements of operations for the years ended January 31, 2016 and February 1, 2015 give effect to the elimination of the Waterworks segment.

The unaudited pro forma consolidated statement of position as of April 30, 2017 gives effect to the following:

- the elimination of the Waterworks segment;
- the use of \$2.5 billion proceeds from the Transactions to
 - (i) pay an estimated \$40 million of transaction costs,
 - (ii) pay an estimated \$18 million of taxes,
 - (iii) pay \$1,250 million principal and related \$77 million make-whole premium and \$25 million accrued, but unpaid, interest on HDS's 5.25% Senior Secured Notes due 2021,
 - (iv) pay \$537 million outstanding aggregate principal and \$2 million accrued, but unpaid, interest of HDS's Term Loan B-1 due 2021, and
 - (v) pay \$547 million outstanding aggregate principal and \$2 million accrued, but unpaid, interest of HDS's Term Loan B-2 due 2023.

HDS has not yet definitively determined how it will use the net proceeds from the Transactions and continues to evaluate additional debt repayment options in regards to the use of the net proceeds therefrom.

HD SUPPLY HOLDINGS, INC.
UNAUDITED PRO FORMA CONSOLIDATED STATEMENTS OF OPERATION
Amounts in millions, except share and per share data

	Three Months Ended April 30, 2017		
	As Reported	Adjustments*	Pro forma
Net Sales	\$ 1,873	\$ (657)	\$ 1,216
Cost of sales	1,242	(510)	732
Gross Profit	631	(147)	484
Operating expenses:			
Selling, general and administrative	431	(97)	334
Depreciation and amortization	24	(3)	21
Restructuring	—	—	—
Total operating expenses	455	(100)	355
Operating Income	176	(47)	129
Interest expense (2)	49	(23)	26
Loss on extinguishment of debt	3	—	3
Other (income) expense, net	2	(2)	—
Income (Loss) from Continuing Operations Before Provision (Benefit) for Income Taxes	122	(22)	100
Provision (benefit) for income taxes	37	(9)	28
Income (Loss) from Continuing Operations	85	(13)	72
Weighted average shares outstanding (thousands):			
Basic	200,708		200,708
Diluted	203,017		203,017
Income (loss) from continuing operations per share:			
Basic	\$ 0.42		\$ 0.36
Diluted	\$ 0.42		\$ 0.35

*Adjustments reflect:

- (1) Elimination of the historical revenue and expenses of Waterworks, as if the sale had occurred at the beginning of the prior fiscal year.
- (2) Reduction in interest expense to reflect the unwinding of financing transactions that occurred within the year ended January 29, 2017. Interest expense reduction includes cash interest and reduction in amortization of related debt discount and deferred financing costs. The Company has not yet definitively determined how it will use the net proceeds from the Transactions and continues to evaluate additional debt repayment options in regards to the use thereof.

HD SUPPLY HOLDINGS, INC.
UNAUDITED PRO FORMA CONSOLIDATED STATEMENTS OF OPERATION
Amounts in millions, except share and per share data

	Year ended January 29, 2017		
	As Reported	Adjustments*	Pro forma
Net Sales	\$ 7,439	\$ (2,620)	\$ 4,819
Cost of sales	4,907	(2,014)	2,893
Gross Profit	2,532	(606)	1,926
Operating expenses:			
Selling, general and administrative	1,637	(367)	1,270
Depreciation and amortization	95	(11)	84
Restructuring	9	(2)	7
Total operating expenses	1,741	(380)	1,361
Operating Income	791	(226)	565
Interest expense (2)	269	(156)	113
Loss on extinguishment of debt (3)	179	85	264
Other (income) expense, net	—	—	—
Income (Loss) from Continuing Operations Before Provision (Benefit) for Income Taxes	343	(155)	188
Provision (benefit) for income taxes	139	(60)	79
Income (Loss) from Continuing Operations	204	(95)	109
Weighted average shares outstanding (thousands):			
Basic	199,385		199,385
Diluted	202,000		202,000
Income (loss) from continuing operations per share:			
Basic	\$ 1.02		\$ 0.55
Diluted	\$ 1.01		\$ 0.54

*Adjustments reflect:

(1) Elimination of the historical revenue and expenses of Waterworks, as if the sale had occurred at the beginning of the period presented.

(2) Reduction in interest expense to reflect

- (i) the use of approximately \$2.4 billion (\$2.5 billion sale proceeds, net of estimated \$40 million of transaction costs and estimated \$18 million of taxes) together with cash on hand, as of February 1, 2016 to
 - a. pay \$1 billion principal and related \$131 million make-whole premium and \$34 million accrued, but unpaid, interest on HDS's 11.5% Senior Unsecured Notes due 2020, and
 - b. pay \$1,275 million principal and related \$106 million make-whole premium and \$28 million accrued, but unpaid interest on HDS's 7.5% Senior Unsecured Notes due 2020 at the beginning of each of the periods presented.
- (ii) the unwinding of financing transactions that occurred within the year ended January 29, 2017:
 - a. the 11.5% Senior Unsecured Notes due 2020 were redeemed by HDS in April 2016, using proceeds from the issuance of \$1,000 million of 5.75% Senior Unsecured Notes due 2024, and
 - b. the 7.5% Senior Unsecured Notes due 2020 were redeemed by HDS in October 2016, using proceeds from the issuance of Term B-2 Loans due 2023, together with available cash and available borrowings under HDS's Senior ABL Facility.

Interest expense reduction includes cash interest and reduction in amortization of related debt discount and deferred financing costs.

(3) Increase in loss on extinguishment of debt to reflect the premium increase to paydown the senior notes as of February 1, 2016 and unwind the 2016 financing transactions. The Company has not yet definitively determined how it will use the net proceeds from the Transactions and continues to evaluate additional debt repayment options in regards to the use thereof.

HD SUPPLY HOLDINGS, INC.
UNAUDITED PRO FORMA CONSOLIDATED STATEMENTS OF OPERATION
Amounts in millions, except share and per share data

	Year ended January 31, 2016		
	As Reported	Adjustments*	Pro forma
Net Sales	\$ 7,123	\$ (2,508)	\$ 4,615
Cost of sales	4,734	(1,933)	2,801
Gross Profit	2,389	(575)	1,814
Operating expenses:			
Selling, general and administrative	1,535	(351)	1,184
Depreciation and amortization	108	(11)	97
Restructuring	9	(1)	8
Total operating expenses	1,652	(363)	1,289
Operating Income	737	(212)	525
Interest expense	394	—	394
Loss on extinguishment of debt	100	—	100
Other (income) expense, net	1	—	1
Income (Loss) from Continuing Operations Before Provision (Benefit) for Income Taxes	242	(212)	30
Provision (benefit) for income taxes	(1,084)	(86)	(1,170)
Income (Loss) from Continuing Operations	1,326	(126)	1,200
Weighted average shares outstanding (thousands):			
Basic	197,011		197,011
Diluted	201,308		201,308
Income (loss) from continuing operations per share:			
Basic	\$ 6.73		\$ 6.09
Diluted	\$ 6.59		\$ 5.96

*Adjustments reflect:

(1) Elimination of the historical revenue and expenses of Waterworks, as if the sale had occurred at the beginning of the period presented.

HD SUPPLY HOLDINGS, INC.
UNAUDITED PRO FORMA CONSOLIDATED STATEMENTS OF OPERATION
Amounts in millions, except share and per share data

	Year ended February 1, 2015		
	As Reported	Adjustments*	Pro forma
Net Sales	\$ 6,682	\$ (2,426)	\$ 4,256
Cost of sales	4,487	(1,897)	2,590
Gross Profit	2,195	(529)	1,666
Operating expenses:			
Selling, general and administrative	1,446	(330)	1,116
Depreciation and amortization	178	(12)	166
Restructuring	6	(1)	5
Total operating expenses	1,630	(343)	1,287
Operating Income	565	(186)	379
Interest expense	462	—	462
Loss on extinguishment of debt	108	—	108
Other (income) expense, net	(3)	—	(3)
Income (Loss) from Continuing Operations Before Provision (Benefit) for Income Taxes	(2)	(186)	(188)
Provision (benefit) for income taxes	36	(14)	22
Income (Loss) from Continuing Operations	(38)	(172)	(210)
Weighted average shares outstanding (thousands):			
Basic	193,962		193,962
Diluted	193,962		193,962
Income (loss) from continuing operations per share:			
Basic	\$ (0.20)		\$ (1.08)
Diluted	\$ (0.20)		\$ (1.08)

*Adjustments reflect:

(1) Elimination of the historical revenue and expenses of Waterworks, as if the sale had occurred at the beginning of the period presented.

HD SUPPLY HOLDINGS, INC.
UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEETS
Amounts in millions

	As of April 30, 2017		
	As Reported	Adjustments*	Pro forma
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 70	\$ 2	\$ 72
Receivables	1,015	(404)	611
Inventories	913	(274)	639
Other current assets	40	(3)	37
Total current assets	2,038	(679)	1,359
Property and equipment, net	309	(49)	260
Goodwill	2,869	(1,061)	1,808
Intangible assets, net	109	(9)	100
Deferred Tax asset	579	(214)	365
Other assets	22	—	22
Total assets	\$ 5,926	\$ (2,012)	\$ 3,914
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)			
Current liabilities:			
Accounts payable	\$ 721	\$ (319)	\$ 402
Accrued compensation and benefits	84	(18)	66
Current installments of long—term debt	14	(14)	—
Other current liabilities	156	(33)	123
Total current liabilities	975	(384)	591
Long term debt, excluding current installments	3,716	(2,290)	1,426
Other liabilities	112	—	112
Total liabilities	\$ 4,803	\$ (2,674)	\$ 2,129
Stockholders' equity (deficit):			
Common stock	2	—	2
Paid—in capital	3,994	—	3,994
Accumulated deficit	(2,850)	662	(2,188)
Accumulated other comprehensive loss	(14)	—	(14)
Treasury stock	(9)	—	(9)
Total stockholders' equity (deficit)	1,123	662	1,785
Total liabilities and stockholders' equity (deficit)	\$ 5,926	\$ (2,012)	\$ 3,914

*Adjustments reflect:

(1) Elimination of the assets & liabilities of Waterworks and record the gain on sale, as if the sale occurred on April 30, 2017.

(2) Reduction of senior notes with the net proceeds of the sale and unwinding of financing transactions that occurred in fiscal 2016. The Company has not yet definitively determined how it will use the net proceeds from the Transactions and continues to evaluate its options in regards to the use thereof, including, without limitation, repayment of indebtedness other than the term loan facility.