

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

HD SUPPLY[®]

2013 Second-Quarter
Non-deal Roadshow Materials

September 2013

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 Registration Statement on Form S-1, as amended (File No. 333-187872), 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 of 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.” No reconciliation of the forecasted ranges for Adjusted EBITDA to Net income (loss) for the second half of fiscal 2013 and for the full fiscal 2013 is included in this presentation because we are unable to quantify certain amounts that would be required to be included in the GAAP measure without unreasonable efforts and we believe such reconciliations would imply a degree of precision that would be confusing or misleading to investors.

- **Trusted Local Execution, Market and Product Knowledge, Customer Relationships Based on Reliability of Service, and Supplier Alignment Based on Performance**
- **#1 Positions with ~7% Share in Estimated ~\$110 Billion Fragmented Market**
- **MRO, Infrastructure and Construction End Market Exposure with Sequential, Overlapping Growth**
- **Strategic High Return Growth Investments Which We Believe Will Deliver Growth in Excess of Estimated Market Growth**
- **Focused on Getting Better and Faster Through Team Work, Process Excellence and Trusted Relationships**

2Q'13 Performance Highlights



- **+10% Sales and +14% EBITDA Growth VPY**
 - \$2.3B Sales, \$218M Adjusted EBITDA

- **Sales Growth in Excess of Estimated Market Growth in all Primary Business Units:**
 - Facilities Maintenance +12%
 - Waterworks +14%
 - Power Solutions +4%
 - White Cap +9%

- **End Market and Weather Impact**

Growth in Excess of Estimated Market Growth

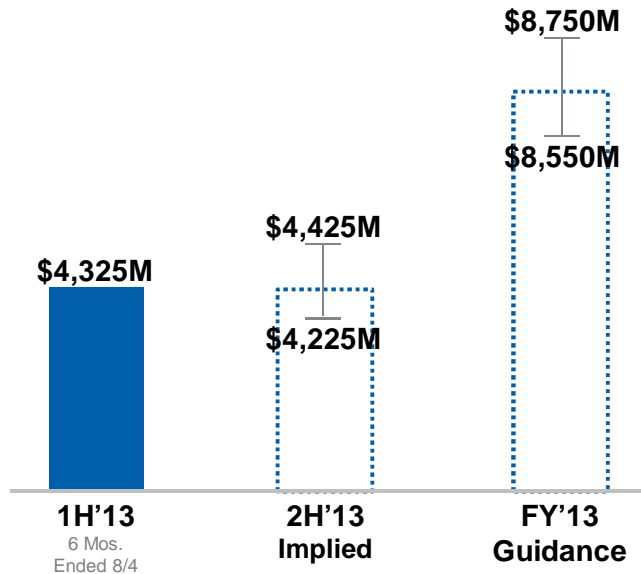


1H'13 and Guidance

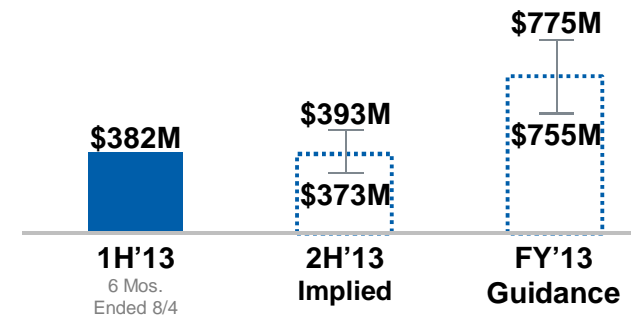


(\$ in millions)

Net Sales



Adj. EBITDA



	1H'13 6 Mos. Ended 8/4	2H'13 Implied	FY'13 Guidance	1H'13 6 Mos. Ended 8/4	2H'13 Implied	FY'13 Guidance
VPY, Reported	11%	2% - 7%	6% - 9%	18%	4% - 10%	11% - 13%
Crown Bolt	0 Pts	+1 Pt	+1 Pt	+4 Pts	+10 Pts	+7 Pts
53 rd Week	--	+4 Pts	+2 Pts	--	+4 Pts	+2 Pts
VPY, Adjusted¹	11%	7% - 12%	9% - 12%	22%	17% - 24%	20% - 23%
Acquisitions	-2 Pts	-1 Pt	-1 Pt	-5 Pts	-1 Pt	-3 Pts
VPY, Adj. Organic^{1,2}	9%	6% - 11%	8% - 11%	17%	16% - 23%	17% - 19%

¹ Adjusted for 53rd Week and Impact of CB Extension

² Adjusted for the Impact of Acquisitions

Note: Totals may not foot due to rounding

9 – 12% Implied 2H'13 Sales Growth Versus Prior Year



1. Subscription-based Third-Party Forecast Data
2. Supplier Communication and Intelligence
3. Peer Performance and Disclosure
4. HD Supply Business Unit Field-Level Intelligence

Market Estimates Commentary



(Approximate End Market Exposure²)

— FY '13 End Market Expectations¹ —

Primary End Market					During 1Q '13 (May)	Current	Change vs. May
	Residential	✓ (~25%)	✓	✓ (~25%)		+20% to 25%	+20% to 25%
Non-Residential	✓ (~25%)	✓ (~20%)	✓ (~75%)		+6%	Flat	-6%
Infrastructure & Other	✓	✓					
Municipal	✓ (~50%)				+4%	Flat	-4%
Power		✓ (~80%)			+2%	Flat	-2%
MRO	✓ (~100%)				+1% to +3%	+1% to +3%	None

¹ Management Estimate of Full Year 2013 Based on 3rd Party Data

² Management Estimates Based on FY 12 Net Sales

Delayed Recoveries in Non-Residential Construction and Municipal Spending



FY'13 Guidance Range Assumptions



FY'13 Guidance Range Assumptions¹

	<u>Mid-Point</u>	<u>High-End</u>	<u>Low-End</u>
Growth Initiatives	▪ On Track	▪ On Track	▪ On Track
FY'13 End Markets % VPY	<ul style="list-style-type: none"> ▪ Non-Res: Flat ▪ Muni: Flat ▪ Res: +20% to +25% ▪ MRO: +1% to +3% 	<ul style="list-style-type: none"> ▪ Non-Res: ↑ ▪ Muni: ↑ ▪ Res: +20% to +25% ▪ MRO: +1% to +3% 	<ul style="list-style-type: none"> ▪ Non-Res: ↓ ▪ Muni: ↓ ▪ Res: +20% to +25% ▪ MRO: +1% to +3%
Weather	▪ No Impact	▪ No Impact	▪ No Impact

¹ Management Estimates

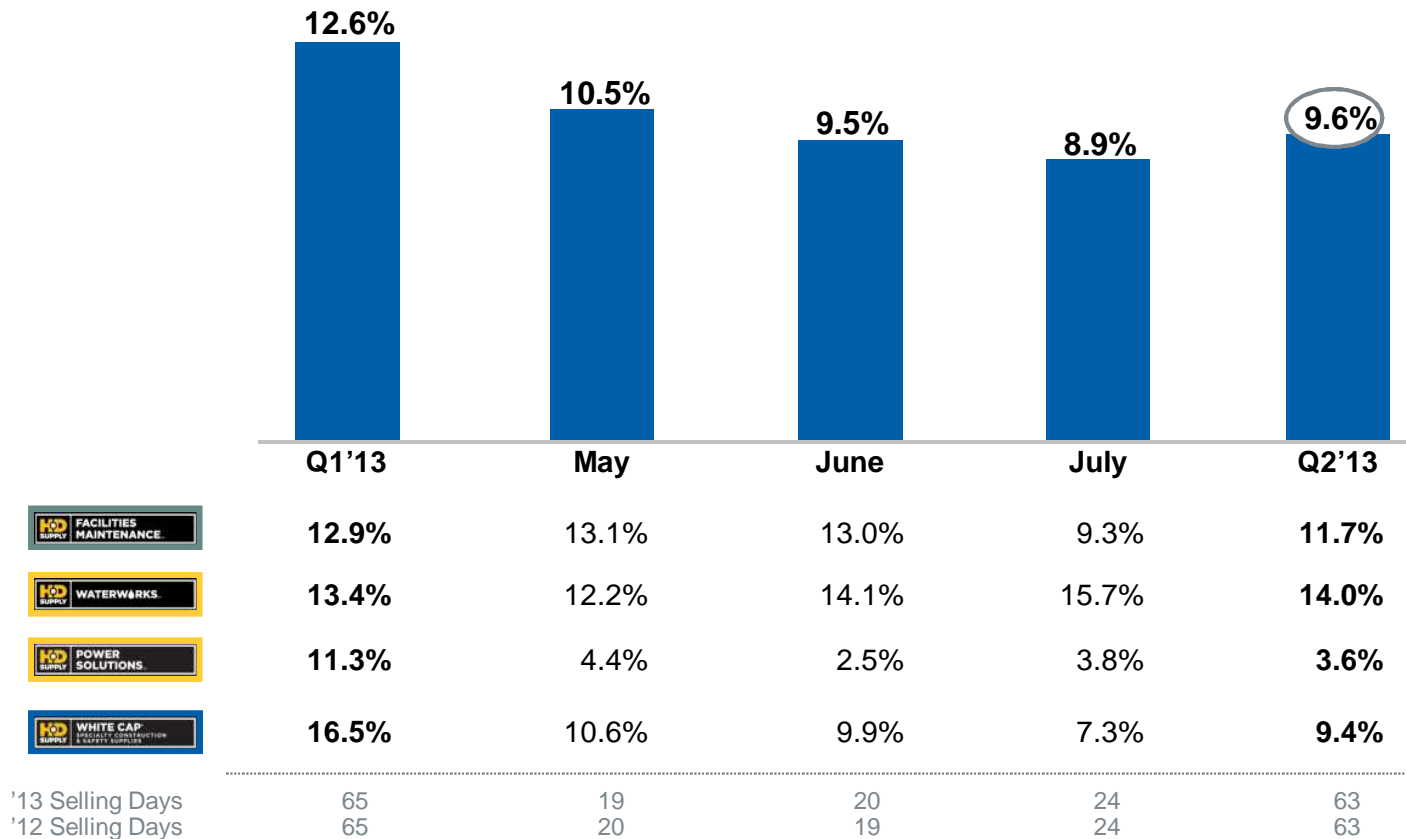
Non-Residential and Municipal End Market Assumptions Drive Guidance Ranges



Q2'13 Monthly Sales Performance



HD Supply Average Daily Sales Growth VPY



10% Q2'13 HDS Average Daily Sales Growth



Concluding Remarks



- **Growth in Excess of Estimated Market Growth... Double-Digit Sales and EBITDA Growth**
- **Delays in Non-Residential Construction and Municipal Spending Recovery**
- **Well-Positioned in Large, Fragmented Markets**
- **Intensely Focused on Controllable Execution... Investing for Growth with High Return Growth Initiatives**
- **In Early Innings of Full Potential... Getting Better and Faster**

Strong Q2 Performance





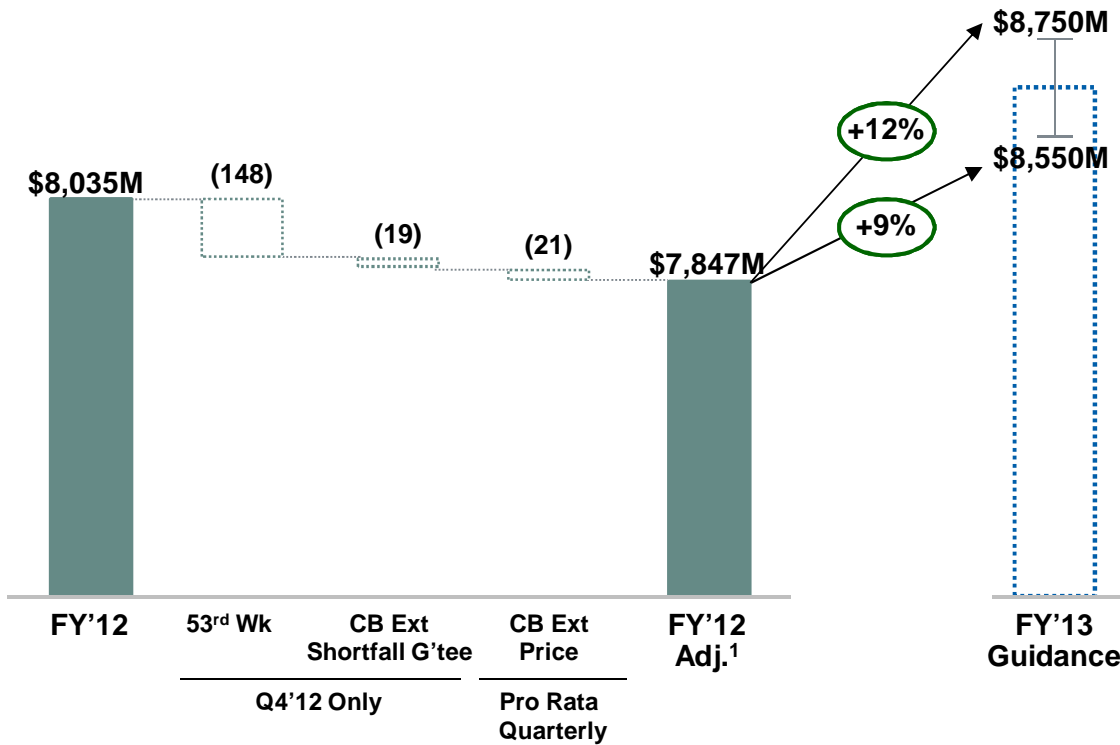
Appendix

FY'13 Sales Outlook VPY



(\$ in millions)

Net Sales



- \$8,035M Sales for FY'12
- 2012 “Non-Recurring” Items Need to be Considered for Year-Over-Year Comparisons
 1. 53rd Week
 - a. \$148M Favorable Impact in Q4'12
 2. Crown Bolt Contract Adjustment
 - a. \$21M, or ~\$5M per '12 Quarter, Favorable Impact from Pricing Adjustment
 - b. \$19M Favorable Impact in Q4'12 Associated with Elimination of Shortfall Payment
- \$7,847M Sales for FY'12 After Considering “Non-Recurring” Items
- FY'13 Sales Outlook Range of \$8,550M to \$8,750M
 - 9% - 12% Growth VPY

¹ FY'12 Sales Adjusted for 53rd Week and Impact of CB Extension

9% - 12% Growth Versus Prior Year

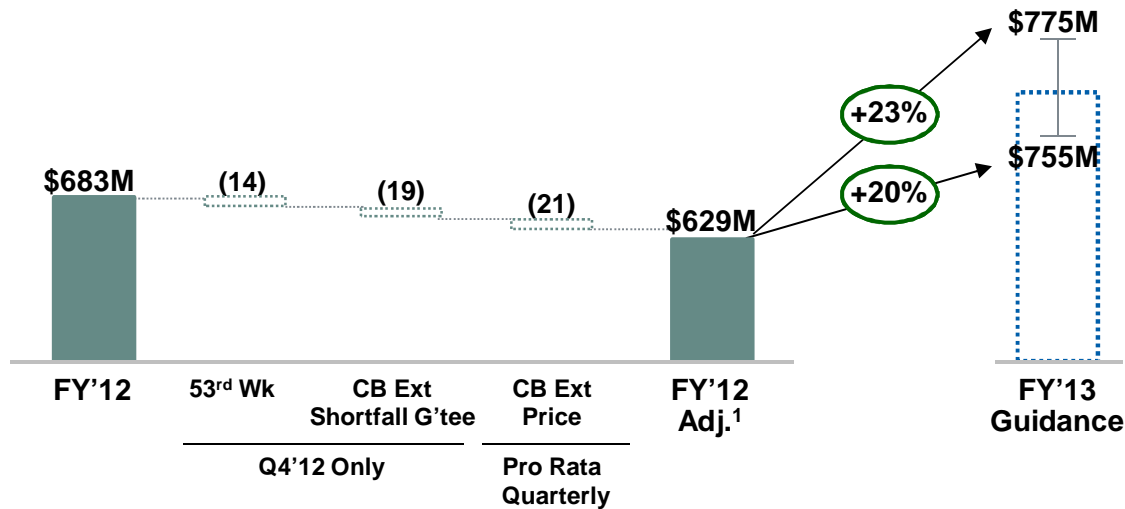


FY'13 Adj. EBITDA Outlook VPY



(\$ in millions)

Adj. EBITDA



- \$683M Adj. EBITDA for FY'12
- 2012 “Non-Recurring” Items Need to be Considered for Year-Over-Year Comparisons
 1. 53rd Week
 - a. \$14M Favorable Impact in Q4'12
 2. Crown Bolt Contract Adjustment
 - a. \$21M, or ~\$5M per '12 Quarter, Favorable Impact from Pricing Adjustment
 - b. \$19M Favorable Impact in Q4'12 Associated with Elimination of Shortfall Payment
- \$629M Adjusted EBITDA for FY'12, After Considering “Non-Recurring” Items
- FY'13 Adjusted EBITDA Outlook Range of \$755M to \$775M
 - 20% - 23% Growth VPY

¹ FY'12 Sales Adjusted for 53rd Week and Impact of CB Extension

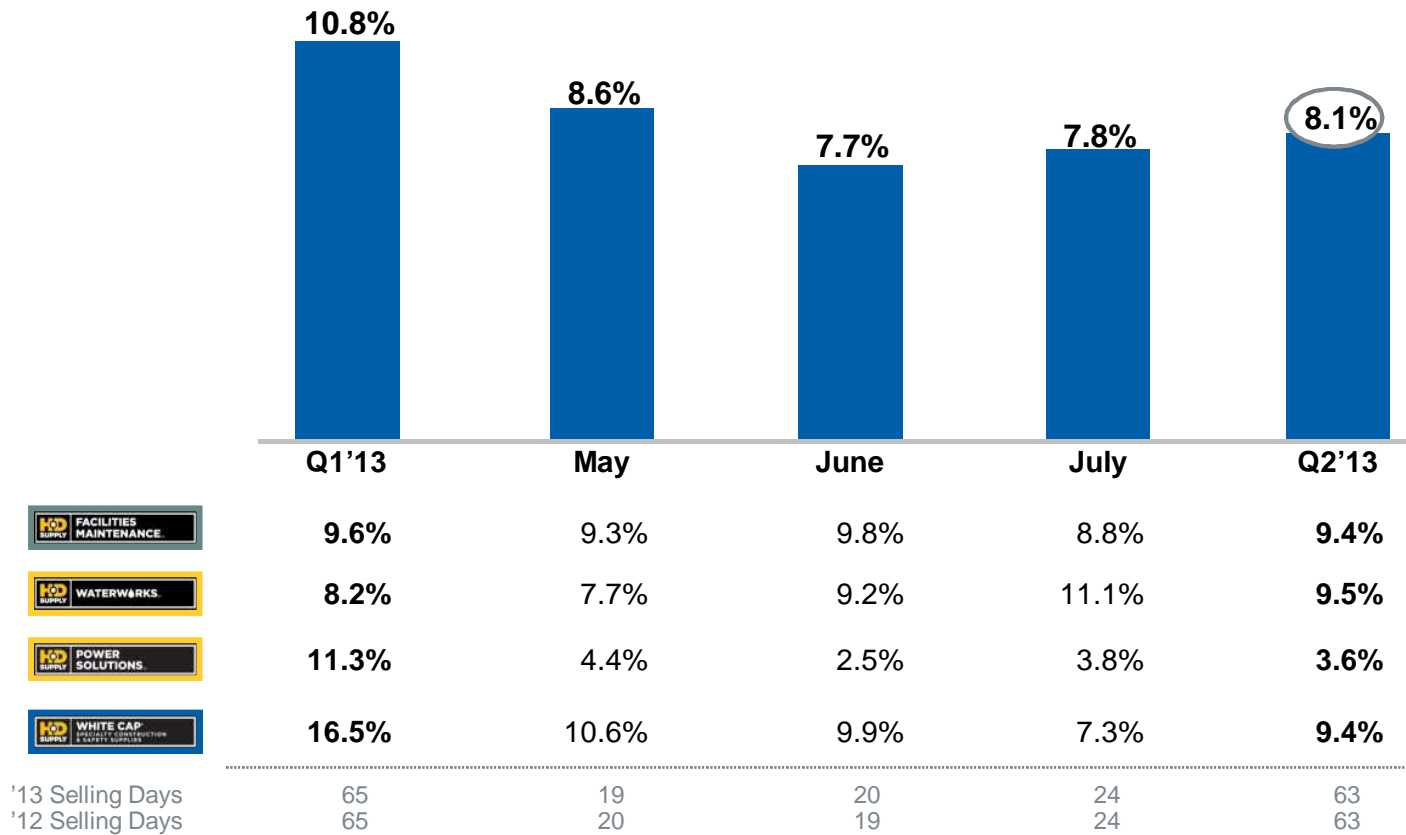
20% - 23% Growth Versus Prior Year



Q2'13 Monthly Sales Performance – Organic



HD Supply Organic Average Daily Sales Growth VPY¹



¹ Adjusted for acquisitions and Crown Bolt extension. Previously reported organic growth rates adjusted only for acquisitions (10.4% and 7.8% for Q1'13 and Q2'13, respectively).

8% Q2'13 HDS Organic Average Daily Sales Growth



2013 Income Tax Clarification



(\$ in millions)

Cash (IRC)

- **Canadian** Net Income is Expected to Result in ~\$5M in 2013 Cash Income Tax
- Specific **State Tax** Laws is Expected to Result in ~\$3M in 2013 Cash Income Tax
- U.S. Net loss is Expected to Result in No 2013 U.S. Federal Income Tax
- Future U.S. Net Income is Expected to be Offset by NOLs; AMT will Result in Some Cash Taxes

Book (GAAP)

- Includes Cash Income Taxes of ~ \$8M in 2013
- **Plus** Unrecognized Tax Benefits (FIN 48) ~\$9M in 2013,
- **Plus** Deferred Tax Liability (DTL) ~\$46M in 2013
 - NOLs Create a Finite-lived (20 Year) Deferred Tax Asset (DTA)
 - Amortization of Goodwill Creates an Indefinite-lived Deferred Tax Liability (DTL)
 - Because the Lives of the DTA are Finite, and the DTL are Indefinite, They Do not Offset
 - Because of HDS' History of Net Losses, the DTA is Offset with a Valuation Allowance
 - Thus, Only the DTL is Recorded

Summary	Actual – First Half		Guidance-Second Half		Guidance-Full Year	
	Q1'13	Q2'13	H2'13 Low	H2'13 High	FY'13 Low	FY'13 High
Net income (loss)	(\$131)	(\$72)	\$1	\$21	(\$202)	(\$182)
Cash income taxes	(\$2)	(\$3)	(\$3)	(\$3)	(\$8)	(\$8)
Book income taxes	\$43	\$12	\$8	\$8	\$63	\$63

Reconciliation to Non-GAAP Measures: Adjusted EBITDA



(\$ in millions)

	Three Months Ended		Six Months Ended		Full Year
	August 4, 2013	July 29, 2012	August 4, 2013	July 29, 2012	Fiscal 2012
Net income (loss)	\$ (72)	\$(56)	\$ (203)	\$(416)	\$(1,179)
Less income (loss) from discontinued operations, net of tax	–	–	–	16	20
Income (loss) from continuing operations	(72)	(56)	(203)	(432)	(1,199)
Interest expense, net	144	158	291	324	658
Provision (benefit) from income taxes	12	1	55	34	3
Depreciation and amortization (i)	62	84	122	167	339
Loss on extinguishment & modification of debt (ii)	46	–	87	220	709
Stock -based compensation (iii)	5	5	8	10	16
Management fee & related expenses paid to Equity Sponsors (iv)	1	2	2	3	5
Costs related to the initial public offering (v)	20	–	20	–	–
Goodwill and other intangible asset impairment (vi)	–	–	–	–	152
Other	–	(2)	–	(1)	–
Adjusted EBITDA	\$ 218	\$ 192	\$ 382	\$ 325	\$ 683

(i) Depreciation and amortization includes amounts recorded within Cost of sales in the Consolidated Statements of Operations.

(ii) 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.

(iii) Represents the non-cash costs for stock-based compensation.

(iv) 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.

(v) 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.

(vi) Represents the non-cash impairment charge of goodwill and an intangible asset recognized in accordance with Accounting Standards Codification 350, Intangibles – Goodwill and Other.

Reconciliation to GAAP



Reconciliation to Non-GAAP Measures: Adjusted Net Income



(\$ in millions, except per share amounts)

	Three Months Ended		Six Months Ended		Full Year
	August 4, 2013	July 29, 2012	August 4, 2013	July 29, 2012	Fiscal 2012
Net income (loss)	\$ (72)	\$(56)	\$ (203)	\$(416)	\$(1,179)
Less income (loss) from discontinued operations, net of tax	–	–	–	16	20
Income (loss) from continuing operations	(72)	(56)	(203)	(432)	(1,199)
Plus: Provision (benefit) from income taxes	12	1	55	34	3
Less: Cash income taxes	(3)	(2)	(5)	(2)	(1)
Plus: Amortization of acquisition-related intangible assets (other than software)	33	60	67	120	243
Plus: Loss on extinguishment & modification of debt (i)	46	–	87	220	709
Plus: Costs related to the initial public offering (ii)	20	–	20	–	–
Plus: Goodwill & other intangible asset impairment (iii)	–	–	–	–	113
Adjusted net income (loss)	\$ 36	\$ 3	\$ 21	\$ (60)	\$ (132)
Weighted average common shares outstanding – diluted (in thousands)	157,751	134,094	146,216	130,555	130,561
Adjusted net income (loss) per share – diluted	\$ 0.23	\$ 0.02	\$ 0.14	\$ (0.46)	\$ (1.01)

(i) 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 modifications.

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

(iii) Represents the non-cash impairment charge of goodwill and an intangible asset recognized in accordance with Accounting Standards Codification 350, Intangibles – Goodwill and Other.

Reconciliation to GAAP

