

■ *MDM Interview*

HD Supply: After the Deal

CEO Joe DeAngelo talks about distributor's vision, post-Home Depot

HD Supply, Atlanta, GA, now separated from its parent company, The Home Depot, is ready to move forward as a focused organization after the ups and downs of 2007. HD Supply's CEO Joe DeAngelo spoke recently with MDM on the distributor's plans to stay on the acquisition trail, the company's strategy for integrating acquired companies, its plans for private label and green, and how he views the current economic situation.

MDM: How did the past year of not knowing the direction of the company in terms of ownership affect HD Supply and its ability to execute its strategy?

Joe DeAngelo: The good news is that we got through it all. We woke up the first part of 2007 and find out we're for sale mid-February, and you go with the flow with that and then find out when you're just about sold you have a liquidity crisis, and the deal is going back and forth, and on top of that you have a major residential downturn to contend with.

It was a lot going into '07. We were looking forward to 2008. And we had a good February and we're having a good March.

MDM: How did you communicate with your customers during this time?

JD: For us it was most important that our customers knew there were no changes.

Certainly as you go through these things, a lot of rumors float through the marketplace, and the competition takes advantage, so you have to make sure your customers know the truth. You have to everyday do a little more for them. Although there were massive distractions, I couldn't be prouder of how my team dealt with this.

MDM: Post-Home Depot, what is your vision for this company?

JD: We're a natural consolidator in the industry. We did shed one business, the lumber business, with which we had a No. 6 position in two states. That business would have required a massive investment to become a No. 1 or 2 and would have been a cash drain for the other businesses. We did that very early and effectively and to a business (ProBuild Holdings) we believe will allow our associates to have long-term success.

MDM: What is the difference for HD Supply under private equity ownership versus ownership under Home Depot?

JD: The primary difference is that now this is the entire business, so you don't have to worry about any other pieces and parts. As a business leader, it's nice to have clarity and it's a pure professional business.

Private ownership is also just an easier way to run the business. Everybody on my board is an owner, and I myself and my leadership team are big owners. We all have money in the deal and we're all interested in succeeding. We have a very concentrated ownership structure that allows you to have everybody that's an owner to participate in the decision-making.

MDM: Is the next step a public offering?

JD: That is probably the most likely option. Given the size we will probably be it would be difficult for someone else to swallow us. We're building the company to last forever, so if we happen to become public in five years, there will be a number

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