

HD Supply Holdings, Inc.
Form DEF 14A
March 28, 2014

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

Filed by the Registrant ☒ Filed by a Party other than the Registrant ☐

Check the appropriate box:

- ☐ Preliminary Proxy Statement
- ☐ Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- ☒ Definitive Proxy Statement
- ☐ Definitive Additional Materials.
- ☐ Soliciting Material Pursuant to Section 240.14a-12

HD SUPPLY HOLDINGS, INC.

(Name of Registrant as Specified in Its Charter)

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- ☒ No fee required.
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(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11:

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(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

- o Fee paid previously with preliminary materials.
- o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount previously paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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3100 Cumberland Boulevard, Atlanta, Georgia 30339

March 31, 2014

Dear Shareholder:

You are cordially invited to attend HD Supply Holdings, Inc.'s annual meeting of shareholders to be held at 12:30 p.m. (Eastern Time) on May 15, 2014, at 3100 Cumberland Boulevard, Atlanta, Georgia 30339. Your proxy card is enclosed with this proxy statement. A copy of the Company's fiscal 2013 annual report on Form 10-K is also enclosed.

Your vote is important. Whether you plan to attend the annual meeting or not, you may access electronic voting via the Internet, which is described on your enclosed proxy card, or you may sign, date and return the proxy card in the envelope provided. If you plan to attend the annual meeting you may vote in person.

Registration and seating will begin at 12:30 p.m. Each shareholder will be asked to sign an admittance card and will be asked to present a valid picture identification. Shareholders holding stock in brokerage accounts will need to bring a copy of a brokerage statement reflecting stock ownership as of the March 17, 2014 record date. Cameras and recording devices will not be permitted at the meeting.

On behalf of the board of directors, I want to thank you for your support of HD Supply.

Sincerely,

/s/ JOSEPH J. DEANGELO

Joseph J. DeAngelo
President and Chief Executive Officer

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3100 Cumberland Boulevard, Atlanta, Georgia 30339

Notice of Annual Meeting of Shareholders

To Our Shareholders:

HD Supply Holdings, Inc.'s annual meeting of shareholders will be held at 3100 Cumberland Boulevard, Atlanta, Georgia 30339, on Thursday, May 15, 2014, at 12:30 p.m. (Eastern Time) (the "Annual Meeting").

The purposes of the Annual Meeting are:

1. To elect two directors nominated by the board of directors and named in the proxy statement to serve until our 2017 annual meeting of shareholders;
2. To ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the Company's 2014 fiscal year ending on February 1, 2015;
3. To conduct an advisory vote on the compensation of our named executive officers ("say on pay");
4. To conduct an advisory vote on the frequency of future say-on-pay advisory votes; and
6. To transact any other business as may properly come before the meeting.

Our board of directors has fixed the close of business on March 17, 2014 as the record date for determining holders of our common stock entitled to notice of, and to vote at, the Annual Meeting.

/s/ RICARDO J. NUNEZ
Ricardo J. Nuñez
Senior Vice President, General Counsel
and Corporate Secretary

Atlanta, Georgia
March 31, 2014

Your vote is important. Please vote as soon as possible by using the Internet or by signing and returning the proxy card. Instructions for your voting options are described on the proxy card.

**Important Notice Regarding the Availability of Proxy Materials
for the Annual Meeting to be Held on May 15, 2014:**
The proxy statement and fiscal 2013 annual report on Form 10-K are available at
<http://www.astproxyportal.com/ast/18392/>.

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HD SUPPLY HOLDINGS, INC.

3100 Cumberland Boulevard, Atlanta, Georgia 30339

This summary highlights information contained elsewhere in this proxy statement. This summary does not contain all of the information that you should consider, and you should read the entire proxy statement carefully before voting.

HD Supply Holdings, Inc.'s 2014 Annual Meeting Information

Date and Time: May 15, 2014, at 12:30 p.m. Eastern Time.

Place: 3100 Cumberland Boulevard, Atlanta, Georgia 30339.
(follow signs in lobby to annual meeting room)

Record Date: March 17, 2014.

Voting: Holders of common stock are entitled to one vote per share.

Admission: To attend the meeting in person you will need proof of your share ownership as of the record date and a form of government-issued photo identification.

Date of Mailing: This proxy statement and proxy card is first being mailed to shareholders on March 31, 2014.

Items of Business

Proposals	Board Vote Recommendation	Page Reference (for more information)
1. Elect two directors named in this proxy statement	FOR BOTH	2
2. Ratify the appointment of our independent registered public accounting firm	FOR	2
3. Advisory Shareholder Vote on Executive Compensation	FOR	3
4. Advisory Vote on the Frequency of Advisory Votes on Executive Compensation	EVERY THREE YEARS	3

Table of Contents**Director Nominees****Board Structure**

HD Supply Holdings, Inc. (the "Company") currently has ten directors divided into three classes: two in Class I and four in each of Class II and Class III. The terms of office of the two Class I directors expire at the Annual Meeting.

Class I Election

The two nominees for election as Class I directors are listed below. If elected, the nominees for election as Class I directors will serve for a term of three years and until their successors are elected and qualify. If you sign and return the accompanying proxy card or voting instruction card, your shares will be voted for the election of the two Class I nominees recommended by the board of directors unless you choose to abstain from voting for either of the nominees. If for any reason either nominee is unable to serve or will not serve, such proxies may be voted for a substitute nominee designated by the board of directors as the proxy holder may determine. The board is not aware of any nominee who will be unable to or will not serve as a director. There is no cumulative voting.

Class I Nominees

A nominee must receive the vote of a plurality of the votes validly cast at the Annual Meeting represented either in person or by proxy at the Annual Meeting to be elected. Therefore, the two nominees who receive the most "FOR" votes (among votes properly cast in person, electronically or by proxy) will be elected. Proxies cannot be voted for a greater number of persons than the number of nominees named. The Class I nominees are as follows:

Name	Age	Director		Occupation	Board Committees	Independent
		Since				
Brian A. Bernasek	41	2011		Director, The Carlyle Group	Compensation; Executive	No
Stephen M. Zide	54	2007		Managing Director, Bain Capital	Compensation (Chair)	No

Additional information about the two director nominees as well as our current board of directors who will continue to serve after the Annual Meeting is provided on page 15.

Ratification of the Appointment of the Independent Registered Public Accounting Firm

The board is asking you to ratify the selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the 2014 fiscal year ending February 1, 2015. Set forth below is summary information with respect to the fees billed to us by PricewaterhouseCoopers LLP for services provided to us during the fiscal years ended February 2, 2014 and February 3, 2013. For more information, see pages 58 and 60.

Fees Billed	FYE2013	FYE2012
Audit Fees	\$ 3.4 million	\$ 3.3 million
Audited-Related Fees	N/A	\$ 0.5 million
Tax Fees	\$ 0.8 million	\$ 0.6 million
All Other Fees	N/A	N/A
Total	\$ 4.2 million	\$ 4.4 million

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Advisory Vote on Executive Compensation

The board is asking you to vote to approve the compensation of our named executive officers, often referred to as a "say-on-pay" advisory vote. While the advisory vote is not binding on our board of directors, the board and compensation committee will take into account the result of the vote when determining future executive compensation arrangements. For more information, see page 61.

Advisory Vote on Frequency of Advisory Vote on Executive Compensation

The board is asking you to vote for a frequency of every three years for the non-binding advisory vote on the frequency of holding future votes regarding compensation of the named executive officers, commonly referred to as a "say when on pay" advisory vote. For more information, see page 62.

2013 Key Compensation Decisions

Our Named Executive Officers ("NEOs") are compensated in a manner consistent with our strategy, competitive practice, sound compensation governance principles and shareholder interests.

Key compensation decisions for our NEOs for fiscal 2013 include the following:

The base salary of Mr. DeAngelo, our Chief Executive Officer, was increased by 14% to ensure his base pay remains competitive since he waived merit increases in the four prior fiscal years. Mr. Levitt received a 24% increase at the time of his promotion to Senior Vice President and Chief Financial Officer. Mr. Domanico received an increase of 2%, Ms. Chaibi received an increase of 5% and Mr. Nuñez received an increase of 3.5%. Mr. Stegeman received a \$15,000 merit bonus in lieu of a base salary increase for fiscal 2013.

Ms. Chaibi exceeded her EBITDA performance target for fiscal 2013 and earned an incentive award of 101.7% of her target award. Fiscal 2013 annual incentive awards for our other NEOs, other than Mr. Stegeman, were earned at 87% of the target award based on EBITDA performance for the year. Mr. Stegeman earned an incentive award of 38.1% of his target award based on EBITDA performance for the year.

We did not make routine annual equity grants for fiscal 2013, but made a grant of stock options to the NEOs, other than Mr. Levitt, in connection with the Company's initial public offering. Mr. DeAngelo received a grant of 148,800 stock options, Ms. Chaibi received a grant of 86,800 stock options, and our other NEOs, other than Mr. Levitt, received a grant of 57,200 stock options, all with an exercise price equal to the initial public offering price of \$18 per share. These options vest on the third anniversary of the initial public offering, subject to continued employment through such date. Mr. Levitt received a grant of 41,322 shares of restricted stock that vests ratably over four years from the March 6, 2014 grant date in consideration of his promotion to Senior Vice President and Chief Financial Officer in December 2013, which grant will be reported in our 2015 proxy statement.

We implemented stock ownership guidelines pursuant to which, within five years of becoming subject to the guidelines, each NEO other than our CEO is expected to own

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company shares having a value equal to his or her base salary. Our CEO is expected to own company shares having a value equal to three times his base salary, which he satisfied by the end of fiscal 2013.

Incentive awards made to our executive officers, including stock-based compensation, are subject to clawback pursuant to the clawback policy adopted by our board of directors in fiscal 2013.

For more information, see page 36.

2013 Compensation Summary

The following table summarizes the compensation of our Chief Executive Officer, Principal Financial Officer ("PFO"), former Principal Financial Officer and our next three most highly compensated executive officers, to whom we refer collectively as the Named Executive Officers or NEOs, for fiscal 2013. For more information, see page 48.

Name	Salary (\$)	Bonus (\$)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	All Other Compensation (\$)	Total (\$)
Joseph J. DeAngelo	975,961		1,525,200	1,304,539	44,589	3,850,289
Evan Levitt (PFO)	283,269	160,000		108,256	4,503	556,028
Ronald J. Domanico (former PFO)	571,465		586,300	374,160	63,630	1,595,555
Anesa Chaibi	546,639		889,700	560,801	197,648	2,194,788
John A. Stegeman	725,000	160,000	586,300	276,105	127,296	1,874,701
Ricardo J. Nuñez	411,308	100,000	586,300	216,032	65,816	1,379,456

2015 Annual Meeting

Pursuant to Rule 14a-8 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") shareholder proposals submitted for inclusion in the proxy statement for our annual meeting of shareholders expected to be held in May 2015 must be received by us by December 1, 2014. For more information, see page 63.

This proxy statement and proxy card are furnished in connection with the solicitation of proxies to be voted at our Annual Meeting of shareholders, which will be held at 3100 Cumberland Boulevard, Atlanta, Georgia 30339, on May 15, 2014, at 12:30 p.m. (the "Annual Meeting"). On March 31, 2014, we began mailing to shareholders of record this proxy statement and proxy card.

Why am I receiving this proxy statement and proxy card?

You have received these proxy materials because our board of directors is soliciting your proxy to vote your shares at the Annual Meeting. This proxy statement describes issues on which we would like you to vote at our Annual Meeting of shareholders. It also gives you information on these issues so that you can make an informed decision.

Our board of directors has made this proxy statement and proxy card available to you because you owned shares of the Company's common stock at the close of business on March 17, 2014.

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When you vote by using the Internet or by signing and returning the proxy card, you appoint Joseph J. DeAngelo and Ricardo J. Nuñez (with full power of substitution) as your representatives at the Annual Meeting. They will vote your shares at the Annual Meeting as you have instructed them or, if an issue that is not on the proxy card comes up for vote, in accordance with their best judgment. This way, your shares will be voted whether or not you attend the Annual Meeting. Even if you plan to attend the Annual Meeting, we encourage you to vote in advance by using the Internet or (if you received your proxy card by mail) by signing and returning your proxy card. If you vote by Internet, you do not need to return your proxy card.

Who is entitled to vote?

Holders of our common stock at the close of business on March 17, 2014 are entitled to vote. March 17, 2014 is referred to as the record date. In accordance with Delaware law, a list of shareholders entitled to vote at the meeting will be available in electronic form at the place of the Annual Meeting on May 15, 2014 and will be accessible in electronic form for ten days before the meeting at our principal place of business, 3100 Cumberland Boulevard, Atlanta, Georgia 30339 between the hours of 9:00 a.m. and 5:00 p.m.

To how many votes is each share of common stock entitled?

Holders of common stock are entitled to one vote per share. On the record date, there were 194,112,859 shares of our common stock outstanding and entitled to vote.

How do I vote?

Shareholders of record may vote by using the Internet or by mail as described below. Shareholders may also attend the meeting and vote in person. If you hold shares through a bank or broker, please refer to your proxy card, or other information forwarded by your bank or broker to see which voting options are available to you.

You may vote by using the Internet. The address of the website for Internet voting is <http://www.astproxyportal.com/ast/18392/>. Internet voting is available 24 hours a day and will be accessible until 11:59 p.m. Eastern Time on May 14, 2014. Easy-to-follow instructions allow you to vote your shares and confirm that your instructions have been properly recorded.

You may vote by mail. If you received a proxy card by mail and choose to vote by mail, simply mark your proxy card, date and sign it, and return it in the postage-paid envelope.

The method you use to vote will not limit your right to vote at the Annual Meeting if you decide to attend in person. Written ballots will be passed out to anyone who wants to vote at the Annual Meeting. If you hold your shares in "street name," you must obtain a proxy, executed in your favor, from the holder of record to be able to vote in person at the Annual Meeting.

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What if I change my mind after I return my proxy?

You may revoke your proxy and change your vote at any time before the polls close at the Annual Meeting. You may do this by:

submitting a subsequent proxy by using the Internet or by mail with a later date;

sending written notice of revocation to Corporate Secretary, HD Supply Holdings, Inc., 3100 Cumberland Boulevard, Atlanta, Georgia 30339;

voting in person at the Annual Meeting.

If you hold shares through a bank or broker, please refer to your proxy card, other information forwarded by your bank or broker to see how you can revoke your proxy and change your vote.

Attendance at the meeting will not by itself revoke a proxy.

How many votes do you need to hold the Annual Meeting?

The presence, in person or by proxy, of the holders of a majority of the votes entitled to be cast at the Annual Meeting will constitute a quorum. If a quorum is present, we can hold the Annual Meeting and conduct business.

An investor group consisting of funds affiliated with Bain Capital Partners, LLC ("Bain"), The Carlyle Group ("Carlyle") and Clayton, Dubilier & Rice, LLC ("CD&R") (collectively, our "Equity Sponsors") beneficially owns more than 50% of our common stock. Therefore, the presence of the Equity Sponsors at the Annual Meeting would constitute a quorum. Our Equity Sponsors, pursuant to a stockholders agreement with the Company, are currently entitled to nominate (or cause to be nominated) nine of the Company's directors, which includes three designees of each Equity Sponsor. Pursuant to the stockholders agreement, the Company has agreed to use its best efforts to cause the election of such nominees to the board of directors, and each party to the stockholders agreement, including the Equity Sponsors, has agreed to vote in favor of the election of such nominees. As of March 14, 2014, the Equity

Sponsors collectively held approximately 56.36% of our outstanding common stock. See "Related Party Transactions" on page 24 for additional information.

On what items am I voting?

You are being asked to vote on four items:

to elect two directors nominated by the board of directors and named in the proxy statement to serve until our 2017 annual meeting of shareholders and until their successors are elected and qualify;

to ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the 2014 fiscal year ending February 1, 2015;

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to conduct an advisory vote on the compensation of our named executive officers, often referred to as a "say on pay"; and

to conduct an advisory vote on the frequency of future advisory votes on executive compensation, often referred to as a "say when on pay";

No cumulative voting rights are authorized, and dissenters' rights are not applicable to these matters.

How does the board of directors recommend that I vote?

The board recommends that you vote as follows:

FOR both director nominees;

FOR the ratification of the appointment of our independent registered public accounting firm;

FOR the approval, on an advisory basis, of executive compensation; and

FOR an advisory vote on executive compensation EVERY THREE YEARS.

How may I vote in the election of directors, and how many votes must the nominees receive to be elected?

With respect to the election of directors, you may:

vote FOR the two nominees for director;

vote FOR one of the nominees for director and ABSTAIN from voting on the other nominee for director; or

ABSTAIN from voting on either of the nominees for director.

The Company's Third Amended and Restated By-Laws (the "Bylaws") provide for the election of directors by a *plurality* of the votes cast. This means that the two individuals nominated for election to the board of directors who receive the most "FOR" votes (among votes properly cast in person, electronically or by proxy) will be elected.

What happens if a nominee is unable to stand for election?

If a nominee is unable to stand for election, the board may either:

reduce the number of directors that serve on the board; or

designate a substitute nominee.

If the board designates a substitute nominee, shares represented by proxies voted for the nominee who is unable to stand for election will be voted for the substitute nominee.

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How may I vote for the proposal to ratify the appointment of our independent registered public accounting firm, and how many votes must this proposal receive to pass?

With respect to this proposal, you may:

vote FOR the ratification of the accounting firm;

vote AGAINST the ratification of the accounting firm; or

ABSTAIN from voting on the proposal.

In order to pass, the proposal must receive the affirmative vote of a majority of the votes that could be cast at the Annual Meeting by the holders who are present in person, electronically or by proxy. If you abstain from voting on the proposal or your broker is unable to vote your shares, it will have the same effect as a vote against the proposal.

How may I vote on the proposal to approve, on an advisory basis, the executive compensation of the named executive officers as disclosed in this proxy statement, and how many votes must this proposal receive to pass?

With respect to this proposal, you may:

vote FOR the approval, on an advisory basis, of executive compensation;

vote AGAINST the approval, on an advisory basis, of executive compensation; or

ABSTAIN from voting on the proposal.

In order to pass, the proposal must receive the affirmative vote of a majority of the votes that could be cast at the Annual Meeting by the holders who are present in person, electronically or by proxy. If you abstain from voting on the proposal, it will have the same effect as a vote against the proposal.

How may I vote on the proposal to indicate, on an advisory basis, my preference for the frequency of future advisory votes on executive compensation?

With respect to this proposal, you may vote to indicate your preference as follows:

an advisory vote on executive compensation every THREE YEARS;

an advisory vote on executive compensation every TWO YEARS;

an advisory vote on executive compensation EVERY YEAR; or

ABSTAIN from voting on the proposal.

Unlike the other proposals you are voting on, there is no threshold vote that must be obtained for this proposal to "pass." Rather, the board will take into consideration the outcome of the vote in setting a policy with respect to the frequency of future advisory votes on executive compensation.

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What happens if I sign and return my proxy card but do not provide voting instructions?

If you return a signed card but do not provide voting instructions, your shares will be voted as follows:

FOR both director nominees;

FOR the ratification of the appointment of our independent registered public accounting firm;

FOR the approval, for an advisory basis, of executive compensation; and

FOR an advisory vote on executive compensation EVERY THREE YEARS.

Will my shares be voted if I do not vote by using the Internet or by signing and returning my proxy card?

If you do not vote by using the Internet or by signing and returning your proxy card, then your shares will not be voted and will not count in deciding the matters presented for shareholder consideration at the Annual Meeting.

If your shares are held in street name through a bank or broker, your bank or broker may vote your shares under certain limited circumstances if you do not provide voting instructions before the Annual Meeting, in accordance with the NASDAQ rules that govern the banks and brokers. These circumstances include voting your shares on "routine matters," such as the ratification of the appointment of our independent registered public accountants described in this proxy statement. With respect to this proposal, therefore, if you do not vote your shares, your bank or broker may vote your shares on your behalf or leave your shares unvoted.

The remaining proposals are not considered routine matters under the NASDAQ rules relating to voting by banks and brokers. When a proposal is not a routine matter and the brokerage firm has not received voting instructions from the beneficial owner of the shares with respect to that proposal, the brokerage firm cannot vote the shares on that proposal. This is called a "broker non-vote." Broker non-votes that are represented at the Annual Meeting will be counted for purposes of establishing a quorum, but not for determining the number of shares voted for or against the non-routine matter.

We encourage you to provide instructions to your bank or brokerage firm by voting your proxy. This action ensures your shares will be voted at the meeting in accordance with your wishes.

What is the vote required for each proposal to pass, and what is the effect of abstentions and uninstructed shares on the proposals?

Our Bylaws provide for the election of directors by a *plurality* of the votes cast. This means that the two individuals nominated for election to the board of directors who receive the most "FOR" votes (among votes properly cast in person, electronically or by proxy) will be elected. Abstentions are not considered votes cast for or against the nominee under a plurality voting standard. For each other proposal to pass in accordance with our Bylaws, the proposal must receive the affirmative vote of a majority voting power of the shares present in person, electronically or by proxy at the Annual Meeting and entitled to vote. The following table summarizes the board's recommendation on each proposal,

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the vote required for each proposal to pass and the effect of abstentions and uninstructed shares on each proposal.

Proposal Number	Item	Board Voting Recommendation	Votes Required for Approval	Abstentions	Uninstructed Shares
1	Election of Directors	FOR	The two nominees who receive the most FOR votes properly cast in person, electronically or by proxy and entitled to vote will be elected	No effect	No effect
2	Ratification of independent registered public accounting firm	FOR	Majority of the voting power of the shares present in person, electronically or by proxy and entitled to vote	Count as votes against	Discretionary voting by broker permitted
3	Advisory vote on the compensation of our named executive officers ("say on pay")	FOR	Majority of the voting power of the shares present in person, electronically or by proxy and entitled to vote	Count as votes against	No effect
4	Advisory vote on the frequency of future say-on-pay advisory votes	EVERY THREE YEARS	No threshold vote to pass. Rather, the board will take into consideration the outcome of the vote in setting a policy with respect to the frequency of future advisory votes on executive compensation.	No effect	No effect

What do I need to show to attend the Annual Meeting in person?

You will need proof of your share ownership (such as a recent brokerage statement or letter from your broker showing that you owned shares of HD Supply Holdings, Inc. common stock as of March 17, 2014) and a form of government-issued photo identification. If you do not have proof of ownership and valid photo identification, you may not be admitted to the Annual Meeting. All bags, briefcases and packages will be held at registration and will not be allowed in the meeting.

Can I receive future proxy materials and annual reports electronically?

Yes. This proxy statement and the annual report are available by accessing the website located at <http://www.astproxyportal.com/ast/18392/>. Instead of receiving paper copies in the mail, shareholders can elect to receive an email that provides a link to our future annual reports and proxy materials on the Internet. Opting to receive your proxy materials electronically will save us the cost of producing and mailing documents to your home or business, will reduce the environmental impact of our annual meetings, and will give you an automatic link to the proxy voting site.

If you are a shareholder of record and wish to enroll in the electronic proxy delivery service for future meetings, you may do so by going to <http://www.astproxyportal.com/ast/18392/> and following the prompts.

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The following table sets forth certain information concerning our executive officers. The respective age of each individual in the table below is as of March 31, 2014.

Name	Age	Position
Joseph J. DeAngelo	52	President and Chief Executive Officer; Director
Anesa Chaibi	47	President and Chief Executive Officer, HD Supply Facilities Maintenance
Evan Levitt	44	Senior Vice President, Chief Financial Officer
Steven N. Margolius	55	President and Chief Executive Officer, HD Supply Power Solutions
Margaret Newman	45	SVP, Human Resources, Communications and Community Relations
Ricardo J. Nuñez	49	Senior Vice President, General Counsel and Corporate Secretary
John A. Stegeman	53	Executive President, HD Supply and President, HD Supply White Cap
Jerry Webb	56	Chief Executive Officer, HD Supply Waterworks

Joseph J. DeAngelo has been President and Chief Executive Officer since January 2005 and has been a director since August 2007. Mr. DeAngelo served as Executive Vice President and Chief Operating Officer of Home Depot from January 2007 through August 2007. From August 2005 to December 2006, he served as Senior Vice President HD Supply. From January 2005 to August 2005, Mr. DeAngelo served as Senior Vice President Home Depot Supply, Pro Business and Tool Rental and from April 2004 through January 2005, he served as Senior Vice President Pro Business and Tool Rental. Mr. DeAngelo previously served as Executive Vice President of The Stanley Works, a tool manufacturing company, from March 2003 through April 2004. From 1986 until April 2003, Mr. DeAngelo held various positions with GE. His final position with GE was as President and Chief Executive Officer of General Electric TIP/Modular Space, a division of General Electric Capital. Mr. DeAngelo holds a bachelor's degree in accounting and economics from the State University of New York at Albany.

Anesa Chaibi has served as President and Chief Executive Officer, HD Supply Facilities Maintenance since September 2005. Prior to joining HD Supply, Ms. Chaibi served as General Manager of Global Quality and Commercial Operations for GE Water & Process Technologies in 2005. Ms. Chaibi began her career in 1989 in the GE Chemical and Materials Leadership Program. She held roles of increasing responsibility in manufacturing, operations, production, marketing, corporate initiatives, global sourcing, Six Sigma Quality, and as a Business Leader within GE Silicones, Plastics, Power Systems, Industrial Systems, Water & Process Technologies and Infrastructure before leaving to join Home Depot and then HD Supply. During her career, she also worked for CSC Index as a Strategic Management Consultant. Ms. Chaibi has a bachelor of science in chemical engineering from West Virginia University and an M.B.A. from the Fuqua School of Business at Duke University.

Evan Levitt has served as Senior Vice President, Chief Financial Officer since 2013. Prior to his appointment as Chief Financial Officer in December 2013, he served as Vice President and Corporate Controller of HD Supply since 2007 when he joined the Company from The Home Depot, where he was the assistant controller and director of financial reporting from 2004 to 2007. He also served in various management roles at Payless ShoeSource from 1999-2004, including Vice President of Accounting and Reporting. Prior to Payless ShoeSource, he held the role of Audit Manager with Arthur Andersen. Mr. Levitt has a bachelor of science in business administration from Washington University.

Steve Margolius has served as President and Chief Executive Officer, HD Supply Power Solutions since December 2013, having served as its president since April 2013. Prior to that, he served as its Chief Operating Officer and HD Supply's Chief Commercial Officer from March 2011 through March 2013. Prior to re-joining HD Supply in March 2011, he served as Executive Vice President and Chief Operating Officer of United Sporting Companies from April 2010 until March 2011. He was President, HD Supply Electrical from April 2006 to March 2010 and President, HD Supply Plumbing/HVAC from July 2009 to March 2010. Mr. Margolius has a bachelor's degree from State University of New York

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and has attended advanced management programs at Harvard Business School and the Stanford Graduate School of Business.

Margaret Newman joined HD Supply in April 2007 and has served as Senior Vice President, Human Resources, Communications and Community Relations since July 2008. Prior to HD Supply, Ms. Newman held senior Human Resources leadership roles at Conseco Insurance Group from August 2005 to April 2007, and at Sears Roebuck and Company from September 1997 to August 2005. She has more than 19 years of business experience in the manufacturing industry, building her expertise in organizational effectiveness; acquisition and integration; benefits design; talent acquisition and management; leadership development and employee engagement. Ms. Newman holds a bachelor's degree in psychology from Coe College and master's degree in sociology from the University of Wisconsin.

Ricardo J. Nuñez has served as Senior Vice President, General Counsel and Corporate Secretary since August 2007 and was also responsible for managing our Real Estate, Loss Prevention, Corporate Security, Business Continuity, and Environmental, Health and Safety operations for a portion of this time. Mr. Nuñez served as Vice President of Legal Operations of Home Depot from August 2005 to August 2007. Previously, he held leadership positions at General Electric Energy ("GE Energy"), which included lead legal counsel responsible for global manufacturing and sourcing, global compliance, and sales of products and services. Prior to joining GE Energy, Mr. Nuñez served as counsel at Esso Inter-America Inc., the Exxon affiliate responsible for downstream operations throughout Latin America and the Caribbean. Mr. Nuñez also spent four years at Steel, Hector & Davis, a law firm based in Florida, where he practiced real estate and land use law primarily. He is active in various civic and charitable organizations and currently sits on the board of directors of The Westminster Schools and Atlanta Speech School. Mr. Nuñez holds a bachelor's degree in Economics from the Wharton School at the University of Pennsylvania and a J.D. from Columbia Law School.

John A. Stegeman joined HD Supply in April 2010 as Executive President and focused on building the Specialty Construction and Safety business as the President of HD Supply White Cap. Prior to joining HD Supply, Mr. Stegeman was most recently President and Chief Executive Officer of Ferguson Enterprises ("Ferguson"), headquartered in Newport News, Virginia from 2005 to 2009. He began his career with Ferguson in 1985 as a management trainee and advanced through the company holding various management positions in three of Ferguson's five business groups: Waterworks, Plumbing, and Heating and Air Conditioning. As part of the Ferguson Waterworks business group, Mr. Stegeman served as Senior Vice President before being named Chief Operating Officer of Ferguson in May 2005. Mr. Stegeman received a bachelor's degree from Virginia Tech and has attended advanced management programs at Wharton School of Business, IMD, Duke University's Fuqua School of Business, University of Virginia Darden School of Business and Columbia University.

Jerry L. Webb has served as Chief Executive Officer, HD Supply Waterworks since December 2011, and served as President, HD Supply Waterworks from March 2007 to November 2011. Mr. Webb joined the HD Supply team in connection with the acquisition of National Waterworks Holdings, Inc. by HD Supply in August 2005. Mr. Webb has spent his entire career in HD Supply Waterworks and its predecessor companies: National Waterworks, U.S. Filter Distribution Group, Inc. and Davis Water & Waste Industries ("Davis"). Mr. Webb previously served as Vice President of the Southeast Region of National Waterworks from November 2002 through March 2007. He began his career in 1981 with Davis and served in numerous capacities including Sales Representative, Operations Manager, Branch Manager, District Manager and National Sales Manager. Following the acquisition of Davis by U.S. Filter, Mr. Webb served as Vice President for the Southeast Region of U.S. Filter from 1996 until 2002. Mr. Webb holds a B.B.A. degree in accounting from Valdosta State University.

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The Company's Certificate of Incorporation provides that the board of directors shall consist of not fewer than three nor more than 21 directors, with the exact number to be fixed by the board of directors. The board of directors has fixed the current number of directors at eleven. The Company currently has ten directors and there is one current vacancy.

The Certificate of Incorporation divides the board into three classes, as nearly equal in number as possible, with the terms of office of the directors of each Class ending in different years. Class I currently has two directors and Class II and Class III have four directors, respectively. The terms of directors in Classes I, II, and III end at the annual meetings in 2014, 2015, and 2016, respectively.

Director	Class	
Brian A. Bernasek	Class I	Expiring 2014 Annual Meeting
Stephen M. Zide	Class I	Expiring 2014 Annual Meeting
Betsy S. Atkins	Class II	Expiring 2015 Annual Meeting
Paul B. Edgerley	Class II	Expiring 2015 Annual Meeting
Gregory S. Ledford	Class II	Expiring 2015 Annual Meeting
Nathan K. Sleeper	Class II	Expiring 2015 Annual Meeting
James G. Berges	Class III	Expiring 2016 Annual Meeting
Joseph J. DeAngelo	Class III	Expiring 2016 Annual Meeting
Patrick R. McNamee	Class III	Expiring 2016 Annual Meeting
Charles W. Pepper	Class III	Expiring 2016 Annual Meeting

At each annual meeting of the shareholders, the successors of the directors whose term expires at that meeting are elected to hold office for a term expiring at the annual meeting of shareholders held in the third year following the year of their election. The board of directors is therefore asking you to elect the two nominees for director whose term expires at the Annual Meeting. Brian A. Bernasek and Stephen M. Zide, our Class I directors, have been nominated for reelection at the Annual Meeting. See "Proposal 1 Election of Directors" on page 59.

Directors are elected by a plurality. Therefore, the two nominees who receive the most "FOR" votes will be elected. Proxies cannot be voted for a greater number of persons than the number of nominees named. There is no cumulative voting. If you sign and return the accompanying proxy card or voting instruction card, your shares will be voted for the election of the two nominees recommended by the board of directors unless you choose to abstain from voting for either of the nominees. If either nominee for any reason is unable to serve or will not serve, proxies may be voted for such substitute nominee as the proxy holder may determine. The Company is not aware of any nominee who will be unable to or will not serve as a director.

Set forth below is biographical information as well as background information relating to each nominee's and continuing director's business experience, qualifications, attributes and skills and why the board of directors and Nominating and Corporate Governance Committee believe each individual is a valuable member of the board of directors. The persons who have been nominated for election and are to be voted upon at the Annual Meeting are listed first, with continuing directors following thereafter.

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Nominees

Brian A. Bernasek , <i>Managing Director, The Carlyle Group</i>	<i>Age 41</i>	<i>Class I term expiring at 2014 annual meeting</i> <i>Committees: Compensation; Executive</i>	<i>Director since 2011</i>
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Mr. Bernasek is a Managing Director of Carlyle where he focuses on investment opportunities primarily in the industrial and transportation sectors. Since joining Carlyle in 2000, Mr. Bernasek has been actively involved in several of the firm's investments, including Accudyne Industries, Allison Transmission, AxleTech International, Rexnord Corporation and The Hertz Corporation. Prior to joining Carlyle, Mr. Bernasek held positions with Investcorp International, a private equity firm, and in the investment banking division of Morgan Stanley & Co. Mr. Bernasek is a graduate of the University of Notre Dame and received his M.B.A. from Harvard Business School. He is also a member of the Board of Directors of Accudyne Industries, Allison Transmission and previously served as a director of Hertz Global Holdings.

Director Qualifications: Mr. Bernasek's demonstrated leadership skills as managing director of Carlyle and his extensive experience in investment banking and private equity bring to our board a deep knowledge of complex financial issues and valuable insights as a result of his service in the industrial and transportation sectors. Mr. Bernasek is a director nominee designated by Carlyle, one of our Equity Sponsors, pursuant to the terms of the amended and restated stockholders agreement described under "Related Party Transactions Stockholders agreement and stockholder arrangements."

Stephen M. Zide , <i>Managing Director, Bain Capital</i>	<i>Age 54</i>	<i>Class I term expiring at 2014 annual meeting</i> <i>Committees: Compensation (Chair)</i>	<i>Director since 2007</i>
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Mr. Zide is a Managing Director of Bain, having joined the firm in 1997. He currently heads the firm's New York office and leads its North American Industrial Sector. Prior to joining Bain, Mr. Zide was a partner of the law firm of Kirkland & Ellis LLP. Mr. Zide received an M.B.A. from Harvard Business School, a J.D. from Boston University School of Law and a B.A. from the University of Rochester. He also serves as a director of Sensata Technologies B.V., Consolidated Container Corporation, Apex Tool Group, and Trinseo LLC.

Director Qualifications: Mr. Zide brings to the Board extensive negotiating and financing expertise gained from his training and experience as a legal advisor and then a private equity professional and financial advisor. In addition, Mr. Zide has had significant involvement with the Company since 2007, and has served as a director of numerous public and private companies during his career in private equity and law. Mr. Zide is a director nominee designated by Bain, one of our Equity Sponsors, pursuant to the terms of the amended and restated stockholders agreement described under "Related Party Transactions Stockholders agreement and stockholder arrangements."

Continuing Directors

Betsy S. Atkins , <i>Chairperson, APX Labs, LLC</i>	<i>Age 60</i>	<i>Class II term expiring at 2015 annual meeting</i> <i>Committees: Compensation</i>	<i>Director since 2013</i>
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Ms. Atkins currently serves as chairperson of APX Labs, LLC a Google Glass/Smart Glass enterprise software company. She served as chief executive officer of Baja Ventures, an independent venture capital firm focused on the technology, renewable energy and life sciences industry from 1991 through 2008. In 2009, Ms. Atkins served as chief executive officer and chairman of Clear Standards, Inc., which developed SaaS enterprise level software monitoring carbon emissions, prior to its sale to SAP AG. She previously served as chairperson and chief executive officer of NCI, Inc., a food manufacturer creating Nutraceutical and Functional Food products, from 1991 through 1993. Ms. Atkins co-founded Ascend Communications, a manufacturer of communications equipment, in 1989, where she was also a member of the board of directors until its acquisition by Lucent Technologies in 1999. Ms. Atkins currently serves on the board of directors of Polycom, Inc. and Schneider Electric, SA. She has extensive public board experience, including most recently, SunPower Corporation (2005-2012); Reynolds American, Inc. (2004-2013); Chico's FAS, Inc. (2004-2013); and Towers Watson & Co. (2010). She holds a B.A. from the University of Massachusetts.

Director Qualifications: Ms. Atkins has significant entrepreneurial and operational experience with companies in a high growth phase, and she also brings to the board extensive knowledge in the areas of executive compensation and corporate governance.

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Paul B. Edgerley, *Managing Director, Bain Capital* *Age 58* *Class II term expiring at 2015 annual meeting* *Director since 2007*
Committees: N&CG (Chair); Executive

Mr. Edgerley joined Bain in 1988 and has been a Managing Director since 1990. Mr. Edgerley focuses on investment in the industrial and consumer product sectors. He currently serves on the Board of Directors of Apex Tool Group, FTE Automotive, Hero Motorcorp, Keystone Automotive Operations, Inc., Sensata Technologies, MYOB Group and Steel Dynamics. Prior to joining Bain, Mr. Edgerley spent five years at Bain & Company where he worked as a Consultant and Manager in the healthcare, information services, retail and automobile industries. Previously, he was a certified public accountant working at Peat Marwick, Mitchell & Company. Mr. Edgerley holds an M.B.A. with distinction from Harvard Business School and a B.S. from Kansas State University.

Director Qualifications: Mr. Edgerley brings to the board extensive experience in corporate strategy development in the industrial and consumer product sectors. He has served as a director of numerous public and private companies during his career in private equity, consulting and accounting. Mr. Edgerley is a director nominee designated by Bain, one of our Equity Sponsors, pursuant to the terms of the amended and restated stockholders agreement described under "Related Party Transactions Stockholders agreement and stockholder arrangements."

Gregory S. Ledford, *Managing Director, The Carlyle Group* *Age 57* *Class II term expiring at 2015 annual meeting* *Director since 2011*
Committees: N&CG

Mr. Ledford is a Managing Director of Carlyle where he leads U.S. buyout opportunities in the Industrial and Transportation sectors. Since joining Carlyle in 1988, Mr. Ledford has led the firm's investments in Allison Transmission, AxleTech International, The Hertz Corporation, Horizon Lines, Grand Vehicle Works and Piedmont Holdings. From 1991 to 1997, he served as Chairman and Chief Executive Officer of The Reilly Corp., a former Carlyle portfolio company that was successfully sold in September 1997. Prior to joining Carlyle, Mr. Ledford was Director of Capital Leasing for MCI Telecommunications. Mr. Ledford is a graduate of the University of Virginia's McIntire School of Commerce, where he serves as the Vice President of the Fountain Board, and received his M.B.A. from Loyola College. Mr. Ledford is also a member of the Board of Directors of Allison Transmission, Axalta Coating Systems, Greater China Intermodel Investments, LLC and Veyance Technologies and previously served as a director of Hertz Global Holdings.

Director Qualifications: Mr. Ledford's demonstrated leadership and consensus building skills as Managing Director of Carlyle and his past and current service as a director on a number of commercial vehicle industry boards, as well as his years of experience in industrial-related positions provides our board with valuable insights and a unique perspective on industrial and transportation related issues. Mr. Ledford is a director nominee designated by Carlyle, one of our Equity Sponsors, pursuant to the terms of the amended and restated stockholders agreement described under "Related Party Transactions Stockholders agreement and stockholder arrangements."

Nathan K. Sleeper, *Partner, Clayton, Dubilier & Rice, LLC* *Age 40* *Class II term expiring at 2015 annual meeting* *Director since 2010*
Committees: Compensation

Mr. Sleeper is a partner of CD&R and has significant financial and investment experience from his involvement in its investment in numerous portfolio companies and has played active roles in overseeing those businesses. Prior to joining CD&R in 2000, he worked in the investment banking division of Goldman, Sachs & Co. and at investment firm Tiger Management Corp. Mr. Sleeper is a director of Wilsonart International Holdings, LLC, Roofing Supply Group, Inc., Hussman International, Inc., Atkore International Group, Inc., NCI Building Systems, and U.S. Foods, Inc. and previously served as a director of Hertz Global Holdings and Culligan Ltd. Mr. Sleeper holds a B.A. from Williams College and an M.B.A. from Harvard Business School.

Director Qualifications: Mr. Sleeper's broad experience in the financial and investment communities brings to our board important insights into business strategy and areas to improve our financial performance. Mr. Sleeper is a director nominee designated by CD&R, one of our Equity Sponsors, pursuant to the terms of the amended and restated stockholders agreement described under "Related Party Transactions Stockholders agreement and stockholder arrangements."

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James G. Berges , <i>Partner, Clayton, Dubilier & Rice, LLC</i>	<i>Age 66</i>	<i>Class III term expiring at 2016 annual meeting</i>	<i>Director since 2007</i>
		<i>Committees: N&CG; Executive</i>	

James G. Berges has been the Chairman of the Board of Directors since August 2007. Mr. Berges has been an operating partner of CD&R since 2005. Mr. Berges was President of Emerson Electric Co. from 1999 and served as director of Emerson Electric Co. from 1997 until his retirement in 2005. Emerson Electric Co. is a global manufacturer of products, systems and services for industrial automation, process control, HVAC, electronics and communications, and appliances and tools. He is a director of PPG Industries, Inc., NCI Building Systems, Inc., and Atkore International and chairman of the board of Hussman International, Inc. He also served as director of MKS Instruments, Inc. from February 2002 to May 2007, Diversey, Inc. from 2009 to 2010 and as chairman of the board of Sally Beauty Holdings, Inc. from 2006 to 2012. Mr. Berges holds a B.S. in Electrical Engineering from the University of Notre Dame.

Director Qualifications: Mr. Berges' former leadership role at a global manufacturer provides our board of directors valuable insight into the numerous operational, financial, and strategic issues we face. Further, Mr. Berges' service on the boards of other public and private companies provides our board with the challenges currently faced by companies in a variety of markets. Mr. Berges is a director nominee designated by CD&R, one of our Equity Sponsors, pursuant to the terms of the amended and restated stockholders agreement described under "Related Party Transactions Stockholders agreement and stockholder arrangements."

Joseph J. DeAngelo , <i>President and Chief Executive Officer, HD Supply</i>	<i>Age 52</i>	<i>Class III term expiring at 2016 annual meeting</i>	<i>Director since 2007</i>
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Mr. DeAngelo has been President and Chief Executive Officer since January 2005 and has been a director since August 2007. Mr. DeAngelo served as Executive Vice President and Chief Operating Officer of Home Depot from January 2007 through August 2007. From August 2005 to December 2006, he served as Senior Vice President HD Supply. From January 2005 to August 2005, Mr. DeAngelo served as Senior Vice President Home Depot Supply, Pro Business and Tool Rental and from April 2004 through January 2005, he served as Senior Vice President Pro Business and Tool Rental. Mr. DeAngelo previously served as Executive Vice President of The Stanley Works, a tool manufacturing company, from March 2003 through April 2004. From 1986 until April 2003, Mr. DeAngelo held various positions with GE. His final position with GE was as President and Chief Executive Officer of General Electric TIP/Modular Space, a division of General Electric Capital. Mr. DeAngelo holds a bachelor's degree in Accounting and Economics from the State University of New York at Albany.

Director Qualifications: Our CEO has over 30 years of global operating experience, including over 17 years in various leadership roles at General Electric Company and The Home Depot, Inc., including Chief Operating Officer.

Patrick R. McNamee , <i>former EVP-Chief Operating Officer, Express Scripts</i>	<i>Age 54</i>	<i>Class III term expiring at 2016 annual meeting</i>	<i>Director since 2013</i>
		<i>Committees: Audit</i>	

Mr. McNamee served as executive vice president and chief operating officer of Express Scripts Holding Company, a pharmacy benefit management company until March 2014. He joined Express Scripts in 2005 as senior vice president and chief information officer, expanding his role to EVP-Chief Operating Officer in 2007. Prior to joining Express Scripts, Mr. McNamee worked for Misys Healthcare Systems, a healthcare technology company, as president and chief executive officer, Physician Systems, from September 2003 to February 2005. Mr. McNamee was employed by various subsidiaries of General Electric Corporation from July 1989 to September 2003, including as president and chief executive officer, GE Surgery, GE Medical Systems, from July 2002 to September 2003; chief information officer and chief quality officer, NBC, from March 2001 to July 2002; and chief information officer and general manager of e-Business, GE Transportation Systems, from March 1999 to March 2001.

Director Qualifications: Mr. McNamee brings to the Board strategic leadership and a unique combination of business savvy and information technology experience across a variety of industries. He attended Marquette University and holds a bachelor's degree and a master's degree in biomedical engineering.

Charles W. Pfeffer , <i>Retired Partner of KPMG LLP</i>	<i>Age 66</i>	<i>Class III term expiring at 2016 annual meeting</i>	<i>Director since 2013</i>
		<i>Committees: Audit</i>	

Mr. Pfeffer retired as a partner of KPMG LLP in 2002 after 32 years with KPMG in its Kansas City office. He served as Partner in Charge of Audit from 1986 to 1993 and Managing Partner of the Kansas City office from 1993 to 2000. He currently serves as Audit Committee Chairman on the board of directors of Garmin Ltd., Sensata Technologies, NPC International and the Commerce Funds, a family of eight mutual funds. Mr. Pfeffer holds a B.A. from the University of Kansas and an M.B.A. from Northwestern University.

Director Qualifications: Mr. Pfeffer brings to the board extensive practical and management in public accounting and corporate finance, including significant experience with KPMG and its predecessors firms. Mr. Pfeffer also brings leadership expertise through his directorship roles in other public companies, including service on audit committees.

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The following sections provide an overview of our corporate governance structure and processes. Among other topics, we describe how we select directors, how we consider the independence of our directors and key aspects of our board operations.

Selecting Nominees for Director

Our board has delegated to the Nominating and Corporate Governance Committee the responsibility for reviewing and recommending to the board nominees for director. In accordance with our Corporate Governance Guidelines, and on recommendation of the Nominating and Corporate Governance Committee, our board of directors has adopted criteria for the selection of new directors based on the strategic needs of the Company and the board. The Nominating and Corporate Governance Committee will periodically review the criteria adopted by the board and, if deemed desirable, recommend changes to such criteria.

Pursuant to the criteria adopted by our board of directors, the board seeks members from diverse professional backgrounds who combine a broad spectrum of experience and expertise with a reputation for integrity. Individuals are considered for nomination to the board based on their business and professional experience, judgment, oversight roles held, age, skills and background. The board also considers the candidate's availability, absence of conflicts, and any applicable independence or experience requirements. The Nominating and Corporate Governance Committee considers diversity in identifying nominees for director, including personal characteristics such as race and gender, as well as diversity in experience and skills relevant to the board's performance of its responsibilities in the oversight of the business. For each of the nominees to the board, the biographies shown above highlight the experiences and qualifications that were among the most important to the Nominating and Corporate Governance Committee in concluding that the nominee should serve as a director of the Company.

The Nominating and Corporate Governance Committee is responsible for recommending to the board nominees for election to the board at each annual meeting of shareholders and for identifying one or more candidates to fill any vacancies that may occur on the board. New candidates may be identified through recommendations from independent directors or members of management, search firms, discussions with other persons who may know of suitable candidates to serve on the board, and shareholder recommendations. Evaluations of prospective candidates typically include a review of the candidate's background and qualifications by the Nominating and Corporate Governance Committee, interviews with the committee as a whole, one or more members of the committee, or one or more other board members, and discussions of the committee and the full board. The Committee then recommends candidates to the full board, with the full board selecting the candidates to be nominated for election by the shareholders or to be elected by the board to fill a vacancy.

The Nominating and Corporate Governance Committee will consider director candidates proposed by shareholders on the same basis as recommendations from other sources. Any shareholder who wishes to recommend a prospective candidate for the board of directors for consideration by the Nominating and Corporate Governance Committee may do so by submitting the name and qualifications of the prospective candidate in writing to the following address: Corporate Secretary, HD Supply Holdings, Inc., 3100 Cumberland Boulevard, Atlanta, Georgia 30339. Any such submission should also describe the experience, qualifications, attributes and skills that make the prospective candidate a suitable nominee for the board of directors. Our Bylaws set forth the requirements for direct nomination by a shareholder of persons for election to the board of directors. These

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requirements are described under "Other Information for Shareholders" at the end of this proxy statement.

Our Equity Sponsors, pursuant to a stockholders agreement with the Company, are currently entitled to nominate (or cause to be nominated) nine of the Company's directors, which includes three designees of each Equity Sponsor. See "Related Party Transactions" on page 24 for additional information. Our Chief Executive Officer also serves as a director.

Director Independence

Pursuant to the exemption provided to controlled companies by the NASDAQ rules, for such time that the Company qualifies as a controlled company, it is not required to have a majority of independent directors on the board. Our Corporate Governance Guidelines provide that once the Company ceases to qualify as a controlled company, and after any permissible phase-in period, the board will have a majority of independent directors who will satisfy the independence requirements of the NASDAQ. No director will be deemed independent unless the board has made an affirmative determination that such director has no relationship which would interfere with the exercise of independent judgment in carrying out the responsibility of a director.

The board undertook an annual review of director independence in February 2014. As part of this review, the board considered whether there were any relationships between each director or any member of his or her immediate family and the Company. The board also examined whether there were any relationships between an organization of which a director is a partner, shareholder or executive officer and the Company. The purpose of this review was to determine whether any such relationships were inconsistent with a determination that a director is independent. As a result of this review, the board affirmatively determined that the following directors are independent directors: Betsy S. Atkins, Patrick R. McNamee and Charles W. Pepper. Accordingly, three of our ten directors are independent, and all directors serving on the Audit Committee satisfy the independence requirements of the NASDAQ and the U.S. Securities and Exchange Commission (the "SEC") relating to directors and Audit Committee members.

Executive Sessions of our Non-Management Directors

The Chairman of the Board and the full board separately have authority to require the board to meet in executive sessions outside the presence of management. The independent directors will meet at regularly scheduled executive sessions without management not less frequently than twice per year. The Chairman of the Board or the presiding director, as applicable, shall act as chair at such meetings. If the Chairman of the Board is not an independent director, the Board will either designate an independent director to preside at the meetings of independent directors or a procedure by which a presiding director is selected for these meetings.

Board Leadership Structure

As noted in our Corporate Governance Guidelines, the board has no policy with respect to the separation of the offices of Chairman of the Board and Chief Executive Officer. The board believes it is important to retain its flexibility to allocate the responsibilities of the offices of the Chairman and Chief Executive Officer in any way that is in the best interests of the Company at a given point in time. Since 2007, James G. Berges has served as chairman of the board and Joseph J. DeAngelo has served

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as our President and Chief Executive Officer. The board believes this governance structure currently promotes a balance between the board's independent authority to oversee our business and the Chief Executive Officer and his management team who manage the business on a day-to-day basis. The board expects to periodically review its leadership structure to ensure that it continues to meet our needs.

Board's Role in Risk Oversight

Our board is responsible for overseeing our risk management. Under its charter, the Audit Committee is responsible for reviewing and discussing the Company's risk management practices, including the effectiveness of the systems and policies for risk assessment and risk management, the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures, any unusual material transactions and management, internal auditor and independent auditor reviews of the Company's Foreign Corrupt Practices Act policies, procedures and monitoring. The Audit Committee also oversees our corporate compliance and ethics programs, as well as the internal audit function. The board's other independent committees oversee risks associated with their respective areas of responsibility. For example, the Compensation Committee considers the risks associated with our compensation policies and practices, with respect to both executive compensation and compensation generally. In addition to the committees' work in overseeing risk management, our full board regularly engages in discussions of the most significant risks that the Company is facing and how these risks are being managed, and the board receives reports on risk management from senior officers of the Company and from the committee chairs. The board reviews periodic assessments from the Company's ongoing enterprise risk management process that are designed to identify potential events that may affect the achievement of the Company's objectives.

The Company's Senior Vice President, General Counsel and Corporate Secretary reports directly to our Chief Executive Officer, providing him with visibility into the Company's risk profile. The Company's internal audit staff regularly reports to the Audit Committee, and the General Counsel and our Vice President, Internal Audit have regularly scheduled private sessions with the Audit Committee. The board of directors believes that the work undertaken by the committees of the board, together with the work of the full board of directors and our Chief Executive Officer, enables the board of directors to effectively oversee the Company's risk management function.

Corporate Governance Guidelines, Committee Charters and Codes of Business Conduct and Ethics

Our Corporate Governance Guidelines are available on the corporate governance section of our investor relations website at <http://ir.hdsupply.com/governance.cfm>. The charters for each of the Audit, Compensation, Nominating and Corporate Governance and Executive Committees also are available on our investor relations website.

We have a long-standing commitment to conduct our business in accordance with the highest ethical principles. Our code of business conduct and ethics is applicable to all the representatives of our enterprise, including our executive officers and all other employees and agents of our company and our subsidiary companies, as well as to our directors. A copy of our code is available on the corporate governance section of our investor relations website.

Our code of ethics for senior executive and financial officers, also available on our investor relations website, applies to our CEO, CFO, Chief Accounting Officer, and any other senior executive or financial officer performing similar functions. Under this code of ethics, our executives are required,

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among other things, to act with honesty and integrity, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships; to provide full, fair, accurate, timely and understandable disclosure in reports and documents that the company files with, or submits to, the SEC, and in other public communications made by the company; to comply with applicable laws, governmental rules and regulations, including insider trading laws; and to promote the prompt internal reporting of potential violations or other concerns related to this code of ethics to the Chair of the Audit Committee, and encourage associates to talk to supervisors, managers or other appropriate personnel when in doubt about the best course of action in a particular situation. Any violation will be subject to appropriate discipline, up to and including dismissal from the Company and prosecution under the law.

We have also adopted a policy providing procedures by which our in-house and outside attorneys are to report material violations of applicable U.S. federal or state laws, or a material breach of a fiduciary duty, as required by SEC rules.

Committees of the Board of Directors

Our board of directors has four committees: the Audit Committee, the Compensation Committee, the Nominating and Corporate Governance Committee and the Executive Committee. The following table shows the current members of each committee and the number of meetings held during fiscal 2013.

Director	Audit	Compensation	N&CG	Executive
Betsy S. Atkins		ü		
James G. Berges			ü	ü*
Brian A. Bernasek		ü		ü
Paul B. Edgerley			ü*	ü
Gregory S. Ledford			ü	
Patrick R. McNamee	ü			
Charles W. Peffer	ü*			
Nathan K. Sleeper		ü		
Stephen M. Zide		ü*		
Number of Meetings	8	5	3	0

ü = current committee member; * = chair

Audit Committee. The Audit Committee has the responsibility for, among other things, assisting the board of directors in reviewing our financial reporting and other internal control processes; our financial statements; the independent auditors' qualifications and independence; the performance of our internal audit function and independent auditors; and our compliance with legal and regulatory requirements and our code of business conduct and ethics.

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