



November 4, 2013

Dear True Value Suppliers:

As we chart a new course for the co-op in supporting our retailers and maximizing their profitability, we are accelerating our pace to become a more customer-focused company. The next step in this journey is making changes in how we lead the co-op, with a transformation of our executive team.

Earlier this year, Mike Clark expressed his desire to retire in the summer. Both Lyle and I asked Mike to stay on to help us through the CEO transition and the Fall Reunion. Mike very graciously agreed. He has now announced his formal retirement. I'd like to thank Mike for his commitment and loyalty to True Value, and for delaying his retirement to serve your co-op. As you know, Mike joined True Value in 2008, and led the charge in building a world-class merchandising organization. Mike will leave us in a strong position with a talented team, competitive pricing, expanded and relevant assortments, and a solid promotional program. His career spans nearly 40 years, with senior executive merchandising roles at both Orchard Supply and Sears. Through the end of the year, Mike will be available to assist me in the business transition. Meanwhile, an appropriate retirement sendoff is in the works. Please join me in wishing Mike the best as he embarks on his well-earned retirement in California, with his spouse Connie.

Our new head of merchandising will build on our foundation and continue the momentum. Our new senior vice president and chief merchandising officer will be Ken Goodgame. Ken brings diverse senior management experience to True Value in three important areas: supplier and manufacturing, wholesale cooperative, and big box retailing. Ken's most recent position was general merchandising manager at Ace Hardware where he was one of the two top merchandising executives leading that organization. Ken has held other senior leadership positions including several at Techtronic Industries North America, a leading global manufacturer of power tools and other products, and also at Newell/Rubbermaid in their Irwin and SHUR-LINE, Bernzomatic and Cleaning Divisions. Previously, Ken held merchandising roles at The Home Depot, where he was director of Proprietary Brands as well as Black & Decker. Ken has a bachelor's in Marketing and Finance, from the University of Tennessee-Knoxville.

Another important change taking place is the consolidation of our supply chain, logistics, distribution and inventory areas into one function. As a result, Don Deegan, our vice president of logistics will be leaving the co-op. I'd like to thank Don for his many years of service to True Value, and leading our logistics group as well as the significant contributions to the health of our financial position as our corporate controller.

To accelerate our growth and efficiencies, Abhinav Shukla will become our new senior vice president and chief operating officer and be responsible for distribution and logistics, as well as inventory, global supply chain, and indirect procurement. Abhinav joins us from AlixPartners, where he has served as a consultant to many Fortune 500 companies. AlixPartners is a highly-regarded global firm of senior business and consulting professionals that specializes in improving company financial and operational performance. He has extensive supply chain experience and was previously a co-founder of AlphaHarvest Capital, and has several years of experience working in senior consulting roles for Druker Capital and The Boston Consulting Group. Abhinav holds his master's in Management, Engineering from the Massachusetts Institute of Technology, and his bachelor's in Mechanical Engineering from the Indian Institute of Technology. He also serves on the board of New Jersey Needs You, a non-profit organization enabling first-generation college students to realize their college and career ambitions.



Our final leadership change is the result of consolidating Retail Growth and Retail Operations. We will now have one single team that is focused more directly on growth. With these changes, Steve Poplawski, senior vice president of Retail Operations including logistics and the supply chain, and Mark Flowers, vice president of Retail Growth, will be leaving the co-op. Steve and Mark have made important improvements for True Value. Mark has led the growth of our DTV program from inception, and he and his team have been responsible for nearly 400 new stores or remodels to the format. Steve has been responsible for the continuous improvement of retail operations over the past several years. He has led increases in our fill rates and developed critical business intelligence tools including the Retailer Workbench. Steve also revamped and launched an effective conversion team that is forecast to complete over 35 conversions in 2013 alone.

With these changes, I am announcing the new position of senior vice president, Growth. Tim Mills joins us in this role from leading distributor HD Supply, one of the largest diversified industrial distributors in North America. Having held executive roles in operations, sales, and strategic development, Tim has most recently been vice president and general manager for their Power Solutions division. His leadership experience also includes work for Bankers Life and Casualty as vice president of distribution operations, process excellence and customer service. Tim also held the role of vice president at Information Resources Inc., the leading market information firm which provides the analytics, business intelligence solutions, and subject matter expertise to the world's leading consumer packaged goods and retail companies. Tim was a Six Sigma Master Black Belt at GE Capital. He earned a master's in Business Administration from Northern Illinois University's College of Business and his bachelor's in Business Administration and Management, from the United States Air Force Academy.

Tim, Ken and Abhinav will report directly to me as part of the senior leadership team, and will be officers of True Value Company. All three will begin their service to the co-op on Wednesday, Nov. 6, so please join me in welcoming them.

I made a commitment to our retailers at our Fall Reunion in three critical areas for which they will hold me accountable: 1) Focus on the consumer, 2) Focus on member profitability and, 3) Focus on a healthy co-op. In order to meet those expectations, I am empowering and encouraging our entire organization to build on our solid foundation and to think beyond how we have done things in the past. By transforming leadership of the co-op and elevating our performance, I am confident we can deliver on these expectations.

Thank you,

A handwritten signature in black ink, appearing to read "John Hartmann".

John Hartmann
President and CEO