



The Home Owners' ADVANTAGE

VOL. 1 NO. 1 SPRING 2009

38 new Owners just signed our declaration of independents.

100%
DEALER
OWNED

Home Hardware Stores Limited is Canada's largest independent hardware, lumber and building materials and furniture retailer. Home has more than 1,000 stores across Canada under the Home Hardware, Home Building Centre, Home Hardware Building Centre and Home Furniture banners. And new Owners continue to come Home, just like the 38 who signed up in 2008. Check the back cover for some of their stories.

Since 1964, Home has been dedicated exclusively to helping the independent retailer stay independent and to thrive. While times have changed, technology has changed and our buying power has grown tremendously, Home's original mandate has remained constant.

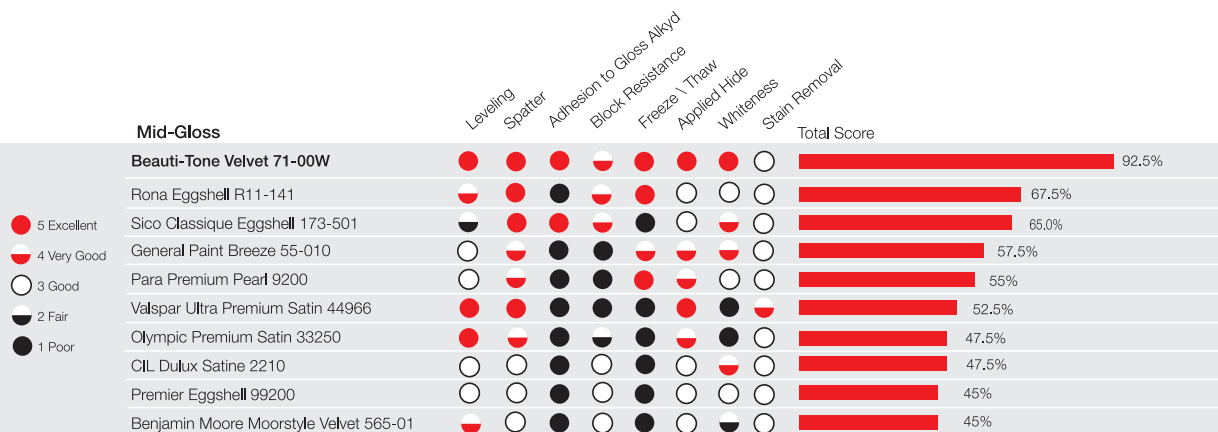
With 45 years of steady growth behind us, Home Owners are still looking forward and upward. In these pages you'll find out more about the many ways that Home Hardware stands apart in the industry. As a 100% Dealer-owned company, and Canada's largest independent home improvement retailer, only we can proclaim proudly that we are "Home Owners helping homeowners".

But more than that. We're also Home Owners helping other Home Hardware Owners. That, and retaining your independence, are among the many benefits of becoming a Home Owner. We invite you to read on and discover so much more.



Shelley & John Glover,
Home Store Owners
Upper Tantallon, Nova Scotia

 **Home Owners** helping homeowners™



Home Owners manufacture their own top quality paint and household products.

Every hardware store and building centre sells paint. But Home Owners do more. They make their own paint under the highly respected Beuti-Tone Canada's Paint Experts trademark. But we don't stop at paint. Home Owners also have access to hundreds of private label stain, coating, sealant and cleaning products – all made exclusively for and by Home, delivering great prices to consumers and great margins to Owners.

The Beuti-Tone family of products includes Beuti-Tone Signature Series, Designer Series, Weather Shield, Woodshield, Home Painter, Professional Paint and more. All are made in a 180,000 square foot manufacturing plant and laboratory located on 20 acres in Burford, Ontario. It is one of the most modern and technologically advanced facilities in North America.

In addition to coatings, the Beuti-Tone Paint and Home Products plant also produces top quality sealant products including acrylic and latex caulking, drywall compound and stucco for both interior and exterior applications.

Every year, independent tests prove that Beuti-Tone is among the very best paints money can buy and the brand continues to grow, outpacing the growth of any national or international competitor.

Innovative new products available to Home Owners from the Burford facility include the environmentally friendly Natura line, ceramic Designer Series, One-Day Woodshield Deck Restoration and handy Beuti-Tone Touch Up paint tubes.

For Home Owners there is a comprehensive In-Store Paint Support Program that includes fixtures, product selection guidance, merchandising, colour matching, staff training; in short, Home has everything a Home Owner needs to become one of Canada's Paint Experts.





Home Owners help with selection and efficiency that are hard to beat.

With more than 60,000 hardline skus, Home Hardware has the ability to compete in every meaningful category with anyone in the marketplace. Plumbing, electrical, heating, hand and power tools, housewares, paint and sundries, lawn and garden, sporting goods, automotive – the list goes from strength to strength.

Hardlines products are warehoused in 4 highly sophisticated Distribution Centres across Canada – in St. Jacobs and Elmira, Ontario; Debert, Nova Scotia and Wetaskiwin, Alberta.

From these 4 locations, Home maintains a very high service level (averaging 95%). Our weekly deliveries are the industry's best for being on time and complete.

Among those 60,000 skus are more than 10,000 exclusive items and private label products, each

one delivering top quality and great prices to the consumer and increased profit margins to Home Owners.

Plus, consumers can search through every one of these skus in Home's Distribution Centres online at homehardware.ca. That's like adding a massive warehouse to every Home location.

A Market-driven business.

Nowhere is Home Hardware's massive buying power more in evidence than at our semi-annual Dealer Markets. Held every April and September, these huge and lively events bring more than 1,000 vendors to St. Jacobs where they exhibit products – including many exciting new items and new lines – as well as offering special discounts and payment terms on purchases made at the Markets.



Both Spring and Fall Markets also offer a host of informative seminars, guest speakers and presentations to help all Home Owners be more successful.

Home also supports Owners on an ongoing basis with extensive store design expertise and the Build a Better Home Store Design Program to help drive profitable sales. Our staff training programs are second to none in both variety and effectiveness.



How our LBM Division helps build your business.



With 4 regional buying offices, Home's lumber and building materials product managers are located as close as possible to the volatile LBM markets. That gives the product managers more opportunity to maximize the tremendous purchasing power created by uniting more than 460 independent LBM Home Owners.

Home Hardware Building Centre and Home Building Centre Owners also benefit from direct shipments from suppliers, as well as having access to the 7-acre Lumber Distribution Centre in Kitchener, Ontario.

Home offers an array of added services that bring greater value to our customers (both contractors and consumers) and greater profits to every Home Owner. A sampling of a few of these services includes the Home Installs Installation Program, the Beaver Home & Cottage Design Book, Architectural Solutions and the highly effective Top Notch Contractor Club. This unique benefit includes exciting and successful contractor shows as well as a rich and compelling array of rewards for your best customers.





Home Owners help with financial strength in difficult times.

At Home Hardware, you are an Owner. This benefits your customers, but it also benefits you. Profits are returned to the Owners, not to outside shareholders or absentee corporate head-offices. And profit is something Home knows about. Sales have increased every year since the beginning in 1964. Sales targets are exceeded year after year.



Home's structure of independent ownership, vast buying power, Owner flexibility, product range and diversity positions us well for the challenging time ahead. Please talk to your local representative for more details about Home's attractive rebate program and other benefits of Home Ownership.

Homecard offers affordable finance plans to customers every day. Finance plans range from "do not pay for six months with no interest and no fees" to "equal payments up to 36 months". Homecard also has special "no fee" events throughout the year. Homecard provides Home Owners with financial tools to help sell high-ticket items and major project packages.

Home Gift Cards are a versatile and increasingly popular tool to bring in new customers and to attract add-on sales.



ANNUAL
CATALOGUES

TELEVISION
ADVERTISING

aeroplan

FLYER
PROGRAM



Marketing to homeowners



Home Hardware has one of the most comprehensive national advertising and marketing programs in the industry, anchored by an up-to-52-week flyer program. Research shows that this printed material is among the most read and instantly recognized of all the flyers on the market – and not just among those in the home improvement industry.

Large and highly popular catalogues are produced annually for each Home banner. And our year-round TV advertising campaign scores very high in terms of recognition, memorability and effectiveness.

The Home Hardware website (www.homehardware.ca) has been completely revamped and expanded. There's now an online search that lets

customers browse through all 60,000 items in the Home Distribution Centres. That adds extraordinary depth to the inventory at every Home location.

Customers who register at homehardware.ca get the added benefit of regular emails, customized from their local Home Owner, containing special offers, weekly eflyers and much more.

Home Hardware is an active partner with Aeroplan in their industry-leading customer loyalty program. The program allows customers to redeem their Aeroplan Miles for valuable Home Gift Cards.

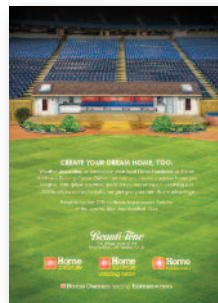
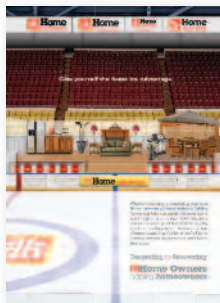
homehardware.ca



Home Owners in the community

Home is a proud sponsor of three large and very important charitable organizations, helping people in all parts of the country. Our primary areas of emphasis are children and the environment. Our national charities are the SickKids Foundation, Tree Canada Foundation and the Special Olympics.

All of these communication tools help to enhance the already highly recognizable Home brand. They also serve to solidify the new and unique Home Hardware positioning "Home Owners helping homeowners". Every communication tool is another demonstration of the ways in which Home Owners help.



Paul Sutter, Warton, Ontario
Warton Home Building Centre

"As an LBM dealer, I wanted to change companies in order to increase the front end of my business. I picked Home because it's a dealer-owned buying group; Home is well established and recognized; the warehouse has many more SKUs than I had access to before, and the fill rate is excellent. Since joining, the service has been above and beyond what I expected and the transition couldn't have been easier."

Dave Gillis, Sydney River, Nova Scotia
Gillis Home Building Centre

"I joined Home Hardware because they (and now we) have the complete package. This is the best move I've made in almost forty years. I am overwhelmed by the support I have received both from the folks at Home and from the public here. I now have a powerful, respected banner; a local Distribution Centre with more than 60,000 SKUs, and the support of more than 1,000 other Home Owners who care about their communities."

Anick Rousseau, Lac St. Jean, Quebec
Renomax (4 locations)

"Home is the banner that enables independent dealers to grow and prosper by making their own choices. The great variety of products that Home offers was certainly a deciding factor in our choice. Our customers are equally pleased. In just a few months, in spite of a difficult economy, our sales have increased. The team at Home gives us access to the tools we need to improve our business, and we wear our red shirts proudly."

Randall and Clinton Plett,
Arborg and Fisher Branch, Manitoba
Countryside Home Building Centre

"Home Hardware is a great company. We have never seen anything like it – the professional yet very much personal and friendly service; the high goals coupled with excellent help to reach them; the old-time values that keep shining through; the encouragement to make improvements... the list could go on and on. The conversion to the Home banner was pretty well seamless, and the longer we're with Home, the more grateful we are."

John & Shelley Glover,
Upper Tantallon, Nova Scotia
Redmond's Home Hardware

"Since we switched to Home Hardware in November 2008, our customers are thrilled. So are we. Our product selection has improved dramatically. And our orders have doubled. Before when a customer asked if we could get something unusual we were doubtful, but with Home we can get most anything. We are seeing fewer problems with stock-outs as we only have one major supplier to concentrate on. Customers are thrilled to hear that we are now a Home Hardware. One woman even hugged me for switching."

"Welcome Home to all new Owners" from Teresa Knight - West Lorne, Ontario, and more than 1,000 other Home Owners.

