



THE MARKET

For everyone in Canada, help is close to home. That's because there's a Home Hardware store in more than 1,000 communities across Canada — even above the Arctic Circle.

For everything from a package of screws to complete home building packages, Home Hardware is one of the most familiar brands in the country. Home's fleet of yellow trucks ranks among the most instantly recognized on the nation's highways.

In the face of aggressive expansion by both Canadian and U.S.-based competitors, 100% Canadian-owned Home Hardware has more than held its own. By exemplifying quality customer service on every level, Home thrives — adding new Dealers, renovating and expanding existing stores, bringing new and exclusive products to market, and increasing sales every year.

This growth occurs across all four banners: Home Hardware, Home Hardware Building Centre, Home Building Centre and Home Furniture. At the core of this success is a collection of dedicated, creative and hard-working independent Dealers who are united in their commitment to delivering on the Home Hardware promise that "Help is close to home".

These Dealers are supported by innovative and proprietary merchandising and inventory management technology and by unique employee education and promotional initiatives.

ACHIEVEMENTS

A Dealer-owned company with a commitment to its founding principle of providing ongoing support to the independent Dealer, Home Hardware's retail sales in 2006 exceeded \$4.6 billion. Sales growth



has been one of many constants for Home Hardware over its 43-year history.

Home distributes more than 60,000 unique items in four Distribution Centres that total almost 3 million square feet — in St. Jacobs, Ontario; Debert, Nova Scotia; Wetaskiwin, Alberta, and a furniture warehouse in Elmira, Ontario.

In addition to the Distribution Centres, which focus primarily on hardware and housewares products, Home co-ordinates lumber and building material purchasing through four Regional Buying Offices — in Wetaskiwin, St. Jacobs, Debert and Montreal, Quebec.

Home has one of Canada's largest delivery fleets, with more than 400 trailers on the road, guaranteeing weekly or twice-weekly deliveries to every Home store. Expedited next-day deliveries are also provided on an as-needed basis.

Home Hardware is a community-focused company. Corporate charitable support benefits three major national organizations: SickKids Foundation, Special Olympics Canada and Tree Canada Foundation. In addition, Home and its Dealers support thousands of local charities, children's sports teams, hospitals and community organizations.

In 1999, in recognition of his achievements, Home Hardware co-founder Walter Hachborn was honoured as the Hardware Retailer of the Century by *Hardware Merchandising* magazine. Mr. Hachborn is also the recipient of a Lifetime Achievement Award from the Retail

Council of Canada and the Order of Canada.

HISTORY

In the early 1960s, Walter Hachborn and Henry Sittler, owners of Hollinger Hardware in St. Jacobs, Ontario, knew that change was coming. In the face of pressure from burgeoning retail giants such as Woolco, Zellers and K-Mart, more than 1,000 independent hardware stores had closed across Canada in the previous decade.

Mr. Hachborn and Mr. Sittler foresaw that, in order to compete with larger mass merchants, independents had to be able to buy in greater volume than before. To this end, they approached hardware owners in southwestern Ontario about creating a co-operative buying group.

Other independent owners agreed, and in 1964, Home Hardware was founded, comprising 128 stores. Innovations that Home brought to the hardware and building supply industry included

the concept of the dealer-owned co-op and the unified retail image, complete with slogan, logo and the ubiquitous red jacket.

Today, Mr. Hachborn remains involved, and his trademark bow tie is as much a symbol of the company as the red-shirted Dealers and the consistently high level of customer service. Research findings regularly show that Home stores provide the best service in the industry.



Home Hardware expanded into the building supply sector with Homeall stores (now Home Building Centre) in 1972, and the subsequent launch of the Home Hardware Building Centre format.

In 1987, Home purchased the 55-outlet Revelstoke building supply chain, accelerating growth in Western Canada.

In 1989, Paul Straus was appointed General Manager and Executive Vice President. In 1998, in recognition of his successful corporate stewardship, Paul was appointed Vice President and Chief Executive Officer.

In 1999, Home Hardware solidified its position in the lumber and building materials (LBM) sector by acquiring the 138-store Beaver Lumber chain. This expansion added new expertise and more depth of resources in the crucial LBM field.

It also provided Home with access to some of the few markets they had not conquered already.

THE PRODUCT

With over 1,000 locations, Home Hardware offers something for everyone, with product selection customized to meet the specific needs of each community.

Home Hardware Dealers operate stores under four distinct banners:

Home Hardware stores offer housewares, electronics, appliances, hand and power tools, plumbing and electrical supplies, paint and painting supplies, sporting goods, plus automotive and farm supplies, pet supplies, giftware and lawn and garden supplies.

Home Building Centre locations provide a range of products carefully selected for home renovation, repair and maintenance projects. Lumber, paint, hand and power tools, plumbing and electrical supplies and all manner of building materials, including building plans, are available here.

At Home Hardware Building Centre locations customers find the best of both worlds — combining a full range of both hardware store and building centre products.

Home Furniture features furnishings for every room, from casual to formal, as well as major appliances and decorating accessories.

These stores can choose from more than 60,000 individual products through Home's network of Distribution Centres. Dealers also have access to an additional 40,000 products, many of them purchased from local suppliers by individual Home Dealers.

Supporting Canadian manufacturers and suppliers is a fundamental part of Home's commitment that "Help is close to home."

RECENT DEVELOPMENTS

In 2007, Home Hardware launched its affiliation with Aeroplan, becoming the exclusive home improvement partner of Canada's leading loyalty brand.

Recently, Home Hardware united with Mark Cullen, Canada's leading gardening expert, to help expand Home's presence in the lawn and garden sector. Involvement with Mark has also seen the launch of the exclusive line of Mark's Choice

premium flowers, shrubs and lawn and garden care products.

Home's Distribution Centres continue to expand to meet the growing needs of Dealers and customers. The St. Jacobs Distribution Centre is now 1.5 million square feet. The Wetaskiwin Distribution Centre is now 780,000 square feet. And the Debert Distribution Centre is now almost 500,000 square feet.

Home Hardware offers consumers a range of innovative and exclusive products, all designed to solve common household problems. These items, from the original Benchmark Retractable Bit multi-headed screwdriver to the new Benchmark Auto-Lock pliers, have sold millions of units, helping secure Home Hardware's position as the consumer's first choice for help with household projects.

Home's exclusive line of Beautiful-Tone paints, including the premium Designer Series brand, test among the highest in the industry for



coverage, durability and scrubbability and is one of the fastest growing paint lines in Canada.

Home has created an extensive line of natural, environmentally responsible products, under the Natura brand, that includes fertilizers, detergents, household cleaners and chemical-free dryer sheets.

PROMOTION

Home Hardware's theme "Help is close to home" has the industry's highest rate of unaided recall. Home Hardware's previous slogan, "Home of the handyman", also continues to resonate with Canadian consumers.

Home's flyer program operates 52 weeks per year, and its television advertising program runs year round as well.

Home is a major supporter of high-visibility sports properties. These include rink boards in four NHL cities; rink boards in 49 CHL cities; title sponsorship of the annual CHL Home Hardware Top Prospects Game; sponsorship of the Toronto Blue Jays including prominent signage behind home plate, and sponsorship of the car driven by five-time national CASCAR (now NASCAR Canada) driver Don Thomson Jr.



Home offers a variety of specialty LBM Dealer promotional services including Home Installs Installation Services, Top Notch Contractor Loyalty Program, Tough As Nails Contractor Shows, the Beaver Homes and Cottages Design Book and Architectural Solutions.

BRAND VALUES

Since its inception in 1964, Home Hardware's values have not changed. They are based on helping the independent Dealer stay independent, and on helping Canadian customers solve their home maintenance, repair and building projects, while providing the highest possible level of customer service. Remaining Dealer-owned and community focused allows Dealers the flexibility to provide the kind of product mix and range of services that their specific market requires. Supplying the best possible selection of national and private brand merchandise at competitive prices — and delivering them quickly. Supporting and educating employees, and helping them to grow with the company.

THINGS YOU DIDN'T KNOW ABOUT HOME HARDWARE

- Home Hardware manufactures more than 7,000 exclusive products and controlled brands.
- Home Hardware operates its own advanced paint, stain, cleaning and other home products manufacturing facility in Burford, Ontario.
- Home Hardware has ownership in its own insurance company (Programmed Insurance Brokers Inc.) and its own travel agent (Link With Home Travel Inc.) to meet the needs of employees, Dealers, Vendors and their staff members.
- Home Hardware supplies the Christmas lights that are used on Parliament Hill in Ottawa.
- Home shares a buying alliance with Do-It-Best, one of the largest independent home improvement retailers in the United States.

