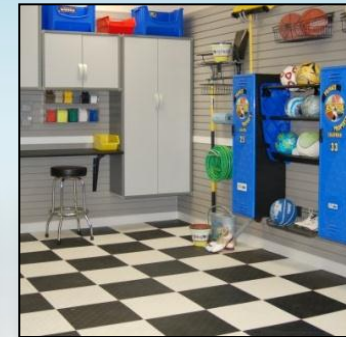


U.S. Home Systems

Nasdaq GMS: USHS





Today's presentation contains forward-looking statements that involve risks and uncertainties. These statements relate to future events or our future financial performance. You can identify forward-looking statements by terminology such as "may," "will," "could," "should," "expect," "plan," "intend," "anticipate," "believe," "estimate," "predict," "potential," or "continue," or the negative of such terms or other comparable terminology. These statements are only predictions. Actual events or results may differ materially.

Investment Highlights



➤ Well-Positioned in the Residential Remodeling Industry

- Kitchen/Counter Tops and Bathroom Remodeling
- Storage Organization Systems (Closets and Garages)
- Home improvement spending is expected to increase at an inflation-adjusted average annual rate of 3.5% between 2010 – 2015*

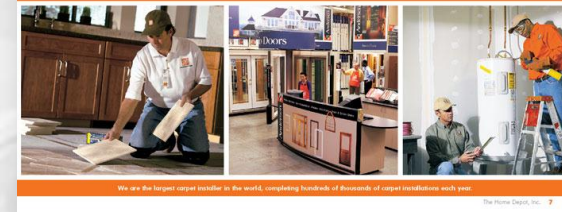
➤ Strategic Alliance with The Home Depot: #1 Home Improvement Brand

- Kitchens: All 60 markets representing approximately 1815 stores (DIY in all 1976 stores)
- Baths: 23 markets representing approximately 676 stores
- Home Organization Systems in 25 of 60 markets

➤ Strong Financial Position

➤ Scalable and Differentiated Business Model

➤ Strong and Experienced Management Team



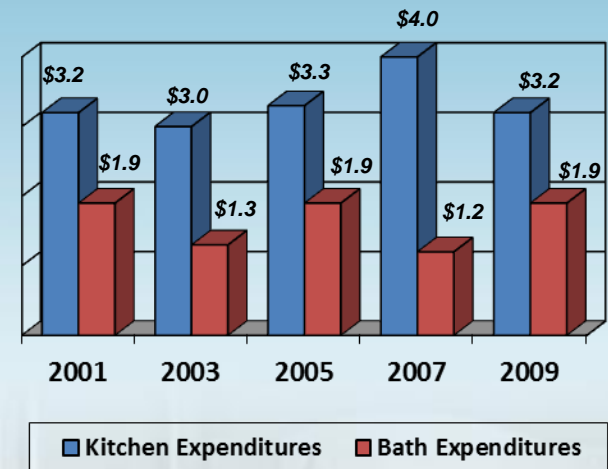
**(Leading Indicator of Remodeling Activity [LIRA], Remodeling Futures Program Joint Center for Housing Studies Harvard University)*

The Home Improvement Industry



- Over \$285 billion in annual remodeling expenditures in the U.S.
 - Kitchen Remodeling - \$25 Billion
 - Replacement Kitchens - \$21 Billion
 - “Minor Kitchen Remodeling “ - \$4 Billion, including \$0.9 B from DIY installations
 - The “Cabinet Refacing” category within Minor Kitchen Remodeling is \$2 B (est.)
 - Bathroom Remodeling - \$14 Billion
 - Minor bath remodeling - \$2 billion
- Industry has historically grown 5-7% annually since 1980 (through 2007)
- Home improvement spending is expected to increase at an inflation-adjusted average annual rate of 3.5% between 2010 – 2015*
- 78% of remodeling projects installed by professional remodeler

Minor Remodeling Expenditures



“Minor Kitchen Remodeling”, according to Remodeling Magazine: “ In a functional but dated 200-square-foot kitchen with 30 linear feet of cabinetry and countertops, leave cabinet boxes in place but replace fronts with new raised-panel wood doors and drawers, including new hardware. Replace wall oven and cook top with new energy-efficient models. Replace laminate countertops; install mid-priced sink and faucet. Repaint trim, add wall covering, and remove and replace resilient flooring.”

* Sources:

Joint Center for Housing Studies, Harvard University, Remodeling Magazine, USHS Company Data

Kitchen Refacing Overview

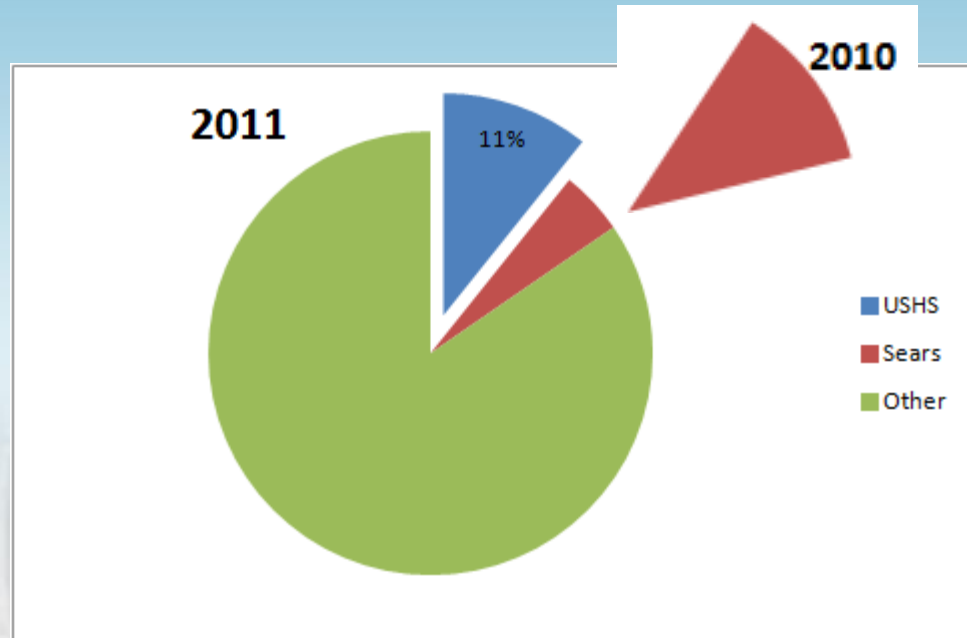


US Home Systems

- Approximately 11 % of the market
- Growth of 37% (2005-2007) vs. market growth of 22%
- Presence in 60 metropolitan areas

Competition

- The industry is highly fragmented
- Sears is the single major competitor (Volume has decreased significantly this year, to \$70 M *)
- Large local players have exited the market
- Lowe's and Menard's exited DIY business end of calendar 2009

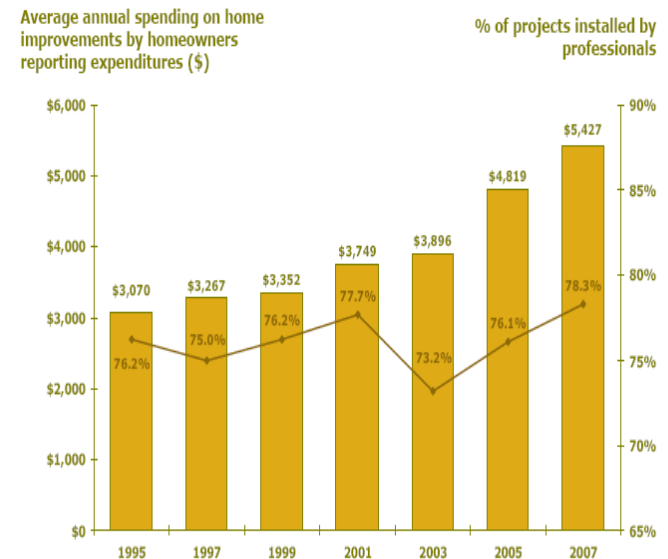


* Based on information from a recent employee prospect

➤ Economic and Demographic Drivers

- “Stuck” homeowners seeking to make their home more comfortable and livable in anticipation of a longer than anticipated stay
- The home is the consumers most important investment. Improvements have psychological, if not monetary, ROI.
- Minor kitchen renovation remains near top of the list in adding value to a home (83% of cost recovered upon sale, on average, nationally)
- Percentage of DIFM (“Do It For Me”) expected to increase with retiring baby-boomers
- Rapid growth of internet’s role in consumer shopping
- Rising expectations for quality product and service

Average Expenditures Have Been Climbing, Driven By Increasing Share of Projects With Professional Installation



Source: JCHS tabulations of 1995-2007 American Housing Survey (AHS).

Home Improvement Products



Kitchen and Bath

➤ **Two of the most popular remodeling jobs in U.S. (National Association of Home Builders)**

➤ **Kitchen:**

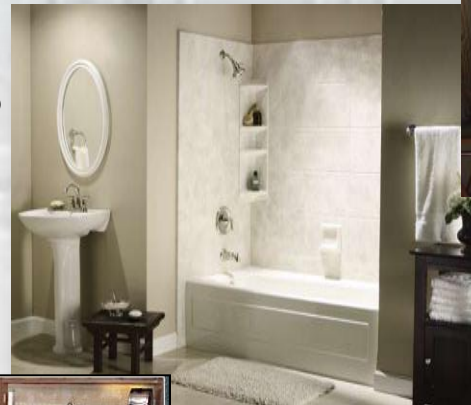
- Existing cabinet frame structure is retained
- New Cabinet doors, drawer fronts, drawer boxes, moldings and hardware are installed
- Counter tops, appliances can be replaced
- Economical alternative: Substantial savings compared to a complete custom kitchen major remodel
- Average job is completed in 2-3 days

➤ **Bath**

- Acrylic liners are installed directly over existing tub
- Wall surrounds applied over existing tile
- Vanity cabinets and fixtures may be replaced
- Most jobs installed in one day

Home Organization

- **Storage Organization Systems**
- **Closets represent approx. \$1.3 billion annually**



Focus on 2012 Growth Initiatives



- Increase share of the market
- Geographic expansion
- New product offering

2012 Initiatives – Increase Market Share



The Home Depot – US

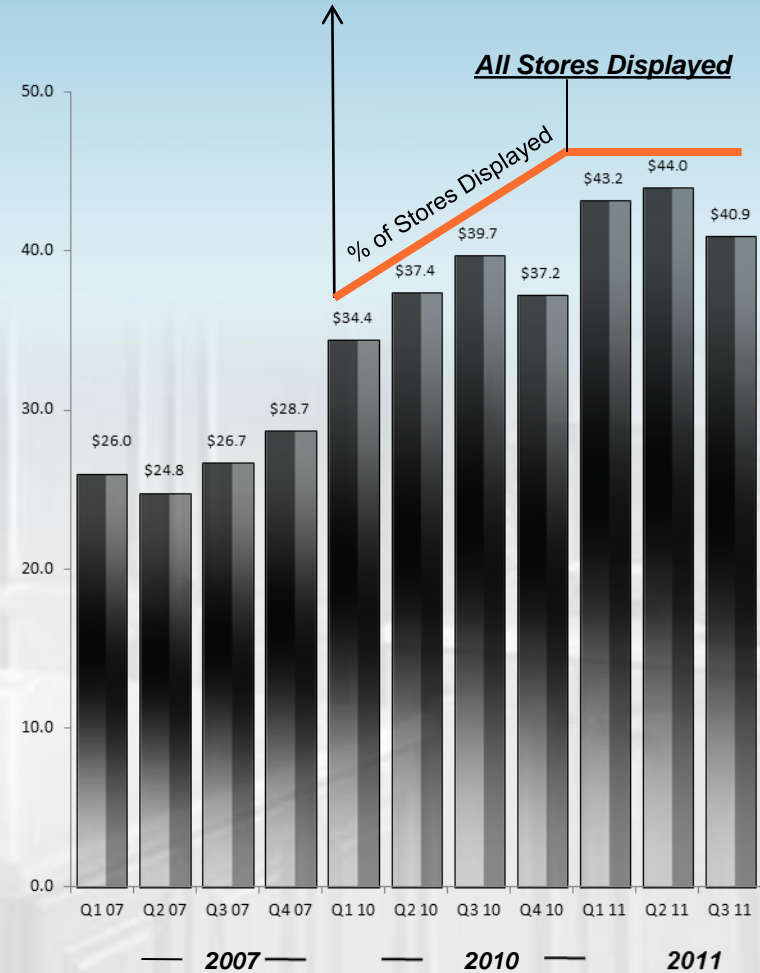
New Orders

GET IT INSTALLED Cabinet Solutions for Every Budget

	Replace	Reface	Renew
Features and Benefits	<ul style="list-style-type: none"> A brand new kitchen with endless possibilities Ability to change layout or simply replace cabinets with a whole new look Top quality design services from our in-store designers 	<ul style="list-style-type: none"> Give your cabinets a whole new style with your existing layout No major renovation Save existing cabinet boxes, and simply replace the doors, drawers, washer boxes, molding, and hardware. All required services are matched to the new style Top quality in-home design services 	<ul style="list-style-type: none"> Restore the original look or change the color of your existing cabinets No major renovation Restorations full, baked, lined looking cabinets with our No Dust, No Mess, No Odor® Wood Renewal Process Top quality in-home design services
Timeline	Total = 6-9 weeks Design Consultation = 1 week Product Manufacturing = 4-6 weeks Installation = 1-2 weeks	Total = 5-7 weeks Design Consultation = 1 week Product Manufacturing = 3-5 weeks Installation = 3-5 days	Total = 2-3 weeks Design Consultation = 1-2 weeks Product Manufacturing = 0 weeks Installation = 1-3 days
Budget	\$\$\$ - the most comprehensive solution Prices start at \$3,795*	\$\$ - a fast, convenient solution Prices start at \$3,569*	\$ - the least expensive option leaving budget for other kitchen updates Prices start at \$1,113*
Schedule an Appointment Today	Call 1-800-HOMEDEPOT, www.homedepot.com/kitchens	Call 1-800-HOMEDEPOT, www.homedepot.com/refacing	Call 1-800-HOMEDEPOT, www.homedepot.com/finishing

Home Depot - Cabinet Refacing
Concept 2 - Rev 06 - Date 08.01.09
B1132 Designer: AE JJ
© 2009 Home Depot, Inc. All rights reserved.

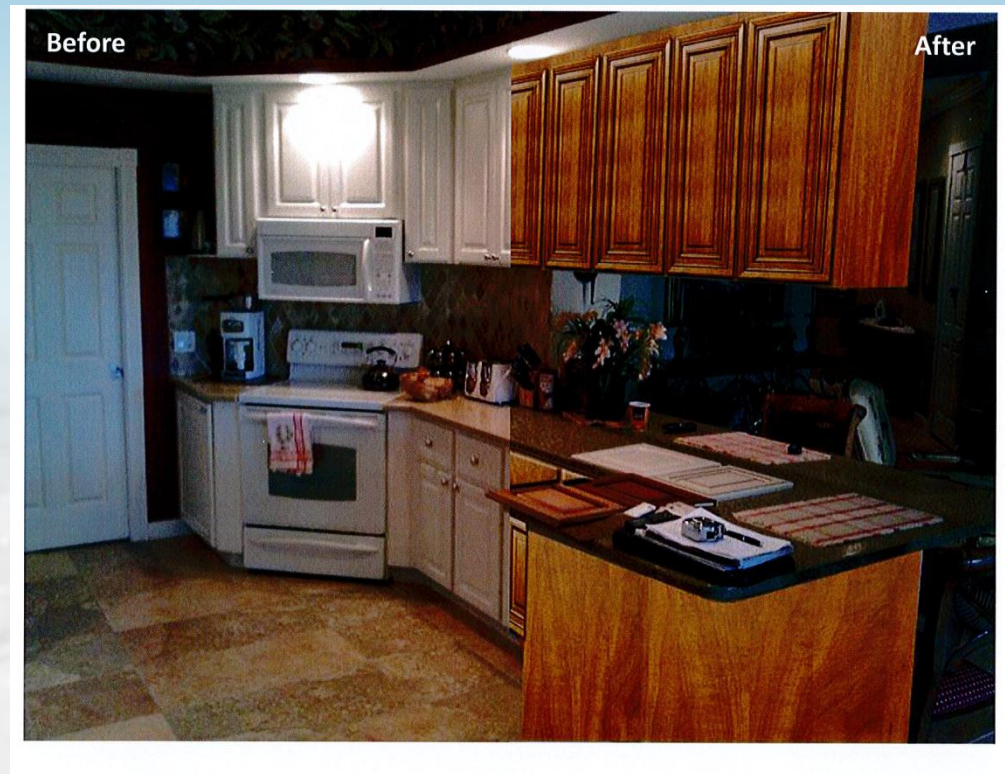
New Marketing Strategy



2012 Initiatives – Increase Market Share



- Enhanced kitchen department marketing strategy:
 - *“Refacing” elevated to a key strategic driver in Home Depot kitchen department in 2012*
 - *Continuation of successful marketing campaign*
“Replace, Reface, Renew”
 - *Additional floor space for refacing product offering*
 - *Refacing vignettes to roll out to 500 stores*
- Increased advertising for cabinet refacing category
- Enhance internet based applications
 - Website
 - Kitchen design tool
- New bath displays

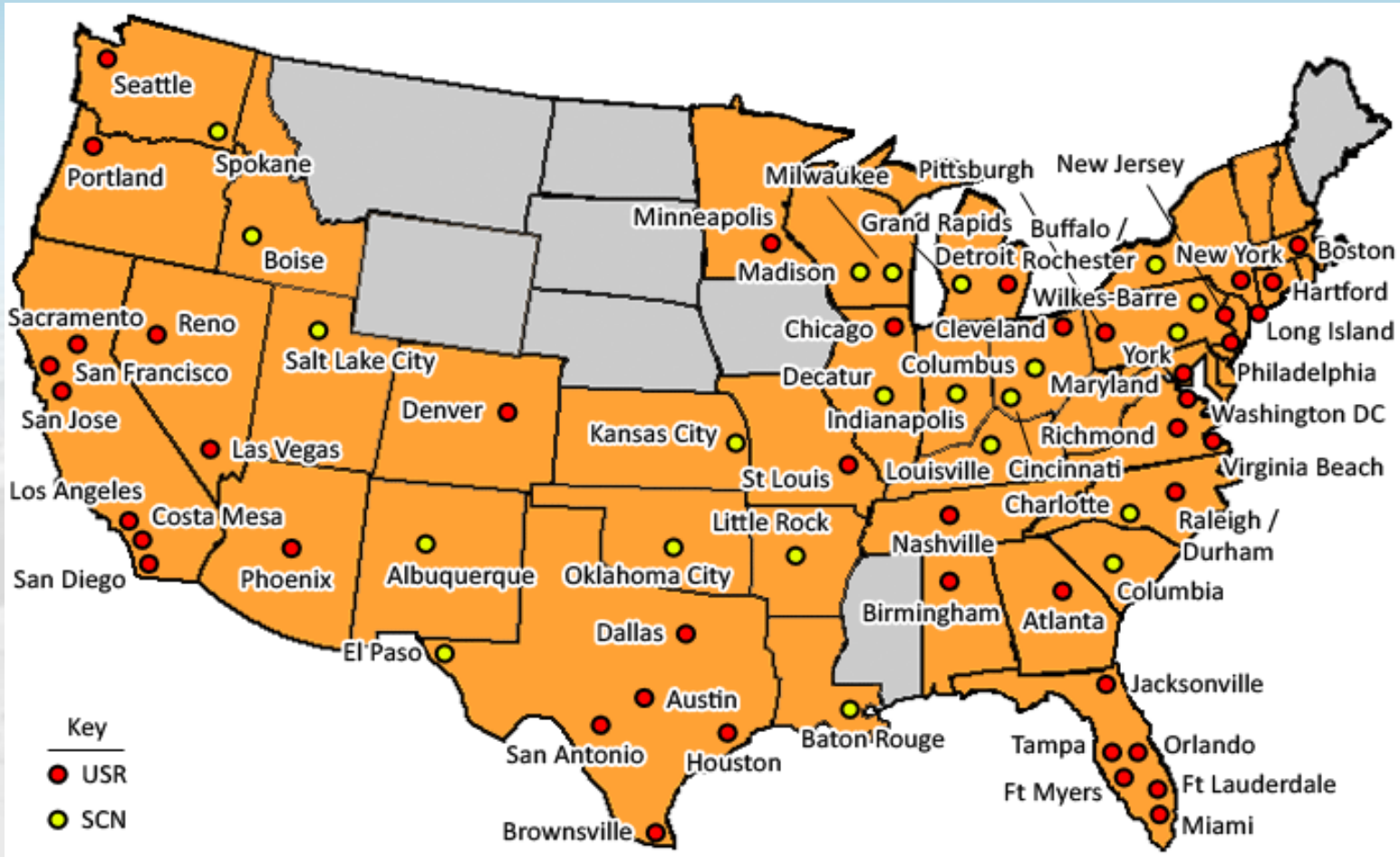


2012 Initiatives – Market Expansion



The Home Depot – US

Market Expansion (SCN) – through Q3 2011 initiated service in 14 new markets, encompassing 191 The Home Depot stores



Martha Stewart Line

- *Strong brand identification*
- *Traditional painted look without the paint*
- *Favorable price point to wood painted doors*
- *Launch date – January 1, 2012*





The Home Depot – US

Replacement Kitchen Remodeling

What if:

8 out of 10 kitchen remodeling customers will visit The Home Depot store

- Remarketing non-sale kitchen refacing customers:
 - Approximately 60,000 demo's in first half 2011
 - 19.5% close rate (11,650 sales)
 - Remarketing kitchen replacement to 48,350 potential customers

Pilot Test Program – 3 markets

Remarketing non-sale kitchen refacing customers

- Begins January 2012
- Centralized design
- Same products as in store
- Separate sales team

Factor	Annualized Result	
remarket demo's	30%	50%
demo's	29,100	45,350
20% close rate	5,820	9,070
ASP	\$15,000	\$15,000
New Orders, net (million)	\$61.1	\$95.2

FINANCIAL OVERVIEW

Revenue Growth – Home Improvement



Home Improvement Revenue



2010 - 2011 Record Revenues

Results of Operations



(Dollars in thousands except for per share amounts)

* Excludes one-time non-recurring items

Year Ended December 31,

	2010*		2009*		2008*	
	\$	%	\$	%	\$	%
New orders	\$148,641		\$114,934		\$121,912	
Ending Backlog	\$20,057		\$17,299		\$13,425	
Revenue	\$145,873		\$110,951		\$132,503	
Gross Profit	77,321	53.0%	62,052	55.9%	70,064	52.9%
Operating Expenses:						
Branch operations	7,438	5.1%	7,907	7.1%	9,031	6.8%
Sales, Marketing	55,281	37.9%	46,097	41.5%	48,451	36.7%
General & Admin.	10,819	7.4%	10,365	9.3%	10,652	8.0%
Operating Income (Loss)	3,783	2.6%	(2,317)	(2.1%)	\$1,930	1.5%
EBITDA	\$4,662	3.2%	(\$1,278)	(1.1%)	\$3,093	2.3%
Net Income (Loss)	\$2,146	1.5%	(\$1,531)	(1.4%)	\$1,060	0.8%
Net Income (Loss)/share	\$0.30		(\$0.21)		\$0.14	

Results of Operations



(Dollars in thousands except for per share amounts)

* Excludes one-time non-recurring items

	Year Ended December 31,			2011	2011	2011
	2008*	2009*	2010*	Q3 YTD	Q4 (est.)	Yr (est.)
	\$	\$	\$	\$	\$	\$
New orders	\$121,912	\$114,934	\$148,641	128,144		
Ending Backlog	\$13,425	\$17,299	\$20,057	21,939		
Revenue	\$132,503	\$110,951	\$145,873	\$126,264	\$39,000	\$165,264
Gross Profit	70,064	62,052	77,321	67,975		
Operating Expenses:						
Branch operations	9,031	7,907	7,438	5,548		
Sales, Marketing	48,451	46,097	55,281	46,291		
General & Admin.	10,652	10,365	10,819	9,785		
Operating Income (Loss)	1,930	(2,317)	3,783	6,351	1,600	7,951
EBITDA	\$3,093	(\$1,278)	\$4,662	\$6,966	\$1,800	\$8,766
Net Income (Loss)	\$1,060	(\$1,531)	\$2,146	\$3,745	\$950	\$4,695
Net Income (Loss)/share	\$0.14	(\$0.21)	\$0.30	\$0.51	\$0.13	\$0.64

Consolidated Balance Sheet



(\$ in 000s)

As of:

	September 30, 2011	December 31, 2010
Cash and cash equivalents	\$ 11,855	\$ 8,027
Marketable securities	814	803
Accounts receivable	8,791	6,898
Inventory	3,459	3,817
Prepaid expenses	<u>4,449</u>	<u>4,026</u>
Total current assets	<u>30,158</u>	<u>24,500</u>
Goodwill	3,590	3,590
PP&E and other assets	<u>2,580</u>	<u>2,859</u>
Total assets	\$ <u>36,328</u>	\$ <u>30,949</u>
Accounts payable & accrued expenses	\$ 6,884	\$ 5,286
Accrued wages, bonus and vacation	2,541	1,996
Federal & state taxes payable	1,835	1,735
Current portion long term debt	----	<u>333</u>
Total current liabilities	\$ <u>11,259</u>	\$ <u>9,350</u>
Total long term debt, net of current portion	----	<u>556</u>
Stockholders' equity	\$ <u>24,665</u>	\$ <u>20,640</u>

Capital Structure



- Shares Outstanding: 7.2 Million
- Float: 6.3 Million
- Insider Ownership: 18%
- Institutional and Mutual Fund Ownership: 31.9%

- Total Debt - \$0
- Cash & Cash Equivalents (as of 9/30/11): \$11.9 million
- Cash Per Share (as of 9/30/11): \$1.63

Conclusion



- **Strategically aligned with the No.1 home improvement brand**
- **Remodeling industry has grown 5% - 7% each year for 25 years through 2007**
- **NAHB reported in April 2011 that remodeling market index (RMI) had reached its highest level in four years**
- **Built an excellent operating platform with product breadth, enabling return to historic growth rate as macro conditions normalize**
- **Repurchased 376,018 shares at a cost of approximately \$1,111,000 through June 30, 2011**
- **Q4 FY11 Guidance:**
 - **Revenues:**
 - Consolidated revenues of \$39 million
 - Compared to total revenues of \$38 million in Q4 2010
 - **Net income:**
 - \$0.13 per share
 - Compared to net income of \$0.10 per basic and diluted share in Q4 2010

