

RECENT PRICE	37.34	P/E RATIO	13.2 (Trailing: 13.2 Median: 29.0)	RELATIVE P/E RATIO	0.70	DIV'D YLD	2.4%	VALUE LINE
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1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	© VALUE LINE PUB., INC.	10-12
2.70	3.58	4.57	6.12	7.21	9.03	11.00	13.65	16.68	19.68	22.83	25.40	27.31	33.86	38.38	46.05	48.15	52.55	Sales per sh ^A	61.65
.16	.22	.27	.36	.43	.54	.66	.90	1.21	1.37	1.62	1.99	2.27	2.93	3.44	3.83	3.80	4.25	"Cash Flow" per sh	5.35
.13	.18	.22	.29	.34	.43	.52	.71	1.00	1.10	1.29	1.56	1.88	2.26	2.72	2.83	2.85	3.20	Earnings per sh ^{A B}	4.15
.01	.02	.02	.03	.04	.05	.06	.08	.11	.16	.17	.21	.26	.33	.40	.68	.90	.95	Div'ds Decl'd per sh ^C	1.20
.89	1.15	1.39	1.69	2.32	2.75	3.23	3.95	5.36	6.46	7.71	8.64	9.44	11.19	12.67	12.75	14.00	14.75	Book Value per sh	23.05
1900.0	1996.1	2022.1	2040.1	2147.0	2162.3	2196.3	2213.2	2304.3	2323.7	2345.9	2293.0	2373.0	2158.7	2124.0	1963.0	1915.0	1825.0	Common Shs Outst'g ^D	1825.0
40.9	47.1	42.3	33.0	27.9	26.5	30.8	40.1	45.8	46.6	35.6	22.6	16.7	16.7	14.7	13.5	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	20.0
2.61	2.86	2.50	2.16	1.87	1.66	1.78	2.09	2.61	3.03	1.82	1.23	.95	.88	.78	.73			Relative P/E Ratio	1.35
2%	2%	3%	3%	4%	4%	4%	3%	2%	3%	4%	6%	8%	9%	10%	1.8%			Avg Ann'l Div'd Yield	1.4%

Inventory	1499	2396	3223	BUSINESS: The Home Depot, Inc. operates a chain of retail building supply/home improvement "warehouse" stores across the U.S. and in Canada. Acquired 75% interest in Aikenhead's (renamed Home Depot Canada) in 2/94. Avg. store size: 108,000 sq. ft. in-door plus 22,000 sq. ft. garden center; items stocked: 45,000. Product lines incl. building mat'ls, lumber, floor/wall coverings; plumbing, heating, and electrical; paint & furniture; seasonal and specialty items; hardware & tools. '05 depr. rate: 4.8%. Has about 299,000 employees. Off. & dir. own 1.5% of comm.; FMR Corp., 5.5%; Barclay Global Investors, 5.3% (4/06 Proxy). Chrmn., Pres. & CEO: Frank Blake. Inc. DE. Addr.: 2455 Paces Ferry Road N.W., Atlanta, GA 30339. Tel.: 770-433-8211. Int.: www.homedepot.com.
Receivable (LIFO)	10076	11401	12822	
Other	450	742	1341	
Current Assets	14190	15346	18000	
Accts Payable	5766	6032	7356	
Debt Due	11	1413	18	
Other	4752	5456	5557	
Current Liab.	10529	12901	12931	

Fiscal Year Begins	QUARTERLY SALES (\$ mill.) ^A				Full Fiscal Year
	Apr.Per	Jul.Per	Oct.Per	Jan.Per	
2004	17550	19960	18772	16812	73094
2005	18973	22305	20744	19489	81511
2006	21461	26026	23085	20265	90837
2007	21785	26415	23430	20570	92200
2008	23025	26185	24635	22055	95900

Calendar	QUARTERLY DIVIDENDS PAID ^c				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2003	.06	.06	.07	.07	.26
2004	.07	.085	.085	.085	.33
2005	.10	.10	.10	.10	.40
2006	.15	.15	.15	.225	.68
2007	.225				

likely to rebound in 2007. As mentioned above, this weakness is detrimental to the wholesale business. It also hurts the retail operation, since homeowners are less likely to invest in their property when real estate prices are falling. Home Depot will be hard-pressed to generate impressive earnings in this environment.

However, the long-term outlook is positive. Home Depot is the largest retail building supplier in the country, and it is well positioned to rebound when the housing market does. It is also expanding its store base and revamping existing locations, which should help it compete with rival Lowe's.

Home Depot is considering selling its wholesale arm. The price for Home Depot Supply would likely be over \$9 billion, although the company has not offered an estimate. We believe that this business should not be divested, as it is growing at a faster rate than the rest of the company and serves a segment of the market that Home Depot should pursue. Should a sale occur, it would likely hurt the stock's currently considerable long-term appeal.

Christopher Robertson *April 6, 2007*

<p>(A) Fiscal year ends Sunday closest to January 31st of the following year.</p>	<p>(C) Dividends historically paid in March, June, Sept., and Dec. ■ Div'd reinvest. plan avail.</p>	<p>(D) In millions, adjusted for stock splits.</p>	<p>Company's Financial Strength A++</p>
<p>(B) Diluted earnings. Total may not sum due to rounding. Next egs. report due late May.</p>			<p>Stock's Price Stability 70</p>
			<p>Price Growth Persistence 25</p>
			<p>Earnings Predictability 95</p>

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