

SECURITIES AND EXCHANGE COMMISSION

FORM 10-K

Annual report pursuant to section 13 and 15(d)

Filing Date: **1996-04-08** | Period of Report: **1996-01-28**  
SEC Accession No. **0000354950-96-000002**

([HTML Version](#) on [secdatabase.com](#))

FILER

**HOME DEPOT INC**

CIK: **354950** | IRS No.: **953261426** | State of Incorpor.: **DE** | Fiscal Year End: **0131**  
Type: **10-K** | Act: **34** | File No.: **001-08207** | Film No.: **96544882**  
SIC: **5211** Lumber & other building materials dealers

Mailing Address  
*2455 PACES FERRY ROAD*  
*ATLANTA GA 30339-4024*

Business Address  
*2455 PACES FERRY ROAD*  
*ATLANTA GA 30339-4024*  
*770-433-8211*

FORM 10-K

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934 [FEE REQUIRED]  
For the fiscal year ended January 28, 1996  
OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]

Commission File Number 1-8207

THE HOME DEPOT, INC.  
(Exact name of Registrant as specified in its charter)

Delaware  
(State or other jurisdiction of incorporation or organization)

IRS No. 95-3261426  
(I.R.S. Employer Identification No.)

2727 Paces Ferry Road, Atlanta, Georgia  
(Address of principal executive offices)

30339-4089  
(Zip Code)

Registrant's telephone number, including area code: (770) 433-8211

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, \$.05 Par Value	New York Stock Exchange

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT: None

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405

of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [\_\_]

The aggregate market value of the Common Stock of the Registrant held by nonaffiliates of the Registrant on March 22, 1996 was \$21,055,978,708. The aggregate market value was computed by reference to the closing price of the stock on the New York Stock Exchange on such date. For the purposes of this response, executive officers and directors are deemed to be the affiliates of the Registrant and the holding by nonaffiliates was computed as 445,629,179 shares.

The number of shares outstanding of the Registrant's Common Stock as of March 22, 1996 was 477,962,757 shares.

#### DOCUMENTS INCORPORATED BY REFERENCE

The Registrant's proxy statement for its Annual Meeting of Stockholders, to be held May 29, 1996, which will be filed pursuant to Regulation 14A within 120 days of the close of Registrant's fiscal year, is incorporated by reference in answer to Part III of this report but only to the extent indicated herein. In addition, pages 14 through 30 and the inside cover page of The Home Depot, Inc.'s 1995 Annual Report to Stockholders is incorporated by reference in answer to Items 6, 7 and 8 of Part II and Item 14(a) of Part IV of this report.

#### PART I

##### Item 1. BUSINESS

The Home Depot, Inc. including its subsidiaries ("Home Depot" or "Company") is the leading retailer in the home improvement industry. It operates "warehouse style" stores which sell a wide assortment of building material and home improvement products. At fiscal year end, the Company had 423 stores in 31 states and three Canadian provinces, with an aggregate total of approximately 44,356,000 square feet of selling space. Such stores average approximately 105,000 square feet of enclosed space per store, with an additional 20,000 to 28,000 square feet in the garden center area. The Company's store support center (corporate office) is located at 2727 Paces Ferry Road, Atlanta, Georgia 30339-4089, telephone number (770) 433-8211.

Home Depot's operating strategy stresses providing a broad range of merchandise at competitive prices and utilizing highly knowledgeable, service oriented personnel and aggressive advertising. The Company regularly checks competitors' prices to ensure that Home Depot's low "Day-In, Day-Out" warehouse prices are competitive within each market.

Since a large portion of the Company's customers are individual homeowners, many of whom may have limited experience in do-it-yourself ("D-I-Y") projects, management considers its associates' knowledge of products and

home improvement techniques and applications to be very important to its marketing approach and its ability to maintain customer satisfaction. Many D-I-Y customers take advantage of "how-to" classes offered in Home Depot stores.

Another segment of the Company's business activity is the buy-it-yourself ("B-I-Y") customers. The B-I-Y customer chooses products, makes the purchase and contracts with others to complete or install the project. For these customers, Home Depot offers installation services for a variety of products. Home Depot also devotes significant marketing, advertising and service efforts toward attracting professional remodelers and commercial users.

#### Products

Management estimates that a typical store stocks approximately 40,000 to 50,000 product items, including variations in color and size. Each store carries a wide selection of high quality and nationally advertised brand name merchandise. The table below shows the percentage of sales of each major product group for each of the last three fiscal years. However, these percentages may not necessarily be representative of the Company's future product mix due, among other things, to the effects of promotional activities associated with opening

additional stores. Also, newly opened stores did not operate through a complete seasonal product cycle for all periods presented.

<TABLE>

<CAPTION>

Product Group	Percentage of Sales		
	Year Ended Jan. 31, 1994	Year Ended Jan. 29, 1995	Year Ended Jan. 28, 1996
Building materials, lumber and floor and wall coverings	34.2%	34.0%	33.9%
Plumbing, heating, lighting and electrical supplies	27.6	27.9	27.7
Seasonal and specialty items	14.5	14.5	14.8
Hardware and tools	13.0	13.1	13.2
Paint and other	10.7	10.5	10.4
	100.0%	100.0%	100.0%

</TABLE>

The Company sources its merchandise from approximately 5,400 vendors worldwide, of which no single vendor accounts for as much as 5 percent of purchases. The Company is not dependent on any single vendor. A substantial majority of merchandise is purchased directly from manufacturers, thereby eliminating costs of intermediaries. Management believes that competitive sources of supply are readily available for substantially all its products.

## Marketing and Sales

Management believes a number of the Company's existing stores are operating at or above their optimum capacity. In order to enhance market penetration over time, the Company has a strategy of adding new stores near the edge of the market areas served by existing stores. While such a strategy may initially have a negative impact on comparable store-for-store sales, the Company believes this "cannibalization" strategy increases customer satisfaction and overall market share by reducing delays in shopping, increasing utilization by existing customers and attracting new customers to more convenient locations.

Home Depot has continued to introduce or refine a number of merchandising programs during fiscal 1995. Key among them is the Company's ongoing commitment to becoming the supplier of first choice to a variety of professional customers, primarily remodelers, carpenters, plumbers, electricians and building maintenance professionals. The Company has reacted to the needs of this group by expanding commercial credit programs, on-site delivery services, and updating lines of professional products.

The Company's installed sales program is available, with varying services offered, in all of the Company's stores. There are approximately 3,000 installed sales vendors who, as independent, licensed contractors, are authorized to provide services to customers. This program targets the B-I-Y customer, who will purchase an item but either does not have the desire or ability to install the item.

During the past year, the Company continued its marketing effort to support its sponsorship of the 1996 Olympic Games and the U.S. and Canadian Olympic teams' participation at those games. In fiscal 1995, the Company continued its program to help pave the Centennial Olympic Park in Atlanta with engraved bricks, and hired athletes to work in its stores and offices while they train for the Olympic Games. The Company's partnership with certain key suppliers in the United States and in Canada is providing significant financial support for the sponsorship.

The Company is also a sponsor of the 1996 Atlanta Paralympic Games. The Paralympic Games are an elite competition for athletes with a physical disability which precludes them from Olympic competition. The Paralympic Games will leave a legacy of awareness of the talents and achievements of

people with disabilities all over the world.

In fiscal 1995, the Company opened its third and fourth EXPO(R) Design Center stores. EXPO stores are now located in San Diego, California; Atlanta, Georgia; Long Island, New York and Dallas, Texas. Unlike traditional Home Depot stores, EXPO does not sell building materials such as lumber, but focuses instead on upscale interior design products and increased installation services. The EXPO stores contain approximately 144,000 square feet of selling space, including climate controlled garden centers.

During fiscal 1995, the Company opened restaurants in certain stores. Customers with limited amounts of time to complete their shopping, especially professional contractors and customers with small children, may be attracted to the restaurant in the store or spend more time in the store if food is available. Restaurant operators vary by market.

On February 28, 1994, the Company acquired a 75 percent interest in the Aikenhead's Home Improvement Warehouse ("Aikenhead's") chain in Canada. This 75 percent interest was purchased from the Molson Companies Limited ("Molson"). Beginning in 2000, the Company has the option to purchase, or Molson has the option to cause the Company to purchase, the remaining 25 percent of the Canadian operations. The option price is based on the lesser of fair market value or a value determined by an agreed upon formula, as of the option exercise date. The Company is the managing partner of this partnership which operates as The Home Depot Canada.

The Company began its expansion into rural markets with the introduction of its CrossRoads(TM) stores in 1995. While carrying traditional home improvement merchandise, such stores carry additional products designed to cater to the needs of certain rural customers, primarily farmers and ranchers. Such expanded product offerings include feed and seed, pet supplies, tack, clothing and automotive supplies. The first CrossRoads store opened in Quincy, Illinois in July 1995 with the second store opening in Waterloo, Iowa in September 1995. In December 1995, the Company announced its plan to integrate the CrossRoads Division into its existing Home Depot Divisions. Management believes this change will achieve greater cost efficiencies. In addition, the Company will gain the added benefit of name recognition by using The Home Depot trade name for these locations. Some merchandise first introduced in CrossRoads stores is now being offered to customers in traditional Home Depot stores.

"The Home Depot", "EXPO", the "Homer" advertising symbol and various private label brand names under which the Company sells certain of its products are service marks,

trademarks or trade names of the Company and are considered to be important assets of the Company.

## Information Systems

Each store is equipped with a computerized point of sale system, electronic bar code scanning system, and a mini-computer. Management believes these systems provide efficient customer check-out with an approximate 90 percent rate of scannable products, store-based inventory management, rapid order replenishment, labor planning support, and item movement information. Faster registers as well as a new check approval system and a new receipt format have expedited transactions. To better serve the increasing number of customers applying for credit in fiscal 1995, charge card approval process time was reduced to less than 30 seconds. Store information is communicated to the store support centers' computers via a satellite and land-based communications network. These computers provide corporate financial and merchandising support systems. The Company operates its own television network and produces training and informational programs that are transmitted to stores via the satellite communications network and videotape.

The Company is constantly assessing and upgrading its information systems to support its growth, reduce and control costs, and enable better decision-making. The Company continues to see greater efficiency as a result of its electronic data interchange (EDI) program. Currently, over 400 of the Company's highest volume vendors are participating in the EDI program. A paperless system, EDI electronically processes orders from stores to vendors, alerts the store when the merchandise is to arrive and transmits vendor invoice data.

In fiscal 1995, the Company continued its use of phone centers to serve its customers. Experienced associates answering the phone were able to respond quickly to pricing and merchandise questions and take sales orders while the associates on the sales floor were not distracted from serving the in-store customers.

In fiscal 1995, stores were outfitted with Electronic Article Surveillance ("EAS") detectors that trigger an alarm if a person exits the store with merchandise affixed with an EAS label that has not been desensitized at the cash register. The system is proving to be a deterrent to theft, with many stores reporting reductions in shoplifting offenses.

In fiscal 1995, a group of the Company's associates working in conjunction with Meredith Publishing Group, the publisher of Better Homes and Gardens(R) magazine, developed Home Improvement 1-2-3(TM), a book and CD-ROM providing expert advice on over 250 home improvement projects. The Company also publishes a magazine entitled Weekend(TM), a quarterly magazine offering fun and functional home repair, remodeling and decorating projects. All of these multimedia items are available to customers in all of the Company's stores as well as in many major book stores and computer stores.

## Employees

As of fiscal year end, The Home Depot employed approximately 80,000 associates, of whom approximately 5,400 were salaried and the remainder were compensated on an hourly basis. Approximately 80 percent of the Company's associates are employed on a full-time basis. In order to attract and retain qualified personnel, the Company seeks to maintain salary and wage levels above those of its competitors in its market areas. The Company's policy is to hire and train additional personnel in anticipation of future store expansion.

The Company has never experienced a strike or any work stoppage, and management believes that its employee relations are satisfactory. There are no collective bargaining agreements covering any of the Company's associates.

## Competition

The business of the Company is highly competitive, based in part on price, location of store, customer service and depth of merchandise. In each of the markets served by the Company, there are several other chains of building supply houses, lumber yards and home improvement stores. In addition the Company must compete, with respect to some of its products, with discount stores, local, regional and national hardware stores, warehouse clubs, independent building supply stores and, to a lesser extent, other retailers.

Due to the variety of competition faced by the Company, management is unable to precisely measure the Company's market share in its existing market areas. Management, however, believes that the Company is an effective and significant competitor in its markets and has approximately a 12 percent market share of the overall home improvement industry.

## Executive Officers

The following provides information concerning the executive officers holding positions in the Company and/or its subsidiaries.

BERNARD MARCUS, age 66, has been Chairman of the Board of Directors and Chief Executive Officer ("CEO") of Home Depot since its inception in 1978; and is, together with Mr. Arthur M. Blank and Mr. Kenneth G. Langone (a director of the Company), a co-founder of the Company. Mr. Marcus serves on the Board of Directors of Wachovia Bank of Georgia, N.A., National Service Industries, Inc. and the New York Stock Exchange, Inc. Mr. Marcus also serves on the Board of the newly-formed National Foundation for the Centers for Disease Control and Prevention and is Chairman of the Board of The Marcus Center, which provides support services for persons with developmental disabilities and their families. In addition, he is a member of the Advisory Board and Board of Directors of the Shepherd Center in Atlanta, Georgia and Vice President and member of the Board of The City of Hope, a charitable organization in Duarte, California.

ARTHUR M. BLANK, age 53, has been President, Chief Operating Officer ("COO") and a director of Home Depot since its inception in 1978; and is, together with Mr. Bernard Marcus and Mr. Kenneth G. Langone, a co-founder of



the Company. Mr. Blank serves on the Board

of Trustees of North Carolina Outward Bound School, a non-profit corporation; serves on the Board of Trustees of Emory University; the Board of Councilors of the Carter Center of Emory University; and the Board of Directors of Cox Enterprises, Inc. and Post Properties Inc.

RONALD M. BRILL, age 52, has been Executive Vice President and Chief Administrative Officer ("CAO") of the Company since August 1995. Mr. Brill joined Home Depot as its Controller in 1978, was elected Treasurer in 1980, Vice President-Finance in 1981, Senior Vice President and Chief Financial Officer ("CFO") in 1984, Executive Vice President and CFO in 1993, and elected as a director in 1987. Mr. Brill serves on the boards of the Atlanta Jewish Federation and the Atlanta Jewish Community Center; the Board of Directors of the Atlanta High Museum of Art and Pilchuck Glass School and the Governing Board of Woodward Academy.

BRUCE W. BERG, age 47, has been President-Southeast Division since 1991. Mr. Berg joined the Company in 1984 as Vice President-Merchandising (East Coast) and was promoted to Senior Vice President (East Coast) in 1988.

MARSHALL L. DAY, age 52, was promoted in August 1995 to Senior Vice President-Chief Financial Officer. Prior to Mr. Day's promotion, he had served as the Company's Senior Vice President-Finance since March 1993. Mr. Day joined the Company in 1986 as Controller, was promoted to Vice President-Controller in 1988 and Vice President-Finance in 1989. Mr. Day serves on the Board of Directors of Habitat for Humanity in Cobb County.

BILL HAMLIN, age 43, has been Executive Vice President-Merchandising since April 1994. Mr. Hamlin joined the Company in 1985 as a merchandiser and was promoted to Vice President-Merchandising (West Coast) in 1988 and President-Western Division in 1990.

JAMES W. INGLIS, age 52, has been a director of the Company since 1993 and does not intend to stand for re-election in 1996. Mr. Inglis has been Executive Vice President-Strategic Development since 1994. Mr. Inglis joined Home Depot in 1983 as a merchandiser and was shortly thereafter promoted to Senior Merchandiser and then promoted to Vice President-Merchandising (West Coast) in 1985, and Executive Vice President-Merchandising in 1988. Mr. Inglis serves as Endowment Chairman for The City of Hope's hardware and home improvement industry group. Mr. Inglis is currently on a leave of absence for six months commencing February 1996.

VERNON JOSLYN, age 45, has been President-Northeast Division since February 1996. Mr. Joslyn joined Home Depot in 1984 as an assistant store manager, and was promoted to store manager the following year. Mr. Joslyn subsequently served as District Manager in Phoenix and San Diego. In 1991, Mr. Joslyn, as District Manager, opened the Boston market and served in that capacity until 1993 when he was promoted to his previous position of Vice

President-Operations for the Northeast Division.

W. ANDREW MCKENNA, age 50, has been President-Midwest Division since 1994. Mr. McKenna joined Home Depot in 1990 as Senior Vice President-Corporate Information Systems.

LARRY M. MERCER, age 47, was promoted to Executive Vice President in February 1996. Prior to Mr. Mercer's promotion, he had served as President-Northeast Division since 1991. Mr. Mercer joined the Company in 1979 as an assistant store manager and after serving as a Store Manager was promoted to Regional Manager of the Central Florida Region in 1983. Mr. Mercer was then promoted to Vice President-Store Operations (East Coast) in 1987.

HARRY PIERCE, age 37, has been President-Western Division since 1994. Mr. Pierce joined the Company in 1984 as an assistant store manager and assumed the position of an associate merchandiser in 1985. After serving several years as a merchandiser both in Atlanta and in the Northeast, Mr. Pierce was promoted to Manager-Merchandising Information Systems in 1990. In 1992, Mr. Pierce joined the Company's Western Division as Vice President-Merchandising.

DENNIS J. RYAN, age 49, has been President of the CrossRoads Division since January 1995. Mr. Ryan joined the Company in 1985 as a building materials merchandiser and was promoted to Vice President-Merchandising in 1988. Mr. Ryan was promoted to Senior Vice President-Merchandising in 1992.

BRYANT W. SCOTT, age 40, has been President of the EXPO(R) Design Centers Division since March 1995. Mr. Scott began his career with Home Depot in 1980 as a store associate. Since then he has served in a variety of positions and most recently served as Vice President-Merchandising for the Southeast Division, located in Tampa, Florida.

ANNETTE M. VERSCHUREN, age 39, has been President of The Home Depot Canada since joining the Company in March 1996. Prior to joining the Company, Ms. Verschuren had been President of Michaels of Canada Inc. since 1993. From 1989 until 1992, Ms. Verschuren held several positions with Imasco Limited. In 1992, Ms. Verschuren formed Verschuren Ventures Inc. and remained there until becoming President of Michaels of Canada Inc. in 1993.

Item 2. PROPERTIES

The following table indicates the number of the Company's store locations by state in the United States and by province in Canada as of January 28, 1996.

<TABLE>

<CAPTION>

State	Number of Stores in State
-----	-----
<S>	<C>
Alabama	5
Arizona	14
California	83
Colorado	4
Connecticut	8
Florida	57
Georgia	23
Idaho	1
Illinis	13
Indiana	1
Iowa	1
Louisiana	7
Maryland	10
Massachusetts	12
Michigan	12
Nevada	3
New Hampshire	3
New Jersey	18
New Mexico	2
New York	22
North Carolina	14
Oklahoma	4
Oregon	5
Pennsylvania	11
Rhode Island	1
South Carolina	5
Tennessee	9
Texas	39
Utah	3
Virginia	6
Washington	8
Subtotal	404

<CAPTION>

Canadian Provinces	Number of Stores in Province
<S>	<C>
Ontario	11
British Columbia	4
Alberta	4
Subtotal	19
TOTAL	423

At fiscal year end, Home Depot had stores located in 31 states, with 50 percent of the U.S. stores being concentrated in California, Georgia, Texas and Florida. Although new store openings for fiscal 1995 occurred primarily in existing markets, the Company continued its geographic expansion by opening stores in a number of new markets -- Birmingham, Alabama; Denver, Colorado; Macon, Georgia; Quincy, Illinois; Waterloo, Iowa; Lafayette, Louisiana; Grand Rapids, Michigan; Saginaw, Michigan; Rochester, New York; Fayetteville, North Carolina; Hickory, North Carolina and Harrisburg, Pennsylvania.

The Midwest division is expected to be one of the fastest growing divisions for the next several years. Approximately 17 new stores are scheduled for 1996, and by the end of 1998, the Company expects approximately 112 stores to be open in that division.

The Home Depot Canada commenced operations in fiscal 1994 with seven stores previously operated by Aikenhead's. The Home Depot Canada opened an additional five stores during fiscal 1994 and seven stores during fiscal 1995. Approximately five additional new stores are planned for a total of 24 by the end of fiscal 1996.

From the end of fiscal 1990 to the end of fiscal 1995, the Company increased its store count by an average of approximately 24 percent per year (from 145 to 423 stores) and increased the total store square footage by an average of approximately 27 percent per year (from 13,278,000 to 44,356,000 total square feet). Home Depot expects to continue to increase its store count in both existing and selected new markets on a basis consistent with its current policy of not exceeding a maximum growth rate of new stores of approximately 22 percent per year. During fiscal 1995, the Company opened 83 new stores and relocated five existing stores, including the opening of 20 additional stores in the Northeast division, 22 in the Southeast division, 16 in the Midwest division, 16 in the Western division, two in the EXPO division and seven stores in Canada. During fiscal 1996, the Company anticipates opening approximately 90 to 95 new stores: with at least 25 in the Southeast, 29 in the Northeast, 14 in the West, 17 in the Midwest, five in Canada, plus relocations of six existing stores. New stores average approximately 105,000 square feet with an additional 15,000 to 28,000 square feet of outside selling and storage area.

Of the Company's 423 stores, 71 percent are owned (including those owned subject to a ground lease) consisting of approximately 31,769,000 square feet and 29 percent are leased consisting of approximately 12,587,000 square feet. In recent years, the relative percentage of new stores which are owned has increased. The Company prefers to own stores because of the greater operating control and flexibility, generally lower occupancy costs and certain other economic advantages of owned stores. See "Management's Discussion and Analysis of Results of Operations and Financial Condition--Liquidity and Capital Resources."

The Company's executive, corporate staff and accounting offices occupy approximately 677,000 square feet of leased and owned space in several locations in Atlanta, Georgia. The Company has acquired additional land in Atlanta, Georgia and has commenced construction of replacement office facilities. The new office facilities will be completed in stages generally to

coincide with the end of various lease terms and space requirements. In addition, the Company occupies an aggregate of 286,000 square feet, of which 77,600 square feet is owned and 208,000 square feet is leased, for divisional store support centers located in Atlanta, Georgia; Fullerton, California; South Plainfield, New Jersey; Schaumburg, Illinois; Tampa, Florida; and Scarborough, Ontario, Canada.

The Company utilizes 2,493,000 square feet of warehousing and distribution space of which 188,000 is owned and 2,305,000 is leased. The Company has commenced construction on an approximate 1.4 million square foot facility in Savannah, Georgia, for an import distribution facility. Imported products will be staged in the distribution center pending shipment to the stores.

### Item 3. LEGAL PROCEEDINGS

The Company is a defendant in a consolidated class action lawsuit (Butler et al. v. Home Depot, Inc. and Frank, et al. v. Home Depot, Inc., Case Nos. 94-4335SI and 95-2182SI, respectively, pending in U.S. Dist. Ct., N.D. Cal.) claiming gender discrimination in the Company's Western Division. The action seeks injunctive and declaratory relief and damages. Discovery is in its early stages. While the ultimate results of this litigation cannot be determined, management does not expect that the resolution of this proceeding will have a material adverse effect on the consolidated financial position or the results of operations of the Company.

The Company has other litigation arising from the normal course of business. In management's opinion, this litigation will not materially effect the Company's consolidated financial position or the results of operations.

### Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matter was submitted to a vote of security holders during the fourth quarter of the fiscal year ended January 28, 1996.

## PART II

### Item 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Since April 19, 1984, the Common Stock of the Company has been listed on the New York Stock Exchange under the symbol "HD". The table below sets forth the high and low sales prices of the Common Stock on the New York Stock

Exchange Composite Tape as reported in The Wall Street Journal and the quarterly cash dividends declared per share of Common Stock during the periods indicated.

<TABLE>  
<CAPTION>

	Price Range		Cash
	Low	High	Dividends Declared
<S>		<C>	<C>
Fiscal Year 1994			
First Quarter ended May 1, 1994		\$37.13	\$44.63
Second Quarter ended July 31, 1994		39.63	46.38
Third Quarter ended October 30, 1994		39.75	46.25
Fourth Quarter ended January 29, 1995		44.13	48.25
Fiscal Year 1995			
First Quarter ended April 30, 1995		\$40.25	\$50.00
Second Quarter ended July 30, 1995		38.625	45.25
Third Quarter ended October 29, 1995		36.625	44.875
Fourth Quarter ended January 28, 1996		37.125	48.00
Fiscal Year 1996			
First Quarter (through March 22, 1996)		\$44.25	\$50.375

---

</TABLE>

The Company paid its first cash dividend on June 22, 1987, and has since paid dividends in each quarter. Future dividend policy will depend on the Company's earnings, capital requirements, financial condition and other factors considered relevant by the Board of Directors.

#### Number of Record Holders

The number of record holders of Home Depot's Common Stock as of March 22, 1996 was 66,025 (without including individual participants in nominee security position listings).

#### Item 6. SELECTED FINANCIAL DATA

Reference is made to information for the fiscal years 1991-1995 under the heading "Ten Year Selected Financial and Operating Highlights" contained in the Company's Annual Report to Stockholders for the fiscal year ended January 28, 1996, which information is incorporated herein by reference.

#### Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Reference is made to information under the heading "Management's Discussion and Analysis of Results of Operations and Financial Condition" contained in the Company's Annual

Report to Stockholders for the fiscal year ended January 28, 1996, which information is incorporated herein by reference.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Reference is made to information under the headings "Consolidated Statements of Earnings," "Consolidated Balance Sheets," "Consolidated Statements of Stockholders' Equity," "Consolidated Statements of Cash Flows," "Notes to Consolidated Financial Statements" and "Independent Auditors' Report" contained in the Company's Annual Report to Stockholders for the fiscal year ended January 28, 1996, which information is incorporated herein by reference.

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None

PART III

Item 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information required by Item 10 is incorporated by reference from the information in Registrant's proxy statement (filed or to be filed pursuant to Regulation 14A) for its Annual Meeting of Stockholders to be held May 29, 1996, except as to biographical information on Executive Officers which is contained in Item I of this Annual Report on Form 10-K.

Item 11. EXECUTIVE COMPENSATION

The information required by Item 11 is incorporated by reference from the information in Registrant's proxy statement (filed or to be filed pursuant to Regulation 14A) for its Annual Meeting of Stockholders to be held May 29, 1996.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required by Item 12 is incorporated by reference from the information in Registrant's proxy statement (filed or to be filed pursuant to Regulation 14A) for its Annual Meeting of Stockholders to be held May 29, 1996.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by Item 13 is incorporated by reference from the information in Registrant's proxy statement (filed or to be filed pursuant to Regulation 14A) for its Annual Meeting of Stockholders to be held May 29, 1996.

#### PART IV

#### Item 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

##### (a) 1. Financial Statements

The following financial statements are incorporated by reference from pages 17 through 30 of the Registrant's Annual Report to Stockholders for the fiscal year ended January 28, 1996, as provided in Item 8 hereof:

- Consolidated Statements of Earnings for the fiscal years ended January 28, 1996, January 29, 1995 and January 30, 1994.
- Consolidated Balance Sheets as of January 28, 1996 and January 29, 1995.
- Consolidated Statements of Stockholders' Equity for the fiscal years ended January 28, 1996, January 29, 1995 and January 30, 1994.
- Consolidated Statements of Cash Flows for the fiscal years ended January 28, 1996, January 29, 1995 and January 30, 1994.
- Notes to Consolidated Financial Statements.
- Independent Auditors' Report.

##### 2. Financial Statement Schedules

All schedules are omitted as the required information is inapplicable or the information is presented in the consolidated financial statements or related notes.

##### (b) Reports on Form 8-K

There were no reports on Form 8-K filed during the last quarter of the fiscal year ended January 28, 1996.

##### (c) Exhibits

Exhibits marked with an asterisk (\*) are hereby incorporated by reference to exhibits or appendices previously filed by the Registrant as indicated in brackets following the description of the exhibit.



- \*3.1 Restated Certificate of Incorporation of The Home Depot, Inc., as amended. [Form 10-K for the fiscal year ended January 29, 1995, Exhibit 3.1]
  
- 3.2 By-Laws, as amended.
  
- 4.1 \$800,000,000 Credit Agreement dated as of December 20, 1995 among The Home Depot, Inc., the Banks Listed Therein and Wachovia Bank of Georgia, N.A., as Agent (without exhibits).
  
- \*10.1 Investment Banking Consulting Contract dated April 17, 1985 between Invemed Associates, Inc. and the Registrant. [Form 10-K for the fiscal year ended February 2, 1992, Exhibit 10.1]
  
- \*10.2 +Corporate Office Management Bonus Plan of the Registrant dated March 1, 1991. [Form 10-K for the fiscal year ended February 2, 1992, Exhibit 10.2]
  
- \*10.3 +Employee Stock Purchase Plan, as amended. [Appendix A to Registrant's Proxy Statement for the Annual Meeting of Stockholders held May 31, 1995]
  
- 10.4 +Senior Officers' Bonus Pool Plan, as amended.
  
- \*10.5 +The Home Depot Employee Stock Ownership Plan and Trust, as amended. [Form 10-K for the fiscal year ended January 29, 1989, Exhibit 10.7]
  
- \*10.6 +The Home Depot, Inc. 1991 Omnibus Stock Option Plan. [Appendix A to Registrant's Proxy Statement for the Annual Meeting of Stockholders held May 22, 1991]
  
- \*10.7 +Executive Medical Reimbursement Plan, effective January 1, 1992. [Form 10-K for the fiscal year ended January 31, 1993, Exhibit 10.7]
  
- \*10.8 +The Home Depot ESOP Restoration Plan. [Form 10-K for the fiscal year ended January 29, 1995, Exhibit 10.8]
  
- 11 Computation of Earnings Per Common and Common Equivalent Share.
  
- 13 The Registrant's Annual Report to Stockholders for the fiscal year ended January 28, 1996. Only those portions of said report which are specifically designated in this Form 10-K as being incorporated by reference are being electronically filed pursuant to the Securities Exchange Act of 1934.
  
- 21 List of Subsidiaries of the Registrant.

- 23 Consent of Independent Auditors.
- 24 Special Powers of Attorney authorizing execution of this Form 10-K Annual Report have been granted and are filed herewith as follows:

Power of Attorney from Frank Borman.

Power of Attorney from Johnnetta B. Cole.

Power of Attorney from Berry R. Cox.

Power of Attorney from Milledge A. Hart, III.

Power of Attorney from James W. Inglis.

Power of Attorney from Donald R. Keough.

Power of Attorney from Kenneth G. Langone.

Power of Attorney from M. Faye Wilson.

- 27 Financial Data Schedule. [Filed electronically with SEC only]

+Management contract or compensatory plan or arrangement required to be filed as an exhibit to this form pursuant to Item 14(c) of this report.

#### SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant, The Home Depot, Inc., has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized in the City of Atlanta, and State of Georgia on this 31st day of March, 1996.

THE HOME DEPOT, INC.

By: /s/ Bernard Marcus

(Bernard Marcus, Chairman of the Board,  
Chief Executive Officer and Secretary)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the

Registrant, The Home Depot, Inc., and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Bernard Marcus (Bernard Marcus)	Chairman of the Board, Chief Executive Officer and Secretary (Principal Executive Officer)	March 31, 1996
/s/ Arthur M. Blank (Arthur M. Blank)	President, Chief Operating Officer and Director	March 31, 1996
/s/ Ronald M. Brill (Ronald M. Brill)	Executive Vice President, Chief Administrative Officer, Assistant Secretary and Director	March 31, 1996
* (Frank Borman)	Director	March 31, 1996
Signature	Title	Date
* (Johnnetta B. Cole)	Director	March 31, 1996
* (Berry R. Cox)	Director	March 31, 1996
/s/Marshall L. Day (Marshall L. Day)	Senior Vice President- Chief Financial Officer (Principal Financial and Accounting Officer)	March 31, 1996
* (Milledge A. Hart, III)	Director	March 31, 1996
* (James W. Inglis)	Executive Vice President and Director	March 31, 1996

\*  
(Donald R. Keough) Director March 31, 1996

\*  
(Kenneth G. Langone) Director March 31, 1996

\*  
(M. Faye Wilson) Director March 31, 1996

\* The undersigned, by signing his name hereto, does hereby sign this report on behalf of each of the above-indicated directors of the Registrant pursuant to powers of attorney, executed on behalf of each such director.

By: /s/ Bernard Marcus  
(Bernard Marcus, Attorney-in-fact)

#### EXHIBIT INDEX

- 3.2 By-laws, as amended.
- 4.1 \$800,000,000 Credit Agreement dated as of December 20, 1995 among The Home Depot, Inc., the Banks Listed Therein and Wachovia Bank of Georgia, N.A., as Agent (without exhibits).
- 10.4 Senior Officers' Bonus Pool Plan, as amended.
- 11 Computation of Earnings Per Common and Common Equivalent Share.
- 13 The Registrant's Annual Report to Stockholders for the fiscal year ended January 28, 1996. Only those portions of said report which are specifically designated in this Form 10-K as being incorporated by reference are being electronically filed pursuant to the Securities Exchange Act of 1934.
- 21 List of Subsidiaries of the Registrant.
- 23 Consent of Independent Auditors.
- 24 Special Powers of Attorney authorizing execution of this Form 10-K Annual Report have been granted and are filed herewith as follows:  
  
Power of Attorney from Frank Borman.

Power of Attorney from Johnnetta B. Cole.

Power of Attorney from Berry R. Cox.

Power of Attorney from Milledge A. Hart, III.

Power of Attorney from James W. Inglis.

Power of Attorney from Donald R. Keough.

Power of Attorney from Kenneth G. Langone.

Power of Attorney from M. Faye Wilson.

27 Financial Data Schedule. [Filed Electronically with S.E.C. Only]

THE HOME DEPOT, INC.

BY-LAWS (AMENDED AND RESTATED)

ARTICLE I.

MEETINGS OF STOCKHOLDERS

SECTION 1. The annual meeting of the stockholders of the Corporation shall be held on the first Tuesday in the month of May in each year, at the hour of 10 o'clock A.M., or at such other time on such other day within the months of April, May or June as shall be fixed by the Board of Directors, for the purpose of electing directors and for the transaction of such other business as may come before the meeting. If the day fixed for the annual meeting shall be a legal holiday in the state in which the meeting is to be held, such meeting shall be a legal holiday in the state in which the meeting is to be held, such meeting shall be held on the next succeeding business day. If the election of directors shall not be held on the day designated herein or determined in the manner provided herein for any annual meeting of the stockholders, or at any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the stockholders as soon thereafter as conveniently may be.

SECTION 2. Special meetings of the stockholders may be called at any time by the Chairman of the Board, the President or the Board of Directors.

SECTION 3. Written notice of the time and place of every annual or special meeting of the stockholders shall be given at least ten but not more than sixty days previous to such meetings by personal delivery to the stockholder of a copy of such notice or by mailing a copy of such notice addressed to the stockholder at his post office address as the same shall appear on the record of stockholders of the Corporation or, if he shall have filed with the Secretary of the Corporation a written request that notices to him be mailed to him at some other address, then addressed to him at such other address; provided, however, that notice of any meeting to take action on a proposed merger or consolidation of the Corporation or on a proposed sale of all or substantially all of the assets of the Corporation shall be given at least twenty but not more than sixty days prior to such meeting. Notice of a special meeting of the stockholders shall also state the purpose or purposes for which the meeting is called. Each notice of a special meeting of stockholders shall indicate that it has been issued by or at the direction of the person or persons calling the meeting. Notice shall be deemed given when deposited, postage prepaid, in a United States post office or official depository. A written waiver of notice signed by the stockholder entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a stockholder at a meeting shall constitute a waiver of notice of such meeting, except when the stockholder attends a

meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders need be specified in any written waiver of notice.

SECTION 4. Every annual meeting of the stockholders shall be held at such place within or without the State of Delaware as may be determined by the Board of Directors and stated in the notice of any such meeting, and every special meeting shall be held at such place within or without the State of Delaware as may be stated in the notice of such special meeting.

SECTION 5. No business shall be transacted at any special meeting of the stockholders except that business which related to the purpose or purposes set forth in the notice of the meeting.

SECTION 6. At each meeting of the stockholders there shall be present, either in person or by proxy, the holders of a majority of the shares of the Corporation entitled to vote thereat in order to constitute a quorum. Any meeting of the stockholders at which a quorum is not present may be adjourned from time to time to some other time without any new notice other than an announcement at the meeting by the votes cast in person or by proxy of the holders of a majority of those shares which are cast on a motion to adjourn, provided, however, that if any adjournment is for more than thirty days, notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

SECTION 7. At all meetings of the stockholders, all questions except as otherwise required by the laws of the State of Delaware shall be determined by a majority of the votes cast at the meeting of the holders of shares entitled to vote thereon. Upon all questions, every stockholder of record shall be entitled at every meeting of stockholders to one vote for every share of common stock standing in his name on the books of the Corporation and qualified to vote. Holders of shares of \$50 Series A Preferred Stock and \$50 Series B Preferred Stock all have not right to vote such shares at any meeting of stockholders and shall have no voice in the management of the Corporation.

SECTION 8. At all meetings of the stockholders, absent stockholders entitled to vote thereat may vote by a proxy executed in writing by such stockholder or by the attorney-in-fact thereof. No proxy shall be valid after the expiration of three years from the date thereof unless otherwise provided in the proxy. Every proxy shall be revocable at the pleasure of the person executing it except as otherwise provided by the laws of the State of Delaware.

SECTION 9. Any action required to be taken or which may be taken at a meeting of the stockholders may be taken without a meeting, without prior notice and without a vote if consent in writing, setting forth the action so taken, shall be signed by the holders of stock having not less than the

minimum number of votes necessary to take such action at a meeting at which all shares entitled to vote thereon were present and voted. Prompt notice of the taking of the corporate actions without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing.

## ARTICLE II.

### DIRECTORS

SECTION 1. The business and affairs of the Corporation shall be managed by and under the direction of the Board of Directors. Except as otherwise provided by law and except as hereinafter otherwise provided for filling vacancies, the directors of the Corporation shall be elected by the stockholders entitled to vote at the annual meeting of the stockholders, to hold office until the expiration of the term for which he is elected and until his successor has been elected and qualified or until his earlier resignation or removal.

SECTION 2. An annual meeting of the Board of Directors shall be held after each annual election of directors. If such election occurs at an annual meeting of stockholders, the annual meeting of the Board of Directors shall take place as soon after such written consent is duly filed with the Corporation as is practicable.

SECTION 3. Special meetings of the Board of Directors shall be called at any time by the Secretary at the direction of the Chairman of the Board, the President or a majority of the directors.

SECTION 4. Written notice of each special meeting of the Board of Directors shall be given to each member thereof specifying the time and place of the meeting. Notice shall be given by first class mail, telegram, radiogram, telex or personal service. At least forty-eight hours' notice must be given by telegram, radiogram, telex or personal service when less than six days' notice is given. If notice to a director is given by mail, the notice shall be directed to him at the address designated by him for the purpose, or, if none is designated, at his last known address, and shall be deemed given when deposited, postage prepaid, in a post office or official depository of any nation. If notice to a director is given by telegram, radiogram or telex, it shall be directed to his last known address and, in the case of notice by telegram or radiogram, shall be deemed given when received by the communications carrier. Notice by telex shall be deemed given when transmitted. A written waiver of notice signed by the director entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except when the director attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the directors need be specified in any



written waiver of notice.

SECTION 5. Except for meeting held after an annual meeting of stockholders, meetings of the Board of Directors shall be held at such place as may be specified in the notice thereof, or, if no place is specified in the notice, at such other place or places as the Board of Directors may from time to time fix thereof.

SECTION 6. Members of the Board of Directors may participate in a meeting of the Board by means of conference telephone or similar communications equipment by means of which all person participating in the meeting can hear each other. Participation in a meeting pursuant to this section shall constitute presence in person at such meeting.

SECTION 7. A majority of the total number of directors shall be necessary to constitute a quorum for the transaction of business and the act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors. Any regular or special meeting of the Board at which a quorum is not present may be adjourned from time to time to some other place or time or both by a majority of the directors present without any new notice other than an announcement at the meeting.

SECTION 8. The Board of Directors may, by resolution passed by a majority of the whole Board, designate one or more committees, each committee to consist of one or more of the directors of the Corporation. The board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. Any such committee, to the extent provided in the resolution of the Board of Directors and to the extent permitted by law, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it; but no such committee shall have the power or authority to (i) amend the certificate of incorporation, (ii) adopt an agreement of merger or consolidation, (iii) recommend to the stockholders the sale, lease or exchange of all or substantially all of the Corporation's property and assets, (iv) recommend to the stockholders a dissolution of the Corporation or a revocation of a dissolution, or (v) amend the by-laws of the Corporation. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board.

SECTION 9. Any action required or permitted to be taken at any meeting of the Board of Directors may be taken without a meeting if all members of the Board consent thereto in writing and the writing is filed with the minutes of proceedings of the Board.

SECTION 10. The Board of Directors of the Corporation shall consist of not less than three nor more than fifteen members, the exact number of

Directors to be determined from time to time by resolution adopted by affirmative vote of a majority of the entire Board of Directors.

SECTION 11. Directors may receive compensation for services to the Corporation in their capacities as directors or otherwise in such manner and in such amounts as may be fixed from time to time by resolution of the Board of Directors.

### ARTICLE III.

#### OFFICERS

SECTION 1. The Board of Directors, at the annual meeting thereof, shall appoint a Chairman of the Board, a President, a Treasurer, and a Secretary. The Board may at any time appoint one or more Vice Presidents, Assistant Treasurers and Assistant Secretaries. Each such officer shall serve from time of his appointment until a successor shall be chosen and qualified or until his earlier resignation or removal. The compensation of the officers shall be fixed by the Board.

SECTION 2. The Chairman of the Board shall preside at all meetings of stockholders and of the Board of Directors. He shall be the chief executive officer and head of the Corporation and, subject to the Board of Directors, shall have the general control and management of the business and affairs of the Corporation. He shall vote any shares of stock or other voting securities owned by the Corporation. In general, he shall perform all duties incident to the office of the Chairman of the Board and such other duties as may from time to time be assigned to him by the Board.

SECTION 3. The President shall be the Chief operating officer of the Corporation and, subject to the Board of Directors and the Chairman of the Board, shall have control of the operational aspects of the business and affairs of the Corporation. He shall see that all orders of the Chairman of the Board are carried into effect, and shall perform all other duties necessary to his office or properly required of him by the Board or the Chairman of the Board.

SECTION 4. During the absence or disability of the President, or during a vacancy in the office of President, the Vice President with the greatest seniority shall perform the duties and have the powers of the President.

SECTION 5. The Secretary shall have custody of the seal of the Corporation. He shall keep the minutes of the Board of Directors, and of the stockholders, and shall attend to the giving and serving of all notices of the Corporation. He shall have charge of the certificate book and such other books and papers as the Board may direct; and he shall perform such other duties as may be incidental to his office or as may be assigned to him by

the Board of Directors. He shall also keep or cause to be kept a stock book, containing the names, alphabetically arranged, of all persons who are stockholders of the Corporation showing their respective addresses, the number of shares registered in the name of each, and the dates when they respectively became the owners of record thereof, and such books shall be open for inspection as prescribed by the laws of the States of Delaware. During the absence or disability of the Secretary, or during a vacancy in the office of Secretary, the Assistant Secretary with the greatest seniority shall perform the duties and have the powers of the Secretary.

SECTION 6. The Treasurer shall have the care and custody of the funds and securities of the Corporation and shall deposit the same in the name of the Corporation in such banks or banks as the Board of Directors may determine. The Treasurer shall also have the care and custody of the Corporation's books of account and he shall be responsible for the general and cost accounting functions of the Corporation. During the absence or disability of the Treasurer, or during a vacancy in the office of Treasurer, the Assistant Treasurer with the greatest seniority shall perform the duties and have the powers of the Treasurer.

#### ARTICLE IV.

##### RESIGNATIONS, REMOVALS, VACANCIES AND

##### INDEMNIFICATION OF DIRECTORS AND OFFICERS

SECTION 1. Any director or officer may resign his office at any time, such resignation to be made in writing and to take effect from the time of its receipt by the Corporation, unless some future time be fixed in the resignation and in that case from that time. The acceptance of a resignation shall not be required to make it effective. Nothing herein shall be deemed to affect any contractual rights of the Corporation.

SECTION 2. Any officer may be removed with or without cause at any time by the Board of Directors. Any employee of the Corporation may be removed at any time by the Board of Directors or by an officer. The removal of an officer or employee without cause shall be without prejudice to his contractual rights, if any. The election or appointment of an officer or employee shall not of itself create contractual rights. Any director or the entire Board may be removed, with or without cause, by the holders of a majority of the shares then entitled to vote at an election of directors.

SECTION 3. Any vacancy or newly created directorship on the Board of Directors may be filled by a majority vote of the Directors then in office, or by majority vote of the stockholders.

SECTION 4. Each former, present or future director, officer, employee or agent of the Corporation, and each person who may serve at the request of the Corporation as a director, officer, employee or agent of another

Corporation, partnership, joint venture, trust or other enterprise shall be indemnified by the Corporation in all events, to the fullest extent and in the manner permitted by the laws of the State of Delaware then in effect.

## ARTICLE V.

### COMMON STOCK

SECTION 1. Certificates for shares of the common stock of the Corporation shall be numbered and registered on the books of the Corporation in the order in which they shall be issued and shall be signed by the Chairman of the Board, the President or a Vice President, and the Secretary or an Assistant Secretary, or the Treasurer or an Assistant Treasurer and sealed with the seal of the Corporation.

SECTION 2. Transfers of shares shall be made upon the books of the Corporation (i) only by the holder thereof in person or by power of attorney duly executed and filed with the Corporation, (ii) in accordance with the Shareholders Agreement, and (iii) upon the surrender to the Corporation of the certificate or certificates for such shares.

## ARTICLE VI

### PREFERRED STOCK

SECTION 1. Certificates for shares of the \$50 Series A Preferred Stock and the \$50 Series B Preferred Stock of the Corporation shall be numbered and registered on the books of the Corporation in the order in which they shall be issued and shall be signed by the Chairman of the Board or the President or a Vice President, and the Secretary or an Assistant Secretary, or the Treasurer or an Assistant Treasurer and sealed with the seal of the Corporation.

SECTION 2. In accordance with the terms under which such preferred shares were issued, all of the shares of the \$50 Series A Preferred Stock of the Corporation shall be deemed by the Corporation at its election expressed by resolution of the Board of Directors but no later than six (6) calendar months following the close of any fiscal year at which the Net Worth of the Corporation and any subsidiaries thereof, computed in accordance with generally accepted accounting principles consistently applied on a consolidated basis, shall be equal to or exceed Ten Million Dollars (\$10,000,000.00), and subject to there being sufficient surplus to repurchase all of the Common Shares which the Corporation is obligated to repurchase pursuant to the Shareholders' Agreement.

SECTION 3. In accordance with the terms under which such preferred shares were issued, the shares of the \$50 Series B Preferred Stock of the

Corporation shall be redeemed by the Corporation at the election of the holder of such shares; provided, however, that such election may not be exercised at any time prior to the redemption of the Series A Preferred Stock.

## ARTICLE VII.

### CHECKS, DRAFTS AND NOTES

The Chairman of the Board or the President or any officers designated by Resolution of the Board of Directors shall sign all checks and drafts necessary to be drawn and may accept any drafts drawn upon the Corporation in due course of business. No check or draft shall be endorsed by the Corporation and no promissory note, bond, debenture or other evidence of indebtedness shall be made, signed, issued or endorsed by the Corporation unless signed by the Chairman or the President or any officer designated under powers given by a resolution of the Board except that any officer may endorse for collection or deposit only, expressly stating the purpose of such endorsements, checks, drafts and promissory notes to the order of the Corporation.

## ARTICLE VIII.

### SEAL

The seal of the Corporation shall be in the custody of the Secretary. It shall be circular in form and shall have engraved upon it the name of the Corporation arranged in a circle and the words and figures "Incorporated 1978 Delaware" across the center of the space enclosed.

## ARTICLE IX

### BUSINESS COMBINATIONS WITH INTERESTED STOCKHOLDERS

The Corporation shall not be subject to the provisions of Section 203 of the General Corporation Law of the State of Delaware (Business Combination with Interested Stockholders). This Article IX shall not be amended only by the affirmative vote of a majority of the Corporation's stockholders entitled to vote on such matter.

Amended and Restated-2/22/96

\$800,000,000

CREDIT AGREEMENT

dated as of

December 20, 1995

among

THE HOME DEPOT, INC.,

The Banks Listed Herein

and

WACHOVIA BANK OF GEORGIA, N.A.,  
as Agent

TABLE OF CONTENTS

CREDIT AGREEMENT

Page

ARTICLE I

DEFINITIONS. . . . .	1
SECTION 1.01. Definitions. . . . .	1
SECTION 1.02. Accounting Terms and Determinations. . . . .	15

SECTION 1.03. References . . . . . 15

SECTION 1.04. Use of Defined Terms . . . . . 15

SECTION 1.05. Terminology. . . . . 15

ARTICLE II

THE CREDITS. . . . . 16

SECTION 2.01. Commitments to Lend. . . . . 16

SECTION 2.02. Method of Borrowing. . . . . 16

SECTION 2.03. Money Market Loans . . . . . 18

SECTION 2.04. Notes. . . . . 22

SECTION 2.05. Maturity of Loans. . . . . 22

SECTION 2.06. Interest Rates . . . . . 23

SECTION 2.07. Fees; Calculations . . . . . 23

SECTION 2.08. Optional Termination or Reduction of  
Commitments. . . . . 25

SECTION 2.09. Termination of Commitments . . . . . 25

SECTION 2.10. Optional Prepayments . . . . . 25

SECTION 2.11. Mandatory Prepayments. . . . . 25

SECTION 2.12. General Provisions as to Payments. . . . . 26

SECTION 2.13. Computation of Interest and Fees . . . . . 27

ARTICLE III

CONDITIONS TO BORROWINGS . . . . . 28

SECTION 3.01. Conditions to First Borrowing. . . . . 28

SECTION 3.02. Conditions to All Borrowings . . . . . 29

ARTICLE IV-A

REPRESENTATIONS AND WARRANTIES . . . . .	30
SECTION 4.01. Corporate Existence and Power. . . . .	30
SECTION 4.02. Corporate and Governmental Authorization; No Contravention . . . . .	30
SECTION 4.03. Binding Effect . . . . .	30
SECTION 4.04. Financial Information. . . . .	30
SECTION 4.05. No Litigation. . . . .	31
SECTION 4.06. Compliance with ERISA. . . . .	31
SECTION 4.07. Compliance with Laws; Payment of Taxes . . . . .	31
SECTION 4.08. Significant Subsidiaries . . . . .	31
SECTION 4.09. Investment Company Act . . . . .	32
SECTION 4.10. Public Utility Holding Company Act . . . . .	32
SECTION 4.11. Ownership of Property; Liens . . . . .	32
SECTION 4.12. No Default . . . . .	32
SECTION 4.13. Full Disclosure. . . . .	32
SECTION 4.14. Environmental Matters. . . . .	32
SECTION 4.15. Capital Stock. . . . .	33
SECTION 4.16. Margin Stock . . . . .	33
SECTION 4.17. Insolvency . . . . .	34

ARTICLE IV-B

REPRESENTATIONS AND WARRANTIES OF THE BANKS AND THE AGENT. . . . .	34
SECTION 4.18. Agent and Bank Corporate Existence and Power . . . . .	34
SECTION 4.19. Agent and Bank Binding Effect. . . . .	34

ARTICLE V

COVENANTS. . . . .	34
--------------------	----



SECTION 5.01. Information. . . . . 34

SECTION 5.02. Inspection of Property, Books and Records. . . 36

SECTION 5.03. Ratio of Consolidated Funded Debt to  
Consolidated Total Tangible Capital. . . . . 36

SECTION 5.04. Negative Pledge. . . . . 36

SECTION 5.05. Maintenance of Existence . . . . . 38

SECTION 5.06. Dissolution. . . . . 38

SECTION 5.07. Consolidations, Mergers and Sales of Assets. . 38

SECTION 5.08. Use of Proceeds. . . . . 39

SECTION 5.09. Compliance with Laws; Payment of Taxes . . . . 39

SECTION 5.10. Insurance. . . . . 39

SECTION 5.11. Maintenance of Property. . . . . 39

SECTION 5.12. Environmental Notices. . . . . 40

SECTION 5.13. Environmental Matters. . . . . 40

SECTION 5.14. Environmental Release. . . . . 40

SECTION 5.15. Debt of Subsidiaries . . . . . 40

ARTICLE VI

DEFAULTS . . . . . 40

SECTION 6.01. Events of Default. . . . . 40

SECTION 6.02. Notice of Default. . . . . 43

ARTICLE VII

THE AGENT. . . . . 43

SECTION 7.01. Appointment; Powers and Immunities . . . . . 43

SECTION 7.02. Reliance by Agent. . . . . 44

SECTION 7.03. Defaults . . . . . 44

SECTION 7.04. Rights of Agent as a Bank. . . . . 45

SECTION 7.05. Indemnification. . . . .	45
SECTION 7.06 CONSEQUENTIAL DAMAGES. . . . .	45
SECTION 7.07. Payee of Note Treated as Owner . . . . .	46
SECTION 7.08. Nonreliance on Agent and Other Banks . . . . .	46
SECTION 7.09. Failure to Act . . . . .	46
SECTION 7.10. Resignation or Removal of Agent. . . . .	46

ARTICLE VIII

CHANGE IN CIRCUMSTANCES; COMPENSATION. . . . .	47
SECTION 8.01. Basis for Determining Interest Rate Inadequate or Unfair . . . . .	47
SECTION 8.02. Illegality . . . . .	47
SECTION 8.03. Increased Cost and Reduced Return. . . . .	48
SECTION 8.04. Base Rate Loans Substituted for Euro-Dollar Loans. . . . .	50
SECTION 8.05. Compensation . . . . .	51

ARTICLE IX

MISCELLANEOUS. . . . .	51
SECTION 9.01. Notices. . . . .	51
SECTION 9.02. No Waivers . . . . .	51
SECTION 9.03. Expenses; Documentary Taxes. . . . .	52
SECTION 9.04. Indemnification. . . . .	52
SECTION 9.05. Sharing of Setoffs . . . . .	55
SECTION 9.06. Amendments and Waivers . . . . .	56
SECTION 9.07. No Margin Stock Collateral . . . . .	57
SECTION 9.08. Successors and Assigns . . . . .	57

SECTION 9.09. Confidentiality. . . . .	59
SECTION 9.10. Representation by Banks. . . . .	60
SECTION 9.11. Obligations Several. . . . .	60
SECTION 9.12. Georgia Law. . . . .	60
SECTION 9.13. Severability . . . . .	60
SECTION 9.14. Interest . . . . .	61
SECTION 9.15. Interpretation . . . . .	62
SECTION 9.16. Consent to Jurisdiction . . . . .	62
SECTION 9.17. Counterparts . . . . .	62
EXHIBIT A-1	Form of Syndicated Loan Note
EXHIBIT A-2	Form of Money Market Loan Note
EXHIBIT B	Form of Opinion of Counsel for the Borrower
EXHIBIT C	Form of Opinion of Special Counsel for the Agent
EXHIBIT D	Form of Assignment and Acceptance
EXHIBIT E	Form of Notice of Borrowing
EXHIBIT F	Form of Compliance Certificate
EXHIBIT G	Form of Closing Certificate
EXHIBIT H	Form of Money Market Quote Request
EXHIBIT I	Form of Money Market Quote
Schedule 4.08	Significant Subsidiaries

CREDIT AGREEMENT

CREDIT AGREEMENT dated as of December 20, 1995 among THE HOME

DEPOT, INC., the BANKS listed on the signature pages hereof and WACHOVIA BANK OF GEORGIA, N.A., as Agent.

The parties hereto agree as follows:

## ARTICLE I

### DEFINITIONS

SECTION 1.01. Definitions. The terms as defined in this Section 1.01 shall, for all purposes of this Agreement and any amendment hereto (except as herein otherwise expressly provided or unless the context otherwise requires), have the meanings set forth herein:

"Adjusted London Interbank Offered Rate" applicable to any Interest Period means a rate per annum equal to the quotient obtained (rounded upwards, if necessary, to the next higher 1/16th of 1%) by dividing (i) the applicable London Interbank Offered Rate for such Interest Period by (ii) 1.00 minus the Euro-Dollar Reserve Percentage. The Adjusted London Interbank Offered Rate shall be adjusted automatically on and as of the effective date of any change in the Euro-Dollar Reserve Percentage.

"Affiliate" means (i) any Person that directly, or indirectly through one or more intermediaries, controls the Borrower (a "Controlling Person"), (ii) any Person (other than the Borrower or a Subsidiary) which is controlled by or is under common control with a Controlling Person, or (iii) any Person (other than a Subsidiary) of which the Borrower owns, directly or indirectly, 20% or more of the common stock or equivalent equity interests. As used herein, the term "control" means possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"Agent" means Wachovia Bank of Georgia, N.A., a national banking association organized under the laws of the United States of America, in its capacity as agent for the Banks hereunder, and its successors and permitted assigns in such capacity.

"Agent's Letter Agreement" means that certain letter agreement, dated as of October 23, 1995 between the Borrower and the Agent relating to the structure of the Loans, and certain fees from time to time payable by the Borrower to the Agent, together with all amendments and modifications thereto.

"Agreement" means this Credit Agreement, together with all amendments and supplements hereto.

"Applicable Margin" means (i) with respect to Base Rate Loans, 0%; and (ii) with respect to Euro-Dollar Loans, (w) if the Borrower's ratio of

Consolidated Funded Debt to Consolidated Total Tangible Capital is equal to or less than 0.25 to 1.0, 0.12%, (x) if the Borrower's ratio of Consolidated Funded Debt to Consolidated Total Tangible Capital is greater than or equal to 0.26 to 1.0 but equal to or less than 0.35 to 1.0, 0.125%, (y) if the Borrower's ratio of Consolidated Funded Debt to Consolidated Total Tangible Capital is greater than or equal to 0.36 to 1.0 but equal to or less than 0.45 to 1.0, 0.15%, and (z) if the Borrower's ratio of Consolidated Funded Debt to Consolidated Total Tangible Capital is greater than or equal to 0.46 to 1.0, 0.225%. The determination of the Applicable Margin from time to time shall be made in accordance with Section 2.07(b). The calculation of each ratio under this definition shall be rounded upward, if necessary, to the next higher 1/100th of 1%.

"Assignee" has the meaning set forth in Section 9.08(c).

"Assignment and Acceptance" means an Assignment and Acceptance executed in accordance with Section 9.08(c) in the form attached hereto as Exhibit D.

"Authority" has the meaning set forth in Section 8.02.

"Bank" means each bank listed on the signature pages hereof as having a Commitment, and its successors and assigns.

"Base Rate" means for any Base Rate Loan for any day, the rate per annum equal to the higher as of such day of (i) the Prime Rate, and (ii) one-half of one percent above the Federal Funds Rate. For purposes of determining the Base Rate for any day, changes in the Prime Rate shall be effective on the date of each such change.

"Base Rate Loan" means a Loan to be made as a Base Rate Loan pursuant to the applicable Notice of Borrowing, Section 2.02(f), or Article VIII, as applicable.

"Borrower" means The Home Depot, Inc., a Delaware corporation, and its successors and its permitted assigns.

"Borrowing" means a borrowing hereunder consisting of Loans made to the Borrower at the same time by the Banks pursuant to Article II. A Borrowing is a Base Rate Borrowing" if such Loans are Base Rate Loans or a "Euro-Dollar Borrowing" if such Loans are Euro-Dollar Loans. A Borrowing is a "Syndicated Borrowing" if it is made pursuant to Section 2.01. A Borrowing is a "Money Market Borrowing" if it is made pursuant to Section 2.03.

"Capital Stock" means any nonredeemable capital stock of the Borrower or any Consolidated Subsidiary (to the extent issued to a Person other than the Borrower), whether common or preferred.

"CERCLA" means the Comprehensive Environmental Response Compensation and Liability Act, 42 U.S.C. Section 9601 et. seq. and its implementing regulations and amendments.

"CERCLIS" means the Comprehensive Environmental Response Compensation and Liability Inventory System established pursuant to CERCLA.

"Change in Control" means (i) any Person or two or more Persons acting in concert shall have acquired beneficial ownership (within the meaning of Rule 13d-3 of the Securities and Exchange Commission under the Securities Exchange Act of 1934) of 40.0% or more of the outstanding shares of the voting stock of the Borrower; or (ii) as of any date a majority of the Board of Directors of the Borrower consists of individuals who were not either (A) directors of the Borrower as of the corresponding date of the previous year, (B) selected or nominated to become directors by the Board of Directors of the Borrower of which a majority consisted of individuals described in clause (A), or (C) selected or nominated to become directors by the Board of Directors of the Borrower of which a majority consisted of individuals described in clause (A) and individuals described in clause (B).

"Change of Law" shall have the meaning set forth in Section 8.02.

"Closing Certificate" has the meaning set forth in Section 3.01(e).

"Closing Date" means December 20, 1995.

"Code" means the Internal Revenue Code of 1986, as amended, or any successor Federal tax code.

"Commitment" means, with respect to each Bank, the amount set forth opposite the name of such Bank on the signature pages hereof, as such amount may be reduced from time to time pursuant to Sections 2.07 and 2.08.

"Compliance Certificate" has the meaning set forth in Section 5.01(c).

"Consolidated Funded Debt" means at any date the Debt of the Borrower and its Consolidated Subsidiaries consisting of (i) the types of Debt described in clauses (i), (ii), (iii) and (iv) of the definition of Debt contained in this Agreement, (ii) an amount equal to 800.0% of the aggregate of all obligations under operating leases for the Fiscal Year following the last

Fiscal Year for which audited financial statements have been supplied to the Banks as contained in the Borrower's Annual Report on Form 10K, and (iii) Guaranties of Debt of other Persons of the types described in clauses (i) and (ii) above, determined on a consolidated basis as of such date.

"Consolidated Net Worth" means at any time, Stockholders' Equity, as set forth or reflected on the most recent consolidated balance sheet of the Borrower and its Consolidated Subsidiaries, prepared in accordance with GAAP.

"Consolidated Operating Profits" means, for any period, the Operating Profits of the Borrower and its Consolidated Subsidiaries.

"Consolidated Subsidiary" means at any date any Subsidiary or other entity the accounts of which, in accordance with GAAP, would be consolidated with those of the Borrower in its consolidated financial statements as of such date.

"Consolidated Tangible Net Worth" means, at any time, Stockholders' Equity, less the sum of the value, as set forth or reflected on the most recent consolidated balance sheet of the Borrower and its Consolidated Subsidiaries, prepared in accordance with GAAP, of:

(A) Any surplus resulting from any write-up of assets subsequent to January 30, 1994;

(B) All assets which would be treated as intangible assets for balance sheet presentation purposes under GAAP, including without limitation goodwill (whether representing the excess of cost over book value of assets acquired, or otherwise), trademarks, tradenames, copyrights, patents and technologies, and unamortized debt discount and expense;

(C) To the extent not included in (B) of this definition, any amount at which shares of Capital Stock of the Borrower appear as an asset on the balance sheet of the Borrower and its Consolidated Subsidiaries;

(D) Loans or advances to stockholders, directors, officers or employees; and

(E) To the extent not included in (B) of this definition, deferred expenses.

"Consolidated Total Assets" means, at any time, the total assets of the Borrower and its Consolidated Subsidiaries, determined on a consolidated basis, as set forth or reflected on the most recent consolidated balance sheet of the Borrower and its Consolidated Subsidiaries, prepared in accordance with GAAP.

"Consolidated Total Tangible Capital" means, at any time, the sum of (i) Consolidated Tangible Net Worth, and (ii) Consolidated Funded Debt.

"Controlled Group" means all members of a controlled group of corporations and all trades or businesses (whether or not incorporated) under common control which, together with the Borrower, are treated as a single

employer under Section 414 of the Code.

"Debt" of any Person means at any date, without duplication, (i) all obligations of such Person for borrowed money, (ii) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (iii) all obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business, (iv) the capitalized lease obligations of such Person as lessee under capital leases, (v) all obligations of such Person to reimburse any bank or other Person in respect of amounts payable under a banker's acceptance, (vi) all Redeemable Preferred Stock of such Person (in the event such Person is a corporation), (vii) all obligations of such Person to reimburse any bank or other Person in respect of amounts that have actually been paid under a letter of credit or similar instrument, (viii) all Debt of others secured by a Lien on any asset of such Person, whether or not such Debt is assumed by such Person (provided, that, for purposes of this clause (viii), non-recourse Debt in excess of the value of the asset securing such Debt shall not be counted), and (ix) all Debt of others Guaranteed by such Person.

"Default" means any condition or event which constitutes an Event of Default or which with the giving of notice or lapse of time or both would, unless cured or waived, become an Event of Default.

"Default Rate" means, with respect to any Loan, on any day, the sum of 2% plus the interest rate (including the Applicable Margin) applicable to such Loan hereunder.

"Dividends" means for any period the sum of all dividends paid or declared during such period in respect of any Capital Stock and Redeemable Preferred Stock (other than dividends paid or payable in the form of additional Capital Stock).

"Dollars" or "\$" means dollars in lawful currency of the United States of America.

"Domestic Business Day" means any day except a Saturday, Sunday or other day on which commercial banks in Georgia are authorized by law to close.

"Environmental Authority" means any foreign, federal, state, local or regional government that exercises any form of jurisdiction or authority under any Environmental Requirement.

"Environmental Authorizations" means all licenses, permits, orders, approvals, notices, registrations or other legal prerequisites for conducting the business of the Borrower or any Subsidiary required by any Environmental Requirement.

"Environmental Judgments and Orders" means all judgments, decrees



or orders arising from or in any way associated with any Environmental Requirements, whether or not entered upon consent, or written agreements with an Environmental Authority or other entity arising from or in any way associated with any Environmental Requirement, whether or not incorporated in a judgment, decree or order.

"Environmental Liabilities" means any liabilities, whether accrued, contingent or otherwise, arising from and in any way associated with any Environmental Requirements.

"Environmental Notices" means notice from any Environmental Authority or by any other person or entity, of possible or alleged noncompliance with or liability under any Environmental Requirement, including without limitation any complaints, citations, demands or requests from any Environmental Authority or from any other person or entity for correction of any violation of any Environmental Requirement or any investigations concerning any violation of any Environmental Requirement.

"Environmental Proceedings" means any judicial or administrative proceedings arising from or in any way associated with any Environmental Requirement.

"Environmental Releases" means releases as defined in CERCLA or under any applicable state or local environmental law or regulation.

"Environmental Requirements" means any legal requirement relating to health, safety or the environment and applicable to the Borrower, any Subsidiary or the Properties, including but not limited to any such requirement under CERCLA or similar state legislation and all federal, state and local laws, ordinances, regulations, orders, writs, decrees and common law.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, or any successor law. Any reference to any provision of ERISA shall also be deemed to be a reference to any successor provision or provisions thereof.

"Euro-Dollar Business Day" means any Domestic Business Day on which dealings in Dollar deposits are carried out in the London interbank market.

"Euro-Dollar Loan" means a Loan to be made as a Euro-Dollar Loan pursuant to the applicable Notice of Borrowing.

"Euro-Dollar Reserve Percentage" means for any day that percentage (expressed as a decimal) which is in effect on such day, as prescribed by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement for a member bank of the Federal Reserve System in respect of "Eurocurrency Liabilities" (or in respect of any

other category of liabilities which includes deposits by reference to which the interest rate on Euro-Dollar Loans is determined or any category of extensions of credit or other assets which includes loans by a non-United States office of any Bank to United States residents). The Adjusted London Interbank Offered Rate shall be adjusted automatically on and as of the effective date of any change in the Euro-Dollar Reserve Percentage.

"Event of Default" has the meaning set forth in Section 6.01.

"Federal Funds Rate" means, for any day, the rate per annum (rounded upward, if necessary, to the next higher 1/100th of 1%) equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Domestic Business Day next succeeding such day, provided that (i) if the day for which such rate is to be determined is not a Domestic Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Domestic Business Day as so published on the next succeeding Domestic Business Day, and (ii) if such rate is not so published for any day, the Federal Funds Rate for such day shall be the average rate charged to the Agent on such day on such transactions, as determined by the Agent.

"Fiscal Quarter" means any fiscal quarter of the Borrower.

"Fiscal Year" means any fiscal year of the Borrower.

"GAAP" means generally accepted accounting principles applied on a basis consistent with those which, in accordance with Section 1.02, are to be used in making the calculations for purposes of determining compliance with the terms of this Agreement.

"Guarantee" by any Person means any obligation, contingent or otherwise, of such Person directly or indirectly guaranteeing any Debt or other obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (i) to secure, purchase or pay (or advance or supply funds

for the purchase or payment of) such Debt or other obligation of such other Person (whether arising by virtue of partnership arrangements, by agreement to keep-well, to purchase assets, goods, securities or services, to provide collateral security, to take-or-pay, or to maintain financial statement conditions or otherwise) or (ii) to the extent that such an arrangement would be considered to be a guaranty under GAAP, entered into for the purpose of assuring in any other manner the obligee of such Debt or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part), provided that the term Guarantee shall not include endorsements for collection or deposit in the ordinary course of business. The term "Guarantee" used as a verb has a corresponding meaning. For purposes

hereof, the amount of any Guarantee shall be deemed to be equal to the lesser of (i) any stated amount of the guarantee or (ii) the outstanding amount of the obligation directly or indirectly guaranteed.

"Hazardous Materials" includes, without limitation, (a) solid or hazardous waste, as defined in the Resource Conservation and Recovery Act of 1980, 42 U.S.C. Section 6901 et seq. and its implementing regulations and amendments, or in any applicable state or local law or regulation, (b) "hazardous substance", "pollutant", or "contaminant" as defined in CERCLA, or in any applicable state or local law or regulation, (c) gasoline, or any other petroleum product or by-product, including, crude oil or any fraction thereof, or (d) pesticides, as defined in the Federal Insecticide, Fungicide, and Rodenticide Act of 1975, or in any applicable state or local law or regulation, as each such Act, statute or regulation may be amended from time to time.

"Interest Period" means: (1) with respect to each Euro-Dollar Borrowing, the period commencing on the date of such Borrowing and ending on the numerically corresponding day in the first, second, third or sixth month thereafter, as the Borrower may elect in the applicable Notice of Borrowing; provided that:

(a) any Interest Period (subject to paragraph (c) below) which would otherwise end on a day which is not a Euro-Dollar Business Day shall be extended to the next succeeding Euro-Dollar Business Day unless such Euro-Dollar Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Euro-Dollar Business Day;

(b) any Interest Period which begins on the last Euro-Dollar Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the appropriate subsequent calendar month) shall, subject to paragraph (c) below, end on the last Euro-Dollar Business Day of the appropriate subsequent calendar month; and

(c) no Interest Period may be selected which begins before the Termination Date and would otherwise end after the Termination Date.

(2) with respect to each Base Rate Borrowing, the period commencing on the date of such Borrowing and ending 30 days thereafter; provided that:

(a) any Interest Period (subject to paragraph (b) below) which would otherwise end on a day which is not a Domestic Business Day shall be extended to the next succeeding Domestic Business Day; and

(b) no Interest Period which begins before the Termination Date and would otherwise end after the Termination Date may be selected.

"Investment" means any investment in any other Person, by means of purchase or acquisition of obligations of or securities issued by such Person, capital contribution to such Person, loan or advance to such Person, making of a time deposit with such Person, Guarantee or assumption of any obligation of such Person.

"Lending Office" means, as to each Bank, its office located at its address set forth on the signature pages hereof (or identified on the signature pages hereof as its Lending Office or such other office as such Bank may hereafter designate as its Lending Office) by notice to the Borrower and the Agent.

"Lien" means, with respect to any asset, any mortgage, deed to secure debt, deed of trust, lien, pledge, charge, security interest, security title, preferential arrangement which has the practical effect of constituting a security interest or encumbrance, or encumbrance or servitude of any kind in respect of such asset to secure or assure payment of a Debt or a Guarantee, whether by consensual agreement or by operation of statute or other law, or by any agreement, contingent or otherwise, to provide any of the foregoing. For the purposes of this Agreement, the Borrower or any Subsidiary shall be deemed to own subject to a Lien any asset which it has acquired or holds subject to the interest of a vendor or lessor under any conditional sale agreement, capital lease or other title retention agreement relating to such asset; exclusive, however, of (i) any liens for taxes or governmental charges either not yet delinquent or which are being contested in good faith by appropriate proceedings, (ii) liens not securing Debt which are created by or relating to any legal proceeding which at the time are being contested in good faith by appropriate proceedings or (iii) any other statutory or inchoate lien securing amounts other than Debt which are not delinquent.

"Loan" means a Base Rate Loan, Euro-Dollar Loan, Syndicated Loan or Money Market Loan, and "Loans" means Base Rate

Loans, Euro-Dollar Loans, Syndicated Loans or Money Market Loans, or any or all of them, as the context shall require.

"Loan Documents" means this Agreement, the Notes, any other document to which the Borrower is a party evidencing, relating to or securing the Loans, and any other document or instrument delivered from time to time in connection with this Agreement, the Notes or the Loans, as such documents and instruments may be amended or supplemented from time to time.

"London Interbank Offered Rate" applicable to any Euro-Dollar Loan means for the Interest Period of such Euro-Dollar Loan, the rate per annum determined on the basis of the offered rate for deposits in Dollars of amounts equal or comparable to the principal amount of such Euro-Dollar Loan offered for a term comparable to such Interest Period, which rates appear on the Reuters Screen LIBO Page as of 11:00 A.M., London time, 2 Euro-Dollar Business

Days prior to the first day of such Interest period, provided that (i) if more than one such offered rate appears on the Reuters Screen LIBO Page, the "London Interbank Offered Rate" will be the arithmetic average (rounded upward, if necessary, to the next higher 1/100th of 1%) of such offered rates; (ii) if no such offered rates appear on such page, the "London Interbank Offered Rate" for such Interest Period will be the arithmetic average (rounded upward, if necessary, to the next higher 1/100th of 1%) of rates quoted by Morgan Guaranty Trust Company of New York and Bank of America National Trust & Savings Association, at approximately 10:00 A.M., New York City time, 2 Euro-Dollar Business Days prior to the first day of such Interest Period, for deposits in Dollars offered to leading European banks for a period comparable so such Interest Period in an amount comparable to the principal amount of such Euro-Dollar Loan.

"Margin Stock" means "margin stock" as defined in Regulations G, T, U or X.

"Material Adverse Effect" means, with respect to any event, act, condition or occurrence of whatever nature (including any adverse determination in any litigation, arbitration, or governmental investigation or proceeding), whether singly or in conjunction with any other event or events, act or acts, condition or conditions, occurrence or occurrences, whether or not related, a material adverse change in, or a material adverse effect upon, any of (a) the financial condition, operations, business, or properties of the Borrower and its Consolidated Subsidiaries taken as a whole, (b) the rights and remedies of the Agent or the Banks under the Loan Documents, or the ability of the Borrower to perform its obligations under the Loan Documents to which it is a party, as applicable, or (c) the legality, validity or enforceability of any Loan Document, which, in the case of clauses (b) and (c), would reasonably be expected to result in either the Agent or any Bank not obtaining the practical realization of the significant benefits purported to be provided thereby; provided, however, that in no event shall

either the Borrower's denial of access to the commercial paper market or the consequences thereof, in and of itself, be deemed to constitute a Material Adverse Effect.

"Money Market Loan Notes" means the promissory notes of the Borrower, substantially in the form of Exhibit A-2, evidencing the obligation of the Borrower to repay Money Market Loans, together with all amendments, consolidations, modifications, renewals and supplements thereto.

"Money Market Loans" means Loans made pursuant to the terms and conditions set forth in Section 2.03 hereof.

"Money Market Quote" has the meaning specified in Section 2.03.

"Money Market Quote Request" has the meaning specified in Section 2.03.

"Money Market Rate" has the meaning specified in Section 2.03.

"Multiemployer Plan" shall have the meaning set forth in Section 4001(a)(3) of ERISA.

"Net Income" means, as applied to any Person for any period, the aggregate amount of net income of such Person, after taxes, for such period, as determined in accordance with GAAP.

"Notes" means, individually and collectively, as the context shall require, each of the Syndicated Loan Notes and Money Market Loan Notes.

"Notice of Borrowing" has the meaning set forth in Section 2.02.

"Operating Profits" means, as applied to any Person for any period, the operating income of such Person for such period, as determined in accordance with GAAP.

"Participant" has the meaning set forth in Section 9.08(b).

"PBGC" means the Pension Benefit Guaranty Corporation or any entity succeeding to any or all of its functions under ERISA.

"Performance Pricing Date" has the meaning set forth in Section 2.07(b).

"Person" means an individual, a corporation, a partnership, an unincorporated association, a trust or any other entity or organization, including, but not limited to, a

government or political subdivision or an agency or instrumentality thereof.

"Plan" means at any time an employee pension benefit plan which is covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Code and is either (i) maintained by a member of the Controlled Group for employees of any member of the Controlled Group or (ii) maintained pursuant to a collective bargaining agreement or any other arrangement under which more than one employer makes contributions and to which a member of the Controlled Group is then making or accruing an obligation to make contributions or has within the preceding 5 plan years made contributions.

"Prime Rate" refers to that interest rate so denominated and set by Wachovia from time to time as an interest rate basis for borrowings. The Prime Rate is but one of several interest rate bases used by Wachovia. Wachovia lends at interest rates above and below the Prime Rate.

"Properties" means all real property owned, leased or otherwise used or occupied by the Borrower or any Subsidiary, wherever located.

"Redeemable Preferred Stock" of any Person means any preferred stock issued by such Person (i) required (by the terms of the governing instruments or at the option of the holder) to be mandatorily redeemed for cash at any time prior to the Termination Date (by sinking fund or similar payments or otherwise) or (ii) redeemable at the option of the holder thereof at any time prior to the Termination Date.

"Refunding Loan" means a new Loan made on the day on which an outstanding Loan is maturing or a Base Rate Borrowing is being converted to a Fixed Rate Borrowing, if and to the extent that the proceeds thereof are used for the purpose of paying such maturing Loan or Loan being converted, excluding any difference between the amount of such maturing Loan or Loan being converted and any greater amount being borrowed on such day and actually either being made available to the Borrower pursuant to Section 2.02(c) or remitted to the Agent as provided in Section 2.12, in each case as contemplated in Section 2.02(d).

"Regulation D" means Regulation D of the Board of Governors of the Federal Reserve System, as in effect from time to time, together with all official rulings and interpretations issued thereunder.

"Regulation G" means Regulation G of the Board of Governors of the Federal Reserve System, as in effect from time to time, together with all official rulings and interpretations issued thereunder.

"Regulation T" means Regulation T of the Board of Governors of the Federal Reserve System, as in effect from time to time, together with all official rulings and interpretations issued thereunder.

"Regulation U" means Regulation U of the Board of Governors of the Federal Reserve System, as in effect from time to time, together with all official rulings and interpretations issued thereunder.

"Regulation X" means Regulation X of the Board of Governors of the Federal Reserve System, as in effect from time to time, together with all official rulings and interpretations issued thereunder.

"Required Banks" means at any time Banks having at least 66 2/3% of the aggregate amount of the Commitments or, if the Commitments are no longer in effect, Banks holding at least 66 2/3% of the aggregate outstanding principal amount of the sum of (i) Syndicated Loans and (ii) Money Market Loans.

"Significant Subsidiary" means any Subsidiary with respect to which, as of the most recently completed Fiscal Quarter, either (i) the Borrower's and its other Subsidiaries' investments in and advances to the



Subsidiary exceed 10% of Total Assets, or (ii) the Borrower's and its other Subsidiaries' proportionate share of Total Assets (after intercompany eliminations) of the Subsidiary exceeds 10% of Total Assets; provided, however, that if there are two or more Subsidiaries with respect to which, as of the most recently completed Fiscal Quarter, either (i) the Borrower's and its other Subsidiaries investments in and advances to each such Subsidiary exceed 5% and are less than 10% of Total Assets, but the aggregate of such investments in and advances to such Subsidiaries exceeds 15% of Total Assets, or (ii) the Borrower's and its other Subsidiaries' proportionate share of Total Assets (after intercompany eliminations) of each such Subsidiary exceeds 5% and is less than 10% of Total Assets, but the aggregate proportionate share of Total Assets of such Subsidiaries exceeds 15% of Total Assets, then in either case, each such Subsidiary shall constitute a Significant Subsidiary.

"Stated Maturity Date" means, with respect to any Money Market Loan, the Stated Maturity Date therefor specified by the Bank in the applicable Money Market Quote.

"Stockholders' Equity" means, at any time, the stockholders' equity of the Borrower and its Consolidated Subsidiaries, as set forth or reflected on the most recent consolidated balance sheet of the Borrower and its Consolidated Subsidiaries prepared in accordance with GAAP, but excluding any Redeemable Preferred Stock of the Borrower or any of its Consolidated Subsidiaries. Stockholders' Equity generally would include, but not be limited to (i) the par or stated value of all

outstanding Capital Stock, (ii) capital surplus, (iii) retained earnings, and (iv) various deductions such as (A) purchases of treasury stock, (B) valuation allowances, (C) receivables due from an employee stock ownership plan, (D) employee stock ownership plan debt guarantees, and (E) translation adjustments for foreign currency transactions.

"Subsidiary" means any corporation or other entity of which securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or other persons performing similar functions are at the time directly or indirectly owned by the Borrower.

"Syndicated Loans" means Base Rate Loans or Euro-Dollar Loans made pursuant to the terms and conditions set forth in Section 2.01.

"Syndicated Loan Notes" means the promissory notes of the Borrower, substantially in the form of Exhibit A-1, evidencing the obligation of the Borrower to repay Syndicated Loans, together with all amendments, consolidations, modifications, renewals and supplements thereto.

"Termination Date" means December 19, 2000.

"Third Parties" means all lessees, sublessees, licensees and other users of the Properties, excluding those users of the Properties in the



ordinary course of the Borrower's business and on a temporary basis.

"Transferee" has the meaning set forth in Section 9.08(d).

"Total Assets" means the total assets of the Borrower and its Consolidated Subsidiaries, determined as of the most recently completed Fiscal Quarter in accordance with GAAP.

"Unfunded Vested Liabilities" means, with respect to any Plan at any time, the amount (if any) by which (i) the present value of all vested nonforfeitable benefits under such Plan exceeds (ii) the fair market value of all Plan assets allocable to such benefits, all determined as of the then most recent valuation date for such Plan, but only to the extent that such excess represents a potential liability of a member of the Controlled Group to the PBGC or the Plan under Title IV of ERISA.

"Unused Commitment" means at any date, with respect to any Bank, an amount equal to its Commitment less the aggregate outstanding principal amount of its Syndicated Loans.

"Wachovia" means Wachovia Bank of Georgia, N.A., a national banking association, and its successors.

"Wholly Owned Subsidiary" means any Subsidiary all of the shares of capital stock or other ownership interests of which (except directors' qualifying shares) are at the time directly or indirectly owned by the Borrower.

SECTION 1.02. Accounting Terms and Determinations. Unless otherwise specified herein, all terms of an accounting character used herein shall be interpreted, all accounting determinations hereunder shall be made, and all financial statements required to be delivered hereunder shall be prepared, in accordance with GAAP, applied on a basis consistent (except for changes concurred in by the Borrower's independent public accountants or otherwise required by a change in GAAP) with the most recent audited consolidated financial statements of the Borrower and its Consolidated Subsidiaries delivered to the Banks unless with respect to any such change concurred in by the Borrower's independent public accountants or required by GAAP, in determining compliance with any of the provisions of this Agreement or any of the other Loan Documents: (i) the Borrower shall have objected to determining such compliance on such basis at the time of delivery of such financial statements, or (ii) the Required Banks shall so object in writing within 30 days after the delivery of such financial statements, in either of which events such calculations shall be made on a basis consistent with those used in the preparation of the latest financial statements as to which such objection shall not have been made (which, if objection is made in respect of the first financial statements delivered under Section 5.01 hereof, shall mean the financial statements referred to in Section 4.04).

SECTION 1.03. References. Unless otherwise indicated, references in this Agreement to "Articles", "Exhibits", "Schedules", "Sections" and other Subdivisions are references to articles, exhibits, schedules, sections and other subdivisions hereof.

SECTION 1.04. Use of Defined Terms. All terms defined in this Agreement shall have the same defined meanings when used in any of the other Loan Documents, unless otherwise defined therein or unless the context shall require otherwise.

SECTION 1.05. Terminology. All personal pronouns used in this Agreement, whether used in the masculine, feminine or neuter gender, shall include all other genders; the singular shall include the plural, and the plural shall include the singular. Titles of Articles and Sections in this Agreement are for convenience only, and neither limit nor amplify the provisions of this Agreement.

## ARTICLE II

### THE CREDITS

SECTION 2.01. Commitments to Lend. Each Bank severally agrees, on the terms and conditions set forth herein, to make Syndicated Loans to the Borrower from time to time before the Termination Date; provided that, (i) immediately after each such Syndicated Loan is made, the aggregate principal amount of Syndicated Loans by such Bank shall not exceed the amount of its Commitment, and (ii) the aggregate amount of all Syndicated Loans and Money Market Loans outstanding shall not exceed the aggregate of all of the Commitments. Each (A) Base Rate Borrowing under this Section 2.01 shall be in an aggregate principal amount of \$5,000,000 or any larger multiple of \$500,000 and (B) Euro-Dollar Borrowing shall be in an aggregate principal amount of \$5,000,000 or any larger multiple of \$500,000 (except that any such Syndicated Borrowings may be in the aggregate amount of the Unused Commitments) and shall be made from the several Banks ratably in proportion to their respective Commitments. Any Bank's Money Market Loans shall not reduce such Bank's Commitment, or be included in calculating its Unused Commitment, for purposes of future Borrowings under this Section 2.01. Within the foregoing limits, the Borrower may borrow under this Section 2.01, repay or, to the extent permitted by Section 2.10, prepay Syndicated Loans and reborrow under this Section 2.01 at any time before the Termination Date.

SECTION 2.02. Method of Borrowing. (a) The Borrower shall give the Agent notice (a "Notice of Borrowing"), which shall be substantially in the form of Exhibit E, on the same day (or prior thereto) for a Base Rate Borrowing, and at least 3 Euro-Dollar Business Days' prior to each Euro-Dollar Borrowing (all notices being effective on the day delivered so long as the Agent shall have received same prior to 12:00 P.M. (noon), Atlanta, Georgia time) specifying:

(i) the date of such Borrowing, which shall be a Domestic Business Day in the case of a Base Rate Borrowing or a Euro-Dollar Business Day in the case of a Euro-Dollar Borrowing,

(ii) the aggregate amount of such Borrowing,

(iii) whether the Syndicated Loans comprising such Borrowing are to be Base Rate Loans or Euro-Dollar Loans, and

(iv) in the case of a Euro-Dollar Borrowing, the duration of the Interest Period applicable thereto, subject to the provisions of the definition of Interest Period.

(b) Upon receipt of a Notice of Borrowing, the Agent shall promptly notify each Bank of the contents thereof and of such Bank's ratable share of such Borrowing and such Notice of Borrowing shall not thereafter be revocable by the Borrower.

(c) Not later than 2:00 P.M. (Atlanta, Georgia time) on the date of each Syndicated Borrowing, each Bank shall (except as provided in paragraph (d) of this Section) make available its ratable share of such Syndicated Borrowing, in Federal or other funds immediately available in Atlanta, Georgia, to the Agent at its address referred to in Section 9.01. Unless any applicable condition specified in Article III has not been satisfied or waived, the Agent will make the funds so received from the Banks available to the Borrower at the Agent's aforesaid address not later than 4:30 P.M. (Atlanta, Georgia time) on the date of any relevant Syndicated Borrowing. Unless the Agent receives notice from a Bank, at the Agent's address referred to in or specified pursuant to Section 9.01, (i) in the case of a Base Rate Borrowing, no later than 2:30 P.M. (Atlanta, Georgia time) on the same day as such Base Rate Borrowing and (ii) in the case of any other type of Syndicated Borrowing, no later than 4:00 P.M. (Atlanta, Georgia time) on the Domestic Business Day before the date of a Syndicated Borrowing stating that such Bank will not make a Loan in connection with such Syndicated Borrowing, the Agent shall, in relation to the Banks, be entitled to assume that such Bank will make a Loan in connection with such Syndicated Borrowing and, in reliance on such assumption, the Agent may (but shall not be obligated to) make available such Bank's ratable share of such Syndicated Borrowing to the Borrower for the account of such Bank. If the Agent makes any such Bank's ratable share of a Borrowing available to the Borrower, the Agent shall promptly notify (which notice may be telephonic) the Borrower of the identity of the Bank for whom such funds were advanced and the amount of such advance. The Agent shall promptly notify (which notice may be telephonic) the Borrower of the details of any notice received from any Bank stating that any such Bank does not intend to make its ratable share of funds available in connection with any relevant Borrowing. If the Agent makes such Bank's ratable share available to the Borrower and such Bank does not in fact make its ratable share of such Syndicated Borrowing available on such date, the Agent shall be entitled to

recover such Bank's ratable share from such Bank or the Borrower (and for such purpose shall be entitled to charge such amount to any account of the Borrower maintained with the Agent upon prior notice to the Borrower), together with interest thereon for each day during the period from the date of such Syndicated Borrowing until such sum shall be paid in full at a rate per annum equal to the rate at which the Agent reasonably and in good faith determines that it obtained (or could have obtained) overnight Federal funds to cover such amount for each such day during such period, provided that any such payment by the Borrower of such Bank's ratable share and interest thereon shall be without prejudice to any rights that the Borrower may have against such Bank. If the Agent does not exercise its

option to advance funds for the account of such Bank, it shall forthwith notify the Borrower of such decision.

(d) If any Bank makes a new Syndicated Loan hereunder on a day on which the Borrower is to repay all or any part of an outstanding Syndicated Loan from such Bank, such Bank shall apply the proceeds of its new Syndicated Loan to make such repayment as a Refunding Loan and only an amount equal to the difference (if any) between the amount being borrowed and the amount of such Refunding Loan shall be made available by such Bank to the Agent as provided in paragraph (c) of this Section, or remitted by the Borrower to the Agent as provided in Section 2.12, as the case may be.

(e) Notwithstanding anything to the contrary contained in this Agreement, including, without limitation Section 2.01 and Section 2.03, no Euro-Dollar Borrowing or Money Market Borrowing may be made if there shall have occurred a Default or an Event of Default, which Default or Event of Default shall not have been cured or waived.

(f) In the event that a Notice of Borrowing fails to specify whether the Syndicated Loans comprising such Syndicated Borrowing are to be Base Rate Loans or Euro-Dollar Loans, such Syndicated Loans shall be made as Base Rate Loans. If the Borrower is otherwise entitled under this Agreement to repay any Syndicated Loans maturing at the end of an Interest Period applicable thereto with the proceeds of a new Syndicated Borrowing, and the Borrower fails to repay such Syndicated Loans using its own moneys and fails to give a Notice of Borrowing in connection with such new Syndicated Borrowing, a new Syndicated Borrowing shall be deemed to be made on the date such Syndicated Loans mature in an amount equal to the principal amount of the Syndicated Loans so maturing, and the Syndicated Loans comprising such new Syndicated Borrowing shall be Base Rate Loans.

(g) Notwithstanding anything to the contrary contained herein, including, without limitation Section 2.01 and Section 2.03, there shall not be more than 10 Euro-Dollar Loans and/or Money Market Loans outstanding at any given time.

SECTION 2.03. Money Market Loans. (a) In addition to making

Syndicated Borrowings, the Borrower may, as set forth in this Section 2.03, request the Banks to make offers to make Money Market Borrowings available to the Borrower. The Banks may, but shall have no obligation to, make such offers and the Borrower may, but shall have no obligation to, accept any such offers in the manner set forth in this Section 2.03, provided that:

(i) there may be no more than 10 Euro-Dollar Loans and/or Money Market Loans outstanding at any given time; and

(ii) the aggregate principal amount of all Money Market Loans, together with the aggregate principal amount

of all Syndicated

Loans, at any one time outstanding shall not exceed the aggregate amount of the Commitments of all of the Banks at such time.

(b) When the Borrower wishes to request offers to make Money Market Loans, it shall give the Agent (which shall promptly notify the Banks) notice substantially in the form of Exhibit H hereto (a "Money Market Quote Request") so as to be received no later than 12:00 P.M. (noon) (Atlanta, Georgia time) at least 1 Euro-Dollar Business Days prior to the date of the Money Market Borrowing proposed therein (or such other time and date as the Borrower and the Agent, with the consent of the Required Banks, may agree), specifying:

(i) the proposed date of such Money Market Borrowing, which shall be a Euro-Dollar Business Day (the "Borrowing Date");

(ii) the maturity date (or dates) (each a "Stated Maturity Date") for repayment of each Money Market Loan to be made as part of such Money Market Borrowing (which Stated Maturity Date shall be that date occurring either 7 days, 14 days, 30 days, or any other amount of days greater than 30 days but not greater than 180 days from the date of such Money Market Borrowing); provided, that the Stated Maturity Date for any Money Market Loan may not extend beyond the Termination Date (as in effect on the date of such Money Market Quote Request); and

(iii) the aggregate amount of principal to be received by the Borrower as a result of such Money Market Borrowing, which shall be at least \$1,000,000 (and in larger integral multiples of \$500,000) but shall not cause the limits specified in Section 2.03(a) to be violated.

The Borrower may request offers to make Money Market Loans having up to 3 different Stated Maturity Dates in a single Money Market Quote Request; provided, that the request for each separate Stated Maturity Date shall be deemed to be a separate Money Market Quote Request for a separate Money Market Borrowing. Except as otherwise provided in the preceding sentence, after the first Money Market Quote Request has been given hereunder, no Money Market Quote Request shall be given until at least 5 Domestic Business Days after all

prior Money Market Quote Requests have been fully processed by the Agent, the Banks and the Borrower pursuant to this Section 2.03.

(c) (i) Each Bank may, but shall have no obligation to, submit a response containing an offer to make a Money Market Loan substantially in the form of Exhibit I hereto (a "Money Market Quote") in response to any Money Market Quote Request; provided, that, if the Borrower's request under Section 2.03(b) specified more than 1 Stated Maturity Date, such Bank may, but shall have no obligation to, make a

single submission containing a separate offer for each such Stated Maturity Date and each such separate offer shall be deemed to be a separate Money Market Quote. Each Money Market Quote must be submitted to the Agent not later than 10:30 A.M. (Atlanta, Georgia time) on the Borrowing Date; provided that any Money Market Quote submitted by Wachovia may be submitted, and may only be submitted, if Wachovia notifies the Borrower of the terms of the offer contained therein not later than 10:15 A.M. (Atlanta, Georgia time) on the Borrowing Date (or 15 minutes prior to the time that the other Banks must have submitted their respective Money Market Quotes). Subject to Section 6.01, any Money Market Quote so made shall be irrevocable except with the written consent of the Agent given on the instructions of the Borrower.

(ii) Each Money Market Quote shall specify:

(A) the proposed Borrowing Date and the Stated Maturity Date therefor;

(B) the principal amounts of the Money Market Loan which the quoting Bank is willing to make for the applicable Money Market Quote, which principal amounts (x) may be greater than or less than the Commitment of the quoting Bank, (y) shall be at least \$1,000,000 or a larger integral multiple of \$500,000, and (z) may not exceed the principal amount of the Money Market Borrowing for which offers were requested;

(C) the rate of interest per annum (rounded upwards, if necessary, to the nearest 1/100th of 1%) offered for each such Money Market Loan, (such amounts being hereinafter referred to as the "Money Market Rate"); and

(D) the identity of the quoting Bank.

Unless otherwise agreed by the Agent and the Borrower, no Money Market Quote shall contain qualifying, conditional or similar language or propose terms other than or in addition to those set forth in the applicable Money Market Quote Request (other than setting forth the maximum principal amounts of the Money Market Loan which the quoting Bank is willing to make for the applicable Interest Period) and, in



particular, no Money Market Quote may be conditioned upon acceptance by the Borrower of all (or some specified minimum) of the principal amount of the Money Market Loan for which such Money Market Quote is being made.

(d) The Agent shall as promptly as practicable after the Money Market Quote is submitted (but in any event not later than 11:30 A.M. (Atlanta, Georgia time)) on the Borrowing

[DATE]

Date, notify the Borrower of the terms (i) of any Money Market Quote submitted by a Bank that is in accordance with Section 2.03(c) and (ii) of any Money Market Quote that amends, modifies or is otherwise inconsistent with a previous Money Market Quote submitted by such Bank with respect to the same Money Market Quote Request. Any such subsequent Money Market Quote shall be disregarded by the Agent unless such subsequent Money Market Quote is submitted solely to correct a manifest error in such former Money Market Quote. The Agent's notice to the Borrower shall specify (A) the principal amounts of the Money Market Borrowing for which offers have been received and (B) the respective principal amounts and Money Market Rates so offered by each Bank (identifying the Bank that made each Money Market Quote).

(e) Not later than 12:30 P.M. (noon) (Atlanta, Georgia time) on the Borrowing Date, the Borrower shall notify the Agent of its acceptance or nonacceptance of the offers so notified to it pursuant to Section 2.03(d) and the Agent shall promptly notify each affected Bank. In the case of acceptance, such notice shall specify the aggregate principal amount of offers (for each Stated Maturity Date) that are accepted. The Borrower may accept any Money Market Quote in whole or in part; provided that:

(i) the aggregate principal amount of each Money Market Borrowing may not exceed the applicable amount set forth in the related Money Market Quote Request;

(ii) the aggregate principal amount of each Money Market Loan comprising a Money Market Borrowing shall be at least \$1,000,000 (and in larger multiples of \$500,000) but shall not cause the limits specified in Section 2.03(a) to be violated;

(iii) acceptance of offers may only be made in ascending order of Money Market Rates; and

(iv) the Borrower may not accept any offer where the Agent has advised the Borrower that such offer fails to comply with Section 2.03(c)(ii) or otherwise fails to comply with the requirements of this Agreement (including without limitation, Section 2.03(a)).

If offers are made by 2 or more Banks with the same Money Market Rates for a greater aggregate principal amount than the amount in respect of which offers

are accepted for the related Stated Maturity Date, the principal amount of Money Market Loans in respect of which such offers are accepted shall be allocated by the Borrower among such Banks as nearly as possible in proportion to the aggregate principal amount of such offers. Determinations by the Borrower of the amounts of Money Market Loans shall be conclusive in the absence of manifest error.

(f) Any Bank whose offer to make any Money Market Loan has been accepted shall, not later than 1:30 P.M. (Atlanta, Georgia time) on the Borrowing Date, make the appropriate amount of such Money Market Loan available to the Agent at its address referred to in Section 9.01 in immediately available funds. The amount so received by the Agent shall, subject to the terms and conditions of this Agreement, be made available to the Borrower on such date by depositing the same, in immediately available funds, not later than 4:30 P.M. (Atlanta, Georgia time), in an account of such Borrower maintained with Wachovia.

SECTION 2.04. Notes. (a) The Syndicated Loans of each Bank shall be evidenced by a single Syndicated Loan Note payable to the order of such Bank for the account of its Lending Office in an amount equal to the original principal amount of such Bank's Commitment.

(b) The Money Market Loans made by any Bank to the Borrower shall be evidenced by a single Money Market Loan Note payable to the order of such Bank for the account of its Lending Office in an amount equal to the original principal amount of the aggregate Commitments.

(c) Upon receipt of each Bank's Notes pursuant to Section 3.01, the Agent shall deliver such Notes to such Bank. Each Bank shall record, and prior to any transfer of its Notes shall endorse on the schedules forming a part thereof appropriate notations to evidence, the date, amount and maturity of, and effective interest rate for, each Loan made by it, the date and amount of each payment of principal made by the Borrower with respect thereto, and such schedules of each such Bank's Notes shall constitute rebuttable presumptive evidence of the respective principal amounts owing and unpaid on such Bank's Notes; provided, that the failure of any Bank to make any such recordation or endorsement shall not affect the obligation of the Borrower hereunder or under the Notes or the ability of any Bank to assign its Notes. Each Bank is hereby irrevocably authorized by the Borrower so to endorse its Notes and to attach to and make a part of any Note a continuation of any such schedule as and when required. In order to verify the Loans outstanding from time to time, at the request of the Borrower, the Agent shall furnish the Borrower with its records of transactions under this Agreement, in reasonable detail.

SECTION 2.05. Maturity of Loans. (a) Each Syndicated Loan included in any Syndicated Borrowing shall mature, and the principal amount thereof shall be due and payable, on the last day of the Interest Period



applicable to such Borrowing.

(b) Each Money Market Loan included in any Money Market Borrowing shall mature, and the principal amount thereof shall be due and payable upon the Stated Maturity Date therefor.

(c) Notwithstanding the foregoing, the outstanding principal amount of the Loans, if any, together with all accrued but unpaid interest thereon, if any, shall be due and payable on the Termination Date.

SECTION 2.06. Interest Rates. (a) Each Base Rate Loan shall bear interest on the outstanding principal amount thereof, for each day from the date such Loan is made until it becomes due, at a rate per annum equal to the Base Rate for such date plus the Applicable Margin. Such interest shall be payable for each Interest Period on the last day thereof.

(b) Each Euro-Dollar Loan shall bear interest on the outstanding principal amount thereof, for the Interest Period applicable thereto, at a rate per annum equal to the sum of the Applicable Margin plus the applicable Adjusted London Interbank Offered Rate for such Interest Period. Such interest shall be payable for each Interest Period on the last day thereof and, if such Interest Period is longer than 90 days, at intervals of 90 days after the first day thereof.

(c) Each Money Market Loan shall bear interest on the outstanding principal amount thereof, for each day from the date such Money Market Loan is made until it becomes due, at a rate per annum equal to the applicable Money Market Rate set forth in the relevant Money Market Quote. Such interest shall be payable on the Stated Maturity Date thereof, and, if the Stated Maturity Date occurs more than 90 days after the date of the relevant Money Market Loan, at intervals of 90 days after the first day thereof.

(d) In the event of default in payment of any principal on the Loans, interest on the overdue principal amount (and, to the extent permitted by applicable law, all accrued interest thereon) shall automatically and without notice bear interest at the Default Rate.

SECTION 2.07. Fees; Calculations. (a) The Borrower shall pay to the Agent for the ratable account of each Bank a facility fee (the "Facility Fee") on the maximum amount of the aggregate Commitments in effect for any relevant period, irrespective of usage, as follows: (i) if the Borrower's ratio of Consolidated Funded Debt to Consolidated Total Tangible Capital is equal to or less than 0.25 to 1.0, 0.060%, (ii) if the Borrower's ratio of Consolidated Funded Debt to Consolidated Total Tangible Capital is greater than or equal to 0.26 to 1.0 but less than or equal to 0.35 to 1.0, 0.065%, (iii) if the Borrower's ratio of Consolidated Funded Debt to Consolidated Total Tangible Capital is greater than or equal to 0.36 to 1.0 but less than or equal to 0.45 to 1.0, 0.075%, and (iv) if the Borrower's

ratio of Consolidated Funded Debt to Consolidated Total Tangible Capital is greater than or equal to 0.46 to 1.0, 0.095%. The Facility Fee shall accrue at all times from and including the Closing Date to but excluding the Termination Date

and shall be payable, in arrears, on each March 31, June 30, September 30 and December 31 and on the Termination Date. The calculation of each ratio under this Section shall be rounded upward, if necessary, to the next higher 1/100th of 1%.

(b) In determining the amounts to be paid by the Borrower pursuant to Sections 2.06(b) and 2.07(a), the Borrower and the Banks shall refer to the Borrower's most recent financial statements delivered to the Banks pursuant to Section 5.01(a) (together with the Compliance Certificate delivered in connection therewith, the "Audited Statements") and Section 5.01(b) (together with the Compliance Certificate delivered in connection therewith, the "Unaudited Statements"); provided, that, should any relevant Audited Statements or Unaudited Statements be delivered on a date later than a Performance Pricing Determination Date, any necessary changes in the Applicable Margin and fees to be paid shall not be effective, except to the extent hereinafter provided to the contrary within this Section 2.07(b), until the next succeeding Performance Pricing Determination Date (as such term is hereinafter defined); provided, further, that, should the Audited Statements reflect a ratio of Consolidated Funded Debt to Consolidated Total Tangible Capital other than the ratio of Consolidated Funded Debt to Consolidated Total Tangible Capital determined by the Unaudited Statements for the third Fiscal Quarter, then (i) should the Audited Statements reveal that the Borrower should have paid interest and fees at a higher rate for the period from the last Performance Pricing Determination Date to the next Performance Pricing Determination Date then the Borrower shall immediately pay to the Banks such amounts as are necessary to cause the Banks to have received the appropriate return, and (ii) should the Audited Statements reveal that the Borrower should have paid interest and fees at a lower rate for the period from the last Performance Pricing Determination Date to the next Performance Pricing Determination Date, then, so long as no Default shall be in existence, the Banks shall promptly pay to the Borrower such amounts as are necessary to cause the Banks to have received the appropriate return. For purposes hereof, "Performance Pricing Determination Date" shall mean each date that occurs 45 days after the end of each of the first 3 Fiscal Quarters, and 90 days after the end of the last Fiscal Quarter, of the Borrower. All determinations hereunder shall be made by the Agent unless the Required Banks shall object to any such determination. Notwithstanding the foregoing, for purposes of determining the amounts to be paid by the Borrower pursuant to Sections 2.06(b) and 2.07(a) until the Performance Pricing Determination Date which occurs on or about April 30, 1996, the ratio of Consolidated Funded Debt to Consolidated Total Tangible Capital shall conclusively be presumed to be greater than 0.25 to 1.0 but less than 0.35 to 1.0.

(c) The Borrower shall pay to the Agent, for the account

and sole benefit of the Agent, such fees and other

amounts at such times as set forth in the Agent's Letter Agreement.

SECTION 2.08. Optional Termination or Reduction of Commitments. The Borrower may, upon at least 3 Domestic Business Days' notice to the Agent (which notice the Agent shall promptly forward to the Banks), terminate at any time, or proportionately reduce the Unused Commitments from time to time by an aggregate amount of at least \$5,000,000, or any larger multiple of \$1,000,000. If the Commitments are terminated in their entirety, all accrued fees (as provided under Section 2.07) shall be due and payable on the effective date of such termination.

SECTION 2.09. Termination of Commitments. The Commitments shall terminate on (i) the Termination Date or (ii) upon any earlier date specified in any notice of termination sent by the Agent (acting at the direction of the Required Banks) to the Borrower following a Change in Control, and upon any such termination, the Loans (together with accrued interest thereon and fees payable with respect thereto) then outstanding shall be due and payable on such date.

SECTION 2.10. Optional Prepayments. (a) The Borrower may, upon at least 1 Domestic Business Day's notice to the Agent (which notice the Agent shall promptly forward to the Banks) and payment to the Agent, for the ratable benefit of the Banks, of any amounts required by Section 8.05, prepay any Base Rate Borrowing (to the extent not precluded by Section 2.10(b)) in whole or in part at any time, in a minimum amount of at least \$5,000,000, or any larger multiple of \$500,000, by paying the principal amount to be prepaid together with accrued interest thereon to the date of prepayment. Each such optional prepayment shall be applied to prepay ratably the Loans of the several Banks included in such relevant Borrowing.

(b) Subject to any and all payments required pursuant to the provisions of Article VIII hereof, the Borrower may prepay all or any portion of the principal amount of any Money Market Loan or Euro-Dollar Loan prior to the end of the relevant Stated Maturity Date or Interest Period, respectively, applicable to such Loan.

(c) Upon receipt of a notice of prepayment pursuant to this Section 2.10, the Agent shall promptly notify each Bank of the contents thereof and of such Bank's ratable share of such prepayment and such notice shall not thereafter be revocable by the Borrower.

SECTION 2.11. Mandatory Prepayments. On each date on which the Commitments are reduced pursuant to Section 2.08, the Borrower shall repay or prepay such principal amount of the outstanding Loans (together with interest accrued thereon), as may be necessary so that after such payment the aggregate

unpaid

principal amount of the Loans does not exceed the amount of the aggregate Commitments as then reduced.

SECTION 2.12. General Provisions as to Payments. (a) The Borrower shall make each payment of principal of, and interest on, the Loans and of fees hereunder, not later than 1:00 P.M. (Atlanta, Georgia time) on the date when due, without offset, in Federal or other funds immediately available in Atlanta, Georgia, to the Agent at its address referred to in Section 9.01. The Agent will promptly distribute to each Bank (and, following the occurrence and during the continuance of an Event of Default, for application by such Bank against amounts owing to such Bank by the Borrower in such order as such Bank shall elect) its ratable share of each such payment received by the Agent for the account of the Banks; provided, that, should the Agent actually receive any relevant payment from the Borrower prior to 1:00 P.M. (Atlanta, Georgia time) on the date when due, the Agent shall initiate the distribution process (by wire or otherwise) to such Bank of each such Bank's ratable portion of any payment received by the Agent prior to 5:00 P.M. (Atlanta, Georgia time).

(b) Whenever any payment of principal of, or interest on, the Base Rate Loans or Money Market Loans shall be due on a day which is not a Domestic Business Day, the date for payment thereof shall be extended to the next succeeding Domestic Business Day. Whenever any payment of principal of or interest on, the Euro-Dollar Loans shall be due on a day which is not a Euro-Dollar Business Day, the date for payment thereof shall be extended to the next succeeding Euro-Dollar Business Day unless such Euro-Dollar Business Day falls in another calendar month, in which case the date for payment thereof shall be the next preceding Euro-Dollar Business Day.

(c) All payments of principal, interest and fees and all other amounts to be made by the Borrower pursuant to this Agreement with respect to any Loan or fee relating thereto shall be paid without deduction for, and free from, any tax, imposts, levies, duties, deductions, or withholdings of any nature now or at anytime hereafter imposed by any governmental authority or by any taxing authority thereof or therein excluding in the case of each Bank, taxes imposed on or measured by its net income, and franchise taxes imposed on it, by the jurisdiction under the laws of which such Bank (as the case may be) is organized or any political subdivision thereof and, in the case of each Bank, taxes imposed on its income, and franchise taxes imposed on it, by the jurisdiction of such Bank's applicable Lending Office or any political subdivision thereof (all such non-excluded taxes, imposts, levies, duties, deductions or withholdings of any nature being "Taxes"). In the event that the Borrower is required by applicable law to make any such withholding or deduction of Taxes with respect to any Loan or fee or other amount, the Borrower shall pay such deduction or withholding to the applicable taxing authority, shall promptly furnish to any Bank in respect

of which

such deduction or withholding is made all receipts and other documents evidencing such payment and shall pay to such Bank additional amounts as may be necessary in order that the amount received by such Bank after the required withholding or other payment shall equal the amount such Bank would have received had no such withholding or other payment been made. If no withholding or deduction of Taxes are payable in respect to any Loan or fee relating thereto, the Borrower shall furnish any, at such Bank's request, a certificate from each applicable taxing authority or an opinion of counsel acceptable to such, in either case stating that such payments are exempt from or not subject to withholding or deduction of Taxes. If the Borrower fails to provide such original or certified copy of a receipt evidencing payment of Taxes or certificate(s) or opinion of counsel of exemption, the Borrower hereby agrees to compensate such Bank for, and indemnify them with respect to, the tax consequences of the Borrower's failure to provide evidence of tax payments or tax exemption.

Each Bank agrees, as soon as practicable after request by it of a request by the Borrower to do so, to file all appropriate forms and take other appropriate action to obtain a certificate or other appropriate document from the appropriate governmental authority in the jurisdiction imposing the relevant taxes, establishing that it is entitled to receive payments of principal and interest under this Agreement and the Notes without deduction and free from withholding of any Taxes imposed by such jurisdiction; provided, that, if it is unable, for any reason, to establish such exemption, or to file such forms and, in any event, during such period of time as such request for exemption is pending, the Borrower shall nonetheless remain obligated under the terms of the immediately preceding paragraph.

In the event any Bank receives a refund of any Taxes paid by the Borrower pursuant to this Section 2.12(c), it will pay to the Borrower the amount of such refund promptly upon receipt thereof; provided, however, if at any time thereafter it is required to return such refund, the Borrower shall promptly repay to it the amount of such refund.

Without prejudice to the survival of any other agreement of the Borrower hereunder, the agreements and obligations of the Borrower and the Banks contained in this Section 2.12(c) shall be applicable with respect to any Participant, Assignee or other Transferee, and any calculations required by such provisions (i) shall be made based upon the circumstances of such Participant, Assignee or other Transferee, and (ii) constitute a continuing agreement and shall survive the termination of this Agreement and the payment in full or cancellation of the Notes.

SECTION 2.13. Computation of Interest and Fees. Interest on the Loans shall be computed on the basis of a year of 365/366 days, as to Base Rate Loans, and 360 days, as to Euro-

Dollar Loans and Money Market Loans, in each case for the actual number of days elapsed, calculated as to each Interest Period or Stated Maturity Date, as applicable, from and including the first day thereof to but excluding the last day thereof. Facility Fees and any other fees payable hereunder from time to time shall be computed on the basis of a year of 360 days and paid for the actual number of days elapsed (including the first day but excluding the last day).

### ARTICLE III

#### CONDITIONS TO BORROWINGS

SECTION 3.01. Conditions to First Borrowing. The obligation of each Bank to make a Syndicated Loan on the occasion of the first Syndicated Borrowing is subject to the satisfaction of the conditions set forth in Section 3.02 and receipt by the Agent of the following:

(a) from each of the parties hereto of a duly executed counterpart of this Agreement signed by such party;

(b) a duly executed (i) Syndicated Loan Note and (ii) Money Market Loan Note for the account of each Bank complying with the provisions of Section 2.04;

(c) an opinion letter (together with any opinions of local counsel relied on therein) of Lawrence K. Menter, general counsel to the Borrower, substantially in the form of Exhibit B, dated as of the Closing Date, and covering such additional matters relating to the transactions contemplated hereby as the Agent or any Bank may reasonably request;

(d) an opinion of Jones, Day, Reavis & Pogue, special counsel for the Agent, dated as of the Closing Date, substantially in the form of Exhibit C and covering such additional matters relating to the transactions contemplated hereby as the Agent may reasonably request;

(e) a certificate (the "Closing Certificate") substantially in the form of Exhibit G), dated as of the Closing Date, signed by a principal financial officer of the Borrower, to the effect that (i) no Default has occurred and is continuing on the date of the first Borrowing and (ii) the representations and warranties of the Borrower contained in Article IV are true on and as of the date of the first Borrowing hereunder;

(f) all documents which the Agent or any Bank may reasonably request relating to the existence of the Borrower, the corporate authority for and the validity of this Agreement, the Notes,

and the other Loan Documents and

any other matters relevant hereto, or thereto, all in form and substance reasonably satisfactory to the Agent, including, without limitation, a certificate of incumbency of the Borrower, signed by the Secretary or an Assistant Secretary of the Borrower, certifying as to the names, true signatures and incumbency of the officer or officers, respectively, of the Borrower authorized to execute and deliver the Loan Documents, and certified copies of the following items, for the Borrower: (i) Certificate/Articles of Incorporation, (ii) Bylaws, (iii) a certificate of the Secretary of State of the state of incorporation as to the good standing of each as a corporation in that state, and (iv) the action taken by the Board of Directors authorizing the execution, delivery and performance of this Agreement, the Notes, and the other Loan Documents;

(g) a Notice of Borrowing;

(h) evidence reasonably satisfactory to the Agent that the Borrower has in force and effect insurance satisfying the requirements of Section 5.10;

(i) letter agreement whereby the Borrower's Credit Agreement dated as of November 2, 1994 with certain of the Banks is terminated; and

(j) such other certificates or documents as the Agent or any Bank may reasonably request.

SECTION 3.02. Conditions to All Borrowings. The obligation of each Bank to make a Syndicated Loan on the occasion of each Syndicated Borrowing, other than a Borrowing which consists solely of a Refunding Loan, is subject to the satisfaction of the following conditions:

(a) receipt by the Agent of a Notice of Borrowing;

(b) the fact that, immediately before and after giving effect to such Borrowing, no Default shall have occurred and be continuing;

(c) the fact that the representations and warranties of the Borrower contained in Article IV of this Agreement shall be true on and as of the date of such Borrowing; and

(d) the fact that, immediately after such Borrowing, the aggregate outstanding principal amount of the Syndicated Loans of each Bank will not exceed the amount of its Commitment.

Each Borrowing (both Syndicated and Money Market) hereunder, other than a



Borrowing which consists solely of a Refunding Loan, shall be deemed to be a representation and warranty by the

Borrower on the date of such Borrowing as to the truth and accuracy of the facts specified in paragraphs (b), (c) and (d) of this Section, except to the extent they relate to a particular date only.

#### ARTICLE IV-A

##### REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants that:

SECTION 4.01. Corporate Existence and Power. The Borrower is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation, is duly qualified to transact business in every jurisdiction where the failure to so qualify would reasonably be expected to have or cause a Material Adverse Effect, and has all corporate powers and all governmental licenses, authorizations, consents and approvals required to carry on its business as now conducted, except where the failure to possess any such licenses, authorizations, consents, or approvals would not reasonably be expected to have or cause a Material Adverse Effect.

SECTION 4.02. Corporate and Governmental Authorization; No Contravention. The execution, delivery and performance by the Borrower of this Agreement, the Notes and the other Loan Documents (i) are within the Borrower's corporate powers, (ii) have been duly authorized by all necessary corporate action, (iii) require no action by or in respect of or filing with, any governmental body, agency or official, (iv) do not contravene, or constitute a default under, any provision of applicable law or regulation or of the certificate of incorporation or by-laws of the Borrower or of any material agreement, judgment, injunction, order, decree or other instrument binding upon the Borrower or any of its Significant Subsidiaries, and (v) do not result in the creation or imposition of any Lien on any asset of the Borrower or any of its Significant Subsidiaries.

SECTION 4.03. Binding Effect. This Agreement constitutes a valid and binding agreement of the Borrower enforceable in accordance with its terms, and the Notes and the other Loan Documents, when executed and delivered in accordance with this Agreement, will constitute valid and binding obligations of the Borrower enforceable in accordance with their respective terms, provided that the enforceability hereof and thereof is subject in each case to general principles of equity and to bankruptcy, insolvency and similar laws affecting the enforcement of creditors' rights generally.

SECTION 4.04. Financial Information. (a) The consolidated balance sheet of the Borrower and its Consolidated Subsidiaries as of January



statements of income, stockholders' equity and cash flows for the Fiscal Year then ended, reported on by KPMG Peat Marwick, copies of which have been delivered to each of the Banks, and the unaudited consolidated financial statements of the Borrower for the interim period ended July 31, 1995, copies of which have been delivered to each of the Banks, fairly present, in conformity with GAAP, the consolidated financial position of the Borrower and its Consolidated Subsidiaries as of such dates and their consolidated results of operations and cash flows for such periods stated, except, in the case of interim periods, as to the absence of footnotes and to normal year-end audit adjustments.

(b) Since January 30, 1995, there has been no event, act, condition or occurrence having a Material Adverse Effect.

SECTION 4.05. No Litigation. There is no action, suit or proceeding pending, or to the knowledge of the Borrower threatened, against or affecting the Borrower or any of its Subsidiaries before any court or arbitrator or any governmental body, agency or official which would reasonably be expected to have or cause a Material Adverse Effect.

SECTION 4.06. Compliance with ERISA. (a) The Borrower and each member of the Controlled Group have fulfilled their obligations under the minimum funding standards of ERISA and the Code with respect to each Plan and are in compliance in all material respects with the presently applicable provisions of ERISA and the Code, and have not incurred any liability to the PBGC or a Plan under Title IV of ERISA.

(b) Neither the Borrower nor to the best of Borrower's knowledge and belief any member of the Controlled Group is or ever has been obligated to contribute to any Multiemployer Plan.

SECTION 4.07. Compliance with Laws; Payment of Taxes. The Borrower and its Subsidiaries are in compliance with all applicable laws, regulations and similar requirements of governmental authorities, except where (i) such compliance is being contested in good faith through appropriate proceedings or (ii) the failure to be in compliance would not reasonably be expected to have or cause a Material Adverse Effect. There have been filed on behalf of the Borrower and its Subsidiaries all Federal, state and local income, excise, property and other tax returns which are required to be filed by them and all taxes shown due and owing by such returns have been paid. The charges, accruals and reserves on the books of the Borrower and its Subsidiaries in respect of taxes or other governmental charges are, in the opinion of the Borrower, adequate. United States federal income tax returns of the Borrower and its Subsidiaries have been examined and closed through the Fiscal Year ended February 3, 1991.

SECTION 4.08. Significant Subsidiaries. Each of the Borrower's Significant Subsidiaries is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation, is duly qualified to transact business in every jurisdiction where the failure to qualify would reasonably be expected to have or cause a Material Adverse Effect, and has all corporate powers and all governmental licenses, authorizations, consents and approvals required to carry on its business substantially as now conducted, except where the failure to possess any such licenses, authorizations, consents or approvals would not reasonably be expected to have or cause a Material Adverse Effect. The Borrower has no Significant Subsidiaries except for those Significant Subsidiaries listed on Schedule 4.08 (as supplemented in writing from time to time by the Borrower), which accurately sets forth each such Subsidiary's complete name and jurisdiction of incorporation.

SECTION 4.09. Investment Company Act. Neither the Borrower nor any of its Subsidiaries is an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

SECTION 4.10. Public Utility Holding Company Act. Neither the Borrower nor any of its Subsidiaries is a "holding company", or a "subsidiary company" of a "holding company", or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company", as such terms are defined in the Public Utility Holding Company Act of 1935, as amended.

SECTION 4.11. Ownership of Property; Liens. Each of the Borrower and its Significant Subsidiaries has title to its properties sufficient for the conduct of its business, and none of such property is subject to any Lien except as permitted in Section 5.04.

SECTION 4.12. No Default. Neither the Borrower nor any of its Consolidated Subsidiaries is in default under or with respect to any agreement, instrument or undertaking to which it is a party or by which it or any of its property is bound which could reasonably be expected to have or cause a Material Adverse Effect. No Default or Event of Default has occurred and is continuing.

SECTION 4.13. Full Disclosure. All written information heretofore furnished by the Borrower to the Agent or any Bank for purposes of or in connection with this Agreement or any transaction contemplated hereby is, and all such information hereafter furnished by the Borrower to the Agent or any Bank will be, true and correct in all material respects or based on what the Borrower in good faith believes to be reasonable estimates on the date as of which such information is stated or certified.

SECTION 4.14. Environmental Matters. (a) Neither the Borrower nor any Subsidiary is subject to any Environmental

Liability which could have or cause a Material Adverse Effect and neither the Borrower nor any Subsidiary has been designated as a potentially responsible party under CERCLA or under any state statute similar to CERCLA. None of the Properties has been identified on any current or proposed (i) National Priorities List under 40 C.F.R. Section 300, (ii) CERCLIS list or (iii) any list arising from a state statute similar to CERCLA.

(b) No Hazardous Materials have been or are being used, produced, manufactured, processed, treated, recycled, generated, stored, disposed of, managed or otherwise handled at, or shipped or transported to or from the Properties or are otherwise present at, on, in or under the Properties, or, to the best of the knowledge of the Borrower, at or from any adjacent site or facility, except for Hazardous Materials, such as cleaning solvents, pesticides and other materials used, produced, manufactured, processed, treated, recycled, generated, stored, disposed of, managed, or otherwise handled in minimal amounts in the ordinary course of business in compliance with all applicable Environmental Requirements.

(c) The Borrower, and each of its Subsidiaries and Affiliates, (i) has procured all Environmental Authorizations necessary for the conduct of its business, and (ii) is in compliance with all Environmental Requirements in connection with the operation of the Properties and the Borrower's, and each of its Subsidiary's and Affiliate's, respective businesses, in each case set forth in either of clause (i) or (ii) where the failure to procure or non-compliance with which would reasonably be expected to have or cause a Material Adverse Effect.

SECTION 4.15. Capital Stock. All Capital Stock, debentures, bonds, notes and all other securities of the Borrower and its Subsidiaries presently issued and outstanding are validly and properly issued in accordance with all applicable laws, including, but not limited to, the "Blue Sky" laws of all applicable states and the federal securities laws, except where the failure to have complied with such laws would not reasonably be expected to have or cause a Material Adverse Effect. The issued shares of Capital Stock of the Borrower's Wholly Owned Subsidiaries which are Significant Subsidiaries are owned by the Borrower free and clear of any Lien or adverse claim. At least a majority of the issued shares of capital stock of each of the Borrower's other Significant Subsidiaries (other than Wholly Owned Subsidiaries which are Significant Subsidiaries) is owned by the Borrower free and clear of any Lien or adverse claim.

SECTION 4.16. Margin Stock. Neither the Borrower nor any of its Subsidiaries is engaged principally, or as one of its important activities, in the business of purchasing or carrying any Margin Stock, and no part of the proceeds of any Loan will be used for any purpose, including, without limitation, to purchase or carry any Margin Stock or to extend credit to others for the purpose of purchasing or carrying any Margin Stock, which

violates, or which is inconsistent with, the provisions of Regulation U or Regulation X.

SECTION 4.17. Insolvency. After giving effect to the execution and delivery of the Loan Documents and the making of the Loans under this Agreement, the Borrower will not be "insolvent," within the meaning of such term as used in O.C.G.A. Section 18-2-22 or as defined in Section 101 of Title 11 of the United States Code or Section 2 of the Uniform Fraudulent Transfer Act, or any other applicable state law pertaining to fraudulent transfers, as each may be amended from time to time, or be unable to pay its debts generally as such debts become due, or have an unreasonably small capital to engage in any business or transaction, whether current or contemplated.

#### ARTICLE IV-B

##### REPRESENTATIONS AND WARRANTIES OF THE BANKS AND THE AGENT

The Agent and each Bank severally represents and warrants on behalf of itself, but not on behalf of any other Person, that:

SECTION 4.18. Agent and Bank Corporate Existence and Power. It is, respectively, a banking association or corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization and has all corporate powers and all material governmental licenses, authorizations and approvals required to perform its obligations hereunder.

SECTION 4.19. Agent and Bank Binding Effect. This Agreement constitutes a valid and binding agreement of it enforceable against it in accordance with its terms, provided that the enforceability hereof is subject in each case to general principles of equity and to bankruptcy, insolvency and similar laws affecting the enforcement of creditors' rights generally.

#### ARTICLE V

##### COVENANTS

The Borrower agrees that, so long as any Bank has any Commitment hereunder or any amount payable hereunder or under any Note remains unpaid:

SECTION 5.01. Information. The Borrower will deliver to the Agent:

(a) as soon as available and in any event within 90 days after the end of each Fiscal Year, a consolidated balance sheet of the Borrower and its Consolidated Subsidiaries as of the end of such Fiscal Year and the

related consolidated statements of income, stockholders' equity and cash flows for such Fiscal Year, setting forth in each case in comparative form the figures for the previous fiscal year, all certified by KPMG Peat Marwick or other independent public accountants of nationally recognized standing, with such certification to be free of material exceptions and qualifications not reasonably acceptable to the Required Banks, except as permitted by Section 1.02;

(b) as soon as available and in any event within 45 days after the end of each of the first 3 Fiscal Quarters of each Fiscal Year, a consolidated balance sheet of the Borrower and its Consolidated Subsidiaries as of the end of such Fiscal Quarter and the related statement of income and statement of cash flows for such Fiscal Quarter and for the portion of the Fiscal Year ended at the end of such Fiscal Quarter, setting forth in each case in comparative form the figures for the corresponding Fiscal Quarter (Fiscal Year only in the case of balance sheets) and the corresponding portion of the previous Fiscal Year, all certified (subject to the absence of footnotes and to normal year-end audit adjustments) as to fairness of presentation, GAAP and consistency by the chief financial officer or the chief accounting officer of the Borrower;

(c) simultaneously with the delivery of each set of financial statements referred to in paragraphs (a) and (b) above, a certificate, substantially in the form of Exhibit F (a "Compliance Certificate"), of the chief financial officer or the chief accounting officer of the Borrower (i) setting forth in reasonable detail the calculations required to establish whether the Borrower was in compliance with the requirements of Sections 5.03 and 5.15 on the date of such financial statements and (ii) stating whether any Default exists on the date of such certificate and, if any Default then exists, setting forth the details thereof and the action which the Borrower is taking or proposes to take with respect thereto;

(d) within 5 Domestic Business Days after any of the chief executive, chief financial, chief operating, chief legal or chief accounting officer of the Borrower becomes aware of the occurrence of any Default, a certificate of the chief financial officer or the chief accounting officer of the Borrower setting forth the details thereof and the action which the Borrower is taking or proposes to take with respect thereto;

(e) promptly upon the mailing thereof to the stockholders of the Borrower generally, copies of all financial statements, reports and proxy statements so mailed;

(f) promptly upon the filing thereof, copies of all

registration statements (other than the exhibits thereto and any registration statements on Form S-8 or its equivalent) and annual, quarterly or monthly reports which the Borrower shall have filed with the Securities and Exchange Commission;

(g) if and when any member of the Controlled Group (i) gives or is required to give notice to the PBGC of any "reportable event" (as defined in Section 4043 of ERISA) with respect to any Plan which might constitute grounds for a termination of such Plan under Title IV of ERISA, or knows that the plan administrator of any Plan has given or is required to give notice of any such reportable event, a copy of the notice of such reportable event given or required to be given to the PBGC; (ii) receives notice of complete or partial withdrawal liability under Title IV of ERISA, a copy of such notice; or (iii) receives notice from the PBGC under Title IV of ERISA of an intent to terminate or appoint a trustee to administer any Plan, a copy of such notice; and

(h) from time to time such additional information regarding the financial position or business of the Borrower and its Subsidiaries as the Agent, at the request of any Bank, may reasonably request.

SECTION 5.02. Inspection of Property, Books and Records. The Borrower will (i) keep, and cause each Subsidiary to keep, proper books of record and account in which full, true and correct entries in conformity with GAAP shall be made of all dealings and transactions in relation to its business and activities; and (ii) permit, and cause each Subsidiary to permit, representatives of the Agent at the Banks' expense prior to the occurrence of a Default and at the Borrower's expense after the occurrence of a Default to visit and inspect any of their respective properties, to examine and make abstracts from any of their respective books and records and to discuss their respective affairs, finances and accounts with their respective officers, employees and independent public accountants. The Borrower agrees to cooperate and assist in such visits and inspections, in each case at such reasonable times and as often as may reasonably be requested.

SECTION 5.03. Ratio of Consolidated Funded Debt to Consolidated Total Tangible Capital. The ratio of Consolidated Funded Debt to Consolidated Total Tangible Capital will not exceed 0.60 to 1.00, calculated at the end of each Fiscal Quarter.

SECTION 5.04. Negative Pledge. Neither the Borrower nor any Consolidated Subsidiary will create, assume or suffer to exist any Lien on any asset now owned or hereafter acquired by it, except:

(a) Liens existing on the date of this Agreement securing Debt outstanding on the date of this Agreement in an aggregate principal amount with respect to Debt for borrowed money and capital leases not exceeding \$99,036,000;

(b) any Lien existing on any asset of any (i) corporation or partnership at the time such corporation or such partnership becomes a Consolidated Subsidiary, or (ii) Subsidiary at the time it becomes a Significant Subsidiary, and in either case not created in contemplation of such event;

(c) any Lien on any asset securing Debt incurred or assumed for the purpose of financing all or any part of the cost of acquiring or constructing such asset, provided that such Lien attaches to such asset concurrently with or within 18 months after the acquisition or completion of construction thereof;

(d) any Lien on any asset of any corporation existing at the time such corporation is merged or consolidated with or into the Borrower or a Consolidated Subsidiary and not created in contemplation of such event;

(e) any Lien existing on any asset prior to the acquisition thereof by the Borrower or a Consolidated Subsidiary and not created in contemplation of such acquisition;

(f) Liens securing Debt owing by any Subsidiary to the Borrower;

(g) any Lien arising out of the refinancing, extension, renewal or refunding of any Debt secured by any Lien permitted by any of the foregoing paragraphs of this Section, provided that (i) such Debt is not secured by any additional assets, and (ii) the amount of such Debt secured by any such Lien is not increased;

(h) Liens incidental to the conduct of its business or the ownership of its assets which (i) do not secure Debt (other than Debt arising from operating leases which become capital leases as required by GAAP) and (ii) do not in the aggregate materially detract from the value of its assets or materially impair the use thereof in the operation of its business;

(i) any Lien on Margin Stock; and

(j) Liens not otherwise permitted by the foregoing paragraphs of this Section securing Debt (other than indebtedness represented by the Notes) in an aggregate principal amount at any time outstanding not to exceed 20% of Consolidated Tangible Net Worth.

Provided Liens permitted by the foregoing paragraphs (a) through (j) shall at no time secure Debt in an aggregate amount greater than 25% of Consolidated Tangible Net Worth.



SECTION 5.05. Maintenance of Existence. The Borrower shall, and shall cause each Subsidiary to, maintain its corporate existence and carry on its business in substantially the same manner and in substantially the same fields as such business is now carried on and maintained, except as permitted by Section 5.07; provided, however, that (i) any Subsidiary may be reincorporated under the laws of another state, and (ii) so long as no Event of Default shall be in existence or be caused thereby, nothing in this Agreement shall prevent the abandonment or termination of the existence, rights and franchises, or the change in the business of any Subsidiary which is not a Significant Subsidiary, if, in the opinion of the Board of Directors of the Borrower, such abandonment, termination or change is in the best interest of the Borrower and not disadvantageous in any material respect to the Banks.

SECTION 5.06. Dissolution. Neither the Borrower nor any of its Significant Subsidiaries shall suffer or permit dissolution or liquidation either in whole or in part (except as permitted by Section 5.05) or redeem or retire any shares of its own stock or that of any Significant Subsidiary, except through corporate reorganization to the extent permitted by Section 5.07.

SECTION 5.07. Consolidations, Mergers and Sales of Assets. The Borrower will not, nor will it permit any Significant Subsidiary to, consolidate with or merge into, or sell, lease or otherwise transfer all or any substantial part of its assets to, any other Person; provided that (i) the Borrower may consolidate with or merge into another Person if (A) such Person is a solvent corporation organized under the laws of the United States of America or one of its states, (B) the Borrower is the corporation surviving such merger or consolidation and (C) immediately after giving effect to such merger or consolidation, no Event of Default shall have occurred and be continuing, (ii) Subsidiaries may consolidate with or merge into one another or into any other Person if, in the case of a merger or consolidation involving a Significant Subsidiary, (A) such other Person is a solvent corporation organized under the laws of the United States of America or one of its states, (B) the Person surviving such merger or consolidation is a Wholly Owned Subsidiary and (C) immediately after giving effect to such merger or consolidation no Event of Default shall have occurred and be continuing, (iii) the Borrower and its Subsidiaries may sell, lease or otherwise transfer assets among themselves, and (iv) the foregoing limitation on the sale, lease or other transfer of assets shall not prohibit, during any Fiscal Quarter, a transfer of assets (in a single transaction or in a series of related transactions) unless the aggregate assets to be so transferred, when combined with all other assets transferred during such Fiscal Quarter and the immediately preceding 3 Fiscal Quarters,

either (A) constituted more than 10% of Consolidated Total Assets at the end of such Fiscal Quarter or (B) contributed more than 10% to Consolidated Operating Profits during such



Fiscal Quarter and the 3 Fiscal Quarters immediately preceding such Fiscal Quarter.

SECTION 5.08. Use of Proceeds. No portion of the proceeds of the Loans will be used by the Borrower or any Subsidiary (i) to fund any tender offer for, or other acquisition of, stock of any other Person with a view towards obtaining control of such other Person at a time when the board of directors thereof shall not have approved such acquisition of control, (ii) for the purpose of purchasing or carrying any Margin Stock, or (iii) for any purpose which would result in the violation of any applicable law or regulation the effect of which would reasonably be expected to have or cause a Material Adverse Effect.

SECTION 5.09. Compliance with Laws; Payment of Taxes. The Borrower will, and will cause each of its Subsidiaries and each member of the Controlled Group to, comply with applicable laws (including but not limited to ERISA), regulations and similar requirements of governmental authorities (including but not limited to PBGC), except where the necessity of such compliance is being contested in good faith through appropriate proceedings or where the failure to so comply would not reasonably be expected to have or cause a Material Adverse Effect. The Borrower will, and will cause each of its Subsidiaries to, pay promptly when due all taxes, assessments, governmental charges, claims for labor, supplies, rent and other obligations which, if unpaid, would become a lien against the property of the Borrower or any Subsidiary, except (i) liabilities being contested in good faith and against which, if requested by the Agent, the Borrower will set up reserves in accordance with GAAP or (ii) where the failure to so pay would not reasonably be expected to have or cause a Material Adverse Effect.

SECTION 5.10. Insurance. The Borrower will maintain, and will cause each of its Subsidiaries to maintain (either in the name of the Borrower or in such Subsidiary's own name), with financially sound and reputable insurance companies, insurance on all its property in substantially such amounts and against substantially such risks as are usually insured against in the same general area by companies of established repute and of similar size and financial strength engaged in the same or similar business.

SECTION 5.11. Maintenance of Property. The Borrower shall, and shall cause each Significant Subsidiary to, maintain to the extent commercially reasonable all of its properties and assets in good condition, repair and working order, ordinary wear and tear excepted.

SECTION 5.12. Environmental Notices. The Borrower shall furnish to the Banks and the Agent prompt written notice of all Environmental Liabilities, pending, threatened or anticipated Environmental Proceedings, Environmental Notices, Environmental Judgments and Orders, and Environmental Releases at, on, in, under or in any way affecting the Properties or any adjacent property, and all facts, events, or conditions that could lead to any of the foregoing; provided, that, no such notification will be required,

unless any of the foregoing facts, events or conditions would reasonably be expected to have or cause a Material Adverse Effect.

SECTION 5.13. Environmental Matters. The Borrower and its Subsidiaries will not use, produce, manufacture, process, treat, recycle, generate, store, dispose of, manage at, the Properties, or otherwise handle, or ship or transport to or from the Properties any Hazardous Materials except for Hazardous Materials used, produced, manufactured, processed, treated, recycled, generated, stored, disposed, managed, or otherwise handled in the ordinary course of business in compliance in all material respects with applicable Environmental Requirements, and will take commercially reasonable steps to prohibit any Third Party from doing any of the acts prohibited by the foregoing.

SECTION 5.14. Environmental Release. The Borrower agrees that upon obtaining knowledge of the occurrence of an Environmental Release at or on any of the Properties it will act promptly to investigate the extent of, and to take appropriate remedial action to eliminate, such Environmental Release, whether or not ordered or otherwise directed to do so by any Environmental Authority.

SECTION 5.15. Debt of Subsidiaries. The Borrower shall not permit any Subsidiary to incur any Debt except for (i) Debt owing to the Borrower or another Subsidiary and (ii) other Debt which shall not exceed in the aggregate for all Subsidiaries an amount in excess of 20% of Consolidated Net Worth.

## ARTICLE VI

### DEFAULTS

SECTION 6.01. Events of Default. If one or more of the following events ("Events of Default") shall have occurred and be continuing:

(a) the Borrower shall fail to pay when due any principal of any Loan or shall fail to pay any interest on any Loan within 5 Domestic Business Days after such interest shall become due, or shall fail to pay any fee or other amount payable hereunder within 5 Domestic Business Days after such fee or other amount becomes due; or

(b) the Borrower shall fail to observe or perform any covenant contained in Sections 5.02(ii), 5.03 to 5.08, inclusive, or Section 5.15; or

(c) the Borrower shall fail to observe or perform any covenant or agreement contained or incorporated by reference in this Agreement (other than those covered by paragraph (a) or (b) above) and such failure shall not have been cured within 30 days after the earlier

to occur of (i) written notice thereof has been given to the Borrower by the Agent at the request of any Bank or (ii) any of the chief executive, chief financial, chief operating, chief legal or chief accounting officer of the Borrower otherwise becomes aware of any such failure; or

(d) any representation, warranty, certification or statement made by the Borrower in Article IV of this Agreement or in any certificate, financial statement or other document delivered pursuant to this Agreement shall prove to have been incorrect or misleading in any material respect when made (or deemed made); or

(e) the Borrower or any Significant Subsidiary shall fail to make any payment in respect of Debt (exclusive of Debt owing between and among the Borrower and its Subsidiaries) outstanding in an aggregate amount in excess of \$50,000,000 (other than the Notes) when due or within any applicable grace period; or

(f) any event or condition shall occur which results in the acceleration of the maturity of Debt for money borrowed outstanding in an aggregate amount in excess of \$50,000,000 of the Borrower or any Significant Subsidiary (including, without limitation, any required mandatory prepayment or "put" of such Debt to the Borrower or any Significant Subsidiary) or enables the holders of such Debt or commitment or any Person acting on such holders' behalf to accelerate the maturity thereof or terminate any such commitment (including, without limitation, any required mandatory prepayment or "put" of such Debt to the Borrower or any Significant Subsidiary); or

(g) the Borrower or any Significant Subsidiary shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall fail generally to pay its debts as they

become due, or shall take any corporate action to authorize any of the foregoing; or

(h) an involuntary case or other proceeding shall be commenced against the Borrower or any Significant Subsidiary seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial

part of its property, and such involuntary case or other proceeding shall remain undismissed and unstayed for a period of 90 days; or an order for relief shall be entered against the Borrower or any Significant Subsidiary under the federal bankruptcy laws as now or hereafter in effect; or

(i) one or more judgments or orders for the payment of money in an aggregate amount in excess of \$25,000,000 shall be rendered against the Borrower or any Significant Subsidiary and such judgment or order shall continue unsatisfied and unstayed for a period of 60 days; or

(j) one or more federal tax liens securing an aggregate amount in excess of \$25,000,000 shall be filed against the Borrower or any Significant Subsidiary under Section 6323 of the Code or a lien of the PBGC shall be filed against the Borrower or any Subsidiary under Section 4068 of ERISA and in either case such lien shall remain undischarged for a period of 25 days after the date of filing;

(k) the Borrower or any member of the Controlled Group shall fail to pay when due any material amount which it shall have become liable to pay to the PBGC or to a Plan under Title IV of ERISA; or notice of intent to terminate a Plan or Plans shall be filed under Title IV of ERISA by the Borrower, any member of the Controlled Group, any plan administrator or any combination of the foregoing; or the PBGC shall institute proceedings under Title IV of ERISA to terminate or to cause a trustee to be appointed to administer any such Plan or Plans or a proceeding shall be instituted by a fiduciary of any such Plan or Plans to enforce Section 515 or 4219(c)(5) of ERISA and such proceeding shall not have been dismissed within 30 days thereafter; or a condition shall exist by reason of which the PBGC would be entitled to obtain a decree adjudicating that any such Plan or Plans must be terminated; then, and in every such event, the Agent shall (i) if requested by the Required Banks, by notice to the Borrower terminate the Commitments and they shall thereupon terminate, and (ii) if requested by the Required Banks, by notice to the Borrower declare the Notes (together with accrued interest thereon)

to be, and the Notes shall thereupon become, immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower together with interest at the Default Rate accruing on the principal amount thereof from and after the date of such Event of Default; provided that if any Event of Default specified in paragraph (g) or (h) above occurs with respect to the Borrower, without any notice to the Borrower or any other act by the Agent or the Banks, the Commitments shall thereupon terminate and the Notes (together with accrued interest thereon) shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby

waived by the Borrower together with interest thereon at the Default Rate accruing on the principal amount thereof from and after the date of such Event of Default. Notwithstanding the foregoing, the Agent shall have available to it all other remedies at law or equity, and shall exercise any one or all of them at the request of the Required Banks.

SECTION 6.02. Notice of Default. The Agent shall give notice to the Borrower of any Default under Section 6.01(c) promptly upon being requested to do so by any Bank and shall thereupon notify all the Banks thereof.

## ARTICLE VII

### THE AGENT

SECTION 7.01. Appointment; Powers and Immunities. Each Bank hereby irrevocably appoints and authorizes the Agent to act as its agent hereunder and under the other Loan Documents with such powers as are specifically delegated to the Agent by the terms hereof and thereof, together with such other powers as are reasonably incidental thereto. The Agent: (a) shall have no duties or responsibilities except as expressly set forth in this Agreement and the other Loan Documents, and shall not by reason of this Agreement or any other Loan Document be a trustee for any Bank; (b) shall not be responsible to the Banks for any recitals, statements, representations or warranties contained in this Agreement or any other Loan Document, or in any certificate or other document referred to or provided for in, or received by any Bank under, this Agreement or any other Loan Document, or for the validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Document or any other document referred to or provided for herein or therein or for any failure by the Borrower to perform any of its obligations hereunder or thereunder; (c) shall not be required to initiate or conduct any litigation or collection proceedings hereunder or under any other Loan Document except to the extent requested by the Required Banks, and then only on terms and conditions satisfactory to the Agent, and (d) shall not be responsible for any action taken or omitted to be taken by it hereunder or under

any other Loan Document or any other document or instrument referred to or provided for herein or therein or in connection herewith or therewith, except for its own gross negligence or wilful misconduct. The Agent may employ agents and attorneys-in-fact and shall not be responsible for the negligence or misconduct of any such agents or attorneys-in-fact selected by it with reasonable care. The provisions of this Article VII are solely for the benefit of the Agent and the Banks, and the Borrower shall not have any rights as a third party beneficiary of any of the provisions hereof. In performing its functions and duties under this Agreement and under the other Loan Documents, the Agent shall act solely as agent of the Banks and does not assume and shall not be deemed to have assumed any obligation towards or

relationship of agency or trust with or for the Borrower. The duties of the Agent shall be ministerial and administrative in nature, and the Agent shall not have by reason of this Agreement or any other Loan Document a fiduciary relationship in respect of any Bank.

SECTION 7.02. Reliance by Agent. The Agent shall be entitled to rely upon any certification, notice or other communication (including any thereof by telephone, telefax, telegram or cable) believed by it to be genuine and correct and to have been signed or sent by or on behalf of the proper Person or Persons, and upon advice and statements of legal counsel, independent accountants or other experts selected by the Agent. As to any matters not expressly provided for by this Agreement or any other Loan Document, the Agent shall in all cases be fully protected in acting, or in refraining from acting, hereunder and thereunder in accordance with instructions signed by the Required Banks, and such instructions of the Required Banks in any action taken or failure to act pursuant thereto shall be binding on all of the Banks.

SECTION 7.03. Defaults. The Agent shall not be deemed to have knowledge of the occurrence of a Default or an Event of Default (other than the nonpayment of principal of or interest on the Loans) unless the Agent has received notice from a Bank or the Borrower specifying such Default or Event of Default and stating that such notice is a "Notice of Default". In the event that the Agent receives such a notice of the occurrence of a Default or an Event of Default, the Agent shall give prompt notice thereof to the Banks. The Agent shall give each Bank prompt notice of each nonpayment of principal of or interest on the Loans whether or not it has received any notice of the occurrence of such nonpayment. The Agent shall (subject to Section 9.06) take such action hereunder with respect to such Default or Event of Default as shall be directed by the Required Banks, provided that, unless and until the Agent shall have received such directions, the Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable in the best interests of the Banks.

SECTION 7.04. Rights of Agent as a Bank. With respect to the Loans made by it, Wachovia in its capacity as a Bank hereunder shall have the same rights and powers hereunder as any other Bank and may exercise the same as though it were not acting as the Agent, and the term "Bank" or "Banks" shall, unless the context otherwise indicates, include Wachovia in its individual capacity. The Agent may (without having to account therefor to any Bank) accept deposits from, lend money to and generally engage in any kind of banking, trust or other business with the Borrower (and any of its Affiliates) as if it were not acting as the Agent, and the Agent may accept fees and other consideration from the Borrower (in addition to any agency fees and arrangement fees heretofore agreed to between the Borrower and the Agent) for services in connection with this Agreement or any other Loan Document or otherwise without having to account for the same to the Banks.



SECTION 7.05. Indemnification. Each Bank severally agrees to indemnify the Agent, to the extent the Agent shall not have been reimbursed by the Borrower, ratably in accordance with its Commitment, for any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses (including, without limitation, counsel fees and disbursements) or disbursements of any kind and nature whatsoever which may be imposed on, incurred by or asserted against the Agent in any way relating to or arising out of this Agreement or any other Loan Document or any other documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby (excluding legal fees, to the extent excluded from the indemnification provisions of Section 9.04 pursuant to Section 9.04(b)(v) and, unless an Event of Default has occurred and is continuing, the normal administrative costs and expenses incident to the performance of its agency duties hereunder) or the enforcement of any of the terms hereof or thereof or any such other documents; provided, however that no Bank shall be liable for any of the foregoing to the extent they arise from the gross negligence or wilful misconduct of the Agent. If any indemnity furnished to the Agent for any purpose shall, in the opinion of the Agent, be insufficient or become impaired, the Agent may call for additional indemnity and cease, or not commence, to do the acts indemnified against until such additional indemnity is furnished.

SECTION 7.06 CONSEQUENTIAL DAMAGES. THE AGENT SHALL NOT BE RESPONSIBLE OR LIABLE TO ANY BANK, THE BORROWER OR ANY OTHER PERSON OR ENTITY FOR ANY PUNITIVE, EXEMPLARY OR CONSEQUENTIAL DAMAGES WHICH MAY BE ALLEGED AS A RESULT OF THIS AGREEMENT, THE OTHER LOAN DOCUMENTS OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY. THE BORROWER SHALL NOT BE RESPONSIBLE OR LIABLE TO THE AGENT, ANY BANK OR ANY OTHER PERSON OR ENTITY FOR ANY PUNITIVE, EXEMPLARY OR CONSEQUENTIAL DAMAGES WHICH MAY BE ALLEGED AS A RESULT OF THIS AGREEMENT, THE OTHER LOAN DOCUMENTS OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY.

SECTION 7.07. Payee of Note Treated as Owner. The Agent may deem and treat the payee of any Note as the owner thereof for all purposes hereof unless and until a written notice of the assignment or transfer thereof shall have been filed with the Agent and the provisions of Section 9.08(c) have been satisfied. Any requests, authority or consent of any Person who at the time of making such request or giving such authority or consent is the holder of any Note shall be conclusive and binding on any subsequent holder, transferee or assignee of that Note or of any Note or Notes issued in exchange therefor or replacement thereof.

SECTION 7.08. Nonreliance on Agent and Other Banks. Each Bank agrees that it has, independently and without reliance on the Agent or any other Bank, and based on such documents and information as it has deemed appropriate, made its own credit analysis of the Borrower and decision to enter into this Agreement and that it will, independently and without reliance upon the Agent or any other Bank, and based on such documents and information as it shall deem appropriate at the time, continue to make its own analysis

and decisions in taking or not taking action under this Agreement or any of the other Loan Documents. The Agent shall not be required to keep itself informed as to the performance or observance by the Borrower of this Agreement or any of the other Loan Documents or any other document referred to or provided for herein or therein or to inspect the properties or books of the Borrower or any other Person. Except for notices, reports and other documents and information expressly required to be furnished to the Banks by the Agent hereunder or under the other Loan Documents, the Agent shall not have any duty or responsibility to provide any Bank with any credit or other information concerning the affairs, financial condition or business of the Borrower or any other Person (or any of their Affiliates) which may come into the possession of the Agent.

SECTION 7.09. Failure to Act. Except for action expressly required of the Agent hereunder or under the other Loan Documents, the Agent shall in all cases be fully justified in failing or refusing to act hereunder and thereunder unless it shall receive further assurances to its satisfaction by the Banks of their indemnification obligations under Section 7.05 against any and all liability and expense which may be incurred by the Agent by reason of taking, continuing to take, or failing to take any such action.

SECTION 7.10. Resignation or Removal of Agent. Subject to the appointment and acceptance of a successor Agent as provided below, the Agent may resign at any time by giving notice thereof to the Banks and the Borrower and the Agent may be removed at any time with or without cause by the Required Banks. Upon any such resignation or removal, the Required Banks shall have the right to appoint a successor Agent; provided, that, so long as no Event of Default shall have occurred and then be continuing, the Borrower shall have the right to consent to any

successor Agent (which consent (x) in the case of any Bank being appointed successor Agent, shall not be unreasonably withheld, and (y) in the case of the appointment of any other Person as successor Agent, may be withheld in the discretion of the Borrower). If no successor Agent shall have been so appointed by the Required Banks and shall have accepted such appointment within 30 days after the retiring Agent's notice of resignation or the Required Banks' removal of the retiring Agent, then the retiring Agent may, on behalf of the Banks, appoint a successor Agent. Any successor Agent shall be a bank which has a combined capital and surplus of at least \$500,000,000. Upon the acceptance of any appointment as Agent hereunder by a successor Agent, such successor Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and obligations hereunder. After any retiring Agent's resignation or removal hereunder as Agent, the provisions of this Article VII shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as the Agent hereunder.



ARTICLE VIII

CHANGE IN CIRCUMSTANCES; COMPENSATION

SECTION 8.01. Basis for Determining Interest Rate Inadequate or Unfair. If on or prior to the first day of any Interest Period:

(a) the Agent reasonably and in good faith determines that deposits in Dollars (in the applicable amounts) are not being offered in the relevant market for such Interest Period, or

(b) the Required Banks advise the Agent that the London Interbank Offered Rate, as reasonably determined by the Agent, will not adequately and fairly reflect the cost to such Banks of funding Euro-Dollar Loans for such Interest Period,

the Agent shall forthwith give notice thereof to the Borrower and the Banks, whereupon until the Agent notifies the Borrower that the circumstances giving rise to such suspension no longer exist, the obligations of the Banks to make Euro-Dollar Loans shall be suspended. After the Agent has provided notice to the Borrower in connection with this Section 8.01, unless the Borrower notifies the Agent on or before the date of any such relevant Euro-Dollar Borrowing for which a Notice of Borrowing has previously been given that it elects not to borrow on such date, such Borrowing shall instead be made as a Base Rate Borrowing.

SECTION 8.02. Illegality. If, after the date hereof, the adoption of any applicable law, rule or regulation, or any

change in any applicable law, rule or regulation, or any change in the official interpretation or official administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof (any such agency being referred to as an "Authority" and any such event being referred to as a "Change of Law"), or compliance by any Bank (or its Lending Office) with any request or directive (whether or not having the force of law) of any Authority shall make it unlawful or impossible for any Bank (or its Lending Office) to make, maintain or fund its Euro-Dollar Loans and such Bank shall so notify the Agent, the Agent shall forthwith give notice thereof to the other Banks and the Borrower, whereupon until such Bank notifies the Borrower and the Agent that the circumstances giving rise to such suspension no longer exist, the obligation of such Bank to make Euro-Dollar Loans shall be suspended. Before giving any notice to the Agent pursuant to this Section, such Bank shall designate a different Lending Office if such designation will avoid the need for giving such notice and will not, in the reasonable judgment of such Bank, be otherwise materially disadvantageous to such Bank. If by reason of any such Change of Law any such Bank may not lawfully continue to maintain and fund any of its outstanding Euro-Dollar Loans to maturity and shall so specify in such notice, the Borrower shall

immediately prepay in full the then outstanding principal amount of each Euro-Dollar Loan of such Bank, together with accrued interest thereon. Concurrently with prepaying each such Euro-Dollar Loan, the Borrower shall borrow a Base Rate Loan in an equal principal amount from such Bank (on which interest and principal shall be payable contemporaneously with the related Euro-Dollar Loans of the other Banks), and such Bank shall make such a Base Rate Loan.

SECTION 8.03. Increased Cost and Reduced Return. (a) If after the date hereof, a Change of Law or compliance by any Bank (or its Lending Office) with any official request or directive (whether or not having the force of law) of any Authority:

(i) shall subject any Bank (or its Lending Office) to any tax, duty or other charge on its Euro-Dollar Loans or Money Market Loans, its Syndicated Loan Notes (insofar as they evidence Euro-Dollar Loans) or Money Market Loan Notes, or its obligation to make Euro-Dollar Loans or Money Market Loans, or shall change the basis of taxation of payments to any Bank (or its Lending Office) of the principal of or interest on its Euro-Dollar Loans or Money Market Loans or any other amounts due under this Agreement in respect of its Loans or its obligation to make Euro-Dollar Loans or Money Market Loans (except for changes in the rate of tax on the overall net income or gross receipts of such Bank or its Lending Office imposed by the jurisdiction in which such Bank's principal executive office or Lending Office is located); or

(ii) shall impose, modify or deem applicable any reserve, special deposit or similar requirement (including, without limitation, any such requirement imposed by the Board of Governors of the Federal Reserve System, but excluding with respect to any Euro-Dollar Loan any such requirement included in an applicable Euro-Dollar Reserve Percentage) against assets of, deposits with or for the account of, or credit extended by, any Bank (or its Lending Office); or

(iii) shall impose on any Bank (or its Lending Office) or on the United States market or the London interbank market any other condition affecting its Euro-Dollar or Money Market Loans, Notes, or its obligation to make Euro-Dollar or Money Market Loans;

and the result of any of the foregoing is to increase the cost to such Bank (or its Lending Office) of making or maintaining any Loan, or to reduce the amount of any sum received or receivable by such Bank (or its Lending Office) under this Agreement or under its Notes with respect thereto, by an amount reasonably determined by such Bank to be material, then, within 15 days after demand by such Bank (with a copy to the Agent), the Borrower shall pay to such Bank such additional amount or amounts as will compensate such Bank for such increased cost or reduction; provided that no such amount may be claimed by any Bank which is attributable to periods prior to the date which is sixty (60) days preceding the date on which the officer of the Bank having primary

responsibility for asset liability management shall have obtained actual knowledge of such demand. At any time within ninety (90) days after payment by Borrower of any material amount to any Bank pursuant to paragraph (a) or (b) of this Section, so long as no Event of Default shall be in existence, Borrower may require by written notice to that Bank that (i) it assign its pro rata share of the Commitment to another Bank or to a bank or other financial institution selected by Borrower and reasonably acceptable to the Agent which is willing to accept such assignment or (ii) it surrender its pro rata share of the Commitment and terminate its rights and obligations as a Bank hereunder, concurrently with a reduction by Borrower of the Commitment by an amount equal to the pro rata share of the Commitment held by that Bank.

(b) If any Bank shall have determined that after the date hereof the adoption of any applicable law, rule or regulation regarding capital adequacy, or any change therein, or any change in the official interpretation or official administration thereof, or compliance by any Bank (or its Lending Office) or any Person controlling such Bank with any request or directive regarding capital adequacy (whether or not having the force of law) of any Authority, has or would have the effect of reducing the rate of return on such Bank's or such controlling Person's capital as a consequence of its obligations hereunder to a level below that which such Bank or such controlling Person

could have achieved but for such adoption, change or compliance (taking into consideration such Bank's or such controlling Person's policies with respect to capital adequacy) by an amount reasonably determined by such Bank or such controlling Person to be material, then from time to time, within 15 days after demand by such Bank or such controlling Person, the Borrower shall pay to such Bank such additional amount or amounts as will compensate such Bank or such controlling Person for such reduction; provided that no such amount may be claimed by any Bank which is attributable to periods prior to the date which is sixty (60) days preceding the date on which the officer of the Bank having primary responsibility for asset liability management shall have obtained actual knowledge of such demand.

(c) Each Bank will promptly notify the Borrower and the Agent of any event of which its officer having primary responsibility for asset liability management has knowledge, which occurs or is expected to occur after the date hereof, which will entitle such Bank to compensation pursuant to this Section and will designate a different Lending Office if such designation will avoid the need for, or reduce the amount of, such compensation and will not, in the reasonable judgment of such Bank, be otherwise materially disadvantageous to such Bank. A certificate of any Bank claiming compensation under this Section and setting forth in reasonable detail the additional amount or amounts to be paid to it hereunder shall constitute rebuttable presumptive evidence of the amounts to be paid in the absence of manifest error. In determining such amount, such Bank may use any reasonable averaging and attribution methods.

(d) The provisions of this Section 8.03(i) shall be applicable with respect to any Participant, Assignee or other Transferee, and any calculations required by such provisions shall be made based upon the circumstances of such Participant, Assignee or other Transferee and (ii) shall constitute a continuing agreement and shall survive the termination of this Agreement and the payment in full or cancellation of the Notes.

SECTION 8.04. Base Rate Loans Substituted for Euro-Dollar Loans. If (i) the obligation of any Bank to make or maintain Euro-Dollar Loans has been suspended pursuant to Section 8.02 or (ii) any Bank has demanded compensation under Section 8.03, and the Borrower shall, by at least 5 Euro-Dollar Business Days' prior notice to such Bank through the Agent, have elected that the provisions of this Section shall apply to such Bank, then, unless and until such Bank notifies the Borrower that the circumstances giving rise to such suspension or demand for compensation no longer apply:

(a) all Loans which would otherwise be made by such Bank as Euro-Dollar Loans shall be made instead as Base Rate Loans (in all cases interest and principal on such Loans shall be payable contemporaneously with the related Euro-Dollar Loans of the other Banks), and

(b) after each of its Euro-Dollar Loans has been repaid, all payments of principal which would otherwise be applied to repay such Euro-Dollar Loans shall be applied to repay its Base Rate Loans instead.

SECTION 8.05. Compensation. Upon the request of any Bank, delivered to the Borrower and the Agent, the Borrower shall pay to such Bank such amount or amounts as shall compensate such Bank for any loss, cost or expense incurred by such Bank as a result of:

(a) any payment or prepayment (pursuant to Section 8.02 or otherwise) of a Euro-Dollar Loan or Money Market Loan on a date other than the last day of an Interest Period for such Loan; or

(b) any failure by the Borrower to borrow (other than due to a refusal by the Agent or any of the Banks to fund under Section 2.02(c) notwithstanding satisfaction of the conditions set forth in Section 3.02), a Euro-Dollar Loan on the date for the Euro-Dollar Borrowing of which such Euro-Dollar Loan is a part specified in the applicable Notice of Borrowing delivered pursuant to Section 2.02.

## ARTICLE IX

### MISCELLANEOUS

SECTION 9.01. Notices. All notices, requests and other communications to any party hereunder shall be in writing (including bank wire, telecopier or similar writing) and shall be given to such party at its address or telecopier number set forth on the signature pages hereof or such

other address or telecopier number as such party may hereafter specify for the purpose by notice to each other party. Each such notice, request or other communication shall be effective (i) if given by telecopier, when such telecopy is transmitted to the telecopier number specified in this Section and the appropriate confirmation is received, (ii) if given by mail, 72 hours after such communication is deposited in the mails with first class postage prepaid, addressed as aforesaid or (iii) if given by any other means, when delivered at the address specified in this Section; provided that notices to the Agent under Article II or Article VIII shall not be effective until received.

SECTION 9.02. No Waivers. No failure or delay by the Agent or any Bank in exercising any right, power or privilege hereunder or under any Note or other Loan Document shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

SECTION 9.03. Expenses; Documentary Taxes. The Borrower shall pay (i) all reasonable out-of-pocket expenses of the Agent, including fees and disbursements of special counsel for the Banks and the Agent, in connection with (A) subject to the provisions of the Agent's Letter Agreement, the preparation of this Agreement and the other Loan Documents, and (B) any waiver or consent hereunder or thereunder or any amendment hereof or thereof or any Default or alleged Default hereunder or thereunder and (ii) if a Default occurs, all reasonable out-of-pocket expenses reasonably incurred by the Agent and the Banks, including reasonable fees and disbursements of counsel, in connection with such Default and collection and other enforcement proceedings resulting therefrom, including out-of-pocket expenses incurred in enforcing this Agreement and the other Loan Documents. The Borrower shall indemnify the Agent and each Bank against any transfer taxes, documentary taxes, assessments or charges made by any Authority by reason of the execution and delivery of this Agreement or the other Loan Documents.

SECTION 9.04. Indemnification. (a) Subject to the provisions of paragraph (c) below, the Borrower shall indemnify the Agent, the Banks and each affiliate thereof and their respective directors, officers, employees and agents (each an "Indemnitee") from, and hold each of them harmless against, any and all losses, liabilities or damages to which any of them may become subject, insofar as such losses, liabilities or damages arise out of or result from

- (i) any actions, suits, proceedings (including any investigations or inquiries, actual or threatened) or claims by third parties against or involving any Indemnitee related to the actual or proposed use by the Borrower of the proceeds of any extension of credit by any Bank hereunder (collectively, "Claims" and

individually, a "Claim"), or

- (ii) breach by the Borrower of this Agreement or any other Loan Document, or
- (iii) any actions taken by the Agent or any of the Banks to enforce this Agreement or any of the other Loan Documents against Borrower at a time when an Event of Default shall have occurred and then be continuing,

and the Borrower shall reimburse the Agent and each Bank, and each Affiliate thereof and their respective directors, officers, employees and agents, upon demand for the reasonable out-of-pocket expenses (including, without limitation, reasonable legal fees) reasonably incurred in connection with any such Claim, breach or action.

(b) In no event shall the indemnity provided for in Section 9.04(a) extend to any Claim or disbursement of any Indemnitee resulting from, pertaining to or arising in any manner out of, or in any manner relating to any Claim or disbursement which (i) is the subject matter of another indemnity provision (for which the Borrower is the indemnitor) of this Agreement, (ii) the willful misconduct or gross negligence of such Indemnitee, (iii) any breach by such Indemnitee of its representations or obligations under any Loan Document, (iv) the violation by such Indemnitee of any law, rule or regulation binding upon such Indemnitee (including without limitation any law, rule or regulation governing the operation of national banks), (v) legal fees of Jones, Day, Reavis & Pogue related to the negotiation or preparation of the Loan Documents delivered on or about the Closing Date to the extent in excess of those amounts set forth in the Agent's Letter Agreement, (vi) any costs, fees or expenses arising out of the acquisition or transfer by such Indemnitee of any interest in the Notes or the Loan Documents except any such transfer (x) in connection with the exercise of remedies hereunder in accordance with the terms of Section 6.01 hereof after the occurrence of an Event of Default or (y) occurring at the direction of the Borrower, (vii) is one with respect to which any Indemnitee has a right to participate in a proceeding with respect to such Claim, if such Indemnitee refuses to implead, to the extent reasonable and practicable, any party whom Borrower believes is ultimately responsible with respect to such Claims or to assert, to the extent reasonable and practicable, any cross-claims Borrower deems appropriate where it is not possible for Borrower to assert such rights itself or (viii) the economic assumptions underlying any Indemnitee's entry into the transactions contemplated by or related to this Agreement proving to be incorrect, thereby reducing the expected economic return to such Indemnitee, except to the extent such assumptions were based on representations of the Borrower herein or financial information provided by the Borrower pursuant hereto or because the Borrower's exercise of any of its rights hereunder in accordance with the terms of this Agreement decreases the expected economic return to such Indemnitee.



The following shall apply to all claims for indemnity under this Section 9.04:

(A) If any Indemnitee has actual knowledge of any Claim hereby indemnified against it shall give prompt written notice thereof to the Borrower; provided, however, that the failure of an Indemnitee to give such notice shall not relieve Borrower of its obligations hereunder, unless such failure prejudices the Borrower's ability to contest such claim in any material respect. Any payment made by Borrower to an Indemnitee pursuant to this Section 9.04 shall not be deemed to be a waiver or release of any right or remedy (including any remedy of damages) the Borrower

may have against such Indemnitee if, as a result of the failure by an Indemnitee to give the Borrower notice in accordance with the preceding sentence, Borrower is prejudiced in any material respect in the exercise of its rights to contest the Claims indemnified against pursuant to this Section 9.04.

(B) Each Claim against an Indemnitee by a third party shall, if reasonably requested by the Borrower, be contested by the Indemnitee in good faith by appropriate proceedings, provided that Borrower shall indemnify such Indemnitee in full in respect of any reasonable out-of-pocket fees, costs or expenses reasonably and actually incurred by such Indemnitee in conducting such contest (such costs, if requested by the Indemnitee, to be funded by the Borrower concurrently with such contest) and the amount of any interest or penalties which are required to be paid as a direct result of contesting such Claim. The Borrower shall be entitled to assume responsibility for and control of the defense of any Claim in respect of which any Indemnitee makes or intends to make a claim against the Borrower for indemnity pursuant to this Section 9.04, provided that (i) the legal counsel retained by Borrower for such purpose is reasonably acceptable to the Agent and (ii) the Borrower pursues such contest diligently and in good faith and, upon the reasonable request of the Agent, provides the Agent with reasonable details of the status of the contest and copies of legal briefs, court filings and, subject to applicable considerations of legal privilege, counsel's memoranda relevant to such contest. In the event that (1) an Event of Default shall have occurred and be continuing or (2) the Borrower fails to comply with the foregoing requirements in any material respect, the applicable Indemnitee may, if such Event of Default or failure, as the case may be, continues after such Indemnitee has given the Borrower a reasonable opportunity, taking into account existing circumstances, to effect the

applicable level of compliance, reassume responsibility for and control of the relevant contest, which, in such circumstances, such Indemnitee agrees to pursue diligently and in good faith. To the extent the Borrower is entitled to defend any claim hereunder, the Indemnitee shall cooperate in good faith with Borrower and may participate in the defense thereof at such Indemnitee's sole cost and expense.

(C) Each Indemnitee shall supply the Borrower with such information as Borrower shall reasonably request to defend or participate in any proceeding permitted by this Section 9.04; provided, however, that any

such information which is proprietary or confidential need be furnished only under such arrangements designed to preserve to confidentiality or proprietary nature of the information as shall be reasonable under the circumstances.

(D) No Indemnitee shall enter into a settlement or other compromise or consent to a judgment with respect to any Claim without the prior written consent of the Borrower (which consent shall not be unreasonably withheld or delayed); unless such Indemnitee waives its rights in writing with respect to such Claims under this Section 9.04. The entering into of any such settlement or compromise or consent without the Borrower's prior written consent (unless the withholding of such consent by Borrower requested by such Indemnitee shall have been unreasonable) shall constitute a waiver by such Indemnitee of its rights of indemnification hereunder in respect of such matter.

(E) In the event the Borrower shall be obligated to indemnify any Indemnitee pursuant to this Section 9.04, Borrower shall be subrogated to the rights of such Indemnitee in respect of the matter as to which the indemnity was paid and may pursue the same at Borrower's expense. If any Indemnitee shall obtain a recovery of all or any part of any amount which the Borrower shall have paid to such Indemnitee or for which the Borrower shall have reimbursed such Indemnitee pursuant to this Section 9.04, any Indemnitee shall promptly pay or cause to be paid to the Borrower an amount equal to such recovery together with any interest (other than interest for the period, if any, after such Claims were paid by such Indemnitee until such Claims were paid or reimbursed by the Borrower) received by such Indemnitee on account of such payment or reimbursement.

(c) The indemnities contained in this Section 9.04 shall expire



and be of no further force or effect with respect to any Claim notice of which shall not have been given to Borrower in writing (referring expressly to this Section 9.04) on or prior to the second anniversary of the repayment in full of the Loan and the termination of the Commitment.

SECTION 9.05. Sharing of Setoffs. Each Bank agrees that if it shall, by exercising any right of setoff or counterclaim or otherwise, receive payment of a proportion of the aggregate amount of principal and interest owing with respect to the Note held by it which is greater than the proportion received by any other Bank in respect of the aggregate amount of all principal and interest owing with respect to the Note held by

such other

Bank, the Bank receiving such proportionately greater payment shall purchase such participations in the Notes held by the other Banks owing to such other Banks, and such other adjustments shall be made, as may be required so that all such payments of principal and interest with respect to the Notes held by the Banks owing to such other Banks shall be shared by the Banks pro rata; provided that (i) nothing in this Section shall impair the right of any Bank to exercise any right of setoff or counterclaim it may have and to apply the amount subject to such exercise to the payment of indebtedness of the Borrower other than its indebtedness under the Notes, and (ii) if all or any portion of such payment received by the purchasing Bank is thereafter recovered from such purchasing Bank, such purchase from each other Bank shall be rescinded and such other Bank shall repay to the purchasing Bank the purchase price of such participation to the extent of such recovery together with an amount equal to such other Bank's ratable share (according to the proportion of (x) the amount of such other Bank's required repayment to (y) the total amount so recovered from the purchasing Bank) of any interest or other amount paid or payable by the purchasing Bank in respect of the total amount so recovered. The Borrower agrees, to the fullest extent it may effectively do so under applicable law, that any holder of a participation in a Note, whether or not acquired pursuant to the foregoing arrangements, may exercise rights of setoff or counterclaim and other rights with respect to such participation as fully as if such holder of a participation were a direct creditor of the Borrower in the amount of such participation.

SECTION 9.06. Amendments and Waivers. (a) Any provision of this Agreement, the Notes or any other Loan Documents may be amended or waived if, but only if, such amendment or waiver is in writing and is signed by the Borrower and the Required Banks (and, if the rights or duties of the Agent are affected thereby, by the Agent); provided that, no such amendment or waiver shall, unless signed by all Banks, (i) change the Commitment of any Bank or subject any Bank to any additional obligation, (ii) change the principal of or rate of interest on any Loan or any fees hereunder, (iii) change the date fixed for any payment of principal of or interest on any Loan or any fees hereunder, (iv) change the amount of principal, interest or fees due on any date fixed for the payment thereof, (v) change the percentage of the Commitments or of the aggregate unpaid principal amount of the Notes, or the

percentage of Banks, which shall be required for the Banks or any of them to take any action under this Section or any other provision of this Agreement, (vi) change the manner of application of any payments made under this Agreement or the Notes, (vii) release or substitute all or any substantial part of the collateral (if any) held as security for the Loans, or (viii) release any Guarantee given to support payment of the Loans.

(b) The Borrower will not solicit, request or negotiate for or with respect to any proposed waiver or amendment

of any of the provisions of this Agreement unless each Bank shall be informed thereof by the Borrower and shall be afforded an opportunity of considering the same and shall be supplied by the Borrower with sufficient information to enable it to make an informed decision with respect thereto. Executed or true and correct copies of any waiver or consent effected pursuant to the provisions of this Agreement shall be delivered by the Borrower to each Bank forthwith following the date on which the same shall have been executed and delivered by the requisite percentage of Banks. The Borrower will not, directly or indirectly, pay or cause to be paid any remuneration, whether by way of supplemental or additional interest, fee or otherwise, to any Bank (in its capacity as such) as consideration for or as an inducement to the entering into by such Bank of any waiver or amendment of any of the terms and provisions of this Agreement unless such remuneration is concurrently paid, on the same terms, ratably to all such Banks.

SECTION 9.07. No Margin Stock Collateral. Each of the Banks represents to the Agent and each of the other Banks that it in good faith is not, directly or indirectly (by negative pledge or otherwise), relying upon any Margin Stock as collateral in the extension or maintenance of the credit provided for in this Agreement.

SECTION 9.08. Successors and Assigns. (a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns; provided that the Borrower may not assign or otherwise transfer any of its rights under this Agreement, except as permitted under Section 5.07.

(b) Any Bank may at any time sell to one or more Persons (each a "Participant") participating interests in any Loan owing to such Bank, any Note held by such Bank, any Commitment hereunder or any other interest of such Bank hereunder. In the event of any such sale by a Bank of a participating interest to a Participant, such Bank's obligations under this Agreement shall remain unchanged, such Bank shall remain solely responsible for the performance thereof, such Bank shall remain the holder of any such Note for all purposes under this Agreement, and (x) the Borrower and the Agent shall continue to deal solely and directly with such Bank in connection with such Bank's rights and obligations under this Agreement, and (y) such Participant shall have no right to contact the Borrower directly, or to

inspect its books and records or places of business, or to receive any information (financial or otherwise) directly from the Borrower. In no event shall a Bank that sells a participation be obligated to the Participant to take or refrain from taking any action hereunder except that such Bank may agree that it will not (except as provided below), without the consent of the Participant, agree to (i) the change of any date fixed for the payment of principal of or interest on the related loan or loans, (ii) the change of the amount of any

principal, interest or fees due on any date fixed for the payment thereof with respect to the related loan or loans, (iii) the change of the principal of the related loan or loans, (iv) any change in the rate at which either interest is payable thereon or (if the Participant is entitled to any part thereof) fee is payable hereunder from the rate at which the Participant is entitled to receive interest or fee (as the case may be) in respect of such participation, (v) the release or substitution of all or any substantial part of the collateral (if any) held as security for the Loans, or (vi) the release of any Guarantee given to support payment of the Loans. Each Bank selling a participating interest in any Loan, Note, Commitment or other interest under this Agreement (other than any Money Market Loan or Note) shall, within 10 Domestic Business Days of such sale, provide the Borrower and the Agent with written notification stating that such sale has occurred and identifying the Participant and the interest purchased by such Participant. The Borrower agrees that each Participant shall be entitled to the benefits of Article VIII with respect to its participation in Loans outstanding from time to time.

(c) Any Bank may at any time assign to one or more banks or financial institutions (each an "Assignee") all, or, in the case of its Syndicated Loans and Commitments, a proportionate part of all, of its Syndicated Loans and Commitments, of its rights and obligations under this Agreement, the Notes and the other Loan Documents, and such Assignee shall assume all such rights and obligations, pursuant to an Assignment and Acceptance, executed by such Assignee, such transferor Bank and the Agent (and, in the case of an Assignee that is not then a Bank, by the Borrower); provided that (i) no interest may be sold by a Bank pursuant to this paragraph (c) unless the Assignee shall agree to assume ratably equivalent portions of the transferor Bank's Commitment, (ii) the amount of the Commitment being assigned (determined as of the effective date of the assignment) shall be equal to \$15,000,000 (or any larger multiple of \$5,000,000 or any lesser amount up to such Bank's Commitment), (iii) if no Event of Default is in existence, no interest may be sold by a Bank pursuant to this paragraph (c) to any Assignee that is not then a Bank or an Affiliate thereof without the consent of the Borrower and the Agent, which consent shall not be unreasonably withheld, and (iv) a Bank may not have more than two Assignees that are not then Banks at any one time. Upon (A) execution of the Assignment and Acceptance by such transferor Bank, such Assignee, the Agent and (if applicable) the Borrower, (B) delivery of an executed copy of the Assignment and Acceptance to the Borrower and the Agent, (C) payment by such Assignee to

such transferor Bank of an amount equal to the purchase price agreed between such transferor Bank and such Assignee, and (D) payment of a processing and recordation fee of \$3,500 to the Agent, such Assignee shall for all purposes be a Bank party to this Agreement and shall have all the rights and obligations of a Bank under this Agreement to the same extent as if it were an original party hereto with a Commitment as set forth in such instrument of

assumption, and the transferor Bank shall be released from its obligations hereunder to a corresponding extent, and no further consent or action by the Borrower, the Banks or the Agent shall be required. Upon the consummation of any transfer to an Assignee pursuant to this paragraph (c), the transferor Bank, the Agent and the Borrower shall make appropriate arrangements so that, if required, a new Note is issued to such Assignee.

(d) Subject to the provisions of Section 9.09, the Borrower authorizes each Bank to disclose to any Participant, Assignee or other transferee (each a "Transferee") and any prospective Transferee any and all financial information in such Bank's possession concerning the Borrower which has been delivered to such Bank by the Borrower pursuant to this Agreement or which has been delivered to such Bank by the Borrower in connection with such Bank's credit evaluation prior to entering into this Agreement.

(e) No Transferee shall be entitled to receive any greater payment under Section 8.03 than the transferor Bank would have been entitled to receive with respect to the rights transferred, unless such transfer is made with the Borrower's prior written consent or by reason of the provisions of Section 8.02 or 8.03 requiring such Bank to designate a different Lending Office under certain circumstances or at a time when the circumstances giving rise to such greater payment did not exist.

(f) Anything in this Section 9.08 to the contrary notwithstanding, any Bank may assign and pledge all or any portion of the Loans and/or obligations owing to it to any Federal Reserve Bank or the United States Treasury as collateral security pursuant to Regulation A of the Board of Governors of the Federal Reserve System and any Operating Circular issued by such Federal Reserve Bank, provided that any payment in respect of such assigned Loans and/or obligations made by the Borrower to the assigning and/or pledging Bank in accordance with the terms of this Agreement shall satisfy the Borrower's obligations hereunder in respect of such assigned Loans and/or obligations to the extent of such payment. No such assignment shall release the assigning and/or pledging Bank from its obligations hereunder.

SECTION 9.09. Confidentiality. Each Bank agrees to exercise commercially reasonable efforts to keep any information delivered or made available by the Borrower to it which is clearly indicated or stated to be confidential information (or when the circumstances under which such information is delivered or when the content thereof would cause a reasonable person to believe that such information is confidential), confidential from anyone other than persons employed or retained by such Bank who are or are

expected to become engaged in evaluating, approving, structuring or administering the Loans or the Loan Documents (such Persons to likewise be under similar obligations of confidentiality with respect to such information); provided, however that nothing herein shall prevent any Bank from

disclosing such information (i) to any other Bank, (ii) upon the order of any court or administrative agency, (iii) upon the request or demand of any regulatory agency or authority having jurisdiction over such Bank, (iv) which has been publicly disclosed, (v) to the extent reasonably required in connection with any litigation to which the Agent, any Bank or their respective Affiliates may be a party, (vi) to the extent reasonably required in connection with the exercise of any remedy hereunder, (vii) to such Bank's legal counsel, independent auditors and to such Bank's Affiliates, and (viii) to any actual or proposed Participant, Assignee or other Transferee of all or part of its rights hereunder which has agreed in writing to be bound by the provisions of this Section 9.09; provided, that, should disclosure of any such confidential information be required by virtue of clause (ii) or (v) of the immediately preceding sentence, any relevant Bank shall (unless prohibited by law) promptly notify the Borrower of same so as to allow the Borrower to seek a protective order or to take any other appropriate action; provided, further, that, no Bank shall be required to delay compliance with any directive to disclose beyond the last date such delay is legally permissible any such information so as to allow the Borrower to effect any such action.

SECTION 9.10. Representation by Banks. Each Bank hereby represents that it is a commercial lender or financial institution which makes Loans in the ordinary course of its business and that it will make its Loans hereunder for its own account in the ordinary course of such business; provided, however that, subject to Section 9.08, the disposition of the Note or Notes held by that Bank shall at all times be within its exclusive control.

SECTION 9.11. Obligations Several. The obligations of each Bank hereunder are several, and no Bank shall be responsible for the obligations or commitment of any other Bank hereunder. Nothing contained in this Agreement and no action taken by the Banks pursuant hereto shall be deemed to constitute the Banks to be a partnership, an association, a joint venture or any other kind of entity. The amounts payable at any time hereunder to each Bank shall be a separate and independent debt, and each Bank shall be entitled to protect and enforce its rights arising out of this Agreement or any other Loan Document and it shall not be necessary for any other Bank to be joined as an additional party in any proceeding for such purpose.

SECTION 9.12. Georgia Law. This Agreement and each Note shall be construed in accordance with and governed by the law of the State of Georgia.

SECTION 9.13. Severability. In case any one or more of the

provisions contained in this Agreement, the Notes or any of the other Loan Documents should be invalid, illegal or unenforceable in any respect, the validity, legality and

enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby and shall be enforced to the greatest extent permitted by law.

SECTION 9.14. Interest. In no event shall the amount of interest, and all charges, amounts or fees contracted for, charged or collected pursuant to this Agreement, the Notes or the other Loan Documents and deemed to be interest under applicable law (collectively, "Interest") exceed the highest rate of interest allowed by applicable law (the "Maximum Rate"), and in the event any such payment is inadvertently received by any Bank, then the excess sum (the "Excess") shall be credited as a payment of principal, unless the Borrower shall notify such Bank in writing that it elects to have the Excess returned forthwith. It is the express intent hereof that the Borrower not pay and the Banks not receive, directly or indirectly in any manner whatsoever, interest in excess of that which may legally be paid by the Borrower under applicable law. The right to accelerate maturity of any of the Loans does not include the right to accelerate any interest that has not otherwise accrued on the date of such acceleration, and the Agent and the Banks do not intend to collect any unearned interest in the event of any such acceleration. All monies paid to the Agent or the Banks hereunder or under any of the Notes or the other Loan Documents, whether at maturity or by prepayment, shall be subject to rebate of unearned interest as and to the extent required by applicable law. By the execution of this Agreement, the Borrower covenants that (i) the credit or return of any Excess shall constitute the acceptance by the Borrower of such Excess, and (ii) the Borrower shall not seek or pursue any other remedy, legal or equitable, against the Agent or any Bank, based in whole or in part upon contracting for charging or receiving any Interest in excess of the Maximum Rate. For the purpose of determining whether or not any Excess has been contracted for, charged or received by the Agent or any Bank, all interest at any time contracted for, charged or received from the Borrower in connection with this Agreement, the Notes or any of the other Loan Documents shall, to the extent permitted by applicable law, be amortized, prorated, allocated and spread in equal parts throughout the full term of the Commitments. The Borrower, the Agent and each Bank shall, to the maximum extent permitted under applicable law, (i) characterize any non-principal payment as an expense, fee or premium rather than as Interest and (ii) exclude voluntary prepayments and the effects thereof. The provisions of this Section shall be deemed to be incorporated into each Note and each of the other Loan Documents (whether or not any provision of this Section is referred to therein). All such Loan Documents and communications relating to any Interest owed by the Borrower and all figures set forth therein shall, for the sole purpose of computing the extent of obligations hereunder and under the Notes and the other Loan Documents be automatically recomputed by the Borrower, and by any court considering the



same, to give effect to the adjustments or credits required by this Section.

SECTION 9.15. Interpretation. No provision of this Agreement or any of the other Loan Documents shall be construed against or interpreted to the disadvantage of any party hereto by any court or other governmental or judicial authority by reason of such party having or being deemed to have structured or dictated such provision. The obligations of good faith and fair dealing shall be imposed upon each party to this Agreement.

SECTION 9.16. Consent to Jurisdiction. The Borrower (a) submits to the nonexclusive personal jurisdiction in the State of Georgia, the courts thereof and the United States District Courts sitting therein, for the enforcement of this Agreement, the Notes and the other Loan Documents, (b) waives any and all personal rights under the law of any jurisdiction to object on any basis (including, without limitation, inconvenience of forum) to jurisdiction or venue within the State of Georgia for the purpose of litigation to enforce this Agreement, the Notes or the other Loan Documents, and (c) agrees that service of process may be made upon it in the manner prescribed in Section 9.01 for the giving of notice to the Borrower. Nothing herein contained, however, shall prevent the Agent from bringing any action or exercising any rights against any security and against the Borrower personally, and against any assets of the Borrower, within any other state or jurisdiction.

SECTION 9.17. Counterparts. This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed, under seal, by their respective authorized officers as of the day and year first above written.

THE HOME DEPOT, INC.

(SEAL)

By: /s/ Marshall L. Day

Title: Senior Vice President

The Home Depot, Inc.

2455 Paces Ferry Road

12th Floor

Atlanta, Georgia 30339-4024

Attention: Chief Financial Officer

Telecopier number: (770) 384-4522

Confirmation number: (770) 384-2700

COMMITMENTS

WACHOVIA BANK OF GEORGIA, N.A.,  
as Agent and as a Bank (SEAL)

\$100,000,000.00

By: /s/ John T. Seeds  
Title: Vice President

Lending Office  
Wachovia Bank of Georgia, N.A.  
191 Peachtree Street, N.E.  
Atlanta, Georgia 30303-1757  
Attention: John T. Seeds  
Telecopier number: (404) 332-5016  
Confirmation number: (404) 332-6558

\$45,000,000.00

SUNTRUST BANK, ATLANTA (SEAL)

By: /s/  
Title: Vice President

By: /s/  
Title: Banking Officer

Lending Office  
SunTrust Bank, Atlanta  
25 Park Place - MC 127  
Atlanta, Georgia 30303  
Attention: J. Christopher Deisley  
Telecopier number: (404) 588-8833  
Confirmation number: (404) 588-8684

\$75,000,000.00

FIRST UNION NATIONAL BANK  
OF GEORGIA (SEAL)

By: /s/ Mayla Thom  
Title: Vice President

Lending Office  
First Union National Bank  
of Georgia  
999 Peachtree Street, N.E.  
6th Floor



Atlanta, Georgia 30309  
Attention: Mayla M. Thom  
Telecopier number: (404) 225-4255  
Confirmation number: (404) 225-4066

\$95,000,000.00

BANK OF AMERICA NATIONAL  
TRUST & SAVINGS ASSOCIATION (SEAL)

By: /s/  
Title: Senior Vice President

Lending Office  
Bank of America National  
Trust & Savings Association  
1230 Peachtree Street, N.E.  
Suite 3800  
Atlanta, Georgia 30309  
Attention: Michelle W. Kacergis  
Telecopier number: (404) 249-6938  
Confirmation number: (404) 249-6906

\$100,000,000.00

MORGAN GUARANTY TRUST COMPANY  
OF NEW YORK (SEAL)

By: /s/ Carl J. Mehldau, Jr.  
Title: Associate

Lending Office  
Morgan Guaranty Trust Company  
of New York  
60 Wall Street  
New York, NY 10260  
Attention: Mr. David T. Ellis  
Telecopier number: (212) 648-5014  
Confirmation number: (212) 648-7638

\$60,000,000.00

TORONTO DOMINION (TEXAS), INC. (SEAL)

By: /s/ Diane Bailey  
Title: Vice President

Lending Office  
31 West 52nd Street  
New York, New York 10019  
Attention: Randall C. Bingham  
Telecopier number:  
Confirmation number: (212) 468-0550

\$95,000,000.00

DEUTSCHE BANK AG

(SEAL)

By: /s/ Hans-Josef Thiele  
Title: Vice President

Lending Office  
31 West 52nd Street  
New York, New York 10019  
Attention: David H. Kahn  
Telecopier number: (212) 474-7936  
Confirmation number: (212) 474-8211

\$75,000,000.00

NATIONSBANK OF GEORGIA, N.A.

(SEAL)

By: /s/  
Title: Senior Vice President

Lending Office  
600 Peachtree Street, N.E.  
21st Floor  
Atlanta, Georgia 30308  
Attention: Kathryn W. Robinson  
Telecopier number: (404) 607-6467  
Confirmation number: (404) 607-5887

\$25,000,000.00

CREDIT SUISSE

(SEAL)

By: /s/ William P. Murray  
Title: Member of Senior Management

By: /s/ Kristinn R. Kristinsson  
Title: Associate

Lending Office  
12 East 49th Street  
New York, New York 10017  
Attention: Hazel Leslie  
Telecopier number: (212) 238-5245  
Confirmation number: (212) 238-5218

With Copies to:  
191 Peachtree Street, N.E.  
Suite 3500  
Atlanta, Georgia 30303  
Attention: Michel Odermatt  
Telecopier number: (404) 577-9029  
Confirmation number: (404) 577-6100

\$45,000,000.00

THE BANK OF NEW YORK (SEAL)

By: /s/  
Title: Vice President

Lending Office  
One Wall Street  
8th Floor  
New York, New York 10286  
Attention: Paula M. DiPonzio  
Telecopier number: (212) 635-1483  
Confirmation number: (212) 635-7867

\$60,000,000.00

UNION BANK OF SWITZERLAND (SEAL)

By: /s/  
Title: Vice President

Lending Office  
299 Park Avenue  
New York, New York 10171  
Attention: Robert Casey  
Telecopier number: (212) 821-3383  
Confirmation number: (212) 821-3329

\$25,000,000.00

THE FIRST NATIONAL BANK OF CHICAGO (SEAL)

By: /s/  
Title: CBO

Lending Office  
One First National Plaza  
Chicago, Illinois 60670  
Attention: Paul E. Rigby  
Telecopier number: (312) 732-8587  
Confirmation number: (312) 732-6132

TOTAL COMMITMENTS:

\$800,000,000

The Home Depot, Inc.

Senior Officers' Bonus Pool Plan  
(SOBP)

I. Purpose

The Home Depot, Inc. Senior Officers' Bonus Pool Plan (the "Plan") which, subject to approval by the Company's stockholders, shall be effective as of January 29, 1996. The Plan is designed to provide a total cash compensation package for the Chief Executive Officer ("CEO") and President ("COO") of The Home Depot, Inc. (the "Company"), that is consistent with the Company's philosophy of "pay for performance". Payments pursuant to this Plan are intended to qualify under Section 162(m)(4)(c) of the Internal Revenue Code of 1986, as amended, as excluded from the term "applicable employee remuneration".

1. Administration

The Plan shall be administered by the Compensation Committee of the Board of Directors (the "Committee"). The Committee shall be composed of not less than three (3) Disinterested Persons (as defined by Section 162(m)), each of whom shall be appointed by and serve at the pleasure of the Board of Directors.

The Committee shall have full discretionary authority in all matters relating to the discharge of its responsibilities and the exercise of its authority under the Plan. It is the intent of the Plan that the decisions of the Committee and its action with respect to the Plan shall be final, binding and conclusive.

2. Eligibility

The Plan is designed exclusively for the CEO and COO. No other members of Senior Management are eligible to participate in the Plan.

3. Funding and Allocation of Bonus

The Plan allows the CEO and COO collectively to earn a bonus equal to ten percent (10%) of the Company's net earnings in excess of a threshold amount, which threshold amount will be automatically established each year at the prior year's net earnings (the "Earnings

Threshold"). For fiscal years 1996, 1997, 1998, 1999 and 2000, the maximum amount awardable under the Plan in any one year is Four Million Dollars (\$4,000,000). Monies payable from the Plan are to be shared by the CEO and COO at the ratio of fifty percent (50%) each.

4. Deferral Elections

The Committee may, at its option, establish procedures pursuant to which the participants are permitted to defer the receipt of bonuses payable hereunder.

5. Plan Term

The Plan term is five (5) years to include the fiscal years 1996, 1997, 1998, 1999 and 2000.

6. Plan Amendment or Termination

The Board of Directors may discontinue the Plan at any time and may, from time to time, amend or revise the terms of the Plan as permitted by applicable statutes; provided, however, that no such discontinuance, amendment or revision shall materially adversely affect any right or obligation with respect to any award theretofore made.

<TABLE>  
<CAPTION>

THE HOME DEPOT, INC.

Computation of Primary and Fully Diluted Earnings  
Per Common and Common Equivalent Share

(In thousands, except per share amounts)

	Fiscal Year Ended		
	1-28-96	1-29-95	1-30-94
<S>	<C>	<C>	<C>
Primary			
-----			
Net earnings applicable to common and common equivalent shares	\$731,523	\$604,501	\$457,401
Tax affected interest expense, net of interest capitalized attributable to convertible subordinated notes	2,415	22,580	
	-----	-----	
	\$733,938	\$627,081	
	=====	=====	
Shares:			
Weighted average number of common and common equivalent shares assuming average market price for period	477,977	455,173	453,037
	-----		-----
Additional shares assuming conversion of the notes		20,774	
		-----	
		475,947	
		=====	
Primary earnings per common and common equivalent share	\$1.54	\$1.32	\$1.01
	=====	=====	=====
Fully Diluted			
-----			
Net earnings applicable to common and common equivalent shares	\$731,523	\$604,501	\$457,401
Tax effected interest expense attributable to convertible subordinated notes	2,415	22,580	18,981
	-----	-----	-----
	\$733,938	\$627,081	\$476,382
	=====	=====	=====
Shares:			
Weighted average number of common and common equivalent shares at the ending market price	478,192	455,717	453,037
	=====		
Additional shares assuming conversion of the notes		20,774	20,774

		----- 476,491 =====	----- 473,811 =====
Fully diluted earnings per common & common equivalent share	\$1.54 =====	\$1.32 =====	\$1.01 =====

(1) Common equivalent shares represent shares granted under three stock option plans and an employee stock purchase plan. All periods have been adjusted to reflect the four-for-three stock split up effected in the form of a dividend in April 1993.

(2) The Company's 4-1/2% Convertible Subordinated Notes, issued in 1992, were common stock equivalents prior to the conversion in March, 1995. For fiscal year 1994, the 4-1/2% Notes were dilutive and are assumed to be converted as of the beginning of the accounting period for purposes of calculating primary earnings per share. In fiscal year 1993, the 4-1/2% Notes were dilutive but had no impact on earnings per share and therefore were excluded from the computation of primary earnings per share.

</TABLE>



<TABLE>  
<CAPTION>

Ten Year Selected Financial and Operating Highlights  
The Home Depot, Inc. and Subsidiaries  
Amounts in thousands, except where noted

	5 Year Annual Compound Growth Rate	10 Year Annual Compound Growth Rate	1995	1994	1993	1992	1991
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
<b>Statement of Earnings Data</b>							
Net sales	32.3%	36.3%	\$15,470,358	\$12,476,697	\$9,238,763	\$7,148,436	\$5,136,674
Net sales increase - %	-	-	24.0	35.0	29.2	39.2	34.6
Earnings before taxes	35.7	58.9	1,195,303	979,751	736,871	575,973	396,120
Net earnings	35.0	56.6	731,523	604,501	457,401	362,863	249,150
Net earnings increase - %	-	-	21.0	32.2	26.1	45.6	52.5
Net earnings per share (\$)	27.9	48.3	1.54	1.32	1.01	.82	.60
Net earnings per share increase - %	-	-	16.7	30.5	23.2	36.7	33.3
Weighted average number of shares	5.7	6.5	477,977	475,947	453,037	444,989	415,997
Gross margin - % to sales	-	-	27.7	27.9	27.7	27.6	28.1
Store selling and operating - % to sales	-	-	18.0	17.8	17.6	17.4	18.1
Pre-opening - % to sales	-	-	.4	.4	.4	.4	.3
General and administrative - % to sales	-	-	1.7	1.8	2.0	2.1	2.3
Net interest (expense) income - % to sales	-	-	(.1)	(.1)	.3	.4	.3
Earnings before taxes - % to sales	-	-	7.7	7.8	8.0	8.1	7.7
Net earnings - % to sales	-	-	4.7	4.8	5.0	5.1	4.8
<b>Balance Sheet Data and Financial Ratios</b>							
Total assets	35.0%	34.5%	\$ 7,354,033	\$ 5,778,041	\$4,700,889	\$3,931,790	\$2,510,292
Working capital	33.1	30.0	1,255,487	918,724	993,963	807,028	623,937
Mdse. inventories	33.8	30.5	2,180,318	1,749,312	1,293,477	939,824	662,257
Net property and equipment	38.4	39.4	4,461,024	3,397,237	2,370,904	1,607,984	1,254,774
Long-term debt	6.3	13.7	720,080	983,369	874,048	843,672	270,575
Stockholders' equity	48.8	49.6	4,987,766	3,442,223	2,814,100	2,304,081	1,691,212
Book value per share (\$)	40.2	40.4	10.45	7.59	6.26	5.20	4.01
Long-term debt to equity - %	-	-	14.4	28.6	31.1	36.6	16.0
Current ratio	-	-	1.89:1	1.76:1	2.02:1	2.07:1	2.17:1
Inventory turnover	-	-	5.5x	5.7x	5.9x	6.3x	6.1x
Return on average equity - %	-	-	17.4	19.3	17.9	18.1	18.5
<b>Statement of Cash Flows Data</b>							
Depreciation and amortization	39.4%	42.6%	\$ 181,205	\$ 129,609	\$ 89,839	\$ 69,536	\$ 52,283
Capital expenditures	26.7	29.4	1,308,375	1,220,180	900,452	437,278	432,198
Cash dividends per share (\$)	-	-	.19	.15	.11	.08	.05
<b>Customer and Store Data</b>							
Number of states	20.9%	16.0%	31	28	23	19	15
Number of Canadian provinces	-	-	3	3	-	-	-
Number of stores	23.9	23.8	423	340	264	214	174
Square footage at year-end	27.3	27.2	44,356	35,133	26,383	20,897	16,480
Change in square footage - %	-	-	26.3	33.2	26.3	26.8	24.1
Average square footage per store	-	-	105	103	100	98	95
Number of customer transactions	26.9	31.8	370,317	302,181	236,101	189,493	146,221
Average sale per transaction (\$)	4.2	3.3	41.78	41.29	39.13	37.72	35.13
Number of employees	30.3	31.1	80,800	67,300	50,600	38,900	28,000
<b>Other Data</b>							
Average total company weekly sales	32.8%	36.3%	\$ 297,507	\$ 239,936	\$ 177,669	\$ 137,470	\$ 98,782
Weighted average weekly sales per operating store	6.8	8.7	787	802	764	724	633
Comparable store sales increase - % (2)	-	-	3	8	7	15	11
Weighted average sales per square foot (\$) (2)	3.9	5.7	390	404	398	387	348
Net advertising expense - % to sales	-	-	.5	.5	.5	.5	.7

(1) Fiscal year 1990 consisted of 53 weeks, all other years reported consisted of 52 weeks.  
(2) Adjusted to reflect the first 52 weeks of the 53-week fiscal year in 1990.

</TABLE>

<TABLE>  
<CAPTION>  
Management's Discussion and Analysis of  
Results of Operations and Financial Condition  
THE HOME DEPOT, INC. AND SUBSIDIARIES

The data below reflect selected sales data, the percentage relationship between sales and major categories in the Consolidated Statement of Earnings and the percentage change in the dollar amounts of each of the items.

<S>	Fiscal Year (1)			Percentage Increase (Decrease) of Dollar Amounts	
	1995	1994	1993	1995 vs. 1994	1994 vs. 1993
	<C>	<C>	<C>	<C>	<C>
Selected Consolidated Statements of Earnings Data					
Net Sales	100.0%	100.0%	100.0%	24.0%	35.0%
Gross Profit	27.7	27.9	27.7	23.0	36.5
Operating Expenses:					
Selling and Store Operating	18.0	17.8	17.6	25.6	36.4

Pre-Opening	0.4	0.4	0.4	2.0	39.4
General and Administrative	1.7	1.8	2.0	16.9	24.6
<b>Total Operating Expenses</b>	<b>20.1</b>	<b>20.0</b>	<b>20.0</b>	<b>24.3</b>	<b>35.3</b>
Operating Income	7.6	7.9	7.7	19.5	39.7
Interest Income (Expense):					
Interest and Investment Income	0.1	0.2	0.6	(31.3)	(53.2)
Interest Expense	-	(0.3)	(0.3)	(88.5)	17.0
Interest, Net	0.1	(0.1)	0.3	(307.7)	(124.7)
Earnings Before Income Taxes	7.7	7.8	8.0	22.0	33.0
Income Taxes	3.0	3.0	3.0	23.6	34.3
Net Earnings	4.7%	4.8%	5.0%	21.0%	32.2%
Selected Consolidated Sales Data					
Number of Transactions	370,317,000	302,181,000	236,101,000	22.5%	28.0%
Average Amount of Sale					
Per Transaction	\$ 41.78	\$ 41.29	\$ 39.13	1.2	5.5
Weighted Average Weekly Sales					
Per Operating Store	\$787,000	\$802,000	\$764,000	(1.9)	5.0
Weighted Average Sales					
Per Square Foot	\$ 390.32	\$ 404.04	\$ 398.18	(3.4)	1.5

(1) Fiscal years 1995, 1994 and 1993 refer to the fiscal years ended January 28, 1996, January 29, 1995 and January 30, 1994, respectively.

#### Results Of Operations

For an understanding of the significant factors that influenced the Company's performance during the past three fiscal years, the following discussion should be read in conjunction with the consolidated financial statements appearing elsewhere in this annual report.

##### Fiscal Year Ended January 28, 1996 Compared to January 29, 1995

Sales for fiscal year 1995 increased 24% from \$12,476,697,000 in fiscal 1994 to \$15,470,358,000. This increase was attributable to, among other things, 83 new store openings, five store relocations, a 3% comparable store-for-store sales increase and full year sales from the 69 new store openings during fiscal 1994.

Gross profit as a percent of sales was 27.7% for fiscal 1995 compared to 27.9% for fiscal 1994. This lower gross profit percentage resulted primarily from maintaining competitive pressure in many markets as well as changes in merchandise mix.

Operating expenses as a percent of sales increased to 20.1% for fiscal 1995 compared to 20.0% in fiscal 1994. Selling and store operating expenses as a percent of sales increased to 18.0% in fiscal 1995 compared to 17.8% in fiscal 1994. This increase was attributable to, among other things, higher store payroll expenses due to higher average hourly wage rates resulting from a greater percentage of long-term associates versus new hires and higher credit card costs due to a greater percentage of credit sales. The increase in selling and store operating expenses as a percent of sales was partially offset by lower general and administrative expenses as a percent of sales due to continued emphasis on controlling costs.

Interest and investment income as a percent of sales decreased to 0.1% in fiscal 1995 compared to 0.2% during fiscal 1994. This decrease was attributable to a lower investment base due to the utilization of funds for capital expansion, partially offset by higher yields. Interest expense as a percent of sales decreased to 0.0% for fiscal 1995 compared to 0.3% for fiscal 1994. This decrease was attributable to the conversion to common stock of the 4-1/2% Convertible Subordinated Notes on March 31, 1995 and higher capitalized interest.

The Company's combined Federal and state effective income tax rate was 38.8% for fiscal 1995 compared to 38.3% for fiscal 1994. This increase was attributable to lower tax-advantaged investments, a higher effective state income tax rate and the expiration of targeted job tax credits.

Net earnings as a percent of sales was 4.7% for fiscal 1995 compared to 4.8% for fiscal 1994, reflecting lower gross profits, higher operating expenses and a higher effective income tax rate, partially offset by lower interest expense, as described above. Earnings per share was \$1.54 for fiscal 1995 compared to \$1.32 for fiscal 1994.

##### Fiscal Year Ended January 29, 1995 Compared to January 30, 1994

Sales for fiscal year 1994 increased 35.0% from \$9,238,763,000 in fiscal 1993 to \$12,476,697,000. This increase was attributable to, among other things, 69 new store openings, nine store relocations, the acquisition of a 75% partnership interest in seven Canadian stores then known as Aikenhead's Home Improvement Warehouse, an 8% comparable store-for-store sales increase and full year sales from the 50 new store openings during fiscal 1993.

Gross profit as a percent of sales was 27.9% for fiscal 1994 compared to 27.7% for fiscal 1993. This higher gross profit percentage resulted primarily from changes in merchandise mix including more decor products and upgraded seasonal merchandise at higher margins, as well as decreased sales penetrations in lumber which carries lower margins.

Operating expenses as a percent of sales were 20.0% for both fiscal 1994 and fiscal 1993. Selling and store operating expenses as a percent of sales increased to 17.8% in fiscal 1994 compared to 17.6% in fiscal 1993. This increase was attributable to, among other things, additional costs associated with nine store relocations during fiscal 1994 compared to six store relocations during fiscal 1993. The increase in selling and store operating expenses as a percent of sales was offset by lower general and administrative expenses as a percent of sales due to cost control measures and economies from higher sales volumes.

Interest and investment income as a percent of sales decreased to 0.2% in fiscal 1994 compared to 0.6% during fiscal 1993. This decrease was attributable to a reduction of investment principal due to utilization of funds for capital expansion, as well as lower yields due to shorter maturities on the investment portfolio. Interest expense as a percent of sales was 0.3% for both fiscal 1994 and fiscal 1993. Higher interest expense from additional capital leases was partially offset by higher capitalized interest resulting from constructing more owned stores than in the previous year.

The Company's combined Federal and state effective income tax rate was 38.3% for fiscal 1994 compared to 38.2% in fiscal 1993, before cumulative effect of change in accounting principle. This increase was attributable to lower

tax-advantaged investments. The Company implemented SFAS 109 "Accounting for Income Taxes" during fiscal 1993 which reduced the combined Federal and state effective income tax rate to 37.9% in fiscal 1993.

Net earnings as a percent of sales was 4.8% for fiscal 1994 compared to 5.0% for fiscal 1993, reflecting lower interest income and a higher effective income tax rate, partially offset by higher gross profits, as described above. Earnings per share was \$1.32 for fiscal 1994 compared to \$1.01 during fiscal 1993.

#### Liquidity and Capital Resources

Cash flow generated from store operations provides the Company with a significant source of liquidity. Additionally, a significant portion of the Company's inventory is financed under vendor credit terms.

The Company plans to open approximately 90 to 95 new stores and relocate six existing stores during fiscal 1996. It is anticipated that approximately 80% of these locations will be owned and the balance will be leased. The Company also plans to open approximately 123 stores, including relocations, in fiscal 1997. Although some of these locations may be newly leased, it is expected that most will be obtained during fiscal 1996 through the purchase of pre-existing leasehold interests, the acquisition of land parcels and the construction or purchase of buildings. While the cost of new stores to be constructed and owned by the Company varies widely, principally due to land costs, new store costs are currently estimated to average approximately \$12,900,000 per location. In addition, the Company may purchase leasehold interests at varying amounts depending on the value of such properties. The cost to remodel and fixture stores to be leased is expected to average approximately \$3,000,000 per store. In addition, each new store will require approximately \$3,200,000 to finance inventories, net of vendor financing.

During fiscal 1995, the Company expanded its commercial paper program up to a maximum of \$800,000,000 of which \$620,000,000 was outstanding as of January 28, 1996. In connection with the program, the Company has a back-up credit facility with a consortium of banks for up to \$800,000,000. The facility expires in December 2000. The facility contains various restrictive covenants, none of which is expected to impact the Company's liquidity or capital resources.

As of January 28, 1996, the Company had \$108,025,000 in cash and cash equivalents and short-term investments as well as \$25,436,000 in long-term investments. Management believes that its current cash position, the proceeds from short-term and long-term investments, internally generated funds, its commercial paper program, and/or the ability to obtain alternate sources of financing should enable the Company to complete its capital expenditure programs, including store expansion and renovation, through the next several fiscal years.

#### Recent Accounting Pronouncements

In October 1995, Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" (SFAS 123) was issued. SFAS 123 encourages companies to adopt a fair value based method of accounting for stock-based compensation plans in place of the intrinsic value based method provided for by Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" (APB 25). Companies which continue to apply the provisions of APB 25 must make pro forma disclosures in the notes to their financial statements of net income and earnings per share as if the fair value based method of accounting defined in SFAS 123 had been applied. The Company plans to adopt SFAS 123 in fiscal year 1996 on a pro forma disclosure basis.

In March 1995, Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of" (SFAS 121) was issued. SFAS 121 establishes accounting standards for the impairment of long-lived assets, certain identifiable intangibles and goodwill related to those assets to be held and used, or to be disposed of. The Company does not believe the adoption of SFAS 121 in fiscal year 1996 will have a significant impact on the Company's financial condition or results of operations.

#### Impact of Inflation and Changing Prices

Although the Company cannot accurately determine the precise effect of inflation on its operations, it does not believe inflation has had a material effect on sales or results of operations.

</TABLE>

<TABLE>

<CAPTION>

Consolidated Statements of Earnings  
THE HOME DEPOT, INC. AND SUBSIDIARIES  
AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA

	Fiscal Year Ended			
	January 28, 1996	January 29, 1995	January 30, 1994	
<S>	<C>	<C>	<C>	
Net Sales	\$15,470,358	\$12,476,697	\$9,238,763	
Cost of Merchandise Sold	11,184,772	8,991,204	6,685,384	
Gross Profit		4,285,586	3,485,493	2,553,379
Operating Expenses:				
Selling and Store Operating	2,783,926	2,216,540	1,624,920	
Pre-Opening	52,342	51,307	36,816	
General and Administrative	269,464	230,456	184,954	
Total Operating Expenses	3,105,732	2,498,303	1,846,690	
Operating Income		1,179,854	987,190	706,689
Interest Income (Expense):				
Interest and Investment Income	19,597	28,510	60,896	
Interest Expense (note 2)	(4,148)	(35,949)	(30,714)	
Interest, Net		15,449	(7,439)	30,182
Earnings Before Income Taxes		1,195,303	979,751	736,871
Income Taxes (note 3)	463,780	375,250	279,470	
Net Earnings		\$ 731,523	\$ 604,501	\$ 457,401
Earnings Per Common and Common Equivalent Share	\$ 1.54	\$ 1.32	\$ 1.01	

Weighted Average Number of Common  
and Common Equivalent Shares 477,977 475,947 453,037

See accompanying notes to consolidated financial statements.

</TABLE>

<TABLE>  
<CAPTION>  
Consolidated Balance Sheets  
THE HOME DEPOT, INC. AND SUBSIDIARIES  
AMOUNTS IN THOUSANDS, EXCEPT SHARE DATA

	January 28, 1996		January 29, 1995	
<S>	<C>	<C>		
Assets				
Current Assets:				
Cash and Cash Equivalents	\$ 53,269	\$ 1,154		
Short-Term Investments, including current maturities of long-term investments (note 7)	54,756	56,712		
Receivables, Net	325,384	272,225		
Merchandise Inventories	2,180,318	1,749,312		
Other Current Assets	58,242	53,560		
Total Current Assets	2,671,969	2,132,963		
Property and Equipment, at cost:				
Land	1,510,619	1,167,063		
Buildings	1,885,742	1,311,806		
Furniture, Fixtures and Equipment	857,082	634,173		
Leasehold Improvements	314,933	273,015		
Construction in Progress	308,365	289,157		
Capital Leases (notes 2 and 5)	92,154	72,054		
Less Accumulated Depreciation and Amortization	507,871	350,031	4,968,895	3,747,268
Net Property and Equipment	4,461,024	3,397,237		
Long-Term Investments (note 7)	25,436	98,022		
Notes Receivable	54,715	32,528		
Cost in Excess of the Fair Value of Net Assets Acquired, net of accumulated amortization of \$10,536 at January 28, 1996 and \$8,064 at January 29, 1995	87,238	88,513		
Other	53,651	28,778		
			\$7,354,033	\$5,778,041
Liabilities and Stockholders' Equity				
Current Liabilities:				
Accounts Payable	\$ 824,808	\$ 681,291		
Accrued Salaries and Related Expenses	198,208	192,151		
Sales Taxes Payable	113,066	101,011		
Other Accrued Expenses	242,859	208,377		
Income Taxes Payable	35,214	8,717		
Current Installments of Long-Term Debt (notes 2, 5 and 6)	2,327	22,692		
Total Current Liabilities	1,416,482	1,214,239		
Long-Term Debt, excluding current installments (notes 2, 5 and 6)	720,080	983,369		
Other Long-Term Liabilities	115,917	67,953		
Deferred Income Taxes (note 3)	37,225	19,258		
Minority Interest (note 9)	76,563	50,999		
Stockholders' Equity (notes 2 and 4):				
Common Stock, par value \$0.05. Authorized: 1,000,000,000 shares; issued and outstanding - 477,106,000 shares at January 28, 1996 and 453,365,000 shares at January 29, 1995	23,855	22,668		
Paid-in Capital	2,407,815	1,526,463		
Retained Earnings	2,579,059	1,937,284		
Cumulative Translation Adjustments	(6,131)	(10,887)		
Unrealized Loss on Investments, Net	(47)	(1,495)		
Less: Notes Receivable From ESOP (note 6)	16,539	31,810	5,004,551	3,474,033
Shares Held in Employee Benefit Trust	246	-		
Total Stockholders' Equity	4,987,766	3,442,223		
Commitments and Contingencies (notes 5, 8 and 9)			\$7,354,033	\$5,778,041

See accompanying notes to consolidated financial statements.

</TABLE>

<TABLE>  
<CAPTION>  
Consolidated Statements of Stockholders' Equity  
THE HOME DEPOT, INC. AND SUBSIDIARIES  
FISCAL YEARS ENDED JANUARY 28, 1996, JANUARY 29, 1995 AND JANUARY 30, 1994  
AMOUNTS IN THOUSANDS, EXCEPT PERSHARE DATA

	Common Stock	Paid-in	Retained	tion	Invest-	Notes	Cumula-	Unreal-	Shares	
	Shares	Capital	Earnings	Adjus-	ments,	Receivable	tive	ized	Held in	Total
				ments	Net	from ESOP	Transla-	Loss on		
							tion	Equity		
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Balance, January 31, 1993	443,585	\$22,179	\$1,339,821	\$ 993,517	\$ -	\$ -	\$(51,436)	\$ -	\$2,304,081	
Shares Sold Under Employee Stock Purchase and Option Plans, Net of Retirements (note 4)	5,779	289	76,500	-	-	-	-	-	76,789	
Tax Effect of Sale of Option Shares by Employees	-	-	19,708	-	-	-	-	-	19,708	
Cumulative Translation Adjustments	-	-	-	(121)	-	-	-	-	(121)	
Repayments of Notes Receivable from ESOP (note 6)	-	-	-	-	-	6,585	-	-	6,585	
Net Earnings	-	-	457,401	-	-	-	-	-	457,401	
Cash Dividends (\$.11 per share)	-	-	(50,343)	-	-	-	-	-	(50,343)	

Balance, January 30, 1994	449,364	\$22,468	\$1,436,029	\$1,400,575	\$ (121)	\$ -	-\$ (44,851)	\$ -	\$2,814,100
Shares Sold Under Employee Stock Purchase and Option Plans, Net of Retirements (note 4)	4,001	200	77,720	-	-	-	-	-	77,920
Tax Effect of Sale of Option Shares by Employees	-	-	12,709	-	-	-	-	-	12,709
Cumulative Translation Adjustments	-	-	-	(10,766)	-	-	-	-	(10,766)
Repayments of Notes Receivable from ESOP (note 6)	-	-	-	-	-	-	13,041	-	13,041
Conversion of 4H% Convertible Subordinated Notes, Net (note 2)	-	-	5	-	-	-	-	-	5
Unrealized Loss on Investments, Net (note 7)	-	-	-	-	-	(1,495)	-	(1,495)	-
Net Earnings	-	-	-	604,501	-	-	-	-	604,501
Cash Dividends (\$.15 per share)	-	-	-	(67,792)	-	-	-	-	(67,792)
Balance, January 29, 1995	453,365	\$22,668	\$1,526,463	\$1,937,284	\$ (10,887)	\$ (1,495)	\$ (31,810)	\$ -	\$3,442,223

Shares Sold Under Employee Stock Purchase and Option Plans, Net of Retirements (note 4)	2,967	148	68,310	-	-	-	-	-	68,458
Tax Effect of Sale of Option Shares by Employees	-	-	9,728	-	-	-	-	-	9,728
Cumulative Translation Adjustments	-	-	-	4,756	-	-	-	-	4,756
Repayments of Notes Receivable from ESOP (note 6)	-	-	-	-	-	-	15,271	-	15,271
Conversion of 4H% Convertible Subordinated Notes, Net (note 2)	20,774	1,039	803,314	-	-	-	-	-	804,353
Unrealized Gain on Investments, Net	-	-	-	-	-	1,448	-	-	1,448
Shares Purchased by Employee Benefit Trust	-	-	-	-	-	-	-	(246)	(246)
Net Earnings	-	-	-	731,523	-	-	-	-	731,523
Cash Dividends (\$.19 per share)	-	-	-	(89,748)	-	-	-	-	(89,748)
Balance, January 28, 1996	477,106	\$23,855	\$2,407,815	\$2,579,059	\$ (6,131)	\$ (47)	\$ (16,539)	\$ (246)	\$4,987,766

See accompanying notes to consolidated financial statements.

</TABLE>

<TABLE>  
<CAPTION>  
Consolidated Statements of Cash Flows  
THE HOME DEPOT, INC. AND SUBSIDIARIES  
AMOUNTS IN THOUSANDS

	Fiscal Year Ended		
	January 28, 1996	January 29, 1995	January 30, 1994
<S>	<C>	<C>	<C>
Cash Provided From Operations:			
Net Earnings	\$ 731,523	\$ 604,501	\$ 457,401
Reconciliation of Net Earnings to Net Cash Provided by Operations:			
Depreciation and Amortization	181,205	129,609	89,839
Deferred Income Tax Expense (Benefit)	17,976	(2,468)	12,578
Increase in Receivables, Net	(69,907)	(69,023)	(36,658)
Increase in Merchandise Inventories	(429,270)	(405,197)	(353,653)
Increase in Accounts Payable and Accrued Expenses	215,633	280,056	200,977
Increase (Decrease) in Income Taxes Payable	36,159	(11,126)	36,143
Other	29,661	(10,870)	(10,120)
Net Cash Provided by Operations	712,980	515,482	396,507
Cash Flows From Investing Activities:			
Capital Expenditures, Net of \$30,271, \$31,183 and \$36,294 of non-cash capital expenditures in fiscal 1995, 1994 and 1993, respectively	(1,278,104)	(1,100,654)	(864,158)
Acquisition of Canadian Partnership Interest	-	(161,548)	-
Proceeds from Sales of Property and Equipment	29,357	49,718	35,070
Sales and Maturities of Short-Term Investments, Net	56,856	96,007	14,903
Purchase of Long-Term Investments	-	(94,442)	(840,361)
Proceeds from Maturities of Long-Term Investments	6,288	50,251	269,988
Proceeds from Sale of Long-Term Investments	13,566	403,738	929,598
Advances Secured by Real Estate, Net	(4,955)	2,650	5,681
Net Cash Used in Investing Activities	(1,176,992)	(754,280)	(449,279)
Cash Flows From Financing Activities:			
Proceeds from Commercial Paper	520,000	100,000	-
Repayments of Notes Receivable from ESOP	15,271	13,041	6,585
Principal Repayments of Long-Term Debt	(22,817)	(2,175)	(2,006)
Proceeds from Sale of Common Stock, Net	68,458	77,926	76,789
Cash Dividends Paid to Stockholders	(89,748)	(67,792)	(50,343)
Minority Interest Contributions to Partnership	24,577	19,031	-
Net Cash Provided by Financing Activities	515,741	140,031	31,025
Effect of Exchange Rate Changes on Cash	386	(76)	-
Increase (Decrease) in Cash and Cash Equivalents	52,115	(98,843)	(21,747)
Cash and Cash Equivalents at Beginning of Year	1,154	99,997	121,744
Cash and Cash Equivalents at End of Year	\$ 53,269	\$ 1,154	\$ 99,997
Supplemental Disclosure of Cash Payments Made For:			
Interest (net of interest capitalized)	\$ 21,685	\$ 30,537	\$ 28,778
Income Taxes	\$ 407,643	\$ 393,915	\$ 228,968

See accompanying notes to consolidated financial statements.

</TABLE>

Notes to Consolidated Financial Statements

THE HOME DEPOT, INC. AND SUBSIDIARIES

NOTE One Summary of Significant Accounting Policies

The Home Depot operates full-service, warehouse-style stores averaging

approximately 105,000 square feet in size. The stores stock approximately 40,000 to 50,000 different kinds of building materials, home improvement supplies and lawn and garden products which are sold primarily to do-it-yourselfers, but also to home improvement, construction, and building maintenance professionals. At the end of fiscal 1995, The Home Depot operated 404 stores in 31 states in the United States and 19 stores in three Canadian provinces. Included in the Company's Consolidated Balance Sheet at January 28, 1996 are \$293,971,000 of net assets of the Canadian operations.

Fiscal Year - The Company's fiscal year is a 52- or 53-week period ending on the Sunday nearest to January 31. Fiscal years 1995, 1994 and 1993, which ended January 28, 1996, January 29, 1995 and January 30, 1994 respectively, consisted of 52 weeks.

Basis of Presentation - The consolidated financial statements include the accounts of the Company, its wholly-owned subsidiaries and majority owned partnership. All significant intercompany transactions have been eliminated in consolidation.

Cash Equivalents - The Company considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. The Company's cash and cash equivalents are primarily cash equivalents carried at fair market value and consist of preferred stocks, commercial paper, money market funds and U.S. government agency securities.

Investments - Effective January 31, 1994, the Company adopted Statement of Financial Accounting Standards No. 115 (SFAS No. 115) "Accounting for Certain Investments in Debt & Equity Securities" which was effective for fiscal years beginning after December 15, 1993. The Company classifies its investments into one of three categories: trading, held to maturity, or available for sale. Trading securities, which are bought and held primarily for the purpose of selling them in the near term, are recorded at fair value with gains and losses included in earnings. Held to maturity securities, which are securities that the Company has the ability and the intent to hold until maturity, are recorded at amortized cost and adjusted for amortization or accretion of premiums or discounts. The Company's short-term and long-term investments, consisting primarily of debt securities, have been designated as being held available for sale, and accordingly, are reported at fair value. Unrealized gains and losses on securities classified as available for sale are reported as a separate component of stockholders' equity until realized. The cost of investments sold is determined using the specific identification method. Estimated market values of investments are based on quoted market prices on the last business day of the fiscal year. A decline in the market value of any available for sale or held to maturity security below cost that is deemed other than temporary is charged to earnings resulting in the establishment of a new cost basis for the security.

In fiscal year 1993, the Company valued its short-term investments, consisting of primarily debt securities, at amortized cost which approximated market. Certain long-term investments designated as available for sale were recorded at lower of amortized cost or market. The Company's remaining investments classified as held to maturity were valued at amortized cost.

Merchandise Inventories - Inventories are stated at the lower of cost (first-in, first-out) or market, as determined by the retail inventory method.

Income Taxes - The Company provides for Federal and state income taxes currently payable as well as for those deferred because of timing differences between reporting income and expenses for financial statement purposes and income and expenses for tax purposes. Targeted jobs tax credits were recorded as a reduction of income taxes.

Effective February 1, 1993, the Company adopted the provisions of Statement of Financial Accounting Standards No. 109 (SFAS 109), "Accounting for Income Taxes" and reported the cumulative effect of that change in the method of accounting for income taxes in the consolidated statement of earnings for the first fiscal quarter of 1993, which ended

May 2, 1993. SFAS 109 requires an asset and liability approach in accounting for income taxes and, therefore, required a change from the deferred method the Company previously used. Under the asset and liability method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under SFAS 109, the effect on deferred tax assets and liabilities of a change in tax rates is recognized as income or expense in the period that includes the enactment date.

Depreciation and Amortization - The Company's buildings, furniture, fixtures and equipment are depreciated using the straight-line method over the estimated useful lives of the assets. Improvements to leased premises are amortized on the straight-line method over the life of the lease or the useful life of the improvement, whichever is shorter. The Company's property and equipment is depreciated using the following estimated useful lives:

<TABLE>  
<CAPTION>

	Life
<S>	<C>
Buildings	10-45 years
Furniture, fixtures and equipment	5-20 years
Leasehold improvements	8-30 years

</TABLE>

The cost in excess of the fair value of net assets acquired is being amortized on a straight-line basis over 40 years. The cost of purchased software and associated consulting fees is amortized on a straight-line basis over periods ranging from three to five years.

Notes Receivable - Notes receivable which are issued to real estate developers in connection with development and construction of stores and underlying real estate are recorded at cost, less an allowance for impaired notes receivable when necessary.

Store Pre-Opening Costs - Non-capital expenditures associated with opening new stores are charged to expense as incurred.

Store Closing Costs - When a store is relocated or closed, estimated unrecoverable costs are charged to expense. Such costs include the estimated loss on sale of land and building, the book value of abandoned fixtures, equipment, leasehold improvements and a provision for the present value of future lease obligations, less estimated sub-rental income.

Earnings Per Common and Common Equivalent Share - Earnings per common and common equivalent share are based on the weighted average number of shares and

equivalent shares outstanding. Common equivalent shares used in the calculation of earnings per share represent options to purchase shares granted under the Company's employee stock option and stock purchase plans.

The Company's 41/2% Convertible Subordinated Notes (the "41/2% Notes"), issued in 1992, were common stock equivalents prior to their conversion in March 1995. For the 1995 and 1994 fiscal years the Notes were dilutive and are assumed to be converted as of the beginning of the accounting periods for purposes of calculating earnings per share. Earnings per share is calculated by dividing net earnings, adjusted for tax-effected net interest and issue costs on the Notes, by weighted average common and common equivalent shares. The weighted average number of common and common equivalent shares include shares issuable under the Company's stock plans and the 20,774,000 shares issued upon conversion of the Notes. In fiscal year 1993, the 41/2% Notes were dilutive but had no impact on earnings per share.

Cost in Excess of the Fair Value of Net Assets Acquired - Goodwill, which represents the excess of purchase price over fair value of net assets acquired, is amortized on a straight-line basis over a 40 year period. The Company assesses the recoverability of this intangible asset by determining whether the amortization of the goodwill balance over its remaining useful life can be recovered through undiscounted future operating cash flows of the acquired operation. The amount of goodwill impairment, if any, is measured based on projected discounted future operating cash flows using a discount rate reflecting the Company's average cost of funds.

Employee Stock Ownership Plan - For all shares purchased by the Employee Stock Ownership Plan (ESOP) prior to December 31, 1992, the Company's contributions to the ESOP are determined based on the ESOP's cost of the shares released to the employees. For shares purchased after December 31, 1992, the Company's contributions to the ESOP will be determined based on the fair value of the shares released to the employees as of the release date.

Foreign Currency Translation - The local currency has been used as the functional currency in Canada. The assets and liabilities denominated in foreign currency are translated into U.S. dollars at the current rate of exchange existing at year-end and revenues and expenses are translated at the average monthly exchange rates. The translation gains and losses are included as a separate component of stockholders' equity. Transaction gains and losses included in income are not material.

Use of Estimates - Management of the Company has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with generally accepted accounting principles. Actual results could differ from these estimates.

Reclassifications - Certain balances in prior fiscal years have been reclassified to conform with the presentation adopted in the current fiscal year.

NOTE Two Long-Term Debt

<TABLE>  
<CAPTION>

The Company's long-term debt consists of the following (in thousands):

	January 28, 1996	January 29, 1995
<S>	<C>	<C>
4-1/2% Convertible Subordinated Notes, converted into shares of common stock of the Company at a conversion price of \$38.75 per share during March 1995.	\$ -	\$ 804,985
Commercial Paper, with a weighted average interest rate of 5.67% at January 28, 1996 and 5.9% at January 29, 1995.	620,000	100,000
Capital Lease obligations payable in varying installments through January 31, 2018 (see note 5).	82,513	63,225
7.95% Unsecured Note, repaid on September 1, 1995, incurred in connection with the establishment of a leveraged Employee Stock Ownership Plan and Trust (see note 6).	-	20,000
Variable Rate Industrial Revenue Bonds, secured by letters of credit or land, interest rates averaging 3.7% during fiscal 1995, payable in varying installments through 1999, \$3,000 payable on December 1, 2010 and \$5,200 payable on September 1, 2011.	9,367	9,966
Installment Notes Payable, interest imputed at rates between 8.0% and 11.5%, payable in varying installments through 2014.	10,089	7,419
Other	438	466
Total long-term debt	722,407	1,006,061
Less current installments	2,327	22,692
Long-term debt, excluding current installments	\$720,080	\$ 983,369

</TABLE>

During fiscal 1995, holders of the Company's 4H% Notes converted a total principal amount of \$804,985,000 into 20,774,000 shares of the Company's common stock. As a result of this transaction, the total principal amount converted, net of unamortized expenses of the original debt issue, was credited to common stock at par and additional paid-in capital in the amount of \$804,353,000. All of the 4H% Notes were redeemed for shares.

In January 1995, the Company established a \$300,000,000 Commercial Paper program supported by a back-up credit facility with a maximum aggregate principal amount outstanding of \$300,000,000. In December 1995, the Company amended the Commercial Paper program and the back-up credit facility to increase the maximum amount available to \$800,000,000. The back-up credit facility expires December 20, 2000. The Commercial Paper borrowings are classified as long-term as it is the Company's intention to refinance them on a long-term basis. Covenants related to the back-up credit facility place limitations on total Company indebtedness, subsidiary indebtedness and on liens. As of January 28, 1996, the Company was in compliance with all restrictive covenants.

The restrictive covenants related to letter of credit agreements securing the

industrial revenue bonds are no more restrictive than those referenced or described above.

Interest expense in the accompanying consolidated statements of earnings is net of interest capitalized of \$20,767,000 in fiscal 1995, \$17,559,000 in fiscal 1994 and \$13,912,000 in fiscal 1993.

Maturities of long-term debt are \$2,327,000 for fiscal 1996, \$1,698,000 for fiscal 1997, \$5,030,000 for fiscal 1998, \$6,116,000 for fiscal 1999 and \$621,848,000 for fiscal 2000.

The estimated fair value of commercial paper borrowings approximate their carrying value. The estimated fair value of all other long-term borrowings was approximately \$129,340,000 as compared to its carrying value of \$102,407,000. These fair values were estimated using a discounted cash flow analysis based on the Company's incremental borrowing rate for similar liabilities.

NOTE Three Income Taxes

As discussed in Note 1, the Company adopted SFAS 109 as of February 1, 1993. The cumulative effect of this change in accounting for income taxes, which resulted in a tax benefit of \$2,130,000, was determined as of February 1, 1993, and has been reflected in the consolidated statement of earnings for the fiscal year ended January 30, 1994.

The provision for income taxes from operations consists of the following (in thousands):

		Fiscal Year Ended		
		January 28, 1996	January 29, 1995	January 30, 1994
<S>	<C>	<C>	<C>	
Current:				
Federal	\$391,111	\$330,232	\$236,888	
State	54,693	47,486	32,134	
		445,804	377,718	269,022
Deferred:				
Federal	15,021	(1,875)	10,212	
State	2,955	(593)	2,366	
		17,976	(2,468)	12,578
Total	\$463,780	\$375,250	\$281,600	

</TABLE>

The Company's combined Federal and state effective tax rate from operations for fiscal years 1995, 1994 and 1993, net of offsets generated by targeted jobs tax credits, were approximately 38.8%, 38.3% and 38.2%, respectively. The 1995, 1994 and 1993 fiscal year effective tax rates include the effect of the corporate Federal tax rate increase from 34% to 35% enacted into law during the Company's 1993 fiscal year. A reconciliation of income tax expense from operations at the Federal statutory rate of 35% to actual tax expense from operations for the applicable fiscal years follows (in thousands):

		Fiscal Year Ended		
		January 28, 1996	January 29, 1995	January 30, 1994
<S>	<C>	<C>	<C>	
Income taxes at Federal statutory rate	\$418,356	\$342,913	\$257,905	
State income taxes, net of Federal income tax benefit	37,471	30,480	22,425	
Other, net	7,953	1,857	1,270	
Total	\$463,780	\$375,250	\$281,600	

</TABLE>

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities as of January 28, 1996 and January 29, 1995 are as follows (in thousands):

		Fiscal Year Ended	
		January 28, 1996	January 29, 1995
<S>	<C>	<C>	
Deferred Tax Assets:			
Accrued self-insurance liabilities	\$ 54,489	\$ 40,906	
Other accrued liabilities	36,359	28,061	
Net deferred tax assets	90,848	68,967	
Deferred Tax Liabilities:			
Accelerated depreciation	(110,342)	(77,061)	
Other	(17,731)	(11,164)	
Total gross deferred liabilities	(128,073)	(88,225)	
Net deferred tax liability	\$ (37,225)	\$ (19,258)	

</TABLE>

No valuation allowance was recorded against the deferred tax assets at January 28, 1996, January 29, 1995 or January 30, 1994. The Company's management believes the existing net deductible temporary differences comprising the total gross deferred tax assets will reverse during periods in which the Company generates net taxable income.

NOTE Four Employee Stock Plans

The Company has stock option plans that provide for the granting of incentive and non-qualified options to purchase the Company's common stock to selected key associates, officers and directors.



Under the Employee Incentive Stock Option Plan of 1981, options for 43,362,139 shares, net of cancellations (of which 42,726,972 had been exercised), have been granted at \$.16 to \$18.83 per share as of January 28, 1996. Such options may be exercised at the rate of 25% per year commencing with the first anniversary date of the grant and expire after five years. The Plan expired on June 1, 1991 and the shares available for grant were carried over to the 1991 Omnibus Stock Option Plan.

Under the Non-Qualified Stock Option Plan of 1984, options for 679,124 shares, net of cancellations (of which 597,409 had been exercised), have been granted at \$1.53 to \$9.86 per share as of January 28, 1996. Such options may be exercised at varying rates commencing on the first anniversary date of the grant and expire on the tenth anniversary date of the grant. The Plan expired on June 1, 1991 and the shares available for grant were carried over to the 1991 Omnibus Stock Option Plan.

The provisions of the 1991 Omnibus Stock Option Plan, which became effective June 1, 1991, authorize a maximum number of shares available for grant equal to the cumulative number of shares available the previous year plus one percent of the number of shares of common stock issued and outstanding at the beginning of each fiscal year the plan is in effect. Under the 1991 Omnibus Stock Option Plan, options for 10,070,801 shares, net of cancellations (of which 798,149 had been exercised), have been granted at \$24.50 to \$48.94 per share. As of January 28, 1996, the maximum number of shares available under this plan for future grants was 38,399,223.

The following summarizes shares outstanding under the plans at January 28, 1996, January 29, 1995, and January 30, 1994 and changes during the fiscal years then ended (in thousands of shares):

<TABLE>  
<CAPTION>

	Number of Shares	Average Option Price
<C>	<C>	<C>
Outstanding at January 31, 1993	12,455	\$14.89
Granted	1,831	44.51
Exercised	(4,307)	7.42
Cancelled	(332)	24.92
Outstanding at January 30, 1994	9,647	23.50
Granted	1,981	39.29
Exercised	(2,631)	10.66
Cancelled	(306)	35.35
Outstanding at January 29, 1995	8,691	30.57
Granted	7,208	40.37
Exercised	(1,921)	15.73
Cancelled	(3,988)	43.43
Outstanding at January 28, 1996	9,990	\$35.37
Exercisable	3,206	\$31.22

</TABLE>

In addition, the Company had 6,287,906 shares available for future grants under the Employee Stock Purchase Plan at January 28, 1996. This plan enables the Company to grant substantially all full-time associates options to purchase up to 22,137,500 shares of common stock, of which 15,849,594 shares have been exercised from inception of the plan, at a price equal to 85% of the stock's fair market value at the date of grant. Shares purchased may not exceed the lesser of 20% of the associate's annual compensation, as defined, or \$25,000 of common stock at its fair market value (determined at the time such option is granted) for any one calendar year. Associates pay for the shares ratably over a period of one year (the purchase period) through payroll deductions, and cannot exercise their option to purchase any of the shares until the conclusion of the purchase period. In the event an associate elects not to exercise such options, the full amount withheld is refundable. During fiscal 1995, options for 1,087,554 shares were exercised at an average price of \$36.88 per share. At January 28, 1996, 885,053 options were outstanding, net of cancellations, at an average price of \$34.03 per share.

#### NOTE Five Leases

The Company leases certain retail locations, office space, warehouse and distribution space, equipment and vehicles. While the majority of the leases are operating leases, certain retail locations are leased under capital leases. As leases expire, it can be expected that in the normal course of business, leases will be renewed or replaced.

During 1995, the Company entered into two operating lease agreements in which the Company will lease an import distribution facility, including its related equipment, and an office building for store support associates. The initial lease terms are five and seven years, respectively, with five five-year renewal options for the distribution facility and one five-year renewal option for the office building.

Both leases provide for substantial residual value guarantees and include purchase options at the higher of the cost or fair market value for the assets under the import distribution facility lease and at cost for the office building. The maximum amount of the residual value guarantees relative to the assets under these leases is projected to be \$128,420,000. Once the leased assets are placed into service, the Company will estimate its liability under the residual value guarantees and will record additional rent expense on a straight-line basis over the remaining lease terms.

Total rent expense, net of minor sublease income for the fiscal years ended January 28, 1996, January 29, 1995 and January 30, 1994 amounted to \$199,710,000, \$164,381,000 and \$137,252,000, respectively. Real estate taxes, insurance, maintenance and operating expenses applicable to the leased property are obligations of the Company under the

building leases. Certain of the store leases provide for contingent rentals based on percentages of sales in excess of specified minimums. Contingent rentals for fiscal years ended January 28, 1996, January 29, 1995 and January 30, 1994 were approximately \$9,068,000, \$9,744,000 and \$8,370,000, respectively.

The approximate future minimum lease payments under capital and operating leases at January 28, 1996 are as follows (in thousands):

<TABLE>  
<CAPTION>

Fiscal Year	Capital Leases	Operating Leases
<S>	<C>	<C>

1996	\$ 13,246	\$ 219,334		
1997	13,246	220,023		
1998	13,252	203,188		
1999	13,320	192,166		
2000	13,637	176,894		
Thereafter	200,368	2,216,857		
			267,069	\$3,228,462
Less: Imputed interest	(184,556)			
Net present value of capital lease obligations	82,513			
Less: Current installments	(993)			
Long-term, excluding current installments	\$ 81,520			

</TABLE>

On the Consolidated Balance Sheet the short-term and long-term obligations for capital leases are included in Current Installments of Long-term Debt and Long-term Debt, respectively. The assets under capital lease recorded at January 28, 1996 and January 29, 1995, net of amortization, in Net Property and Equipment amounted to \$85,987,000 and \$68,647,000, respectively.

NOTE Six Employee Stock Ownership Plan and Trust

During fiscal 1988, the Company established a leveraged Employee Stock Ownership Plan and Trust (ESOP) covering substantially all full-time associates. At January 28, 1996, the ESOP held a total of 7,197,042 shares of the Company's common stock in trust for plan participants. The ESOP purchased the shares in the open market with the proceeds of loans obtained from the Company during fiscal 1992, 1990 and 1989 totaling \$81,442,000. Of that amount, the Company borrowed \$20,000,000 during 1988 in a private placement (see note 2), which in turn was loaned to the ESOP for the purpose of purchasing the shares. The additional \$61,442,000 loaned to the ESOP was funded by cash from operations of the Company. Loans totaling \$16,539,000 to the ESOP are due and payable to the Company in varying amounts from 1996 through 2001.

The Company's Board of Directors authorized loans to the ESOP up to \$90,000,000. The Company may advance funds to the ESOP so that the ESOP may purchase up to an additional \$8,558,000 of the Company's common stock on the open market at prices the ESOP deems desirable.

The Company's common stock purchased by the ESOP is held in a "suspense account" as collateral for amounts loaned by the Company. The Company makes annual contributions to the ESOP at the discretion of its Board of Directors which the plan trustee is required to use to make loan interest and principal payments to the Company. When the Company commits to make contributions to the ESOP, a portion of the common stock is released from the "suspense account" and allocated to participating associates. As of January 28, 1996, 5,471,885 shares had been allocated to participating employees, 809,048 shares were committed to be released, and 916,109 shares were held in suspense by the trustee. Any dividends on unallocated shares are used to service the ESOP's debt, to pay expenses of the ESOP, to purchase additional shares of the Company's common stock or to purchase other investments. The unpaid portion of the ESOP's obligation to the Company is recorded as a reduction of stockholders' equity. The Company's contributions to the ESOP were \$14,000,000, \$12,500,000 and \$6,000,000 for the fiscal years 1995, 1994 and 1993, respectively.

The Company adopted a non-qualified ESOP Restoration Plan in fiscal 1994. The primary purpose of the plan is to provide certain associates deferred compensation that they would have received under the ESOP if not for the maximum compensation limits under the Internal Revenue Code of 1986, as amended. The Company has established a "rabbi trust" to fund the benefits under the ESOP Restoration Plan. Compensation expensed for fiscal years 1995 and 1994 related to this plan was not material. Funds provided to the trust are primarily used to purchase shares of the Company's common stock on the open market.

NOTE Seven Investments

The Company's investments are all classified as available for sale and consisted of the following at January 28, 1996 and January 29, 1995 (in thousands):

<TABLE>  
<CAPTION>

	January 28, 1996				January 29, 1995			
	Amortized cost	unrealized gains	Gross unrealized losses	Gross Fair value	Amortized cost	unrealized gains	Gross unrealized losses	Gross Fair value
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Tax-exempt notes and bonds	\$56,138	\$14	\$ 20	\$56,132	\$ 95,079	\$ -	\$ 1,431	\$ 93,648
U.S. Treasury securities	229	-	-	229	-	-	-	-
U.S. government agency securities	-	-	-	-	13,000	-	296	12,704
Corporate obligations	13,901	-	70	13,831	13,900	-	139	13,761
Preferred stock	10,000	-	-	10,000	14,998	-	301	14,697
Corporate asset-backed securities	-	-	-	-	6,415	-	127	6,288
Other	-	-	-	-	13,636	-	-	13,636
	80,268	14	90	80,192	157,028	-	2,294	154,734
Short-term, including current maturities of long-term investments	54,751	7	2	54,756	57,345	-	633	56,712
Long-term investments	25,517	7	88	25,436	99,683	-	1,661	98,022
Total	\$80,268	\$14	\$90	\$80,192	\$157,028	\$ -	\$2,294	\$154,734

</TABLE>

Proceeds from sales of investments available for sale during the year ended January 28, 1996 were \$30,721,000. Gross gains of \$790,000 and gross losses of

\$69,000 were realized on those sales. Proceeds from sales of investments available for sale for the year ended January 29, 1995 were \$526,696,000. Gross gains of \$1,638,000 and gross losses of \$1,251,000 were realized on fiscal year 1994 sales.

Maturities of investment securities classified as available for sale were as follows at January 28, 1996 and January 29, 1995 (in thousands):

	January 28, 1996		January 29, 1995		Amortized Cost	Fair Value
	Amortized Cost	Fair Value	Amortized Cost	Fair Value		
<S>	<C>	<C>	<C>	<C>		
Due within one year	\$54,751	\$54,756	\$ 52,842	\$ 52,323		
Due after one year through five years	25,517	25,436	99,683	98,022		
Mortgage-backed securities not due at a single date	-	-	4,503	4,389		
			\$80,268	\$80,192	\$157,028	\$154,734

</TABLE>

NOTE Eight Commitments and Contingencies

At January 28, 1996, the Company was contingently liable for approximately \$108,215,000 under outstanding letters of credit issued in connection with purchase commitments.

The Company is a defendant in a class action lawsuit claiming gender discrimination in the Company's Western Division. The action seeks injunctive and declaratory relief and damages. Discovery is in its early stages. While the ultimate results of this litigation cannot be determined, management does not expect that the resolution of this proceeding will have a material adverse effect on the consolidated financial position or results of operations of the Company.

The Company has other litigation arising from the normal course of business. In management's opinion, this litigation will not materially effect the Company's consolidated financial position or results of operations.

NOTE Nine Acquisition of Interest in Canadian Company

Effective February 28, 1994, the Company entered into a partnership and, as a result, acquired 75 percent of Aikenhead's Home Improvement Warehouse which was operating seven warehouse-style home improvement stores in Toronto, London and Kitchener, Ontario, Canada. Subsequent to the acquisition, the partnership has opened 12 additional stores which include two stores each in Edmonton and Calgary, Alberta, four stores in Toronto, Ontario, and four stores in Vancouver, British Columbia. At any time after the sixth anniversary of the purchase, the Company has the option to purchase, or the other partner has the right to cause the Company to purchase, the remaining 25 percent of the Canadian company. The option price is based on the lesser of fair market value or a value to be determined by an agreed-upon formula as of the option exercise date.

The purchase price paid for the 75 percent interest in the Canadian company was approximately \$161,548,000 in cash and was accounted for by the purchase method of accounting. Accordingly, results of the partnership's operation have been included with those of the Company from the date of acquisition. The excess purchase price over the estimated fair value of the net assets as of the acquisition date of \$67,626,000 has been recorded as goodwill and is being amortized over 40 years.

NOTE Ten Quarterly Financial Data, Unaudited

The following is a summary of the unaudited quarterly results of operations for the fiscal years ended January 28, 1996 and January 29, 1995 (in thousands, except per share data):

	<C>	Net sales		Percent increase in comparable profit	Gross earnings	Net equivalent share	Net earnings per common and common share
		<C>	<C>				
<S>	<C>	<C>	<C>	<C>	<C>		
Fiscal year ended January 28, 1996:							
First Quarter	\$ 3,568,962	5%	\$ 997,521	\$157,765	\$0.34		
Second Quarter	4,151,722	4%	1,123,046	212,887	0.45		
Third Quarter	3,997,790	1%	1,076,557	175,473	0.37		
Fourth Quarter	3,751,884	1%	1,088,462	185,398	0.39		
	\$ 15,470,358	3%	\$ 4,285,586	\$731,523	\$1.54		
Fiscal year ended January 29, 1995:							
First Quarter	\$ 2,872,129	7%	\$ 808,757	\$139,734	\$0.31		
Second Quarter	3,287,036	6%	895,817	178,014	0.39		
Third Quarter	3,240,050	9%	880,568	140,774	0.31		
Fourth Quarter	3,077,482	8%	900,351	145,979	0.32		
	\$ 12,476,697	8%	\$ 3,485,493	\$604,501	\$1.32		

</TABLE>

Independent Auditors' Report

The Board of Directors and Stockholders  
The Home Depot, Inc.:

We have audited the accompanying consolidated balance sheets of The Home Depot, Inc. and subsidiaries as of January 28, 1996 and January 29, 1995, and the related consolidated statements of earnings, stockholders' equity, and cash flows for each of the years in the three-year period ended January 28, 1996. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial

statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Home Depot, Inc. and subsidiaries as of January 28, 1996 and January 29, 1995, and the results of their operations and their cash flows for each of the years in the three-year period ended January 28, 1996 in conformity with generally accepted accounting principles.

/s/ KPMG Peat Marwick LLP  
KPMG Peat Marwick LLP  
Atlanta, Georgia  
March 8, 1996

List of Subsidiaries of the Registrant

Name of Subsidiary	State or Jurisdiction of Incorporation	d/b/a
Home Depot International, Inc.	Delaware	
Home Depot U.S.A., Inc.	Delaware	The Home Depot
Homer III, Inc.	Delaware	

Certain subsidiaries were omitted pursuant to Section 601(21)(ii) of Regulation S-K under the Securities Exchange Act of 1934.

INDEPENDENT AUDITORS' CONSENT

The Board of Directors  
The Home Depot, Inc.:

We consent to incorporation by reference in the Registration Statements (No.'s 33-46476, 33-22531, 33-22299, 33-58807 and 333-01385) on Form S-8 of The Home Depot, Inc. of our report dated March 8, 1996, relating to the consolidated balance sheets of The Home Depot, Inc. and subsidiaries as of January 28, 1996 and January 29, 1995, and the related consolidated statements of earnings, stockholders' equity, and cash flows for each of the years in the three-year period ended January 28, 1996, which reports are included or incorporated by reference in the January 28, 1996 Annual Report on Form 10-K of The Home Depot, Inc.

/s/ KPMG Peat Marwick LLP  
KPMG PEAT MARWICK LLP

Atlanta, Georgia  
March 27, 1996

POWER OF ATTORNEY

STATE OF NEW MEXICO

COUNTY OF DONA ANA

KNOW ALL MEN BY THESE PRESENTS, that I, Frank Borman, a director of The Home Depot, Inc., a Delaware corporation, do constitute and appoint Bernard Marcus and Ronald M. Brill, jointly and severally, my true and lawful attorneys-in-fact, each with full power of substitution, for me in any and all capacities, to sign, pursuant to the requirements of the Securities Exchange Act of 1934, the Annual Report of the Corporation on Form 10-K for the fiscal year of the Corporation ended January 28, 1996, and to file the same with the Securities and Exchange Commission, together with all exhibits thereto and other documents in connection therewith, including such as are incorporated therein by reference, and to sign on my behalf and in my stead, in any and all capacities, any amendments to said Annual Report, incorporating such changes as any of the said attorneys-in-fact deems appropriate, hereby ratifying and confirming all that each of said attorneys-in-fact deems appropriate, hereby ratifying and confirming all that each of said attorneys-in-fact, or his substitute or substitutes, may do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 21 day of March, 1996.

/s/ Frank Borman  
Frank Borman

ACKNOWLEDGEMENT

BEFORE me this 21 day of March, 1996, came Frank Borman, personally known to me, who in my presence did sign and seal the above and foregoing Power of Attorney and acknowledged the same as his true act and deed.

/s/ Patricia M. Frietze  
NOTARY PUBLIC

State of New Mexico

My Commission Expires: 11/22/99

[NOTARIAL SEAL]

POWER OF ATTORNEY

STATE OF GEORGIA

COUNTY OF FULTON

KNOW ALL MEN BY THESE PRESENTS, that I, Johnnetta B. Cole, a director of The Home Depot, Inc., a Delaware corporation, do constitute and appoint Bernard Marcus and Ronald M. Brill, jointly and severally, my true and lawful attorneys-in-fact, each with full power of substitution, for me in any and all capacities, to sign, pursuant to the requirements of the Securities Exchange Act of 1934, the Annual Report of the Corporation on Form 10-K for the fiscal year of the Corporation ended January 28, 1996, and to file the same with the Securities and Exchange Commission, together with all exhibits thereto and other documents in connection therewith, including such as are incorporated therein by reference, and to sign on my behalf and in my stead, in any and all capacities, any amendments to said Annual Report, incorporating such changes as any of the said attorneys-in-fact deems appropriate, hereby ratifying and confirming all that each of said attorneys-in-fact deems appropriate, hereby ratifying and confirming all that each of said attorneys-in-fact, or his substitute or substitutes, may do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 21 day of March, 1996.

/s/ Johnnetta B. Cole  
Johnnetta B. Cole

ACKNOWLEDGEMENT

BEFORE me this 21 day of March, 1996, came Johnnetta B. Cole, personally known to me, who in my presence did sign and seal the above and foregoing Power of Attorney and acknowledged the same as her true act and deed.

/s/ Edna D. Owens  
NOTARY PUBLIC

State of Georgia

My Commission Expires: July 30, 1999  
[NOTARIAL SEAL]

POWER OF ATTORNEY



STATE OF TEXAS

COUNTY OF DALLAS

KNOW ALL MEN BY THESE PRESENTS, that I, Berry R. Cox, a director of The Home Depot, Inc., a Delaware corporation, do constitute and appoint Bernard Marcus and Ronald M. Brill, jointly and severally, my true and lawful attorneys-in-fact, each with full power of substitution, for me in any and all capacities, to sign, pursuant to the requirements of the Securities Exchange Act of 1934, the Annual Report of the Corporation on Form 10-K for the fiscal year of the Corporation ended January 28, 1996, and to file the same with the Securities and Exchange Commission, together with all exhibits thereto and other documents in connection therewith, including such as are incorporated therein by reference, and to sign on my behalf and in my stead, in any and all capacities, any amendments to said Annual Report, incorporating such changes as any of the said attorneys-in-fact deems appropriate, hereby ratifying and confirming all that each of said attorneys-in-fact deems appropriate, hereby ratifying and confirming all that each of said attorneys-in-fact, or his substitute or substitutes, may do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 22 day March, 1996.

/s/ Berry R. Cox  
Berry R. Cox

ACKNOWLEDGEMENT

BEFORE me this 22 day of March, 1996, came Berry R. Cox, personally known to me, who in my presence did sign and seal the above and foregoing Power of Attorney and acknowledged the same as his true act and deed.

/s/ Cindy Lou Wolf  
NOTARY PUBLIC

State of Texas  
My Commission Expires: 8/24/96  
[NOTARIAL SEAL]

POWER OF ATTORNEY

STATE OF TEXAS

COUNTY OF DALLAS

KNOW ALL MEN BY THESE PRESENTS, that I, Milledge A. Hart, III, a director of The Home Depot, Inc., a Delaware corporation, do constitute and appoint Bernard Marcus and Ronald M. Brill, jointly and severally, my true and lawful attorneys-in-fact, each with full power of substitution, for me in any and all capacities, to sign, pursuant to the requirements of the Securities Exchange Act of 1934, the Annual Report of the Corporation on Form 10-K for the fiscal year of the Corporation ended January 28, 1996, and to file the same with the Securities and Exchange Commission, together with all exhibits thereto and other documents in connection therewith, including such as are incorporated therein by reference, and to sign on my behalf and in my stead, in any and all capacities, any amendments to said Annual Report, incorporating such changes as any of the said attorneys-in-fact deems appropriate, hereby ratifying and confirming all that each of said attorneys-in-fact deems appropriate, hereby ratifying and confirming all that each of said attorneys-in-fact, or his substitute or substitutes, may do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 21 day of March, 1996.

/s/ Milledge A. Hart, III  
Milledge A. Hart, III

ACKNOWLEDGEMENT

BEFORE me this 21 day of March, 1996, came Milledge A. Hart, III, personally known to me, who in my presence did sign and seal the above and foregoing Power of Attorney and acknowledged the same as his true act and deed.

/s/ Kathie Presas  
NOTARY PUBLIC

State of Texas

My Commission Expires: 2/7/2000  
[NOTARIAL SEAL]

POWER OF ATTORNEY

STATE OF GEORGIA

COUNTY OF COBB

KNOW ALL MEN BY THESE PRESENTS, that I, James W. Inglis, a director of The Home Depot, Inc., a Delaware corporation, do constitute and appoint Bernard

Marcus and Ronald M. Brill, jointly and severally, my true and lawful attorneys-in-fact, each with full power of substitution, for me in any and all capacities, to sign, pursuant to the requirements of the Securities Exchange Act of 1934, the Annual Report of the Corporation on Form 10-K for the fiscal year of the Corporation ended January 28, 1996, and to file the same with the Securities and Exchange Commission, together with all exhibits thereto and other documents in connection therewith, including such as are incorporated therein by reference, and to sign on my behalf and in my stead, in any and all capacities, any amendments to said Annual Report, incorporating such changes as any of the said attorneys-in-fact deems appropriate, hereby ratifying and confirming all that each of said attorneys-in-fact deems appropriate, hereby ratifying and confirming all that each of said attorneys-in-fact, or his substitute or substitutes, may do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 21 day of March, 1996.

/s/ James W. Inglis  
James W. Inglis

#### ACKNOWLEDGEMENT

BEFORE me this 21st day of March, 1996, came James W. Inglis, personally known to me, who in my presence did sign and seal the above and foregoing Power of Attorney and acknowledged the same as his true act and deed.

/s/ Margie Bidwell  
NOTARY PUBLIC

State of Georgia

My Commission Expires: August 14, 1998  
[NOTARIAL SEAL]

#### POWER OF ATTORNEY

STATE OF GEORGIA

COUNTY OF COBB

KNOW ALL MEN BY THESE PRESENTS, that I, Donald R. Keough, a director of The Home Depot, Inc., a Delaware corporation, do constitute and appoint Bernard Marcus and Ronald M. Brill, jointly and severally, my true and lawful attorneys-in-fact, each with full power of substitution, for me in any and all capacities, to sign, pursuant to the requirements of the Securities Exchange

Act of 1934, the Annual Report of the Corporation on Form 10-K for the fiscal year of the Corporation ended January 28, 1996, and to file the same with the Securities and Exchange Commission, together with all exhibits thereto and other documents in connection therewith, including such as are incorporated therein by reference, and to sign on my behalf and in my stead, in any and all capacities, any amendments to said Annual Report, incorporating such changes as any of the said attorneys-in-fact deems appropriate, hereby ratifying and confirming all that each of said attorneys-in-fact deems appropriate, hereby ratifying and confirming all that each of said attorneys-in-fact, or his substitute or substitutes, may do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 21st day of March, 1996.

/s/ Donald R. Keough  
Donald R. Keough

ACKNOWLEDGEMENT

BEFORE me this 21st day of March, 1996, came Donald R. Keough, personally known to me, who in my presence did sign and seal the above and foregoing Power of Attorney and acknowledged the same as his true act and deed.

/s/ Mary Beth Meeder  
NOTARY PUBLIC

State of Georgia

My Commission Expires: January 11, 2000  
[NOTARIAL SEAL]

POWER OF ATTORNEY

STATE OF NEW YORK

COUNTY OF BRONX

KNOW ALL MEN BY THESE PRESENTS, that I, Kenneth G. Langone, a director of The Home Depot, Inc., a Delaware corporation, do constitute and appoint Bernard Marcus and Ronald M. Brill, jointly and severally, my true and lawful attorneys-in-fact, each with full power of substitution, for me in any and all capacities, to sign, pursuant to the requirements of the Securities Exchange Act of 1934, the Annual Report of the Corporation on Form 10-K for the fiscal year of the Corporation ended January 28, 1996, and to file the same with the Securities and Exchange Commission, together with all exhibits thereto and

other documents in connection therewith, including such as are incorporated therein by reference, and to sign on my behalf and in my stead, in any and all capacities, any amendments to said Annual Report, incorporating such changes as any of the said attorneys-in-fact deems appropriate, hereby ratifying and confirming all that each of said attorneys-in-fact deems appropriate, hereby ratifying and confirming all that each of said attorneys-in-fact, or his substitute or substitutes, may do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 21 day of March, 1996.

/s/ Kenneth G. Langone  
Kenneth G. Langone

ACKNOWLEDGEMENT

BEFORE me this 21st day of March, 1996, came Kenneth G. Langone, personally known to me, who in my presence did sign and seal the above and foregoing Power of Attorney and acknowledged the same as his true act and deed.

/s/ Marcia Kucher  
NOTARY PUBLIC

State of New York

My Commission Expires: 9/30/96  
[NOTARIAL SEAL]

POWER OF ATTORNEY

STATE OF GEORGIA

COUNTY OF COBB

KNOW ALL MEN BY THESE PRESENTS, that I, M. Faye Wilson, a director of The Home Depot, Inc., a Delaware corporation, do constitute and appoint Bernard Marcus and Ronald M. Brill, jointly and severally, my true and lawful attorneys-in-fact, each with full power of substitution, for me in any and all capacities, to sign, pursuant to the requirements of the Securities Exchange Act of 1934, the Annual Report of the Corporation on Form 10-K for the fiscal year of the Corporation ended January 28, 1996, and to file the same with the Securities and Exchange Commission, together with all exhibits thereto and other documents in connection therewith, including such as are incorporated therein by reference, and to sign on my behalf and in my stead, in any and all capacities, any amendments to said Annual Report, incorporating such

changes as any of the said attorneys-in-fact deems appropriate, hereby ratifying and confirming all that each of said attorneys-in-fact deems appropriate, hereby ratifying and confirming all that each of said attorneys-in-fact, or his substitute or substitutes, may do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 26th day of March, 1996.

/s/ M. Faye Wilson  
M. Faye Wilson

#### ACKNOWLEDGEMENT

BEFORE me this 26 day of March, 1996, came M. Faye Wilson, personally known to me, who in my presence did sign and seal the above and foregoing Power of Attorney and acknowledged the same as her true act and deed.

Margie Bidwell  
NOTARY PUBLIC

State of Georgia

My Commission Expires: August 14, 1998  
[NOTARIAL SEAL]

<TABLE> <S> <C>

<ARTICLE> 5

<MULTIPLIER> 1,000

<S>	<C>
<PERIOD-TYPE>	YEAR
<FISCAL-YEAR-END>	JAN-28-1996
<PERIOD-END>	JAN-28-1996
<CASH>	53,269
<SECURITIES>	54,756
<RECEIVABLES>	325,384
<ALLOWANCES>	0
<INVENTORY>	2,180,318
<CURRENT-ASSETS>	2,671,969
<PP&E>	4,968,895
<DEPRECIATION>	507,871
<TOTAL-ASSETS>	7,354,033
<CURRENT-LIABILITIES>	1,416,482
<BONDS>	720,080
<COMMON>	23,855
<PREFERRED-MANDATORY>	0
<PREFERRED>	0
<OTHER-SE>	4,963,911
<TOTAL-LIABILITY-AND-EQUITY>	7,354,033
<SALES>	15,470,358
<TOTAL-REVENUES>	15,470,358
<CGS>	11,184,772
<TOTAL-COSTS>	11,184,772
<OTHER-EXPENSES>	3,105,732
<LOSS-PROVISION>	0
<INTEREST-EXPENSE>	(15,449)
<INCOME-PRETAX>	1,195,303
<INCOME-TAX>	463,780
<INCOME-CONTINUING>	731,523
<DISCONTINUED>	0
<EXTRAORDINARY>	0
<CHANGES>	0
<NET-INCOME>	731,523
<EPS-PRIMARY>	1.54
<EPS-DILUTED>	1.54

</TABLE>