HOME DEPOT NYSE-HD

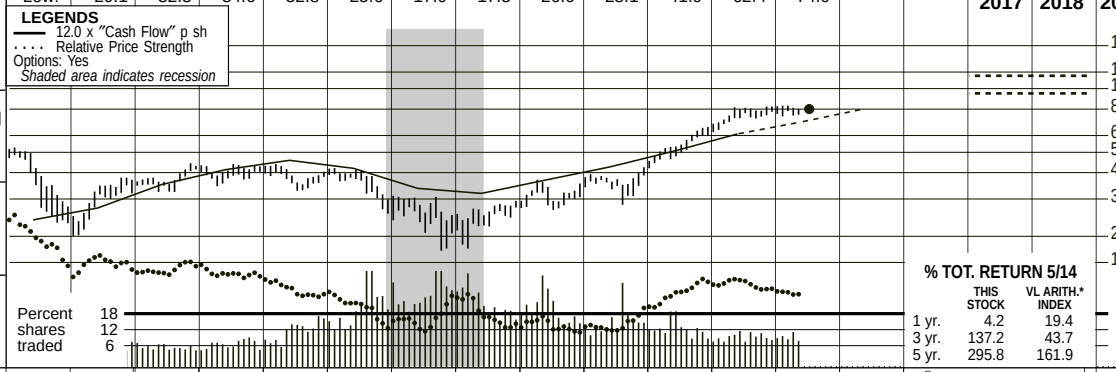
RECENT PRICE	P/E RATIO		RELATIVE P/E RATIO	DIV'D YLD	
80.02	18.2	(Trailing: 20.6 Median: 15.0)	0.98	2.3%	VALUE LINE

TIMELINESS 3 Lowered 6/21/13
SAFETY 1 Raised 10/5/07
TECHNICAL 3 Lowered 6/20/14
BETA .90 (1.00 = Market)

High:	37.9	44.3	44.0	43.9	42.0	31.1	29.4	37.0	42.5	65.9	82.5	83.2
Low:	20.1	32.3	34.6	32.8	25.6	17.0	17.5	26.6	28.1	41.9	62.4	74.0

Target Price Range
2017 | 2018 | 2019

LEGENDS
— 12.0 x "Cash Flow" p sh
.... Relative Price Strength
Options: Yes
Shaded area indicates recession



2017-19 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	115	(+45%)	12%
Low	95	(+20%)	7%

Insider Decisions

	A	S	O	N	D	J	F	M	A
to Buy	0	2	0	1	0	0	0	0	0
Options	0	0	0	2	0	0	0	4	0
to Sell	0	1	0	4	0	0	0	8	0

Institutional Decisions

	3Q2013	4Q2013	1Q2014
to Buy	519	572	616
to Sell	620	625	584
Hld's(000)	1037996	1018547	992281

% TOT. RETURN 5/14

	THIS STOCK	VL ARITH.* INDEX
1 yr.	4.2	19.4
3 yr.	137.2	43.7
5 yr.	295.8	161.9

1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	© VALUE LINE PUB. LLC	17-19
13.65	16.68	19.68	22.83	25.40	27.31	33.86	38.38	46.11	45.77	42.03	38.84	41.90	45.80	50.37	57.11	*62.60*	*68.15*	Sales per sh A	*87.05*
.90	1.21	1.37	1.62	1.99	2.27	2.93	3.44	3.82	3.50	2.81	2.66	3.07	3.55	4.21	5.08	*5.80*	*6.70*	"Cash Flow" per sh	*8.25*
.71	1.00	1.10	1.29	1.56	1.88	2.26	2.72	2.79	2.27	1.78	1.66	2.03	2.47	3.10	3.76	*4.40*	*5.15*	Earnings per sh AB	*6.50*
.08	.11	.16	.17	.21	.26	.33	.40	.68	.90	.90	.90	.95	1.04	1.16	1.56	*1.88*	*2.20*	Div'ds Decl'd per sh C■	*3.00*
3.95	5.36	6.46	7.71	8.64	9.44	11.19	12.67	12.71	10.48	10.48	11.42	11.64	11.64	11.98	9.07	*8.50*	*9.25*	Book Value per sh E	*10.45*
2213.2	2304.3	2323.7	2345.9	2293.0	2373.0	2158.7	2124.0	1970.0	1690.0	1696.0	1698.0	1623.0	1537.0	1484.0	1380.0	*1320.0*	*1265.0*	Common Shs Outst'g D	*1100.0*
40.1	45.8	46.6	35.6	22.6	16.7	16.7	14.7	13.7	15.4	14.3	15.3	15.6	15.0	17.9	20.2	*Bold figures are*		Avg Ann'l P/E Ratio	*16.0*
2.09	2.61	3.03	1.82	1.23	.95	.88	.78	.74	.82	.86	1.02	.99	.94	1.14	1.13	*Value Line*		Relative P/E Ratio	*1.00*
.3%	.2%	.3%	.4%	.6%	.8%	.9%	1.0%	1.8%	2.6%	3.5%	3.5%	3.0%	2.8%	2.1%	2.1%	*estimates*		Avg Ann'l Div'd Yield	*2.9%*

CAPITAL STRUCTURE as of 5/4/14

Total Debt $14741 mill. **Due in 5 Yrs** $4391 mill.
LT Debt $14707 mill. **LT Interest** $880 mill.
(Total interest coverage: 12.9x. LT int earned: 13.5x)
(55% of Cap'l)

Leases, Uncapitalized Annual rentals $895 mill.
No Defined Benefit Pension Plan

Pfd Stock None

Common Stock 1,367,617,382 shs.
as of 5/20/14
MARKET CAP: $109 billion (Large Cap)

2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015		17-19
73094	81511	90837	77349	71288	65955	67997	70395	74754	78812	*82600*	*86200*	Sales ($mill) A	*95750*
35.2%	33.5%	32.8%	33.6%	33.7%	33.9%	34.3%	34.5%	34.6%	34.8%	*34.8%*	*34.8%*	Gross Margin	*34.7%*
12.6%	13.3%	12.6%	11.6%	8.6%	10.1%	11.0%	11.7%	12.7%	13.7%	*14.4%*	*14.4%*	Operating Margin	*13.5%*
1890	2042	2147	2234	2274	2244	2248	2252	2256	2263	*2270*	*2277*	Number of Stores	*2305*
5001	5838	5761	4210	2982	2811	3371	3883	4680	5385	*5960*	*6695*	Net Profit ($mill)	*7150*
36.8%	37.1%	38.1%	36.4%	37.4%	34.5%	36.7%	36.0%	36.5%	36.4%	*37.0%*	*37.0%*	Income Tax Rate	*37.0%*
6.8%	7.2%	6.3%	5.4%	4.2%	4.3%	5.0%	5.5%	6.3%	6.8%	*7.2%*	*7.8%*	Net Profit Margin	*7.5%*
3661	2445	5069	1968	2209	3537	3357	5144	3910	4530	*4500*	*4500*	Working Cap'l ($mill)	*5100*
2148	2672	11643	11383	9667	8662	8707	10758	9475	14691	*14700*	*14700*	Long-Term Debt ($mill)	*12000*
24158	26909	25030	17714	17777	19393	18889	17898	17777	12522	*11200*	*11700*	Shr. Equity ($mill)	*11500*
19.1%	20.0%	16.2%	15.5%	11.9%	11.1%	13.0%	14.5%	18.3%	21.0%	*24.5%*	*27.0%*	Return on Total Cap'l	*30.5%*
20.7%	21.7%	23.0%	23.8%	16.8%	14.5%	17.8%	21.7%	26.3%	43.0%	*53.0%*	*57.0%*	Return on Shr. Equity	*62.0%*
17.7%	18.5%	17.4%	14.1%	8.2%	6.6%	9.5%	12.6%	16.5%	25.1%	*30.5%*	*33.0%*	Retained to Com Eq	*33.5%*
14%	15%	24%	41%	51%	54%	47%	42%	37%	42%	*43%*	*43%*	All Div'ds to Net Prof	*46%*

CURRENT POSITION ($MILL.)	2012	2013	5/4/14
Cash Assets	2494	1929	2511
Receivables	1395	1398	1831
Inventory (LIFO)	10710	11057	12343
Other	773	895	830
Current Assets	15372	15279	17515
Accts Payable	5376	5797	7739
Debt Due	1321	33	34
Other	4765	4919	5492
Current Liab.	11462	10749	13265

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '11-'13 to '17-'19
Sales	7.5%	2.5%	*9.5%*
"Cash Flow"	8.0%	5.0%	*11.5%*
Earnings	7.0%	6.5%	*13.0%*
Dividends	19.5%	8.5%	*15.5%*
Book Value	2.5%	-0.5%	*-0.5%*

Fiscal Year Begins	QUARTERLY SALES ($ mill.) A Apr.Per	Jul.Per	Oct.Per	Jan.Per	Full Fiscal Year
2011	16823	20232	17326	16014	70395
2012	17808	20570	18130	18246	74754
2013	19124	22522	19470	17696	78812
2014	19687	*23600*	*20460*	*18853*	*82600*
2015	*21000*	*24300*	*21300*	*19600*	*86200*

Fiscal Year Begins	EARNINGS PER SHARE A B Apr.Per	Jul.Per	Oct.Per	Jan.Per	Full Fiscal Year
2011	.50	.86	.60	.51	2.47
2012	.65	1.01	.74	.67	3.10
2013	.83	1.24	.95	.73	3.76
2014	.96	*1.45*	*1.11*	*.88*	*4.40*
2015	*1.15*	*1.65*	*1.30*	*1.05*	*5.15*

Cal-endar	QUARTERLY DIVIDENDS PAID C ■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2010	.236	.236	.236	.236	.95
2011	.25	.25	.25	.29	1.04
2012	.29	.29	.29	.29	1.16
2013	.39	.39	.39	.39	1.56
2014	.47	.47			

BUSINESS: The Home Depot, Inc. operates a chain of 2,263 retail building supply/home improvement "warehouse" stores across the U.S. and in Canada and Mexico (as of 5/4/14). Acquired Hughes Supply in 1/06. Average store size: 104,000 sq. ft. indoor plus 24,000 sq. ft. garden center. Items stocked: about 35,000. Product lines include building materials, lumber, floor/wall coverings; plumbing, heating, and electrical; paint & furniture; seasonal and specialty items; hardware & tools. Has about 365,000 employees. Off. & dir. own less than 1.0% of common; Capital World Investors, 10.3% (4/14 Proxy). Chairman & CEO: Frank Blake. Inc.: DE. Address: 2455 Paces Ferry Road N.W., Atlanta, Georgia 30339. Telephone: 770-433-8211. Internet: www.homedepot.com.

The Home Depot reported fiscal first-quarter (ended May 4th) results that fell short of forecasts, but management's outlook reassured Wall Street. While we expected lingering inclement weather to create a slow start to the spring selling season, the impact was more severe than we had anticipated. Indeed, sales and adjusted earnings were slightly below our calls, but rose 3% and 16% year over year, respectively, while comparable-store sales climbed 2.6%.

Our near-term expectations have not changed much, despite the fiscal first-quarter miss. Weather sapped roughly 100 basis points from April-period comps, and sales in regions where the weather was not an issue were quite strong. Too, potential sales that were lost last quarter will likely be recouped in the July interim. May comps are tough, but management described sales trends that month as "robust". Additionally, sales to professional customers have remained strong, big-ticket transactions continue to grow, and core products have seen steady demand (weakness in the April term was largely due to seasonal and outdoor products). Finally, online sales, which were up 40% in the fiscal first quarter, and the company's investments in interconnected retail (online, in store, and mobile) should continue to gain steam, as well.

Housing suffered some reversals in late 2013 and early 2014. A harsh winter, rising mortgage rates, and falling affordability levels weighed on the sector. A sharp rebound in April was followed by a backtrack in May when housing starts and building permits fell month to month. We are not overly concerned, however, given the aggregate levels of both starts and permits. Also, inventories are up (the lack of available housing stock has been a core problem), mortgage rates have trended lower, home prices have climbed, and the broader economy has been picking up at an irregular speed.

All told, we shaved a nickel from our 2014 earnings call to account for the April-period miss, but management's outlook was virtually unchanged. We still like HD for conservative investors, as risk-adjusted total return potential appears favorable at the recent quotation.

Matthew E. Spencer, CFA June 27, 2014

(A) Fiscal year ends Sunday closest to January 31st of the following year.
(B) Diluted earnings. Excludes nonrecurring gains/(losses): '07, ($0.10); '08, ($0.44); '09, ($0.09); '10, ($0.02); '12, ($0.10); '14, $0.04. Totals may not sum due to rounding. Next earnings report due August 19th.
(C) Dividends historically paid in March, June, Sept., and Dec. ■ Div'd reinvest. plan avail.
(D) In millions, adjusted for stock splits.
(E) Includes intangibles. At 2/2/14: $1,289 mill. ($0.93/share).

Company's Financial Strength	A++
Stock's Price Stability	90
Price Growth Persistence	45
Earnings Predictability	80