

## notes to consolidated financial statements

### Note 14: Leases

We lease land, buildings and equipment under noncancelable lease agreements with expiration dates ranging from 2004 to 2080. Certain leases include renewal provisions at our option. Most of the leases provide for additional rent payments based upon specific percentages of sales and require us to pay for certain common area maintenance and other costs.

Fiscal Year	2003	2002	2001
Minimum rent:			
Store locations	\$24,071	\$19,609	\$26,951
Offices, warehouses and equipment	23,158	27,610	20,144
Percentage rent:			
Store locations	7,920	7,776	8,047
<b>Total rent expense</b>	<b>\$55,149</b>	<b>\$54,995</b>	<b>\$55,142</b>

Future minimum lease payments as of January 31, 2004 are as follows:

Year ended January 31,	Capital Leases	Operating Leases
2005	\$2,398	\$73,265
2006	1,932	69,522
2007	1,564	65,216
2008	1,565	61,140
2009	1,565	58,332
Thereafter	7,167	390,731
<b>Total minimum lease payments</b>	<b>16,191</b>	<b>\$718,206</b>
Less amount representing interest	4,704	
<b>Present value of net minimum lease payments</b>	<b>\$11,487</b>	

### Note 15: Stock-Based Compensation

**Stock Option Plan:** We have a stock option plan ("the Plan") under which stock options, performance share units and restricted stock are granted to key employees. Options vest over periods ranging from four to eight years, and expire ten years after the date of grant.

**Performance Share Units:** In 2003, 2002 and 2001 we granted 113,904, 190,396 and 273,864 performance share units, which will vest over three years if certain financial goals are met. For the first time, 227,881 performance share units vested at 125% of their value as of January 31, 2004. Employees do not pay any monetary consideration upon vesting and may elect to receive common stock or cash. At January 31, 2004 and 2003, \$18,657 and \$4,441 were recorded in accrued salaries, wages and related benefits for the 2001-2003 grants. As of January 31, 2004 and 2003, 284,805 and 415,640 units were outstanding.

At January 31, 2004, approximately 4,166,239 shares are reserved for future stock option grants pursuant to the Plan.

We apply APB No. 25, "Accounting for Stock Issued to Employees," in measuring compensation costs under our stock-based compensation programs. Stock options are issued at the fair market value of the stock at the date of grant. Accordingly, we recognized no compensation cost for stock options issued under the Plan. For performance share units, we record compensation expense over the performance period at the fair value of the stock on the date when it is probable that the employees will earn the units. Stock-based compensation expense for 2003, 2002 and 2001 was \$17,894, \$1,130 and \$3,414.