UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended May 4, 2003

-OR-

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

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)	**95-3261426** (I.R.S. Employer Identification Number)
2455 Paces Ferry Road N.W. Atlanta, Georgia (Address of principal executive offices)	**30339** (Zip Code)

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

(Former name, former address and former fiscal year, if changed since last report)

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 whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes ☒ No ☐

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

$.05 par value 2,297,612,276 Shares, as of June 5, 2003

THE HOME DEPOT, INC. AND SUBSIDIARIES

INDEX TO FORM 10-Q

THE HOME DEPOT, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EARNINGS
(Unaudited)

(In Millions, Except Per Share Data)	**Three Months Ended May 4, 2003**	**Three Months Ended May 5, 2002**
NET SALES	$ 15,104	$ 14,282
Cost of Merchandise Sold	10,275	9,922
GROSS PROFIT	4,829	4,360
Operating Expenses:		
Selling and Store Operating	3,095	2,745
Pre-Opening	15	25
General and Administrative	271	228
Total Operating Expenses	3,381	2,998
OPERATING INCOME	1,448	1,362
Interest Income (Expense):		
Interest and Investment Income	12	17
Interest Expense	(18)	(7)
Interest, Net	(6)	10
EARNINGS BEFORE PROVISION FOR INCOME TAXES	1,442	1,372
Provision for Income Taxes	535	516
NET EARNINGS	$ 907	$ 856
Weighted Average Common Shares	2,292	2,349
BASIC EARNINGS PER SHARE	$ 0.40	$ 0.36
Diluted Weighted Average Common Shares	2,297	2,365

DILUTED EARNINGS PER SHARE	$	0.39	$	0.36
Dividends Declared Per Share	$	0.06	$	0.05

See accompanying note to consolidated financial statements.

THE HOME DEPOT, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In Millions, Except Per Share Data)		May 4, 2003		February 2, 2003
ASSETS				
Current Assets:				
Cash and Cash Equivalents	$	4,264	$	2,188
Short-Term Investments		76		65
Receivables, Net		1,386		1,072
Merchandise Inventories		9,264		8,338
Other Current Assets		319		254
Total Current Assets		15,309		11,917
Property and Equipment, at cost		21,463		20,733
Less: Accumulated Depreciation and Amortization		3,809		3,565
Net Property and Equipment		17,654		17,168
Notes Receivable		99		107
Cost in Excess of the Fair Value of Net Assets Acquired		585		575
Other Assets		100		244
	$	33,747	$	30,011
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current Liabilities:				
Accounts Payable	$	6,397	$	4,560
Accrued Salaries and Related Expenses		945		809
Sales Taxes Payable		436		307
Deferred Revenue		1,284		998
Income Taxes Payable		692		227
Other Accrued Expenses		1,171		1,134
Total Current Liabilities		10,925		8,035
Long-Term Debt, excluding current installments		1,321		1,321
Other Long-Term Liabilities		461		491
Deferred Income Taxes		362		362
STOCKHOLDERS' EQUITY				
Common Stock, par value $0.05, authorized: 10,000 shares, issued and outstanding 2,363 shares at May 4, 2003 and 2,362 shares at February 2, 2003		118		118
Paid-In Capital		5,894		5,858
Retained Earnings		16,740		15,971
Accumulated Other Comprehensive Gain (Loss)		1		(82)
Unearned Compensation		(75)		(63)
Treasury Stock at cost, 69 shares at May 4, 2003 and February 2, 2003		(2,000)		(2,000)
Total Stockholders' Equity		20,678		19,802
	$	33,747	$	30,011

See accompanying note to consolidated financial statements.

THE HOME DEPOT, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In Millions)	Three Months Ended May 4, 2003	Three Months Ended May 5, 2002
CASH FLOWS FROM OPERATIONS:		
Net Earnings	$ 907	$ 856
Reconciliation of Net Earnings to Net Cash Provided by Operations:		
Depreciation and Amortization	248	209
Increase in Receivables, Net	(306)	(121)
Increase in Merchandise Inventories	(904)	(693)
Increase in Accounts Payable and Accrued Expenses	2,071	2,440
Increase in Deferred Revenue	285	173
Increase in Income Taxes Payable	468	422
Other	2	(79)
Net Cash Provided by Operations	2,771	3,207
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital Expenditures	(756)	(639)
Proceeds from Sales of Property and Equipment	142	34
Proceeds from Sale of Business, Net	—	22
Purchases of Investments	(74)	(193)
Proceeds from Maturities of Investments	113	68
Other	—	7
Net Cash Used In Investing Activities	(575)	(701)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayments of Long-Term Debt	(4)	(1)
Proceeds from Sale of Common Stock, Net	12	117
Cash Dividends Paid to Stockholders	(138)	(118)
Net Cash Used In Financing Activities	(130)	(2)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	10	1
Increase in Cash and Cash Equivalents	2,076	2,505
Cash and Cash Equivalents at Beginning of Period	2,188	2,477
Cash and Cash Equivalents at End of Period	$ 4,264	$ 4,982

See accompanying note to consolidated financial statements.

THE HOME DEPOT, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

(In Millions)	Three Months Ended May 4, 2003	Three Months Ended May 5, 2002
Net Earnings	$ 907	$ 856

Other Comprehensive Income[1]:

Foreign Currency Translation Adjustments	83	88
Change in Fair Value of Derivatives Accounted for as Hedges	—	3
Total Other Comprehensive Income	83	91
Comprehensive Income	$ 990	$ 947

(1) Components of comprehensive income are reported net of related taxes.

See accompanying note to consolidated financial statements.

THE HOME DEPOT, INC. AND SUBSIDIARIES

NOTE TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation—The accompanying consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. These statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended February 2, 2003, as filed with the Securities and Exchange Commission (File No. 1-8207).

Change in Accounting for Stock-Based Compensation—Effective February 3, 2003, the Company adopted the fair value method of recording compensation expense related to all employee stock-based compensation issued after February 2, 2003, in accordance with Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation," and SFAS No. 148, "Accounting for Stock-Based Compensation—Transition and Disclosure." During the first quarter of fiscal 2003, the fair value of employee stock-based compensation issued after February 2, 2003 as determined using the Black-Scholes option-pricing model is being expensed over the vesting period of the related stock-based compensation. Awards under the Company's option plans typically vest 25% per year commencing on the first anniversary date of the grant. The stock-based compensation expense included in the determination of net earnings for the first quarter of fiscal 2003 is less than that which would have been recognized if the fair value based method had been applied to all such compensation since the original effective date of SFAS No. 123. Prior to February 3, 2003, the Company accounted for its plans under the recognition and measurement provisions of Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations, and accordingly no stock-based compensation expense related to stock option awards was recorded in the first quarter of fiscal 2002. The following table shows the effect on net earnings and earnings per share if the fair value based method had been applied to all employee stock-based compensation in each period.

	Three Months Ended	
	May 4, 2003	May 5, 2002
Net Earnings, as reported	$ 907	$ 856
Add: Stock-based employee compensation expense included in reported net earnings, net of related tax effects	4	1
Deduct: Total stock-based compensation expense determined under the fair value based method for all awards, net of related tax effects	(63)	(60)
Pro forma net earnings	$ 848	$ 797
Basic earnings per share:		
As reported	$ 0.40	$ 0.36
Pro forma	$ 0.37	$ 0.34
Diluted earnings per share:		
As reported	$ 0.39	$ 0.36
Pro forma	$ 0.37	$ 0.34

Service Revenues

Total revenues include service revenues generated through a variety of installation and home maintenance programs in Home Depot and EXPO stores, as well as through the Company's subsidiary, HD Builder Solutions Group, Inc. In these programs, the customer selects and purchases materials for a project and the Company arranges professional installation. When the Company subcontracts the installation of a project and the subcontractor provides material as part of the installation, both the material and labor are included in service revenues. The Company recognizes this revenue when the service for the customer is completed. All payments received prior to the completion of services are recorded as Deferred Revenue in the accompanying Consolidated Balance Sheets. Net service revenues, including the impact of deferred revenue, were $562 million for the three-month period ended May 4, 2003, compared to $414 million for the three-month period ended May 5, 2002.

Valuation Reserves

As of the end of the first quarter of fiscal 2003, the valuation allowances for merchandise inventories and uncollectible accounts receivable were not material.

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

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

We have reviewed the accompanying consolidated balance sheet of The Home Depot, Inc. and subsidiaries as of May 4, 2003, and the consolidated statements of earnings, comprehensive income and cash flows for the three-month period ended May 4, 2003. These consolidated financial statements are the responsibility of the Company's management.

We conducted our review in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures to financial data, and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the United States of America, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the consolidated financial statements referred to above for them to be in conformity with accounting principles generally accepted in the United States of America.

We previously audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheet of The Home Depot, Inc. and subsidiaries as of February 2, 2003, and the related consolidated statements of earnings, stockholders' equity and comprehensive income, and cash flows for each of the years in the three-year period then ended (not presented herein); and in our report dated February 24, 2003, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated balance sheet as of February 2, 2003, is fairly presented, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

/s/ KPMG LLP

KPMG LLP
Atlanta, Georgia

May 19, 2003

Item 2.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION**

SELECTED CONSOLIDATED STATEMENTS OF EARNINGS DATA

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

	Three Months Ended		Percentage Increase (Decrease) in Dollar Amounts
	May 4, 2003	May 5, 2002	Three Months
NET SALES	100.0%	100.0%	5.8%
GROSS PROFIT	32.0	30.5	10.8
Operating Expenses:			
Selling and Store Operating	20.5	19.2	12.8
Pre-Opening	0.1	0.2	(40.0)
General and Administrative	1.8	1.6	18.9
Total Operating Expenses	22.4	21.0	12.8
OPERATING INCOME	9.6	9.5	6.3
Interest Income (Expense):			
Interest and Investment Income	0.1	0.1	(29.4)

Interest Expense	(0.1)	0.0	157.1
Interest, Net	0.0	0.1	(160.0)
EARNINGS BEFORE PROVISION FOR INCOME TAXES	9.6	9.6	5.1
Provision for Income Taxes	3.6	3.6	3.7
NET EARNINGS	6.0%	6.0%	6.0%
Selected Sales Data(1)			
Number of Transactions (in millions)	296	284	4.2%
Average Sale per Transaction	$ 51.29	$ 50.40	1.8
Weighted Average Weekly Sales per Operating Store (000's)	$ 753	$ 808	(6.8)
Weighted Average Sales per Square Foot	$ 363	$ 384	(5.5)%

(1) Includes all retail locations excluding Apex Supply Company, Georgia Lighting, Maintenance Warehouse, Your "other" Warehouse, Designplace Direct (formerly National Blinds and Wallpaper) and HD Builder Solutions Group locations.

FORWARD-LOOKING STATEMENTS

Certain statements made herein regarding implementation of store initiatives, store openings, capital expenditures, and the effect of adopting certain accounting standards constitute "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. These statements are subject to various risks and uncertainties that could cause actual results to differ materially from our historical experience and our present expectations. These risks and uncertainties include, but are not limited to, fluctuations in and the overall condition of the U.S. economy, stability

of costs and availability of sourcing channels, conditions affecting new store development, our ability to implement new technologies and processes, our ability to attract, train and retain highly-qualified associates, unanticipated weather conditions, the impact of competition, and the effects of regulatory and litigation matters. You should not place undue reliance on such forward-looking statements as such statements speak only as of the date on which they are made. Additional information concerning these and other risks and uncertainties is contained in our periodic filings with the Securities and Exchange Commission.

RESULTS OF OPERATIONS

Net sales for the first quarter of fiscal 2003 increased 5.8% to $15.1 billion from $14.3 billion in the first quarter of fiscal 2002. The sales increase for the period was attributable to new stores opened since the end of the first quarter of fiscal 2002 (1,568 stores open at the end of the first quarter of fiscal 2003 compared with 1,386 at the end of the first quarter of fiscal 2002). Comparable store-for-store sales decreased 1.6% in the first quarter of fiscal 2003. The decrease in comparable store-for-store sales in the first quarter of fiscal 2003 was attributable to a number of factors, including cold and wet weather in the North and West; severe weather conditions across the country including a major snowstorm along the East Coast and several hundred tornadoes across the Great Plains; low consumer confidence related to the war in Iraq; depressed lumber prices; and cannibalization as discussed below. During the first quarter of fiscal 2003, comparable store-for-store sales were weak in Lumber and Flooring and were partially offset by strong performance in Kitchen and Bath.

In order to meet our customer service objectives, we strategically open stores near market areas served by existing strong performing stores ("cannibalize") to enhance service levels, gain incremental sales and increase market penetration. As of the first quarter of fiscal 2003, our new stores cannibalized approximately 20% of our existing stores and we estimate that store cannibalization reduced comparable store-for-store sales by 3%. Our new stores cannibalized approximately 24% of our existing stores as of the end of the first quarter of fiscal 2002 with an estimated reduction in comparable store-for-store sales of 4%. Our weighted average weekly sales per store decreased during the first quarter of fiscal 2003 to $753,000 from $808,000 in the first quarter of fiscal 2002 as a result of negative comparable store-for-store sales and due to smaller stores opened during the first quarter of fiscal 2003 compared to the same period last year. Additionally, we believe that our sales performance has been, and could continue to be, negatively impacted by the level of competition that we encounter in various markets. However, due to the highly-fragmented U.S. home improvement industry, in which we estimate our market share is approximately 10%, measuring the impact on our sales by our competitors is extremely difficult.

In the first quarter of fiscal 2003, we continued the implementation or expansion of a number of in-store initiatives. We believe these initiatives will increase customer loyalty and operating efficiencies as they are fully implemented in our stores. The professional business customer ("Pro") initiative adds programs to our stores to enhance service levels to the Pro customer base. By the end of the first quarter of fiscal 2003 the Pro initiative was in 1,225 stores or 78% of total stores, compared to a total of 769 stores or 55% of total stores as of the end of the first quarter of fiscal 2002. As the Pro initiative matures within the stores in which it has been implemented, we expect to generate improvements in operating performance. We expect to have the Pro initiative in 1,339 stores by the end of fiscal 2003.

In addition to Pro, we continue to implement the Appliance initiative in our stores. The Appliance initiative was in 776 stores or 49% of total stores as of the end of the first quarter of fiscal 2003 compared to 191 stores or 14% of total stores as of the end of the first quarter of fiscal 2002. We expect to have the Appliance initiative in 1,576 stores by the end of fiscal 2003. The Appliance initiative provides customers with an assortment of in-stock name brand appliances, including General Electric® and Maytag®, and offers the ability to special order over 2,300 additional related products

through computer kiosks located in the stores. In these stores we have enhanced the offering of appliances through 1,500 to 2,000 square feet of dedicated appliance selling space. Comparable store-for-store sales in the Appliance category for the first quarter of fiscal 2003 increased approximately 22%.

In addition to our Appliance and Pro initiatives, we continue to implement our DesignPlace℠ initiative. This initiative offers an enhanced shopping experience to our design and décor customers by providing personalized service from specially-trained associates and an enhanced merchandise selection in an attractive setting. Although the DesignPlace initiative is in its early stages, stores generally show a positive sales trend after implementation. The DesignPlace initiative was in 926 stores or 59% of total stores as of the end of the first quarter of fiscal 2003 compared to 485 stores or 35% of total stores as of the end of the first quarter of fiscal 2002. We expect to have the DesignPlace initiative in 1,603 stores by the end of fiscal 2003.

Gross profit increased 10.8% to $4.8 billion in the first quarter of fiscal 2003 from $4.4 billion for the first quarter of fiscal 2002. The gross profit rate as a percentage of sales increased to 32.0% in the first quarter of fiscal 2003 from 30.5% in the first quarter of fiscal 2002. The gross profit rate increase was primarily attributable to continued benefit from centralized purchasing as we rationalized vendors and improved assortments, improvements in shrink and increased penetration of import products, which typically have a lower cost, to 8% in the first quarter of fiscal 2003 from 6% in the first quarter of fiscal 2002.

Selling and store operating expenses increased 12.8% to $3.1 billion in the first quarter of fiscal 2003 from $2.7 billion in the first quarter of fiscal 2002. As a percent of sales, selling and store operating expenses were 20.5% in the first quarter of fiscal 2003 compared to 19.2% in the same period in fiscal 2002. The increase as a percentage of sales in the first quarter of fiscal 2003 was primarily attributable to an increased investment in labor in our stores to ensure better in-stock position and customer service, increased investment in our customers shopping experience as we executed our plan to reset, repair and remodel our stores and increased advertising spending due to our new branding campaign.

Pre-opening expenses were down 40.0% and as a percent of sales were 0.1% or $15 million in the first quarter of fiscal 2003 compared with 0.2% or $25 million in the first quarter of fiscal 2002. The decrease in pre-opening expenses in the first quarter of fiscal 2003 reflects 17 fewer stores opened in the first quarter of fiscal 2003 compared to first quarter of fiscal 2002 and a decrease in the average pre-opening cost per store.

General and administrative expenses were up 18.9% and as a percent of sales were 1.8% or $271 million in the first quarter of fiscal 2003 compared to 1.6% or $228 million in the first quarter of fiscal 2002. The increase as a percentage of sales in the first quarter of fiscal 2003 was primarily due to the current sales environment and an increase in expenses related to investments in technology and growth initiatives.

As a percent of sales, interest and investment income was 0.1% or $12 million in the first quarter of fiscal 2003 compared to 0.1% or $17 million in the first quarter of fiscal 2002. The decrease reflects a lower average cash balance and a lower interest rate environment. Interest expense as a percent of sales was 0.1% or $18 million in the first quarter of fiscal 2003 as compared to 0.0% or $7 million in the first quarter of fiscal 2002. The increase in interest expense was attributable to lower capitalized interest due to the timing of store openings and site development.

The provision for income taxes was 3.6% as a percent of sales in both of the first quarters of fiscal 2003 and fiscal 2002. Our combined federal and state effective income tax rate decreased to 37.1% for the first quarter of fiscal 2003 from 37.6% for the comparable period of fiscal 2002. The decrease in

our combined federal and state effective income tax rate was attributable to higher projected tax credits and a lower effective state income tax rate.

Diluted earnings per share were $0.39 for the first quarter of fiscal 2003 compared to $0.36 for the first quarter of fiscal 2002, reflecting a favorable impact of approximately $0.01 per diluted share as a result of the repurchase of the shares of our common stock in fiscal 2002.

LIQUIDITY AND CAPITAL RESOURCES

Cash flow generated from store operations provides a significant source of liquidity. During the first quarter of fiscal 2003, cash provided by operations decreased to $2.8 billion compared to $3.2 billion in the same period of fiscal 2002. The decrease was primarily due to a lower growth rate in days payable outstanding and a growth in average inventory per store as we added inventory during the first quarter of fiscal 2003 to enhance our in-stock position. During the first quarter of fiscal 2003, days payable outstanding increased 15 days to 57 days at the end of the quarter compared to an increase of 18 days during the first quarter of fiscal 2002.

Cash used in investing activities in the first quarter of fiscal 2003 was $575 million compared to $701 million in the same period of fiscal 2002. The decrease was due to higher proceeds from the sale of property and equipment and a decrease in investments purchased in the first quarter of fiscal 2003 compared to the same period in fiscal 2002. The decrease in cash used in investing activities was partially offset by an 18% increase in capital expenditures to $756 million in the first quarter of fiscal 2003 compared to $639 million in the same period last year. The increase in capital expenditures is the result of a higher investment in store remodeling, technology and other initiatives. Capital expenditures related to store construction decreased by approximately 17% during the first quarter of fiscal 2003 compared to the same quarter last year as we added 36 stores during the first quarter of fiscal 2003 compared to 53 stores in the comparable period of fiscal 2002. We plan to open 200 stores in fiscal 2003, including 7 Home Depot Landscape Supply stores, compared to 203 in fiscal 2002. We expect total capital expenditures to be approximately $4.0 billion in fiscal 2003, which includes a higher level of investment in store remodeling, technology and other initiatives compared to 2002.

During the first quarter of fiscal 2003, cash used in financing activities was $130 million compared with $2 million in the same period of fiscal 2002. The increase in cash used in financing activities was primarily due to a decrease in proceeds from the sale of common stock as a result of a decrease in the number of stock options exercised.

We have a commercial paper program that allows borrowings up to a maximum of $1 billion. As of May 4, 2003, there were no borrowings outstanding under this program. In connection with the program, we have a back-up credit facility with a consortium of banks for up to $800 million. The credit facility, which expires in 2004, contains various restrictive covenants, none of which are expected to impact our liquidity and capital resources.

As of May 4, 2003, we had $4.3 billion in cash, cash equivalents and short-term investments. We believe that our current cash position, cash flow generated from operations, funds available from the $1 billion commercial paper program and the ability to obtain alternate sources of financing should be sufficient to enable us to complete our capital expenditure programs through the next several fiscal years.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In January 2003, the Emerging Issues Task Force ("EITF") issued EITF 02-16, "Accounting by a Customer (Including a Reseller) for Certain Consideration Received from a Vendor," which states that cash consideration received from a vendor is presumed to be a reduction of the prices of the vendor's products or services and should, therefore, be characterized as a reduction of Cost of Merchandise Sold when recognized in our Consolidated Statements of Earnings. That presumption is overcome when the consideration is either a reimbursement of specific, incremental and identifiable costs incurred to sell the vendor's products, or a payment for assets or services delivered to the vendor. EITF 02-16 is effective for contracts entered into after December 31, 2002. The adoption of EITF 02-16 is not expected to materially impact net earnings in fiscal year 2003, as we entered into substantially all of our fiscal year 2003 vendor contracts prior to December 31, 2002. We are currently assessing the impact of the adoption of EITF 02-16 on net earnings in fiscal year 2004. For both fiscal years 2003 and 2004, we expect that certain payments received from our vendors, which were historically reflected as a reduction in total advertising expenses classified as Selling and Store Operating Expense, will be reclassified as a reduction of Cost of Merchandise Sold.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Our exposure to market risks results primarily from fluctuations in interest rates. There have been no material changes to our exposure to market risks from those disclosed in our Annual Report on Form 10-K for the year ended February 2, 2003.

Item 4. Controls and Procedures

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company's Securities Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

During the 90-day period prior to the date of this report, an evaluation was performed under the supervision and with the participation of the Company's Disclosure Committee and management, including the Chief Executive Officer and the Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based upon that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective. There have been no significant changes in the Company's internal controls or in other factors that could significantly affect these controls, and no corrective actions taken with regard to significant deficiencies or material weaknesses in such controls, subsequent to the date of our most recent evaluation of internal controls.

PART II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

11.1 Computation of Basic and Diluted Earnings Per Share

15.1 Letter of KPMG LLP, Independent Accountants' Acknowledgement, dated June 5, 2003

99.1 Certification of Chairman, President and Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

99.2 Certification of Executive Vice President and Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

(b) Reports on 8-K

None

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

THE HOME DEPOT, INC.

(Registrant)

By: /s/ ROBERT L. NARDELLI

Robert L. Nardelli
Chairman, President and
Chief Executive Officer

/s/ CAROL B. TOMÉ

Carol B. Tomé
Executive Vice President and Chief Financial Officer

June 6, 2003

(Date)

CERTIFICATIONS

I, Robert L. Nardelli, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Home Depot, Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

    a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

    b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

    c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

    a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

    b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: June 6, 2003

/s/ ROBERT L. NARDELLI

Robert L. Nardelli
Chairman, President and
Chief Executive Officer

I, Carol B. Tomé, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Home Depot, Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: June 6, 2003

/s/ CAROL B. TOMÉ

Carol B. Tomé
Executive Vice President and
Chief Financial Officer

THE HOME DEPOT, INC. AND SUBSIDIARIES

INDEX TO EXHIBITS

Exhibit	Description
11.1	Computation of Basic and Diluted Earnings Per Share
15.1	Letter of KPMG LLP, Independent Accountants' Acknowledgement, dated June 5, 2003
99.1	Certification of Chairman, President and Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.2	Certification of Executive Vice President and Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

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