



The Home Depot Exits EXPO Business, Streamlines Support Functions and Reaffirms Previous Fiscal 2008 Sales and Earnings Guidance

ATLANTA, Jan 26, 2009 /PRNewswire-FirstCall via COMTEX News Network/ -- The Home Depot(R), the world's largest home improvement retailer, today announced it will exit its EXPO business. The Company is also taking steps to streamline its support functions. These decisions will impact 7,000 associates, or approximately two percent of the Company's total workforce. Finally, the Company today reaffirmed its previous guidance on earnings for the 2008 fiscal year, excluding the charge associated with the actions announced today and the store rationalization charge recognized earlier in the year.

(Logo: <http://www.newscom.com/cgi-bin/prnh/20030502/HOMEDEPOTLOGO>)

EXPO

The EXPO business has not performed well financially and is not expected to anytime soon. Even during the recent housing boom, it was not a strong business. It has weakened significantly as the demand for big ticket design and decor projects has declined in the current economic environment. Continuing this business would divert focus and resources from the Company's core "orange box" stores. Therefore, over the next two months, the Company will be closing 34 EXPO Design Center stores, five YardBIRDS stores, two Design Center stores and a bath remodeling business known as HD Bath, with seven locations. These steps will impact approximately 5,000 associates in those locations, their support functions and their distribution centers.

"Exiting our EXPO business is a difficult decision, particularly given the hard work and dedication of our associates in that business and the support of our loyal customers," said Frank Blake, Chairman and CEO. "At the same time, it is a necessary decision that will strengthen our core Home Depot business."

Support Reductions

The Company also announced that it is restructuring support functions to better align the Company's cost structure with the current economic environment. This includes continuing its shift to a region- and district- based support model in various field functions and reducing headcount in administrative functions in the Company's store support centers. These support reductions will impact approximately 2,000 associates and will result in a 10% reduction in the Company's officer ranks. They will not impact any customer-facing positions in Home Depot stores.

The Company is also initiating a salary freeze among all officers. But, it will continue to offer merit increases to non-officer associates, as well as earned bonuses and the Company's existing 401k matching contribution for all associates, including officers. The Company will offer severance, earned bonuses and other benefits to all impacted associates.

"We're very fortunate that the soundness of our company lets us live our value of taking care of our people, even in this time of unprecedented economic hardship," Blake said. "These changes will make us a stronger company and will allow us to continue to grow associate employment over the long term to benefit our customers."

Charges Related to Restructuring

The Company anticipates taking a total pre-tax charge due to these actions of approximately \$532 million, of which approximately \$390 million will be recognized in the fourth quarter and the remaining \$142 million will be recognized in 2009 and beyond. The charge consists primarily of fixed asset write-offs, lease reserves on closed stores, severance and store closing costs. The cash component related to severance and store closing costs is projected to be approximately \$153 million over the next twelve months, and is expected to be offset by cash received for liquidated inventory.

These actions should benefit fiscal 2009 earnings before interest and tax by approximately \$305 million. The benefit to earnings is primarily a result of payroll savings and operational improvements from the business exit.

HD Supply

The Company announced that it will take two charges in the fourth quarter related to its sale of HD Supply in 2007 and its ongoing equity interest in that business. First, it will record a charge of approximately \$55 million, net of tax, to be reflected in discontinued operations primarily related to the working capital dispute related to the sale of the business. The cash

component of the HD Supply charge is \$22 million. Second, it will record a pre-tax charge of \$163 million that will be reflected in other expense for a write-down of the Company's investment in HD Supply.

Updated 2008 Sales and EPS Guidance

The Company confirmed that it expects fiscal 2008 sales and earnings per share from continuing operations to decline by 8% and 24% respectively before the charge associated with today's announcement and the store rationalization charge recognized earlier in the year.

Fiscal 2009 Outlook

Looking forward, the Company anticipates continued weakness in sales related to the broader economic downturn, but will continue to invest in customer service in its core Home Depot stores, while optimizing its capital allocation. The Company plans to reduce capital expenditures to approximately \$1 billion in fiscal 2009 and will open 12 stores. Fiscal 2009 sales and earnings per share guidance will be provided during the Company's fourth quarter earnings call on February 24, 2009.

The Home Depot will conduct a conference call today at 11 a.m. ET to discuss information included in this news release and related matters. The conference call will be available in its entirety through a webcast and replay at homedepot.com in the Investor Relations section.

Special Note to EXPO Customers

Throughout the process of closing its EXPO stores, The Home Depot is committed to meeting the needs of its customers. The Company will complete any construction projects that have been started. In cases where product has been ordered but the construction project hasn't been started, the Company will refund the price of installation and the design retainer. The customer can then arrange for their own installation. In cases where a design retainer has been paid but product has not yet been ordered, the customer will receive a full refund of the design retainer, as well as a 10% off coupon that can be used for a product and services discount at a local Home Depot store. All special orders will be completed. Any back orders will be refunded to the customer. Customers with questions should contact their local EXPO or one of the Company's call centers at 1-800-259-1042 or 1-800-797-1745.

About The Home Depot

The Home Depot is the world's largest home improvement specialty retailer, with 2,274 retail stores in all 50 states, the District of Columbia, Puerto Rico, U.S. Virgin Islands, Guam, 10 Canadian provinces, Mexico and China. In fiscal 2007, The Home Depot had sales of \$77.3 billion and earnings from continuing operations of \$4.2 billion. The Company employs more than 300,000 associates. The Home Depot's stock is traded on the New York Stock Exchange (NYSE: HD) and is included in the Dow Jones industrial average and Standard & Poor's 500 index. HDG

Certain statements contained herein are forward-looking statements. Forward-looking statements may relate to, among other things, the demand for our products and services, net sales growth, comparable store sales, store openings and closures, state of the economy, state of the construction, housing and home improvement markets, reinvestment plans, net earnings performance, earnings per share, capital allocation and expenditures, liquidity, the effect of adopting certain accounting standards, and the effect of charges and impairments. Such forward-looking statements are based on currently available information and current assumptions, expectations and projections about future events. You are cautioned not to place undue reliance on our forward-looking statements. Such statements are subject to future events, risks and uncertainties - many of which are beyond our control or are currently unknown to us - as well as potentially inaccurate assumptions that could cause actual results to differ materially from our expectations and projections. Such risks and uncertainties include but are not limited to: economic conditions in North America and in other countries where we operate; changes in our cost structure; and conditions affecting customer transactions and average ticket, including, but not limited to, improving and streamlining operations. Material risks and uncertainties that could cause actual results to differ materially from our expectations and projections are described in our Annual Report on Form 10-K for our fiscal year ended February 3, 2008. Such risks and uncertainties include the considerable risks associated with the current economic environment and possible adverse effects on our results of operations and financial condition. Such risks and uncertainties are also described in the Form 10-Q for our fiscal quarter ended November 2, 2008. We note such factors that could cause actual results and outcomes to differ materially from those contained in any forward-looking statements as permitted by the Private Securities Litigation Reform Act of 1995. There also may be other factors that we cannot anticipate or that are not described herein because we do not perceive them to be material. Such factors could cause results to differ materially from our expectations. Forward-looking statements speak only as of the date they are made, and we do not undertake to update such statements other than as required by law.

ATTACHMENT

PLEASE NOTE: NO "ORANGE-BOX" HOME DEPOT STORES ARE CLOSING.

The following EXPO, Design Center and YardBIRDS stores are scheduled to close:

EXPO

Arizona

-- Scottsdale (7000 East Mayo Blvd, Phoenix, AZ 85054)

California

- Anaheim 1011 (N Tustin Avenue, Anaheim, CA 92807)
- Dublin (7050 Amador Plaza Rd, Dublin, CA 94568)
- Emeryville (1555 40th Street, Emeryville, CA 94608)
- Encinitas (1550 Leucadia Blvd, Encinitas, CA 92024)
- Huntington Beach (6912 Edinger Ave, Huntington Beach, CA 92647)
- Laguna Niguel (25600 Rancho Niguel Rd, Laguna Niguel, CA 92677)
- Westwood Village (10861 Weyburn Avenue, Los Angeles, CA 90024)
- Monrovia (407 W Huntington Dr, Monrovia, CA 91016)
- Redondo Beach (1519 Hawthorne Blvd, Redondo Beach, CA 90278)
- Roseville (1120 Galleria Blvd, Roseville, CA 95678)
- San Diego (7803 Othello Avenue, San Diego, CA 92111)
- San Jose (5095 Almaden Expressway, San Jose, CA 95118)

Florida

- Boynton Beach (1520 SW 8th Street, Boynton Beach, FL 33426)
- Davie (8944 State Rd 84, Davie, FL 33324)
- Miami (5737 NW 7th Street, Miami, FL 33126)
- Naples (1000 Immokalee Road, Naples, FL 34110)
- SW Orlando (4601 Millenia Plaza Way, Orlando, FL 32839)

Georgia

- Alpharetta (10700 Davis Drive, Alpharetta, GA 30004)
- Atlanta - Perimeter (1201 Hammond Drive, Atlanta, GA 30346)

Illinois

- Downers Grove (1021 Butterfield Rd, Downers Grove, IL 60515)
- Vernon Hills (569 N Milwaukee Avenue, Vernon Hills, IL 60061)

Massachusetts

- Burlington (43 Middlesex Turnpike, Burlington, MA 01803)

Maryland

- Bethesda (7111 Westlake Terrace, Bethesda, MD 20817)
- Columbia (6100 Dobbins Road, Columbia, MD 21045)

Missouri

- Manchester (14205 Manchester Rd, Manchester, MO 63011)

New Jersey

- Bridgewater (744 US Highway 202, Bridgewater, NJ 08807)
- Paramus (577 Winters Avenue, Paramus, NJ 07652)

New York

- Commack (1 Garrett Place, Commack, NY 11725)
- New Rochelle (8 Joyce Road, New Rochelle, NY 10801)
- Westbury (1250 Corporate Drive, Westbury, NY 11590)

Tennessee

- Nashville (2421 Powell Avenue, Nashville, TN 37204)

Texas

- Dallas - Galleria (13900 Dallas Pkwy, Dallas, TX 75240)

Virginia

- Fairfax (11181 Lee Highway, Fairfax, VA 22030)

Design Center

California

- Concord (1461 Concord Avenue, Concord, CA 94520)

North Carolina

- Charlotte (900 Metropolitan Avenue, Building #1, Charlotte, NC 28204)

YardBIRDS

California

- Concord (5424 Ygnacio Valley Road, Concord, CA 94521)
- Petaluma (2000 Lakeville Hwy, Petaluma, CA 94954)
- San Pablo (13901 San Pablo Avenue, San Pablo, CA 94806)
- San Rafael (1801 4th Street, San Rafael, CA 94901)
- Alamo (3211 Danville Blvd., Alamo, CA 94507)

SOURCE The Home Depot

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