

HOME DEPOT INC
Form 11-K
June 29, 2005
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 11-K

FOR ANNUAL REPORTS OF EMPLOYEE STOCK REPURCHASE SAVINGS
AND SIMILAR PLANS PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

(Mark One):

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2004

OR

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 1-8207

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- A Full title of the plan and the address of the plan, if different from that of the issuer named below: The Home Depot FutureBuilder for Puerto Rico

- B Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

The Home Depot, Inc.

2455 Paces Ferry Road

Atlanta, Georgia 30339

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SIGNATURES

The Plan. Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: June 29, 2005

The Home Depot FutureBuilder for Puerto Rico

/s/ Ileana L. Connally

By: Ileana L. Connally

Member of The Home Depot

FutureBuilder for Puerto Rico

Administrative Committee

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THE HOME DEPOT FUTUREBUILDER FOR PUERTO RICO

Financial Statements and Supplemental Schedule

December 31, 2004 and 2003

(With Report of Independent Registered Public Accounting Firm Thereon)

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THE HOME DEPOT FUTUREBUILDER FOR PUERTO RICO

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Report of Independent Registered Public Accounting Firm

The Administrative Committee

The Home Depot FutureBuilder for Puerto Rico:

We have audited the accompanying statements of net assets available for benefits of The Home Depot FutureBuilder for Puerto Rico (the Plan) as of December 31, 2004 and 2003, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's Administrative Committee. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). 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 the Plan's Administrative Committee, 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 financial statements referred to above present fairly, in all material respects, the net assets available for benefits of The Home Depot FutureBuilder for Puerto Rico as of December 31, 2004 and 2003, and the changes in net assets available for benefits for the years then ended in conformity with U.S. generally accepted accounting principles.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in Schedule H, Line 4i Schedule of Assets (Held at End of Year) December 31, 2004 is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's Administrative Committee. The supplemental schedule has been subjected to the auditing procedures applied in the audit of the 2004 basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the 2004 basic financial statements taken as a whole.

/s/ KPMG LLP

Atlanta, Georgia

June 10, 2005

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THE HOME DEPOT FUTUREBUILDER FOR PUERTO RICO

Statements of Net Assets Available for Benefits

December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Assets:		
Investments	\$ 2,842,567	\$ 1,592,066
Receivables:		
Participant contributions receivable		10,685
Employer contributions receivable		6,975
Total receivables		17,660
Net assets available for benefits	\$ 2,842,567	\$ 1,609,726

See accompanying notes to financial statements.

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Statements of Changes in Net Assets Available for Benefits

Years ended December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Additions to net assets attributed to:		
Investment income:		
Net appreciation in fair value of investments	\$ 321,587	\$ 304,543
Interest and dividend income	8,904	10,309
	<u>330,491</u>	<u>314,852</u>
Total investment income	330,491	314,852
Contributions:		
Participants	643,494	410,786
Employer	421,775	274,430
	<u>1,065,269</u>	<u>685,216</u>
Total additions	1,395,760	1,000,068
Deductions from net assets attributed to:		
Benefits paid to participants	162,919	78,580
Net increase	1,232,841	921,488
Net assets available for benefits:		
Beginning of year	1,609,726	688,238
End of year	<u>\$ 2,842,567</u>	<u>\$ 1,609,726</u>

See accompanying notes to financial statements.

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THE HOME DEPOT FUTUREBUILDER FOR PUERTO RICO

Notes to Financial Statements

December 31, 2004 and 2003

(1) Description of the Plan

The following is a brief description of The Home Depot FutureBuilder for Puerto Rico (the Plan). Participants should refer to the summary plan description for a more complete description of the Plan's provisions.

(a) General

The Plan is a defined contribution plan covering substantially all employees of Home Depot Puerto Rico, Inc. (the Company), a wholly owned subsidiary of The Home Depot, Inc. (the Parent Company) and employees of Economy Maintenance Supply Company working and residing in Puerto Rico. Employees are eligible to participate in the Plan after completing 90 days of service. Participants are eligible for the Company's matching contributions, and temporary employees are eligible to make before-tax contributions, on the first day of the calendar quarter (January 1, April 1, July 1, and October 1) following the completion of 12 months of service and 1,000 hours. The Plan excludes leased employees, nonresident aliens and employees covered by a collective bargaining agreement. The Plan is intended to qualify under Section 1165 of the Puerto Rico Internal Revenue Code of 1994, as amended. The Plan is subject to certain provisions of the Employee Retirement Income Security Act of 1974 (ERISA), excluding provisions of ERISA applicable only to plans qualified under Section 401(a) of the U.S. Internal Revenue Code. The Plan is administered by the Administrative Committee made up of employees of Home Depot U.S.A., Inc. Banco Popular has been appointed the Trustee of the Plan, and as such administers the assets of the Plan.

(b) Contributions

Under the employee stock ownership portion of the Plan, contributions were made solely by the Company and at the discretion of Home Depot Puerto Rico, Inc. Board of Directors (ESOP contributions). The Company made its final ESOP contribution in February 1999.

Participants may contribute up to 10% of annual compensation on a pretax basis, as defined in the Plan, subject to regulatory limitations. Participants may also contribute amounts representing eligible rollover distributions from other retirement plans qualified under Section 1165 of the Puerto Rico Internal Revenue Code of 1994, as amended. The Company provides matching contributions of 150% of the first 1% of eligible compensation contributed by a participant and 50% of the next 2% to 5% of eligible compensation contributed by a participant beginning on the first day of the calendar quarter following the completion of 12 months of service and 1,000 hours. Additional amounts may be contributed at the option of The Home Depot Puerto Rico, Inc. Board of Directors. The Company's matching contribution is invested based on the direction of the participant with investment in The Home Depot, Inc. Common Stock as a default if no direction is given.

(c) *Participant Accounts*

The Plan maintains a separate account for each participant, to which contributions and investment performance are allocated.

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THE HOME DEPOT FUTUREBUILDER FOR PUERTO RICO

Notes to Financial Statements

December 31, 2004 and 2003

(d) Vesting

An employee becomes 100% vested upon death, attaining age 65 while still employed, total or permanent disability, or if the Plan is terminated. If an employee leaves the service of the Company for reasons other than stated above, vesting for the ESOP contributions and earnings thereon is based on years of service, as follows:

<u>Years of service</u>	<u>Vesting percentage</u>
3	20%
4	40
5	60
6	80
7 or more	100

Participants are immediately vested in their contributions and net value changes thereon. Vesting in the Company's matching and discretionary contributions and net value changes thereon is based on years of vesting service. A participant is 100% vested after three years of vesting service.

(e) Distributions

Upon death, disability, or termination of service for any other reason, hardship, or attaining age 65, participants or beneficiaries may elect to receive a lump-sum payment of their vested account balance at fair value on the date of distribution in the form of cash or securities.

(f) Participant Loans

Participants may borrow from their fund accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50% of their total vested account balance. Loan terms range from one to four years. The loans bear interest at a rate commensurate with local prevailing rates.

(g) Forfeited Accounts

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Forfeited nonvested account balances are used to pay Plan expenses or reduce future employer contributions. In 2004 and 2003, employer contributions were reduced by forfeitures of \$15,075 and \$5,278, respectively.

(h) Administrative Expenses

Certain administrative expenses of the Plan are paid by the Company. These costs include legal, accounting, and certain administrative fees.

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THE HOME DEPOT FUTUREBUILDER FOR PUERTO RICO

Notes to Financial Statements

December 31, 2004 and 2003

(2) Summary of Significant Accounting Policies

The following is a summary of significant accounting policies followed by the Plan in preparing its financial statements.

(a) Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting.

(b) Investment Valuation and Income Recognition

Shares of registered investment companies are valued at quoted market prices, which represents the net asset value of shares held by the Plan at year-end. The INVESCO Stable Value Trust contains certain investment contracts for which there is no active trading market, and as such are valued at their fair value as determined by the AMVESCAP National Trust Company. All other investments in units of collective trusts are valued at the respective net asset values as reported by such trusts. The Home Depot, Inc. common stock is valued at its quoted market price as obtained from the New York Stock Exchange. Securities transactions are accounted for on the trade date.

Participant loans are carried at cost which approximates fair value.

The Plan's investments include funds which invest in various types of investment securities and in various companies within various markets. Investment securities are exposed to several risks, such as interest rate, market, credit, and individual country and currency risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the Plan's financial statements and supplemental schedule.

(c) Payment of Benefits

Benefits are recorded when paid.

(d) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires the Administrative Committee of the Plan to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(e) Fair Value of Financial Instruments

The Plan's investments are stated at fair value. In addition, the carrying amount of receivables and liabilities is a reasonable approximation of the fair value due to the short-term nature of these instruments.

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THE HOME DEPOT FUTUREBUILDER FOR PUERTO RICO

Notes to Financial Statements

December 31, 2004 and 2003

(3) Puerto Rico Income Taxes

The Puerto Rico Department of Treasury has determined and informed the Company by a letter dated January 4, 1999 that the Plan is designed in accordance with applicable sections of the Puerto Rico Internal Revenue Code of 1994 (IRC). The Plan has been amended since receiving the determination letter. However, the Administrative Committee of the Plan believes the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC.

(4) Plan Termination

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and terminate the Plan. In the event the Plan is terminated, participants will become 100% vested in their accounts.

(5) Investments

The Plan's investments are held by The Northern Trust Company. A description of the assets of the Plan follows:

The Home Depot, Inc. Common Stock Funds are invested in common stock of The Home Depot, Inc.

Barclay's Global Investors Equity Index Stock Fund Funds are invested in a collective trust that invests in the common stocks included in Standard & Poor's 500 Index.

Dodge & Cox Stock Fund Funds are invested in shares of a registered investment company that invests in common stocks of companies that the Fund's managers believe to be temporarily undervalued by the stock market but have favorable long-term growth prospects.

INVESCO Fundamental Core Balanced Trust Funds are invested in a collective trust that invests in a combination of equity and fixed income securities.

Artisan Mid-Cap Fund Funds are invested in a collective trust that invests in common stocks of mid-sized companies that display strong growth prospects.

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T. Rowe Price Small-Cap Stock Fund Funds are invested in shares of a registered investment company that invests in common stocks of smaller, faster-growing companies that are believed to offer strong potential earnings growth or are undervalued.

Templeton Foreign Fund Funds are invested in shares of a registered investment company that invests in stocks and debt obligations of companies and governments outside the United States.

INVESCO Stable Value Trust Funds are invested in a collective trust that primarily invests in high-quality short-term debt obligations that mature within one to three years.

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Notes to Financial Statements

December 31, 2004 and 2003

The fair value of individual investments that represent 5% or more of the Plan's net assets at December 31, 2004 and 2003 are as follows:

	<u>2004</u>	<u>2003</u>
The Home Depot, Inc. Common Stock	\$ 1,598,860	\$ 983,857
INVESCO Stable Value Trust	520,251	234,977
INVESCO Fundamental Core Balanced Trust	145,840	
Participant loans	249,700	123,359

During 2004 and 2003, the Plan's investments appreciated in fair value as follows:

	<u>2004</u>	<u>2003</u>
Net appreciation in fair value:		
The Home Depot, Inc. Common Stock	\$ 260,216	\$ 255,262
Collective trust funds	33,300	27,052
Registered investment funds	28,071	22,229
Net appreciation in fair value	<u>\$ 321,587</u>	<u>\$ 304,543</u>

(6) Investment in Master Trust

The assets of the Plan are invested in a Master Trust. At December 31, 2004 and 2003, the Plan's interest in the net assets of the Master Trust was less than 1%, with The Home Depot FutureBuilder holding the remaining interest.

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Notes to Financial Statements

December 31, 2004 and 2003

Summarized financial information of the Master Trust as of December 31, 2004 and 2003 is as follows:

	<u>2004</u>	<u>2003</u>
Assets:		
Investments	\$ 2,271,120,324	\$ 1,840,570,967
Receivables:		
Participant contributions receivable		3,625,139
Employer contributions receivable	1,050,491	2,430,500
Other receivables	632,527	440,078
Total receivables	<u>1,683,018</u>	<u>6,495,717</u>
Total assets	<u>2,272,803,342</u>	<u>1,847,066,684</u>
Liabilities:		
Accrued liabilities	427,238	335,845
Payable to broker	74,911	2,078,762
Total liabilities	<u>502,149</u>	<u>2,414,607</u>
Net assets available for benefits	<u>\$ 2,272,301,193</u>	<u>\$ 1,844,652,077</u>

Net assets, investment income and administrative expenses related to the Master Trust are allocated to the individual plans based upon actual activity for each of the plans. Investment income for the Master Trust for the twelve-month periods ended December 31, 2004 and 2003 is as follows:

	<u>2004</u>	<u>2003</u>
Investment income:		
Appreciation in fair value of investments:		
The Home Depot, Inc. Common Stock	\$ 244,278,095	\$ 394,312,490
Collective trust funds	40,153,813	59,545,606
Registered investment funds	20,524,668	16,392,813

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Net appreciation in fair value of investments	304,956,576	470,250,909
Dividends and interest income	23,911,954	19,757,527
Total investment income	\$ 328,868,530	\$ 490,008,436

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(Continued)

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THE HOME DEPOT FUTUREBUILDER FOR PUERTO RICO

Notes to Financial Statements

December 31, 2004 and 2003

(7) Related Party-Transactions

Certain Plan investments include shares of common stock issued by the Parent Company. At December 31, 2004 and 2003, the Plan held a combined total of 37,409 and 27,722 shares valued at approximately \$42.74 and \$35.49 per share, respectively. Additionally, dividends received by the Plan include dividends paid by The Home Depot, Inc. These transactions qualify as party-in-interest since The Home Depot, Inc. is the Plan Sponsor.

(8) Plan Amendments and Other Plan Changes

Effective March 3, 2003, the investment committee of The Home Depot FutureBuilder for Puerto Rico replaced the Putnam New Opportunities Fund with the Artisan Mid-Cap Fund.

Effective April 1, 2003, the Administrative Committee of The Home Depot FutureBuilder for Puerto Rico adopted an amendment to allow employees to begin making pretax contributions and rollovers after completing 90 days of service. The Plan was also amended to clarify that participants are eligible for the Company's matching contribution on the first day of the calendar quarter (January 1, April 1, July 1, and October 1) following the completion of 12 months of service and 1,000 hours.

(9) Subsequent Event

Effective April 15, 2005, the default for the Company's matching contribution if no direction is given, is the participant's current investment election with respect to elective contributions. If the participant has made no affirmative investment elections with respect to elective contributions, the default is the INVESCO Stable Value Trust.

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Schedule H, Line 4i Schedule of Assets (Held at End of Year)

December 31, 2004

Identity of issue	Description of investment	Current value
* The Home Depot, Inc. Common Stock	37,409 shares of common stock	\$ 1,598,860
INVESCO Stable Value Trust	520,251 units of collective trust	520,251
INVESCO Fundamental Core Balanced Trust	13,417 units of collective trust	145,840
Artisan Mid-Cap Fund	2,338 units of collective trust	69,097
Barclay s Global Investors Equity Index Stock Fund	1,577 units of collective trust	57,071
Templeton Foreign Fund	7,063 shares of registered investment company	86,871
Dodge & Cox Stock Fund	548 shares of registered investment company	71,353
T. Rowe Price Small-Cap Stock Fund	1,374 shares of registered investment company	43,524
Participant loans	loans with interest rates ranging from 5.0% to 9.0% and maturity dates through January 22, 2009	249,700
		\$ 2,842,567

* Indicates party-in-interest to the Plan.

See accompanying report of independent registered public accounting firm.