

TRADEMARK ASSIGNMENT

Electronic Version v1.1

Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT		
NATURE OF CONVEYANCE:	Asset Purchase Agreement		
CONVEYING PARTY DATA			
Name	Formerly	Execution Date	Entity Type
Georgia Lighting Supply Co., Inc.	FORMERLY Georgia Lighting, Inc.	06/02/1999	CORPORATION: GEORGIA
RECEIVING PARTY DATA			
Name:	The Home Depot, Inc.		
Also Known As:	AKA Homer TLC, Inc.		
Street Address:	1007 Orange Street, Nemours Building		
Internal Address:	Suite 1424		
City:	Wilmington		
State/Country:	DELAWARE		
Postal Code:	19801		
Entity Type:	CORPORATION: DELAWARE		
PROPERTY NUMBERS Total: 3			
Property Type	Number	Word Mark	
Serial Number:	77685413	WORLD IMPORTS	
Serial Number:	77685439	WORLD IMPORTS	
Registration Number:	1755138	WORLD IMPORTS	
CORRESPONDENCE DATA			
Fax Number:	(770)384-5831		
<i>Correspondence will be sent via US Mail when the fax attempt is unsuccessful.</i>			
Phone:	770 433 8211		
Email:	sheldon_shorter@homedepot.com		
Correspondent Name:	Sheldon D. Shorter, IP Paralegal		
Address Line 1:	1007 Orange Street		
Address Line 2:	Nemours Building, Suite 1424		
Address Line 4:	Wilmington, DELAWARE 19801		
NAME OF SUBMITTER:	Sheldon D. Shorter, IP Paralegal		

TRADEMARK

900130451

REEL: 003960 FRAME: 0897

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Signature:

/Sheldon D. Shorter/

Date:

03/30/2009

Total Attachments: 53

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ASSET PURCHASE AGREEMENT

by and among

THE HOME DEPOT, INC.,

GL ACQUISITION SUB, INC.

GEORGIA LIGHTING SUPPLY CO., INC.

HARRY L. GILHAM, JR.

and

M. RAY GARDNER

June 2, 1999

ATL - 1582039 v.1

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (this "Agreement"), dated June 2, 1999 (the "Execution Date"), is made and entered into by and among THE HOME DEPOT, INC., a Delaware corporation ("Home Depot"), GL ACQUISITION SUB, INC., a Delaware corporation ("Purchaser"), GEORGIA LIGHTING SUPPLY CO., INC., a Georgia corporation ("Seller"), and Harry L. Gilham, Jr. ("HG") and M. Ray Gardner ("RG"; and collectively with HG, the "Shareholders"). Home Depot, Purchaser, Seller and the Shareholders are sometimes individually referred to in this Agreement as a "Party" and collectively referred to as the "Parties."

WITNESSETH:

WHEREAS, Purchaser is a wholly owned subsidiary of Home Depot;

WHEREAS, the Shareholders are shareholders of Seller and will benefit from the consummation of the transactions contemplated herein;

WHEREAS, the Parties desire to enter into this Agreement pursuant to which Seller proposes to sell to Purchaser (as the designee of Home Depot), and Purchaser (as the designee of Home Depot) proposes to purchase from Seller, the assets and properties of Seller, and Purchaser proposes to assume certain of the liabilities and obligations of Seller (the "Acquisition"); and

WHEREAS, the Parties desire to make certain representations, warranties and agreements in connection with the Acquisition.

NOW, THEREFORE, in consideration of the premises and mutual covenants and agreements set forth in this Agreement, the Parties agree as follows:

ARTICLE 1. PURCHASE AND SALE

Section 1.1 Agreement to Purchase and Sell. Subject to the terms and conditions of this Agreement, at the Closing (as defined in Section 7.1) and except as otherwise specifically provided in this Article 1, Seller will grant, sell, assign, transfer and deliver to Purchaser, and Purchaser will purchase and acquire from Seller, all right, title and interest of Seller in and to (a) the business of Seller as going concern (the "Business") and (b) all of the assets, properties and rights of Seller of every kind and description, real, personal and mixed, tangible and intangible, wherever situated other than the Excluded Assets (as defined in Section 1.3) (which business, assets, properties and rights are collectively referred to in this Agreement as the "Assets"), free and clear of all mortgages, liens, pledges, security interests, charges, claims, restrictions and encumbrances of any nature whatsoever, except Permitted Liens (as defined in Section 3.5(a)) and Assumed Liabilities (as defined in Section 1.4(b)).

Section 1.2 Assets. Except as otherwise expressly set forth in Section 1.3, the Assets will include, without limitation, the following assets, properties and rights of Seller as of the Closing Date (as defined in Section 7.1):

- (a) all cash, cash equivalents and marketable securities;
- (b) all accounts, notes and other receivables;
- (c) all deposits, advances, prepaid expenses and credits;
- (d) all inventories, including spare parts, stores and supplies, office supplies and other inventory items;
- (e) all machinery, equipment, business machines, computer hardware, vehicles, furniture, fixtures, parts and other tangible property;
- (f) all right, title and interest of Seller in all written or oral contracts or agreements, including real property and vehicle leases (the "Assumed Contracts");
- (g) the Seller Benefit Plans (as defined in Section 3.14);
- (h) all buildings, structures, fixtures and improvements located on real property leased by Seller and all licenses, permits, approvals, qualifications, easements and other rights relating thereto;
- (i) all goodwill, patents, copyrights, methods, know-how, software, technical documentation, trade secrets, trademarks, trade names and other intellectual property (and all rights thereto and applications therefor);
- (j) all rights to causes of action, lawsuits, judgments, claims and demands of any nature available to or being pursued by Seller, whether arising by way of counterclaim or otherwise;
- (k) all guarantees, warranties, indemnities and similar rights in favor of Seller;
- (l) all governmental permits, licenses or similar rights relating to the Business, other than those set forth on Schedule 1.3(a);
- (m) the Bank Accounts (as defined in Section 3.24);
- (n) all information, files, correspondence, records, data, plans, contracts and recorded knowledge, including customer and supplier lists, and all accounting or other books and records of Seller; and

- (o) all other tangible and intangible assets of any kind or description, wherever located, that are carried on the books of Seller or which are owned by Seller.

Section 1.3 Excluded Assets. Notwithstanding anything to the contrary set forth in this Agreement, the Assets will not include the following assets, properties and rights of Seller (collectively, the "Excluded Assets"):

- (a) any governmental permit, license or similar right that by its terms is not transferable to Purchaser, which permits, licenses and similar rights are set forth on Schedule 1.3(a);
- (b) the life insurance policies listed on Schedule 1.3(b), including the cash surrender value of such policies;
- (c) the corporate seals, articles of incorporation, bylaws, minute books, stock ledger records, tax returns, books of account or other constituent records relating to the corporate organization of Seller;
- (d) the rights that accrue to Seller and the Shareholders under this Agreement;
- (e) the personal property of the Shareholders listed on Schedule 1.3(e) which will remain on the Leased Real Property (as defined in Section 3.5(a)(i)) after Closing; and
- (f) Seller's deferred compensation agreement with RG and salary continuation agreement with HG.

Section 1.4 Assumption of Assumed Liabilities.

- (a) Except to the extent specified in Section 1.4(b), Purchaser will not assume, in connection with the transactions contemplated by this Agreement, any liability or obligation of Seller whatsoever, and Seller will retain responsibility for all liabilities and obligations accrued as of or on the Closing Date and all liabilities and obligations arising from Seller's operations prior to or on the Closing Date, whether or not accrued and whether or not disclosed.
- (b) As the sole exception to the provisions in Section 1.4(a), effective as of the close of business on the Closing Date, Purchaser will assume and agree to pay, discharge or perform, as appropriate, the following liabilities and obligations of Seller existing as of or on the Closing Date and arising out of the conduct of the Business prior to or on the Closing Date (collectively, the "Assumed Liabilities"):
 - (i) obligations of Sellers under the Assumed Contracts to the extent such obligations accrue after the Closing Date, are not required to be performed prior to the Closing Date and are disclosed by the terms and provisions of such Assumed Contracts;
 - (ii) all checks issued by Seller prior to or on the Closing Date in the ordinary course of business consistent with past practice which have not cleared the Bank

Accounts as of the Closing Date (which shall be reflected as a current liability on the Closing Date Balance Sheet);

(iii) all liabilities incurred by Seller in the ordinary course of business (including, without limitation, trade accounts payable and accrued salary and wages) to the extent reflected as a liability on the Closing Date Balance Sheet, unless constituting an Excluded Liability (as defined in Section 1.5);

(iv) all liabilities and obligations of Seller under the line of credit with NationsBank, N.A. (the "Line of Credit");

(v) all the liabilities and obligations of Seller under the purchase orders outstanding as of the Closing Date and the letters of credit issued under the Line of Credit securing any purchase orders all as set forth on Schedule 1.4(b); and

(vi) except as set forth in Section 1.5, all liabilities and obligations of Seller under the Seller Benefit Plans.

Section 1.5 Excluded Liabilities. Specifically, and without in any way limiting the generality of Section 1.4(a), the Assumed Liabilities will not include, and in no event will Purchaser assume, agree to pay, discharge or perform or incur any liability or obligation under this Agreement or otherwise become responsible in respect of, the following (together with all other liabilities of Seller that are not Assumed Liabilities, the "Excluded Liabilities"):

(a) any liability or obligation, including, without limitation, any accounts payable, of or owed to any Affiliate (as defined in Section 3.20) of Seller;

(b) any liability or obligation of Seller relating to or arising from the breach of, default under or failure to comply with, at any time prior to or on the Closing Date, any Assumed Contract or the failure to timely pay or perform any other liability or obligation unless such liability or obligation is disclosed on the Closing Date Balance Sheet (as defined in Section 2.7(b));

(c) any liability or obligation of Seller arising out of or incurred in connection with Seller's deferred compensation agreement with RG and salary continuation agreement with HG;

(d) any liability or obligation arising out of or with respect to any third party or governmental claim pending on the Closing Date or thereafter initiated based on or arising out of the operation of the Business prior to or on the Closing Date;

(e) any liability or obligation of Seller arising or incurred in connection with the negotiation, preparation and execution of this Agreement and the transactions contemplated by this Agreement and any fees and expenses of counsel, accountants, brokers, financial advisors or other experts of Seller;

(f) any liability or obligation for or relating to federal, state or local taxes unless such liability or obligation is disclosed on the Closing Date Balance Sheet; and

(g) any liability or obligation specified as a liability or obligation of Seller in the Employee Benefits Transition Agreement, of even date herewith (the "Transition Agreement"), in the form of Exhibit 1.5(g) attached hereto, entered into by the Parties.

Section 1.6 Guarantee of Home Depot. To the extent Purchaser is a designee of Home Depot, Home Depot shall be liable for the obligations of Purchaser owed to Seller arising from the Acquisition.

ARTICLE 2. PURCHASE PRICE; ALLOCATIONS

Section 2.1 Purchase Price. The purchase price for the Assets will be, subject to adjustment pursuant to Section 2.7, (i) \$28,000,000 plus (ii) the GL Contingent Payments and the HD Contingent Payments (which in the aggregate shall not exceed \$12,000,000) plus (iii) the assumption by Purchaser of the Assumed Liabilities (the "Purchase Price"). The GL Contingent Payments and the HD Contingent Payments are collectively referred to as the "Contingent Payments." The Purchase Price will be payable as provided in Section 2.2.

Section 2.2 Payment of Purchase Price. The Purchase Price will be paid as follows:

(a) Purchaser will pay to Seller on the Closing Date an amount equal to \$28,000,000 by wire transfer of immediately available federal funds to an account to be designated in writing to Purchaser by Seller at least two business days prior to the Closing Date; provided, however, that if all of the other actions necessary in connection with the Closing (as set forth in Section 7.2) have not been completed prior to 12:00 noon, Atlanta time, on the Closing Date, then such wire transfer will be made by Purchaser on the first business day following the Closing Date.

(b) Purchaser will pay to Seller the GL Contingent Payments in accordance with Section 2.3.

(c) Purchaser will pay to Seller the HD Contingent Payments in accordance with Section 2.4.

Section 2.3 GL Contingent Payments.

(a) The following terms shall have the following meanings as used in this Section 2.3:

(i) "Sales" shall mean total sales less returns and allowances.

(ii) "EBIT" shall mean the earnings of Purchaser before interest and taxes for the applicable fiscal year as determined on an accrual basis consistent with GAAP. Purchaser's EBIT shall be determined each year based on financial statements

prepared by Purchaser and reviewed by KPMG Peat Marwick LLP ("KPMG").
The following provision shall apply in connection with the calculation of EBIT:

(x) Any expenses associated with Home Depot stock options granted to employees of Purchaser will not be charged against Purchaser's earnings.

(y) Any merchandise purchased by or transferred to Home Depot U.S.A., Inc. ("Home Depot USA") (including the EXPO division) from Purchaser's World Imports division will be recognized as a sale by Purchaser at World Import's distributor selling price.

(z) Seller recognizes that certain intersubsidiary charges will be allocated to Purchaser in accordance with the ordinary and customary practices of Home Depot. It is Home Depot's policy that all transactions which occur between subsidiaries be reflected at arms' length values such that income and expense are accurately matched on each subsidiary's books. A fee of 1/10th of one percent (.1%) of Purchaser's Sales shall be charged by Home Depot to Purchaser to pay for such intersubsidiary charges, which fee shall be subject to adjustment based upon actual charges as determined through Home Depot internal auditing procedures conducted from time to time. Intersubsidiary charges are currently recorded at cost. No mark up is included.

(b) For each of the three fiscal years of Purchaser after the Closing Date (the "Three Year Period"), subject to the review and dispute procedures set forth in Section 2.5, Purchaser will pay Seller \$1,666,667 in cash (each a "GL Contingent Payment") (up to \$5,000,000 in the aggregate over the Three Year Period) if Purchaser achieves for the applicable year both of the following performance targets for such fiscal year (individually a "GL Target"; and collectively the "GL Targets"):

Fiscal Year Ending January 2000	Sales of \$41,249,000 and EBIT of \$4,184,000
Fiscal Year Ending January 2001	Sales of \$44,332,000 and EBIT of \$4,652,000
Fiscal Year Ending January 2002	Sales of \$47,435,000 and EBIT of \$5,002,000

The GL Targets for EBIT set forth in this Section 2.3 (b) and Section 2.3(d) for each fiscal year will be, as applicable, either (i) increased by the excess of \$1,290,000 over the aggregate salary and cash bonus paid to HG and RG during such fiscal year, or (ii) decreased by the excess of the aggregate salary and cash bonus paid to HG and RG during such fiscal year over \$1,290,000.

The first fiscal year of Purchaser after the Closing Date shall commence on the Closing Date and shall end on January 30, 2000, and Sales and EBIT numbers for Purchaser's first fiscal year shall be annualized by multiplying Sales or EBIT, as the case may be, by a fraction, the numerator of which shall be three hundred sixty-five (365), and the

denominator of which shall be the number of days in the period from and including the Closing Date to and including January 30, 2000.

(c) If Purchaser does not achieve the GL Target for Sales with respect to any fiscal year, but does achieve an amount of Sales equal to or in excess of the following amounts:

Fiscal Year Ending January 2000	Sales of \$37,124,100
Fiscal Year Ending January 2001	Sales of \$39,898,800
Fiscal Year Ending January 2002	Sales of \$42,691,500

then, Seller will be entitled to receive a portion of the GL Contingent Payment determined based upon the following formula (for illustration purposes, an example of the calculation pursuant to this Section 2.3(c) is included on Exhibit A attached hereto):

$[1 - ((1 - (\text{Actual Sales} / \text{GL Target for Sales})) \times 2.5)] \times \text{Maximum GL Contingent Payment} \times .40$

(d) If Purchaser does not achieve the GL Target for EBIT with respect to any fiscal year, but does achieve an amount of EBIT equal to or in excess of the following amounts:

Fiscal Year Ending January 2000	EBIT of \$3,765,600
Fiscal Year Ending January 2001	EBIT of \$4,186,800
Fiscal Year Ending January 2002	EBIT of \$4,501,800

then, Seller will be entitled to receive a portion of the GL Contingent Payment determined based upon the following formula (for illustration purposes, an example of the calculation pursuant to this Section 2.3(d) is included on Exhibit A attached hereto):

$[1 - ((1 - (\text{Actual EBIT} / \text{GL Target for EBIT})) \times 2.5)] \times \text{Maximum GL Contingent Payment} \times .60$

Section 2.4 HD Contingent Payments.

(a) The following terms shall have the following meanings as used in this Section 2.4:

(i) "Lighting Sales" for each fiscal year shall be the sales less returns and allowances for such fiscal year for Home Depot USA (including the EXPO Division) in product classes 12 (track lighting), 15 (fluorescent lighting), 16 (interior lighting), 17 (lamps and lighting accessories) and 18 (exterior lighting); provided, however, that after the Closing Date, the parties hereby agree to adjust the definition of Lighting Sales to reflect any changes in the above product classes.

(ii) "Lighting Sales Per Effective Store (LSPES)" for each fiscal year shall be calculated by dividing (y) Lighting Sales by (z) the number of Effective Stores.

(iii) "Effective Stores" for each fiscal year means the Home Depot USA (including the EXPO division) store count at the beginning of such year plus fifty percent (50%) of the number of new stores opened during such fiscal year.

(iv) "Gross Margin" shall mean Lighting Sales less the cost of goods sold, divided by Lighting Sales, all as determined on a basis consistent with the past practice of Home Depot; provided, however, that the Parties may agree that Gross Margin may be increased to account for inventory that is marked down or written off as a result of obsolete, slow moving or discontinued inventory.

(b) For each of the fiscal years of Home Depot during the Three Year Period, subject to the review and dispute procedures set forth in Section 2.5, Purchaser will pay Seller \$2,333,334 in cash (each an "HD Contingent Payment") (up to \$7,000,000 in the aggregate over the Three Year Period) if Home Depot USA (including the EXPO division) achieves for the applicable fiscal year both of the following performance targets for such fiscal year (individually an "HD Target"; and collectively the "HD Targets"):

Fiscal Year Ending January 2000	LSPES of \$1,000,000 and a Gross Margin of 35.90%
Fiscal Year Ending January 2001	LSPES of \$1,110,000 and a Gross Margin of 37.60%
Fiscal Year Ending January 2002	LSPES of \$1,220,000 and a Gross Margin of 39.50%

The fiscal year of Home Depot ending January, 2000 shall, for purposes of calculating Lighting Sales and Gross Margin, commence on the Closing Date and end on January 30, 2000. Lighting Sales numbers for the first fiscal year shall be annualized by multiplying Lighting Sales by a fraction, the numerator of which shall be three hundred and sixty-five (365), and the denominator of which shall be the number of days in the period from and including the Closing Date to and including January 30, 2000.

(c) If Home Depot USA (including the EXPO Division) does not achieve the HD Target for LSPES with respect to fiscal year 2001 or 2002, but does achieve an amount of LSPES equal to or in excess of the following amounts

Fiscal Year Ending January 2001	LSPES of \$1,000,000
Fiscal Year Ending January 2002	LSPES of \$1,110,000

then, Seller will be entitled to receive a portion of the HD Contingent Payment determined based upon the following formula (for illustration purposes, an example of the calculation pursuant to this Section 2.4(c) is included on Exhibit A attached hereto):

$$[1 - ((1 - (\text{Actual LSPES} / \text{HD Target for LSPES})) \times 2.5)] \times \text{Maximum HD Contingent Payment} \times .50$$

(d) If Home Depot USA (including the EXPO Division) does not achieve the HD Target for Gross Margin with respect to fiscal year 2001 or 2002, but does achieve an amount of Gross Margin equal to or in excess of the following amounts:

Fiscal Year Ending January 2001	Gross Margin of 35.90%
Fiscal Year Ending January 2002	Gross Margin of 37.60%

then, Seller will be entitled to receive a portion of the HD Contingent Payment determined based upon the following formula (for illustration purposes, an example of the calculation pursuant to this Section 2.4(d) is included on Exhibit A attached hereto):

(Actual Gross Margin/HD Target for Gross Margin) x Maximum HD Contingent Payment x .50

(e) Notwithstanding the foregoing, in no event will Seller be entitled to receive any portion of an HD Contingent Payment with respect to Gross Margin in a fiscal year if the Gross Margin for such fiscal year is less than the Gross Margin in the prior fiscal year.

Section 2.5 Review and Dispute Procedures Contingent Payments.

(a) Within one hundred twenty (120) days of the end of any fiscal year during the Three Year Period, Home Depot shall submit to Seller in writing the proposed figures for Sales, EBIT, Lighting Sales, Gross Margin and the Contingent Payments for the most recently ended fiscal year, together with all supporting documentation necessary for a review of such proposed figures and Contingent Payments.

(b) If Seller objects to any of the proposed figures or Contingent Payments within ten (10) days of delivery thereof, Seller will deliver to Home Depot a notice of objection (an "Objection Notice") with respect to such proposed figures or Contingent Payments. If no Objection Notice is delivered to Home Depot within such ten (10) day period, the Contingent Payments (if any) for the most recently ended fiscal year as specified by Home Depot pursuant to Section 2.5(b) shall be final and binding and shall immediately be paid to Seller by Purchaser (if applicable). If an Objection Notice is given, the Parties will consult with each other with respect to the objection and Home Depot shall give Seller, Ernst & Young LLP ("Seller's Auditor") and other appropriate representatives of Seller such access to the books and records of each of Home Depot USA and Purchaser as Seller and Seller's Auditor shall reasonably request during normal business hours in order to evaluate such proposed figures and Contingent Payments. If the Parties are unable to reach agreement within ten (10) days after an Objection Notice has been given, any unresolved dispute items shall be promptly referred to an independent accounting firm acceptable to the Parties (the "Unrelated Accounting Firm"). The Unrelated Accounting Firm will be directed to resolve any disputed issues in accordance with the terms of this Agreement, to render a written report of the unresolved disputed issues as promptly as practicable and to resolve only those issues of dispute set forth in the Objection Notice. Such written report shall also set forth the amount of Contingent

Payments for such fiscal year. The resolution of the dispute by the Unrelated Accounting Firm will be final and binding on the Parties. The fees and expenses of the Unrelated Accounting Firm shall be borne equally by Seller, on one hand, and Purchaser, on the other. Within five (5) days after the final determination of the Contingent Payments, Purchaser shall pay to Seller the amount of the Contingent Payments (if any).

Section 2.6 Operating and Accounting Procedures of Purchaser.

(a) Preservation of Business. During the Three Year Period, Purchaser and Home Depot shall maintain and preserve the Business and its assets in accordance with reasonable business prudence and shall operate the Business in a reasonable and prudent manner, and shall:

(i) depreciate the assets of the Business on a basis consistent with GAAP, and, to the extent not inconsistent with GAAP, Seller's prior practice;

(ii) maintain the books and records relating to the Business in a manner that fairly and correctly reflects the income, expenses, assets and liabilities of the Business on a basis consistent with GAAP, and, to the extent not inconsistent with GAAP, Seller's prior practice, to the extent necessary to permit the calculations to be made in accordance with the terms of this Agreement; and

(iii) not sell, transfer or otherwise dispose of any material portion of Purchaser's assets to any person or entity (other than transfers in the ordinary course of business consistent with Seller's prior practice), except for any transfer to an Affiliate (as defined in Section 3.20) of Purchaser in a transaction which does not negatively impact the ability of Purchaser and Seller to make the calculations described in Section 2.3 and 2.4.

(b) Operations of Purchaser. During the Three Year Period, Purchaser and Home Depot shall conduct the operations of the Business in accordance with the following provisions:

(i) The Business. Purchaser and Home Depot shall maintain the integrity of Purchaser for accounting purposes, so as to make the calculations of Sales and EBIT feasible and easily verifiable.

(ii) Accounts Payable. Purchaser will use its best efforts to pay all accounts payable in a manner consistent with Seller's prior practice.

(iii) New Retail Stores. Purchaser shall be entitled to open new or additional retail stores in addition to those stores of Seller in existence at Closing (each, a "New Store") on such terms and conditions as are mutually agreed by Home Depot and the Shareholders.

(c) Books and Records.

(i) Home Depot covenants and agrees that during the Three Year Period, it will maintain the books and records of the Purchaser in accordance with GAAP and, to the extent not inconsistent with GAAP, Seller's past practice.

(ii) Home Depot shall continue to account for the operations of the Purchaser separate and apart from Home Depot and its other affiliates through and including fiscal year 2002, regardless of actual corporate structure, tax or financial reporting considerations. For purposes of this Section 2.6, operations of the Purchaser shall include all existing operations and future expansion by the Purchaser which would include New Stores opened by the Purchaser.

(d) Maintaining Retail Stores. Unless it is mutually agreed between Home Depot and the Shareholders during the Three Year Period:

(i) Purchaser will not close any of the retail stores of the Business; and

(ii) Purchaser will not combine any other retail stores, offices or business with the retail stores of the Business.

(e) Acquisitions. Nothing in this Agreement shall be interpreted as a restriction or limitation on Home Depot's and its affiliates' right and ability to acquire by purchase, exchange or otherwise, any other entity, organization, business or other enterprise, whether or not engaged in a business similar or related to the Business (an "Acquired Business"). Unless the Purchaser operates an Acquired Business, as determined by the Home Depot and agreed to by the Shareholders, the Purchaser shall have no rights or interests in or relating to any Acquired Business. If the Purchaser operates an Acquired Business, Purchaser shall account for such Acquired Business separate from the Business such that Sales and EBIT will in no way be affected by such Acquired Business.

(f) EBIT Calculations. The Parties hereby agree that Sales and EBIT calculations during the Three Year Period shall not take into account any transaction expenses, capitalized expenses, capital costs or amortization of goodwill related to the transactions contemplated herein. Additionally, the Parties agree that the higher depreciation resulting from any step up in basis by Purchaser of the Assets will not adversely affect any Contingent Payments due hereunder.

(g) GAAP Changes. The parties hereto hereby agree that any changes in GAAP accounting rules promulgated by the FASB from and after the Closing Date shall not affect adversely any Contingent Payments due to the Shareholders hereunder. The Parties shall use the GAAP rules, regulations and standards in effect as of the Closing Date as a basis for all Contingent Payment calculations.

(h) Employee Benefits. Nothing in this Section shall be interpreted as a restriction or limitation on Home Depot's or Purchaser's right and ability to modify any employee benefits in a manner permitted under the Employee Benefits Transition Agreement.

Section 2.7 Adjustment of Purchase Price.

(a) The Purchase Price will be adjusted as follows:

(i) For purposes of this Agreement, "Closing Date Net Worth" will mean the net book value of the Assets less the net book value of the Assumed Liabilities, in each case determined as provided in Section 2.7(b), as reflected in the Closing Date Balance Sheet referred to in Section 2.7(b). "Target Net Worth" will mean \$21,265,143.

(ii) If the amount of the Closing Date Net Worth is less than the Target Net Worth, the Purchase Price shall be decreased by an amount equal to the difference between the Closing Date Net Worth and the Target Net Worth. If the amount of the Closing Date Net Worth is more than the Target Net Worth, the Purchase Price shall be increased by any amount equal to the difference between the Closing Date Net Worth and the Target Net Worth.

(b) The Closing Date Net Worth will be determined as of the close of business on the Closing Date on the basis of a pro forma balance sheet that sets forth the net book values of the Assets and the Assumed Liabilities as of the close of business on the Closing Date (the "Closing Date Balance Sheet"). The Closing Date Balance Sheet will be prepared by Seller in accordance with Seller's past practices and generally accepted accounting principles ("GAAP"); provided, however, if Seller's past practice is inconsistent with GAAP, GAAP will control. Schedule 3.6 contains a true and correct list of each instance in which Seller's past practice varies from GAAP.

(c) Seller will engage Seller's Auditor to examine the Closing Date Balance Sheet and will use all commercially reasonable efforts to deliver to Purchaser the Closing Date Balance Sheet within ninety (90) days after the Closing Date, together with a report of Seller's Auditor thereon (i) setting forth the amount of Closing Date Net Worth reflected in the Closing Date Balance Sheet, (ii) stating that (A) the examination has been made in accordance with generally accepted auditing standards and (B) the Closing Date Balance Sheet has been prepared in conformity with GAAP, and, to the extent not inconsistent with GAAP, Seller's past practice and (iii) setting forth the amount of any required adjustment to the Purchase Price pursuant to Section 2.7(a)(ii). The Parties will take such actions as are necessary to cause the audit of the Closing Date Balance Sheet by Seller's Auditor to be performed expeditiously. KPMG and Home Depot will have the opportunity to observe the taking of the inventory of the Business in connection with the preparation of the Closing Date Balance Sheet, and to examine the work papers, schedules and other documents prepared by Seller in connection with its preparation of the Closing Date Balance Sheet. Seller will use all commercially reasonable efforts to

cause Seller's Auditor to permit Purchaser and KPMG to examine the work papers of Seller's Auditor used in connection with its audit of the Closing Date Balance Sheet. During the period from the date of delivery of the Closing Date Balance Sheet until the expiration of the thirty (30) day period following the delivery of the Closing Date Balance Sheet, Seller will give Purchaser and KPMG and other appropriate personnel such assistance and access to the assets and books and records of the Business as Purchaser and KPMG will reasonably request during normal business hours in order to enable them to evaluate the Closing Date Balance Sheet. Seller will be responsible for the fees and expenses of Seller's Auditor.

(d) If Purchaser objects to the Closing Date Balance Sheet, within thirty (30) days following the delivery of the Closing Date Balance Sheet and the related report of Seller's Auditor, Purchaser will deliver to Seller an Objection Notice with respect to the Closing Date Balance Sheet and related report. Such Closing Date Balance Sheet and related report will be final and binding on the Parties if no Objection Notice is delivered to Seller within such thirty (30) day period. Any Objection Notice will specify in reasonable detail the items on the Closing Date Balance Sheet disputed and will describe in reasonable detail the basis for the objection and all information in the possession of the objecting party which forms the basis thereof, as well as the amount in dispute. If an Objection Notice is given, the Parties will consult with each other with respect to the objection. If the Parties are unable to reach agreement within fifteen (15) days after an Objection Notice has been given, any unresolved disputed items shall be promptly referred to the Unrelated Accounting Firm. The Unrelated Accounting Firm will be directed to resolve disputed issues in accordance with the terms of this Agreement and render a written report on the unresolved disputed issues with respect to the Closing Date Balance Sheet as promptly as practicable and to resolve only those issues of dispute set forth in the Objection Notice. Such notice shall also set forth the amount of any required adjustment to the Purchase Price pursuant to Section 2.7(a)(ii). The resolution of the dispute by the Unrelated Accounting Firm will be final and binding on the Parties. The fees and expenses of the Unrelated Accounting Firm will be borne equally by Seller, on one hand, and Purchaser, on the other.

(e) Within ten (10) days after the final determination of any required adjustment to the Purchase Price pursuant to Section 2.7(a)(ii), (i) if the amount of the Closing Date Net Worth is less than the Target Net Worth, Seller shall pay to Purchaser the amount of any such decrease in the Purchase Price, together with simple interest at the rate of five percent (5%) per annum from the Closing Date through and including the date on which such Purchase Price adjustment is paid, and (ii) if the amount of the Closing Date Net Worth is greater than the Target Net Worth, Purchaser shall pay to Seller the amount of any such increase in the Purchase Price, together with simple interest at the rate of five percent (5%) per annum from the Closing Date through and including the date on which such Purchase Price adjustment is made.

Section 2.8 Allocation of Purchase Price. Attached as Schedule 2.8 is an allocation of the Purchase Price to be paid pursuant to Section 2.1(i) to the Assets. Home Depot and Seller

agree to file all returns and reports, including, without limitation, all federal, state and local income and franchise tax returns, on the basis of such allocation.

Section 2.9 Allocation of Certain Items. With respect to certain expenses incurred in the operation of the Business, the following allocations will be made between Purchaser and Seller:

(a) Taxes. Real and ad valorem property taxes will be apportioned at the Closing based upon current tax bills if available; and if not available, such apportionment will be based on the most recent tax bills available, with appropriate subsequent adjustment when bills for 1999 are received.

(b) Utilities. Utilities, water and sewer charges will be apportioned based upon the number of operating days occurring before and after the Closing Date during the billing period for each such charge.

(c) Workers' Compensation. Pursuant to the provisions of this Agreement, Seller will be responsible for and pay any and all workers' compensation and other similar claims asserted by or with respect to any employee or former employee of Seller in respect of any injury or other compensable event or occupational illness or disease which occurred or is attributable to any event, state of facts or condition which existed or occurred in whole prior to or on the Closing Date. Purchaser is responsible for and will pay any and all workers' compensation and other similar claims asserted by or with respect to any employee of Purchaser in respect of any injury or other compensable event or occupational illness or disease which occurred or is attributable to any event, state of facts or condition which existed or occurred in whole after the Closing Date. If any such injury or other compensable event or occupational illness or disease of a person who was employed both by Seller prior to or on the Closing Date and by Purchaser after the Closing Date is attributable in part to causes occurring prior to or on the Closing Date and in part to causes occurring subsequent to the Closing Date and is the basis of a workers' compensation or other similar claim asserted after the Execution Date, then liability for any such claim will be shared by Seller and Purchaser in the proportion of the periods of employment of the employee (i) by Seller prior to or on the Closing Date and (ii) by Purchaser after the Closing Date, respectively.

(d) Method of Payment. Appropriate cash payments by Seller or Purchaser, as the case may require, will be made under this Agreement from time to time, as soon as practicable after the facts giving rise to the obligation for such payments are known to Seller and Purchaser, in the amounts necessary to give effect to the allocations provided for in this Section 2.9; provided, however, that no such cash payment will be required under this Section 2.9 to the extent such item is reflected as a liability on the Closing Date Balance Sheet.

ARTICLE 3. REPRESENTATIONS AND WARRANTIES OF SELLER AND THE SHAREHOLDERS

Seller and each Shareholder hereby represents and warrants to Purchaser as follows:

Section 3.1 Organization. Seller is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation and has all requisite power and authority (corporate and other) to own, lease and operate its properties and to carry on its business as now being conducted. Seller is duly qualified to transact business and is in good standing as a foreign corporation in each jurisdiction where the character of its activities requires such qualification. Seller has heretofore made available to Purchaser true, correct and complete copies of its articles of incorporation and bylaws as currently in effect and its minute books. Schedule 3.1 contains a true and correct list of the jurisdictions in which Seller is qualified to do business as a foreign corporation.

Section 3.2 Authorization. Seller and each Shareholder has the full power and authority to execute and deliver this Agreement and any other certificate, agreement, document or other instrument to be executed and delivered by them in connection with the transactions contemplated by this Agreement (collectively, the "Seller Ancillary Documents") and to perform their respective obligations under this Agreement and the Seller Ancillary Documents and to consummate the transactions contemplated by this Agreement and by the Seller Ancillary Documents. The execution and delivery of this Agreement and the Seller Ancillary Documents by Seller and the performance by Seller of its obligations under this Agreement and under the Seller Ancillary Documents and the consummation of the transactions provided for in this Agreement and in the Seller Ancillary Documents have been duly and validly authorized by all necessary corporate action on the part of Seller. The board of directors and shareholders of Seller have approved the execution, delivery and performance of this Agreement and the Seller Ancillary Documents and the consummation of the transactions contemplated by this Agreement and by the Seller Ancillary Documents. This Agreement has been, and the Seller Ancillary Documents will be as of the Closing Date, duly executed and delivered by Seller and do or will, as the case may be, constitute the valid and binding agreements of Seller, enforceable against Seller in accordance with their respective terms, subject to applicable bankruptcy, insolvency and other similar laws affecting the enforceability of creditors' rights generally, general equitable principles and the discretion of courts in granting equitable remedies.

Section 3.3 Absence of Restrictions and Conflicts. Except as set forth in Schedule 3.3, the execution, delivery and performance of this Agreement and the Seller Ancillary Documents, the consummation of the transactions contemplated by this Agreement and the Seller Ancillary Documents and the fulfillment of and compliance with the terms and conditions of this Agreement and the Seller Ancillary Documents do not or will not (as the case may be), with the passing of time or the giving of notice or both, violate or conflict with, constitute a breach of or default under, result in the loss of any benefit under, or permit the acceleration of any obligation under, (a) any term or provision of the articles of incorporation or bylaws of Seller, (b) any Assumed Contract or any other contract or agreement of Seller, (c) any judgment, decree or order of any court or governmental authority or agency to which Seller or either Shareholder is a party

or by which Seller or any of its properties or either Shareholder is bound or (d) any statute, law, rule or regulation applicable to Seller or either Shareholder. Except for compliance with the applicable requirements of the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act"), no consent, approval, order or authorization of, or registration, declaration or filing with, any governmental agency or public or regulatory unit, agency, body or authority with respect to Seller is required in connection with the execution, delivery or performance of this Agreement or the Seller Ancillary Documents by Seller and the Shareholders or the consummation of the transactions contemplated by this Agreement or the Seller Ancillary Documents by Seller and the Shareholders.

Section 3.4 Subsidiaries. Seller does not own, directly or indirectly, any capital stock or any other equity or debt securities of or in any corporation, firm, partnership, joint venture, association or other entity.

Section 3.5 Ownership of Assets and Related Matters.

(a) Real Property.

(i) Seller does not own any real property. Schedule 3.5 (a)(i) sets forth a true and correct list of the real property currently leased by Seller (together with all fixtures and improvements thereon, the "Leased Real Property").

(ii) Except as set forth on Schedule 3.5(a)(ii), Seller has a valid leasehold interest in the Leased Real Property free and clear of all liens, pledges, security interests, charges, claims, leasehold interests, tenancies, restrictions and encumbrances of any nature whatsoever other than (i) liens for taxes not yet due and payable, (ii) statutory liens of landlords and liens of carriers, warehousemen, mechanics, material men and repairmen incurred in the ordinary course of business and not yet delinquent and (iii) zoning, building, or other restrictions, variances, covenants, rights of way, encumbrances, easements and other minor irregularities in title, none of which, individually or in the aggregate, (A) interfere with the present use of or occupancy of any of the Leased Real Property by Seller, (B) have more than an immaterial effect on its use or the value thereof, or (C) would impair the ability of Seller to sell any such Leased Real Property (collectively, "Permitted Liens").

(iii) The leases of the Leased Real Property are in full force and effect. Seller has neither sent nor received written notice of any default under the leases of the Leased Real Property, and Seller has not breached any covenant, agreement or condition contained in any lease of the Leased Real Property, nor has there occurred any event which with the passage of time or the giving of notice or both would constitute such a breach by Seller.

(iv) To Seller's Knowledge, no portion of the Leased Real Property, or any of the buildings and improvements located thereon, violates any law, rule, regulation,

ordinance, or statute, including those relating to zoning, building, land use, environmental, health and safety, fire, air, sanitation and noise control. To Seller's Knowledge, no pending or threatened condemnation or similar proceeding exists with respect to the Leased Real Property.

(v) The improvements on the Leased Real Property are in good operating condition and in a state of good maintenance and repair, ordinary wear and tear excepted, are adequate and suitable for the purposes for which they are presently being used and, to Seller's Knowledge, conform to all applicable laws, ordinances, codes, rules and regulations applicable to such improvements. To Seller's Knowledge, there are no condemnation or appropriation proceedings pending or threatened against any of the Leased Real Property or the improvements thereon.

(b) Necessary Assets. The Assets constitute all of the assets necessary and sufficient to conduct the operations of the Business in accordance with Seller's past practices. All assets owned by Seller that are used or held for use in the Business are included in the Assets. Except as set forth in Schedule 3.5(b)(i), Seller has (and will convey to Purchaser at the Closing) good and marketable title to the Assets, free and clear of all liens, pledges, security interests, charges, claims, restrictions and encumbrances of any nature whatsoever (except with respect to the Leased Real Property, Permitted Liens). All equipment and other items of tangible property and assets included in the Assets are in good operating condition and in a state of good maintenance and repair, ordinary wear and tear excepted, are usable in the regular and ordinary course of business and, to Seller's Knowledge, conform to all applicable laws, ordinances, codes, rules and regulations applicable thereto. No person other than Seller owns any equipment or other tangible assets or properties situated on the premises of Seller which are necessary to the operation of the Business, except for the leased items that are subject to the personal property leases listed on Schedule 3.11. Except as set forth on Schedule 3.5(b)(ii), since January 31, 1999, Seller has not sold, transferred or disposed of any assets other than sales of inventory in the ordinary course of business.

(c) Personal Property. Schedule 3.5(c) sets forth a true, correct and complete list and general description of each item of personal property of Seller having a book value of more than \$5,000 as of the Interim Balance Sheet Date (as defined in Section 3.6).

(d) Inventories. The inventories of Seller (i) are sufficient for the operation of the Business in the ordinary course consistent with past practice, (ii) consist of items which are good and merchantable within normal trade tolerances, (iii) are of a quality and quantity presently usable or saleable in the ordinary course of business of Seller (subject to applicable reserves), (iv) are valued on the books and records of Seller at the lower of cost or market with the cost determined under FIFO inventory valuation method consistent with past practice and (v) are subject to reserves determined in accordance with GAAP, consistently applied. No previously sold inventory is subject to returns in excess of those historically experienced by Seller.

(e) Accounts Receivable. The accounts receivable of Seller arose from bona fide transactions in the ordinary course of business, have been executed on terms consistent with the past practice of Seller, and, except as set forth on Schedule 3.5(e), are not subject to any valid defenses, counterclaims or rights of setoffs (except for credits and returns in the normal course of business) and are fully collectible in accordance with their terms (except for the amount of any applicable existing reserves).

(f) No Third Party Options. Other than the letter of intent between Seller and Home Depot, dated April 2, 1999, there are no existing agreements, options, commitments or rights with, of or to any person to acquire any of Seller's assets, properties or rights or any interest in such assets.

Section 3.6 Financial Statements. Seller has delivered to Purchaser the following: (a) the audited balance sheet of Seller for the year ended January 31, 1999 (the "Audited Balance Sheet"), and (b) the audited statement of income, retained earnings and cash flows of Seller for the year ended January 31, 1999 (the "Audited Income Statement"). In addition, Seller has delivered to Purchaser: (i) the unaudited balance sheet of Seller as of April 25, 1999 (the "Interim Balance Sheet" and April 25, 1999 shall be the "Interim Balance Sheet Date") and (ii) the unaudited statements of income, retained earnings and cash flows of Seller for the three (3) month period ended April 25, 1999 (together with the Interim Balance Sheet, the "Interim Financial Statements" and, together with the Audited Balance Sheet and Audited Income Statement, the "Financial Statements"). Except as provided in Schedule 3.6, the Financial Statements have been prepared from, and are in accordance with, the books and records of Seller, which books and records are maintained in accordance with GAAP, consistently applied throughout the periods indicated, and such books and records have been maintained on a basis consistent with the past practice of Seller. Each of the balance sheets included in the Financial Statements (including the related notes and schedules) fairly presents the financial position of Seller as of the date of such balance sheets, and each of the statements of income, retained earnings and cash flows included in the Financial Statements (including any related notes and schedules) fairly presents the results of operations and changes in cash flows, as the case may be, of Seller for the periods set forth therein, in each case in accordance with GAAP consistently applied during the periods involved, except as may be noted therein. Except as set forth on Schedule 3.6, since January 31, 1999, there has been no change in any of the significant accounting (and tax accounting) policies, practices or procedures of Seller. With respect to each of the Financial Statements, there were no audit adjustments proposed by Seller's auditors which were not accepted by Seller and appropriately reflected thereon.

Section 3.7 No Undisclosed Liabilities. Except as disclosed in Schedule 3.7, Seller does not have any liabilities or obligations, contingent or otherwise, which are not adequately reflected or provided for in the Interim Balance Sheet, except liabilities and obligations incurred since the Interim Balance Sheet Date in the ordinary course of the Business.

Section 3.8 Absence of Certain Changes.

(a) Since January 31, 1999, there has not been (i) any material adverse change in the assets, liabilities, business, financial condition, results of operations or prospects of Seller or (ii) any damage, destruction, loss or casualty to property or assets of Seller, whether or not covered by insurance. Since January 31, 1999, Seller has (w) used its best efforts to preserve its business and customers, (x) maintained supplies and inventory at levels that are in the ordinary course of business consistent with past practice, (y) extended credit to customers, collected accounts receivable and paid accounts payable and similar obligations in the ordinary course of business consistent with past practice and (z) conducted its business in the ordinary course on a basis consistent with past practice and not engaged in any new line of business or entered into any agreement, transaction or activity or made any commitment except those in the ordinary course of business.

(b) Schedule 3.8(b) sets forth a list of all dividends or distributions, declared, paid or set aside for payment by Seller since January 31, 1999.

(c) Except as set forth in Schedule 3.8(c), since January 31, 1999, there has not been with respect to Seller (i) any extraordinary losses suffered, (ii) any asset (including any of the Assets) mortgaged, pledged or made subject to any lien, charge or other encumbrance, (iii) any liability or obligation (absolute, accrued or contingent) incurred except in the ordinary course of business, (iv) any claim, liability or obligation (absolute, accrued or contingent) paid, discharged or satisfied, other than the payment, discharge or satisfaction in the ordinary course of business consistent with past practice of claims, liabilities and obligations reflected or reserved against in the Interim Balance Sheet or incurred in the ordinary course of business consistent with past practice since January 31, 1999, (v) any guaranteed check, note or account receivable which has been written off as uncollectible, except write-offs in the ordinary course of business consistent with past practice, (vi) any write-down of the value of any asset or investment except for depreciation and amortization taken in the ordinary course of business consistent with past practice, (vii) any cancellation of any debt or waiver of any claim or right of substantial value, or sale, transfer or other disposition of any property or asset (real, personal or mixed, tangible or intangible) of substantial value, except, in each such case, in transactions in the ordinary course of business consistent with past practice and which in any event do not exceed \$10,000 in the aggregate, (viii) any single capital expenditure or commitment in excess of \$10,000 for additions to property or equipment or aggregate capital expenditures and commitments in excess of \$25,000 for additions for property or equipment, (ix) any increase in the compensation of officers, directors or employees (other than, with respect to employees, in the ordinary course of business), whether now or hereafter payable, or the payment of any bonus or similar compensation to any officer, director or employee (x) any increase of any reserves for contingent liabilities (excluding any adjustment to bad debt reserves and reserves for returns in the ordinary course of business consistent with past practice), (xi) any change in the methods, procedures or policies by which Seller extends customers credit, collects accounts receivables and pays accounts payables, (xii) any change in the cash management practices of Seller, (xiii) any transaction entered into other than in the ordinary course of business, (xiv) any agreement to do any of the foregoing or (xv) any other event, development or condition of any

character that has had or is likely to have an adverse effect on the assets, liabilities, results of operations, business or prospects of Seller.

Section 3.9 Legal Proceedings. Except as set forth in Schedule 3.9, there are no suits, actions, claims, proceedings or investigations pending or, to Seller's Knowledge, threatened against, relating to or involving Seller or the Assets before any court, arbitrator or administrative or governmental body. None of such suits, actions, claims, proceedings or investigations, if finally determined adversely, are reasonably likely, individually or in the aggregate, to have a material adverse effect on the assets, liabilities, results of operations, business or prospects of Seller. Seller is not subject to any judgment, decree, injunction, rule or order of any court.

Section 3.10 Compliance with Law. Seller has all material authorizations, approvals, licenses, permits and orders of and from all governmental and regulatory officers and bodies necessary to carry on its business as it is currently being conducted, to own or hold under lease the properties and assets it owns or holds under lease and to perform all of its obligations under the agreements to which it is a party (collectively, the "Licenses"). Seller is (and has been during the past five years) in compliance with all applicable laws, regulations and administrative orders (including, without limitation, laws relating to employment of labor or use or occupancy of properties or any part thereof) of any country, state or municipality or of any subdivision thereof to which its business is subject. Schedule 3.10 sets forth a true, correct and complete list of all Licenses. Seller has previously delivered to Purchaser all reports and filings made or filed by Seller pursuant to the Occupational Safety and Health Act ("OSHA"). Except as set forth on Schedule 3.10, during the five-year period prior to the Closing Date, Seller has not violated or failed to comply with, or been the subject of any allegation that it has violated or failed to comply with, OSHA.

Section 3.11 Seller Contracts. Schedule 3.11 sets forth a true, correct and complete list of all Assumed Contracts (including every amendment, modification or supplement to the foregoing) (which, together with the Seller Benefit Plans (as defined in Section 3.14(a)) are herein referred to as the "Seller Contracts"), other than customer and supplier purchase orders entered into in the ordinary course of business that do not require the payment from or to Seller of more than \$20,000. Schedule 3.11 identifies with an asterisk each Assumed Contract as to which a consent or notice is required to be obtained or given in connection with the Acquisition. True, correct and complete copies of all Assumed Contracts have been made available to Purchaser. The Assumed Contracts are valid and enforceable in accordance with their respective terms with respect to Seller and each other party to such Assumed Contracts. There are no existing defaults of Seller under any Assumed Contract or of any of the other parties to such Assumed Contracts (or events or conditions which with notice or lapse of time or both would constitute a default), and, to the Knowledge of Seller, there are no such defaults with respect to any third party to any Assumed Contract.

Section 3.12 Tax Returns; Taxes. Seller has duly filed all federal, state and local tax returns or extensions therefore required to be filed by it and has duly paid or made adequate provision for the payment of all taxes which are due and payable pursuant to such returns or pursuant to any assessment with respect to taxes in such jurisdictions whether or not in

connection with such returns. Since January 1, 1994, no tax deficiencies have been asserted against Seller as a result of any examination by the Internal Revenue Service or any other taxing authority. There are no pending claims asserted for any federal, state or local taxes of Seller or outstanding agreements or waivers extending the statutory period of limitation applicable to any tax return of Seller for any period.

Section 3.13 Officers, Directors and Employees. Schedule 3.13 contains a true and complete list of (a) all of the officers of Seller specifying their office and annual rate of compensation and (b) all of the employees of Seller as of the Execution Date specifying their annual salary or hourly wages, together with an appropriate notation next to the name of any employee on such list to whom Seller has made verbal commitments which are binding on Seller.

Section 3.14 Seller Benefit Plans.

(a) Seller has furnished to Purchaser a correct, complete and current copy of each plan, program, policy or arrangement which is set forth in writing and which provides cash or property or other compensation related benefits of any kind or description whatsoever to or on behalf of any current or former employee or director of Seller or any of their dependents and a complete description of any such plan, program, policy or arrangement which is not set forth in writing (collectively, the "Seller Benefit Plans"). Each Seller Benefit Plan is listed on Schedule 3.14. Except as set forth in Schedule 3.14, since the date these documents were supplied to Purchaser, no plan amendments have been adopted, no changes to these documents have been made, and no amendments or changes will be adopted or made prior to the Closing Date.

(b) Seller has furnished to Purchaser a correct, complete and current copy of all employee handbooks currently made available to Seller's employees and any other materials which Seller distributes to employees or directors or any of their dependents with respect to each Seller Benefit Plan described in Section 3.14(a). Seller has or will furnish to Purchaser, upon Purchaser's request, complete and current copies of any other documents related to the Seller Benefit Plans (including, for example, insurance and annuity contracts, IRS Forms 5500 and favorable determination letters).

(c) Seller is not a party to any employment related contract or agreement of any kind or description whatsoever which is, or purports to be, binding in any way whatsoever on Purchaser, and Purchaser will have no liability of any kind or description under any Seller Benefit Plan.

(d) Except as set forth in Schedule 3.14(d), each Seller Benefit Plan (and any related trusts and other funding media) comply and have been administered in compliance, in all material respects, with the (i) provisions of ERISA; (ii) all provisions of the Internal Revenue Code of 1986, as amended, (the "Code") applicable to secure the intended tax consequences; and (iii) all other applicable laws, rules, regulations, and collective bargaining agreements. Each Seller Benefit Plan which is intended to be qualified under

Code Section 401(a) ("Qualified Retirement Plan") has received from the Internal Revenue Service a favorable determination letter the indicates that the plan satisfies the qualification requirements under Code Section 401(a), and no amendment to any Qualified Retirement Plan made since such determination letter could cause a disqualification of such plan. Seller has not received any written notice from any governmental agency or instrumentality questioning or challenging any compliance of and Seller Benefit Plans.

(e) No Seller Benefit Plan is subject to Title IV of ERISA, and neither Seller nor any of its ERISA Affiliates (that is, any entity which, together with the Seller, will be treated as a single employer within the meaning of Code Section 414(b), (c), (m) or (o)), have any liability arising under Title IV of ERISA. Neither Seller nor any of its ERISA Affiliates currently is a party to any multiemployer plan (within the meaning of ERISA Section 4001(a)(3)), and neither Seller nor any of its ERISA Affiliates has any liability associated with any multiemployer plan. The Assets are not, and will not become, subject to any lien or other encumbrance with respect to any obligation or liability regarding the Seller Benefit Plans.

(f) Except as identified on Schedule 3.14(f), none of the Seller Benefit Plans provides welfare benefits, including, without limitation, death or medical benefits (whether or not insured) with respect to current or former Employees beyond their retirement or other termination of service (other than coverage required by the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, and ERISA Sections 601 through 608 ("COBRA") or any similar state law.

(g) There is no pending or, to Seller's knowledge, threatened complaint, claim (other than a routine claim for benefits), proceeding, audit, or investigation of any kind in or before any court, tribunal, or governmental agency with respect to any Seller Benefit Plan.

(h) Neither Seller, its Affiliates, nor any administrator or fiduciary of any Seller Benefit Plan (or agent or delegate of any of the foregoing) has engaged in any transaction or acted or failed to act in any manner that could subject Seller to any direct or indirect liability (by indemnity or otherwise) for a breach of any fiduciary or co-fiduciary duty under ERISA. No party in interest (as defined in ERISA) or disqualified person (as defined in the Code) of any Seller Benefit Plan has engaged in any prohibited transaction (within the meaning of ERISA Section 406 or Code Section 4975).

(i) Levels of insurance reserves, trust funding and accrued liabilities with regard to all of the Seller Benefit Plans (to which such reserves or liabilities do or should apply) are described on Schedule 3.14(i), and such levels are reasonable and sufficient to provide for all incurred but unreported claims or payments and any retroactive or prospective premium adjustments.

Section 3.15 Labor Relations. Since December 31, 1994, except as set forth in Schedule 3.9 or Schedule 3.15, (a) the employees of Seller have not been and are not represented by a labor organization which was either National Labor Relations Board ("NLRB") certified or

voluntarily recognized; (b) Seller has not been and is not a signatory to a collective bargaining agreement with any labor organization; (c) no representation election petition has been filed by employees of Seller or is pending with the NLRB and no union organizing campaign involving employees of Seller has occurred or is in progress; (d) no NLRB unfair labor practice claims have been filed and/or are presently pending against Seller or any labor organization representing its employees; (e) no grievance or arbitration demand, whether or not filed pursuant to a collective bargaining agreement, has been filed or is pending against Seller; (f) no hand billing, picketing, work stoppage (sympathetic or otherwise), or other "concerted action" involving the employees of Seller has occurred or is in progress; (g) no breach of contract and/or denial of fair representation claim has been filed or is pending against Seller and/or any labor organization representing its employees; (h) no claim for unpaid wages or overtime or for child labor or record keeping violations has been filed or is pending under the Fair Labor Standards Act, Davis-Bacon Act, Walsh-Healey Act, or Service Contract Act or any other federal, state, local or foreign law, regulation, or ordinance; (i) no discrimination and/or retaliation claim has been filed or is pending against Seller under the 1866 or 1964 Civil Rights Acts, the Equal Pay Act, the Age Discrimination in Employment Act, as amended, the Americans with Disabilities Act, the Family and Medical Leave Act, the Fair Labor Standards Act, the Employee Retirement Security Act or any other federal law or any comparable state fair employment practices act or foreign law regulating discrimination in the workplace; (j) if Seller is a federal or state contractor obligated to develop and maintain an affirmative action plan, no discrimination claim, show cause notice, conciliation proceeding, sanctions or debarment proceeding has been filed or is pending with Office of Federal Contract Compliance Programs or any other federal agency or any comparable state or foreign agency or court and no desk audit or on-site review is in progress; (k) no citation has been issued by OSHA against Seller and no notice of contest or OSHA administrative enforcement proceeding involving Seller has been filed or is pending; (l) no workers' compensation or retaliation claim has been filed or is pending against Seller; (m) no citation of Seller has occurred and no enforcement proceeding has been initiated or is pending under federal or foreign immigration law; and (n) Seller has not taken any action that would constitute a "mass layoff" or "plant closing" within the meaning of the Worker Adjustment and Retraining Notification Act or otherwise trigger notice requirements or liability under any local or state plant closing notice law. Seller is in compliance with all federal, state and local laws respecting employment and employment practices, terms and conditions of employment, wages and hours, and is not engaged in any unfair labor or unlawful employment practice.

Section 3.16 Insurance Policies. Schedule 3.16 contains a complete and correct list of all insurance policies carried by Seller (the "Insurance Policies"), specifying the insurer, amount of and nature of coverage, the risk insured against, the deductible amount (if any) and the date through which coverage will continue by virtue of premiums already paid. Seller maintains insurance with reputable insurers for the business and assets of Seller against all risks normally insured against, and in amounts normally carried, by corporations of similar size engaged in similar lines of business. All insurance policies and bonds with respect to the business and assets of Seller are in full force and effect and will be maintained by Seller in full force and effect as they apply to any matter, action or event relating to Seller occurring prior to the Closing Date.

(a) Seller possesses, and is in full compliance with, all permits, licenses and government authorizations and has filed all notices that are required under local, state and federal laws and regulations relating to protection of the environment, pollution control, product registration and hazardous materials (as defined below in this Section 3.17) ("Environmental Laws"), and Seller is in compliance with all applicable limitations, restrictions, conditions, standards, prohibitions, requirements, obligations, schedules and timetables contained in those laws or contained in any law, regulation, code, plan, order, decree, judgment, notice, permit or demand letter issued, entered, promulgated or approved thereunder;

(b) Seller has not received notice of actual or threatened liability under the Federal Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA") or any similar state or local statute or ordinance from any governmental agency or any third party and there are no facts or circumstances which could form the basis for the assertion of any claim against Seller under any Environmental Laws including, without limitation, CERCLA or any similar local, state or foreign law with respect to any on-site or off-site location;

(c) Seller has not entered into or agreed to nor does it contemplate entering into any consent decree or order, and is not subject to any judgment, decree or judicial or administrative order relating to compliance with, or the cleanup of hazardous materials under, any applicable Environmental Laws;

(d) Seller has not been alleged to be in violation of, and has not been subject to any administrative or judicial proceeding pursuant to, applicable Environmental Laws or regulations either now or any time during the past five years;

(e) Seller is not subject to any claim, obligation, liability, loss, damage or expense of whatever kind or nature, contingent or otherwise, incurred or imposed or based upon any provision of any Environmental Law and arising out of any act or omission of Seller, its employees, agents or representatives or arising out of the ownership, use, control or operation by Seller of any plant, facility, site, area or property (including, without limitation, any plant, facility, site, area or property currently or previously owned or leased by Seller) from which any hazardous materials were released into the environment (the term "release" meaning any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping or disposing into the environment, and the term "environment" meaning any surface or ground water, drinking water supply, soil, surface or subsurface strata or medium, or the ambient air);

(f) Seller has heretofore provided Purchaser with true, correct and complete copies of all files of Seller relating to environmental matters (or an opportunity to review such files). Seller has not paid any fines, penalties or assessments within the last five years with respect to environmental matters; and

(g) Neither the Leased Real Property, improvements or equipment included within the Assets contain any asbestos, PCBs or underground storage tanks.

As used in this Section 3.17, the term "Hazardous Materials" means any waste, pollutant, hazardous substance, toxic, ignitable, reactive or corrosive substance, hazardous waste, special waste, industrial substance, by-product, process intermediate product or waste, petroleum or petroleum-derived substance or waste, chemical liquids or solids, liquid or gaseous products, or any constituent of any such substance or waste, the use, handling or disposal of which by Seller is in any way governed by or subject to any applicable law, rule or regulation of any governmental or regulatory authority.

Section 3.18 Intellectual Property; Software.

(a) Attached hereto as Schedule 3.18(a) is a list of all copyrights, trade names and trademarks, trade secrets, service marks or patents which are used in the business of Seller or as to which Seller claims an ownership interest or as to which Seller is a licensee or licensor (the "Intellectual Property") and jurisdictions where registered (if any). Seller has good and marketable title to or possesses adequate licenses or other valid rights to use the Intellectual Property, free and clear of all liens, charges, claims and other encumbrances. The use of the Intellectual Property does not misappropriate, infringe upon or conflict with any patent, copyright, trade name, trade secret, trademark or other intellectual property rights of any third party. No party has filed a claim (or, to the Knowledge of Seller, threatened to file a claim) against Seller alleging that it has violated, infringed on or otherwise improperly used the intellectual property rights of such party and, to the Knowledge of Seller, Seller has not violated or infringed any patent, trademark, trade name, service mark, service name, copyright or trade secret held by others.

(b) Schedule 3.18(b) sets forth a true and complete list of: (i) all software owned by Seller (the "Seller Proprietary Software"); and (ii) all software (other than Seller Proprietary Software) used in connection with the Business (the "Seller Licensed Software" and together with the Seller Proprietary Software, the "Seller Software"); and (iii) all technical and restricted materials relating to the acquisition, design, development, use or maintenance of computer code program documentation and materials used in connection with the business of Seller (the "Technical Documentation").

(c) Seller has all right, title and interest in and to all intellectual property rights in the Seller Proprietary Software. Seller has developed the Seller Proprietary Software through its own efforts, as described in Section 3.18(e), for its own account, and the Seller Proprietary Software is free and clear of all liens, claims and encumbrances. The use of the Seller Licensed Software and the use of the Seller Proprietary Software does not breach any terms of any license or other contract between Seller and any third party. Seller is in compliance in all material respects with the terms and conditions of all license agreements in favor of Seller relating to the Seller Licensed Software (the "Seller License Agreements").

(d) The Seller Proprietary Software does not infringe any patent, copyright or trade secret or any other intellectual property right of any third party. The source code for the Seller Proprietary Software has been maintained in confidence.

(e) The Seller Proprietary Software was: (i) developed by Seller employees working within the scope of their employment at the time of such development; (ii) developed by agents, consultants, contractors or others who have executed appropriate instruments of assignment in favor of Seller as assignee that have conveyed to Seller ownership of all of their intellectual property rights in the Seller Proprietary Software; or (iii) acquired by Seller in connection with acquisitions in which Seller obtained appropriate representations, warranties and indemnities from the transferring party relating to the title to such Seller Proprietary Software. Seller has not received notice from any third party claiming any right, title or interest in the Seller Proprietary Software.

(f) Seller has not granted rights in the Seller Software to any third party.

Section 3.19

Year 2000 Compliance.

(a) Definition. "Year 2000 Compliant" means that (1) the products, services, or other item(s) at issue accurately process, provide and/or receive all date/time data (including calculating, comparing, sequencing, processing, and outputting) within, from, into, and between centuries (including the twentieth and twenty-first centuries and the years 1999 and 2000), including leap year calculations, and (2) neither the performance nor the functionality nor Seller's provision of the products, services, and other item(s) at issue will be affected by any dates/times prior to, on, after, or spanning January 1, 2000. The design of the products, services, and other item(s) at issue to ensure compliance with the warranties and representations in this Section 3.19 includes proper date/time data century recognition and recognition of 1999 and 2000, calculations that accommodate single century and multi-century formulae and date/time values before, on, after, and spanning January 1, 2000, and date/time data interface values that reflect the century, 1999, and 2000. In particular, but without limitation, (i) no value for current date/time will cause any error, interruption, or decreased performance in or for such product(s), service(s), and other item(s), (ii) all manipulations of date and time related data (including calculating, comparing, sequencing, processing, and outputting) will produce correct results for all valid dates and times when used independently or in combination with other products, services, and/or items, (iii) date/time elements in interfaces and data storage will specify the century to eliminate date ambiguity without human intervention, including leap year calculations, (iv) where any date/time element is represented without a century, the correct century will be unambiguous for all manipulations involving that element, (v) authorization codes, passwords, and zaps (purge functions) will function normally and in the same manner during, prior to, on, and after January 1, 2000, including the manner in which they function with respect to expiration dates and CPU serial numbers, and (vi) Seller's supply of the product(s), service(s), and other item(s) will not be interrupted, delayed, decreased, or otherwise affected by the advent of the year 2000.

(b) Seller's Internal MIS Systems and Facilities. Except as disclosed on Schedule 3.19(b), all of Seller's Internal MIS Systems are Year 2000 Compliant. Except as disclosed on Schedule 3.19(b) Seller is not aware that any of Seller's Facilities are not Year 2000 Compliant. "Internal MIS System" means any computer software and systems (including hardware, firmware, operating system software, utilities, and applications software) used in the ordinary course of the Business by or on behalf of Seller, including Seller's payroll, accounting, billing/receivables, inventory, asset tracking, customer service, human resources, and e-mail systems. "Facilities" means any facilities or equipment used by Seller in any location, including HVAC systems, mechanical systems, elevators, security systems, fire suppression systems, telecommunications systems, fax machines, copy machines, and equipment, whether or not owned by Seller.

(c) Seller's Suppliers.

(i) Except as set forth on Schedule 3.19(c), Seller is not aware that any vendor of products or services to Seller or, their respective products, services and operations is not Year 2000 Compliant.

(ii) Schedule 3.19(c) contains a true and complete list of (x) each of Seller's vendors, (y) all hardware, software or firmware, and any other products and services furnished by such vendors, including any and all enhancements, upgrades, customizations, modifications, maintenance and the like, which are or should be Year 2000 Compliant, and (z) copies of all Year 2000 correspondence or communications between Seller and each vendor.

(d) Year 2000 Compliance Investigations and Reports. Seller has furnished the Purchaser with a true, correct and complete copy of any internal investigations, memoranda, budget plans, forecasts or reports concerning the Year 2000 Compliance of the products, services, operations, systems, supplies and facilities of Seller and Seller's vendors.

Section 3.20 Transactions with Affiliates. Except as set forth in Schedule 3.20, no shareholder, officer or director of Seller, or any person with whom any such shareholder, officer or director has any direct or indirect relation by blood, marriage or adoption, or any entity in which any such person, owns any beneficial interest (other than a publicly held corporation whose stock is traded on a national securities exchange or in the over-the-counter market and less than five percent (5%) of the stock of which is beneficially owned by all such persons) or any Affiliate of any of the foregoing or any current or former Affiliate of Seller has any interest in: (a) any contract, arrangement or understanding with, or relating to, the Business, the Assets or the Assumed Liabilities; (b) any loan, arrangement, understanding, agreement or contract for or relating to the Business or the Assets; or (c) any property (real, personal or mixed), tangible or intangible, used or currently intended to be used by Seller. For purposes of this Agreement, "Affiliate" of any specified Person means any other Person directly or indirectly Controlling or Controlled by or under direct or indirect common Control with such specified Person. For purposes of this definition, "Control," when used with respect to any specified Person, means the power to direct the management and policies of such Person, directly or indirectly, whether

through the ownership of voting securities, by contract or otherwise; and the terms "Controlling" and "Controlled" have meanings correlative to the foregoing. In addition, for purposes of this definition, "Person" means any individual, corporation, partnership, joint venture, trust, unincorporated organization or government or any agency or political subdivision thereof. Schedule 3.20 also sets forth all accounts, notes and other receivables and accounts payable owed to or due from any affiliate to Seller.

Section 3.21 Supplier Relations. Seller has not received any notice that any current supplier of Seller may terminate or materially alter its business relations with Seller, either as a result of the transactions contemplated by this Agreement or otherwise.

Section 3.22 Nondisclosed Payments. Neither Seller nor any of its officers or directors, nor anyone acting on behalf of any of them, has made or received any payments not correctly categorized and fully disclosed in Seller's books and records in connection with or in any way relating to or affecting Seller or its business.

Section 3.23 Brokers, Finders and Investment Bankers. Except as provided in Schedule 3.23, neither Seller nor any of its officers, directors or employees, has employed any broker, finder or investment banker or incurred any liability for any investment banking fees, financial advisory fees, brokerage fees or finders' fees in connection with the transactions contemplated herein this Agreement.

Section 3.24 Bank Accounts. Schedule 3.24 sets forth a true, correct and complete list and description of Seller's bank accounts, lock box accounts and other accounts maintained by or for the benefit of Seller (the "Bank Accounts").

Section 3.25 Disclosure.

(a) No representation, warranty or covenant made by Seller in this Agreement, the Schedules or the Exhibits attached to this Agreement contains an untrue statement of a material fact or omits to state a material fact required to be stated in this Agreement or in the Schedules or the Exhibits or necessary to make the statements contained therein not misleading.

(b) Prior to the execution of this Agreement, Seller has delivered to Purchaser true and complete copies of the Assumed Contracts, documents of which Seller is aware evidencing any of the Intellectual Property, and all security agreements and other instruments creating or imposing any security interest encumbrance or adverse claim on the Assets, and any other documents or instruments identified or referred to in the Schedules. Such delivery will not alone constitute adequate disclosure of those facts required to be disclosed on any Schedule to this Agreement, and notice of their contents (other than by express reference on a Schedule) will in no way limit Seller's other obligations or Purchaser's other rights under this Agreement.

ARTICLE 4. REPRESENTATIONS AND WARRANTIES OF PURCHASER

Each of Home Depot and Purchaser hereby represents and warrants to Seller and each Shareholder as follows:

Section 4.1 Organization. Each of Home Depot and Purchaser is a corporation duly organized, validly existing and in good standing under the laws of the state of its jurisdiction of incorporation and has all requisite power and authority (corporate and other) to own, lease and operate its properties and to carry on its business as now being conducted.

Section 4.2 Authorization. Each of Home Depot and Purchaser has the full corporate power and authority to execute and deliver this Agreement and any other certificate, agreement, document or other instrument to be executed and delivered by it in connection with the transactions contemplated by this Agreement (collectively, the "Purchaser Ancillary Documents"), to perform its obligations under this Agreement and the Purchaser Ancillary Documents and to consummate the transactions contemplated by this Agreement and the Purchaser Ancillary Documents. The execution and delivery of this Agreement and the Purchaser Ancillary Documents by Home Depot and Purchaser, the performance by Home Depot and Purchaser of their respective obligations under this Agreement and the Purchaser Ancillary Documents, and the consummation of the transactions provided for in this Agreement and the Purchaser Ancillary Documents have been duly and validly authorized by all necessary corporate action on the part of Home Depot and Purchaser, respectively. This Agreement has been, and the Purchaser Ancillary Documents will be as of the Closing Date, duly executed and delivered by each of Home Depot and Purchaser and do or will, as the case may be, constitute the valid and binding agreements of Home Depot and Purchaser, enforceable against Home Depot and Purchaser in accordance with their respective terms, subject to applicable bankruptcy, insolvency and other similar laws affecting the enforceability of creditors' rights generally, general equitable principles and the discretion of courts in granting equitable remedies.

Section 4.3 Absence of Restrictions and Conflicts. The execution, delivery and performance of this Agreement and the Purchaser Ancillary Documents, the consummation of the transactions contemplated by this Agreement and the Purchaser Ancillary Documents and the fulfillment of and compliance with the terms and conditions of this Agreement and the Purchaser Ancillary Documents do not or will not (as the case may be), with the passing of time or the giving of notice or both, violate or conflict with, constitute a breach of or default under, result in the loss of any benefit under, or permit the acceleration of any obligation under, (a) any term or provision of the certificate of incorporation or bylaws of Home Depot or Purchaser, (b) any contract to which Home Depot or Purchaser is a party, (c) any judgment, decree or order of any court or governmental authority or agency to which Home Depot or Purchaser is a party or by which Home Depot or Purchaser or its properties is bound or (d) any statute, law, rule or regulation applicable to Home Depot or Purchaser. Except for compliance with the applicable requirements of the HSR Act, no consent, approval, order or authorization of, or registration, declaration or filing with, any government agency or public or regulatory unit, agency, body or authority with respect to Home Depot or Purchaser is required in connection with the execution, delivery or performance of this Agreement and the Purchaser Ancillary Documents by Home Depot and

Purchaser or the consummation of the transactions contemplated by this Agreement and the Purchaser Ancillary Documents by Home Depot and Purchaser.

ARTICLE 5. CERTAIN COVENANTS AND AGREEMENTS

Section 5.1 Conduct of Business by Seller. From the Execution Date until the Closing Date, Seller will, except as required in connection with the transactions contemplated by this Agreement and except as otherwise consented to in writing by Purchaser:

- (a) conduct its business in the ordinary course on a basis consistent with past practice and not engage in any new line of business or enter into any agreement, transaction or activity or make any commitment with respect to its business or the Assets except those in the ordinary course of business and not otherwise prohibited under this Section 5.1;
- (b) use its good faith reasonable efforts to preserve intact the goodwill and business organization of Seller, keep the officers and employees of Seller available to Purchaser and preserve the relationships of Seller with customers, suppliers and others having business relations with Seller;
- (c) not amend or modify its articles or certificate of incorporation or bylaws;
- (d) not create any new subsidiary, acquire any capital stock or other equity securities of any corporation or acquire any equity or ownership interest in any business;
- (e) not dispose of or permit to lapse any rights to the use of any patent, trademark, trade name, license or copyright of Seller, including, without limitation, any of the Intellectual Property, or dispose of or disclose to any person, any trade secret, formula, process, technology or know-how of Seller not heretofore a matter of public knowledge;
- (f) not (i) sell any assets, other than finished goods sold in the ordinary course of business, (ii) create, incur or assume any indebtedness secured by the Assets, (iii) grant, create, incur or suffer to exist any liens, charges or encumbrances on the Assets which did not exist on the Execution Date, (iv) incur any liability or obligation (absolute, accrued or contingent) except for liabilities not incurred pursuant to fundings under the Line of Credit and incurred in the ordinary course of business consistent with past practice, (v) write-off any guaranteed checks, notes or accounts receivable except in the ordinary course of business consistent with past practice, (vi) write-down the value of any asset or investment (including, without limitation, any of the Assets) on the books or records of Seller, except for depreciation and amortization in the ordinary course of business and consistent with past practice, (vii) cancel any debt or waive any claims or rights, (viii) make any commitment for any capital expenditure to be made on or after the Closing Date in excess of \$10,000 in the case of any single expenditure or \$25,000 in the case of all capital expenditures, (ix) incur any funded liability under the Line of Credit or (x) enter into any material contract or agreement without the written consent of Purchaser;

(g) not enter into, modify or extend in any manner, other than in the ordinary course of business consistent with past practice, the terms of any employment, severance or similar agreements with officers, directors or employees nor grant any increase in the compensation of officers, directors or employees of Seller, whether now or hereafter payable, including any such increase pursuant to any option, bonus, stock purchase, pension, profit-sharing, deferred compensation, retirement or other plan, arrangement, contract or commitment;

(h) maintain supplies and inventory at levels that are in the ordinary course of business and consistent with past practice;

(i) continue to extend customers credit, collect accounts receivable and pay accounts payable and similar obligations in the ordinary course of business consistent with past practice;

(j) neither amend or modify any Seller Benefit Plan (other than to renew any such Seller Benefit Plan that expires or terminates prior to closing) nor commit to make any amendment to any Seller Benefit Plan or adopt any new Seller Benefit Plan for the benefit of any of its employees;

(k) perform in all material respects all of its obligations under all, and not default or suffer to exist any event or condition which with notice or lapse of time or both would constitute a default under any Seller Contracts (except those being contested in good faith) and not enter into, assume or amend any contract or commitment that is or would be a Seller Contract;

(l) maintain in full force and effect and in the same amounts policies of insurance set forth on Schedule 3.16 comparable in amount and scope of coverage to that now maintained by Seller;

(m) prepare and file all federal, state, local and foreign returns for taxes and other tax reports, filings and amendments thereto required to be filed by it, and allow Purchaser, at its request, to review all such returns, reports, filings and amendments at Seller's offices prior to the filing thereof, which review will not interfere with the timely filing of such returns;

(n) continue to maintain and service the Assets in the same manner as is consistent past practice;

(o) continue to maintain its books and records in accordance with GAAP, consistently applied (to the extent applicable), and on a basis consistent with Seller's past practice;

(p) continue its cash management practices in the ordinary course of business consistent with past practice; and

(q) promptly notify Purchaser of any event or occurrence that has had or may reasonably be expected to have an adverse effect on the assets, liabilities, results of operations, business or prospects of Seller.

In connection with the continued operation of its business between the Execution Date and the Closing Date, Seller will confer in good faith on a regular and frequent basis with one or more representatives of Purchaser designated in writing regarding operational matters and the general status of ongoing operations. Seller acknowledges that Purchaser does not and will not waive any rights it may have under this Agreement as a result of such consultations.

Section 5.2 Inspection and Access to Information. From the Execution Date to the Closing Date or until this Agreement is terminated as provided in Article 8, Seller will (and will cause its officers, directors, employees, auditors and agents to) provide Purchaser, and its accountants, investment bankers, counsel, environmental consultants and other authorized representatives access, during reasonable hours and under reasonable circumstances, to any and all of its premises, employees (including executive officers), properties, contracts, commitments, books, records and other information (including tax returns filed and those in preparation) and will cause its officers to furnish to Purchaser, and its authorized representatives, promptly upon request therefor, any and all financial, technical and operating data and other information pertaining to Seller and its business, and otherwise fully cooperate with the conduct of due diligence by Purchaser and its representatives.

Section 5.3 No Solicitation of Transactions. From the Execution Date to the earlier of the Closing Date or the date this Agreement is terminated pursuant to Article 8, neither Seller nor any of its Affiliates will directly or indirectly, through any officer, director, agent or otherwise, initiate, solicit or encourage (including by way of furnishing non-public information or assistance), or enter into negotiations of any type, directly or indirectly, or enter into a confidentiality agreement, letter of intent or purchase agreement, merger agreement or other similar agreement with any person, firm or corporation other than Purchaser with respect to a sale of any substantial portion of the Assets, or a merger, consolidation, business combination, sale of all or any substantial portion of Seller's capital stock, or the liquidation or similar extraordinary transaction with respect to Seller (a "Company Transaction"). Seller will notify Purchaser orally (within one business day) and in writing (as promptly as practicable) of all relevant terms of any proposals by a third party to do any of the foregoing which Seller or any of its Affiliates or any of their respective officers, directors, employees, investment bankers, financial advisors, attorneys, accounts or other representatives may receive relating to any of such matters and, if such proposal is in writing, Seller will deliver to Purchaser a copy of such inquiry or proposal.

Section 5.4 Reasonable Efforts; Further Assurances; Cooperation. Subject to the other provisions of this Agreement, the Parties will each use their reasonable, good faith efforts to perform their obligations in this Agreement and to take, or cause to be taken, or do, or cause to be done, all things necessary, proper or advisable under applicable law to obtain all regulatory approvals and satisfy all conditions to the obligations of the parties under this Agreement and to cause the transactions contemplated in this Agreement to be effected on or prior to July 15, 1999,

in accordance with the terms of this Agreement and will cooperate fully with each other and their respective officers, directors, employees, agents, counsel, accountants and other designees in connection with any steps required to be taken as a part of their respective obligations under this Agreement, including, without limitation:

(a) Each of the Parties promptly will make their respective filings and submissions and will take all actions necessary, proper or advisable under applicable laws and regulations to obtain any required approval of any foreign, federal, state or local governmental agency or regulatory body with jurisdiction over the transactions contemplated by this Agreement. Each of the Parties will furnish all information required for any application or other filing to be made pursuant to the rules and regulations of any applicable law, including, without limitation, under the HSR Act, in connection with the transactions contemplated by this Agreement;

(b) In the event any claim, action, suit, investigation or other proceeding by any governmental body or other person is commenced which questions the validity or legality of the Acquisition or any of the other transactions contemplated by this Agreement or seeks damages in connection therewith, the Parties agree to cooperate and use all reasonable efforts to defend against such claim, action, suit, investigation or other proceeding and, if an injunction or other order is issued in any such action, suit or other proceeding, to use all reasonable efforts to have such injunction or other order lifted, and to cooperate reasonably regarding any other impediment to the consummation of the transactions contemplated by this Agreement;

(c) Seller will give any notices to third parties, and use its best efforts (in consultation with Purchaser) to obtain any third party consents (A) necessary, proper or advisable to consummate the transactions contemplated in this Agreement, (B) disclosed or required to be disclosed in the Schedules to this Agreement, (C) required to avoid a breach of or default under any Assumed Contracts in connection with the consummation of the transactions contemplated in this Agreement or (D) required to prevent a material adverse effect on the assets, liabilities, results of operations, business or prospects of Seller from occurring prior to or after the Closing Date;

(d) To the extent that third party consents relating to Assumed Contracts referred to in Section 5.4(c) have not been obtained by Seller as of the Closing, Seller will, during the remaining term of such Assumed Contracts (the "Non-Assignable Contracts"), use its best efforts to (i) obtain the consent of the applicable third party, (ii) make the benefit of such Non-Assignable Contracts available to Purchaser so long as Purchaser fully cooperates with Seller and promptly reimburses Seller for all payments made by Seller in connection therewith, and (iii) enforce at the request of Purchaser and at the expense and for the account of Purchaser any rights of Seller arising from such Non-Assignable Contracts against the other party or parties thereto (including the right to elect or terminate any such Non-Assignable Contracts in accordance with the terms thereof). Seller will not take any action or suffer any omission which would limit or restrict or terminate in any respect the benefits to Purchaser of such Non-Assignable Contracts unless, in good faith and after

consultation with and prior written notice to Purchaser, Seller is ordered orally or in writing to do so by a governmental authority of competent jurisdiction or Seller is otherwise required to do so by law; provided that if any such order is appealable, Seller will, at Purchaser's cost and expense, take such actions as are requested by Purchaser to file and pursue such appeal and to obtain a stay of such order. With respect to any such Non-Assignable Contract as to which the necessary approval or consent for the assignment or transfer to Purchaser is obtained following the Closing, Seller will transfer such Non-Assignable Contract to Purchaser by execution and delivery of an instrument of conveyance reasonably satisfactory to Purchaser and Seller within three (3) business days following receipt of such approval or consent.

(e) Seller and Purchaser will give prompt notice to the other of (i) the occurrence, or failure to occur, of any event which occurrence or failure would be likely to cause any representation or warranty of Seller or Purchaser, as the case may be, contained in this Agreement to be untrue or inaccurate at any time from the Execution Date to the Closing Date or that will or may result in the failure to satisfy any of the conditions specified in Article 6 of this Agreement and (ii) any failure of Seller or Purchaser, as the case may be, to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by any of them under this Agreement.

Section 5.5 Public Announcements. The timing and content of all announcements regarding any aspect of this Agreement or the transactions contemplated by this Agreement to the financial community, government agencies, employees or the general public will be mutually agreed upon in advance by the Parties (unless a Party is advised by counsel that any such announcement or other disclosure not mutually agreed upon in advance is required to be made by law or applicable stock exchange rule and then only after making a reasonable attempt to comply with the provisions of this Section 5.5).

Section 5.6 Supplements to Schedules. From time to time up to the Closing Date, Seller will promptly supplement or amend the Schedules which they have delivered pursuant to this Agreement with respect to any matter first existing or occurring after the Execution Date which, if existing or occurring at or prior to the Execution Date, would have been required to be set forth or described in such Schedules or which is necessary to correct any information in such Schedules which has been rendered inaccurate thereby. No supplement or amendment to any Schedule will have any effect for the purpose of determining satisfaction of the conditions set forth in Section 6.2 of this Agreement unless such supplement or amendment is accepted by Purchaser in writing in its absolute and sole discretion.

Section 5.7 Employees.

(a) On the Closing Date, Seller will terminate all of its employees except as otherwise provided in this Section 5.7. Commencing on the Closing Date, Purchaser will enter into employment agreements with each of HG, RG and LC, and will offer employment, on an at will basis, to all of the other employees of Seller who are actively at work on the Closing Date. Purchaser will have no obligation of any kind to offer employment or

otherwise with respect to any employee of Seller who is not actively at work on the Closing Date. For the purposes of this Section 5.7, an employee will be deemed to be "actively at work" if such employee (a) has averaged a minimum of thirty (30) hours per week in a permanent position during the thirty (30) days prior to the Closing Date or (b) such employee fails the condition set forth in Section 5.7(a) due to the Family Leave Act or similar state laws, maternity leave under Seller's maternity leave policy, military duty or jury duty.

(b) The Parties hereby agree (i) to enter into the Transition Agreement on the Execution Date to provide for the compensation and benefits to be provided by Purchaser to Seller's employees who accept Purchaser's offer of employment as of the Closing Date pursuant to subsection (a) hereof, and (ii) to comply with and effect the terms and provisions of the Transition Agreement.

Section 5.8 Transfer Taxes; Expenses. Any sales taxes, real property transfer or gains taxes, recording fees or any other taxes payable as a result of the sale of the Assets or any other action contemplated by this Agreement (other than any federal, state or local taxes measured by or based upon income or gains imposed upon Purchaser) will be paid by Seller following the Closing. Purchaser will pay the filing fee required under the HSR Act. Purchaser and Seller will cooperate in the preparation, execution and filing of all returns, questionnaires, applications, or other documents regarding any real property transfer or gains, sales, use, transfer, value added, stock transfer and stamp taxes, any transfer, recording, registration and other fees, and any similar taxes which become payable in connection with the transactions contemplated hereby that are required or permitted to be filed on or before the Closing. Except as provided above, (a) Purchaser will pay its own fees, costs and expenses incurred in connection with this Agreement and the transactions contemplated by this Agreement, including, the fees, costs and expenses of its financial advisors, accountants and counsel and (b) Seller (following the Closing) will pay the fees, costs and expenses of Seller incurred in connection with this Agreement and the transactions contemplated by this Agreement, including, the fees, costs and expenses of Seller's financial advisors, accountants and counsel.

Section 5.9 Financial Statements. Prior to the Closing, Seller shall deliver to Purchaser within fifteen (15) business days following the end of each accounting period, (a) regularly prepared financial statements of Seller as of the last day of such accounting period after the Execution Date, which financial statements shall have been prepared (i) from and shall be in accordance with the books and records of Seller and shall fairly present in all material respects the financial position of Seller as of the date thereof and the results of operations and changes in cash flows for the periods set forth therein and (ii) in accordance with generally accepted accounting principles consistently applied during the periods involved (subject to lack of footnotes and normal year-end audit adjustments), and (b) a certificate of the Chief Executive or Operating Officer of Seller certifying that such financial statements delivered pursuant to clause (a) have been prepared in accordance with the requirements of this Section 5.9.

Section 5.10 Insurance. Seller shall in good faith cooperate with Purchaser and take all actions reasonably requested by Purchaser that are necessary or desirable to permit Purchaser to

have available to it following the Closing the benefits (whether direct or indirect) of the insurance policies maintained by Seller that are currently in force, subject only to coverage required by Seller following the Closing Date. All costs relating to the actions described in this Section shall be borne by Purchaser.

Section 5.11 Change of Name. Simultaneously with the Closing, Seller will amend its articles of incorporation so as to change its name such that it does not include either the word "Georgia" or the word "Lighting" or any words substantially similar thereto, and will file as promptly as practicable after the date hereof, in all jurisdictions in which it is qualified to do business, any documents necessary to reflect such change in its corporate name or to terminate its qualification therein. In connection with enabling Purchaser, at or as soon as practicable after the Closing, to use the current corporate name of Seller, Seller will, at or prior to the Closing, execute and deliver to Purchaser all consents related to such change of name as may be requested by Purchaser, and will otherwise cooperate with Purchaser.

ARTICLE 6. CONDITIONS

Section 6.1 Conditions to Each Party's Obligations. The respective obligations of each Party to effect the transactions contemplated by this Agreement will be subject to the fulfillment at or prior to the Closing of each of the following conditions:

(a) Injunction. As of the Closing, there will be no effective injunction, writ or preliminary restraining order or any order of any nature issued by a court or governmental or regulatory agency of competent jurisdiction to the effect that the purchase and sale of the Assets may not be consummated as provided in this Agreement, no proceeding or lawsuit will have been commenced by any court, governmental or regulatory agency for the purpose of obtaining any such injunction, writ or preliminary restraining order and no written notice will have been received from any such court or agency indicating an intent to restrain, prevent, materially delay or restructure the transactions contemplated by this Agreement.

(b) Consents. All consents, approvals, orders or authorizations of, or registrations, declarations or filings with, any governmental agency or public or regulatory unit, agency, body or authority required in connection with the execution, delivery or performance of this Agreement will have been obtained or made, except where the failure to have obtained or made any such consent, approval, order, authorization, declaration or filing would not have a material adverse effect on the assets, liabilities, results of operations, business or prospects of Purchaser or Seller prior to or after the Closing.

(c) HSR Act. The applicable waiting periods under the HSR Act shall have expired or been terminated.

Section 6.2 Conditions to Obligations of Purchaser. The obligations of Purchaser to consummate the transactions contemplated by this Agreement will be subject to the fulfillment at

or prior to the Closing of each of the following additional conditions, any of which may be waived in writing by Purchaser:

(a) Representations and Warranties. The representations and warranties of Seller set forth in Article 3 of this Agreement shall have been true and correct as of the Execution Date and shall be true and correct as of the Closing Date as though made on and as of the Closing Date.

(b) Performance of Obligations of Seller. Seller shall have performed in all material respects all covenants and agreements required to be performed by it under this Agreement on or prior to the Closing Date.

(c) No Material Adverse Change. Between the Execution Date and the Closing Date, there shall not have occurred (nor shall Purchaser have become aware of) any material adverse change, or any development likely to result in a material adverse change, in or affecting the Business, the Assets, the Assumed Liabilities or the results of operations, business or prospects of Seller.

(d) Certificate. Seller shall have delivered to Purchaser a certificate executed by its President and Chief Operating Officer as to compliance with the conditions set forth in Sections 6.2(a), (b) and (c).

(e) Opinion of Seller's Counsel. Purchaser shall have received an opinion of Troutman Sanders dated the Closing Date in a form to be agreed upon by the Parties ("Seller's Counsel Opinion").

(f) Assumed Contracts. Purchaser shall have received written consents to the assignment of all Assumed Contracts or written waivers of the provisions of any Assumed Contracts requiring the consents of third parties as set forth in Schedule 3.11. All such consents and waivers shall be in full force and effect.

(g) Release of Liens. Seller will have delivered to Purchaser satisfactory evidence that all liens, pledges, security interests, charges, claims, restrictions and encumbrances (other than Permitted Liens and those relating to the Assumed Liabilities) including, without limitation, those set forth in Schedule 3.5(a)(i), Schedule 3.5(a)(ii) and Schedule 3.5(b), affecting the Assets (including, without limitation, the Real Property) have been released.

(h) Repayment of Affiliate Loans/Advances. All loans and advances made by Seller to any Affiliate (other than credit advanced to McGarrity and Co. in the ordinary course of business) shall have been repaid on or prior to the Closing Date.

(i) Transition Agreement. The Parties shall have entered into the Transition Agreement and Seller, RG and HG shall have complied with all covenants and agreements pertaining to any of them contained in the Transition Agreement.

(j) Bank Accounts. Each person requested by Purchaser will have been removed as a signatory on the Bank Accounts.

(k) Employment Agreements. Each of HG, RG and LC, respectively, shall have entered into an Employment Agreement in the forms attached as Exhibits 6.2(k)(1)-(3), respectively.

(l) Noncompetition Agreement. Seller, HG, RG and LC shall have entered into a Noncompetition Agreement in the form attached as Exhibit 6.2(l).

Section 6.3 Conditions to Obligations of Seller. The obligations of Seller to consummate the transactions contemplated by this Agreement will be subject to the fulfillment at or prior to the Closing of each of the following additional conditions, any of which may be waived in writing by Seller:

(a) Representations and Warranties. The representations and warranties of Purchaser set forth in Article 4 of this Agreement shall have been true and correct as of the Execution Date and shall be true and correct as of the Closing Date as though made on and as of the Closing Date.

(b) Performance of Obligations by Purchaser. Purchaser shall have performed in all material respects all covenants and agreements required to be performed by it under this Agreement on or prior to the Closing Date.

(c) Certificates. Purchaser shall have delivered to Seller a certificate of its Executive Vice President and Vice President, Treasury or Legal as to compliance with the conditions set forth in Sections 6.3(a) and (b).

(d) Opinion of Purchaser's Counsel. Seller shall have received an opinion of counsel to Home Depot dated the Closing Date in a form agreed upon by the Parties ("Purchaser's Counsel Opinion").

ARTICLE 7. CLOSING

Section 7.1 The Closing. The consummation of the transactions contemplated by this Agreement are referred to in this Agreement as the "Closing." The "Closing Date" will be the date on which the Closing occurs. The Closing will occur within five (5) business days following the satisfaction or waiver of the conditions set forth in Article 6. The Closing will take place at the offices of King & Spalding, 191 Peachtree Street, N.E., Atlanta, Georgia, or at such other place as Seller and Purchaser will agree.

Section 7.2 Documents to be Delivered by Seller. At the Closing, Seller will deliver, or cause to be delivered, to Purchaser the following:

(a) executed deeds, bills of sale, instruments of assignment, certificates of title and other conveyance documents, dated the Closing Date, transferring to Purchaser all of Seller's right, title and interest in and to the Assets together with possession of the Assets;

(b) documents evidencing the assignment of the Assumed Contracts and the assignment of any assignable permits and licenses;

(c) a copy of resolutions of the board of directors and shareholders of Seller authorizing the execution, delivery and performance of this Agreement by Seller and a certificate of the secretary or assistant secretary of Seller, dated the Closing Date, that such resolutions were duly adopted and are in full force and effect;

(d) a certificate, dated the Closing Date, executed by the President and Chief Operating Officer of Seller certifying to the fulfillment of the conditions specified in Sections 6.2(a), 6.2(b) and 6.2(c);

(e) the Seller's Counsel Opinion; and

(f) all other documents required to be entered into by Seller, pursuant to this Agreement or reasonably requested by Purchaser to convey the Assets to Purchaser or to otherwise consummate the transactions contemplated by this Agreement.

Section 7.3 Documents to be Delivered by the Shareholders. At the Closing, each of the Shareholders will deliver to Purchaser the following:

(a) An executed employment agreement as described in Section 6.2(k);

(b) An executed noncompetition agreement as described in Section 6.2(l); and

(c) all other documents required to be entered into or delivered by a Shareholder at or prior to the Closing pursuant to this Agreement.

Section 7.4 Documents to be Delivered by Purchaser. At the Closing, Purchaser will deliver to Seller the following:

(a) documents evidencing the assumption of the Assumed Contracts, the acceptance of assignable permits and licenses, and the assumption of the Assumed Liabilities;

(b) a copy of the resolutions of the board of directors of Purchaser authorizing the execution, delivery and performance of this Agreement by Purchaser, and a certificate of its secretary or assistant secretary, dated the Closing Date, that such resolutions were duly adopted and are in full force and effect;

(c) a certificate, dated the Closing Date executed by the Executive Vice President and Vice President, Treasury or Legal of Home Depot certifying to the fulfillment of the conditions specified in Section 6.3(a) and 6.3(b);

(d) the Purchaser's Counsel Opinion; and

(e) all other documents required to be entered into or delivered by Purchaser at or prior to the Closing pursuant to this Agreement.

ARTICLE 8. TERMINATION

Section 8.1 Termination. This Agreement may be terminated at any time at or prior to the Closing (the "Termination Date"):

(a) in writing by mutual consent of the Parties;

(b) by written notice from Seller to Purchaser, if Purchaser (i) fails to perform in any material respect any of its agreements contained in this Agreement required to be performed by it on or prior to the Closing Date or (ii) materially breaches any of its representations and warranties contained in this Agreement, which failure or breach is not cured within ten (10) days after Seller has notified Purchaser of its intent to terminate this Agreement pursuant to this subparagraph (b);

(c) by written notice from Purchaser to Seller, if Seller (i) fails to perform in any material respect any of its agreements contained in this Agreement required to be performed by it on or prior to the Closing Date or (ii) materially breaches any of its representations and warranties contained in this Agreement, which failure or breach is not cured within ten (10) days after Purchaser has notified Seller of its intent to terminate this Agreement pursuant to this subparagraph (c); or

(d) by written notice by either Seller to Purchaser or Purchaser to Seller, as the case may be, if the Closing has not occurred prior to or on July 15, 1999 for any reason other than delay or nonperformance of the party seeking such termination.

Section 8.2 Specific Performance and Other Remedies. The Parties each acknowledge that the rights of each Party to consummate the transactions contemplated by this Agreement are special, unique and of extraordinary character, and that, in the event that any Party violates or fails or refuses to perform any covenant or agreement made by it in this Agreement, the non-breaching Party may be without an adequate remedy at law. The Parties each agree, therefore, that in the event that either Party violates or fails or refuses to perform any covenant or agreement made by such Party in this Agreement, the non-breaching Party or Parties may, subject to the terms of this Agreement and in addition to any remedies at law for damages or other relief, institute and prosecute an action in any court of competent jurisdiction to enforce specific performance of such covenant or agreement or seek any other equitable relief.

Section 8.3 Effect of Termination. In the event of termination of this Agreement pursuant to this Article 8, this Agreement will forthwith become void and there will be no liability on the part of any Party or its respective officers, directors or stockholders, except for

obligations under Sections 5.5 and 5.8 and this Section, all of which will survive the Termination Date. Notwithstanding the foregoing, nothing contained in this Agreement will relieve any Party from liability for any breach of this Agreement.

ARTICLE 9. INDEMNIFICATION

Section 9.1 Indemnification Obligations of Seller and the Shareholders. Seller and each Shareholder will jointly and severally indemnify, defend and hold harmless Purchaser and its Affiliates, each of their respective officers, directors, employees, agents and representatives and each of the heirs, executors, successors and assigns of any of the foregoing (collectively, the "Purchaser Indemnified Parties") from, against and in respect of any and all claims, liabilities, obligations, losses, costs, expenses, penalties, fines and judgments (at equity or at law) and damages whenever arising or incurred (including, without limitation, amounts paid in settlement, costs of investigation and reasonable attorneys' fees and expenses) arising out of or relating to:

- (a) any liability or obligation of Seller of any nature whatsoever, including without limitation any tax liability, except the Assumed Liabilities;
- (b) events or circumstances occurring or existing with respect to the operation of the Business on or prior to the Closing Date, except for the Assumed Liabilities;
- (c) any breach or inaccuracy of any representation or warranty made by Seller in this Agreement or in any Seller Ancillary Document;
- (d) any breach of any covenant, agreement or undertaking made by Seller in this Agreement or in any Seller Ancillary Document; or
- (e) any fraud, willful misconduct or bad faith of Seller in connection with this Agreement or the Seller Ancillary Documents.

The claims, liabilities, obligations, losses, costs, expenses, penalties, fines and damages of the Purchaser Indemnified Parties described in this Section 9.1 as to which the Purchaser Indemnified Parties are entitled to indemnification are each hereinafter individually referred to as a "Purchaser Loss" and collectively referred to as "Purchaser Losses." Any Purchaser Losses may be set off by Purchaser against the GL Contingent Payments and the HD Contingent Payments.

Section 9.2 Indemnification Obligations of Purchaser. Purchaser will indemnify and hold harmless Seller and its Affiliates, each of their respective officers, directors, employees, agents and representatives and each of the heirs, executors, successors and assigns of any of the foregoing (collectively, the "Seller Indemnified Parties") from, against and in respect of any and all claims, liabilities, obligations, losses, costs, expenses, penalties, fines and judgments (at equity or at law) and damages whenever arising or incurred (including, without limitation, amounts paid in settlement, costs of investigation and reasonable attorneys' fees and expenses) arising out of or relating to:

- (a) Purchaser's failure to perform, discharge or satisfy the Assumed Liabilities;
- (b) any breach or inaccuracy of any representation or warranty made by Purchaser in this Agreement or in any Purchaser Ancillary Documents;
- (c) any breach of any covenant, agreement or undertaking made by Purchaser in this Agreement or in any Purchaser Ancillary Document;
- (d) any fraud, willful misconduct or bad faith of Purchaser in connection with this Agreement or the Purchaser Ancillary Documents.

The claims, liabilities, obligations, losses, costs, expenses, penalties, fines and damages of the Seller Indemnified Parties described in this Section 9.2 as to which the Seller Indemnified Parties are entitled to indemnification are hereinafter collectively referred to as "Seller Losses."

Section 9.3 Indemnification Procedure.

(a) Promptly after receipt by a Purchaser Indemnified Party or a Seller Indemnified Party (hereinafter collectively referred to as an "Indemnified Party") of notice by a third party (including any governmental agency) of any complaint or the commencement of any audit, investigation, action or proceeding with respect to which such Indemnified Party may be entitled to receive payment from the other party for any Purchaser Losses or Seller Losses (as the case may be), such Indemnified Party will notify Purchaser or Seller, whoever is the appropriate indemnifying party hereunder (the "Indemnifying Party"), within ten (10) days of such complaint or of the commencement of such audit, investigation, action or proceeding; provided, however, that the failure to so notify the Indemnifying Party will not relieve the Indemnifying Party from liability for such claim arising otherwise than under this Agreement and such failure to so notify the Indemnifying Party will relieve the Indemnifying Party from liability under this Agreement with respect to such claim only if, and only to the extent that, such failure to notify the Indemnifying Party results in the forfeiture by the Indemnifying Party of rights and defenses otherwise available to the Indemnifying Party with respect to such claim. The Indemnifying Party will have the right, upon written notice delivered to the Indemnified Party within twenty (20) days thereafter, assuming any responsibility for any Purchaser Losses resulting from such audit, investigation, action or proceeding, to assume the defense of such audit, investigation, action or proceeding, including the employment of counsel reasonably satisfactory to the Indemnified Party and the payment of the fees and disbursements of such counsel. In the event, however, that the Indemnifying Party declines or fails to assume the defense of the audit, investigation, action or proceeding or to employ counsel reasonably satisfactory to the Indemnified Party, in either case within such twenty (20) day period, then such Indemnified Party may employ counsel to represent or defend it in any such audit, investigation, action or proceeding and the Indemnifying Party will pay the reasonable fees and disbursements of such counsel as incurred; provided, however, that the Indemnifying Party will not be required to pay the fees and disbursements of more than one counsel for all Indemnified

Parties in any jurisdiction in any single audit, investigation, action or proceeding. In any audit, investigation, action or proceeding with respect to which indemnification is being sought hereunder, the Indemnified Party or the Indemnifying Party, whichever is not assuming the defense of such action, will have the right to participate in such matter and to retain its own counsel at such party's own expense. The Indemnifying Party or the Indemnified Party, as the case may be, will at all times use reasonable efforts to keep the Indemnifying Party or the Indemnified Party, as the case may be, reasonably apprised of the status of the defense of any matter the defense of which they are maintaining and to cooperate in good faith with each other with respect to the defense of any such matter.

(b) No Indemnified Party may settle or compromise any claim or consent to the entry of any judgment with respect to which indemnification is being sought hereunder without the prior written consent of the Indemnifying Party, unless (i) the Indemnifying Party fails to assume and maintain the defense of such claim pursuant to Section 9.3(a) or (ii) such settlement, compromise or consent includes an unconditional release of the Indemnifying Party from all liability arising out of such claim. An Indemnifying Party may not, without the prior written consent of the Indemnified Party, settle or compromise any claim or consent to the entry of any judgment with respect to which indemnification is being sought hereunder unless such settlement, compromise or consent includes an unconditional release of the Indemnified Party from all liability arising out of such claim and does not contain any equitable order, judgment or term which in any manner affects, restrains or interferes with the business of the Indemnified Party or any of the Indemnified Party's affiliates.

(c) In the event an Indemnified Party will claim a right to payment (or credit toward a Seller Basket Amount (as defined in Section 9.4)) pursuant to this Agreement, such Indemnified Party will send written notice of such claim to the appropriate Indemnifying Party. Such notice will specify the basis for such claim. As promptly as possible after the Indemnified Party has given such notice, such Indemnified Party and the appropriate Indemnifying Party will establish the merits and amount of such claim (by mutual agreement, litigation, arbitration or otherwise) and, within five (5) business days of the final determination of the merits and amount of such claim, the Indemnifying Party will pay to the Indemnified Party immediately available funds in an amount equal to such claim as determined hereunder (or shall record an appropriate credit against the Seller Basket Amount).

Section 9.4 Limitation of Indemnity. Neither the Seller nor the Shareholders will have any liability to Purchaser, and Purchaser shall have no right of set off against the Contingent Payments, for any single Purchaser Loss for an amount less than Ten Thousand and No/100 Dollars (\$10,000) (a "Minimal Purchaser Loss") until the aggregate of all Minimal Purchaser Losses equals at least Two Hundred Thousand and No/100 Dollars (\$200,000) (the "Seller Basket Amount") and then Seller's or the Shareholders' liability or Purchaser's right to set off shall be for the amount of all Minimal Purchaser Losses. There shall be no limitation of liability pursuant to this Section 9.4 for any single Purchaser Loss in excess of Ten Thousand and No/100 Dollars (\$10,000).

Section 9.5 Investigations. The respective representations and warranties of Purchaser and Seller contained in this Agreement or in any certificate or other document delivered by any Party prior to the Closing and the rights to indemnification set forth in Section 9 will not be deemed waived or otherwise affected by any investigation made by a Party to this Agreement.

Section 9.6 Survival of Representations and Warranties. Unless otherwise provided in this Section 9.6, all representations and warranties in this Agreement shall survive for a period of five (5) years from the Closing Date. The representations and warranties contained in Sections 3.5, 3.6, 3.7, 3.8, 3.11, 3.20 and 3.22 shall survive for a period of two (2) years from the Closing Date. The representations and warranties contained in Sections 3.12 and 3.17 shall survive for the applicable statute of limitations. The representations and warranties contained in Sections 3.2 and 4.2 shall survive indefinitely.

ARTICLE 10. MISCELLANEOUS PROVISIONS

Section 10.1 Notices. All notices, communications and deliveries under this Agreement will be made in writing signed by or on behalf of the Party making the same, will specify the Section under this Agreement pursuant to which it is given or being made, and will be delivered personally or by telecopy transmission or sent by registered or certified mail (return receipt requested) or by any national overnight courier service (with evidence of delivery and postage and other fees prepaid) as follows:

To Purchaser: The Home Depot, Inc.
2455 Paces Ferry Road
Atlanta, Georgia 30339-4024
Attn: Vice President-Legal
Telecopy No.: (770) 384-5032

with a copy to: King & Spalding
191 Peachtree Street
Atlanta, GA 30303
Attn: Michael J. Egan, III
Telecopy No.: (404) 572-5145

To Seller: Georgia Lighting Supply
530 14th Street, NW
Atlanta, GA 30318
Attn: Harry L. Gilham, Jr.
Telecopy No.: (404) 872-4679

with a copy to: Troutman Sanders LLP
600 Peachtree Street
Suite 5200
Atlanta, GA 30308-2216
Attn: Robert W. Grout
Telecopy No.: (404) 962-6789

To Shareholders: Harry L. Gilham, Jr.
530 14th Street, NW
Atlanta, GA 30318
Telecopy No.: (404) 872-4679

and: M. Ray Gardner
530 14th Street, NW
Atlanta, GA 30318
Telecopy No.: (404) 872-4679

with a copy to: Troutman Sanders LLP
600 Peachtree Street
Suite 5200
Atlanta, GA 30308-2216
Attn: Robert W. Grout
Telecopy No.: (404) 962-6789

and: Powell, Goldstein, Frazier & Murphy LLP
16th Floor, 191 Peachtree Street
Atlanta, GA 30303
Attn: Paul Concannon
Telecopy No.: (404) 572-5955

or to such other representative or at such other address of a Party as such Party may furnish to the other Parties in writing. Any such notice, communication or delivery will be deemed given or made (a) on the date of delivery if delivered in person, (b) on the first business day after delivery to a national overnight courier service, (c) upon transmission by facsimile if receipt is confirmed by telephone or (d) on the fifth (5th) business day after it is mailed by registered or certified mail.

Section 10.2 Schedules and Exhibits. The Schedules and Exhibits to this Agreement are hereby incorporated into this Agreement and are hereby made a part of this Agreement as if set out in full in this Agreement.

Section 10.3 Assignment; Successors in Interest. No assignment or transfer by Purchaser or Seller of its rights and obligations under this Agreement will be made except with the prior written consent of the other Party to this Agreement; provided that Purchaser will be entitled to assign all or any part of its rights and obligations under this Agreement to one or more direct or

indirect wholly owned subsidiaries of Purchaser so long as Purchaser remains directly liable for the performance of its obligations under this Agreement and provided further that Seller will be entitled to assign all or any part of its rights under Article 2 of this Agreement to Seller's shareholders. This Agreement will be binding upon and will inure to the benefit of the Parties and their successors and permitted assigns, and any reference to a Party will also be a reference to a successor or permitted assign.

Section 10.4 Number; Gender. Whenever the context so requires, the singular number will include the plural and the plural will include the singular, and the gender of any pronoun will include the other genders.

Section 10.5 Captions. The titles, captions and table of contents contained in this Agreement are inserted in this Agreement only as a matter of convenience and for reference and in no way define, limit, extend or describe the scope of this Agreement or the intent of any provision of this Agreement. Unless otherwise specified to the contrary, all references to Articles and Sections are references to Articles and Sections of this Agreement and all references to Schedules or Exhibits are references to Schedules and Exhibits, respectively, to this Agreement.

Section 10.6 Controlling Law; Amendment. This Agreement will be governed by and construed and enforced in accordance with the internal laws of the State of Georgia without reference to Georgia choice of law rules. This Agreement may not be amended, modified or supplemented except by written agreement of all of the Parties.

Section 10.7 Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction will, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Agreement, and any such prohibition or unenforceability in any jurisdiction will not invalidate or render unenforceable such provision in any other jurisdiction. To the extent permitted by law, the Parties waive any provision of law which renders any such provision prohibited or unenforceable in any respect.

Section 10.8 Counterparts. This Agreement may be executed in two or more counterparts, each of which will be deemed an original, and it will not be necessary in making proof of this Agreement or the terms of this Agreement to produce or account for more than one of such counterparts.

Section 10.9 Enforcement of Certain Rights. Nothing expressed or implied in this Agreement is intended, or will be construed, to confer upon or give any person, firm or corporation other than the Parties, and their successors or permitted assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement, or result in such person, firm or corporation being deemed a third party beneficiary of this Agreement.

Section 10.10 Waiver. Any agreement on the part of a Party to any extension or waiver of any provision of this Agreement will be valid only if set forth in an instrument in writing signed on behalf of such Party. A waiver by a Party of the performance of any covenant, agreement,

obligation, condition, representation or warranty will not be construed as a waiver of any other covenant, agreement, obligation, condition, representation or warranty. A waiver by any Party of the performance of any act will not constitute a waiver of the performance of any other act or an identical act required to be performed at a later time.

Section 10.11 Integration. This Agreement and the documents executed pursuant to this Agreement supersede all negotiations, agreements and understandings among the Parties with respect to the subject matter of this Agreement and constitutes the entire agreement among the Parties.

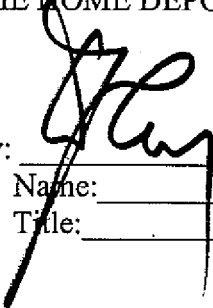
Section 10.12 Compliance with Bulk Sales Laws. Purchaser and Seller hereby waive compliance by the Parties hereto with the bulk sales laws and any other similar laws in any applicable jurisdiction in respect of the transactions contemplated by this Agreement.

Section 10.13 Cooperation Following the Closing. Following the Closing, each of the Parties shall deliver to the others such further information and documents and shall execute and deliver to the others such further instruments and agreements as the other Parties shall reasonably request in order to consummate or confirm the transactions provide for in this Agreement, to accomplish the purpose of this Agreement or to assure to the others Parties the benefits of this Agreement.

Section 10.14 Seller Knowledge. As used in this Agreement, the term "the knowledge of Seller," or words of similar import used in this Agreement with respect to Seller, shall mean the actual knowledge of all persons who are officers or directors of Seller on the Execution Date after making reasonable inquiry and exercising reasonable diligence with respect to the matters at hand.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed, as of the date first above written.

THE HOME DEPOT, INC.

By: 
Name: _____
Title: _____

GL ACQUISITION SUB, INC.

By: 
Name: _____
Title: _____

GEORGIA LIGHTING SUPPLY CO., INC.

By: _____
Name: _____
Title: _____

_____(SEAL)
Harry L. Gilham, Jr.

_____(SEAL)
M. Ray Gardner

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed, as of the date first above written.

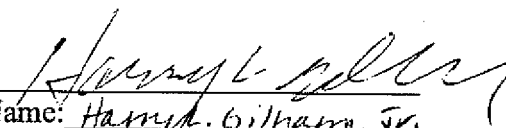
THE HOME DEPOT, INC.

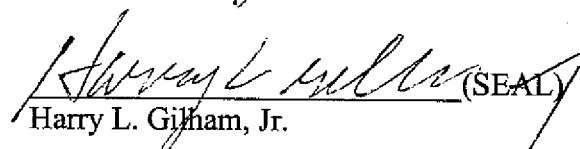
By: _____
Name: _____
Title: _____

GL ACQUISITION SUB, INC.

By: _____
Name: _____
Title: _____

GEORGIA LIGHTING SUPPLY CO., INC.

By: 
Name: Harry L. Gilham, Jr.
Title: President

 (SEAL)
Harry L. Gilham, Jr.

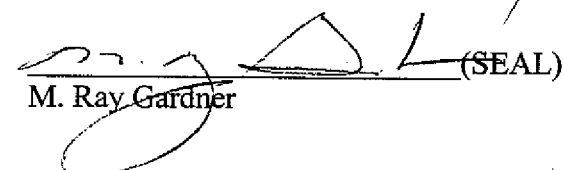
 (SEAL)
M. Ray Gardner

EXHIBIT A

Illustration of the calculation pursuant to Section 2.3 (c)
 $[1 - ((1 - (\text{Actual Sales} / \text{GL Target for Sales})) \times 2.5)] \times \text{Maximum GL Contingent Payment} \times .40$

	GL Target For Sales	GL Actual Sales
Fiscal Year Ending January 2001	\$44,332,000	\$39,898,800
	a	b
b/a	0.9	c
1-c	0.1	d
d*2.5	0.25	e
1-e	0.75	f
1,666,667*.40	\$666,667	g
f*g	\$500,000	

Illustration of the calculation pursuant to Section 2.3 (d)
 $[1 - ((1 - (\text{Actual EBIT} / \text{GL Target for EBIT})) \times 2.5)] \times \text{Maximum GL Contingent Payment} \times .60$

	GL Target For EBIT*	GL Actual EBIT*
Fiscal Year Ending January 2001	\$4,652,000	\$4,186,800
	a	b
b/a	0.90	c
1-c	0.10	d
d*2.5	0.25	e
1-e	0.75	f
1,666,667*.60	\$1,000,000	g
f*g	\$750,000	

*To be adjusted pursuant to the terms of the Asset Purchase Agreement

Illustration of the calculation pursuant to Section 2.4 (c)
 $[1 - ((1 - (\text{Actual LSPES} / \text{HD Target for LSPES})) \times 2.5)] \times \text{Maximum HD Contingent Payment} \times .50$

	HD Target for LSPES	Actual LSPES
Fiscal Year Ending January 2001	\$1,110,000	\$1,000,000
	a	b
b/a	0.90	c
1-c	0.10	d
d*2.5	0.25	e
1-e	0.75	f
2,333,334*.5	\$1,166,667	g
f*g	\$877,628	

Illustration of the calculation pursuant to Section 2.4 (d)
 $(\text{Actual Gross Margin} / \text{HD Target for Gross Margin}) \times \text{Maximum HD Contingent Payment} \times .50$

	HD Target for Gross Margin	Actual Gross Margin
Fiscal Year Ending January 2001	37.60%	35.90%
	a	b
b/a	0.95	c
2,333,334*.5	\$1,166,667	d
c*d	\$1,113,919	

SCHEDULE 1.5(g)

Employee Benefits Transition Agreement

See Tab No. 10

SCHEDULE 6.2(k) (1 through 3)

EMPLOYMENT AGREEMENTS

- 1- Harry L. Gilham, Jr.
See Tab No. 13
- 2- M. Ray Gardner
See Tab No. 14
- 3- Lawrence E. Creasy
See Tab No. 15