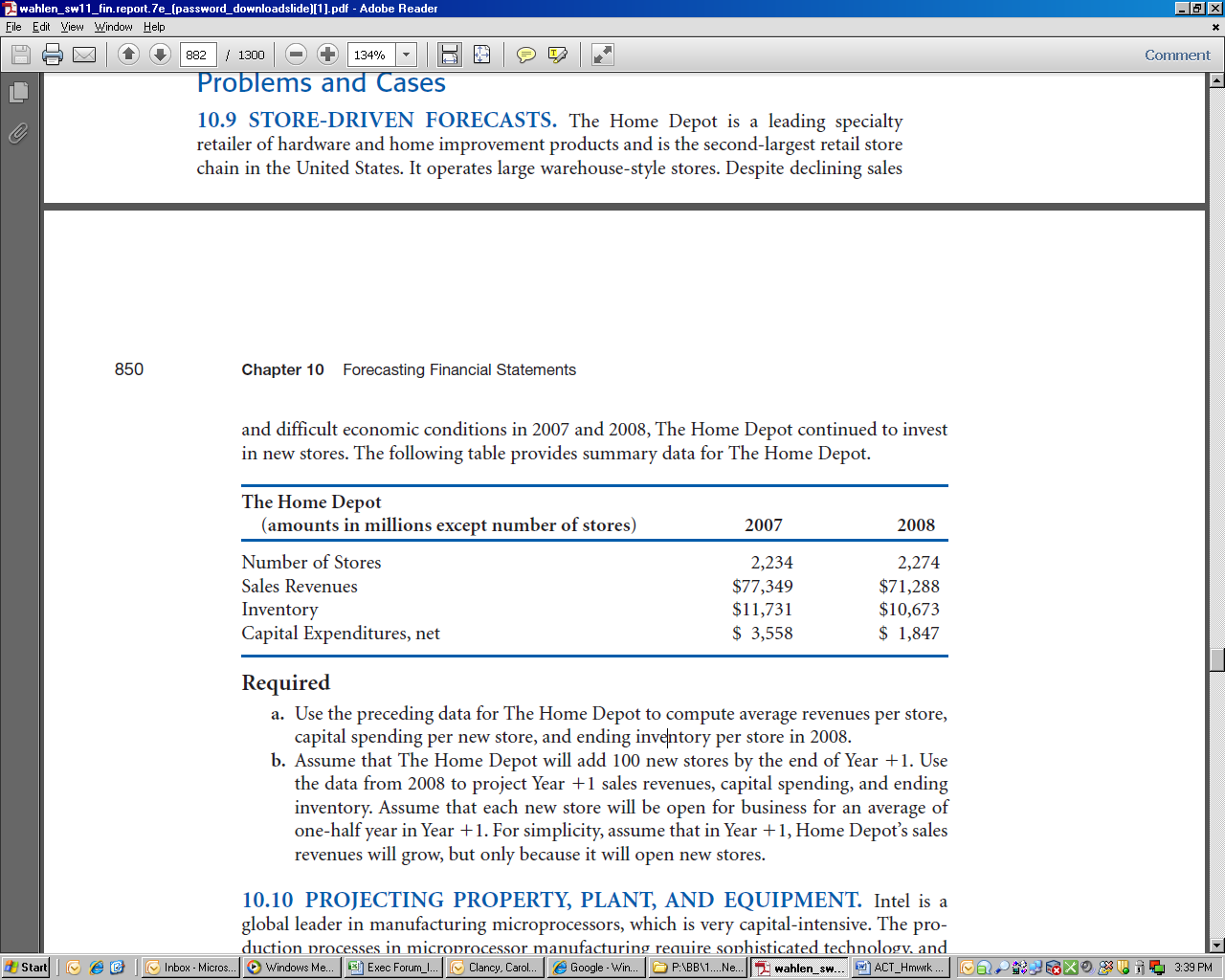
**10.9 STORE-DRIVEN FORECASTS.**

The Home Depot is a leading specialty retailer of hardware and home improvement products and is the second-largest retail store chain in the United States. It operates large warehouse-style stores. Despite declining sales and difficult economic conditions in 2007 and 2008, The Home Depot continued to invest in new stores. The following table provides summary data for The Home Depot.

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**Required**

**a.** Use the preceding data for The Home Depot to compute average revenues per store, capital spending per new store, and ending inventory per store in 2008.

**b.** Assume that The Home Depot will add 100 new stores by the end of Year +1.

Use the data from 2008 to project Year +1 sales revenues, capital spending, and ending inventory. Assume that each new store will be open for business for an average of one-half year in Year \_1. For simplicity, assume that in

Year +1, Home Depot’s sales revenues will grow, but only because it will open new stores.