HOME DEPOT INC
Form DEF 14A
April 07, 2010

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of

the Securities Exchange Act of 1934

Filed by the Registrant x

Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement
¨ Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
x Definitive Proxy Statement
¨ Definitive Additional Materials
¨ Soliciting Material Pursuant to §240.14a-12

THE HOME DEPOT, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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THE HOME DEPOT

PROXY STATEMENT

AND

NOTICE OF 2010 ANNUAL MEETING OF SHAREHOLDERS

To My Fellow Shareholders:

It is my pleasure to invite you to attend our 2010 Annual Meeting of Shareholders on May 20, 2010 at 9:00 a.m. The meeting will be held at the Cobb Galleria Centre in Atlanta, Georgia.

The enclosed proxy statement and notice contain important information, including a description of the business that will be acted upon at the meeting, as well as the voting procedures and information on obtaining meeting tickets. At the meeting, we will also report on the Company s performance and operations and respond to your questions.

Shareholders will be seated on a first-come, first-served basis. We recommend that you arrive 20 to 30 minutes before the start of the meeting. If you will need special assistance or seating, please contact Audrey Davies at (770) 384-2700.

Your vote is important. Whether or not you plan to attend the meeting, we urge you to vote and submit your proxy over the Internet, by telephone or by mail.

I hope you will be able to join us, and I look forward to seeing you.

Sincerely,

Francis S. Blake

Chairman and Chief Executive Officer

THE HOME DEPOT, INC.

2455 Paces Ferry Road, N.W.

Atlanta, Georgia 30339

NOTICE OF 2010 ANNUAL MEETING OF SHAREHOLDERS

TIME:	9:00 a.m., Eastern Time, on May 20, 2010
PLACE:	Cobb Galleria Centre Two Galleria Parkway Atlanta, Georgia
ITEMS OF BUSINESS:	(1) To elect as directors of the Company the nine persons named in the accompanying Proxy Statement for terms expiring at the 2011 annual meeting; (2) To ratify the appointment of KPMG LLP as the Company s independent registered public accounting firm for the fiscal year ending January 30, 2011; (3) To approve the material terms of performance goals for qualified performance-based awards under The Home Depot, Inc. 2005 Omnibus Stock Incentive Plan; (4) To act on seven shareholder proposals described in the Proxy Statement, if properly presented; and (5) To transact any other business properly brought before the meeting.
WHO MAY VOTE:	You may vote if you were a shareholder of record as of the close of business on March 22, 2010.
ANNUAL MEETING MATERIALS:	A copy of this Proxy Statement and our 2009 Annual Report are available at http://reports.homedepot.com.
DATE OF MAILING:	A Notice of Internet Availability of Proxy Materials or this Proxy Statement is first being mailed to shareholders on or about April 7, 2010.

By Order of the Board of Directors,

Jack A. VanWoerkom, Secretary

THE HOME DEPOT, INC.

2455 Paces Ferry Road, N.W.

Atlanta, Georgia 30339

Proxy Statement

Annual Meeting of Shareholders

We are providing this Proxy Statement in connection with the solicitation by the Board of Directors (the Board) of The Home Depot, Inc. (the Company) of proxies to be voted at our 2010 Annual Meeting of Shareholders (the Meeting) to be held at the Cobb Galleria Centre, Two Galleria Parkway, Atlanta, Georgia, on Thursday, May 20, 2010, at 9:00 a.m., Eastern Time, and at any reconvened or rescheduled meeting following any adjournment or postponement.

This Proxy Statement contains important information for you to consider when deciding how to vote. Please read this information carefully.

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About the 2010 Annual Meeting of Shareholders

WHAT AM I VOTING ON?

You will be voting on the following:

- To elect as directors the nine persons named in Election of Directors and Director Biographies below;
- To ratify the appointment of KPMG LLP as the independent registered public accounting firm of the Company for the fiscal year ending January 30, 2011 (Fiscal 2010);
- To approve the material terms of performance goals for qualified performance-based awards under The Home Depot, Inc. 2005 Omnibus Stock Incentive Plan (the 2005 Omnibus Plan);
- To act on shareholder proposals described in this Proxy Statement; and
- To transact any other business properly brought before the Meeting.

WHO IS ENTITLED TO VOTE?

You may vote if you owned shares of the Company s common stock as of the close of business on March 22, 2010. Each share of common stock is entitled to one vote on each matter presented for a vote of the shareholders. As of March 22, 2010, we had 1,693,341,736 shares of common stock outstanding.

HOW DO I VOTE BEFORE THE MEETING?

If you are a registered shareholder, meaning that you hold your shares in certificate form or through an account with our transfer agent, Computershare Trust Company, N.A., you have three options for voting before the Meeting:

- Over the Internet, at www.proxyvote.com, by following the instructions on the Notice of Internet Availability of Proxy Materials (Notice) or proxy card;
- By telephone, by dialing 1-800-690-6903; or
- By completing, signing and returning a proxy card by mail.

If you hold your shares through an account with a bank or broker, your ability to vote over the Internet or by telephone depends on the voting procedures of your bank or broker. Please follow the directions that your bank or broker provides.

MAY I VOTE AT THE MEETING?

Yes. You may vote your shares at the Meeting if you attend in person. If you hold your shares through an account with a bank or broker, you must obtain a legal proxy from the bank or broker in order to vote at the Meeting. A legal proxy is an authorization from your bank or broker to vote the shares it holds in its name. Even if you plan to attend the Meeting, we encourage you to vote your shares before the Meeting.

MAY I REVOKE MY PROXY AND/OR CHANGE MY VOTE?

Yes. You may revoke your proxy and/or change your vote at any time before the polls close at the conclusion of voting at the Meeting. You may do this by:

- Signing another proxy card with a later date and delivering it to us before the Meeting;
- Voting again over the Internet or by telephone prior to 11:59 p.m., Eastern Time, on May 19, 2010;
- Voting at the Meeting if you are a registered shareholder or have obtained a legal proxy from your bank or broker; or

Notifying the Company s Secretary in writing before the Meeting.

WHAT IF I SIGN AND RETURN MY PROXY BUT DO NOT PROVIDE VOTING INSTRUCTIONS?

Proxies that are signed and returned but do not contain voting instructions will be voted:

For the election of all of the nine named director nominees;
For the ratification of KPMG LLP;
For the approval of the material terms of performance goals for qualified performance-based awards under the 2005 Omnibus Plan;
Against each shareholder proposal; and
On any other matters properly brought before the Meeting, in accordance with the best judgment of the named proxies.

If your shares are held through an account with a bank or broker, see Will My Shares Be Voted If I Do Not Provide My Proxy or Instruction Form? below.

HOW DO I VOTE IF I PARTICIPATE IN ONE OF THE COMPANY S RETIREMENT PLANS?

You may vote your shares over the Internet, by telephone or by mail as if you were a registered

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About the 2010 Annual Meeting of Shareholders

shareholder, all as described in this Proxy Statement. By voting, you are instructing the trustee of your plan to vote all of your shares as directed. If you do not vote, the shares credited to your account will be voted by the trustee in the same proportion that it votes shares in other accounts for which it received timely instructions. If, however, you do not vote and you hold shares through the self-directed brokerage window of your plan, or you participate in one of the Company s Canada-based retirement plans, your shares will not be voted.

WILL MY SHARES BE VOTED IF I DO NOT PROVIDE MY PROXY OR INSTRUCTION FORM?

If you are a registered shareholder and do not provide a proxy by voting over the Internet, by telephone or by completing, signing and returning a proxy card, you must attend the Meeting in order to vote. If you hold shares through an account with a bank or broker, your shares may be voted by the bank or broker even if you do not provide voting instructions. Banks and brokers have the authority under New York Stock Exchange (NYSE) rules to vote shares for which their customers do not provide voting instructions on routine matters in their discretion. The ratification of KPMG LLP as the Company s Fiscal 2010 independent registered public accounting firm and the approval of the material terms of performance goals for qualified performance-based awards under the 2005 Omnibus Plan are considered routine matters. The election of directors and the shareholder proposals are not considered routine, and banks and brokers cannot vote shares on those proposals without your instruction. Shares that banks and brokers are not authorized to vote are referred to as broker non-votes.

Please note that as a result of a recent change in the NYSE rules, banks and brokers are no longer permitted to vote the uninstructed shares of their customers on a discretionary basis in the election of directors. As a result, if you hold your shares through an account with a bank or broker and you do not instruct your bank or broker how to vote your shares in the election of directors, no votes will be cast on your behalf in the election of directors. **Therefore, it is critical that you indicate your vote if you want it to be counted in the election of directors.**

HOW CAN I ATTEND THE MEETING?

To attend the Meeting, you will need to bring an admission ticket (or legal proxy) and valid picture identification. If your shares are registered in your name and you received a Notice, the Notice is your admission ticket. You may also indicate whether you plan to attend the meeting by either checking the appropriate box on your proxy card or making the appropriate selection at the bottom of the screen after entering your control number at www.proxyvote.com. If your shares are registered in your name and you received proxy materials by mail, your admission ticket is your proxy card. If you hold shares through an account with a bank or broker, you will need to contact your bank or broker and request a legal proxy, which will serve as your admission ticket.

If you do not have valid picture identification and either an admission ticket or legal proxy, you will not be admitted to the Meeting.

HOW MANY SHARES MUST BE PRESENT TO HOLD THE MEETING?

In order for us to conduct the Meeting, holders of a majority of our outstanding shares of common stock as of the close of business on March 22, 2010 must be present in person or by proxy. This is referred to as a quorum. Your shares are counted as present if you attend the Meeting and vote in person or if you properly return a proxy over the Internet, by telephone or by mail. Abstentions and broker non-votes will be counted for purposes of establishing a quorum.

HOW MANY VOTES ARE NEEDED TO APPROVE THE PROPOSALS?

Each director nominee receiving a majority of votes cast with respect to that director nominee s election will be elected as a director. If any of the director nominees does not receive a majority of votes cast, under Delaware law he or she would continue to serve on the Board as a holdover director until a successor is elected. However, our Bylaws provide that any director who fails to receive a majority of votes cast must promptly tender his or her resignation to the Board for consideration. The Nominating and Corporate Governance Committee will then recommend to the Board whether to accept or reject the resignation or to

About the 2010 Annual Meeting of Shareholders

take any other action. The Board will act on that recommendation and publicly disclose its decision within 90 days following certification of election results. The director who tenders his or her resignation will not participate in the Nominating and Corporate Governance Committee s recommendation or in the Board s decision.

The ratification of KPMG LLP as the Company s Fiscal 2010 independent registered public accounting firm, the approval of the material terms of performance goals for qualified performance-based awards under the 2005 Omnibus Plan and each of the shareholder proposals also require a majority of votes cast to be ratified or approved.

A majority of votes cast means the number of For votes exceeds the number of Against votes. A proxy marked Abstain with respect to any proposal, including the election of directors, therefore will not have any effect on the outcome of the vote on that matter. Similarly, broker non-votes will not be counted as votes cast with respect to the election of directors or any shareholder proposal presented at the Meeting and therefore will not have any effect on the outcome of the vote on that proposal.

WHAT DOES IT MEAN IF I RECEIVE MORE THAN ONE NOTICE, PROXY CARD OR INSTRUCTION FORM?

This means that your shares are registered differently and are held in more than one account. To ensure that all shares are voted, please vote each account over the Internet or by telephone, or sign and return by mail all proxy cards and instruction forms. We encourage you to register all shares in the same name and address by contacting our transfer agent, Computershare, at 1-800-577-0177. If you hold your shares through an account with a bank or broker, you should contact your bank or broker and request consolidation.

AVAILABILITY OF ANNUAL REPORT AND PROXY STATEMENT TO SHAREHOLDERS

Only one copy of this Proxy Statement, the 2009 Annual Report and/or the Notice is being delivered to shareholders sharing an address unless the Company has received contrary instructions from one or more of the shareholders. Shareholders sharing an address who wish to receive separate copies of this Proxy Statement, the 2009 Annual Report and/or the Notice, or who wish to begin receiving a single copy of such materials, may make such request as follows:

- If you are a registered shareholder, by writing to Broadridge Investor Communication Solutions, Inc., Householding Department, 51 Mercedes Way, Edgewood, NY 11717 or by calling 1-800-542-1061; or
- If you are a beneficial owner, by contacting your broker, dealer, bank, voting trustee or other nominee to make such request.

Registered shareholders sharing an address who elect to receive a single copy of this Proxy Statement, the 2009 Annual Report and the Notice will continue to receive separate proxy cards.

You may also elect to receive this Proxy Statement, the 2009 Annual Report and the Notice via e-mail by contacting Broadridge, if you are a registered shareholder, or your bank or broker, if you are a beneficial owner, or by visiting our website at http://reports.homedepot.com.

Additional copies of the 2009 Annual Report and this Proxy Statement will be provided without charge to shareholders upon written request to Investor Relations, The Home Depot, Inc., 2455 Paces Ferry Road, Atlanta, Georgia 30339, by calling (770) 384-4388 or via the Internet at http://ir.homedepot.com.

WHERE AND WHEN WILL I BE ABLE TO FIND THE VOTING RESULTS?

You can find the official results of voting at the Meeting in our Current Report on Form 8-K to be filed within four business days after the Meeting. If the official results are not available at that time, we will provide preliminary voting results in the Form 8-K and will provide the final results in an amendment to the Form 8-K as soon as they become available.

BOARD OF DIRECTORS INFORMATION

Our Board currently has nine members: F. Duane Ackerman, David H. Batchelder, Francis S. Blake, Ari Bousbib, Gregory D. Brenneman, Albert P. Carey, Armando Codina, Bonnie G. Hill and Karen L. Katen. Each director who served during the fiscal year ended January 31, 2010 (Fiscal 2009) was, and continues to be, independent other than Mr. Blake, because of his position as the Chairman and Chief Executive Officer (CEO) of the Company.

BOARD LEADERSHIP

We believe that having a combined Chairman/CEO, independent members and chairs for each of our Board committees and an independent Lead Director currently provides the best board leadership structure for The Home Depot. This structure, together with our other good corporate governance practices, provides strong independent oversight of management while ensuring clear strategic alignment throughout the Company. Specifically, Mr. Blake proposes strategic priorities to the Board (with input from the Lead Director), communicates its guidance to management, and is ultimately responsible for implementing the Company s key strategic initiatives. Our Lead Director is an independent director who is elected annually by the independent members of the Board. Bonnie G. Hill, a director since 1999, currently serves as our Lead Director.

Our Lead Director:

- Chairs Board meetings when the Chairman is not present, including presiding at all executive sessions of the Board (without management present) at every regularly scheduled Board meeting;
- Works with management to determine the information and materials provided to Board members;
- Approves Board meeting agendas, schedules and other information provided to the Board;
- Consults with the Chairman on such other matters as are pertinent to the Board and the Company;
- Has the authority to call meetings of the independent directors;
- Is available for direct communication and consultation with major shareholders upon request; and
- Serves as liaison between the Chairman and the independent directors.

RISK OVERSIGHT

In accordance with NYSE requirements and our Audit Committee charter, the Audit Committee has primary responsibility for overseeing risk assessment and management, including the Company s major financial exposures and the steps management has taken to monitor and control such exposures. In addition to reviewing the independence of our auditor, the Audit Committee stays apprised of significant actual and potential risks faced by the Company in part through review of quarterly reports from our Enterprise Risk Council (ERC) and detailed presentations, at least annually, from the chair of the ERC regarding the Company s risk assessment and management process. The Audit Committee then reports to the Board at each quarterly Board meeting.

Our ERC is composed of leaders from the functional areas of the Company and meets at least quarterly to coordinate information sharing and mitigation efforts for all types of risks. The chair of the ERC, who is also our Vice President of Internal Audit and Corporate Compliance, reports the ERC s risk analyses to senior management regularly and attends each Audit Committee meeting. The Audit Committee also receives quarterly reports from our FCPA Oversight Committee, which oversees enterprise-wide compliance with the U.S. Foreign Corrupt Practices Act and the anti-bribery laws of the jurisdictions in which we conduct business. The FCPA Oversight Committee, which is chaired by our Executive Vice President and General Counsel, is comprised of representatives from each non-U.S. division, the business functions responsible for administration of our policies, and the business functions that manage transactions outside of the U.S.

Our other committees also consider significant risks within their areas of responsibility. Our Leadership Development and Compensation Committee reviews risks that may be implicated by our executive compensation programs and monitors the independence of its compensation consultant. Our Nominating and Corporate Governance Committee oversees risks related to our governance policies and practices, including review and approval of any related party transactions and relationships involving our directors and executive officers. Our Infrastructure Committee reviews risks related to our corporate infrastructure. Each of the committees reports to the Board at each quarterly Board meeting.

In addition, the Board and Audit Committee receive presentations throughout the year from management

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Board of Directors Information

regarding specific potential risks and trends as necessary. At each Board meeting, the Chairman and CEO addresses in a director-only session matters of particular importance or concern, including any significant areas of risk requiring Board attention. Annually, through dedicated sessions focusing entirely on corporate strategy, our full Board reviews in detail the Company s short- and long-term strategies, including consideration of significant risks facing the Company and their potential impact. We believe that the practices described above and our current leadership structure facilitate effective Board oversight of our significant risks.

DIRECTOR INDEPENDENCE

The Director Independence Standards in the Company s Corporate Governance Guidelines (attached as Appendix A to this Proxy Statement and available at http://ir.homedepot.com and in print upon request) meet or exceed the independence standards adopted by the NYSE. Pursuant to such guidelines, the Board and the Nominating and Corporate Governance Committee reviewed the independence of each director in February 2010. During this review, the Board and the Nominating and Corporate Governance Committee considered all relevant facts and circumstances related to transactions and relationships between each director (and his or her immediate family and affiliates) and the Company and its management to determine whether any such relationships or transactions would prohibit a director from being independent under applicable law, the NYSE listing standards and the Company s Director Independence Standards.

Based on this review and the recommendation of the Nominating and Corporate Governance Committee, the Board affirmatively determined that all of the directors nominated for election at the Meeting are independent except Francis S. Blake, because of his position as our Chairman and CEO.

The Company has purchase, sale and other transactions and relationships in the normal course of business with companies with which certain Company directors are associated, but which are not material to the Company, the directors or the companies with which the directors are associated. All such transactions were reviewed and considered by the Board and the Nominating and Corporate Governance Committee in determining the independence of Company directors. In particular, the Nominating and Corporate Governance Committee and the Board took into account the fact that during Fiscal 2009 Mr. Bousbib served as an executive officer and Messrs. Ackerman, Batchelder and Brenneman served as directors of entities with which the Company made purchases or sales. In each instance, the amount of payments made and received by each entity represented significantly less than two percent of the Company s and the other entity s revenues. The Board and the Nominating and Corporate Governance Committee believe that all of these transactions and relationships during Fiscal 2009 were on arm s-length terms that were reasonable and competitive, and the directors did not personally benefit from these transactions.

SELECTING NOMINEES TO THE BOARD OF DIRECTORS

The Nominating and Corporate Governance Committee is responsible for considering candidates for the Board and recommending director nominees to the Board. All members of the Nominating and Corporate Governance Committee have been determined to be independent by the Board pursuant to NYSE listing standards and the Company s Director Independence Standards. The Nominating and Corporate Governance Committee s charter, as well as the charters of the Audit Committee, the Leadership Development and Compensation Committee and the Infrastructure Committee, are available on the Company s website at http://ir.homedepot.com.

The Nominating and Corporate Governance Committee considers candidates for nomination to the Board from a number of sources. Current members of the Board are considered for re-election unless they have notified the Company that they do not wish to stand for re-election and provided they have not reached age 72 by the calendar year-end immediately preceding the Company s next annual meeting of shareholders.

The Nominating and Corporate Governance Committee also considers candidates recommended by current members of the Board, members of management or shareholders. From time to time, the Nominating and Corporate Governance Committee engages independent search firms to assist in identifying potential Board candidates. Services provided by the search firms include identifying and assessing potential director candidates

BOARD OF DIRECTORS INFORMATION

meeting criteria established by the Nominating and Corporate Governance Committee, verifying information about the prospective candidate s credentials, and obtaining a preliminary indication of interest and willingness to serve as a Board member. In Fiscal 2009, the Nominating and Corporate Governance Committee engaged Spencer Stuart to assist it in identifying and assessing potential director candidates. The Nominating and Corporate Governance Committee will also use reasonable efforts to engage a governance consultant to assist in evaluating all director candidates.

The Nominating and Corporate Governance Committee evaluates all candidates, regardless of who recommended the candidate, based on the same criteria. The criteria and the process by which director nominees are considered and selected are discussed further below in connection with Proposal 1 of this Proxy Statement.

DIRECTOR CANDIDATES RECOMMENDED BY SHAREHOLDERS

The Nominating and Corporate Governance Committee will consider all candidates recommended by a shareholder (or group of shareholders) who owns at least 1% of the Company s outstanding shares of common stock and who has held such shares for at least one year as of the date of the recommendation. A shareholder (or shareholders) meeting these requirements is known as an Eligible Shareholder. The Nominating and Corporate Governance Committee may also, in its discretion, consider candidates recommended by a shareholder owning less than 1% of the Company s outstanding shares of common stock. A shareholder wishing to recommend a candidate must submit the following documents to the Corporate Secretary, The Home Depot, Inc., 2455 Paces Ferry Road, Building C-22, Atlanta, Georgia 30339 not less than 120 calendar days prior to the date the Company s proxy statement was released to shareholders in connection with the previous year s annual meeting of shareholders:

- A recommendation that identifies the candidate and provides contact information for that candidate;
- The written consent of the candidate to serve as a director of the Company, if elected; and
- Documentation establishing that the shareholder making the recommendation is an Eligible Shareholder.

Upon timely receipt of the required documents, the Corporate Secretary will determine if the shareholder submitting the recommendation is an Eligible Shareholder based on those documents. If the shareholder is not an Eligible Shareholder, the Nominating and Corporate Governance Committee may, but is not obligated to, evaluate the candidate and consider that candidate for nomination to the Board.

If the candidate is to be evaluated by the Nominating and Corporate Governance Committee, the Corporate Secretary will request from the candidate a detailed resumé, an autobiographical statement explaining the candidate s interest in serving as a director of the Company, a completed statement regarding conflicts of interest, and a waiver of liability for a background check. These documents must be received from the candidate before the first day of February preceding the annual meeting of shareholders.

COMMUNICATING WITH THE BOARD

Shareholders and others who are interested in communicating directly with members of the Board, including those wishing to express concerns relating to accounting, internal accounting controls, audit matters, fraud or unethical behavior, may do so by e-mail, at HD_Directors@homedepot.com, or by writing to the directors at the following address:

Name of Director or Directors

c/o Secretary to the Board of Directors

The Home Depot, Inc.

2455 Paces Ferry Road

Building C-22

Atlanta, Georgia 30339

The Corporate Secretary reviews and provides the Board and the Nominating and Corporate Governance Committee with a summary of all such communications and a copy of any correspondence that, in the opinion of the Corporate Secretary, deals with the functions of the Board or the standing committees of the Board, or that otherwise requires the attention of the Board and the Nominating and Corporate Governance Committee. Correspondence relating to accounting, internal controls or auditing matters is brought to the attention of the Company s internal audit department and, if appropriate, to the Audit Committee. All communications are treated confidentially.

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Board of Directors Information

MEETINGS AND COMMITTEES OF THE BOARD OF DIRECTORS

The Board met six times during Fiscal 2009. The number of times that each standing committee of the Board met in Fiscal 2009 is shown below. Each incumbent director attended at least 75% of the meetings of the Board and of the standing committees of which he or she was a member during Fiscal 2009. Company policy provides that all directors are expected to attend annual shareholder meetings, absent extraordinary circumstances. All of our current directors attended the 2009 Annual Meeting of Shareholders.

During Fiscal 2009, the Board had standing Audit, Nominating and Corporate Governance, Leadership Development and Compensation, and Infrastructure Committees. The members of each Committee as of the end of Fiscal 2009, their principal functions and the number of meetings held in Fiscal 2009 are shown below. Each member of each Committee was, and continues to be, independent under our Director Independence Standards and applicable NYSE rules.

Name of Committee and Members	Committee Functions	Number of Meetings
AUDIT: David H. Batchelder, Chair F. Duane Ackerman Ari Bousbib Albert P. Carey	Reviews the Company s financial statements, including management s report on internal control over financial reporting Oversees auditing procedures Oversees internal risk assessment and management Selects the Company s independent registered public accounting firm Receives and accepts the report of the independent registered public accounting firm	9
NOMINATING AND CORPORATE GOVERNANCE: Bonnie G. Hill, Chair Gregory D. Brenneman Armando Codina Karen L. Katen	Oversees the Company s corporate governance practices and procedures Reviews and monitors the performance and composition of the Board and its committees Makes recommendations for nominees for director Reviews the independence of directors	4
LEADERSHIP DEVELOPMENT AND COMPENSATION: Gregory D. Brenneman, Chair David H. Batchelder Armando Codina Bonnie G. Hill	Reviews and recommends policies, practices and procedures concerning human resource-related matters Oversees senior management succession planning policies and procedures Reviews and recommends compensation of directors and executive officers Administers stock incentive and stock purchase plans, including determining grants of equity awards under the plans	6

INFRASTRUCTURE: Ari Bousbib, Chair F. Duane Ackerman Albert P. Carey Karen L. Katen	Reviews practices and procedures concerning supply chain, logistics and information technology and information security	4

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Election of Directors and Director Biographies

(ITEM 1 ON THE PROXY CARD)

The Nominating and Corporate Governance Committee, when considering the composition of our Board, focuses on ensuring a mix of directors that collectively possess the expertise and experience appropriate for a retailer of our size and geographic scope. The Company is the world s largest home improvement specialty retailer, with more than 2,200 retail stores in the United States, Canada, Mexico and China, and our business involves all facets of retail, including finance, marketing, information technology, supply chain, real estate and strategic management. The Nominating and Corporate Governance Committee evaluates each director candidate on the basis of the length and quality of the candidate s business experience, the applicability of the candidate s skills and expertise to the Company and its business, the perspectives that the candidate would bring to the entire Board and the personality or fit of the candidate with existing members of the Board and management.

The Nominating and Corporate Governance Committee seeks directors who can:

- Demonstrate integrity, accountability, informed judgment, financial literacy, creativity and vision;
- Be prepared to represent the best interests of all Company shareholders, and not just one particular constituency;
- Demonstrate a record of professional accomplishment in his or her chosen field; and
- Be prepared and able to participate fully in Board activities, including membership on at least two committees.

The Nominating and Corporate Governance Committee recognizes the importance of selecting directors from various backgrounds and professions in order to ensure that the Board as a group has a wealth of experiences to inform its decisions. Consistent with this philosophy, after focusing on the skills and experience necessary to meet the core needs of the Company, as well as the basic qualifications set forth above, the Nominating and Corporate Governance Committee considers the personal attributes of individual nominees, including ethnic, racial and gender diversity. The Nominating and Corporate Governance Committee assesses the composition of the Board at least once a year and more frequently as needed, particularly when considering potential new candidates.

After evaluating the performance and experience of the individual directors and the composition of the full Board, the Nominating and Corporate Governance Committee has recommended each of the following nominees for re-election to the Board to hold office until the 2011 Annual Meeting of Shareholders and until his or her successor is elected and qualified. Each nominee is currently a member of the Board and has agreed to serve as a director, if elected. If for some unforeseen reason a nominee becomes unwilling or unable to serve, proxies will be voted for a substitute nominee selected by the Board.

Election of Directors and Director Biographies

(ITEM 1 ON THE PROXY CARD)

F. DUANE ACKERMAN, 67, Director since 2007

Mr. Ackerman served as President and Chief Executive Officer of BellSouth Corporation from 1997 to 2006, as Chairman of its board of directors from 1998 to 2006 and as Vice Chairman and Chief Operating Officer from 1995 to 1997. In these roles, Mr. Ackerman gained extensive experience supervising finance, supply chain, marketing, sales, international, information technology and real estate functions. He also served as President and Chief Executive Officer of BellSouth Telecommunications, a local telephone service unit and the largest subsidiary of BellSouth Corporation, from 1992 to 1995. Mr. Ackerman retired as Chairman Emeritus of BellSouth in March 2007. In addition to the specific experience described above, Mr. Ackerman brings to our Board his experience managing a complex, publicly traded company.

Other Public Company	The Allstate Corporation (1999 to present)
Board Memberships	United Parcel Service, Inc. (2007 to present)
since 2005	BellSouth Corporation (1998-2006)

DAVID H. BATCHELDER, 60, Director since 2007

Mr. Batchelder brings over 25 years of expertise in retail, accounting and financial management and perspective into corporate management and board dynamics. He has served as a director of both large public and private companies in a wide range of industries (including retail, pharmaceuticals, waste disposal, healthcare, technology, energy and construction). Mr. Batchelder originally joined our Board in February 2007 as a representative of Relational Investors LLC, an investment advisory firm that he founded and for which he has been a Principal since 1996. As such, Mr. Batchelder provides the Board invaluable insights into the views of institutional investors. From 1988 to 2005, Mr. Batchelder was also a Principal of Relational Advisors LLC, a financial advisory and investment banking firm that he founded. Prior to founding Relational, Mr. Batchelder held various executive positions at Mesa Petroleum Company, including Chief Financial Officer and Chief Operating Officer, and served on Mesa s board of directors. Prior to his affiliation with Mesa, Mr. Batchelder was an Audit Manager with Deloitte & Touche LLP. Mr. Batchelder s extensive financial and accounting experience qualifies him as an audit committee financial expert under Securities and Exchange Commission guidelines, as described in the Audit Committee Report on page 65 of this Proxy Statement, and he serves in such capacity on our Audit Committee.

Other Public Company	Intuit Inc. (December 2009 to present)
Board Memberships	ConAgra Foods, Inc. (2002-2007)
since 2005	Washington Group International, Inc. (1993-2007)

ELECTION OF DIRECTORS AND DIRECTOR BIOGRAPHIES

(ITEM 1 ON THE PROXY CARD)

FRANCIS S. BLAKE, 60, Director since 2006

Mr. Blake has served as our Chairman and Chief Executive Officer since January 2007. Previously, Mr. Blake served as our Vice Chairman from October 2006 to January 2007 and as Executive Vice President Business Development and Corporate Operations from March 2002 to January 2007. In the latter position, he was responsible for the Company s real estate, store construction, credit services, strategic business development, growth initiatives, international, call centers and Home Services businesses. Mr. Blake previously served in a variety of executive positions at General Electric, including as Senior Vice President, Corporate Business Development in charge of all worldwide mergers, acquisitions, dispositions and identification of strategic growth opportunities.

Other Public Company

Board Memberships

since 2005

Southern Company (2004-2009)

ARI BOUSBIB, 48, Director since 2007

Mr. Bousbib plays a key role in the Board s oversight of the Company s supply chain, information technology, international and finance matters, as well as providing insight into the development of corporate strategy. Since 2008, Mr. Bousbib has served as Executive Vice President of United Technologies Corporation (UTC), a diversified company, and President of UTC s Commercial Companies, where he has responsibility for the strategic direction and operational performance of subsidiaries Otis Elevator Company, Carrier Corporation and UTC Fire & Security. From 2002 to 2008, he served as President of Otis Elevator Company and from 2000 to 2002 served as its Chief Operating Officer. From 1997 to 2000, Mr. Bousbib was Vice President, Corporate Strategy and Development of UTC. Prior to joining UTC, Mr. Bousbib was a partner at Booz Allen Hamilton, a global management and technology consulting firm. In serving on our Board, Mr. Bousbib draws from his experience with managing large, sophisticated businesses, including oversight of extensive global operations, as well as strategic, finance, supply chain and information technology matters.

Other Public Company

Board Memberships

since 2005

Best Buy, Inc. (2006-2007)

ELECTION OF DIRECTORS AND DIRECTOR BIOGRAPHIES

(ITEM 1 ON THE PROXY CARD)

GREGORY D. BRENNEMAN, 48, Director since 2000

A successful business leader who has been involved in several well-known corporate spin-off and turnaround situations, Mr. Brenneman brings to our Board an extensive background in general management of large organizations and expertise in accounting and corporate finance, retail, supply chain, marketing and international matters. Mr. Brenneman is currently Chairman of CCMP Capital, a private equity firm, and Chairman and Chief Executive Officer of TurnWorks, Inc., a private equity firm focusing on corporate turnarounds. Mr. Brenneman is also Executive Chairman of Quiznos, a national quick-service restaurant chain where he served as President and Chief Executive Officer from January 2007 to September 2008. Prior to joining Quiznos, Mr. Brenneman led restructuring and turnaround efforts at Burger King Corporation, an international fast food restaurant franchise company where he served as Chief Executive Officer and a member of the board of directors from August 2004 to April 2006 and as Chairman of the board of directors from February 2005 to April 2006; PwC Consulting, a global consulting business formerly part of PricewaterhouseCoopers, where he served as President and Chief Executive Officer in 2002 prior to its sale to IBM; and Continental Airlines, Inc., a major U.S. air transportation company, where he served as President and a member of the board from 1996 to 2001, and Chief Operating Officer from 1995 to 2001.

Other Public Company Automatic Data Processing, Inc. (2001 to present)

Board Memberships

since 2005

ALBERT P. CAREY, 58, Director since 2008

Having served in a number of senior executive positions at PepsiCo, Inc., a consumer products company, Mr. Carey enhances our Board s experience in and oversight of retail, supply chain and marketing matters, as well as contributing to the general management and strategic business development skills of our Board. Mr. Carey has served as President and Chief Executive Officer of Frito-Lay North America, a snack food company and the largest North American business division of PepsiCo, since July 2006. He also served as President of PepsiCo Sales, the sales division of PepsiCo, from March 2003 to July 2006, in charge of PepsiCo s sales and customer management for its retail, foodservice and fountain businesses. Other positions that Mr. Carey has held at PepsiCo, Inc. include Chief Operating Officer of PepsiCo Beverages & Foods North America, Senior Vice President of Sales for Pepsi-Cola North America and Chief Operating Officer of Frito-Lay North America. Prior to his career at PepsiCo, Mr. Carey spent seven years at Procter & Gamble.

Other Public Company None.

Board Memberships

since 2005

Election of Directors and Director Biographies

(ITEM 1 ON THE PROXY CARD)

ARMANDO CODINA, 63, Director since 2007

Mr. Codina s extensive expertise in commercial real estate development and management provides our Board with significant insight into and understanding of the real estate issues faced by a large retail organization. Mr. Codina founded Codina Group, a South Florida-based commercial real estate firm, in 1980. As Codina Group s Chairman and Chief Executive Officer, he led the company through significant growth for 26 years and successfully merged it with Florida East Coast Industries in 2006 to become Florida East Coast Industries full-service real estate business, Flagler Development Group. Flagler Development Group owns, leases and manages over 12.0 million square feet of Class-A office and industrial space. In 2006, Mr. Codina was appointed Chairman, Chief Executive Officer and President of Flagler Development Group, where he served until September 2008. He continues to serve as its Chairman. Prior to founding Codina Group, Mr. Codina served as President of Professional Automated Services, Inc., a pioneer in the development of comprehensive medical management systems that provided data processing services to physicians. Mr. Codina s deep roots in Florida have afforded the Board a unique insight into this market. In addition, Mr. Codina s service on a number of public company boards of directors, including those listed below, provides significant and valuable perspective into corporate management and board dynamics.

Other Public Company	AMR Corporation (1995 to present; Lead Director since 2007)
Board Memberships	General Motors Corporation (2002-2009)
since 2005	Merrill Lynch (2005-2009)
	Burger King Holdings, Inc. (2005-2007)
	BellSouth (1989-2006)
	Florida East Coast Industries, Inc. (2006-2007)

BONNIE G. HILL, Ed.D., 68, Director since 1999

Ms. Hill brings to our Board considerable leadership skills in retail, finance, international and marketing matters. She has particular expertise in corporate governance, board organizational and public policy issues, and currently serves as President of B. Hill Enterprises, LLC, a consulting firm that she founded in 2001 to advise companies and their directors on these matters. Ms. Hill has been a speaker and panelist addressing these issues at leading seminars across the country. Her expertise in these areas makes her particularly well suited for her role as Lead Director of the Company. Ms. Hill is also a co-founder of Icon Blue, Inc., a brand marketing company, where she has served as Chief Operating Officer since 1998. Previously, Ms. Hill was President and Chief Executive Officer of The Times Mirror Foundation, a charitable foundation affiliated with Tribune Company, from 1997 to 2001, and Senior Vice President, Communications and Public Affairs of the Los Angeles Times, a daily newspaper and subsidiary of Tribune Company, from 1998 to 2001. Ms. Hill has also served as a Vice President with Kaiser Aluminum and Chemical Corporation and as Dean of the McIntire School of Commerce at the University of Virginia. Ms. Hill has significant public sector experience of particular interest to a large public company, including serving as a member of the board of directors of NASD Regulations, Inc., a member of the Investor Advisory Committee of The Public Company Accounting Oversight Board, a member of the Investor Education Foundation of Financial Industry Regulatory Authority, Inc. and as chair of the Consumer Affairs Advisory Committee of the Securities and Exchange Commission.

Other Public Company	AK Steel Holding Corporation (1994 to present)
Board Memberships	California Water Service Group (2003 to present)

since 2005	YUM! Brands, Inc. (2003 to present)
	Hershey Foods Corporation (1993-2007)
	Albertson s (2002-2006)

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ELECTION OF DIRECTORS AND DIRECTOR BIOGRAPHIES

(ITEM 1 ON THE PROXY CARD)

KAREN L. KATEN, 61, Director since 2007

Ms. Katen enhances our Board s understanding of international, supply chain and marketing matters, with her expertise in those areas gained through her career at Pfizer Inc., a global pharmaceutical company. Ms. Katen began her career at Pfizer in 1974 and held a series of management positions with increasing responsibility, including President of Pfizer Global Pharmaceuticals and Executive Vice President of Pfizer Inc. from 2001 to 2005 and President of Pfizer Human Health from 2005 to 2007. She retired in March 2007 as Vice Chairman of Pfizer Inc. Recently, she also served as Chairman of the Pfizer Foundation, a charitable foundation affiliated with Pfizer. Currently, Ms. Katen serves as Senior Advisor of Essex Woodlands Health Ventures, a healthcare venture capital firm which she joined in October 2007. Ms. Katen is also a director of Air Liquide, an international leader in gases for industry, health and the environment. Ms. Katen has served with several healthcare-related organizations, including as a member of the Global Advisory Board of Takeda Pharmaceutical Company Limited, Treasurer of PhRMA, an industry association representing research-based pharmaceutical companies in the U.S., a board member of the National Alliance for Hispanic Health, a member of the Healthcare Leadership Council, and a member of the RAND Corporation s Health Board of Advisors. She is also on the Board of Trustees of the Economic Club of New York and the University of Chicago and is a council member of the Booth Graduate School of Business at the University of Chicago. Ms. Katen has also served on a variety of international policy bodies, including as Chairman of the U.S.-Japan Business Council.

Other Public Company	Harris Corporation (1994 to present)
Board Memberships	General Motors Corporation (1997-2009)
since 2005	

WE RECOMMEND THAT YOU VOTE

FOR THE ELECTION OF EACH

NOMINEE TO

THE BOARD OF DIRECTORS.

Proposal to Ratify the Appointment of KPMG LLP

(ITEM 2 ON THE PROXY CARD)

The Audit Committee has appointed KPMG LLP to serve as the Company s Fiscal 2010 independent registered public accounting firm. Although the Company s governing documents do not require the submission of this matter to shareholders, the Board considers it desirable that the appointment of KPMG LLP be ratified by shareholders. If the appointment of KPMG LLP is not ratified, the Audit Committee will reconsider the appointment.

Audit services provided by KPMG LLP for Fiscal 2009 included the examination of the consolidated financial statements of the Company, audit of the Company s internal control over financial reporting and services related to periodic filings made with the Securities and Exchange Commission (SEC). Additionally, KPMG LLP provided certain services relating to the consolidated quarterly reports and annual and other periodic reports at international locations and tax and other services as described on page 66 of this Proxy Statement.

One or more representatives of KPMG LLP will be present at the Meeting. The representatives will have an opportunity to make a statement if they desire and will be available to respond to questions from shareholders.

WE RECOMMEND THAT YOU

VOTE FOR THE RATIFICATION OF

KPMG LLP AS THE COMPANY S

FISCAL 2010 INDEPENDENT

REGISTERED PUBLIC

ACCOUNTING FIRM.

Proposal to Approve the Material Terms of Performance Goals for Qualified Performance-Based Awards under The Home Depot, Inc. 2005 Omnibus Stock Incentive Plan

(ITEM 3 ON THE PROXY CARD)

We are asking for your approval of the material terms of the performance goals for performance-based incentives under The Home Depot, Inc. 2005 Omnibus Stock Incentive Plan. In order to preserve the Company s ability to continue to grant fully tax-deductible performance-based awards under the 2005 Omnibus Plan, the material terms of the performance goals, including the list of permissible business criteria for performance objectives under the plan, must be approved by the shareholders at least every five years. The 2005 Omnibus Plan is not being amended or changed, and shareholders are not being asked to approve the 2005 Omnibus Plan itself.

Section 162(m) of the Internal Revenue Code of 1986, as amended (Section 162(m)), prevents a publicly-held corporation from claiming income tax deductions for compensation in excess of $1,000,000 paid to certain senior executives. Compensation is exempt from this limitation if it qualifies as performance-based compensation under Section 162(m). Market-priced stock options and stock appreciation rights are two common examples of performance-based compensation. Other types of awards, including restricted stock, deferred stock units, performance shares and performance units that are granted pursuant to pre-established objective performance formulas, may also qualify as fully-deductible performance-based compensation, so long as certain requirements, such as shareholder approval of the material terms of the performance goals, are met.

The Company s shareholders previously approved the 2005 Omnibus Plan and its material terms at the Company s 2005 Annual Meeting. Section 162(m) requires that the material terms of the performance goals for qualified performance-based awards be approved every five years, so we are asking for your approval of these terms at the Meeting. However, shareholder approval of the material terms of the 2005 Omnibus Plan is only one of several requirements under Section 162(m) that must be satisfied for amounts realized under the 2005 Omnibus Plan to qualify for the performance-based compensation exemption under Section 162(m), and submission of the material terms of the performance goals of the 2005 Omnibus Plan for shareholder approval alone does not insure that all compensation paid under the 2005 Omnibus Plan will qualify as tax-deductible compensation. In addition, nothing in this proposal precludes the Company from granting awards that do not meet the requirements for tax-deductible compensation under Section 162(m).

ELIGIBILITY AND PARTICIPATION

Awards may be granted under the 2005 Omnibus Plan to associates of the Company and its subsidiaries and to non-employee directors of the Company. Based on past compensation practices, the Company expects that a range of 15,000 to 20,000 persons annually will receive awards under the 2005 Omnibus Plan. The 2005 Omnibus Plan is administered by the Leadership Development and Compensation Committee (the Committee).

PERFORMANCE OBJECTIVES

A grant of performance shares or performance units, or, as designated by the Committee, a grant of restricted shares, deferred stock units, options or stock appreciation rights, may be made subject to achievement of performance objectives. Under the 2005 Omnibus Plan, the business criteria on which such performance objectives may be based for awards that are intended to meet the performance-based exemption from Section 162(m) are limited to specified levels of or increases in the following:

- return on equity;
- diluted earnings per share;

total earnings;

earnings growth;

return on capital;

return on assets;

earnings before interest and taxes;

sales;

sales growth;

Proposal to Approve the Material Terms of Performance Goals for Qualified Performance-Based Awards under The Home Depot, Inc. 2005 Omnibus Stock Incentive Plan

(ITEM 3 ON THE PROXY CARD)

gross margin return on investment;

fair market value of the Company s common stock;

share price (including but not limited to growth measures and total stockholder return);

operating profit;

net earnings;

cash flow (including but not limited to operating cash flow and free cash flow);

cash flow return on investment (which equals net cash flow divided by total capital);

inventory turns;

financial return ratios;

total return to shareholders;

market share;

earnings measures/ratios;

economic value added (EVA);

balance sheet measurements such as receivable turnover, internal rate of return, increase in net present value or expense targets;

- Employer of Choice or similar survey results;
- customer satisfaction surveys; and
- productivity.

Performance objectives may be measured on an absolute or relative basis. Performance objectives may be described in terms of Company-wide objectives or objectives that are related to the performance of an individual participant or the subsidiary, division, department or function within the Company or subsidiary in which the participant is employed. Relative performance may be measured by a group of peer companies or by a financial market index. The Committee may, if originally provided in the terms of the grant, adjust performance objectives and the related minimum acceptable levels of achievement, if, in the sole judgment of the Committee, events or transactions have occurred after the grant of an award that are unrelated to the performance of the participant and result in a distortion of the performance objectives or the related minimum acceptable levels of achievement.

LIMITATIONS AND MAXIMUM GRANTS UNDER THE 2005 OMNIBUS PLAN

A total of 255,000,000 shares of the Company s common stock were originally reserved for issuance as awards under the 2005 Omnibus Plan. Shares issued under the 2005 Omnibus Plan may be shares of original issuance, shares held in the Company s treasury or shares that have been re-acquired by the Company. Stock awards other than stock options will reduce the number of shares available for issuance under the plan by a 2.11-to-1 ratio. No more than 50,000,000 shares may be issued upon the exercise of incentive stock options. The 2005 Omnibus Plan provides that no participant may receive awards representing more than 1,000,000 shares in any one calendar year, and the maximum number of performance units that may be granted to a participant in any one calendar year is 5,000,000. A performance unit is a performance award that is measured in dollar increments, rather than in terms of shares. These limits are subject to adjustments by the Committee in the event of stock splits, mergers, consolidations, stock dividends, recapitalizations and similar transactions.

AMENDMENT

The Board may amend the 2005 Omnibus Plan, but without shareholder approval, no amendment may increase the limitations on the number of shares that may be issued or any of the limitations on individual grants under the 2005 Omnibus Plan. The Board may condition any amendment on shareholder approval if that approval is necessary or deemed advisable with respect to applicable stock exchange requirements, laws, policies or regulations.

Proposal to Approve the Material Terms of Performance Goals for Qualified Performance-Based Awards under The Home Depot, Inc. 2005 Omnibus Stock Incentive Plan

(ITEM 3 ON THE PROXY CARD)

GENERAL

The foregoing description addresses limited aspects of the 2005 Omnibus Plan, primarily the material terms of the performance goals, including the list of permissible business criteria for performance objectives, that may apply to a grant of qualified performance-based awards. This description is qualified in its entirety by the full text of the 2005 Omnibus Plan, which is attached as Appendix B to this Proxy Statement.

BOARD S RECOMMENDATION

We believe that it is in the best interests of the Company and its shareholders to enable the Company to

implement compensation arrangements that qualify as fully tax-deductible performance-based compensation under the 2005 Omnibus Plan. We are therefore asking you to approve, for Section 162(m) purposes, the material terms of the performance goals, including the list set forth above of permissible business criteria for performance objectives, for performance-based awards.

WE RECOMMEND THAT YOU

VOTE FOR THE APPROVAL

OF THE MATERIAL TERMS OF THE PERFORMANCE

GOALS FOR QUALIFIED PERFORMANCE-BASED

AWARDS UNDER THE HOME DEPOT, INC. 2005

OMNIBUS STOCK INCENTIVE PLAN.

Shareholder Proposal Regarding Cumulative Voting

(ITEM 4 ON THE PROXY CARD)

Mrs. Evelyn Y. Davis, located at Watergate Office Building, 2600 Virginia Avenue, N.W., Suite 215, Washington, D.C. 20037, is the beneficial owner of 300 shares of the Company s common stock and has submitted the following resolution:

RESOLVED: That the stockholders of Home Depot, assembled in Annual Meeting in person and by proxy, hereby request the Board of Directors to take the necessary steps to provide for cumulative voting in the election of directors, which means each stockholder shall be entitled to as many votes as shall equal the number of shares he or she owns multiplied by the number of directors to be elected, and he or she may cast all of such votes for a single candidate, or any two or more of them as he or she may see fit.

REASONS: Many states have mandatory cumulative voting, so do National Banks.

In addition, many corporations have adopted cumulative voting.

Last year the owners of 375,363,938 shares, representing approximately 32.4% of shares voting, voted FOR this proposal.

If you AGREE, please mark your proxy FOR this resolution.

Response to Proposal Regarding Cumulative Voting

The Company recommends that you vote against this shareholder proposal. Shareholders of the Company rejected this proposal at the 2009 annual meeting. The Company s system of voting entitles each share of stock to one vote for each director nominee. We believe that this system is more likely to produce a diverse Board that considers and promotes the interests of shareholders as a whole. Cumulative voting could enable an individual shareholder or a small group of shareholders to elect directors whose primary objective could be to advocate special interests. Such directors are likely to promote a narrow agenda (on behalf of those shareholders responsible for their election) at the expense of shareholders as a whole, engendering partisanship and factionalism that could distract Board members from their duty to serve the best interests of all shareholders. Unlike the system favored by the proponent, a system of one vote per share for each nominee is the prevailing election standard among large U.S. public companies, favored by a majority of the companies in the S&P 500® and the Fortune 500.

WE RECOMMEND THAT YOU

VOTE AGAINST THE ADOPTION OF

THIS SHAREHOLDER PROPOSAL.

Shareholder Proposal Regarding Executive Officer Compensation

(ITEM 5 ON THE PROXY CARD)

New York City Employees Retirement System, located at 1 Centre Street, Room 736, New York City, New York 10007, is the beneficial owner of at least $2,000 of the Company s common stock and has submitted the following resolution as lead proponent along with other co-proponents:

ADVISORY VOTE ON EXECUTIVE COMPENSATION

RESOLVED the shareholders of **The Home Depot, Inc.** recommend that the board of directors adopt a policy requiring that the proxy statement for each annual meeting contain a proposal, submitted by and supported by Company Management, seeking an advisory vote of shareholders to ratify and approve the board Compensation s Committee Report and the executive compensation policies and practices set forth in the Company s Compensation Discussion and Analysis.

SUPPORTING STATEMENT

Investors are increasingly concerned about mushrooming executive compensation especially when it is insufficiently linked to performance. In 2009 shareholders filed close to 100 Say on Pay resolutions. Votes on these resolutions averaged more than 46% in favor, and more than 20 companies had votes over 50%, demonstrating strong shareholder support for this reform.

Investor, public and legislative concerns about executive compensation have reached new levels of intensity. A 2009 report by The Conference Board Task Force on Executive Compensation, noting that pay has become a flashpoint, recommends taking immediate and credible action in order to restore trust in the ability of boards to oversee executive compensation and calls for compensation programs which are transparent, understandable and effectively communicated to shareholders.

An Advisory Vote establishes an annual referendum process for shareholders about senior executive compensation. We believe this vote would provide our board and management useful information about shareholder views on the company s senior executive compensation especially when tied to an innovative investor communication program.

Over 25 companies have agreed to an Advisory Vote, including Apple, Ingersoll Rand, Microsoft, Occidental Petroleum, Hewlett-Packard, Intel, Verizon, MBIA and PG&E. And nearly 300 TARP participants implemented the Advisory Vote in 2009, providing an opportunity to see it in action.

Influential proxy voting service RiskMetrics Group, recommends votes in favor, noting: RiskMetrics encourages companies to allow shareholders to express their opinions of executive compensation practices by establishing an annual referendum process. An advisory vote on executive compensation is another step forward in enhancing board accountability.

A bill mandating annual advisory votes passed the House of Representatives, and similar legislation is expected to pass in the Senate. However, we believe companies should demonstrate leadership and proactively adopt this reform before the law requires it.

We believe existing SEC rules and stock exchange listing standards do not provide shareholders with sufficient mechanisms for providing input to boards on senior executive compensation. In contrast, in the United Kingdom, public companies allow shareholders to cast a vote on the directors remuneration report, which discloses executive compensation. Such a vote isn t binding, but gives shareholders a clear voice that could help shape senior executive compensation.

We believe voting against the election of Board members to send a message about executive compensation is a blunt, sledgehammer approach, whereas an Advisory Vote provides shareowners a more effective instrument.

We believe that a company that has a clearly explained compensation philosophy and metrics, reasonably links pay to performance, and communicates effectively to investors would find a management sponsored Advisory Vote a helpful tool.

RESPONSE TO PROPOSAL REGARDING EXECUTIVE OFFICER COMPENSATION

The Company recommends that you vote against this shareholder proposal. Shareholders of the Company rejected this proposal at the 2009, 2008, 2007 and 2006 annual meetings. The Company has on-going, direct communication with shareholders through investor conferences, daily telephone calls and letters. These interactions provide the Company and the Leadership Development and Compensation Committee, comprised of independent directors, with specific and detailed insights on shareholder concerns as to executive compensation policies and processes. As a result, the Company has changed its compensation programs to focus to a significantly greater extent on Pay for Performance, where compensation paid to senior executives is based on the attainment of pre-established performance goals. In fact, at a recent Congressional Committee hearing, a representative of The Corporate Library referred to our Company as a model for executive compensation due to the high level of alignment between executive pay and Company performance.

Furthermore, the Company provides in the Compensation Discussion and Analysis section of this Proxy Statement a significant amount of detailed information as to how it sets compensation for its senior officers, which provides a basis for informed discussion with shareholders. This proposal, on the other hand, would provide only a blunt, yes-or-no, after-the-fact referendum on management compensation. It would lack the timeliness, detail and analysis of our current communications with shareholders, and would be a significant reduction in the quality of shareholder feedback on this important topic. Legislation on this issue is currently pending before Congress. We do not know whether this legislation will be enacted or, if enacted, what the final requirements will be. Consequently, the Company does not believe that adoption of the mechanism described in the proposal is appropriate until Congress acts. In the meantime, our shareholders have clearly indicated their preference on this issue by rejecting a similar proposal at each of the last four annual meetings.

WE RECOMMEND THAT YOU

VOTE AGAINST THE ADOPTION OF

THIS SHAREHOLDER PROPOSAL.

SHAREHOLDER PROPOSAL REGARDING SPECIAL SHAREHOLDER MEETINGS

(ITEM 6 ON THE PROXY CARD)

Mr. William Steiner, located at 112 Abbottsford Gate, Piermont, New York 10968, is the beneficial owner of 3,900 shares of the Company s common stock and has submitted the following resolution:

6 Special Shareowner Meetings

RESOLVED, Shareowners ask our board to take the steps necessary to amend our bylaws and each appropriate governing document to give holders of 10% of our outstanding common stock (or the lowest percentage allowed by law above 10%) the power to call a special shareowner meeting. This includes that a large number of small shareowners can combine their holdings to equal the above 10% of holders. This includes that such bylaw and/or charter text will not have any exception or exclusion conditions (to the fullest extent permitted by state law) that apply only to shareowners but not to management and/or the board.

A special meeting allows shareowners to vote on important matters, such as electing new directors, that can arise between annual meetings. If shareowners cannot call a special meeting investor returns may suffer. Shareowners should have the ability to call a special meeting when a matter merits prompt attention. This proposal does not impact our board s current power to call a special meeting.

This proposal topic, to give holders of 10% of shareowners the power to call a special shareowner meeting, won 55%-support at Time Warner (TWX) in 2009 even after TWX adopted a 25%-threshold for shareowners to call a special meeting. Currently our company has a 25%-threshold to call a special meeting.

This proposal topic also won more than 60% support at the following companies in 2009: CVS Caremark (CVS), Sprint Nextel (S), Safeway (SWY), Motorola (MOT) and R.R. Donnelley (RRD). William Steiner and Nick Rossi sponsored these proposals.

The merit of this Special Shareowner Meeting proposal should also be considered in the context of the need for improvements in our company s 2009 reported corporate governance status.

The Corporate Library www.thecorporatelibrary.com, an independent investment research firm, rated our company Moderate Concern for executive pay. The Corporate Library noted with concern the continued granting of stock options with CEO Francis Blake receiving $4 million in stock options. The large size of these $4 million in stock options raised concern over the link between executive pay and company performance since a small increase in our company s share price (which can be completely unrelated to management performance) can result in large increase in value of the awards. This may be an indicator our executive pay practices were not be well-aligned with shareholder interests.

Armando Codina was assigned to two of our most important board committees even though he had been on the Merrill Lynch executive pay committee as Merrill s Stanley O Neal collected $161 million in exit-pay after acquiring subprime assets that contributed to $40 billion in write-downs. Karen Katen was also on our same two board committees plus she and Codina shared the dubious distinction of being former GM board members.

The above concerns show there is need for improvement. Please encourage our board to respond positively to this proposal: Special Shareowner Meetings Yes on 6.

Response to Proposal Regarding Special Shareholder Meetings

The Company recommends that you vote against this shareholder proposal. Shareholders of the Company rejected this proposal at the 2009 annual meeting. At the same meeting, our shareholders also separately approved an amendment to the Company s Certificate of Incorporation to give full effect to a By-Law amendment that our Board approved in 2008 to allow holders of 25% or more of our outstanding common stock to call a meeting.

The Board continues to believe that 25% is an appropriate threshold. Other companies using a threshold of 25% (or higher) include 3M Company, Berkshire Hathaway Inc., Colgate-Palmolive Company, Dell Inc., General Electric Company, Hewlett-Packard Company, Time Warner Inc. and Verizon Communications Inc.

We have made a concerted effort to maintain the highest standards in corporate governance, as validated by GovernanceMetrics International, which gave us its highest overall governance rating of 10.0 in both 2009 and 2010, a rating given to only one percent of the over 4,000 companies surveyed. RiskMetrics Group s most recent CGQ rating system also indicates that we outperformed 100% of the companies in its Retailing group and 98.6% of the S&P 500®. In citing The Corporate Library s Governance Profile on our Company, the proponent seems to imply that a correlation exists between the Company s compensation-related component of the rating and the threshold for calling a special shareholder meeting, without any rationale to support such correlation. In fact, the same report by The Corporate Library gives the Company a LOW overall governance risk assessment that takes into account not only the Company s executive compensation practices, but also its Board composition, takeover defenses and accounting practices. Furthermore, at a January 22, 2010 hearing of the House Committee on Financial Services, a representative of The Corporate Library singled out The Home Depot as a model when asked which companies have an appropriate pay structure to encourage executives to work for the best interest of their company and its shareholders, noting the Company s high percentage of executive pay aligned with Company performance.

A shareholder meeting consumes significant resources and takes the time and focus of management and the Board to prepare for and participate in the meeting. Senior management and the Board are intensely focused on implementing the Company s business plan in a very challenging environment. If adopted, this proposal could have the effect of allowing a relatively small minority of shareholders with narrow interests to call any number of special meetings to consider matters that may not be important to all our shareholders and distract management and the Board from this focus.

WE RECOMMEND THAT YOU

VOTE AGAINST THE ADOPTION OF

THIS SHAREHOLDER PROPOSAL.

SHAREHOLDER PROPOSAL REGARDING SHAREHOLDER ACTION BY WRITTEN CONSENT

(ITEM 7 ON THE PROXY CARD)

Mr. Kenneth Steiner, located at 14 Stoner Avenue, 2M, Great Neck, New York 11021, is the beneficial owner of 650 shares of the Company s common stock and has submitted the following resolution:

7 Shareholder Action by Written Consent

RESOLVED, Shareholders hereby request that our board of directors undertake such steps as may be necessary to permit shareholders to act by the written consent of a majority of our shares outstanding to the extent permitted by law.

Taking action by written consent in lieu of a meeting is a mechanism shareholders can use to raise important matters outside the normal annual meeting cycle.

Limitations on shareholders rights to act by written consent are considered takeover defenses because they may impede the ability of a bidder to succeed in completing a profitable transaction for us or in obtaining control of the board that could result in a higher price for our stock. Although it is not necessarily anticipated that a bidder will materialize, that very possibility presents a powerful incentive for improved management of our company.

A study by Harvard professor Paul Gompers supports the concept that shareholder disempowering governance features, including restrictions on shareholders ability to act by written consent, are significantly correlated to a reduction in shareholder value.

The merit of this Shareholder Action by Written Consent proposal should also be considered in the context of the need for improvement in our company s 2009 reported corporate governance status:

Our board was the only significant directorship for three of our directors: David Batchelder, Ari Bousbib and Albert Carey. This could indicate a lack of current transferable director experience for these directors who represented 75% of our audit committee. This was compounded by David Batchelder and Albert Carey each owning less than 101 shares.

Our Lead Director, Bonnie Guiton Hill, was on two boards rated D by The Corporate Library: AK Steel Holding (AKS) and Yum! Brands (YUM). Our directors Armando Codina and Karen Katen were on the GM board together while GM stock lost 90% of its value.

On the positive side our Directors said they discontinued their $1 million retirement gift program.

The above concerns shows there is need for improvement. Please encourage our board to respond positively to this proposal to enable shareholder action by written consent Yes on 7.

Response to Proposal Regarding Shareholder Action by Written Consent

The Company recommends that you vote against this shareholder proposal. At the 2009 annual meeting, our shareholders approved an amendment to the Company s Certificate of Incorporation to give full effect to a By-Law amendment that our Board approved in 2008 to allow holders of 25% or more of our outstanding common stock to call a meeting. This action enhanced our shareholders right to bring important matters before all shareholders for consideration, while providing the Board with an adequate opportunity to examine any proposed action and provide its carefully considered recommendation to our shareholders.

Notwithstanding this, the proponent has submitted a resolution that would enable the holders of a majority of our outstanding common stock to take actions that would affect the rights of all of our shareholders, without allowing that action to be fully considered by all shareholders. We believe that our shareholders must have sufficient notice, time and information to determine whether a proposal is in the best interest of the Company and that our existing mechanism for calling a special shareholder meeting is appropriate for that purpose. A written consent mechanism would deprive shareholders of the right to make fully informed decisions on important matters.

WE RECOMMEND THAT YOU

VOTE AGAINST THE ADOPTION OF

THIS SHAREHOLDER PROPOSAL.

Shareholder Proposal Regarding Independent Chairman of the Board

(ITEM 8 ON THE PROXY CARD)

Trowel Trades S&P 500 Index Fund is the beneficial owner of more than $2,000 of shares of the Company s common stock and has submitted the following resolution:

RESOLVED: The shareholders of The Home Depot, Inc. (Company) urge the Board of Directors to amend the Company s by laws, effective upon the expiration of current employment contracts, to require that an independent director as defined by the rules of the New York Stock Exchange (NYSE) be its Chairman of the Board of Directors. The amended by laws should specify (a) how to select a new independent chairman if a current chairman ceases to be independent during the time between annual meetings of shareholders, and (b) that compliance is excused if no independent director is available and willing to serve as chairman.

SUPPORTING STATEMENT

The wave of corporate scandals at such companies as Enron, WorldCom and Tyco resulted in renewed emphasis on the importance of independent directors. For example, both the NYSE and the NASDAQ have adopted new rules that would require corporations that wish to be traded on them to have a majority of independent directors.

All of these corporations also had a Chairman of the Board who was also an insider, usually the Chief Executive Officer (CEO), or a former CEO, or some other officer. We believe that no matter how many independent directors there are on a board, that board is less likely to protect shareholder interests by providing independent oversight of the officers if the Chairman of that board is also the CEO, former CEO or some other officer or insider of the company.

Andrew Grove, former chairman and CEO of Intel Corporation, recognized this, and relinquished the CEO s position. The separation of the two jobs goes to the heart of the conception of a corporation. Is a company a sandbox for the CEO, or is the CEO an employee? If he s an employee, he needs a boss, and that boss is the board. The chairman runs the board. How can the CEO be his own boss? (Business Week, November 11, 2002).

We also believe that it is worth noting that many of the companies that were embroiled in the financial turmoil stemming from the recent crisis in the financial services industry Bank of America, Citigroup, Merrill Lynch, Morgan Stanley, Wachovia and Washington Mutual did not have an independent Chairman of the Board of Directors.

We anticipate that the Company will argue that since it has a Lead Director there is no need for an independent director being Chairman. We disagree and note that the companies cited above as being embroiled in the financial turmoil in the financial services industry all had some form of Lead Director position. In our opinion, the position of Lead Director is not an adequate substitute for an independent director having the full powers and authority of the Chairman for providing oversight of the Company s officers.

We respectfully urge the board of our Company to change its corporate governance structure by having an independent director serve as its Chairman.

Response to Proposal Regarding Independent Chairman of the Board

The Company recommends that you vote against this shareholder proposal. Shareholders of the Company have rejected a similar proposal at three previous annual meetings. The Board believes that the stability and consistency in the leadership provided by one person serving as its Chairman and CEO, together with our independent Board committees, our independent Lead Director and our other good governance practices, provide the most effective Board leadership structure for our Company. This structure provides strong independent oversight of management while ensuring clear strategic alignment throughout the Company.

In his position as Chairman and CEO, Mr. Blake serves as a conduit between the Board and the operating organization to promote communication and provide consistent leadership on the Company s key strategic objectives. At the same time, the Company recognizes the importance of providing additional, independent oversight of the Board. Accordingly, since 1998, the Company has had a Lead Director. Our Lead Director is an independent director elected by the independent members of the Board. Our Lead Director s role and responsibilities are described in more detail in the Board of Directors Information section on page 4 of this Proxy Statement.

As provided in the Company s Corporate Governance Guidelines, our directors also have full and direct access to management and information about the Company s operations. Furthermore, the independent members of the Board, led by our Lead Director, regularly meet without management present to consider Company matters, including the performance of the CEO. The Company believes that the Board, which consists entirely of independent directors (other than Mr. Blake), is best situated to determine which director should serve as Chairman.

WE RECOMMEND THAT YOU

VOTE AGAINST THE ADOPTION OF

THIS SHAREHOLDER PROPOSAL.

Shareholder Proposal Regarding Employment Diversity Report

(ITEM 9 ON THE PROXY CARD)

Trillium Asset Management Corporation, located at 711 Atlantic Avenue, Boston, Massachusetts 02111, is the beneficial owner of more than $2,000 of shares of the Company s common stock and has submitted the following resolution as lead proponent along with other co-proponents:

WHEREAS: Equal employment opportunity (EEO) is a fair employment practice and an investment issue. We believe that companies with a good EEO record have a competitive advantage in recruiting and retaining employees. Moreover, we believe Home Depot customers are increasingly diverse; therefore a similarly diverse work force is more likely to anticipate and respond effectively to consumer demand. EEO reporting has economic relevance.

Home Depot shareholder votes in favor of a diversity report surpassed 22%, 25%, and 25% in 2009, 2008 and 2007, respectively sending a consistent signal to management that shareowners desire increased accountability.

The Company annually files an EEO-1 report with the Equal Employment Opportunity Commission. Hence, this information could be made available to shareholders at a minimal additional cost.

Allegations of discrimination in the workplace burden shareholders with costly litigation that can damage a company s reputation.

Home Depot has paid out more than $100 million to settle discrimination lawsuits in the last 13 years. The most significant EEO settlement of $87 million was in 1997. In 2004, Home Depot agreed to pay $5.5 million to settle charges of class-wide gender, race and national origin discrimination at more than 30 Colorado stores. In 2006, Home Depot paid $125,000 to settle a racial discrimination suit.

RESOLVED: The shareholders request that Home Depot prepare a diversity report, at reasonable cost and omitting confidential information, available to investors by September 2010, including the following:

1. A chart identifying employees according to their gender and race in each of the nine major EEOC-defined job categories for the last three years, listing numbers or percentages in each category;
2. A summary description of any affirmative action policies and programs to improve performance, including job categories where women and minorities are underutilized; and
3. A description of any policies and programs oriented specifically toward increasing the number of managers who are qualified females or minorities.

SUPPORTING STATEMENT:

In 2006, the U.S. Equal Employment Opportunity Commission reported racial minorities comprised 32% of private industry but just 17% of executives and managers. Likewise, women represented 48% of the workforce, but just 36% of executives and managers. Employment and advancement barriers persist.

Several major U.S. corporations provide diversity reports with detailed EEO information including Wal-Mart, IBM, Intel, Merck, Costco and Coca-Cola.

In 2001, Home Depot began providing EEO information to investors upon request. Since then Home Depot reversed its policy on disclosure of this information.

We agree with a recommendation of the 1995 bipartisan Glass Ceiling Commission that public disclosure of diversity data specifically data on the most senior positions is an effective incentive to develop and maintain innovative, effective programs to break the glass ceiling barriers.

The Social Investment Forum and RiskMetrics concluded in a 2008 study of corporate disclosure of EEO data that corporate transparency on EEO progress is necessary to assess the risks and opportunities of an investment.

Home Depot has demonstrated leadership on many corporate social responsibility issues. We ask the company to again demonstrate leadership in diversity by committing to EEO disclosure.

Response to Proposal Regarding Employment Diversity Report

The Company recommends that you vote against this shareholder proposal. Shareholders of the Company have rejected this proposal at eight previous annual meetings. The Company does not believe adoption of this proposal would enhance its commitment to equal opportunity in any meaningful way. This commitment is evidenced by: (1) the Company s Inclusion Council, which focuses on diversity issues affecting the Company; (2) a hotline to promote the anonymous reporting of concerns regarding the Company s Business Code of Conduct and Ethics; and (3) a team of associates led by a Vice President Talent Management, HR and Diversity who provides focused leadership in developing an inclusive work environment in which all associates are valued, respected and supported to do their best work. The Company s commitment to diversity is further evidenced through affirmative action programs in each of its 2,200+ stores. In addition, the Company prepares and files its EEO-1 report with the Equal Employment Opportunity Commission each year.

WE RECOMMEND THAT YOU

VOTE AGAINST THE ADOPTION OF

THIS SHAREHOLDER PROPOSAL.

Shareholder Proposal Regarding Reincorporation in North Dakota

(ITEM 10 ON THE PROXY CARD)

Mr. John Chevedden, located at 2215 Nelson Avenue, No. 205, Redondo Beach, CA 90278, is the beneficial owner of not less than 100 shares of the Company s common stock and has submitted the following resolution:

10 Reincorporate in a Shareowner-Friendly State

Resolved: That shareowners hereby request that our board of directors take the necessary steps to reincorporate our company in the shareholder-friendly state of North Dakota which includes articles of incorporation that provide that our company is subject to the North Dakota Publicly Traded Corporations Act.

This proposal requests that the board initiate the process to reincorporate our company in North Dakota under the new North Dakota Publicly Traded Corporations Act. If our company were subject to the North Dakota act there would be additional benefits:

- There would be a right of proxy access for shareowners who owned 5% of our company s shares for at least two years.
- Shareowners would be reimbursed for their expenses in proxy contests to the extent they are successful.
- The ability of the board to adopt a poison pill would be limited.
- Shareowners would vote each year on executive pay practices.

These provisions, together with others in the North Dakota act, would give us as shareowners more rights than are available under any other state corporation law. By reincorporating in North Dakota, our company would instantly have the best governance system available.

Reincorporation in North Dakota is the best alternative for achieving the rights of proxy access and reimbursement of proxy expenses. And at the same time those rights would become available to us as shareowners in a North Dakota corporation, our Company would also shift to cumulative voting, say on pay, and other best practices in governance.

Reincorporation in North Dakota provides a way to switch to a vastly improved system of governance in a single step. And reincorporation in North Dakota does not require a major capital investment or layoffs to improve financial performance.

Please encourage our board to respond positively to this proposal to reincorporate in North Dakota Yes on 10.

RESPONSE TO PROPOSAL REGARDING REINCORPORATION IN NORTH DAKOTA

The Company recommends that you vote against this shareholder proposal. Reincorporating in North Dakota, a state to which we do not have any substantial ties, would cause the Company to incur substantial expense and would result in a costly diversion of significant management time and resources, without conferring any clear benefit to the Company and our shareholders. Reincorporation would entail an extraordinary, comprehensive review of all Company contracts, leases, debt instruments, licenses and permits by both management and our advisors. Where necessary, reincorporation would also require us to obtain written consent of our business partners or approval by applicable regulatory authorities in the jurisdictions in which we operate or are qualified to conduct business.

Furthermore, the Company does not believe that reincorporating in North Dakota would lead to any improvement in our corporate governance. The North Dakota Publicly Traded Corporations Act contains a number of governance provisions that have been rejected repeatedly by our shareholders. For instance, reincorporating in North Dakota would overturn the choices made by our shareholders to:

- Reject say-on-pay proposals at the 2006, 2007, 2008 and 2009 annual meetings; and
- Reject chairman/CEO separation proposals at the 2003, 2006 and 2007 annual meetings.

As stated earlier in the Company s response to Proposal 6 of this Proxy Statement, we have also made a concerted effort to maintain the highest standards in corporate governance, as validated by GovernanceMetrics International, which gave us its highest overall governance rating of 10.0 in both 2009 and 2010, a rating given to only one percent of the over 4,000 companies surveyed. RiskMetrics Group s most recent CGQ rating system also indicates that we outperformed 100% of the companies in its Retailing group and 98.6% of the S&P 500®. A detailed summary of our corporate governance practices is available on our website at http://ir.homedepot.com.

Like many large public companies, we are incorporated in Delaware, a state with a well-developed and comprehensive corporate law and whose courts resolve many of the leading corporate legal issues of the day. Therefore, remaining a Delaware corporation gives us and our shareholders a greater level of certainty as to the interpretation of the laws to which we are subject. North Dakota, on the other hand, has only a small number of companies incorporated under its laws, and the North Dakota Publicly Traded Companies Act is new and largely untested.

We strongly believe that our time and resources should remain focused on managing our business in this challenging economic environment.

WE RECOMMEND THAT YOU

VOTE AGAINST THE ADOPTION OF

THIS SHAREHOLDER PROPOSAL.

EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

Fiscal 2009 Company Business Objectives and Performance

Our Fiscal 2009 business strategy focused on three principles aimed at driving shareholder return and a sustainable competitive advantage:

- Passion for customer service;
- Being the product authority for home improvement; and
- Disciplined capital allocation driving productivity and efficiency.

By executing against the strategic initiatives that support these principles, our business performed exceptionally well in a challenging economic environment. Highlights of the Company s Fiscal 2009 performance include the following:

- $1.55 in diluted earnings per share from continuing operations;
- $4.8 billion in operating profit;
- $66.2 billion in total revenue;
- $485 million reduction in inventory;
- $5.1 billion in operating cash flow; and
- 10.7% return on invested capital.

As a result of our significant cash flow from operations and disciplined capital allocation, we were also able to return value to our shareholders through a 30% increase in our stock price during Fiscal 2009, share repurchases and dividends.

Compensation Philosophy and Objectives

Our compensation program aligns pay with performance with a goal of enhancing associate performance and morale, which in turn drives superior customer service. This philosophy applies to the compensation programs for all of our associates.

The principal elements of our compensation program for management-level associates are base salary, annual incentives, long-term incentives and benefit programs. The amount of incentive compensation paid, if any, is determined by our performance against our Fiscal 2009 business plan, a plan we believed to be challenging in light of prevailing economic conditions, yet attainable if we performed well against our core principles. Fiscal 2009 performance targets were overall enterprise and business unit financial results, achievement of specific strategic goals and share-price performance.

Non-management associates participate in our Success Sharing bonus program, which provides semi-annual cash awards for performance against our business plan. In addition, these associates are eligible to earn awards for superior performance and customer service at the individual, store, regional and divisional levels.

Aligning pay with performance motivates our associates to achieve our financial and strategic performance goals, which we believe creates long-term shareholder value. To support the achievement of these objectives, our compensation program also aims to attract and retain exceptionally talented individuals.

Pay for Performance. The following features of our compensation program for executive officers specifically illustrate our philosophy of making compensation performance-based:

- 100% of annual incentive compensation under our Management Incentive Plan (MIP) is tied to performance against pre-established specific, measurable goals for the fiscal year, including both financial and strategic performance goals. The financial goals are based on sales, operating profit and inventory turns, and the strategic goals are related to our supply chain, merchandising, customer service and market share;

20% of annual equity compensation is a three-year performance share award with payout contingent on achieving pre-established average return on invested capital (ROIC) and operating profit targets over the three-year period;

Our performance-based restricted stock awards, which comprise 40% of annual equity compensation, are forfeitable if operating profit is less than 80% of the MIP target;

Approximately 87% of our CEO s total target direct compensation is tied to the achievement of corporate performance objectives and share-price performance; and

We do not provide tax reimbursements, also known as gross-ups, to executives.

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For our **non-management associates**, our Success Sharing bonus program aligns pay with performance by tying semi-annual incentive awards to achievement of sales plan and productivity goals.

Avoiding Excessive Risk. Our incentive compensation programs for all associates discourage excessive risk-taking:

- The variety of performance measures diversify the risk associated with any single measure;
- The balanced weighting of the various performance measures discourages excessive attention on one measure to the detriment of others;
- Fixed maximum award levels limit overall potential payments;
- The variety of compensation types cash and equity based incentives with different time horizons drives appropriately balanced levels of attention to both short- and long-term performance and creates alignment with both Company performance and shareholder interests;
- Approval of awards to officers by our independent Leadership Development and Compensation Committee (the Committee), or, in the case of Mr. Blake, the independent members of the Board, protects against self-interested decision-making;
- A compensation recoupment policy applicable to named executive officers, as described below on page 40, deters inappropriate conduct in achieving financial goals; and
- Stock ownership and retention guidelines applicable to all executive officers, as described below on page 40, align executive and shareholder interests in long-term value creation.

Impact of Fiscal 2009 Business Results on Executive Compensation

The compensation earned by our named executive officers in Fiscal 2009 reflects our corporate performance for the fiscal year, as well as the impact of the challenging economy:

- In light of the difficult economic environment, we froze 2009 salaries at 2008 levels for all officers;
- Due to our high level of execution against our business plan and strategic initiatives, our MIP, as well as our Success Sharing bonus program for our non-management associates, paid out in excess of target levels;
- The performance condition on the performance-based restricted stock granted in Fiscal 2009 was satisfied, although the shares still remain subject to time-based vesting requirements;
- No shares were earned under our 2007-2009 performance share awards because we did not achieve the threshold level of relative Total Shareholder Return (TSR); and
- There was no payout under our 2007-2009 long-term cash award because the threshold performance levels for the average diluted earnings per share and ROIC goals set at the beginning of the performance period were not met.

Fiscal 2009 Non-Management Compensation

Compensation of our **non-management associates** in Fiscal 2009 aligned with our philosophy of putting our store associates first and motivating superior customer service. Due to the outstanding performance of our non-management associates in Fiscal 2009, we made record payouts under our Success Sharing program, with 96% and 93% of stores qualifying for Success Sharing in the first and second halves of Fiscal 2009, respectively. This resulted in total Success Sharing bonus payments to our non-management associates of $155 million for Fiscal 2009 performance. While we froze officer salaries for Fiscal 2009, we provided a 2.5% merit increase budget for our non-officer associates. The Company also continued to make matching contributions under the FutureBuilder 401(k) Plan in Fiscal 2009 and to provide a variety of recognition and teambuilding awards to recognize top performing associates and support store morale, which in turn drives customer service.

Opportunity for Shareholder Feedback

The Committee carefully considers feedback from our shareholders regarding executive compensation matters. Shareholders are invited to express their views to the Committee in the manner described above under Communicating with the Board on page 6 of this Proxy Statement.

Named Executive Officers

Our named executive officers for Fiscal 2009 are:

Francis S. Blake, Chairman and Chief Executive Officer

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Carol B. Tomé, Chief Financial Officer and Executive Vice President Corporate Services (CFO)

Craig A. Menear, Executive Vice President Merchandising

Marvin R. Ellison, Executive Vice President U.S. Stores

Annette M. Verschuren, Division President Canada

Ms. Tomé and Messrs. Menear and Ellison are Executive Vice Presidents (EVPs), and Ms. Verschuren is a Senior Vice President (SVP). The EVPs and SVP report directly to the CEO. The position of EVP is one level below the CEO and one level above the SVP position.

Compensation Determination Process

Role of Leadership Development and Compensation Committee. The Committee determines the compensation of our named executive officers other than the CEO. Although it may delegate any of its responsibilities to subcommittees, the Committee did not delegate any of its authority with respect to the compensation of any executive officer for Fiscal 2009. All decisions with respect to the compensation of the CEO are made by the independent members of the Board, which include all Board members other than the CEO.

Role of Executive Officers in Compensation Decisions. The Executive Vice President Human Resources (EVP-HR) makes recommendations to the Committee as to the amount and form of executive compensation for executive officers other than the CEO and himself. Recommendations as to the amount and form of CEO compensation are made by the Committee s independent compensation consultant. The CEO has input on the recommendations to the Committee with respect to the compensation of our executive and other officers (other than himself). At the request of the Committee, both the EVP-HR and the CEO regularly attend Committee meetings, excluding portions of meetings where their respective compensation is discussed.

Compensation Consultants. The Committee engaged Towers Perrin (now known as Towers Watson) as its compensation consultant during Fiscal 2009 for research, market data, survey information and design expertise in developing executive and director compensation programs. Towers Perrin attends Committee meetings at the request of the Committee and advises the Committee on all principal aspects of executive compensation, including the competitiveness of program design and award values, and provides executive compensation analyses with respect to the named executive officers and other executive officers. Towers Perrin reports directly to the Committee, and the Committee is free to replace them or hire additional consultants at any time. We paid Towers Perrin $115,325 in fees for services performed for the Committee during Fiscal 2009.

Pursuant to a policy adopted by the Committee, Towers Perrin provides services solely to the Committee and is prohibited from providing services or products of any kind to the Company. Further, affiliates of Towers Perrin may not receive payments from the Company that would exceed 2% of the consolidated gross revenues of Towers Perrin and its affiliates during any year.

During Fiscal 2009, Towers Perrin did not provide any services to the Company, but our finance department did engage Tillinghast, an affiliate of Towers Perrin, to provide actuarial services related to the Company s general liability, products liability and workers compensation casualty losses. We paid Tillinghast $139,190 in fees for these actuarial services during Fiscal 2009, which was significantly less than 2% of the consolidated gross revenues of Towers Perrin and its affiliates. In accordance with the Committee s policy, the Committee reviewed a written report from Towers Perrin identifying the amount of fees paid to Tillinghast and Towers Perrin and confirming Towers Perrin s independence under the policy.

Benchmarking. We do not target any specific peer group percentile ranking for total compensation for our named executive officers. The Committee considers each executive s compensation history and peer group market position as reference points in

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awarding annual compensation. For our CEO and CFO, the Committee considered data from the Fortune 50 companies provided to us by Hewitt Associates. The Committee uses this data for these positions because the Fortune 50 represents companies of size similar to us with whom we compete for executive talent. For our CEO, we also used retail peer data provided by Equilar, reflecting retailers with revenues greater than $10 billion, consisting of the following companies:

Equilar Database: Retail Peer Group	
Best Buy Co., Inc.	Macy s, Inc
Costco Wholesale Corporation	Office Depot, Inc.
CVS Caremark Corp.	Rite Aid Corp.
Gap Inc.	Sears Holdings Corporation
J. C. Penney Company, Inc.	Safeway, Inc.
Kohl s Corporation	Staples, Inc.
Kroger Company	Target Corporation
Limited Brands, Inc.	TJX Companies Inc.
Lowe s Companies, Inc.	Walgreen Co.
	Wal-Mart Stores, Inc.

This peer group reflects companies in our industry with whom we compete for both executive talent and customers.

For our other named executive officers, the Committee considers data from the Hay Group s Retail Executive and Management Total Remuneration Survey, which provides information and comparisons on compensation for executive and industry specific positions at the corporate and division level of retail companies. This survey data helps us understand the competitive market for the industry in which we principally compete for retail-specific talent and for customers.

Elements of Our Compensation Programs

Our compensation programs consist of the following principal elements:

Base Salaries. We provide competitive base salaries that allow us to attract and retain a high-performing leadership team. Base salaries for our named executive officers are reviewed and generally adjusted annually based on a comprehensive management assessment process. In light of the difficult economic environment, Company officers did not receive an annual increase for Fiscal 2009, so officer base salaries remained at 2008 levels. For our **non-management associates**, however, we provided a 2.5% merit increase budget for Fiscal 2009.

Annual Incentive. All named executive officers participate in the MIP, a cash-based annual incentive plan. Seventy percent of the MIP payout is contingent on the achievement of financial performance goals, and 30% is contingent on the achievement of specific, measurable strategic performance goals. The Committee sets goals at the beginning of the applicable performance period, which was Fiscal 2009 for both portions of the MIP for the named executive officers. The annual target payout levels are determined as a percentage of base salary: 200% for the CEO, 125% for the CFO, 100% for other EVPs and 75% for SVPs.

¡ Performance Goals: The Committee chose the following financial performance measures with the following threshold, target and maximum achievement levels for the Company for Fiscal 2009:

	Sales	Operating Profit	Inventory Turns
Threshold	$61.4 billion	$3.6 billion	3.41
Target	$64.6 billion	$4.1 billion	3.79
Maximum	$67.9 billion	$4.3 billion	3.98

The Committee chose these specific measures to drive achievement of our business plan. The operating profit threshold must be met for any financial metric payout to occur. The potential payout for achievement of the financial performance goals was weighted 20% to sales, 35% to operating profit and 15% to inventory turns. The relative weighting among these goals was determined by the Committee with input from the CEO and the EVP-HR to reflect the Company s strategic priorities. The relative weighting on operating profit also reflects our belief that operating profit and the expense control inherent in that measure provide a more effective means to drive bottom line results for shareholders in a difficult economy than sales, which are more subject to macroeconomic factors

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outside of our control. The pre-established definitions of sales and operating profit under the plan provided for adjustments for the impact of acquisitions or dispositions of businesses with annualized sales of $1 billion or more and, for operating profit, nonrecurring charges and write-offs exceeding $50 million in the aggregate for specified types of strategic restructuring transactions in Fiscal 2009. The Committee adopted these definitions for plan purposes because these strategic decisions support the long-term best interests of the Company and therefore should not adversely affect incentive opportunities.

For target achievement of the financial performance goals, executive officers receive 100% payout for this portion of the award, and at threshold and maximum achievement, the payout is 10% and 110%, respectively. The Company uses interpolation to determine the specific amount of the payout for each named executive officer with respect to the achievement of financial goals between the various levels. The threshold performance level encourages incremental performance when achievement of the target appears to be unlikely. The target performance level was consistent with our 2009 business plan and the forecast disclosed at the beginning of Fiscal 2009. The maximum performance level rewards participants for above-target performance while avoiding windfall payouts due to a better than expected external environment. The Committee does not have discretion to increase the MIP payout but may decrease the payout even if the performance goals are achieved.

The payouts for the financial performance goals component of the MIP for Mr. Blake and Ms. Tomé are based on overall Company performance. For the other named executive officers, payouts are based upon the level of achievement of the portion or subset of the corporate financial performance goals that corresponds to the portion of the Company s annual business plan for which they were accountable. The specific performance levels that correspond to specific portions of the Company s annual business plan are not critical to an understanding of the Company s compensation program, and we do not believe disclosure of this information would be meaningful to shareholders since it would not be apparent how this information correlates to our consolidated financial statements.

For Fiscal 2009, the Committee also selected the following strategic performance goals:

- A specified increase in the percentage of stores and annualized cost of goods sold serviced by our Rapid Deployment Centers;

- A specified year over year increase in our voice of the customer net promoter score;

- In-sourcing a targeted percentage of merchandising maintenance services in a specified number of departments, while maintaining or increasing vendor satisfaction survey scores; and

- Increasing market share, as measured by an independent source, in five specific merchandise categories.

The strategic performance goals were determined by the Committee with input from the CEO and the EVP-HR to reflect four of the Company s pre-established strategic initiatives for Fiscal 2009. Each goal is equally weighted. Specific, measurable success criteria were set at the beginning of the year for each of the goals. The Committee expected that they would be achievable with strong execution, but not automatically achieved. Achievement of the specified criteria for each strategic performance goal is required for any payout with regard to that goal, with no partial payment for incremental performance.

EXECUTIVE COMPENSATION

¡ MIP Results: Based on the achievement in Fiscal 2009 of the financial performance goals and strategic performance goals, the following table sets forth the target and actual awards for the MIP for Fiscal 2009 for each of the named executive officers:

Name	At Target Performance % of Base Salary	At Target Performance Dollar Amount	At Actual Performance % of Base Salary	At Actual Performance Dollar Amount
Francis S. Blake	200%	$ 2,050,000	206%	$ 2,107,730
Carol B. Tomé	125%	$ 1,137,500	129%	$ 1,169,533
Craig A. Menear	100%	$ 675,000	103%	$ 692,076
Marvin R. Ellison	100%	$ 625,000	103%	$ 640,811
Annette M. Verschuren	75%	$ 473,350	56%	$ 419,771

These results reflected achievement of the Company financial performance goals in excess of target level for sales and in excess of maximum levels for operating profit and inventory turns. These results also reflected satisfaction of all criteria relating to the strategic performance goals, except for the market share in two of the five merchandise categories. Ms. Verschuren s payout reflects below target operating profit results for Canada and China, the portion of the business for which she was responsible in Fiscal 2009.

With respect to the financial performance goals, for purposes of the MIP, Fiscal 2009 sales were $65.95 billion, operating profit was $4.85 billion, and inventory turns were 4.03 times. Accordingly, as noted above, the Company exceeded the target performance level for sales and the maximum performance levels for operating profit and inventory turns. Pursuant to the pre-established definition of sales, a total of $221 million of sales with respect to the closing of the EXPO and other businesses were excluded. Actual sales without this exclusion were $66.18 billion, which also exceeded the target performance level for sales under the MIP. Pursuant to the pre-established definition of operating profit, operating profit was adjusted by $48 million, reflecting the excess of the actual charges taken in Fiscal 2009 with respect to the closing of the EXPO and other businesses and a reduction in force and closure of three non-strategic locations over the projected charges included in the operating profit target under the MIP. Actual operating profits without this adjustment were $4.80 billion, which also exceeded the maximum performance level for operating profits under the MIP.

Long-Term Incentives. Our long-term incentives for Fiscal 2009 consisted of:

Performance shares;
Stock options;
Performance-based restricted stock; and
Performance-based deferred stock units.

For Fiscal 2009, we awarded the named executive officers annual long-term incentives consisting of 40% performance-based restricted stock or deferred stock units, 40% stock options and 20% performance shares. The Committee believed that this mix of equity components provided an appropriate balance of mid- and long-term performance measures and retention without promoting excessive risk-taking. The total value of awards granted was determined by the Committee after considering the value of equity grants of similar officers at peer group companies described under Benchmarking in the Compensation Determination Process section above and individual performance relating to financial management, leadership, talent management and operational effectiveness, as well as retention risk. For Fiscal 2009, the annual equity award for the CEO at the target level was 634% of base salary. It ranged from 281% to 319% of base salary for the other named executive officers.

¡ Performance Shares: The Fiscal 2009-2011 performance share award provides for the grant of shares of our common stock at the end of a three-year period based on the achievement of average ROIC and operating profit goals over that period, as follows (dollars in billions):

	Threshold	Target	Maximum

Fiscal 2009-2011 Performance Shares			
Three-Year Average ROIC	9.7%	12.1%	14.5%
Three-Year Average Operating Profit	$4.291	$5.364	$6.437
Payout as a Percent of Target	25%	100%	200%

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For results between these levels, the number of shares is determined by interpolation. There is no payout for results below the threshold level. Each performance measure is equally weighted. The pre-established definition of operating profit provides for the same adjustments as under the MIP, and the pre-established definition of ROIC provides for adjustments for the impact of acquisitions or dispositions of businesses with annualized sales of $1 billion or more. Dividends will accrue on the performance share awards and be paid upon the payout of the award to the extent the award is earned. In selecting the performance criteria to use for the 2009-2011 awards, the Committee determined that these financial criteria would better incentivize performance due to the perceived ability of associates to more directly impact these results through their performance.

In the fiscal year ended February 1, 2009 (Fiscal 2008), the Committee granted the Fiscal 2008-2010 performance share award, which is based on our relative Total Shareholder Return (TSR) ranking compared to the TSR of the individual companies included in the S&P 500® over the three-year period. Named executive officers will receive 50% of the award if we rank at the 40th percentile, 100% of the award if we rank at the 50th percentile, and 300% of the award if we rank at the 100th percentile. For results between these percentile rankings, payment is determined by interpolation. There is no payout for a ranking below the 40th percentile. Dividends accrue on the performance share awards and will be paid upon the payout of the award to the extent the award is earned.

In the fiscal year ending February 3, 2008 (Fiscal 2007), the Committee granted the Fiscal 2007-2009 performance share award, which was based on our relative TSR ranking compared to the TSR of the individual companies included in the S&P 500® over the three-year period. We ranked below the 40th percentile at the end of the performance period, and, as a result, the named executive officers did not receive any shares under the award. No dividends were paid on the award because no shares were earned.

- Stock Options: In Fiscal 2009, we granted stock options with an exercise price equal to the fair market value of our stock on the date of grant. Options generally vest 25% on each of the second, third, fourth and fifth anniversaries of the grant date. Option re-pricing is expressly prohibited by our 2005 Omnibus Plan.

- Performance-Based Restricted Stock: To better align compensation with performance, in Fiscal 2009 the Committee added a performance-based feature to our restricted stock awards, making them forfeitable if operating profit is less than 80% of the MIP target for Fiscal 2009. The performance target was met at the end of Fiscal 2009. As a result, the restricted stock will vest 50% on each of the 30 and 60 month anniversaries of the grant date.

- Performance-Based Deferred Stock Units: Consistent with common practice for grants made outside of the United States, deferred stock units were provided to Ms. Verschuren in Fiscal 2009 in lieu of restricted stock to delay taxation under Canadian tax laws until the award vests. The deferred stock units are deferred compensation arrangements payable in shares of our common stock. They contain the same performance-based feature as our restricted stock awards, making them forfeitable if operating profit is less than 80% of the MIP target for Fiscal 2009. The performance target was met at the end of Fiscal 2009. As a result, the deferred stock units will vest 100% on the third anniversary of the grant date.

- Long-Term Cash Awards: In furtherance of the Committee s decision in Fiscal 2008 to simplify overall performance pay and sharpen focus on the remaining performance metrics, no new long-term cash awards were made in Fiscal 2009. In addition, no payout was made to the named executive officers for the Fiscal 2007-2009 long-term cash awards granted in early

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Fiscal 2007 because we did not meet the threshold performance levels set at the beginning of the performance period. The long-term cash awards for Fiscal 2007-2009 were payable only if we achieved the following levels of average diluted earnings per share (EPS) growth and ROIC during the three-year performance period.

Fiscal 2007-2009 LTIP	Threshold	Target	Maximum
Average Diluted EPS Growth (50% of Payout)	6.8%	13.5%	17.6%
ROIC (50% of Payout)	15.8%	17.0%	18.1%
Payout as % of Target	75%	100%	150%

Average diluted EPS was determined by averaging the percentage increase in diluted EPS for each fiscal year in the performance period. It includes the impact of any share repurchase program during the performance period. The Committee included ROIC as an additional performance measure to increase management s focus on the efficient use of capital. Any payout of the award was to be equally weighted to achievement of the EPS and ROIC performance goals.

Deferred Compensation Plans. We have two nonqualified deferred compensation plans for our executives:

- The Deferred Compensation Plan for Officers (solely funded by the named executive officer); and
- The FutureBuilder Restoration Plan (Restoration Plan).

The plans, which are described in the notes to the Nonqualified Deferred Compensation table, are designed to permit participants to accumulate income for retirement and other personal financial goals. Deferred compensation arrangements are standard executive programs, and we believe that these arrangements help us in the recruitment and retention of executive talent. Neither of these plans provides above-market or preferential returns.

Perquisites. We do not view perquisites as a significant element of our compensation program. However, we believe they are important and effective for attracting and retaining executive talent. In Fiscal 2009, we eliminated tax reimbursements, or gross-ups , on all perquisites. We also discontinued the separate Company-paid term life insurance coverage and the separate Company-provided car program.

- Our named executive officers participate in the Supplemental Executive Choice Program (SECP), which for Fiscal 2009 provided an allowance of $125,000 on a calendar year basis for the CEO, $85,000 for EVPs and $70,000 Canadian dollars (approximately $58,000 USD) for Ms. Verschuren. The executive could apply the allowance to the purchase of financial planning and medical services, car and related expenses, life and disability insurance, excess personal liability coverage and coverage under a retiree medical plan.
- Our named executive officers participate in a death benefit program, under which they are entitled to a $400,000 benefit upon death if they are employed by the Company at that time. In addition, the benefit is continued for life for executive officers with ten years of service with the Company. Currently, Ms. Tomé, Ms. Verschuren and Mr. Menear are the only named executive officers entitled to lifetime death benefit coverage. ***In Fiscal 2009, we determined not to provide this benefit to any new executive officers.*** In Fiscal 2009, we also eliminated all tax gross-ups on this perquisite for existing executive officers and increased their benefit from $250,000 to $400,000 to reflect the elimination of the tax reimbursement.
- We have requested that Mr. Blake travel by Company aircraft for security purposes when traveling for personal reasons, and we also make the use of Company aircraft available to other named executive officers on a more limited basis.

Other Benefits. Our named executive officers have the option to participate in various employee benefit programs, including medical, dental and life insurance benefits and our savings plans. These

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benefit programs are generally available to all associates. We also provide all associates, including named executive officers, with the opportunity to purchase our common stock through payroll deductions at a 15% discount through our Employee Stock Purchase Plan (the ESPP), a nondiscriminatory, tax-qualified plan.

Management of Compensation-Related Risk

We have designed our compensation programs to avoid excessive risk-taking. As noted above under Compensation Philosophy and Objectives on page 32, we employ a number of mechanisms to mitigate the chance of our compensation program encouraging excessive risk-taking, including the following:

Compensation Recoupment Policy. If the Board determines that any bonus, incentive payment, equity award or other compensation awarded or received by a named executive officer was based on any financial results or operating metrics that were achieved as a result of such officer s knowing or intentional fraudulent or illegal conduct, we will seek to recover from the officer such compensation (in whole or in part) as we deem appropriate under the circumstances and as permitted by law. In determining whether to recover a payment, the Board will take into account such considerations as it deems appropriate, including whether the assertion of a claim may violate applicable law or prejudice our interests in any related proceeding or investigation.

Stock Ownership and Retention Guidelines. Our Executive Stock Ownership and Retention Guidelines require executive officers to hold shares of common stock with a value equal to the specified multiples of base salary indicated below. This program assists in focusing executives on long-term success and shareholder value.

Title	Multiple of Salary
CEO	6x
EVPs	4x
Other Executive Officers	3x

Shares owned outright, restricted stock, deferred stock units and shares acquired pursuant to the ESPP, the FutureBuilder 401(k) Plan and the Restoration Plan are counted towards this requirement. Unearned performance shares are not counted toward this requirement. Newly hired and promoted executives have four years to satisfy the requirements.

In addition, for four years beginning June 10, 2008, any executive officer who acquires Company shares via the exercise of options granted after that date must retain one-third of the net shares acquired, after taking into account the sale of shares to pay taxes and the option exercise price, for at least twelve months or such earlier time as the individual ceases to be an executive officer of the Company.

As of March 30, 2010, all of our named executive officers complied with the stock ownership and retention guidelines.

Equity Grant Procedures

Company-wide equity grants, including equity grants to named executive officers, are awarded annually effective as of the date of the March meeting of the Committee, which is generally scheduled at least a year in advance. Throughout the year, equity awards are made to new hires and promoted employees, with a grant date effective as of the date of the next regularly scheduled quarterly Committee meeting. The exercise price of each of our stock option grants is the market closing price on the effective grant date.

Severance and Change in Control Arrangements

We do not have a severance arrangement with our CEO. We do, however, have severance arrangements with Ms. Tomé and Ms. Verschuren. When Ms. Tomé s employment arrangement was adopted in 2001, the severance provisions reflected the terms provided to our other executives at that time and were consistent with the terms provided in the competitive market for executive talent. Ms. Verschuren is located in Canada, where severance arrangements are a common key feature of employment arrangements and an important element in attracting executive talent.

We do not have any change-in-control agreements with our executives. However, equity awards made to all salaried associates, including the named executive officers, provide for accelerated vesting on a change in control. This type of vesting is an effective means to retain associates through completion of a value-creating transaction, especially for more senior executives for whom equity represents a significant portion of total compensation. In the event the value of such accelerated vesting constitutes an excess parachute payment, the executive would be subject to a 20% excise tax on such amount, and the amount would not be tax deductible by the Company.

Tax Deductibility Considerations

It is our policy generally to qualify compensation paid to named executive officers for deductibility under Internal Revenue Code Section 162(m). Section 162(m) generally denies a corporate tax deduction for annual compensation exceeding $1 million paid to the chief executive officer and the three other most highly compensated executive officers of a public company, other than the chief financial officer. The limitation does not apply to compensation based on achievement of pre-established performance goals if certain requirements are met. Our 2005 Omnibus Plan, and the stock options, performance-based restricted stock, performance-based deferred stock units, performance shares and long-term cash awards made under this plan, as well as the annual cash incentive award under the MIP, are structured to permit such awards to qualify as performance-based compensation to maximize the tax deductibility of these awards. Awards of pre-2009 restricted stock and deferred stock units do not generally qualify as performance-based compensation.

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The following table sets forth the compensation during the last three fiscal years paid to or earned by the Company s (1) CEO, (2) CFO, and (3) the three other most highly compensated executive officers who were serving as executive officers as of the end of Fiscal 2009 (collectively, the named executive officers).

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary ($)[1]	Bonus ($)[3]	Stock Awards ($)[4] [5]	Option Awards ($)[4]	Non-Equity Incentive Plan Compensation ($)[6] [7]	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)[8]	All Other Compensation ($)[9] [10]	Total ($)
Francis S. Blake	2009	1,025,000		3,928,652	2,599,997	2,107,730		266,194	9,927,573
Chief Executive Officer & Chairman	2008	1,013,461		3,932,162	3,899,997			443,605	9,289,225
	2007	1,007,692	500,000	3,461,466	2,341,796			442,657	7,753,611
Carol B. Tomé	2009	910,000		1,787,778	1,159,995	1,169,533		214,861	5,242,167
Chief Financial Officer & Executive Vice President Corporate Services	2008	901,923		2,448,232	1,400,000	666,346		224,899	5,641,400
	2007	907,115	328,125	2,964,745	819,641			226,145	5,245,771
Craig A. Menear	2009	675,000		1,171,463	759,998	692,076		123,945	3,422,482
Executive Vice President	2008	663,461		1,624,438	1,419,994	441,044		210,579	4,359,516
Merchandising	2007	608,654	175,781	1,343,922	461,589		661	136,322	2,726,929
Marvin R. Ellison	2009	625,000		1,162,622	759,998	640,811		106,277	3,294,707
Executive Vice President U.S. Stores	2008	563,461		1,142,682	999,994	383,214		133,736	3,223,087
	2007	483,654	90,000	1,819,360	295,068		687	71,535	2,760,305
Annette M. Verschuren	2009	709,127		1,139,998	759,998	419,771		141,270	3,170,164
Division President Canada[2]	2008	724,517		1,607,757	919,998	96,550		188,376	3,537,198
	2007	737,233	173,289	2,088,595	461,571	321,759		99,828	3,882,274

(1) Salary amounts for Fiscal 2009 differ from amounts reported for Fiscal 2008 due to the timing of payroll periods, changes in base salary due to promotions in Fiscal 2008, and differences in exchange rates, as applicable.

(2) Cash amounts for Ms. Verschuren were paid in Canadian dollars but are reflected in United States dollars in this table and throughout this Proxy Statement. The method used to convert Canadian currency to United States dollars was the closing currency exchange rate reported by Bloomberg on the date of approval for her Fiscal 2009 non-equity incentive plan compensation and the date of payment for other amounts.

(3) Amounts for Fiscal 2007 represent full or partial payout of 30% of the target amount of the MIP set forth in the Grants of Plan-Based Awards table for that fiscal year. Each such amount was a discretionary payment determined by the Leadership Development and Compensation Committee based on individual performance rather than on pre-established performance targets communicated to the officer. Individual performance considerations were based on a combination of financial management, leadership abilities, talent management and operational effectiveness. Due to the discretionary nature of the payments, these amounts are disclosed in the Bonus column, rather than the Non-Equity Incentive Plan column. The remaining 70% of the potential payout is disclosed in the Non-Equity Incentive Plan Compensation column for Fiscal 2007. For Fiscal 2008 and 2009, such discretionary payments were eliminated.

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