UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended January 29, 2012

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number 1-8207

THE HOME DEPOT, INC.
(Exact Name of Registrant as Specified in its Charter)

DELAWARE
(State or other jurisdiction of incorporation or organization)

95-3261426
(I.R.S. Employer Identification No.)

2455 PACES FERRY ROAD, N.W., ATLANTA, GEORGIA 30339
(Address of principal executive offices) (Zip Code)

Registrant's Telephone Number, Including Area Code: **(770) 433-8211**

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

TITLE OF EACH CLASS	NAME OF EACH EXCHANGE ON WHICH REGISTERED
Common Stock, $0.05 Par Value Per Share	New York Stock Exchange

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT: **None**

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒	Accelerated filer ☐	Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of the common stock of the Registrant held by non-affiliates of the Registrant on July 31, 2011 was $53.7 billion.

The number of shares outstanding of the Registrant's common stock as of March 14, 2012 was 1,523,263,533 shares.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's proxy statement for the 2012 Annual Meeting of Shareholders are incorporated by reference in Part III of this Form 10-K to the extent described herein.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
The Home Depot, Inc.:

We have audited the accompanying Consolidated Balance Sheets of The Home Depot, Inc. and subsidiaries as of January 29, 2012 and January 30, 2011, and the related Consolidated Statements of Earnings, Stockholders' Equity and Comprehensive Income, and Cash Flows for each of the fiscal years in the three-year period ended January 29, 2012. These Consolidated Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the Consolidated Financial Statements referred to above present fairly, in all material respects, the financial position of The Home Depot, Inc. and subsidiaries as of January 29, 2012 and January 30, 2011, and the results of their operations and their cash flows for each of the fiscal years in the three-year period ended January 29, 2012, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), The Home Depot, Inc.'s internal control over financial reporting as of January 29, 2012, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated March 22, 2012 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ KPMG LLP

Atlanta, Georgia
March 22, 2012

Cost of Sales

Cost of Sales includes the actual cost of merchandise sold and services performed, the cost of transportation of merchandise from vendors to the Company's stores, locations or customers, the operating cost of the Company's sourcing and distribution network and the cost of deferred interest programs offered through the Company's private label credit card program.

The cost of handling and shipping merchandise from the Company's stores, locations or distribution centers to the customer is classified as SG&A. The cost of shipping and handling, including internal costs and payments to third parties, classified as SG&A was $430 million, $410 million and $386 million in fiscal 2011, 2010 and 2009, respectively.

Impairment of Long-Lived Assets

The Company evaluates its long-lived assets each quarter for indicators of potential impairment. Indicators of impairment include current period losses combined with a history of losses, management's decision to relocate or close a store or other location before the end of its previously estimated useful life or when changes in other circumstances indicate the carrying amount of an asset may not be recoverable. The evaluation for long-lived assets is performed at the lowest level of identifiable cash flows, which is generally the individual store level.

The assets of a store with indicators of impairment are evaluated by comparing its undiscounted cash flows with its carrying value. The estimate of cash flows includes management's assumptions of cash inflows and outflows directly resulting from the use of those assets in operations, including gross margin on Net Sales, payroll and related items, occupancy costs, insurance allocations and other costs to operate a store. If the carrying value is greater than the undiscounted cash flows, an impairment loss is recognized for the difference between the carrying value and the estimated fair market value. Impairment losses are recorded as a component of SG&A in the accompanying Consolidated Statements of Earnings. When a leased location closes, the Company also recognizes in SG&A the net present value of future lease obligations less estimated sublease income.

As part of its Rationalization Charges, the Company recorded no material lease obligation costs in fiscal 2011 and 2010 and recorded $84 million of lease obligation costs in fiscal 2009. See Note 2 for more details on the Rationalization Charges. The Company also recorded impairments and other lease obligation costs on other closings and relocations in the ordinary course of business, which were not material to the Consolidated Financial Statements in fiscal 2011, 2010 and 2009.

Goodwill and Other Intangible Assets

Goodwill represents the excess of purchase price over the fair value of net assets acquired. The Company does not amortize goodwill but does assess the recoverability of goodwill in the third quarter of each fiscal year, or more often if indicators warrant, by determining whether the fair value of each reporting unit supports its carrying value. The fair values of the Company's identified reporting units were estimated using the present value of expected future discounted cash flows.

The Company amortizes the cost of other intangible assets over their estimated useful lives, which range up to ten years, unless such lives are deemed indefinite. Intangible assets with indefinite lives are tested in the third quarter of each fiscal year for impairment, or more often if indicators warrant. Impairment charges related to goodwill and other intangible assets were not material for fiscal 2011, 2010 or 2009.

Stock-Based Compensation

The per share weighted average fair value of stock options granted during fiscal 2011, 2010 and 2009 was $7.42, $6.70 and $6.61, respectively. The fair value of these options was determined at the date of grant using the Black-Scholes option-pricing model with the following assumptions:

	Fiscal Year Ended		
	January 29, 2012	**January 30, 2011**	**January 31, 2010**
Risk-free interest rate	**2.0%**	3.1%	2.3%
Assumed volatility	**27.3%**	26.4%	41.5%
Assumed dividend yield	**2.7%**	2.9%	3.9%
Assumed lives of option	**5 years**	5 years	6 years

Reconciliations of the beginning and ending amount of gross unrecognized tax benefits for fiscal 2011, 2010 and 2009 were as follows (amounts in millions):

	January 29, 2012	January 30, 2011	January 31, 2010
Unrecognized tax benefits balance at beginning of fiscal year	**$ 662**	$ 659	$ 695
Additions based on tax positions related to the current year	**37**	174	55
Additions for tax positions of prior years	**56**	84	33
Reductions for tax positions of prior years	**(123)**	(181)	(28)
Reductions due to settlements	**(4)**	(65)	(94)
Reductions due to lapse of statute of limitations	**(7)**	(9)	(2)
Unrecognized tax benefits balance at end of fiscal year	**$ 621**	$ 662	$ 659

The amount of unrecognized tax benefits that if recognized would affect the annual effective income tax rate on Earnings from Continuing Operations was $246 million, $298 million and $386 million as of January 29, 2012, January 30, 2011 and January 31, 2010, respectively.

Net adjustments to accruals for interest and penalties associated with uncertain tax positions provided income of $2 million and $32 million in fiscal 2011 and 2010, respectively, and expense of $41 million in fiscal 2009. Total accrued interest and penalties as of January 29, 2012 and January 30, 2011 were $80 million and $84 million, respectively. Interest and penalties are included in Interest Expense and SG&A, respectively, in the accompanying Consolidated Statements of Earnings.

7. EMPLOYEE STOCK PLANS

The Home Depot, Inc. 2005 Omnibus Stock Incentive Plan ("2005 Plan") and The Home Depot, Inc. 1997 Omnibus Stock Incentive Plan ("1997 Plan" and collectively with the 2005 Plan, the "Plans") provide that incentive and non-qualified stock options, stock appreciation rights, restricted stock, performance shares, performance units and deferred shares may be issued to selected associates, officers and directors of the Company. Under the 2005 Plan, the maximum number of shares of the Company’s common stock authorized for issuance is 255 million shares, with any award other than a stock option reducing the number of shares available for issuance by 2.11 shares. As of January 29, 2012, there were 162 million shares available for future grants under the 2005 Plan. No additional equity awards could be issued from the 1997 Plan after the adoption of the 2005 Plan on May 26, 2005.

Under the terms of the Plans, incentive stock options and non-qualified stock options must have an exercise price at or above the fair market value of the Company’s stock on the date of the grant. Typically, incentive stock options and non-qualified stock options vest at the rate of 25% per year commencing on the first or second anniversary date of the grant and expire on the tenth anniversary date of the grant. Certain of the non-qualified stock options also include performance options which vest on the later of the first anniversary date of the grant and the date the closing price of the Company’s common stock has been 25% greater than the exercise price of the options for 30 consecutive trading days. Additionally, certain stock options may become non-forfeitable upon the associate reaching age 60, provided the associate has had five years of continuous service. The Company recognized $20 million, $20 million and $19 million of stock-based compensation expense in fiscal 2011, 2010 and 2009, respectively, related to stock options.

Restrictions on the restricted stock issued under the Plans generally lapse according to one of the following schedules: (1) the restrictions on the restricted stock lapse over various periods up to five years, (2) the restrictions on 25% of the restricted stock lapse upon the third and sixth anniversaries of the date of issuance with the remaining 50% of the restricted stock lapsing upon the associate’s attainment of age 62, or (3) the restrictions on 25% of the restricted stock lapse upon the third and sixth anniversaries of the date of issuance with the remaining 50% of the restricted stock lapsing upon the earlier of the associate’s attainment of age 60 or the tenth anniversary of the grant date. The Company has also granted performance shares under the Plans, the payout of which is dependent on either (1) the Company's total shareholder return percentile ranking compared to the performance of individual companies included in the S&P 500 index at the end of the three-year performance cycle, or (2) the Company's performance against target average return on invested capital and operating profit over a three-year performance cycle. Additionally, certain awards may become non-forfeitable upon the associate's attainment of age 60, provided the associate has had five years of continuous service. The fair value of the restricted stock and performance shares is expensed over the period during which the restrictions lapse. The Company recorded stock-based compensation expense related to restricted stock and performance shares of $169 million, $167 million and $158 million in fiscal 2011, 2010 and 2009, respectively.

In fiscal 2011, 2010 and 2009, there were an aggregate of 422 thousand, 479 thousand and 666 thousand deferred shares, respectively, granted under the Plans. For associates, each deferred share entitles the individual to one share of common stock to be received up to five years after the grant date of the deferred shares, subject to certain deferral rights of the associate. Additionally, certain awards may become non-forfeitable upon the associate reaching age 60, provided the associate has had five years of continuous service. The Company recorded stock-based compensation expense related to deferred shares of $12 million, $14 million and $14 million in fiscal 2011, 2010 and 2009, respectively.

As of January 29, 2012, there were 2 million non-qualified stock options outstanding under non-qualified stock option plans that are not part of the Plans.

The Company maintains two Employee Stock Purchase Plans ("ESPPs") (U.S. and non-U.S. plans). The plan for U.S. associates is a tax-qualified plan under Section 423 of the Internal Revenue Code. The non-U.S. plan is not a Section 423 plan. As of January 29, 2012, there were 8 million shares available under the plan for U.S associates and 20 million shares available under the non-U.S. plan. The purchase price of shares under the ESPPs is equal to 85% of the stock's fair market value on the last day of the purchase period, which is a six-month period ending on December 31 and June 30 of each year. During fiscal 2011, there were 2 million shares purchased under the ESPPs at an average price of $33.07. Under the outstanding ESPPs as of January 29, 2012, employees have contributed $8 million to purchase shares at 85% of the stock's fair market value on the last day (June 30, 2012) of the current purchase period. The Company recognized $14 million, $13 million and $10 million of stock-based compensation expense in fiscal 2011, 2010 and 2009, respectively, related to the ESPPs.

In total, the Company recorded stock-based compensation expense, including the expense of stock options, ESPP shares, restricted stock, performance shares and deferred shares, of $215 million, $214 million and $201 million, in fiscal 2011, 2010 and 2009, respectively.

The following table summarizes stock options outstanding at January 29, 2012, January 30, 2011 and January 31, 2010, and changes during the fiscal years ended on these dates (shares in thousands):

	Number of Shares	Weighted Average Exercise Price
Outstanding at February 1, 2009	52,014	$ 37.91
Granted	4,174	23.29
Exercised	(374)	24.50
Canceled	(6,505)	37.65
Outstanding at January 31, 2010	49,309	$ 36.81
Granted	3,723	32.24
Exercised	(1,294)	26.63
Canceled	(7,271)	43.95
Outstanding at January 30, 2011	44,467	$ 35.56
Granted	**3,236**	**36.55**
Exercised	**(6,938)**	**33.25**
Canceled	**(7,595)**	**39.11**
Outstanding at January 29, 2012	**33,170**	**$ 35.32**

The total intrinsic value of stock options exercised was $47 million, $9 million and $1 million in fiscal 2011, 2010 and 2009, respectively. As of January 29, 2012, there were approximately 33 million stock options outstanding with a weighted average remaining life of four years and an intrinsic value of $317 million. As of January 29, 2012, there were approximately 22 million stock options exercisable with a weighted average exercise price of $40.70, a weighted average remaining life of two years, and an intrinsic value of $151 million. As of January 29, 2012, there were approximately 25 million stock options vested or expected to ultimately vest. As of January 29, 2012, there was $43 million of unamortized stock-based compensation expense related to stock options, which is expected to be recognized over a weighted average period of two years.

The following table summarizes restricted stock and performance shares outstanding at January 29, 2012, January 30, 2011 and January 31, 2010, and changes during the fiscal years ended on these dates (shares in thousands):

	Number of Shares	Weighted Average Grant Date Fair Value
Outstanding at February 1, 2009	16,287	$ 34.22
Granted	8,257	23.41
Restrictions lapsed	(1,686)	34.65
Canceled	(2,195)	31.84
Outstanding at January 31, 2010	20,663	$ 30.11
Granted	5,799	32.31
Restrictions lapsed	(5,276)	32.28
Canceled	(1,747)	30.11
Outstanding at January 30, 2011	19,439	$ 30.18
Granted	**5,776**	**35.83**
Restrictions lapsed	**(7,937)**	**31.00**
Canceled	**(1,537)**	**30.48**
Outstanding at January 29, 2012	**15,741**	**$ 31.81**

As of January 29, 2012, there was $287 million of unamortized stock-based compensation expense related to restricted stock and performance shares, which is expected to be recognized over a weighted average period of two years. The total fair value of restricted stock and performance shares vesting during fiscal 2011, 2010 and 2009 was $290 million, $168 million and $41 million, respectively.

8. LEASES

The Company leases certain retail locations, office space, warehouse and distribution space, equipment and vehicles. While most of the leases are operating leases, certain locations and equipment are leased under capital leases. As leases expire, it can be expected that, in the normal course of business, certain leases will be renewed or replaced.

Certain lease agreements include escalating rents over the lease terms. The Company expenses rent on a straight-line basis over the lease term, which commences on the date the Company has the right to control the property. The cumulative expense recognized on a straight-line basis in excess of the cumulative payments is included in Other Accrued Expenses and Other Long-Term Liabilities in the accompanying Consolidated Balance Sheets.

Total rent expense, net of minor sublease income, for fiscal 2011, 2010 and 2009 was $823 million, $821 million and $823 million, respectively. Certain store leases also provide for contingent rent payments based on percentages of sales in excess of specified minimums. Contingent rent expense for fiscal 2011, 2010 and 2009 was approximately $4 million, $3 million and $4 million, respectively. Real estate taxes, insurance, maintenance and operating expenses applicable to the leased property are obligations of the Company under the lease agreements.