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December 14, 2011

Public Company Accounting Oversight Board
1666 K Street, N.W.
Washington, D.C. 20006-2803

Attn: Office of the Secretary

Re: Rulemaking Docket Matter No. 37
Concept Release on Auditor
Independence and Audit Firm Rotation

Members of the Board:

I am submitting this letter on behalf of the Audit Committee of the Board of Directors of The Home Depot, Inc. ("The Home Depot" or the "Company") in response to the *Concept Release on Auditor Independence and Audit Firm Rotation* (the "Concept Release"), issued by the Public Company Accounting Oversight Board (the "PCAOB") on August 16, 2011. The Home Depot is the world's largest home improvement specialty retailer, with over 2,200 retail stores in the 50 states, the District of Columbia, Puerto Rico, U.S. Virgin Islands, Guam, 10 Canadian provinces, Mexico, and China. In fiscal year 2010, The Home Depot had sales of $68.0 billion and consolidated net earnings of $3.3 billion. The Company's stock has been traded on the New York Stock Exchange (NYSE: HD) since 1984 and is included in the Dow Jones industrial average and Standard & Poor's 500 index.

We appreciate the opportunity to comment on the Concept Release, and we support the PCAOB's desire to enhance the independence and objectivity of audit firms. With the benefit of over 90 collective years of experience in corporate financial matters, including service as executives, auditors and audit committee members of public companies, we have a number of observations and concerns about the matters addressed in the Concept Release. As discussed below, we believe that mandatory audit firm rotation would threaten audit quality, usurp the discretion of audit committees to retain or replace an audit firm, increase audit expense without a corresponding increase in quality, and erode the value of the shareholder advisory vote on audit firms. In our view, at least for large companies like The Home Depot who face a limited market of available firms, these negatives cast suspicion upon and outweigh the perceived risk reduction from mandatory audit firm rotation implied in the Concept Release. We recommend that the PCAOB reject the proposal.

Our duties as Audit Committee members include oversight of the integrity of the Company's financial statements and the qualifications, independence and performance of the Company's audit firm, which reports directly to us. Requiring mandatory rotation would usurp our discretion and our responsibility to shareholders in one of our key responsibilities – deciding whether an audit firm should be retained or replaced. As independent members of the Audit Committee, our fiduciary obligations, expertise and

familiarity with the Company make us the best situated to make this determination. Our determination is based on a number of factors. While independence and objectivity are key factors we consider, they are only a portion of what we require of the Company's auditor. To execute an effective, quality audit, the auditor must also possess a keen understanding of the Company and its operations, processes and systems. Proper application of the accounting rules requires many professional judgments. These judgments will more accurately reflect the Company's business and its financial condition if made by someone with knowledge and understanding of that business. Also, we find that experience enhances skepticism. An auditor who knows the Company and its business activities better understands relevant potential risks and can better evaluate management's judgments in the context of the business and those risks. When an auditor has more experience with the Company's business, potential issues are identified more effectively and dealt with more proactively. Mandatory audit firm rotation, however, could impair the important benefits of experience to the audit equation. Lack of experience and understanding raises the risk of audit deficiencies or failures by the new firm.

There are, of course, other relevant factors that we consider in our annual assessment. As a starting point, there are practically only four firms that can handle an audit for an issuer of the Company's size, assuming all four firms have sufficient expertise in the retail industry. With regard to these firms, we must assess whether there are a sufficient number of experienced personnel who are available to staff the audit team and perform the audit. One of our concerns about the mandatory rotation proposal is whether the audit firms will be able to sufficiently staff the audit team with quality personnel if each year they are facing the logistical challenge of placing entirely new teams with multiple clients in different locations throughout the country and internationally. We also must consider whether an audit firm performs the audit for a principal competitor, which limits the availability of experienced audit firm employees to those who do not possess competitively sensitive information. Finally, given the Company's size and needs, there are many non-audit services, some of which the Company's audit firm is prohibited from providing, that are performed by the remaining firms. As a result, at any given time, there may not be an "independent" alternative firm that is qualified to perform the Company's audit. To ensure such an independent alternative, the Company would also have to rotate its non-audit services –periodically terminating engagements with other firms far enough in advance to allow them to serve as the independent firm. This significantly (and needlessly) magnifies the disruption and cost, as there would be multiple firms and teams that must re-staff, relocate and be re-trained to gain the understanding of the Company required to perform these services. We note that the Concept Release proposes as an alternative limiting mandatory rotation to the largest issuers. In fact, this is the group of issuers for which mandatory rotation would be the most disruptive, most costly, and most likely to result in audit deficiencies or failures based principally on lack of experience and understanding.

As noted in the Concept Release itself, mandatory audit firm rotation would significantly increase audit fees and related expenses. These increased costs would result primarily from the extensive effort needed to assemble and relocate entirely new audit teams on a regular basis and then train and familiarize them with the Company, its business and its financial operations. There is also the non-monetary cost of significant additional time and effort that Company personnel would spend training all of the employees of the new audit firm – time that would be better spent focusing on the

Company's business. Again, if we determined that the Company needed a new audit firm after consideration of the factors set forth above, these additional costs would be warranted. Mandatory rotation not justified by a specific issue at The Home Depot, however, is simply not in the best interests of the Company's shareholders.

We note that the Company's shareholders vote annually on our choice of audit firm through the ratification vote in the Company's proxy statement. Approval of the audit firm consistently receives the support of more than 98% of the Company's voting shares. If shareholders believed that more frequent rotation of the audit firm was necessary, beneficial and worth the costs to the Company, we believe that the results of these votes would be significantly different.

In the last decade, there has been extensive regulation to enhance audit quality and auditor independence. We have been directly involved with many of these initiatives, and we believe that the existing statutory and regulatory framework continues to be the appropriate way to address concerns of auditor independence and objectivity. Mandating regular rotation, based solely on the theory that it will increase skepticism, is not in the best interests of the Company's shareholders given the likelihood of reduced audit quality and excessive cost and disruption. For the reasons discussed above, we recommend against the adoption of any proposal to require mandatory rotation of audit firms.

Thank you for the opportunity to comment on this important topic.

Sincerely,

The Home Depot, Inc. Audit Committee
F. Duane Ackerman
Ari Bousbib
Gregory D. Brenneman
J. Frank Brown

By: 
F. Duane Ackerman, Chair