THE HOME DEPOT CLOSES SEVEN BIG BOX STORES IN CHINA

Sep 13, 2012

Shifts China Strategy to Focus on Specialty Stores, Online

ATLANTA, Sept. 13, 2012 /PRNewswire via COMTEX/ --The Home Depot® today announced it is closing its remaining seven big box stores in China as the Company shifts its focus in that market to specialty stores and online offerings.

The closings will affect approximately 850 associates, who will receive severance packages and job placement assistance.

As a result of the store closings, the Company will record an after-tax charge of approximately $160 million, or approximately $0.10 per diluted share, in the third quarter of 2012, which includes impairment of goodwill and other assets, lease terminations, severance and other charges associated with closing the stores. Excluding the approximately $0.10 per diluted share charge associated with the store closings, the Company confirmed that it still expects its fiscal 2012 diluted earnings-per-share to be up approximately 19 percent to $2.95 for the year, which is in line with prior guidance.

"Closing stores is always a difficult decision," said Frank Blake, chairman & CEO, The Home Depot. "We are thankful for the dedicated service of our store associates in China, and we wish them all the best during this transition."

While it is closing its big box stores, The Home Depot is maintaining a new formats team to continue research and development activities. In addition, the Company is maintaining two recently-opened specialty stores - a paint and flooring store and a Home Decorators Collection store, both located in Tianjin - and is in the beginning stages of developing relationships with several of China's leading e-commerce websites, a combination which the Company believes is more tailored to Chinese customers' needs and shopping preferences.

"We've learned a great deal over the last six years in China, and our new approach leverages that experience and reflects our continuing interest in providing value to Chinese customers, as well as our shareholders," said Blake.

The Company will continue to employ approximately 170 associates in China, working in the sourcing offices in Shanghai and Shenzhen, which opened in 2002, and working on its new retail formats team and in the specialty stores.

The Home Depot is the world's largest home improvement specialty retailer, with 2,249 retail stores in all 50 states, the District of Columbia, Puerto Rico, U.S. Virgin Islands, Guam, 10 Canadian provinces and Mexico. In fiscal 2011, The Home Depot had sales of $70.4 billion and earnings of $3.9 billion. The Company employs more than 300,000 associates. The Home Depot's stock is traded on the New York Stock Exchange (NYSE: HD) and is included in the Dow Jones industrial average and Standard & Poor's 500 index.

SOURCE The Home Depot