



**NEVER STOP
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**FIRST QUARTER 2015
EARNINGS CALL**

May 20, 2015

FIRST QUARTER HIGHLIGHTS



Comp Sales	+5.2%
Gross Margin	35.47%, -3 bps
SG&A	24.16%, -60 bps
EBIT Margin	8.72%, +76 bps
EPS	\$0.70, +14.8%

Executed well and delivered strong performance in the quarter

- Positive comps in all 13 product categories
- Positive comps in all 14 regions
- Growth primarily driven by average ticket

Continued to capitalize on an improving macro backdrop through our Sales & Operations Planning process, improved relevance with the Pro, and expanded customer experience design capabilities

Repurchased \$1.0 billion of stock and paid \$222 million in dividends

TOTAL SALES SUMMARY

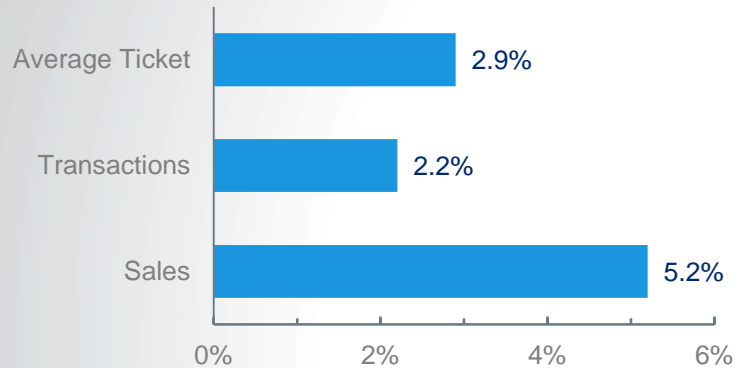


	Total	% Change
Sales	\$14.1 B	+5.4%
Average Ticket	\$66.63	+3.0%
Customer Transactions	212.1 M	+2.3%

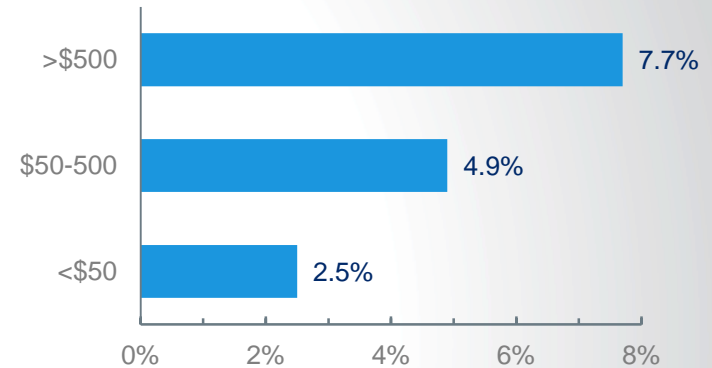
COMPARABLE SALES SUMMARY



Transaction/Ticket

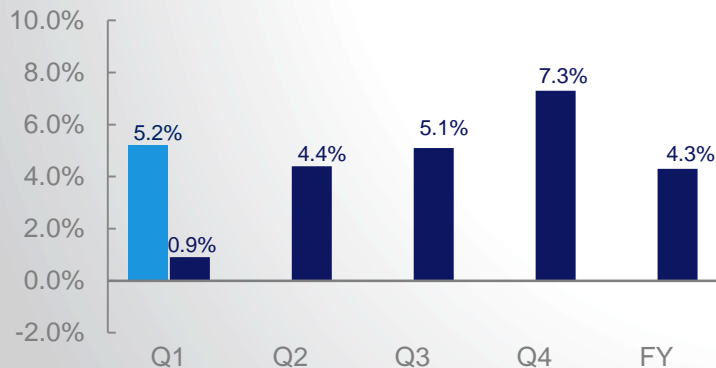


Ticket Size



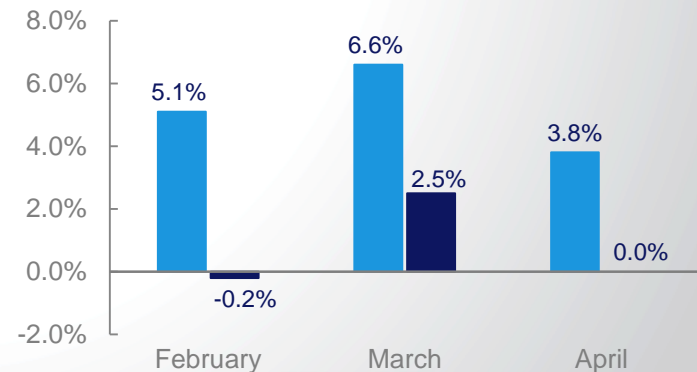
Quarterly Trend

■ 2015 ■ 2014



Monthly Trend


■ 2015 ■ 2014



PRODUCT CATEGORY PERFORMANCE*



Above Average



Appliances
Outdoor Power Equipment
Seasonal Living

Average



Lawn & Garden

Below Average (All categories were positive)



Fashion Fixtures
Flooring
Home Fashions
Kitchens
Lumber & Building Materials
Millwork
Paint
Rough Plumbing
& Electrical
Tools & Hardware

*Q1 comp sales were +5.2%

OPERATING MARGIN SUMMARY



	% of Sales	Leverage/ (Deleverage)	Drivers
Gross Margin	35.47%	-3 bps	(+) Rate improvement (-) Product mix
SG&A	24.16%	60 bps	(+) Advertising (+) Store payroll (+) Long-lived asset impairment (-) Bonus expense
Depreciation	2.59%	19 bps	(+) Higher sales and fully depreciated assets
EBIT Margin	8.72%	76 bps	

BALANCE SHEET SUMMARY

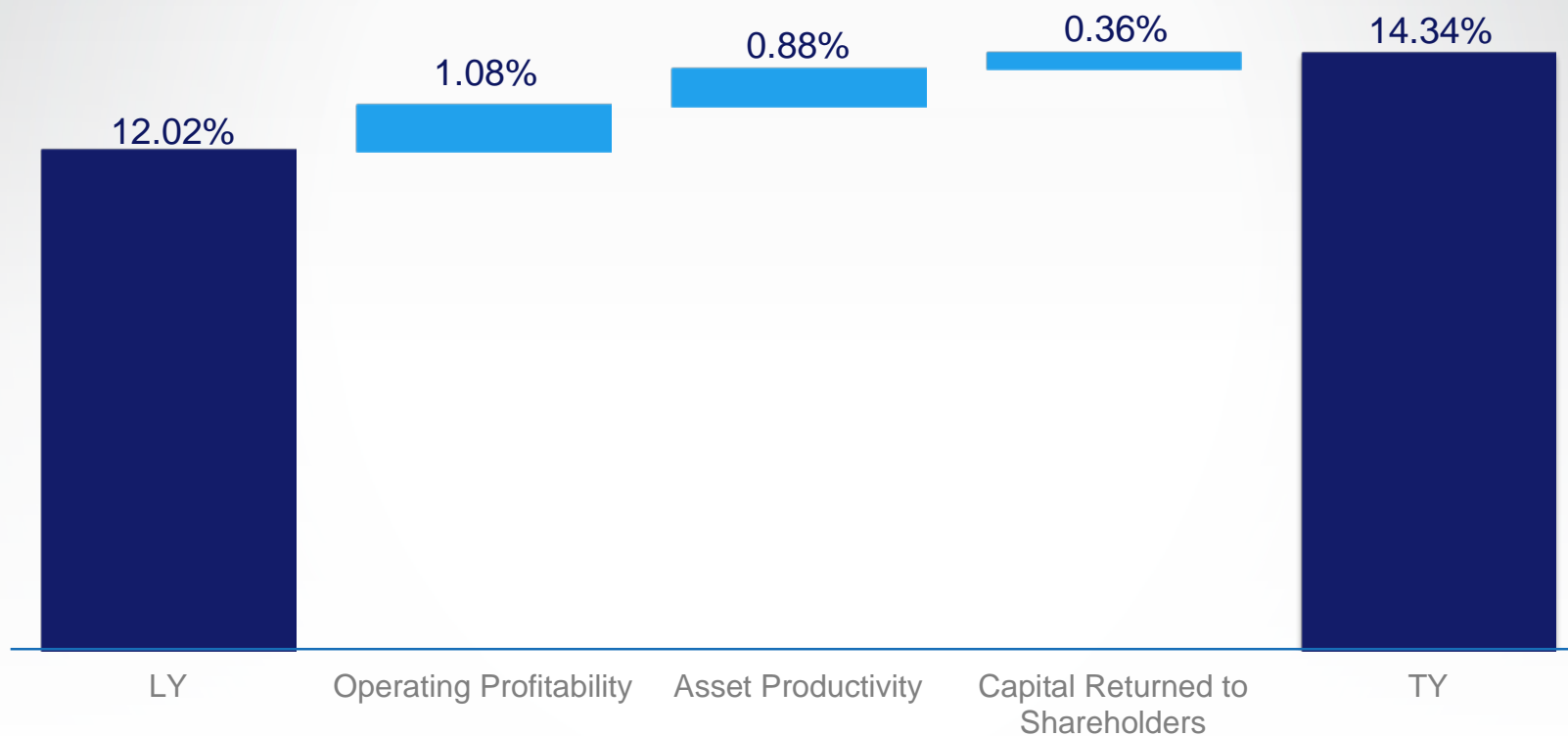


		YOY Change
Cash & Cash Equivalents	\$1.4B	+\$776M or +117.9%
Inventory	\$10.6B	+\$99M or +0.9%
Inventory Turnover	3.78x	+17 bps
Asset Turnover	1.70x	+11 bps
Accounts Payable	\$8.0B	+\$972M or +13.8%
Lease Adjusted Debt to EBITDAR	2.11x	

RETURN ON INVESTED CAPITAL



GROWTH DRIVERS



STATEMENT OF CASH FLOWS SUMMARY



	Amount
Operating Cash Flow	\$2.5B
Capital Expenditures	\$0.2B
Free Cash Flow	\$2.3B
Share Repurchases:	
YTD	\$1.0B
Authorization Remaining	\$6.4B

- Key drivers of home improvement spending are real disposable personal income, home prices, and housing turnover.
- Those key drivers remain aligned for modestly stronger home improvement industry growth. At the same time, lower energy prices should fuel stronger consumer spending in 2015.
- We continue to see steady recovery within the housing market, including positive trends in turnover and moderate home price appreciation.
- Our Consumer Sentiment Survey revealed that homeowners' views around personal finances and home values continue to improve.

Grow Sales

- Further improve our product and service offering for the Pro customer
- Differentiate through better customer experiences
- Continue developing omni-channel capabilities

Drive Productivity and Profitability

- Continue to optimize store payroll and marketing
- Leverage our scale to get cost savings on indirect spend

2015 BUSINESS OUTLOOK*

(BASED ON U.S. GAAP UNLESS OTHERWISE NOTED)



- Total sales are expected to increase 4.5 to 5 percent
- Comparable sales are expected to increase 4 to 4.5 percent
- The company expects to open 15 to 20 home improvement and hardware stores
- Earnings before interest and taxes as a percentage of sales (operating margin) are expected to increase 80 to 100 basis points
- The effective income tax rate is expected to be approximately 38.1%
- Diluted earnings per share of approximately \$3.29 are expected for the fiscal year ending January 29, 2016
- Cash flow from operations are expected to be approximately \$5.1B
- Capital expenditures are expected to be approximately \$1.4B
- The company expects to repurchase \$3.8B of stock



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APPENDIX

FORWARD LOOKING STATEMENTS



This document includes "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 (the "Act"). Statements of the Company's expectations for sales growth, comparable sales, earnings and performance, shareholder value, capital expenditures, cash flows, the housing market, the home improvement industry, demand for services, share repurchases, the Company's strategic initiatives and any statement of an assumption underlying any of the foregoing, constitute "forward-looking statements" under the Act. Although we believe that the expectations, opinions, projections, and comments reflected in these forward-looking statements are reasonable, we can give no assurance that such statements will prove to be correct. A wide variety of potential risks, uncertainties, and other factors could materially affect our ability to achieve the results either expressed or implied by our forward-looking statements including, but not limited to, changes in general economic conditions, such as the rate of unemployment, interest rate and currency fluctuations, higher fuel and other energy costs, slower growth in personal income, changes in consumer spending, changes in the rate of housing turnover, the availability of consumer credit and of mortgage financing, inflation or deflation of commodity prices, and other factors which can negatively affect our customers, as well as our ability to: (i) respond to adverse trends in the housing industry, such as the psychological effects of lower home prices, and moderating rates of growth in housing renovation and repair activity, as well as uneven recovery in commercial building activity; (ii) secure, develop, and otherwise implement new technologies and processes designed to enhance our efficiency and competitiveness; (iii) attract, train, and retain highly-qualified associates; (iv) manage our business effectively as we adapt our traditional operating model to meet the changing expectations of our customers; (v) maintain, improve, upgrade and protect our critical information systems from data security breaches and other cyber threats; (vi) respond to fluctuations in the prices and availability of services, supplies, and products; (vii) respond to the growth and impact of competition; (viii) address changes in existing or new laws or regulations that affect consumer credit, employment/labor, trade, product safety, transportation/logistics, energy costs, health care, tax or environmental issues; and (ix) respond to unanticipated weather conditions that could adversely affect sales. In addition, we could experience additional impairment losses if the actual results of our operating stores are not consistent with the assumptions and judgments we have made in estimating future cash flows and determining asset fair values. For more information about these and other risks and uncertainties that we are exposed to, you should read the "Risk Factors" and "Critical Accounting Policies and Estimates" included in our Annual Report on Form 10-K to the United States Securities and Exchange Commission (the "SEC") and the description of material changes therein or updated version thereof, if any, included in our Quarterly Reports on Form 10-Q.

The forward-looking statements contained in this document are based upon data available as of the date of the 1st quarter earnings release or other specified date and speak only as of such date. All subsequent written and oral forward-looking statements attributable to us or any person acting on our behalf about any of the matters covered in this release are qualified by these cautionary statements and the "Risk Factors" included in our Annual Report on Form 10-K to the SEC and the description of material changes, if any, therein included in our Quarterly Reports on Form 10-Q. We expressly disclaim any obligation to update or revise any forward-looking statement, whether as a result of new information, change in circumstances, future events, or otherwise.

Q1 2015 EARNINGS CALL

NON-GAAP MEASURES



Management is using non-GAAP financial measures in this document because it considers them to be important supplemental measures of the Company's performance. Management also believes that these non-GAAP financial measures provide additional insight for analysts and investors in evaluating the Company's financial and operating performance. Non-GAAP financial measures should be considered in addition to, not as a substitute for, net income, total debt or other financial measures prepared in accordance with GAAP. The Company's methods of determining these non-GAAP financial measures may differ from the methods used by other companies for these or similar non-GAAP financial measures. Accordingly, these non-GAAP financial measures may not be comparable to measures used by other companies.

Pursuant to the requirements of SEC Regulation G, detailed reconciliations between the Company's GAAP and non-GAAP financial results were posted, by incorporation within the appendix to this presentation, on the Company's Investor Relations website at www.Lowes.com/investor on the day the Company's operating and financial results were announced for the quarter ended May 1, 2015 and management presented certain non-GAAP financial measures during a conference call with analysts and investors. Investors are advised to carefully review and consider this information as well as the GAAP financial results that are disclosed in the Company's earnings releases and annual and quarterly SEC filings.



EBIT Margin (Operating Margin)

We define EBIT Margin as earnings before interest and taxes as a percentage of sales.

Lowe's believes that EBIT Margin is a useful measure to describe the Company's operating profit.

EBITDAR

We define EBITDAR as earnings before interest, taxes, depreciation, amortization, share-based payments and rent.

Lease-Adjusted Debt

We define Lease-Adjusted Debt as short-term debt, current maturities of long-term debt, long-term debt excluding current maturities, and eight times the last four quarters' rent. We believe eight times rent is a reasonable industry standard estimate of the economic value of our leased assets.

Lowe's believes the ratio of Lease-Adjusted Debt to EBITDAR is a useful supplemental measure, as it provides an indication of the results generated by the Company in relation to its level of indebtedness by reflecting cash flow that could be used to repay debt.

ROIC

We define ROIC as trailing four quarters' Net Operating Profit after Tax (NOPAT) divided by the average of ending debt and equity for the last five quarters.

Lowe's believes ROIC is a useful measure of how effectively the Company uses capital to generate profits.

Free Cash Flow

We define Free Cash Flow as net cash provided by operating activities less capital expenditures.

Lowe's believes Free Cash Flow is a useful measure to describe the Company's financial performance and measures its ability to generate excess cash from its business operations.

RECONCILIATION OF NON-GAAP MEASURES



EBIT and EBITDAR	Four Quarters Ended	
	May 1, 2015	May 2, 2014
Net Earnings	2,747	2,370
Taxes	1,685	1,377
Interest ¹	526	488
EBIT	4,958	4,235
Depreciation and Amortization ²	1,571	1,576
Share-based Payments	119	109
Rent	447	431
EBITDAR	7,095	6,351

¹ Interest includes amortization of original issue discount, deferred loan costs & other non-cash amortization charges

² Depreciation and amortization represents total Company depreciation, including Distribution Networks and Millworks, as well as amortization of certain trademarks and intangibles

RECONCILIATION OF NON-GAAP MEASURES



Lease Adjusted Debt	Four Quarters Ended	
	May 1, 2015	May 2, 2014
Short-term Borrowings	-	-
Current Maturities of LTD	1,026	47
Long-term Debt Excluding Current Maturities	10,334	10,080
Total Debt	11,360	10,127
Rent (last four quarters)	447	431
8 Times Rent	3,579	3,445
Lease Adjusted Debt	14,939	13,572

RECONCILIATION OF NON-GAAP MEASURES



EBIT and NOPAT	Four Quarters Ended	
	May 1, 2015	May 2, 2014
Net Earnings	2,747	2,370
Taxes	1,685	1,377
Interest	526	488
EBIT	4,958	4,235
Effective Tax Rate	38.0%	36.8%
Tax Adjustment	1,883	1,560
NOPAT	3,075	2,675

RECONCILIATION OF NON-GAAP MEASURES



Free Cash Flow	FY 2015E	FY 2014	FY 2013
Net Cash Provided by Operating Activities	5,100	4,929	4,111
Capital Expenditures	1,400	880	940
Free Cash Flow	3,700	4,049	3,171

INVESTOR RELATIONS CONTACTS



TIFFANY MASON

Vice President, Finance & Treasurer

704.758.2033

tiffany.l.mason@lowes.com

JIM SHAW

Director, Investor Relations

704.758.3579

jim.b.shaw@lowes.com

[Investor Relations Website](#)

www.Lowes.com/investor