

Lowe's Companies, Inc.
Consolidated Statements of Current and Retained Earnings (Unaudited)
In Millions, Except Per Share and Percentage Data

	Three Months Ended			
	May 4, 2018		May 5, 2017	
	Amount	% Sales	Amount	% Sales
Current Earnings				
Net sales	\$ 17,360	100.00	\$ 16,860	100.00
Cost of sales	11,348	65.37	11,060	65.60
Gross margin	6,012	34.63	5,800	34.40
Expenses:				
Selling, general and administrative	4,187	24.12	3,876	22.99
Depreciation and amortization	360	2.07	365	2.16
Operating income	1,465	8.44	1,559	9.25
Interest - net	160	0.92	161	0.96
Loss on extinguishment of debt	—	—	464	2.75
Pre-tax earnings	1,305	7.52	934	5.54
Income tax provision	317	1.83	332	1.97
Net earnings	\$ 988	5.69	\$ 602	3.57
<hr/>				
Weighted average common shares outstanding - basic	825		857	
Basic earnings per common share ⁽¹⁾	\$ 1.19		\$ 0.70	
Weighted average common shares outstanding - diluted	826		858	
Diluted earnings per common share ⁽¹⁾	\$ 1.19		\$ 0.70	
Cash dividends per share	\$ 0.41		\$ 0.35	
<hr/>				
Retained Earnings				
Balance at beginning of period	\$ 5,425		\$ 6,241	
Cumulative effect of accounting change	33		—	
Net earnings	988		602	
Cash dividends declared	(338)		(299)	
Share repurchases	(703)		(1,198)	
Balance at end of period	\$ 5,405		\$ 5,346	

⁽¹⁾ Under the two-class method, earnings per share is calculated using net earnings allocable to common shares, which is derived by reducing net earnings by the earnings allocable to participating securities. Net earnings allocable to common shares used in the basic and diluted earnings per share calculation were \$985 million for the three months ended May 4, 2018 and \$600 million for the three months ended May 5, 2017.

Lowe's Companies, Inc.
Consolidated Statements of Comprehensive Income (Unaudited)
In Millions, Except Percentage Data

	Three Months Ended			
	May 4, 2018		May 5, 2017	
	Amount	% Sales	Amount	% Sales
Net earnings	\$ 988	5.69	\$ 602	3.57
Foreign currency translation adjustments - net of tax	(83)	(0.48)	(1)	—
Other comprehensive loss	(83)	(0.48)	(1)	—
Comprehensive income	\$ 905	5.21	\$ 601	3.57

Lowe's Companies, Inc.
Consolidated Balance Sheets
In Millions, Except Par Value Data

	(Unaudited) May 4, 2018	(Unaudited) May 5, 2017	February 2, 2018
Assets			
Current assets:			
Cash and cash equivalents	\$ 1,565	\$ 1,963	\$ 588
Short-term investments	205	84	102
Merchandise inventory - net	13,204	12,254	11,393
Other current assets	1,059	975	689
Total current assets	16,033	15,276	12,772
Property, less accumulated depreciation	19,500	19,748	19,721
Long-term investments	321	477	408
Deferred income taxes - net	199	272	168
Goodwill	1,288	1,081	1,307
Other assets	896	759	915
Total assets	\$ 38,237	\$ 37,613	\$ 35,291
Liabilities and shareholders' equity			
Current liabilities:			
Short-term borrowings	\$ —	\$ —	\$ 1,137
Current maturities of long-term debt	896	295	294
Accounts payable	10,104	9,905	6,590
Accrued compensation and employee benefits	715	725	747
Deferred revenue	1,439	1,415	1,378
Other current liabilities	2,620	2,346	1,950
Total current liabilities	15,774	14,686	12,096
Long-term debt, excluding current maturities	14,948	15,770	15,564
Deferred revenue - extended protection plans	808	769	803
Other liabilities	962	857	955
Total liabilities	32,492	32,082	29,418
Shareholders' equity:			
Preferred stock - \$5 par value, none issued	—	—	—
Common stock - \$0.50 par value;			
Shares issued and outstanding			
May 4, 2018	822		
May 5, 2017	853		
February 2, 2018	830	411	426
Capital in excess of par value	—	—	22
Retained earnings	5,405	5,346	5,425
Accumulated other comprehensive income/(loss)	(71)	(241)	11
Total shareholders' equity	5,745	5,531	5,873
Total liabilities and shareholders' equity	\$ 38,237	\$ 37,613	\$ 35,291

Lowes's Companies, Inc.
Consolidated Statements of Cash Flows (Unaudited)
In Millions

	Three Months Ended	
	May 4, 2018	May 5, 2017
Cash flows from operating activities:		
Net earnings	\$ 988	\$ 602
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	387	389
Deferred income taxes	(21)	(64)
Loss on property and other assets - net	6	11
Loss on extinguishment of debt	—	464
Loss on cost method and equity method investments	—	7
Share-based payment expense	24	26
Changes in operating assets and liabilities:		
Merchandise inventory - net	(1,846)	(1,808)
Other operating assets	(234)	(64)
Accounts payable	3,521	3,291
Other operating liabilities	604	441
Net cash provided by operating activities	3,429	3,295
Cash flows from investing activities:		
Purchases of investments	(573)	(153)
Proceeds from sale/maturity of investments	556	59
Capital expenditures	(224)	(202)
Proceeds from sale of property and other long-term assets	5	6
Other - net	—	(1)
Net cash used in investing activities	(236)	(291)
Cash flows from financing activities:		
Net change in short-term borrowings	(1,140)	(511)
Net proceeds from issuance of long-term debt	—	2,968
Repayment of long-term debt	(13)	(2,558)
Proceeds from issuance of common stock under share-based payment plans	8	38
Cash dividend payments	(340)	(304)
Repurchase of common stock	(728)	(1,237)
Other - net	(2)	(1)
Net cash used in financing activities	(2,215)	(1,605)
Effect of exchange rate changes on cash	(1)	6
Net increase in cash and cash equivalents	977	1,405
Cash and cash equivalents, beginning of period	588	558
Cash and cash equivalents, end of period	\$ 1,565	\$ 1,963

Lowe's Companies, Inc.**Non-GAAP Financial Measures Reconciliation**

To provide additional transparency, the company has presented the non-GAAP financial measure of adjusted earnings per share to exclude the impact of certain discrete items, as further described below, not contemplated in Lowe's original Business Outlook for 2017 to assist the user in understanding performance relative to that Business Outlook. The company believes this non-GAAP financial measure provides useful insight for analysts and investors in evaluating the company's operational performance.

In the first quarter of 2017, the company recognized a \$464 million or \$0.33 per share loss on extinguishment of debt in connection with a \$1.6 billion cash tender offer.

Adjusted diluted earnings per share should not be considered an alternative to, or more meaningful indicator of, the company's diluted earnings per share as prepared in accordance with GAAP. The company's methods of determining this non-GAAP financial measure may differ from the method used by other companies for this or similar non-GAAP financial measures. Accordingly, this non-GAAP measure may not be comparable to the measures used by other companies.

Detailed reconciliations between the company's GAAP and non-GAAP financial results are shown below and available on the company's website at www.lowes.com/investor.

(millions, except per share data)	Three Months Ended					
	(Unaudited)			(Unaudited)		
	May 4, 2018			May 5, 2017		
	Pre-Tax Earnings	Tax	Net Earnings	Pre-Tax Earnings	Tax	Net Earnings
Diluted earnings per share, as reported			\$ 1.19			\$ 0.70
Non-GAAP Adjustments						
Loss on extinguishment of debt	—	—	—	0.54	(0.21)	0.33
Adjusted diluted earnings per share			\$ 1.19			\$ 1.03