

**Lowe's Companies, Inc.**

**Consolidated Statements of Current and Retained Earnings**

In Millions, Except Per Share and Percentage Data

	Three Months Ended				Year Ended			
	(Unaudited)		(Unaudited)		(Unaudited)			
	February 1, 2019	February 2, 2018	February 1, 2019	February 2, 2018	February 1, 2019	February 2, 2018	February 1, 2019	February 2, 2018
<b>Current Earnings</b>	Amount	% Sales	Amount	% Sales	Amount	% Sales	Amount	% Sales
<b>Net sales</b>	\$ 15,647	100.00	\$ 15,494	100.00	\$ 71,309	100.00	\$ 68,619	100.00
Cost of sales	10,749	68.70	10,530	67.96	48,401	67.88	46,185	67.31
<b>Gross margin</b>	<b>4,898</b>	<b>31.30</b>	<b>4,964</b>	<b>32.04</b>	<b>22,908</b>	<b>32.12</b>	<b>22,434</b>	<b>32.69</b>
Expenses:								
Selling, general and administrative	5,097	32.58	3,510	22.66	17,413	24.41	14,444	21.04
Depreciation and amortization	368	2.35	356	2.30	1,477	2.07	1,404	2.05
<b>Operating income/(loss)</b>	<b>(567)</b>	<b>(3.63)</b>	<b>1,098</b>	<b>7.08</b>	<b>4,018</b>	<b>5.64</b>	<b>6,586</b>	<b>9.60</b>
Interest - net	158	1.00	154	0.98	624	0.88	633	0.92
Loss on extinguishment of debt	—	—	—	—	—	—	464	0.68
<b>Pre-tax earnings/(loss)</b>	<b>(725)</b>	<b>(4.63)</b>	<b>944</b>	<b>6.10</b>	<b>3,394</b>	<b>4.76</b>	<b>5,489</b>	<b>8.00</b>
Income tax provision	99	0.64	390	2.52	1,080	1.52	2,042	2.98
<b>Net earnings/(loss)</b>	<b>\$ (824)</b>	<b>(5.27)</b>	<b>\$ 554</b>	<b>3.58</b>	<b>\$ 2,314</b>	<b>3.24</b>	<b>\$ 3,447</b>	<b>5.02</b>
Weighted average common shares outstanding - basic	801		828		811		839	
<b>Basic earnings/(loss) per common share <sup>(1)</sup></b>	<b>\$ (1.03)</b>		<b>\$ 0.67</b>		<b>\$ 2.84</b>		<b>\$ 4.09</b>	
Weighted average common shares outstanding - diluted	801		829		812		840	
<b>Diluted earnings/(loss) per common share <sup>(1)</sup></b>	<b>\$ (1.03)</b>		<b>\$ 0.67</b>		<b>\$ 2.84</b>		<b>\$ 4.09</b>	
<b>Cash dividends per share</b>	<b>\$ 0.48</b>		<b>\$ 0.41</b>		<b>\$ 1.85</b>		<b>\$ 1.58</b>	
<b>Retained Earnings</b>								
Balance at beginning of period	\$ 5,156		\$ 5,289		\$ 5,425		\$ 6,241	
Cumulative effect of accounting change	—		—		33		—	
Net earnings/(loss)	(824)		554		2,314		3,447	
Cash dividends declared	(385)		(340)		(1,500)		(1,324)	
Share repurchases	(495)		(78)		(2,820)		(2,939)	
Balance at end of period	\$ 3,452		\$ 5,425		\$ 3,452		\$ 5,425	

<sup>(1)</sup> Under the two-class method, earnings per share is calculated using net earnings/(loss) allocable to common shares, which is derived by reducing net earnings by the earnings allocable to participating securities. Net earnings/(loss) allocable to common shares used in the basic and diluted earnings per share calculation were \$(825) million for the three months ended February 1, 2019 and \$553 million for the three months ended February 2, 2018. Net earnings allocable to common shares used in the basic and diluted earnings per share calculation were \$2,307 million for the year ended February 1, 2019 and \$3,436 million for the year ended February 2, 2018.

**Lowe's Companies, Inc.**

**Consolidated Statements of Comprehensive Income**

In Millions, Except Percentage Data

	Three Months Ended				Year Ended			
	(Unaudited)		(Unaudited)		(Unaudited)			
	February 1, 2019		February 2, 2018		February 1, 2019		February 2, 2018	
	Amount	% Sales	Amount	% Sales	Amount	% Sales	Amount	% Sales
<b>Net earnings/(loss)</b>	\$ (824)	(5.27)	\$ 554	3.58	\$ 2,314	3.24	\$ 3,447	5.02
Foreign currency translation adjustments - net of tax	(46)	(0.27)	(26)	(0.17)	(221)	(0.30)	251	0.37
Net unrealized investment gain - net of tax	2	—	—	—	1	—	—	—
<b>Other comprehensive income/(loss)</b>	<b>(44)</b>	<b>(0.27)</b>	<b>(26)</b>	<b>(0.17)</b>	<b>(220)</b>	<b>(0.30)</b>	<b>251</b>	<b>0.37</b>
<b>Comprehensive income/(loss)</b>	<b>\$ (868)</b>	<b>(5.54)</b>	<b>\$ 528</b>	<b>3.41</b>	<b>\$ 2,094</b>	<b>2.94</b>	<b>\$ 3,698</b>	<b>5.39</b>

**Lowe's Companies, Inc.**

**Consolidated Balance Sheets**

In Millions, Except Par Value Data

	(Unaudited)	
	February 1, 2019	February 2, 2018
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 511	\$ 588
Short-term investments	218	102
Merchandise inventory - net	12,561	11,393
Other current assets	938	689
<b>Total current assets</b>	<b>14,228</b>	<b>12,772</b>
Property, less accumulated depreciation	18,432	19,721
Long-term investments	256	408
Deferred income taxes - net	294	168
Goodwill	303	1,307
Other assets	995	915
<b>Total assets</b>	<b>\$ 34,508</b>	<b>\$ 35,291</b>
<b>Liabilities and shareholders' equity</b>		
<b>Current liabilities:</b>		
Short-term borrowings	\$ 722	\$ 1,137
Current maturities of long-term debt	1,110	294
Accounts payable	8,279	6,590
Accrued compensation and employee benefits	662	747
Deferred revenue	1,299	1,378
Other current liabilities	2,425	1,950
<b>Total current liabilities</b>	<b>14,497</b>	<b>12,096</b>
Long-term debt, excluding current maturities	14,391	15,564
Deferred revenue - extended protection plans	827	803
Other liabilities	1,149	955
<b>Total liabilities</b>	<b>30,864</b>	<b>29,418</b>
<b>Shareholders' equity:</b>		
Preferred stock - \$5 par value, none issued	—	—
Common stock - \$0.50 par value;		
Shares issued and outstanding		
February 1, 2019	801	
February 2, 2018	830	415
Capital in excess of par value	—	22
Retained earnings	3,452	5,425
Accumulated other comprehensive income/(loss)	(209)	11
<b>Total shareholders' equity</b>	<b>3,644</b>	<b>5,873</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 34,508</b>	<b>\$ 35,291</b>

**Lowe's Companies, Inc.**  
**Consolidated Statements of Cash Flows**  
In Millions

	Year Ended	
	(Unaudited)	
	February 1, 2019	February 2, 2018
<b>Cash flows from operating activities:</b>		
Net earnings	\$ 2,314	\$ 3,447
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	1,607	1,540
Deferred income taxes	(151)	53
Loss on property and other assets - net	630	40
Impairment of goodwill	952	—
Loss on extinguishment of debt	—	464
(Gain) loss on cost method and equity method investments	9	(82)
Share-based payment expense	74	99
Changes in operating assets and liabilities:		
Merchandise inventory - net	(1,289)	(791)
Other operating assets	(110)	250
Accounts payable	1,720	(92)
Other operating liabilities	437	137
<b>Net cash provided by operating activities</b>	<b>6,193</b>	<b>5,065</b>
<b>Cash flows from investing activities:</b>		
Purchases of investments	(1,373)	(981)
Proceeds from sale/maturity of investments	1,393	1,114
Capital expenditures	(1,174)	(1,123)
Proceeds from sale of property and other long-term assets	76	45
Acquisition of business - net	—	(509)
Other - net	(2)	13
<b>Net cash used in investing activities</b>	<b>(1,080)</b>	<b>(1,441)</b>
<b>Cash flows from financing activities:</b>		
Net change in short-term borrowings	(415)	625
Net proceeds from issuance of long-term debt	—	2,968
Repayment of long-term debt	(326)	(2,849)
Proceeds from issuance of common stock under share-based payment plans	114	139
Cash dividend payments	(1,455)	(1,288)
Repurchase of common stock	(3,037)	(3,192)
Other - net	(5)	(10)
<b>Net cash used in financing activities</b>	<b>(5,124)</b>	<b>(3,607)</b>
<b>Effect of exchange rate changes on cash</b>	<b>(12)</b>	<b>13</b>
Net increase/(decrease) in cash and cash equivalents, including cash classified within current assets held for sale	(23)	30
Less: Net increase in cash classified within current assets held for sale	(54)	—
Net increase/(decrease) in cash and cash equivalents	(77)	30
Cash and cash equivalents, beginning of period	588	558
<b>Cash and cash equivalents, end of period</b>	<b>\$ 511</b>	<b>\$ 588</b>

