



Q4 2018 RECONCILIATION OF NON-GAAP MEASURES

NON-GAAP MEASURES

Management uses certain non-GAAP financial measures, as further outlined in the following slides, 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. These non-GAAP financial measures should not be considered alternatives to, or more meaningful indicators of, the Company's earnings per common share, operating margin, total debt or other financial measures as 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.

NON-GAAP MEASURES

EBITDAR

We define EBITDAR as earnings before interest, taxes, depreciation, amortization, share-based payments, rent, and certain items as defined by the Company's credit facility.

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 six times the last four quarters' rent. We believe six 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 operating results generated by the Company in relation to its level of indebtedness.

NON-GAAP MEASURES

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.

NON-GAAP MEASURES

Adjusted Gross Margin / Adjusted SG&A / Adjusted Operating Margin / Adjusted Diluted Earnings Per Share

For the quarter and fiscal year ended February 1, 2019, we have presented Adjusted Gross Margin, Adjusted SG&A, Adjusted Operating Margin and Adjusted Diluted Earnings Per Share (2018 Adjusted Financial Measures) to exclude, as applicable, the impacts of certain discrete items, as further detailed below, not contemplated in Lowe's original Business Outlook for fiscal 2018 to assist the user in understanding performance relative to that Business Outlook and comparative performance between fiscal 2018 and fiscal 2017.

- During the fourth quarter of fiscal 2018, the Company recorded \$952M of goodwill impairment associated with its Canadian operations (Canadian goodwill impairment);
- On August 17, 2018, the Company committed to exit its Orchard Supply Hardware operations. As a result, the Company recognized pre-tax charges of \$230 million during the second quarter of fiscal 2018 associated with long-lived asset impairments and discontinued projects. During the third quarter of fiscal 2018, the Company recognized pre-tax charges of \$123 million associated with accelerated depreciation and amortization, severance and lease obligations. During the fourth quarter of fiscal 2018, the Company recognized additional pre-tax charges of \$208 million primarily related to lease obligations. Total pre-tax charges for fiscal year 2018 were \$561 million (Orchard Supply Hardware charges);
- On October 31, 2018, the Company committed to close 20 under-performing stores across the U.S. and 31 locations in Canada, including 27 under-performing stores. As a result, the Company recognized pre-tax charges of \$121 million during the third quarter of fiscal 2018 associated with long-lived asset impairment and severance obligations. During the fourth quarter of fiscal 2018, the Company recognized additional pre-tax charges of \$150 million, primarily associated with severance and lease obligation costs, as well as accelerated depreciation. Total pre-tax charges for fiscal year 2018 were \$271 million (U.S. and Canada store closure charges);
- On November 20, 2018, the Company announced its plans to exit retail operations in Mexico and is exploring strategic alternatives. During the third quarter, \$22 million of long-lived asset impairment was recognized on certain assets in Mexico as a result of the strategic evaluation. During the fourth quarter, an additional \$222 million of impairment was recognized. Total charges for fiscal year 2018 were \$244 million (Mexico impairment charges);
- During the third quarter of fiscal 2018, the Company identified certain non-core activities within its U.S. home improvement business to exit, including Alacrity Renovation Services and Iris Smart Home. As a result, during the third quarter of 2018, the Company recognized pre-tax charges of \$14 million associated with long-lived asset impairment and inventory write-down. During the fourth quarter of fiscal 2018, the Company recognized additional pre-tax charges of \$32 million. Total pre-tax charges for fiscal year 2018 were \$46 million (Non-core activities charges), and;
- During the fourth quarter of fiscal 2018, the Company recorded pre-tax charges of \$13 million, associated with severance costs due to the elimination of the Project Specialists Interiors position (Project Specialists Interiors charge).

NON-GAAP MEASURES

Adjusted Gross Margin / Adjusted SG&A / Adjusted Depreciation and Amortization / Adjusted Operating Margin / Adjusted Diluted Earnings Per Share (*continued*)

For the quarter and fiscal year ended February 2, 2018, we have presented Adjusted SG&A, Adjusted Operating Margin and Adjusted Diluted Earnings Per Share (2017 Adjusted Financial Measures) to exclude, as applicable, the impacts of certain discrete items, as further detailed below, not contemplated in Lowe's original Business Outlook for fiscal 2017 to assist the user in understanding performance relative to that Business Outlook and comparative performance between fiscal 2018 and fiscal 2017.

- During the first quarter of 2017, the Company recognized a \$464 million loss on extinguishment of debt in connection with a \$1.6 billion cash tender offer (Loss on extinguishment of debt);
- During the second quarter of 2017, the Company recognized a \$96 million gain from the sale of the company's interest in its Australian joint venture (Gain from sale of interest in Australian joint venture);
- During the fourth quarter of 2017, the Company recognized a \$66 million charge related to a one-time cash bonus to eligible hourly U.S. employees (One-time cash bonus attributable to tax reform), and;
- During the fourth quarter of 2017, the Company recognized a \$20 million tax charge associated with the Tax Cuts and Jobs Act of 2017 (Impact of tax reform).

NON-GAAP MEASURES

Adjusted Effective Tax Rate

For the quarters ended February 1, 2019 and February 2, 2018, we have presented an Adjusted Effective Tax Rate. For the quarter ended February 1, 2019, we have adjusted to exclude items also excluded from the 2018 Adjusted Financial Measures, as further described on slide 5, including the Canadian goodwill impairment, Orchard Supply Hardware charges, U.S. and Canada store closure charges, Mexico impairment charges, certain non-core activities charges, and the Project Specialists Interiors charge. For the quarter ended February 2, 2018, we have adjusted to exclude items also excluded from the 2017 Adjusted Financial Measures, as further described on slide 6, including the One-time bonus attributable to tax reform and the Impact of tax reform. These adjustments relate to certain discrete items not contemplated in Lowe's original Business Outlook for fiscal 2018 and 2017, and the Company believes this non-GAAP financial measure provides useful insight for analysts and investors in understanding performance relative to these Business Outlooks and comparative performance between fiscal 2018 and fiscal 2017.

NON-GAAP MEASURES

Re-baselined Net Sales / Re-baselined Gross Margin / Re-baselined SG&A / Re-baselined Operating Margin / Re-baselined Diluted Earnings Per Share

For the fiscal year ending February 1, 2019 and its respective quarters, we have presented Re-baselined Sales, Re-baselined Gross Margin, Re-baselined SG&A, Re-baselined Operating Margin, and Re-baselined Diluted Earnings Per Share (Re-baselined Measures) to exclude items also excluded from the 2018 Adjusted Financial Measures, as further described on slide 5, as well as other operating impacts associated with activities the Company is exiting as a result of the strategic reassessment, including Orchard Supply Hardware, Mexico retail operations, and certain non-core U.S. activities, including Alacrity Renovation Services and Iris Smart Home (Business unit optimization activities). In addition, the Re-baselined Measures exclude the impact of inventory liquidation activities associated with the closure of 20 under-performing U.S. stores and 27 under-performing Canadian stores (Store closure liquidation), and the impacts of the inventory rationalization actions that occurred during the third quarter of fiscal year 2018 (Inventory rationalization). Also, the Re-baselined Measures include adjustments, as applicable, to reflect the estimated impact of the new lease accounting standard (ASC 842) on operating results (Lease accounting standard). The Company believes these non-GAAP financial measures provide useful insight for analysts and investors in evaluating future performance expectations in comparison with what management considers the Company's comparative fiscal 2018 operational performance.

RECONCILIATION OF NON-GAAP MEASURES

EBITDAR (in millions)	Four Quarters Ended	
	February 1, 2019	February 2, 2018
Net Earnings	\$ 2,314	\$ 3,447
Interest ¹	624	633
Taxes	1,080	2,042
Depreciation and Amortization ²	1,600	1,528
Share-based Payments	74	99
Rent	630	626
Certain Charges	1,928 ³	530 ⁴
EBITDAR	\$ 8,250	\$ 8,905

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 and Delivery Networks and Millworks, as well as amortization of certain trademarks and intangibles

³ Certain charges includes: \$952M of goodwill impairment associated with the company's Canadian operations, \$452M of long-lived asset impairment, discontinued project charges, and closing costs associated with Orchard Supply Hardware, \$221M of long-lived asset impairment, discontinued projects, and severance-related costs associated with the Company's closure of 20 U.S. and 31 Canada locations, \$244M of impairment associated with the company's decision to exit its Mexico operations, \$46M of non-core activities charges, and \$13M of severance costs associated with the elimination of the Project Specialists Interiors position.

⁴ Certain charges include \$464M loss on extinguishment of debt and a \$66M charge related to the one-time cash bonus attributable to tax reform.

RECONCILIATION OF NON-GAAP MEASURES

Lease Adjusted Debt (in millions)	Four Quarters Ended	
	February 1, 2019	February 2, 2018
Short-term Borrowings	722	1,137
Current Maturities of LTD	1,110	294
Long-term Debt Excluding Current Maturities	14,391	15,564
Total Debt	16,223	16,995
6 Times Rent	3,784	3,755
Lease Adjusted Debt	\$ 20,007	\$ 20,750
EBITDAR	\$ 8,250	\$ 8,905
Lease Adjusted Debt to EBITDAR	2.42	2.33

RECONCILIATION OF NON-GAAP MEASURES

ROIC (in millions, except percentage data)	Four Quarters Ended	
	February 1, 2019	February 2, 2018
Net Earnings	\$ 2,314	\$ 3,447
Interest	624	633
Loss on Extinguishment of Debt	—	464
Taxes	1,080	2,042
Net Operating Profit	4,018	6,586
Effective Tax Rate	31.8%	37.2%
Tax Adjustment	1,278	2,450
NOPAT	\$ 2,740	\$ 4,136
Average Debt and Equity	\$ 21,381	\$ 21,999
ROIC	12.81%	18.80%

RECONCILIATION OF NON-GAAP MEASURES

Free Cash Flow (in millions)	FY 2019E	FY 2018	FY 2017
Net Cash Provided by Operating Activities	\$ 6,500	\$ 6,193	\$ 5,065
Capital Expenditures	1,600	1,174	1,123
Free Cash Flow	\$ 4,900	\$ 5,019	\$ 3,942

E = Estimate

RECONCILIATION OF NON-GAAP MEASURES

The following provides a reconciliation of adjusted gross margin to gross margin, the most directly comparable GAAP financial measure.

Adjusted Gross Margin (in millions)	Three Months Ended	Year Ended
	February 1, 2019	February 1, 2019
Gross Margin, As Reported	\$ 4,898	\$ 22,908
Non-core activities charges	29	33
Adjusted Gross Margin	\$ 4,927	\$ 22,941

RECONCILIATION OF NON-GAAP MEASURES

The following provides a reconciliation of adjusted SG&A to SG&A, the most directly comparable GAAP financial measure.

Adjusted SG&A (in millions)	Three Months Ended		Year Ended	
	February 1, 2019	February 2, 2018	February 1, 2019	February 2, 2018
SG&A, As Reported	\$ 5,097	\$ 3,510	\$ 17,413	\$ 14,444
Canadian goodwill impairment	(952)	—	(952)	—
Orchard Supply Hardware charges	(208)	—	(465)	—
U.S. & Canada store closure charges	(99)	—	(221)	—
Mexico impairment charges	(222)	—	(244)	—
Non-core activities charges	(3)	—	(13)	—
Project Specialists Interiors charge	(13)	—	(13)	—
Gain from sale of interest in Australian joint venture	—	—	—	96
One-time cash bonus attributable to tax reform	—	(66)	—	(66)
Adjusted SG&A	\$ 3,600	\$ 3,444	\$ 15,505	\$ 14,474

RECONCILIATION OF NON-GAAP MEASURES

The following provides a reconciliation of adjusted operating income to operating income/(loss), the most directly comparable GAAP financial measure.

Adjusted Operating Margin (in millions)	Three Months Ended		Year Ended	
	February 1, 2019	February 2, 2018	February 1, 2019	February 2, 2018
Operating Income/(Loss), As Reported	\$ (567)	\$ 1,098	\$ 4,018	\$ 6,586
Canadian goodwill impairment	952	—	952	—
Orchard Supply Hardware charges	208	—	561	—
U.S. & Canada store closure charges	150	—	271	—
Mexico impairment charges	222	—	244	—
Non-core activities charges	32	—	46	—
Project Specialists Interiors charge	13	—	13	—
Gain from sale of interest in Australian joint venture	—	—	—	(96)
One-time cash bonus attributable to tax reform	—	66	—	66
Adjusted Operating Income	1,010	1,164	6,105	6,556
Operating Margin, As Reported ¹	(3.63)%	7.08%	5.64%	9.60%
Adjusted Operating Margin ²	6.44 %	7.50%	8.56%	9.56%

¹ Operating margin is defined as operating income as a percentage of sales.

² Adjusted operating margin is defined as adjusted operating income as a percentage of sales, as reported.

RECONCILIATION OF NON-GAAP MEASURES

The following provides a reconciliation of adjusted diluted earnings per share to diluted earnings/(loss) per common share, the most directly comparable GAAP financial measure.

Adjusted Diluted Earnings Per Share	Three Months Ended					
	February 1, 2019			February 2, 2018		
	Pre-Tax Earnings	Tax	Net Earnings	Pre-Tax Earnings	Tax	Net Earnings
Diluted Earnings/(Loss) Per Share, As Reported			\$(1.03)			\$0.67
Canadian goodwill impairment	1.19	(0.03)	1.16	—	—	—
Orchard Supply Hardware charges	0.25	(0.05)	0.20	—	—	—
U.S. & Canada store closure charges	0.18	(0.05)	0.13	—	—	—
Mexico impairment charges	0.28	0.01	0.29	—	—	—
Non-core activities charges	0.04	(0.01)	0.03	—	—	—
Project Specialists Interiors charge	0.02	—	0.02	—	—	—
One-time cash bonus attributable to tax reform	—	—	—	0.08	(0.03)	0.05
Impact of tax reform	—	—	—	—	0.02	0.02
Adjusted Diluted Earnings Per Share			\$0.80			\$0.74

RECONCILIATION OF NON-GAAP MEASURES

The following provides a reconciliation of adjusted diluted earnings per share to diluted earnings per common share, the most directly comparable GAAP financial measure.

Adjusted Diluted Earnings Per Share	Year Ended					
	February 1, 2019			February 2, 2018		
	Pre-Tax Earnings	Tax	Net Earnings	Pre-Tax Earnings	Tax	Net Earnings
Diluted Earnings Per Share, As Reported			\$2.84			\$4.09
Canadian goodwill impairment	1.17	(0.03)	1.14	—	—	—
Orchard Supply Hardware charges	0.68	(0.17)	0.51	—	—	—
U.S. & Canada store closure charges	0.33	(0.08)	0.25	—	—	—
Mexico impairment charges	0.30	0.01	0.31	—	—	—
Non-core activities charges	0.06	(0.02)	0.04	—	—	—
Project Specialists Interiors charge	0.02	—	0.02	—	—	—
Loss on extinguishment of debt	—	—	—	0.55	(0.21)	0.34
Gain on sale of interest in Australian joint venture	—	—	—	(0.11)	—	(0.11)
One-time cash bonus attributable to tax reform	—	—	—	0.08	(0.03)	0.05
Impact of tax reform	—	—	—	—	0.02	0.02
Adjusted Diluted Earnings Per Share			\$5.11			\$4.39

RECONCILIATION OF NON-GAAP MEASURES

The following provides a reconciliation of adjusted effective tax rate to the effective tax rate, the most directly comparable GAAP financial measure.

Adjusted Effective Tax Rate (in millions, except percentage data)	Three Months Ended					
	February 1, 2019			February 2, 2018		
	Pre-Tax Earnings/ (Loss)	Tax	Effective Rate	Pre-Tax Earnings	Tax	Effective Rate
Effective Tax Rate, As Reported	\$ (725)	\$ 99	(13.6)%	\$ 944	\$ 390	41.3%
Canadian goodwill impairment	952	22		—	—	
Orchard Supply Hardware charges	208	51		—	—	
U.S. & Canada store closure charges	150	38		—	—	
Mexico impairment charges	222	(15)		—	—	
Non-core activities charges	32	8		—	—	
Project Specialists Interiors charge	13	3		—	—	
One-time cash bonus attributable to tax reform	—	—		66	25	
Impact of tax reform	—	—		—	(20)	
Adjusted Effective Tax Rate	\$ 852	\$ 206	24.3 %	\$ 1,010	\$ 395	39.1%

RECONCILIATION OF NON-GAAP MEASURES

The following provides a reconciliation of re-baselined net sales to net sales, the most directly comparable GAAP financial measure.

2018 Re-baselined Net Sales (in millions)	Three Months Ended				Year Ended
	May 4, 2018	August 3, 2018	November 2, 2018	February 1, 2019	February 1, 2019
Net Sales, As Reported	\$ 17,360	\$ 20,888	\$ 17,415	\$ 15,647	\$ 71,309
Business unit optimization activities	(196)	(217)	(297)	(30)	(740)
Store closure liquidation	—	—	—	11	11
Inventory rationalization	—	—	(24)	—	(24)
2018 Re-baselined Net Sales	\$ 17,164	\$ 20,671	\$ 17,094	\$ 15,627	\$ 70,555

RECONCILIATION OF NON-GAAP MEASURES

The following provides a reconciliation of re-baselined operating income to operating income/(loss), the most directly comparable GAAP financial measure.

2018 Re-baselined Gross Margin (in millions, except for percentage data)	Three Months Ended				Year Ended
	May 4, 2018	August 3, 2018	November 2, 2018	February 1, 2019	February 1, 2019
Gross Margin, prior to shipping and handling cost reclassification	\$ 6,012	\$ 7,199	\$ 5,660	\$ 5,187	\$ 24,058
Shipping and handling cost reclassification to gross margin	(265)	(314)	(282)	(289)	(1,150)
Gross Margin, reflecting shipping and handling cost reclassification	5,748	6,885	5,377	4,898	22,908
Canadian goodwill impairment	—	—	—	—	—
Orchard Supply Hardware charges	—	—	—	—	—
U.S. & Canada store closure charges	—	—	—	—	—
Mexico impairment charges	—	—	—	—	—
Non-core activities charges	—	—	5	29	33
Project Specialists Interiors charges	—	—	—	—	—
Adjusted Gross Margin	5,748	6,885	5,382	4,927	22,941
Business unit optimization activities	(77)	(84)	(69)	(18)	(248)
Lease accounting	—	—	—	—	—
Inventory rationalization	—	—	307	—	307
Store closure liquidation	—	—	—	32	32
2018 Re-baselined Gross Margin	\$ 5,671	\$ 6,801	\$ 5,620	\$ 4,941	\$ 23,032
Gross Margin, prior to shipping and handling cost reclassification, % of sales	34.63%	34.46%	32.50%	33.15%	33.73%
Gross Margin, reflecting shipping and handling cost reclassification, % of sales	33.11%	32.96%	30.88%	31.30%	32.12%
Adjusted Gross Margin, % of sales	33.11%	32.96%	30.91%	31.49%	32.17%
2018 Re-baselined Gross Margin ¹	33.04%	32.90%	32.88%	31.62%	32.65%

¹ Re-baselined gross margin is defined as Re-baselined gross income as a percentage of Re-baselined sales, as presented on the previous slide.

RECONCILIATION OF NON-GAAP MEASURES

The following provides a reconciliation of re-baselined operating income to operating income/(loss), the most directly comparable GAAP financial measure.

2018 Re-baselined SG&A (in millions, except for percentage data)	Three Months Ended				Year Ended
	May 4, 2018	August 3, 2018	November 2, 2018	February 1, 2019	February 1, 2019
SG&A, prior to shipping and handling cost reclassification	\$ 4,187	\$ 4,691	\$ 4,270	\$ 5,377	\$ 18,524
Shipping and handling cost reclassification from SG&A	255	304	272	280	1,111
SG&A, reflecting shipping and handling cost reclassification	3,934	4,386	3,997	5,098	17,413
Canadian goodwill impairment	—	—	—	(952)	(952)
Orchard Supply Hardware charges	—	(230)	(28)	(208)	(466)
U.S. & Canada store closure charges	—	—	(130)	(99)	(229)
Mexico impairment charges	—	—	(22)	(222)	(244)
Non-core activities charges	—	—	—	(3)	(3)
Project Specialists Interiors charges	—	—	—	(13)	(13)
Adjusted SG&A	3,934	4,156	3,817	3,600	15,506
Business unit optimization activities	(93)	(89)	(104)	(35)	(321)
Lease accounting	8	9	9	8	35
Inventory rationalization	—	—	—	—	—
Store closure liquidation	—	—	—	6	6
2018 Re-baselined SG&A	\$ 3,849	\$ 4,076	\$ 3,722	\$ 3,579	\$ 15,226
SG&A prior to shipping and handling cost reclassification, % of sales	24.12%	22.45%	24.51%	34.37%	25.97%
SG&A, reflecting shipping and handling cost reclassification, % of sales	22.66%	21.00%	22.95%	32.58%	24.41%
Adjusted SG&A, % of sales	22.66%	19.90%	21.92%	23.01%	21.74%
2018 Re-baselined SG&A ¹	22.42%	19.72%	21.77%	22.90%	21.58%

¹ Re-baselined SG&A is defined as Re-baselined SG&A as a percentage of Re-baselined sales, as presented on the previous slide.

RECONCILIATION OF NON-GAAP MEASURES

The following provides a reconciliation of re-baselined operating income to operating income/(loss), the most directly comparable GAAP financial measure.

2018 Re-baselined Operating Income/ Margin (in millions, except for percentage data)	Three Months Ended				Year Ended
	May 4, 2018	August 3, 2018	November 2, 2018	February 1, 2019	February 1, 2019
Operating Income/(Loss), As Reported	\$ 1,465	\$ 2,163	\$ 957	\$ (567)	\$ 4,018
Canadian goodwill impairment	—	—	—	952	952
Orchard Supply Hardware charges	—	230	123	208	561
U.S. & Canada store closure charges	—	—	121	150	271
Mexico impairment charges	—	—	22	222	244
Non-core activities charges	—	—	14	32	46
Project Specialists Interiors charge	—	—	—	13	13
Adjusted Operating Income	1,465	2,393	1,237	1,010	6,105
Business unit optimization activities	33	17	38	20	109
Store closure liquidation	—	—	—	27	27
Inventory rationalization	—	—	307	—	307
Lease accounting standard	(6)	(6)	(6)	(6)	(24)
2018 Re-baselined Operating Income	\$ 1,492	\$ 2,404	\$ 1,576	\$ 1,051	\$ 6,521
Operating Margin, As Reported ¹	8.4%	10.4%	5.5%	(3.6)%	5.6%
2018 Re-baselined Operating Margin ²	8.7%	11.6%	9.2%	6.7 %	9.2%

¹ Operating margin is defined as operating income as a percentage of sales.

² Re-baselined operating margin is defined as Re-baselined operating income as a percentage of Re-baselined sales, as presented on the previous slide.

RECONCILIATION OF NON-GAAP MEASURES

The following provides a reconciliation of re-baselined diluted earnings per share to diluted earnings/(loss) per share, the most directly comparable GAAP financial measure.

2018 Re-baselined Diluted Earnings Per Share	Three Months Ended					
	May 4, 2018			August 3, 2018		
	Pre-Tax Earnings	Tax	Net Earnings	Pre-Tax Earnings	Tax	Net Earnings
Diluted Earnings/(Loss) Per Share, As Reported			\$ 1.19			\$ 1.86
Orchard Supply Hardware charges	—	—	—	0.28	(0.07)	0.21
Adjusted Diluted Earnings Per Share			1.19			2.07
Business unit optimization activities	0.04	(0.01)	0.03	0.03	(0.01)	0.02
2018 Re-baselined Diluted Earnings Per Share			\$ 1.22			\$ 2.09

RECONCILIATION OF NON-GAAP MEASURES

The following provides a reconciliation of re-baselined diluted earnings per share to diluted earnings/(loss) per share, the most directly comparable GAAP financial measure.

2018 Re-baselined Diluted Earnings Per Share	Three Months Ended					
	November 2, 2018			February 1, 2019		
	Pre-Tax Earnings	Tax	Net Earnings	Pre-Tax Earnings	Tax	Net Earnings
Diluted Earnings/(Loss) Per Share. As Reported			\$ 0.78			\$ (1.03)
Canadian goodwill impairment	—	—	—	1.19	(0.03)	1.16
Orchard Supply Hardware charges	0.15	(0.03)	0.12	0.25	(0.05)	0.20
U.S. & Canada store closure charges	0.15	(0.04)	0.11	0.18	(0.05)	0.13
Mexico impairment charges	0.02	—	0.02	0.28	0.01	0.29
Non-core activities charges	0.02	(0.01)	0.01	0.04	(0.01)	0.03
Project Specialists Interiors charge	—	—	—	0.02	—	0.02
Adjusted Diluted Earnings Per Share			1.04			0.80
Business unit optimization activities	0.05	(0.01)	0.04	0.03	(0.01)	0.02
Store closure liquidation	—	—	—	0.03	(0.01)	0.02
Inventory rationalization	0.37	(0.09)	0.28	—	—	—
2018 Re-baselined Diluted Earnings Per Share			\$ 1.36			\$ 0.85

RECONCILIATION OF NON-GAAP MEASURES

The following provides a reconciliation of re-baselined diluted earnings per share to diluted earnings/(loss) per share, the most directly comparable GAAP financial measure.

2018 Re-baselined Diluted Earnings Per Share	Year Ended		
	February 1, 2019		
	Pre-Tax Earnings	Tax	Net Earnings
Diluted Earnings/(Loss) Per Share, As Reported			\$ 2.84
Canadian goodwill impairment	1.17	(0.03)	1.14
Orchard Supply Hardware charges	0.68	(0.17)	0.51
U.S. & Canada store closure charges	0.33	(0.08)	0.25
Mexico impairment charges	0.30	0.01	0.31
Non-core activities charges	0.06	(0.02)	0.04
Project Specialists Interiors charge	0.02	—	0.02
Adjusted Diluted Earnings Per Share			5.11
Business unit optimization activities	0.13	(0.03)	0.10
Store closure liquidation	0.03	(0.01)	0.02
Inventory rationalization	0.37	(0.09)	0.28
2018 Re-baselined Diluted Earnings Per Share			\$ 5.52

SUMMARY OF ADJUSTMENTS

Summary of Operating Income Impacts (Income)/Expense	2018					2017				
	Q1	Q2	Q3	Q4	YTD	Q1	Q2	Q3	Q4	YTD
Canadian goodwill impairment				952	952					
Orchard Supply Hardware charges		230	123	208	561					
U.S. & Canada store closure charges			121	150	271					
Mexico impairment charges			22	222	244					
Non-core activities charges			14	32	46					
Project Specialists Interiors charge				13	13					
Gain on sale of interest in Australian joint venture							(96)			(96)
One-time cash bonus attributable to tax reform									66	66
Total		230	280	1,577	2,087		(96)		66	(30)
Summary of Non-Operating Income Impacts (Income)/Expense	2018					2017				
	Q1	Q2	Q3	Q4	YTD	Q1	Q2	Q3	Q4	YTD
Loss on extinguishment of debt						464				464
Total						464				464

FORWARD LOOKING STATEMENTS

This presentation includes "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Statements including words such as "believe", "expect", "anticipate", "plan", "desire", "project", "estimate", "intend", "will", "should", "could", "would", "may", "strategy", "potential", "opportunity" and similar expressions are forward-looking statements. Forward-looking statements involve estimates, expectations, projections, goals, forecasts, assumptions, risks and uncertainties. Forward-looking statements include, but are not limited to, statements about future financial and operating results, Lowe's plans, objectives, business outlook, priorities, expectations and intentions, 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, Lowe's strategic initiatives, including those relating to acquisitions and dispositions by Lowe's and the expected impact of such transactions on our strategic and operational plans and financial results, and any statement of an assumption underlying any of the foregoing and other statements that are not historical facts. Although we believe that the expectations, opinions, projections and comments reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and we can give no assurance that such statements will prove to be correct. Actual results may differ materially from those expressed or implied in such statements. A wide variety of potential risks, uncertainties and other factors could materially affect our ability to achieve the results either expressed or implied by these forward-looking statements including, but not limited to, changes in general economic conditions, such as the rate of unemployment, interest rate and currency fluctuations, 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, recently enacted or proposed tariffs, and disruptions caused by our recent management and key personnel changes, and other factors that can negatively affect our customers, as well as our ability to: (i) respond to adverse trends in the housing industry, a reduced rate of growth in household formation, and slower 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 necessary to realize the benefits of our strategic initiatives focused on omni-channel sales and marketing presence and enhance our efficiency, and otherwise successfully execute on our strategy and implement our strategic initiatives, including acquisitions, dispositions and the closing of certain stores and facilities; (iii) attract, train, and retain highly-qualified associates; (iv) manage our business effectively as we adapt our operating model to meet the changing expectations of our customers; (v) maintain, improve, upgrade and protect our critical information systems from system outages, data security breaches, ransomware 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, environmental issues or privacy and data protection; (ix) positively and effectively manage our public image and reputation and respond appropriately to unanticipated failures to maintain a high level of product and service quality that could result in a negative impact on customer confidence and adversely affect sales; and (x) effectively manage our relationships with selected suppliers of brand name products and key vendors and service providers, including third party installers. In addition, we could experience impairment losses and other charges if either 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, or we are required to reduce the carrying amount of our investment in certain unconsolidated entities. With respect to acquisitions and dispositions, potential risks include the effect of such transactions on Lowe's and the target company's or operating business's strategic relationships, operating results and businesses generally; our ability to integrate or divest personnel, labor models, financial, IT and other systems successfully; disruption of our ongoing business and distraction of management; hiring additional management and other critical personnel; increasing or decreasing the scope, geographic diversity and complexity of our operations; significant integration or disposition costs or unknown liabilities; and failure to realize the expected benefits of the transaction. For more information about these and other risks and uncertainties that we are exposed to, you should read the "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations-Critical Accounting Policies and Estimates" included in our most recent Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission (the "SEC") and the description of material changes thereto, if any, included in our Quarterly Reports on Form 10-Q or subsequent filings with the SEC.

The forward-looking statements contained in this presentation are expressly qualified in their entirety by the foregoing cautionary statements. The foregoing list of important factors that may affect future results is not exhaustive. When relying on forward-looking statements to make decisions, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. All such forward-looking statements are based upon data available as of the date of this presentation 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 presentation are qualified by these cautionary statements and in the "Risk Factors" included in our most recent Annual Report on Form 10-K and the description of material changes thereto, if any, included in our Quarterly Reports on Form 10-Q or subsequent filings with the SEC. 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, except as may be required by law.