



## Lowe's Reports First Quarter Sales and Earnings Results

May 16, 2011

MOORESVILLE, N.C., May 16, 2011 (BUSINESS WIRE) --

Lowe's Companies, Inc. (NYSE: LOW), the world's second largest home improvement retailer, today reported net earnings of \$461 million for the quarter ended April 29, 2011, a 5.7 percent decrease from the same period a year ago. Diluted earnings per share of \$0.34 were flat compared to the first quarter of 2010.

Sales for the quarter decreased 1.6 percent to \$12.2 billion from \$12.4 billion in the first quarter of 2010. Comparable store sales for the first quarter decreased 3.3 percent.

"We delivered earnings per share within our guidance for the quarter, despite lower than expected sales," commented Robert A. Niblock, Lowe's chairman and CEO. "During the quarter, we faced ongoing economic pressures, unfavorable weather conditions and tough comparisons to last year's government stimulus programs. While we are focused on competing effectively in the current environment, we are also working diligently on our commitment to deliver better customer experiences. We are building momentum in 2011 behind our transformation from a home improvement retailer to a home improvement company."

During the quarter, Lowe's opened four stores, including one relocation, and closed one store that was damaged by a tornado. As of April 29, 2011, Lowe's operated 1,751 stores in the United States, Canada and Mexico representing 197.3 million square feet of retail selling space, a 1.6 percent increase over last year.

A conference call to discuss first quarter 2011 operating results is scheduled for today (Monday, May 16) at 9:00 am ET. The conference call will be available through a webcast and can be accessed by visiting Lowe's website at [www.Lowes.com/investor](http://www.Lowes.com/investor) and clicking on Lowe's First Quarter 2011 Earnings Conference Call Webcast. A replay of the call will be archived on [Lowes.com](http://Lowes.com) until August 14, 2011.

Lowe's Business Outlook

### Second Quarter 2011 (comparisons to second quarter 2010)

- Total sales are expected to increase approximately 4 percent
- The company expects comparable store sales to increase approximately 2 percent
- The company expects square footage growth of approximately 1.5 percent
- Earnings before interest and taxes as a percentage of sales (operating margin) are expected to increase 20 to 30 basis points
- Depreciation expense is expected to be approximately \$370 million
- Diluted earnings per share of \$0.65 to \$0.69 are expected
- Lowe's second quarter ends on July 29, 2011 with operating results to be publicly released on Monday, August 15, 2011

### Fiscal Year 2011 - a 53-week Year (comparisons to fiscal year 2010 - a 52-week year)

- Total sales are expected to increase approximately 4 percent, including the 53<sup>rd</sup> week
- The 53<sup>rd</sup> week is expected to increase total sales by approximately 1.4 percent
- The company expects comparable store sales to increase 0 to 1 percent
- The company expects to open approximately 25 stores in 2011 reflecting total square footage growth of approximately 1.3 percent
- Earnings before interest and taxes as a percentage of sales (operating margin) are expected to increase approximately 10 basis points
- Depreciation expense is expected to be approximately \$1.47 billion
- Diluted earnings per share of \$1.56 to \$1.64 are expected for the fiscal year ending February 3, 2012

### Disclosure Regarding Forward-Looking Statements

This news release 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 store sales, earnings and performance, capital expenditures, store openings, the housing market, the home improvement industry, demand for services, share repurchases and any statement of an assumption underlying any of the foregoing, constitute "forward-looking statements" under the Act. Although the company believes that the expectations, opinions, projections, and comments reflected in its forward-looking statements are reasonable, it 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 expressed or implied by our forward-looking statements including, but not limited to, changes in general economic conditions, such as continued high rates of unemployment, interest rate and currency fluctuations, higher fuel and other energy costs, slower growth in personal income, changes in consumer spending, the availability and increasing regulation 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 falling home

prices and in the level of repairs, remodeling, and additions to existing homes, as well as a general reduction in commercial building activity; (ii) maintain critical information systems; (iii) ensure that customer facing technology systems perform efficiently and reliably; (iv) secure or develop and implement sufficiently robust new technologies to deliver business process solutions in an efficient manner; (v) attract, train, and retain highly-qualified associates who can respond to and embrace changes in our business model; (vi) respond to fluctuations in the prices and availability of services, supplies, and products; (vii) respond to the growth and impact of competition; (viii) differentiate ourselves from competitors based upon our relationships with suppliers of brand name products; (ix) 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; (x) respond to disruption of the domestic or international supply chain caused by transportation disruption, vendor disagreements, vendor failures, host country instability, trade tariffs, or international terrorism; (xi) adequately protect sensitive customer, employee or vendor information; (xii) respond to the unique challenges associated with international expansion, and (xiii) prevent material product liability associated with manufacturing or packaging defects. 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, if any, therein included in our Quarterly Reports on Form 10-Q.

The forward-looking statements contained in this news release are based upon data available as of the date of this 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 in 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.

With fiscal year 2010 sales of \$48.8 billion, Lowe's Companies, Inc. is a FORTUNE(R) 50 company that serves approximately 15 million customers a week at more than 1,750 home improvement stores in the United States, Canada and Mexico. Founded in 1946 and based in Mooresville, N.C., Lowe's is the second-largest home improvement retailer in the world. For more information, visit [Lowe.com](http://Lowe.com).

#### Lowe's Companies, Inc.

#### Consolidated Statements of Current and Retained Earnings (Unaudited)

In Millions, Except Per Share Data

	Three Months Ended			
	April 29, 2011		April 30, 2010	
	Amount	Percent	Amount	Percent
<b>Current Earnings</b>				
<b>Net sales</b>	<b>\$ 12,185</b>	<b>100.00</b>	<b>\$ 12,388</b>	<b>100.00</b>
Cost of sales	7,866	64.56	8,030	64.82
<b>Gross margin</b>	<b>4,319</b>	<b>35.44</b>	<b>4,358</b>	<b>35.18</b>
Expenses:				
Selling, general and administrative	3,120	25.60	3,093	24.98
Depreciation	371	3.05	397	3.20
Interest - net	88	0.72	82	0.66
<b>Total expenses</b>	<b>3,579</b>	<b>29.37</b>	<b>3,572</b>	<b>28.84</b>
<b>Pre-tax earnings</b>	<b>740</b>	<b>6.07</b>	<b>786</b>	<b>6.34</b>
Income tax provision	279	2.28	297	2.39
<b>Net earnings</b>	<b>\$ 461</b>	<b>3.79</b>	<b>\$ 489</b>	<b>3.95</b>
Weighted average common shares outstanding - basic	1,324		1,438	
<b>Basic earnings per common share <sup>(1)</sup></b>	<b>\$ 0.35</b>		<b>\$ 0.34</b>	
Weighted average common shares outstanding - diluted	1,328		1,441	
<b>Diluted earnings per common share <sup>(1)</sup></b>	<b>\$ 0.34</b>		<b>\$ 0.34</b>	
<b>Cash dividends per share</b>	<b>\$ 0.11</b>		<b>\$ 0.09</b>	
<b>Retained Earnings</b>				
Balance at beginning of period	\$ 17,371		\$ 18,307	
Net earnings	461		489	
Cash dividends	(145)		(130)	
Share repurchases	(972)		(420)	
Balance at end of period	\$ 16,715		\$ 18,246	

<sup>(1)</sup>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 \$458 million for the three months ended April 29, 2011 and \$485 million for the three months ended April 30, 2010.

#### Lowe's Companies, Inc.

#### Consolidated Balance Sheets

In Millions, Except Par Value Data

	(Unaudited) April 29, 2011	(Unaudited) April 30, 2010	January 28, 2011
<b>Assets</b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$ 1,496	\$ 2,677	\$ 652
Short-term investments	345	675	471
Merchandise inventory - net	9,661	9,899	8,321
Deferred income taxes - net	232	202	193
Other current assets	239	242	330
<b>Total current assets</b>	<b>11,973</b>	<b>13,695</b>	<b>9,967</b>
Property, less accumulated depreciation	22,060	22,379	22,089
Long-term investments	1,209	832	1,008
Other assets	642	508	635
<b>Total assets</b>	<b>\$ 35,884</b>	<b>\$ 37,414</b>	<b>\$ 33,699</b>
<b>Liabilities and Shareholders' Equity</b>			
<b>Current liabilities:</b>			
Current maturities of long-term debt	\$ 38	\$ 536	\$ 36
Accounts payable	6,694	7,062	4,351
Accrued compensation and employee benefits	557	594	667
Deferred revenue	970	901	707
Other current liabilities	1,662	1,788	1,358
<b>Total current liabilities</b>	<b>9,921</b>	<b>10,881</b>	<b>7,119</b>
Long-term debt, excluding current maturities	6,538	5,531	6,537
Deferred income taxes - net	498	521	467
Deferred revenue - extended protection plan	650	576	631
Other liabilities	818	886	833
<b>Total liabilities</b>	<b>18,425</b>	<b>18,395</b>	<b>15,587</b>
<b>Shareholders' equity:</b>			
Preferred stock - \$5 par value, none issued	-	-	-
Common stock - \$.50 par value;			
Shares issued and outstanding			
April 29, 2011	1,318		
April 30, 2010	1,443		
January 28, 2011	1,354	659	722
Capital in excess of par value	-	6	11
Retained earnings	16,715	18,246	17,371
Accumulated other comprehensive income	85	45	53
<b>Total shareholders' equity</b>	<b>17,459</b>	<b>19,019</b>	<b>18,112</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 35,884</b>	<b>\$ 37,414</b>	<b>\$ 33,699</b>

**Lowe's Companies, Inc.**

**Consolidated Statements of Cash Flows (Unaudited)**

In Millions

	<b>Three Months Ended</b>	
	<b>April 29, 2011</b>	<b>April 30, 2010</b>
<b>Cash flows from operating activities:</b>		
Net earnings	\$ 461	\$ 489
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	397	424
Deferred income taxes	(43 )	(82 )
Loss on property and other assets - net	9	1
Share-based payment expense	30	26
Net changes in operating assets and liabilities:		
Merchandise inventory - net	(1,329 )	(1,644 )
Other operating assets	106	(35 )
Accounts payable	2,339	2,773
Other operating liabilities	453	784
<b>Net cash provided by operating activities</b>	<b>2,423</b>	<b>2,736</b>
<b>Cash flows from investing activities:</b>		
Purchases of investments	(627 )	(1,171 )
Proceeds from sale/maturity of investments	554	366
Increase in other long-term assets	(30 )	(1 )

Property acquired	(313	)	(283	)
Proceeds from sale of property and other long-term assets	5		5	
<b>Net cash used in investing activities</b>	<b>(411</b>	<b>)</b>	<b>(1,084</b>	<b>)</b>
<b>Cash flows from financing activities:</b>				
Net proceeds from issuance of long-term debt	-		992	
Repayment of long-term debt	(9	)	(25	)
Proceeds from issuance of common stock under share-based payment plans	15		20	
Cash dividend payments	(149	)	(131	)
Repurchase of common stock	(1,031	)	(465	)
Excess tax benefits of share-based payments	3		-	
<b>Net cash (used in) provided by financing activities</b>	<b>(1,171</b>	<b>)</b>	<b>391</b>	
<b>Effect of exchange rate changes on cash</b>	<b>3</b>		<b>2</b>	
Net increase in cash and cash equivalents	844		2,045	
Cash and cash equivalents, beginning of period	652		632	
<b>Cash and cash equivalents, end of period</b>	<b>\$ 1,496</b>		<b>\$ 2,677</b>	

SOURCE: Lowe's Companies, Inc.

**Lowe's**

**Shareholders'/Analysts' Inquiries:**

Tiffany Mason, 704-758-2033

or

**Media Inquiries:**

Chris Ahearn, 704-758-2304