LOWE'S NEVER STOP IMPROVING™

First Quarter 2013 Earnings Call

May 22, 2013

Forward Looking Language

Comments made by management within this presentation may include "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended, about our financial condition, results of operations, cash flows, plans, objectives and future performance. Statements containing words such as "expects," "plans," "strategy," "projects," "believes," "opportunity," "anticipates," "desires," and similar expressions are intended to highlight or indicate "forward-looking statements." Although management believes that the expectations, opinions, projections, and comments reflected in our forward-looking statements are reasonable, we can give no assurance that such statements will prove to be correct. Any statements that are made during the conference speak only as of the date on which they are made, and the Company expressly disclaims any obligation to update them. 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, changes in the rate of housing turnover, the availability and increasing regulation of consumer credit and 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 effect 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) secure, develop, and implement new technologies and processes designed to enhance our efficiency and competitiveness; (iii) attract, train, and retain highly-qualified associates; (iv) locate, secure, and successfully develop new sites for store development particularly in major metropolitan markets; (v) respond to fluctuations in the prices and availability of services, supplies, and products; (vi) respond to the growth and impact of competition; (vii) address legislative and regulatory developments; and (viii) 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. Additional information regarding the risks and uncertainties which may affect our business operations and financial performance can be found in our filings with the Securities and Exchange Commission (which are available through the Company's web site).

Non-GAAP Financial Measures

Management is using non-GAAP financial measures in this presentation 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 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 3, 2013 and management presented certain non-GAAP financial measures during a conference call with analysts and investors. In addition, a reconciliation from GAAP to the non-GAAP financial measures presented by the Company's management is contained in the appendix to this presentation. 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.

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First Quarter Highlights

Comp Sales	-0.7%
Gross Margin	34.80%, +10 bps
SG&A	24.62%, -3 bps
EBIT Margin	7.49%, +25 bps
EPS	$0.49

- Unseasonably cooler temperatures and greater than normal precipitation led to a delayed spring selling season
  - Positive comps in 7 of 12 product categories
    - Comps for indoor products were positive ~3%
    - Comps for outdoor products were negative ~7%
- West division delivered strongest performance due to more cooperative weather and the housing recovery
- Continued benefit from Superstorm Sandy recovery efforts in impacted markets
- Pro Services outperformed the company average
- Value Improvement Program contributed to sales and gross margin
- Effective expense control
- Repurchased $1 billion of stock and paid $178 million in dividends

Product Category Performance

Above Average

- Fashion Electrical
- Flooring
- Hardware
- Home Fashions, Storage & Cleaning
- Kitchens and Appliances
- Lumber & Building Materials
- Plumbing

Average

- Millwork
- Paint

Below Average

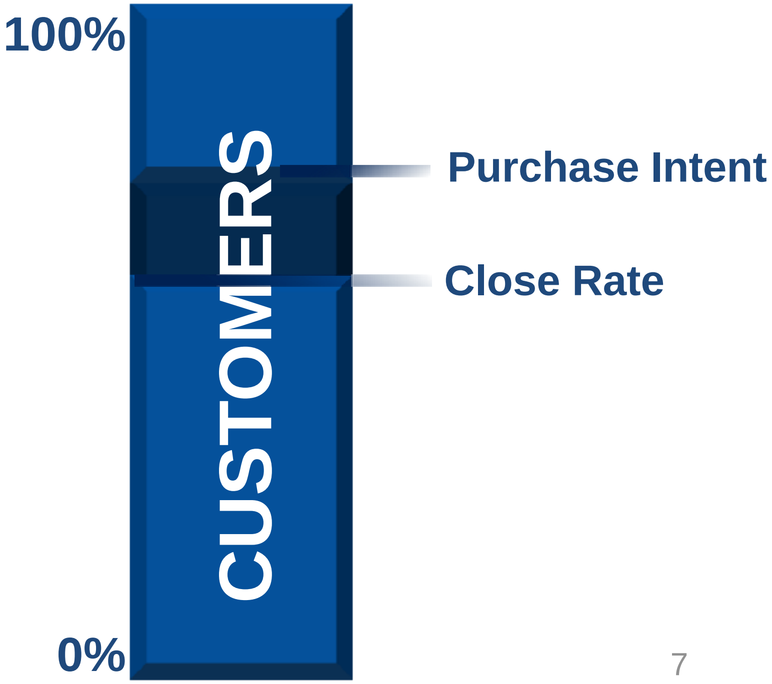
- Lawn & Garden
- Seasonal Living
- Tools & Outdoor Power Equipment (driven by Outdoor Power Equipment)

Superstorm Sandy

- Most major storms have four distinct phases:
  - Preparation
  - Impact
  - Clean-up
  - Recovery
- Benefit in Q1 from recovery; recovery will extend well into 2013
- Approximately 27 stores have seen a prolonged surge in demand
- Products needed most in recovery include lumber, gypsum, insulation, siding, electrical supplies, cleaning chemicals, flooring and potentially appliances
  - As a result, there could be some slight negative margin impact

Key Initiatives

- There is a gap between the percentage of customers who know what they want to purchase when they visit our stores and our close rate.
- The following initiatives are designed to address that gap:
  - Value Improvement
  - Store Labor Investment
  - Product Differentiation
- Close rate is expected to improve ~100 bps in 2013.

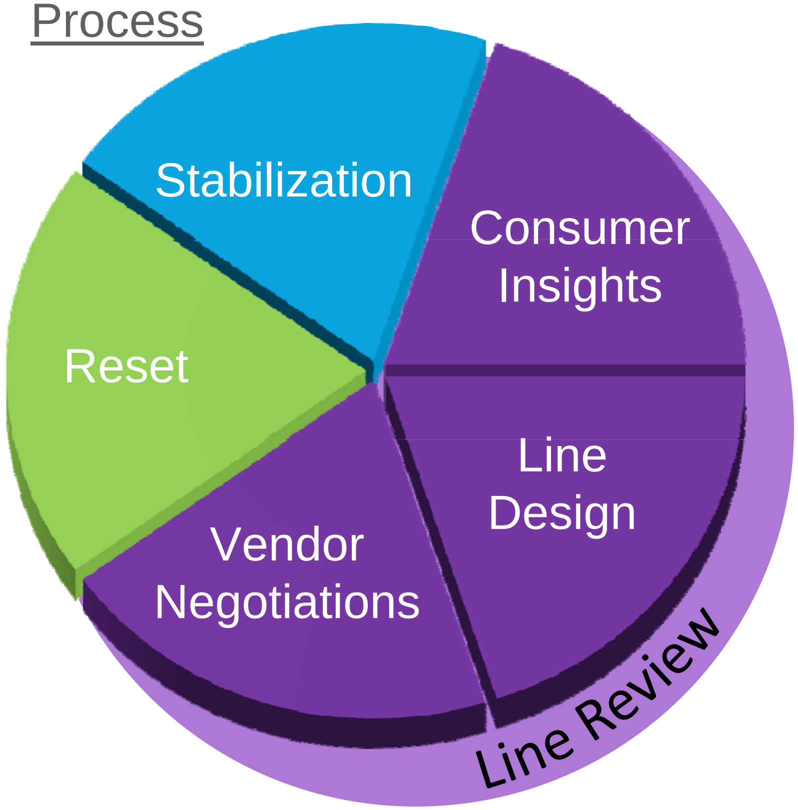


Value Improvement

- Intent is to enhance line designs, making them:
  - More relevant to each of the markets we serve
  - Easier for consumers to shop
  - More efficient for our associates to maintain
- Reduce duplication of features and functions within price points
  - Address unique tastes through endless aisle online
- Reinvest inventory in key high velocity items customers expect us to have in stock, including job lot quantities needed to complete large projects
  - Increase in-stock service level targets across entire product lines
- Lower unit costs by reducing funds set aside by vendors for promotional and marketing support and by negotiating lower first costs

Value Improvement

Process



Progress

- Completed resets representing over 50% of our business (over 30% in Q4)
- ~30% of resets have reached stabilization phase (~20% in Q4)
- Mid-single digit comps and roughly 100 bps improvement in gross margin rate on average for stabilized lines

Store Labor Investment

- Close rate is significantly higher on weekends
- Weekday labor hours are disproportionately skewed towards tasking as we recover from the weekend
- Intent is to improve close rate by increasing the proportion of selling hours ~200 bps during high traffic weekday times
- Added ~150 hours per week to the staffing model for nearly two-thirds of our stores creating ~9,000 part-time positions
- Additional hours dedicated to the interior sales floor

Product Differentiation

- Intent is to drive excitement in our stores through better display techniques, which include our revised end cap strategy and revamped promotional spaces (drop zones)
- Our revised end cap strategy focuses on:
  - Highly innovative products
  - Significant values
  - Private and national brand showcases
- Our revamped promotional spaces promote seasonally relevant, high value items

<u>Progress</u>

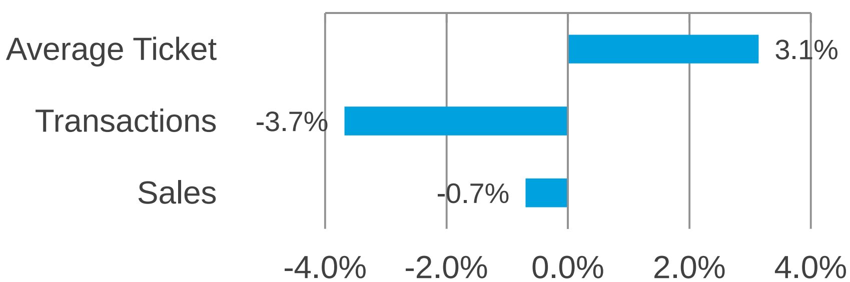
- Reset ~1,300 stores to date
- End cap and promotional spaces outperformed other areas of the store, and these stores outperformed remaining U.S. stores in the first quarter

Total Sales Summary

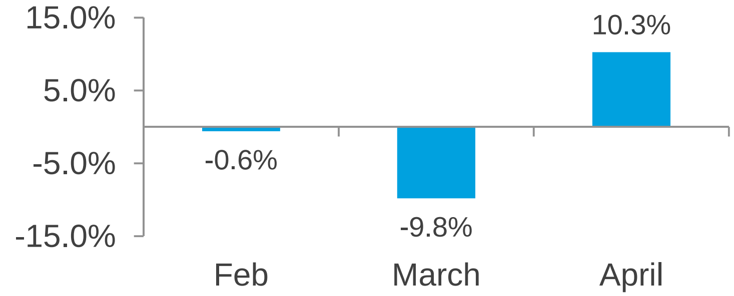
	Total	% change
Sales	$13.1B	-0.5%
Customer Transactions	201.4M	-3.4%
Average Ticket	$64.99	3.0%

Comparable Sales Summary

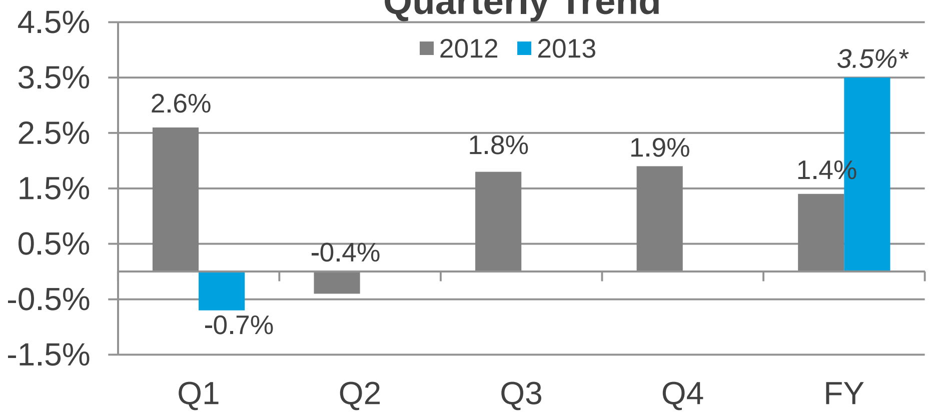
Transaction/Ticket



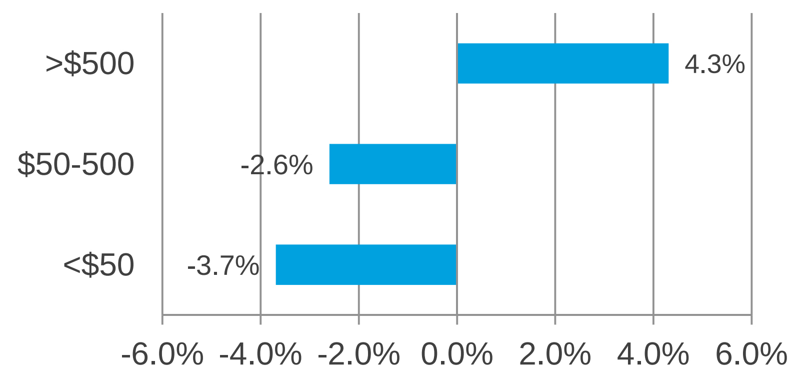
Monthly Trend



Quarterly Trend



Ticket Size



** Outlook*

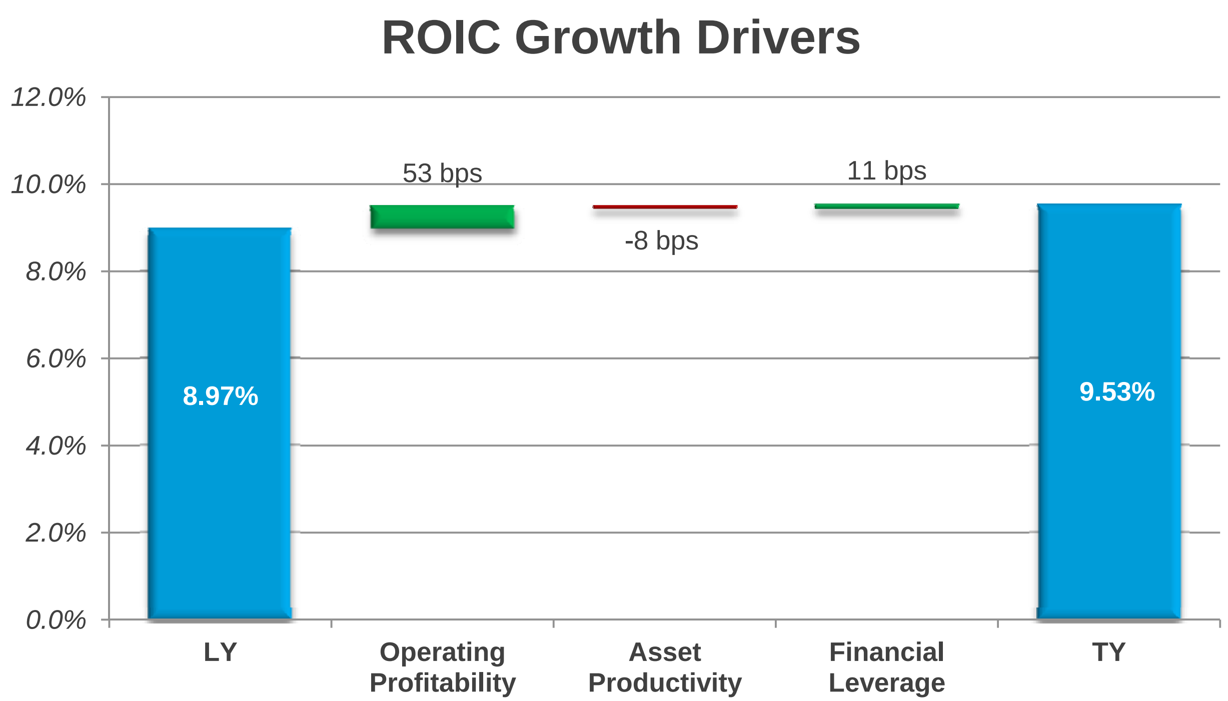
Operating Margin Summary

	% of Sales	Leverage/ (Deleverage)	Drivers
Gross Margin	34.80%	10 bps	(+) Value Improvement (-) Proprietary credit value proposition
SG&A	24.62%	3 bps	(+) Casualty insurance (+) Incentive compensation (+) Prior year Voluntary Separation Program (-) Store payroll (-) Store repairs and resets
Depreciation	2.69%	12 bps	(+) Lower asset base
EBIT Margin	7.49%	25 bps	

Balance Sheet Summary

		YOY Change
Cash & Cash Equivalents	$1.1B	-$2.0B or -64.8%
Inventory	$10.3B	+$488M or +5.0%
Inventory Turnover	3.57x	-11 bps
Return on Assets	5.68%	+23 bps
Accounts Payable	$7.0B	+$64M or +0.9%
Lease Adjusted Debt to EBITDAR	2.17x	

Return on Invested Capital



Statement of Cash Flows Summary

Operating Cash Flow	$2.0B
Capital Expenditures	$0.2B
Free Cash Flow	$1.8B
Share Repurchases:	
QTD	$1.0B
Authorization Remaining	~$4.0B

2013 Economic Landscape

- Key indicators include real disposable personal income, employment, home prices, housing turnover and home ownership levels
  - Housing market continues to show convincing signs of life
  - Growth in other key indicators slowed in the first quarter, particularly employment
- Growth through mid-year is expected to remain modest as consumers adjust to higher taxes and the fiscal drag intensifies
- The lagged effect of recent gains in housing will benefit home improvement demand as the year progresses

2013 Business Outlook*

(based on U.S. GAAP unless otherwise noted)

- Total sales are expected to increase approximately 4 percent.
- Comparable store sales are expected to increase approximately 3.5 percent.
- The company expects to open approximately 10 stores in fiscal year 2013.
- Earnings before interest and taxes as a percentage of sales (operating margin) are expected to increase approximately 60 basis points.
- The effective income tax rate is expected to be approximately 38.1%.
- Diluted earnings per share of approximately $2.05 are expected for the fiscal year ending January 31, 2014.
- Cash flows from operations are expected to be approximately $4.0B.
- The company's capital plan is approximately $1.2B.
- The company expects to repurchase $3.8B of stock.

* As of May 22, 2013

2013 Milestones

- Value Improvement
  - Finish initial round of resets by year-end
  - This is the standard for line reviews going forward
- Store Labor Investment
  - Continue to monitor performance and make adjustments as necessary
- Product Differentiation
  - ~120 additional stores by year-end
- Each of these initiatives will be rolled into the base business for 2014

Appendix

Non-GAAP Measures

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.

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.

Reconciliation of Non-GAAP Measures

	Four Quarters Ended	
EBIT and EBITDAR	May 3, 2013	May 4, 2012
Net Earnings	1,972	1,905
Taxes	1,183	1,111
Interest (Note 1)	433	386
EBIT	**3,588**	**3,402**
Depreciation and Amortization (Note 2)	1,593	1,566
Share-based Payments	93	103
Rent	408	409
EBITDAR	**5,682**	**5,480**

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

Note 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

	Period Ended	
Lease Adjusted Debt	May 3, 2013	May 4, 2012
Short-term Borrowings	-	-
Current Maturities of LTD	47	593
Long-term Debt Excluding Current Maturities	9,026	9,018
Total Debt	**9,073**	**9,611**
Rent (last four quarters)	408	409
8 Times Rent	3,264	3,270
Lease Adjusted Debt	**12,337**	**12,881**

Reconciliation of Non-GAAP Measures

	Four Quarters Ended	
EBIT and NOPAT	May 3, 2013	May 4, 2012
Net Earnings	1,972	1,905
Taxes	1,183	1,111
Interest	433	386
EBIT	**3,588**	**3,402**
Effective Tax Rate	37.5%	36.8%
Tax Adjustment	1,346	1,253
NOPAT	**2,242**	**2,149**

Reconciliation of Non-GAAP Measures

Free Cash Flow	FY 2013E	FY 2012	FY 2011
Net Cash Provided by Operating Activities	4,000	3,762	4,349
Capital Expenditures	1,200	1,211	1,829
Free Cash Flow	**2,800**	**2,551**	**2,520**

E = Estimate

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