



Lowe's Reports Second Quarter Sales and Earnings Results

Financial Statements

 [Q2 2009 Financial Statements](#)

MOORESVILLE, N.C. - Lowe's Companies, Inc. (NYSE: LOW), the world's second largest home improvement retailer, today reported net earnings of \$759 million for the quarter ended July 31, 2009, a 19.1 percent decline from the same period a year ago. Diluted earnings per share declined 19.0 percent to \$0.51 from \$0.63 in the second quarter of 2008. For the six months ended July 31, 2009, net earnings declined 20.1 percent to \$1.23 billion while diluted earnings per share declined 19.2 percent to \$0.84.

In response to the challenging economic environment, which has resulted in declining demand for home improvement products, the company has re-evaluated its future store expansion plans. For 2010, expansion in North America will be below previously anticipated levels, and new store openings will likely be in the range of 35 to 45. Given this, the company has evaluated the pipeline of potential future store sites and made the decision to no longer pursue several projects. The company's results reflect a pre-tax charge of \$48 million for the second quarter primarily related to these projects.

Sales for the quarter declined 4.6 percent to \$13.8 billion, down from \$14.5 billion in the second quarter of 2008. For the six months ended July 31, 2009, sales declined 3.2 percent to \$25.7 billion. Comparable store sales for the second quarter declined 9.5 percent and declined 8.2 percent in the first half of 2009.

"Wavering consumer confidence, unseasonable weather in core markets, and restrained customer spending compared to last year's fiscal stimulus-aided results led to lower than expected sales in the second quarter," commented Robert A. Niblock, Lowe's chairman and CEO. "Cautious consumers remain reluctant to take on discretionary projects until signs of economic improvement are more evident. Despite weak sales, sound execution combined with disciplined inventory management and solid expense control led to reasonable earnings for the quarter, and Lowe's market share gains confirm our competitive position remains strong.

"There are some indications that a bottoming process in housing and the broader economy is under way, and we have seen customer traffic levels stabilize as we benefit from the resurgence of a do-it-yourself home improvement mindset," Niblock added. "As near-term pressures on the consumer remain, we enter the back half of the year with a cautious sales outlook but have the flexibility to react to a quickly changing environment."

During the quarter, Lowe's opened 18 new stores. As of July 31, 2009, Lowe's operated 1,688 stores in the United States and Canada representing 190.8 million square feet of retail selling space, a 6.8 percent increase over last year.

A conference call to discuss second quarter 2009 operating results is scheduled for today (Monday, August 17) at 9:00 am EDT. Please dial 888-817-4020 (international callers dial 706-679-4821) to participate. A webcast of the call will take place simultaneously and can be accessed by visiting Lowe's website at www.Lowes.com/investor and clicking on Lowe's Second Quarter 2009 Earnings Conference Call Webcast. A replay of the call will be archived on Lowes.com until November 15, 2009.

Lowe's Business Outlook

Third Quarter 2009 (comparisons to third quarter 2008)

- The company expects to open approximately 11 new stores reflecting square footage growth of approximately 5 percent
- Total sales are expected to decline 2 to 5 percent
- The company expects comparable store sales to decline 6 to 10 percent
- Earnings before interest and taxes as a percentage of sales (operating margin) is expected to decline approximately 170 basis points driven by payroll, fixed cost and depreciation deleverage
- Store opening costs are expected to be approximately \$11 million
- Diluted earnings per share of \$0.21 to \$0.25 are expected
- Lowe's third quarter ends on October 30, 2009 with operating results to be publicly released on Monday, November 16, 2009

Fiscal Year 2009 (comparisons to fiscal year 2008)

- The company expects to open 62 to 66 stores in 2009 reflecting total square footage growth of approximately 4 percent
- Total sales are expected to decline approximately 3 percent
- The company expects comparable store sales to decline 7 to 9 percent
- Earnings before interest and taxes as a percentage of sales (operating margin) is expected to decline approximately 130 basis points
- Store opening costs are expected to be approximately \$50 million
- Diluted earnings per share of \$1.13 to \$1.21 are expected for the fiscal year ending January 29, 2010

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, 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 rising 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 mortgage financing, changes in the rate of housing turnover, 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 and the level of repairs, remodeling, and additions to existing homes, as well as general reduction in commercial building activity; (ii) secure, develop, and otherwise 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. For more information about these and other risks and uncertainties that we are exposed to, you should read the "Risk Factors" included in our Annual Report on Form 10-K to the United States Securities and Exchange Commission and the description of material changes, if any, in those "Risk Factors" included in our Quarterly Reports on Form 10-Q.

The forward-looking statements contained in this news release speak only as of the date of this release and the company does not assume any obligation to update any such statements.

With fiscal year 2008 sales of \$48.2 billion, Lowe's Companies, Inc. is a FORTUNE® 50 company that serves approximately 14 million customers a week at more than 1,675 home improvement stores in the United States and Canada. 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.

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