



**NEVER STOP
IMPROVING™**

Strategy Overview

Forward Looking Language

This document 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 sales, earnings and performance, shareholder value, capital expenditures, cash flows, the housing market, the home improvement industry, demand for services, share repurchases, the Company's strategic initiatives and any statement of an assumption underlying any of the foregoing, constitute "forward-looking statements" under the Act. Although we believe that the expectations, opinions, projections, and comments reflected in these forward-looking statements are reasonable, we 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 either 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 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 lower 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 otherwise implement new technologies and processes designed to enhance our efficiency and competitiveness; (iii) attract, train, and retain highly-qualified associates; (iv) manage our business effectively as we adapt our traditional operating model to meet the changing expectations of our customers; (v) to maintain, improve, upgrade and protect our critical information systems; (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 or environmental issues; and (ix) 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. 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 therein or updated version thereof, if any, included in our Quarterly Reports on Form 10-Q.

The forward-looking statements contained in this document are based upon data available as of the date of the 2nd quarter 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 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.

Key Messages

- We are creating a more differentiated brand experience over the long-term
- We are keenly focused on improving our core business to compete more effectively in the near-term
- We are developing deeper, more meaningful relationships with customers to earn greater customer loyalty
- We continue to evaluate opportunities in new and existing international markets
- We are well-positioned to deliver top-line growth, increased profitability and strong cash flows, enabling us to make necessary investments while returning significant cash to shareholders

PROMISE

EXECUTION

POSSIBILITIES



RETAIL RELEVANCE



SUPPORT



BETTER EXPERIENCES



SEAMLESS

VALUE



SIMPLE



We have chosen to deliver better experiences by pulling together the best combination of possibilities, support and value

Multi-year Transformation



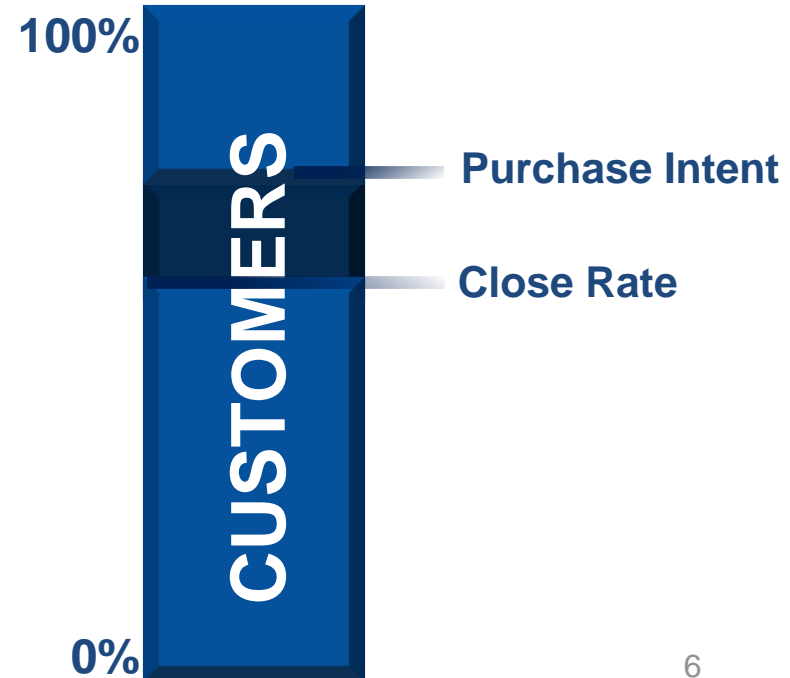
IT Infrastructure

Retail Relevance

Seamless & Simple

Retail Relevance 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 near-term initiatives are designed to address that gap:
 - Value Improvement
 - Store Labor Investment
 - Product Differentiation
- Close rate is expected to improve ~100 bps in 2013

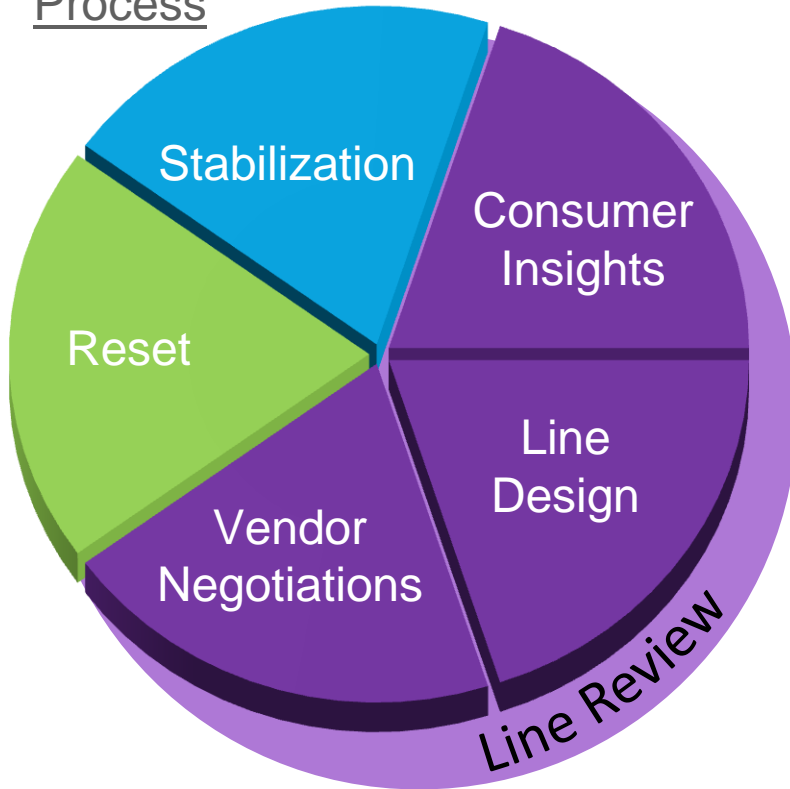


Value Improvement

- 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 as of Q2 2013

- Completed resets representing ~70% of our business (versus ~50% in Q1)
- ~50% of resets have reached stabilization phase (versus ~30% in Q1)
- 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

Progress

- We continue to monitor performance and make adjustments as necessary

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

Progress

- Reset over 1,400 stores to date
- End cap and promotional spaces outperformed other areas of the store, and these stores outperformed remaining U.S. stores in the second quarter

2013 Milestones

- Value Improvement
 - Substantially complete 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
 - Actively managing end caps and drop zones is now standard practice
- Each of these initiatives will be rolled into the base business for 2014

Seamless & Simple

- ✓ Flexible Fulfillment for Lowes.com
- ✓ MyLowe's
 - Enhanced Sales Culture
 - Central Production Office
 - Central Dispatch Office

Growth Drivers



Our initiatives, together with growth in the home improvement market, are expected to increase sales and improve profitability

Orchard Supply Hardware

- We have purchased the majority of assets of Orchard Supply Hardware for approximately \$205 million in cash, plus the assumption of payables
 - 72 stores selected
 - Funded with operating cash flow and closed at end of August, 2013
- Transaction provides:
 - Increased footprint in California, where we are currently under-stored
 - Neighborhood format complementary to our strengths in big-box retail
 - Loyal customer base
 - High-density, prime locations
 - Opportunity to participate more fully in California's economic recovery
- Orchard will operate as a standalone business

International Development



Canada

- ~US\$40 billion home improvement market and ~70% home ownership
- 34 stores at end of fiscal 2012 with opportunity for at least 100 stores



Mexico

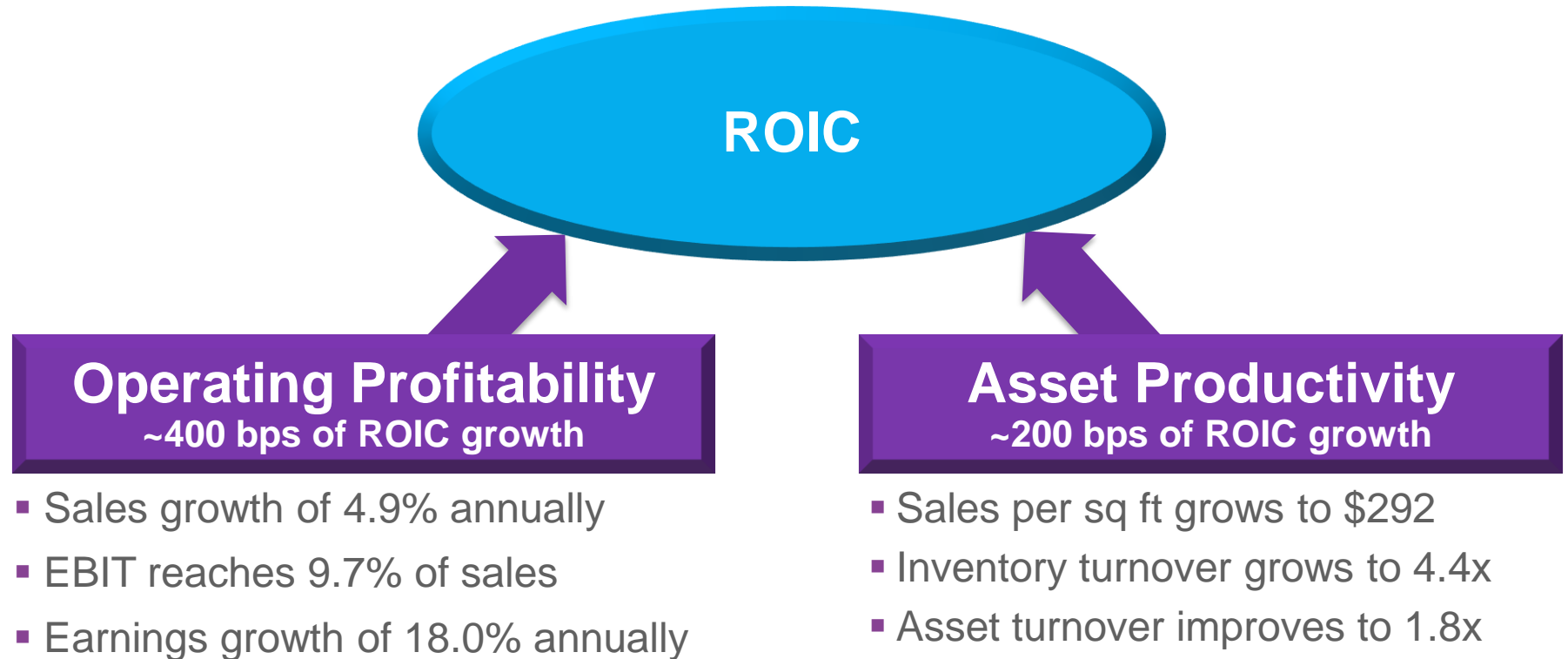
- ~US\$25 billion home improvement market and over 70% home ownership
- 5 stores at end of fiscal 2012 with significant opportunity for expansion



Australia






- ~US\$40 billion home improvement market and ~70% home ownership
- One-third stake in joint venture with Woolworth's
- 23 stores branded Masters at end of fiscal 2012 with opportunity for total of ~150 stores

We take a prudent approach to entering new markets, carefully studying the regulatory risk, their cultures, and historical and forecasted home improvement opportunity



We are focused on driving ROIC to nearly 17% by 2015 through a disciplined capital allocation strategy and operational excellence, allowing us to grow profits faster than sales and sales faster than assets.

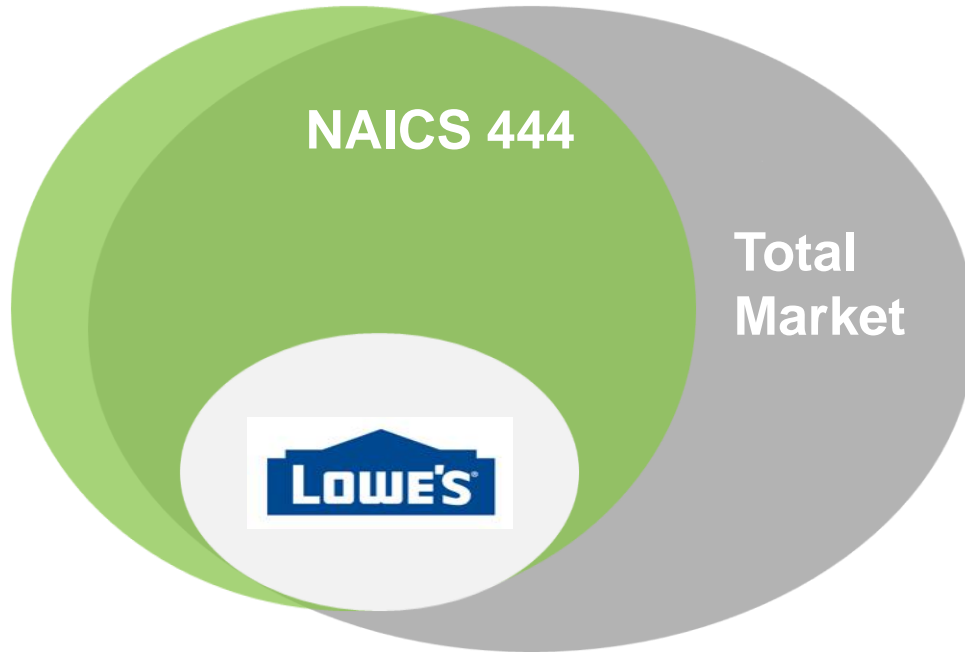
Investment Thesis

-  Strong brand
-  Solid cash flow
-  Strategic investments
-  Dividends
-  Share repurchase



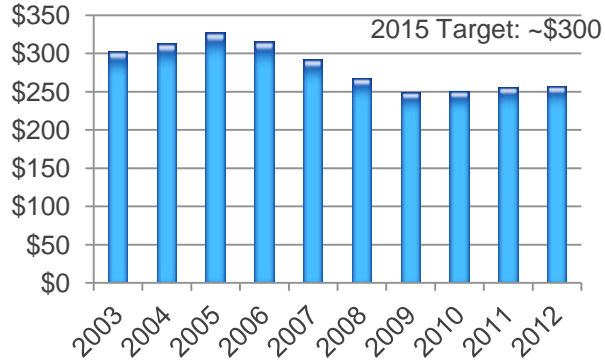
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Appendix

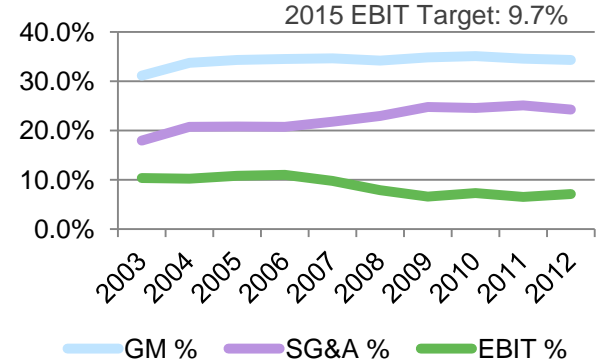


Lowe's is roughly 17% of NAICS 444, the Census Bureau's measurement of sales from retailers classified as Building Materials, Garden Equipment and Supplies. The Total Market for our products and services is roughly twice as large as NAICS 444.

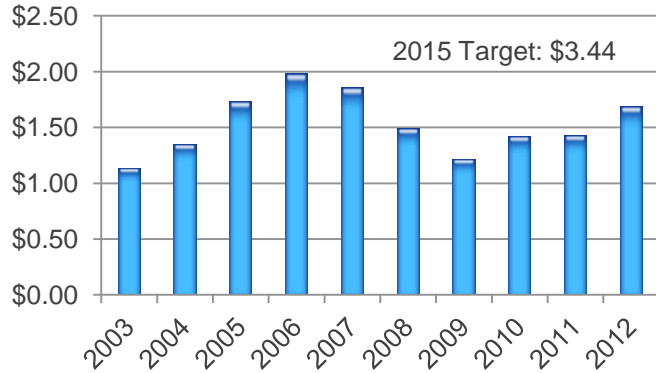
Sales per Square Foot



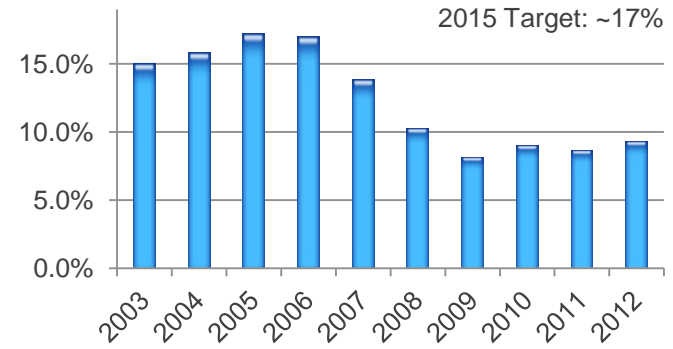
Profitability



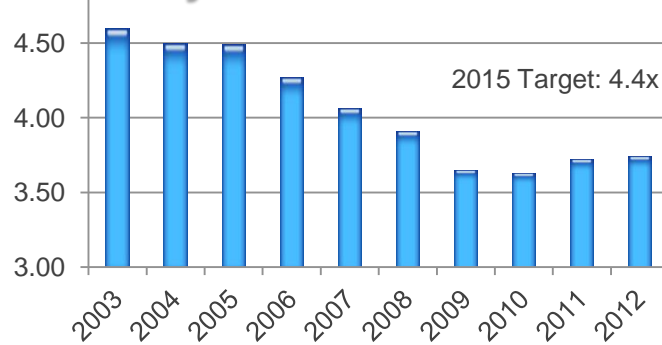
EPS



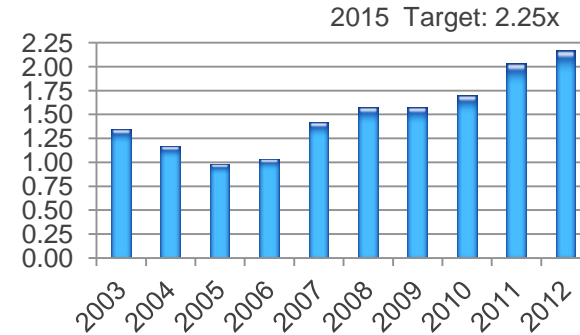
ROIC



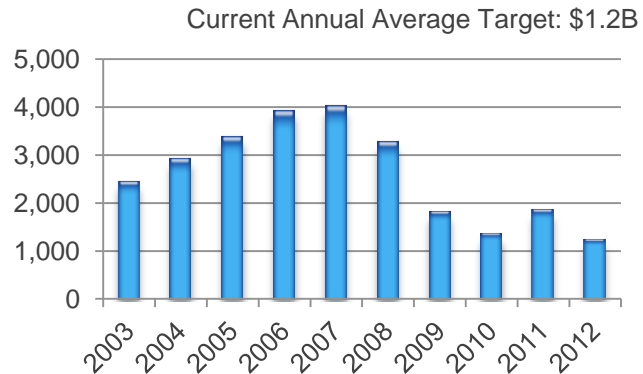
Inventory Turns



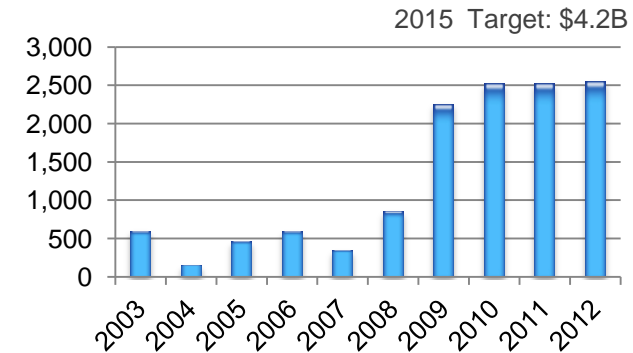
Lease-Adjusted Debt to EBITDAR



Capital Expenditures (\$ millions)



Free Cash Flow (\$ millions)



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.

Investor Relations Contacts

- **Tiffany Mason**
Vice President, Finance & Treasurer
704.758.2033
tiffany.l.mason@lowes.com
- **Jim Shaw**
Director, Investor Relations
704.758.3579
jim.b.shaw@lowes.com
- **Investor Relations Website**
www.Lowes.com/investor