

Lowe's Companies, Inc.
Consolidated Statements of Current and Retained Earnings (Unaudited)

In Millions, Except Per Share and Percentage Data

	Three Months Ended				Nine Months Ended			
	November 2, 2018		November 3, 2017		November 2, 2018		November 3, 2017	
	Amount	% Sales	Amount	% Sales	Amount	% Sales	Amount	% Sales
Current Earnings								
Net sales	\$ 17,415	100.00	\$ 16,770	100.00	\$ 55,662	100.00	\$ 53,125	100.00
Cost of sales	11,755	67.50	11,057	65.93	36,791	66.10	34,942	65.77
Gross margin	5,660	32.50	5,713	34.07	18,871	33.90	18,183	34.23
Expenses:								
Selling, general and administrative	4,270	24.51	3,808	22.71	13,147	23.62	11,615	21.87
Depreciation and amortization	433	2.49	358	2.13	1,138	2.04	1,080	2.03
Operating income	957	5.50	1,547	9.23	4,586	8.24	5,488	10.33
Interest - net	153	0.88	160	0.96	467	0.84	479	0.91
Loss on extinguishment of debt	—	—	—	—	—	—	464	0.87
Pre-tax earnings	804	4.62	1,387	8.27	4,119	7.40	4,545	8.55
Income tax provision	175	1.01	515	3.07	981	1.76	1,652	3.10
Net earnings	\$ 629	3.61	\$ 872	5.20	\$ 3,138	5.64	\$ 2,893	5.45
Weighted average common shares outstanding - basic	806		831		815		843	
Basic earnings per common share ⁽¹⁾	\$ 0.78		\$ 1.05		\$ 3.84		\$ 3.42	
Weighted average common shares outstanding - diluted	807		832		816		844	
Diluted earnings per common share ⁽¹⁾	\$ 0.78		\$ 1.05		\$ 3.83		\$ 3.42	
Cash dividends per share	\$ 0.48		\$ 0.41		\$ 1.37		\$ 1.17	
Retained Earnings								
Balance at beginning of period	\$ 5,517		\$ 5,253		\$ 5,425		\$ 6,241	
Cumulative effect of accounting change	—		—		33		—	
Net earnings	629		872		3,138		2,893	
Cash dividends declared	(387)		(341)		(1,115)		(984)	
Share repurchases	(603)		(495)		(2,325)		(2,861)	
Balance at end of period	\$ 5,156		\$ 5,289		\$ 5,156		\$ 5,289	

⁽¹⁾ 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 \$628 million for the three months ended November 2, 2018 and \$870 million for the three months ended November 3, 2017. Net earnings allocable to common shares used in the basic and diluted earnings per share calculation were \$3,128 million for the nine months ended November 2, 2018 and \$2,883 million for the nine months ended November 3, 2017.

Lowe's Companies, Inc.
Consolidated Statements of Comprehensive Income (Unaudited)

In Millions, Except Percentage Data

	Three Months Ended				Nine Months Ended			
	November 2, 2018		November 3, 2017		November 2, 2018		November 3, 2017	
	Amount	% Sales	Amount	% Sales	Amount	% Sales	Amount	% Sales
Net earnings	\$ 629	3.61	\$ 872	5.20	\$ 3,138	5.64	\$ 2,893	5.45
Foreign currency translation adjustments - net of tax	(21)	(0.13)	173	1.03	(176)	(0.32)	278	0.52
Net unrealized investment losses - net of tax	(1)	—	—	—	(1)	—	—	—
Other comprehensive income/(loss)	(22)	(0.13)	173	1.03	(177)	(0.32)	278	0.52
Comprehensive income	\$ 607	3.48	\$ 1,045	6.23	\$ 2,961	5.32	\$ 3,171	5.97

Lowe's Companies, Inc.
Consolidated Balance Sheets
In Millions, Except Par Value Data

	(Unaudited) November 2, 2018	(Unaudited) November 3, 2017	February 2, 2018
Assets			
Current assets:			
Cash and cash equivalents	\$ 1,668	\$ 743	\$ 588
Short-term investments	208	85	102
Merchandise inventory - net	12,365	12,393	11,393
Other current assets	897	788	689
Total current assets	15,138	14,009	12,772
Property, less accumulated depreciation	18,923	19,818	19,721
Long-term investments	290	370	408
Deferred income taxes - net	285	347	168
Goodwill	1,272	1,327	1,307
Other assets	805	912	915
Total assets	\$ 36,713	\$ 36,783	\$ 35,291
Liabilities and shareholders' equity			
Current liabilities:			
Short-term borrowings	\$ —	\$ 171	\$ 1,137
Current maturities of long-term debt	1,117	297	294
Accounts payable	9,283	8,903	6,590
Accrued compensation and employee benefits	806	808	747
Deferred revenue	1,356	1,404	1,378
Other current liabilities	2,507	2,155	1,950
Total current liabilities	15,069	13,738	12,096
Long-term debt, excluding current maturities	14,460	15,570	15,564
Deferred revenue - extended protection plans	827	794	803
Other liabilities	963	939	955
Total liabilities	31,319	31,041	29,418
Shareholders' equity:			
Preferred stock - \$5 par value, none issued	—	—	—
Common stock - \$0.50 par value;			
Shares issued and outstanding			
November 2, 2018	806		
November 3, 2017	831		
February 2, 2018	830	403	415
Capital in excess of par value	—	—	22
Retained earnings	5,156	5,289	5,425
Accumulated other comprehensive income/(loss)	(165)	38	11
Total shareholders' equity	5,394	5,742	5,873
Total liabilities and shareholders' equity	\$ 36,713	\$ 36,783	\$ 35,291

Lowes's Companies, Inc.
Consolidated Statements of Cash Flows (Unaudited)
In Millions

	Nine Months Ended	
	November 2, 2018	November 3, 2017
Cash flows from operating activities:		
Net earnings	\$ 3,138	\$ 2,893
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	1,206	1,148
Deferred income taxes	(139)	(118)
Loss on property and other assets - net	400	21
Loss on extinguishment of debt	—	464
(Gain) loss on cost method and equity method investments	6	(86)
Share-based payment expense	79	78
Changes in operating assets and liabilities:		
Merchandise inventory - net	(1,030)	(1,783)
Other operating assets	(94)	186
Accounts payable	2,708	2,251
Other operating liabilities	524	318
Net cash provided by operating activities	6,798	5,372
Cash flows from investing activities:		
Purchases of investments	(1,298)	(680)
Proceeds from sale/maturity of investments	1,309	870
Capital expenditures	(846)	(787)
Proceeds from sale of property and other long-term assets	50	21
Acquisition of business - net	—	(509)
Other - net	(3)	13
Net cash used in investing activities	(788)	(1,072)
Cash flows from financing activities:		
Net change in short-term borrowings	(1,137)	(340)
Net proceeds from issuance of long-term debt	—	2,968
Repayment of long-term debt	(288)	(2,836)
Proceeds from issuance of common stock under share-based payment plans	73	87
Cash dividend payments	(1,068)	(947)
Repurchase of common stock	(2,498)	(3,054)
Other - net	(3)	(8)
Net cash used in financing activities	(4,921)	(4,130)
Effect of exchange rate changes on cash	(9)	15
Net increase in cash and cash equivalents	1,080	185
Cash and cash equivalents, beginning of period	588	558
Cash and cash equivalents, end of period	\$ 1,668	\$ 743