



**NEVER STOP
IMPROVING™**

2011 Annual Report

How is Lowe's committed to "Never Stop Improving"?

Find out by visiting our online Annual Report at www.Lowe's.com/2011annual or scan the QR code with your smartphone.



CEO Video



Financial Info



Our Promise

When you see the icons above, please scan the QR code with your smartphone to visit our online Annual Report and view more information.

LETTER TO SHAREHOLDERS

NEVER STOP IMPROVING™

In 2011, we made progress on our journey to transform Lowe's from a home improvement *retailer* to a home improvement *company*. We remain steadfast in our efforts to make home improvement simple by working to deliver seamless, supportive and inspiring experiences wherever and whenever customers engage with Lowe's. This work is well underway, and I am encouraged by the progress we made toward delivering better customer experiences to drive long-term sales growth, increased profitability and shareholder value. Our strong operating cash flows and balance sheet are allowing us to make difficult near term changes that we believe will yield stronger returns in the future.

2011 Performance

For the year, comparable store sales were flat and total sales grew 2.9%. Net earnings declined by 8.5% to \$1.8 billion, while diluted earnings per share increased 0.7% to \$1.43. Keep in mind that fiscal year 2011 included 53 weeks because Lowe's fiscal year ends on the Friday nearest the end of January. The 53rd week contributed \$766 million in sales and approximately \$0.05 to diluted earnings per share. However, store closings, discontinued projects and long-lived asset impairments reduced pre-tax earnings by \$523 million and diluted earnings per share by \$0.26.

Net earnings contributed to \$4.3 billion in operating cash flows which, along with the issuance of \$1.0 billion of long-term debt, were used to acquire \$1.8 billion in fixed assets and return \$3.6 billion to shareholders through share repurchases and cash dividends.

Our Transformation

We are working diligently to improve our performance over the long-term through the transformation we have undertaken from a home improvement retailer to a home improvement company. This transformation to seamless and simple home improvement experiences drove us to reevaluate our investment strategy, rationalize our store expansion, improve employee experiences and upgrade our technology infrastructure.

Retail Excellence

We continue to focus on retail excellence, which requires us to provide an engaging store experience in the most efficient manner possible. We are growing sales and earnings primarily through improved asset productivity rather than store expansion, so we evaluated our existing and future store investments, closed underperforming stores, and scaled back expansion plans.



See how we provide “Seamless and Simple” solutions for customers.



We also reviewed our organization and made changes in our field-based store operations and human resources organizations to help us become more nimble, improve execution and support changing customer expectations. We continue to review how we operate on a cross-functional basis to ensure consistent and connected execution, while also evaluating our organization structure to streamline decision-making and place the right people in the right roles throughout the organization.

To ensure an engaging store experience, we have been reinvigorating our merchandising efforts through value improvement and product differentiation. The unprecedented utilization of technology in our everyday lives and the simplicity of online shopping mean the consumer knows what and where the best price is. As a result, we must ensure that we are priced competitively across channels every day. We must deliver everyday low prices by working collaboratively with our vendors to obtain everyday low costs. Additionally, we continue to improve our assorting by market and evaluate ways to revitalize our store presentation and improve price perception as well as present Lowe’s as new, fresh and innovative. In 2011, we reset nearly one-third of our stores with a concept that highlights innovation, brands and value, and creates flexible merchandising space, making it easier for customers to find value and inspiration.

Seamless

Beyond revitalizing our stores, we have taken bold steps to meet customers where they are—and where they’re going—across all stages of the home improvement process. To do this, Lowe’s must be available anytime and anywhere, seamlessly providing possibilities, support and value whether in store, online, by phone, at the customer’s home, or place of business. In 2011 we implemented systems to share information across these channels. These included an upgrade to our store information technology infrastructure, better tools and greater access to information for our contact center employees, and equipping our on-site selling specialists with tools to help customers visualize a project, provide a real-time quote and tender a sale on site. We also increased the “endless aisle” of products available on Lowes.com. This “endless aisle” is supported by Flexible Fulfillment, which allows us to ship products from the most efficient location—whether store, distribution center or vendor—directly to the customer’s home, usually within two days. Flexible Fulfillment helps us optimize our store-by-store investment in inventory while providing customers access to the greater depth and breadth of products offered across the company.

Simple

We have also implemented new capabilities to simplify home improvement by providing better knowledge and support. For instance, in 2011 we completed the roll out of Repair Services, providing customers with enhanced support from Lowe’s representatives who have better information and authority to effectively address customers’ repair needs for major appliances, outdoor power equipment and tools.

Introducing mylowes this past fall is another way we have simplified the customer experience. mylowes is a revolutionary new online tool that is unique in the home improvement industry. It makes managing, maintaining and improving homes simpler and more intuitive than it’s ever been. Likewise, we have also made it simpler for our

employees to provide quick and effective advice to customers through our internal social business network, which connects employees to the power of their fellow employees. The result is real-time information from experts across the company and the confidence that comes from knowing they can better serve customers. And if customers want to visualize how to tackle a problem or project on their own, we continue adding to our more than 600 how-to videos available on Lowes.com.

Additionally, we have introduced iPhone technology in our stores. This technology and proprietary apps give our store employees immediate access to product and inventory information, allowing them to answer significantly more questions from customers in the aisle.

Expectations

As you can see, we continue to invest an abundant amount of time, attention and resources in this transformation, which we believe is critical to improving our financial performance and delivering increased shareholder value. These investments are part of a disciplined capital allocation strategy. We are committed to returning excess cash to shareholders through dividends and our share repurchase program. Our 2015 goals are to:

- Reach nearly \$300 of sales per selling square foot
- Increase Earnings Before Interest and Taxes (EBIT) to 10% of sales, and
- Achieve approximately 18% Return on Invested Capital (ROIC)

This improved operating performance, along with additional borrowing flexibility from our increased leverage target, will make more cash available to invest in high-return initiatives and to return to you, our shareholders.

If we are true to our vision, this will be a continuous journey—we will Never Stop Improving™. We will constantly work to make Lowe's the first choice for home improvement. Our actions will lead to deeply engaged customers and employees, translating into highly profitable relationships that will continue to grow over time.

We have an established track record of successfully managing change and transforming our company to meet new expectations for home improvement. And, we choose to do so again. I am proud of the flexibility and enthusiasm with which our employees have implemented the most significant amount of change our company has seen since the 1980s when we transformed to a national big box format. I would like to thank them for their continued hard work, flexibility, dedication and customer focus. Our employees are our strongest asset, and a principal reason I remain optimistic about the future and our ability to continue generating long-term value for you.

Robert A. Niblock

Chairman of the Board, President
and Chief Executive Officer

Watch Robert
Niblock's
thoughts on
"Never Stop
Improving."



Developing Customer Relationships



Two-thirds of home improvement customers shop across competitors. We strive to convert cross-shoppers into loyal Lowe's customers by further differentiating the customer's experience, which requires us to provide solutions and earn trust across all seven stages of home improvement projects. The stages aren't always linear. They may happen very quickly or over several months. Regardless, from inspiration and planning through finishing and enjoyment, we will be there to pull together the best combination of possibilities, support and value.



Inspiration

Every project starts with hope and excitement, and a desire to improve one's home. We provide inspiration to customers as they consider the possibilities for their living space. Creative Ideas magazine, with over 3 million subscribers, is a trusted source for the latest styles and trends. In fact, the iPad app for Creative Ideas is one of the most popular free apps in the iTunes store. Additionally, through an exclusive partnership beginning in 2012, Houzz.com's image gallery and articles will be integrated into the mylowes experience, allowing consumers to draw from a wide assortment of inspirational content.



Planning

Planning a project can be a complicated process that leaves many customers worried about cost, and overwhelmed with decisions. Customers are able to prepare for their projects by using mylowes, an individualized portal which keeps all job specifications and product samples in one location that is accessible from anywhere. Our associates and online videos can also assist the customer with project-specific details.

Developing Customer Relationships



Getting Supplies

Lowe's uses market-specific data and assorting tools to ensure we have the right product in the right locations to meet customers' needs. If a product cannot be found in a store, we have an "endless aisle" of over 250,000 items available on Lowe's.com, supported by Flexible Fulfillment capabilities that allow us to ship products from the most efficient locations—whether store, distribution center or vendor—directly to the customer's home, usually within two days.



Starting the Project

It's both exciting and daunting to begin projects. Whether demolishing the old, prepping the area or starting to build, customers can rest assured that Lowe's is with them every step of the way. They can begin their projects with confidence knowing that our associates are only a phone call or e-mail away with advice to help solve even the most challenging situations.



Making Progress

We are ready to support customers in our stores, from our contact centers, and with helpful online videos. Utilizing our internal social business network, employees have access to extensive knowledge and information to help customers solve problems and complete their projects.



Finishing

As the work nears completion, Lowe's is there to help customers put the finishing touches on their project and truly make it their own. Lowe's will be standing by to offer assistance after the last tools are cleaned up and put away, offering helpful maintenance tips and repair advice to ensure their completed project has a long life.



Enjoyment

With the project completed it's time to relax and show off the final product. Customers can share project experiences and images on Lowe's social media platforms or the Creative Ideas website. They can also use our individualized portal, [mylowes](http://mylowes.com), to set reminders for required maintenance, easily find and reference owner's manuals, and see the products and paint colors they bought in case they need more. And when it's all said and done, we think they'll be inspired to do another project with Lowe's.

Our Promise



Delivering better customer experiences requires a promise that we will provide the best combination of possibilities, support and value wherever and whenever customers choose to engage with Lowe's. This promise rests on a foundation of retail excellence, requiring us to continually improve our customer service, product offering and store presentation. It also requires us to provide seamless support across all channels, and to simplify the shopping experience for customers and our associates.

Seamless Across Channels

Lowe's must be available to customers anywhere and anytime, providing possibilities, support and value, whether in store, online, by phone, at the customer's home or place of business. In 2011, we implemented systems to share information across these channels to improve the customer experience.

In Store

With an upgrade to our store information technology infrastructure, customers and employees have access to more and richer information. Many of our stores incorporate touch screen technology within displays of new and innovative products, so customers can visualize how to enhance their homes or simplify their projects. Additionally, in-store Wi-Fi and barcodes help customers comparison shop and access how-to information on their smart phones, allowing them to finish their research and make a purchase decision without leaving the store.

Online & Mobile

We are rapidly expanding our online assortments to offer customers a broader range of products, available online, in our stores, or from our mobile app—one of the highest rated retail apps in the Apple Store. We refer to this wide offering as an "endless aisle." This "endless aisle" is supported by Flexible Fulfillment, which allows us to ship products from the most efficient location—whether store, distribution center or vendor—directly to the customer's home, usually within two days. Or a customer can buy store-stocked items online and pick them up in the store—and we guarantee to have them ready for pick-up within twenty minutes.

Our Promise



On-Site

Sometimes customers prefer to shop on their own turf—perhaps literally in their backyard—and for more complex exterior projects our project specialists can bring samples and technology to envision the possibilities, take the necessary measurements and tender the sale, all in one at-home visit! Similarly, our Commercial Account Specialists can provide support and expertise to commercial customers at their job sites or places of business.

Contact Centers

Whether for product information, product service assistance, project trouble shooting or to make purchases over the phone, our contact centers can take care of customers' needs in one call. Customers can also obtain real-time assistance from a contact center associate by using Click-to-Chat on Lowes.com.

Simple Through Knowledge & Support

With a proliferation of news, media and technology, consumers are looking for control and simplicity as well as advice and the know-how to begin their project. Simply put, they are seeking solutions. Yet home improvement is complex, and they need us to help remove the complexities to make it easy and intuitive—in other words, simple.

Repair Services

Customers want one-stop shopping with a company that stands behind the products it sells. We provide in-warranty and out-of-warranty repair services for major appliances, outdoor power equipment and tools. Our contact centers take the calls, diagnose the problems, and facilitate the resolutions, making after-sales service simpler for customers because we manage the entire process.

myLowe's

mylowes is a revolutionary new online tool that is unique in the home improvement industry. It makes managing, maintaining, and improving homes simpler than it's ever been. Customers can create home profiles; save room dimensions and paint colors; organize owner's manuals and product warranties; create shopping, "to do" and wish lists for projects on the horizon; set recurring reminders for common maintenance items; and store purchase history from all sales channels.

Our Promise



How-to Videos

How-to videos allow Lowe's to offer advice and support on the customer's terms. An online video can be a great resource to reduce frustration and keep a project moving along. We continue adding to our more than 600 how-to videos available on Lowe's.com and our mobile app for the iPhone.

Knowledgeable Associates

Connections, an online employee social business network, gives our knowledgeable associates the ability to easily share information at any time with other employees so they can more quickly provide advice to customers. We have also equipped store employees with iPhones and the necessary applications to more quickly help customers find inventory, place Internet orders and even access their [mylowes](http://mylowes.com) accounts.

Social Media

Customers are relying more heavily on social media to gather information and advice before making purchase decisions. And we are meeting them where they are, whether it's generating buzz on Twitter or inspirational content on Facebook. Additionally, Lowe's.com allows customers to share ratings and reviews on the products we carry.

More Improvements to Come

At Lowe's, we are committed to Never Stop Improving™. That means we will tirelessly think of new ways to simplify home improvement. The customer will be our guide, as we use surveys, focus groups and our more than 1,745 stores to test new products, displays and technologies prior to rolling improvements across the entire company.

View our
financial
results.



FINANCIAL HIGHLIGHTS

<i>Dollars in Millions, Except Per Share Data</i>	2011 ¹	2010	2009
Net sales	\$50,208	\$48,815	\$47,220
Gross margin	34.56%	35.14%	34.86%
EBIT margin ²	6.53	7.29	6.59
Pre-tax earnings	5.79	6.61	5.98
Net earnings	3.66%	4.12%	3.78%
Diluted earnings per common share	\$ 1.43	\$ 1.42	\$ 1.21
Cash dividends per share	\$ 0.530	\$ 0.420	\$ 0.355
Total assets	\$33,559	\$33,699	\$33,005
Shareholders' equity	\$16,533	\$18,112	\$19,069
Net cash provided by operating activities	\$ 4,349	\$ 3,852	\$ 4,054
Property acquired	\$ 1,829	\$ 1,329	\$ 1,799
Comparable store sales increase (decrease) ³	0.0%	1.3%	(6.7%)
Total customer transactions (in millions)	810	786	766
Average ticket ⁴	\$ 62.00	\$ 62.07	\$ 61.66
Sales floor square feet (in millions)	197	197	193
Return on invested capital ⁵	8.7%	9.0%	8.2%

1) Fiscal year 2011 contained 53 weeks. Fiscal years 2010 and 2009 contained 52 weeks.

2) EBIT margin, also referred to as operating margin, is defined as earnings before interest and taxes as a percentage of sales.

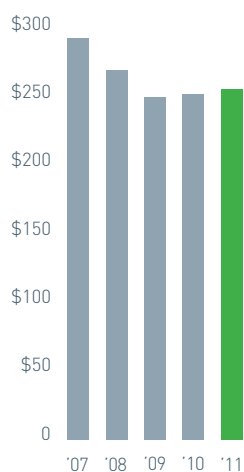
3) The comparable store sales increase for 2011 was calculated using sales for a comparable 53 week year. Please see the Management's Discussion and Analysis section of our Annual Report on Form 10-K for the definition of a comparable store.

4) Average ticket is defined as net sales divided by the total number of customer transactions.

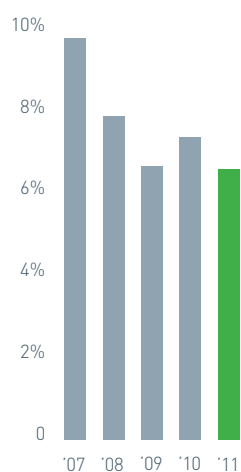
5) Return on invested capital (ROIC) is a non-GAAP measure. Please see the Management's Discussion and Analysis section of our Annual Report on Form 10-K for the definition of ROIC and a reconciliation of ROIC for the periods presented to the most directly comparable GAAP measure.

6) Sales per selling square foot is defined as sales divided by the average of beginning and ending square footage.

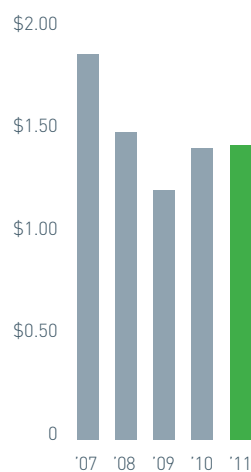
SALES PER SELLING
SQUARE FOOT⁶



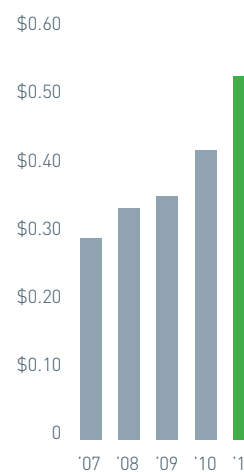
EBIT MARGIN²



DILUTED EARNINGS
PER COMMON SHARE



CASH DIVIDENDS
PER SHARE



LOWE'S COMPANIES, INC. BOARD OF DIRECTORS

Robert A. Niblock^{3*}

Chairman of the Board, President and Chief Executive Officer,
Lowe's Companies, Inc., Mooresville, NC

Raul Alvarez^{1,4}

Retired President and Chief Operating Officer,
McDonald's Corporation, Oak Brook, IL

David W. Bernauer^{1,3,4*}

Lead Director, Lowe's Companies, Inc., Mooresville, NC;
Retired Chairman and Chief Executive Officer,
Walgreen Co., Deerfield, IL

Leonard L. Berry, Ph.D.^{1,4}

Distinguished Professor of Marketing, M.B. Zale Chair in Retailing
and Marketing Leadership, and Professor of Humanities in Medicine,
Texas A&M University, College Station, TX

Peter C. Browning^{1*,3,4}

Managing Director,
Peter C. Browning & Associates, LLC, Charlotte, NC

Richard W. Dreiling^{1,4}

Chairman and Chief Executive Officer,
Dollar General Corporation, Goodlettsville, TN

Dawn E. Hudson^{2,4}

Vice-Chair,
The Parthenon Group, Boston, MA

Robert L. Johnson^{2,4}

Founder and Chairman,
The RLJ Companies, Bethesda, MD

Marshall O. Larsen^{2*,3,4}

Chairman, President and Chief Executive Officer,
Goodrich Corporation, Charlotte, NC

Richard K. Lochridge^{2,4}

Retired President,
Lochridge & Company, Inc., Boston, MA

Stephen F. Page^{1,4}

Retired Vice Chairman and Chief Financial Officer,
United Technologies Corporation, Hartford, CT

Eric C. Wiseman^{2,4}

Chairman, President and Chief Executive Officer,
VF Corporation, Greensboro, NC

Committee Membership

1—Audit Committee

2—Compensation Committee

3—Executive Committee

4—Governance Committee

*2011 Committee Chairman

LOWE'S COMPANIES, INC. EXECUTIVE OFFICERS

Robert A. Niblock

Chairman of the Board, President and Chief Executive Officer

Maureen K. Ausura

Executive Vice President—Human Resources

Gregory M. Bridgeford

Executive Vice President—Business Development

Michael K. Brown

Executive Vice President and Chief Information Officer

Rick D. Damron

Executive Vice President—Store Operations

Robert J. Gfeller, Jr.

Executive Vice President—Merchandising

Robert F. Hull, Jr.

Executive Vice President and Chief Financial Officer

Gaither M. Keener, Jr.

Executive Vice President, General Counsel,
Secretary and Chief Compliance Officer

Joseph M. Mabry, Jr.

Executive Vice President—Logistics and Distribution

Marshall A. Croom

Senior Vice President and Chief Risk Officer

Matthew V. Hollifield

Senior Vice President and Chief Accounting Officer

Thomas J. Lamb

Senior Vice President—Marketing and Advertising

N. Brian Peace

Senior Vice President—Corporate Affairs

M. Lee Reeves

Senior Vice President, Deputy General
Counsel and Assistant Secretary

William D. Robinson

Senior Vice President—International Operations and
Customer Support Services

Janet M. Saura

Senior Vice President, Deputy General
Counsel and Assistant Secretary

CORPORATE INFORMATION

Business Description

Lowe's Companies, Inc. is a \$50.2 billion retailer, offering a complete line of home improvement products and services. The Company, through its subsidiaries, serves approximately 15 million do-it-yourself, do-it-for-me and commercial business customers each week through 1,745 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 and employs more than 248,000 people. Lowe's has been a publicly held company since October 10, 1961. The Company's stock is listed on the New York Stock Exchange with shares trading under the symbol LOW. For more information, visit www.Lowes.com.

Lowe's files reports with the Securities and Exchange Commission (SEC), including annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and any other filings required by the SEC.

The reports Lowe's files with, or furnishes to, the SEC, and all amendments to those reports, are available without charge on Lowe's website (www.Lowes.com/investor) as soon as reasonably practicable after Lowe's files them with, or furnishes them to, the SEC.

Copies of Lowe's 2011 Annual Report on Form 10-K are available without charge upon written request to Gaither M. Keener, Jr., Secretary, at Lowe's corporate offices or by calling 800-449-8161.

Additional information available on our website (www.Lowes.com/investor) includes our Corporate Governance Guidelines, Board of Directors Committee Charters, Code of Business Conduct and Ethics, and Social Responsibility Report, as well as other financial information.

Corporate Offices

1000 Lowe's Boulevard
Mooresville, NC 28117
704-758-1000

Lowe's Website

www.Lowes.com

Stock Transfer Agent & Registrar, Dividend Disbursing Agent and Dividend Reinvesting Agent

Computershare Trust Company N.A.
P.O. Box 43078
Providence, RI 02940

For direct deposit of dividends, registered shareholders may call Computershare toll-free at 877-282-1174.

Registered shareholders with e-mail addresses can send account inquiries electronically to Computershare through its website at www.computershare.com/investor and clicking on Contact Us.

Registered shareholders may access their accounts online by visiting Investor Centre at www.computershare.com/investor.

Investors can join Lowe's Stock Advantage Direct Stock Purchase Plan by visiting www.Lowes.com/investor, and clicking on Buy Stock Direct.

Dividends

Lowe's has declared a cash dividend each quarter since becoming a public company in 1961.

Dividend record dates are usually the third week of fiscal April, July, October and January.

Dividend payment dates are usually the first week of fiscal May, August, November and February.

Annual Meeting Date

June 1, 2012 at 10:00 a.m.
Ballantyne Hotel
Charlotte, NC

Stock Trading Information

Lowe's common stock is listed on the New York Stock Exchange (LOW)

General Counsel

Gaither M. Keener, Jr.
Executive Vice President,
General Counsel, Secretary and
Chief Compliance Officer
704-758-1000

Independent Registered Public Accounting Firm

Deloitte & Touche LLP
550 South Tryon Street
Suite 2500
Charlotte, NC 28202
704-887-1500

Shareholder Services

Shareholders' and security analysts' inquiries should be directed to:
Tiffany Mason
Vice President, Investor Relations
704-758-2033

For copies of financial information:
800-449-8161 or visit
www.Lowes.com/investor

Public Relations

Media inquiries should be directed to:
Chris Ahearn
Vice President, Public Relations
704-758-2304
Media.Lowes.com

To view Lowe's Social Responsibility Report, visit
www.Lowes.com/socialresponsibility.

This report is printed on paper containing fiber from well-managed, independently certified forests and contains a minimum of 10% post-consumer recycled fiber. To further reduce resource use, Lowe's is relying on E-proxy rules to make the proxy materials for its 2012 Annual Meeting, including this Annual Report, available online to many of our shareholders instead of mailing hard copies to them. This use of technology has allowed us to reduce the number of copies we print of our Annual Report by approximately 10% from last year. For additional information about Lowe's commitment to sustainable forest management, visit: www.Lowes.com/woodpolicy.



Lowe's Companies, Inc.
1000 Lowe's Boulevard
 Mooresville, NC 28117

www.Lowes.com