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**THE STATE OF SOUTH CAROLINA**

**In The Court of Appeals**

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**APPEAL FROM THE ADMINISTRATIVE LAW COURT**

S. Phillip Lenski, Administrative Law Judge

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Case No. 14-ALJ-17-0552-CC

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Appellate Case No. 2021-000031

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Lowe's Home Centers, LLC — Appellant,

v.

South Carolina Department of Revenue — Respondent.

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# RECORD ON APPEAL
**Volume 7 of 12**

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# CONTINUATION OF JOINT EXHIBIT 48

*Description*
We record an obsolete inventory reserve for the anticipated loss associated with selling inventories below cost. This reserve is based on our current knowledge with respect to inventory levels, sales trends and historical experience. During 2014, our reserve decreased approximately $16 million to $52 million as of January 30, 2015, primarily due to a reduction in obsolete inventory.

We also record an inventory reserve for the estimated shrinkage between physical inventories. This reserve is based primarily on actual shrinkage results from previous physical inventories. During 2014, the inventory shrinkage reserve increased approximately $4 million to $162 million as of January 30, 2015.

In addition, we receive funds from vendors in the normal course of business, principally as a result of purchase volumes, sales, early payments or promotions of vendors' products. Generally, these vendor funds do not represent the reimbursement of specific, incremental and identifiable costs that we incurred to sell the vendor's product. Therefore, we treat these funds as a reduction in the cost of inventory as the amounts are accrued, and recognize these funds as a reduction of cost of sales when the inventory is sold. Funds that are determined to be reimbursements of specific, incremental and identifiable costs incurred to sell vendors' products are recorded as an offset to the related expense.

*Judgments and uncertainties involved in the estimate*
We do not believe that our merchandise inventories are subject to significant risk of obsolescence in the near term, and we have the ability to adjust purchasing practices based on anticipated sales trends and general economic conditions. However, changes in consumer purchasing patterns or a deterioration in product quality could result in the need for additional reserves. Likewise, changes in the estimated shrink reserve may be necessary, based on the timing and results of physical inventories. We also apply judgment in the determination of levels of obsolete inventory and assumptions about net realizable value.

For vendor funds, we develop accrual rates based on the provisions of the agreements in place. Due to the complexity and diversity of the individual vendor agreements, we perform analyses and review historical purchase trends and volumes throughout the year, adjust accrual rates as appropriate and confirm actual amounts with select vendors to ensure the amounts earned are appropriately recorded. Amounts accrued throughout the year could be impacted if actual purchase volumes differ from projected purchase volumes, especially in the case of programs that provide for increased funding when graduated purchase volumes are met.

*Effect if actual results differ from assumptions*
We have not made any material changes in the methodology used to establish our inventory valuation or the related reserves for obsolete inventory or inventory shrinkage during the past three fiscal years. We believe that we have sufficient current and historical knowledge to record reasonable estimates for both of these inventory reserves. However, it is possible that actual results could differ from recorded reserves. A 10% change in either the amount of products considered obsolete or the weighted average estimated loss rate used in the calculation of our obsolete inventory reserve would have affected net earnings by approximately $3 million for 2014. A 10% change in the estimated shrinkage rate included in the calculation of our inventory shrinkage reserve would have affected net earnings by approximately $10 million for 2014.

We have not made any material changes in the methodology used to recognize vendor funds during the past three fiscal years. If actual results are not consistent with the assumptions and estimates used, we could be exposed to additional adjustments that could positively or negatively impact gross margin and inventory. However, substantially all receivables associated with these activities do not require subjective long-term estimates because they are collected within the following fiscal year. Adjustments to gross margin and inventory in the following fiscal year have historically not been material.

**Long-Lived Asset Impairment**

*Description*
We review the carrying amounts of locations whenever certain events or changes in circumstances indicate that the carrying amounts may not be recoverable. When evaluating locations for impairment, our asset group is at an individual location level, as that is the lowest level for which cash flows are identifiable. Cash flows for individual locations do not include an allocation of corporate overhead.

We evaluate locations for triggering events relating to long-lived asset impairment on a quarterly basis to determine when a location's asset carrying values may not be recoverable. For operating locations, our primary indicator that asset carrying values may not be recoverable is consistently negative cash flow for a 12-month period for those locations that have been open in the same location for a sufficient period of time ... when evaluating operating locations for impairment, including individual locations' execution of their operating plans and local market conditions, including incursion, which is the opening of either other Lowe's locations or those of a direct competitor within the same market. We also consider there to be a triggering event when there is a current expectation that it is more likely than not that a given location will be closed significantly before the end of its previously estimated useful life.

A potential impairment has occurred if projected future undiscounted cash flows expected to result from the use and eventual disposition of the location's assets are less than the carrying amount of the assets. When determining the stream of projected future cash flows associated with an individual operating location, management makes assumptions, incorporating local market conditions, about key store variables including sales growth rates, gross margin and controllable expenses, such as store payroll and occupancy expense, as well as asset residual values or lease rates. An impairment loss is recognized when the carrying amount of the operating location is not recoverable and exceeds its fair value.

We use an income approach to determine the fair value of our individual operating locations, which requires discounting projected future cash flows. This involves making assumptions regarding both a location's future cash flows, as described above, and an appropriate discount rate to determine the present value of those future cash flows. We discount our cash flow estimates at a rate commensurate with the risk that selected market participants would assign to the cash flows. The selected market participants represent a group of other retailers with a market footprint similar in size to ours.

*Judgments and uncertainties involved in the estimate*
Our impairment evaluations require us to apply judgment in determining whether a triggering event has occurred, including the evaluation of whether it is more likely than not that a location will be closed significantly before the end of its previously estimated useful life. Our impairment loss calculations require us to apply judgment in estimating expected future cash flows, including estimated sales, margin and controllable expenses, and assumptions about market performance for operating locations and estimated selling prices or lease rates for locations identified for closure. We also apply judgment in estimating asset fair values, including the selection of an appropriate discount rate for fair values determined using an income approach.

*Effect if actual results differ from assumptions*
During 2014, 10 operating locations experienced a triggering event and were evaluated for recoverability. Three of the 10 operating locations were determined to be impaired. We recorded impairment losses related to these three operating locations of $26 million during 2014, compared to impairment losses of $26 million related to one operating location impaired during 2013.

We have not made any material changes in the methodology used to estimate the future cash flows of operating locations or locations identified for closure during the past three fiscal years. If the actual results are not consistent with the assumptions and judgments we have made in determining whether it is more likely than not that a location will be closed significantly before the end of its useful life or in estimating future cash flows and determining asset fair values, our actual impairment losses could vary positively or negatively from our estimated impairment losses.

Seven of the 10 operating locations that experienced a triggering event during 2014 were determined to be recoverable and therefore were not impaired. For all of these seven locations, the expected undiscounted cash flows substantially exceeded the net book value of the location's assets. For these seven locations, a 10% reduction in projected sales used to estimate future cash flows at the latest date these operating locations were evaluated for impairment would have resulted in the impairment of six of these locations and increased recognized impairment losses by $71 million.

We analyzed other assumptions made in estimating the future cash flows of the operating locations evaluated for impairment, but the sensitivity of those assumptions was not significant to the estimates.

**Store Closing Lease Obligations**

*Description*
When locations under operating leases are closed, we recognize a liability for the fair value of future contractual obligations associated with the leased location. The fair value of the store closing lease obligation is determined using an expected present value cash flow model incorporating future minimum lease payments, property taxes, utilities, common area maintenance and other ongoing expenses, net of estimated sublease income and other recoverable items, discounted at a credit-adjusted risk free rate. The expected present value cash flow model uses a probability weighted scenario approach that assigns varying cash flows to certain scenarios based on the expected likelihood of outcomes. Estimating the fair value involves making assumptions regarding estimated sublease income by obtaining information from property brokers or appraisers in the specific

assets. Subsequent changes to the liability, including a change resulting from a revision to either the timing or the amount of estimated cash flows, are recognized in the period of the change.

*Judgments and uncertainties involved in the estimate*
Our store closing lease liability calculations require us to apply judgment in estimating expected future cash flows, primarily related to estimated sublease income, and the selection of an appropriate discount rate.

*Effect if actual results differ from assumptions*
During 2014, the Company did not close or relocate any stores subject to operating leases. During 2013, the Company relocated two stores subject to operating leases. Expenses for store closing lease obligations included $12 million and $6 million in 2014 and 2013, respectively, related to adjustments for previously closed or relocated locations.

We have not made any material changes in the methodology used to estimate the expected future cash flows of closed locations under operating leases during the past three fiscal years. If the actual results are not consistent with the assumptions and judgments we have made in estimating expected future cash flows, our store closing lease obligation losses could vary positively or negatively from our estimated losses. A 10% change in the store closing lease liability would have affected net earnings by approximately $3 million for 2014.

**Self-Insurance**

*Description*
We are self-insured for certain losses relating to workers' compensation; automobile; general and product liability; extended protection plan; and certain medical and dental claims. Our self-insured retention or deductible, as applicable, is limited to $2 million per occurrence involving workers' compensation, $5 million per occurrence involving general or product liability, and $10 million per occurrence involving automobile. We do not have any insurance coverage for self-insured extended protection plan or medical and dental claims. Self-insurance claims filed and claims incurred but not reported are accrued based upon our estimates of the discounted ultimate cost for self-insured claims incurred using actuarial assumptions followed in the insurance industry and historical experience. During 2014, our self-insurance liability increased approximately $1 million to $905 million as of January 30, 2015.

*Judgments and uncertainties involved in the estimate*
These estimates are subject to changes in the regulatory environment; utilized discount rate; projected exposures including payroll, sales and vehicle units; as well as the frequency, lag and severity of claims.

*Effect if actual results differ from assumptions*
We have not made any material changes in the methodology used to establish our self-insurance liability during the past three fiscal years. Although we believe that we have the ability to reasonably estimate losses related to claims, it is possible that actual results could differ from recorded self-insurance liabilities. A 10% change in our self-insurance liability would have affected net earnings by approximately $55 million for 2014. A 100 basis point change in our discount rate would have affected net earnings by approximately $19 million for 2014.

**Revenue Recognition**

*Description*
See Note 1 to the consolidated financial statements for a discussion of our revenue recognition policies. The following accounting estimates relating to revenue recognition require management to make assumptions and apply judgment regarding the effects of future events that cannot be determined with certainty.

We sell separately-priced extended protection plan contracts under a Lowe's-branded program for which the Company is ultimately self-insured. The Company recognizes revenues from extended protection plan sales on a straight-line basis over the respective contract term. Extended protection plan contract terms primarily range from one to four years from the date of purchase or the end of the manufacturer's warranty, as applicable. The Company consistently groups and evaluates extended protection plan contracts based on the characteristics of the underlying products and the coverage provided in order to monitor for expected losses. A loss on the overall contract would be recognized if the expected costs of performing services under the contracts exceeded the amount of unamortized acquisition costs and related deferred revenue associated with the contracts. Deferred revenues associated with the extended protection plan contracts were $730 million as of January 30, 2015 and January 31, 2014.

We defer revenue and cost of sales associated... installation has not yet been completed. Revenue is deferred based on the actual amounts received. We use historical gross margin rates to estimate the adjustment to cost of sales for these transactions. During 2014, deferred revenues associated with these transactions increased $84 million to $545 million as of January 30, 2015.

*Judgments and uncertainties involved in the estimate*
For extended protection plans, there is judgment inherent in our evaluation of expected losses as a result of our methodology for grouping and evaluating extended protection plan contracts and from the actuarial determination of the estimated cost of the contracts. There is also judgment inherent in our determination of the recognition pattern of costs of performing services under these contracts.

For the deferral of revenue and cost of sales associated with transactions for which customers have not yet taken possession of merchandise or for which installation has not yet been completed, there is judgment inherent in our estimates of gross margin rates.

*Effect if actual results differ from assumptions*
We have not made any material changes in the methodology used to recognize revenue on our extended protection plan contracts during the past three fiscal years. We currently do not anticipate incurring any overall contract losses on our extended protection plan contracts. Although we believe that we have the ability to adequately monitor and estimate expected losses under the extended protection plan contracts, it is possible that actual results could differ from our estimates. In addition, if future evidence indicates that the costs of performing services under these contracts are incurred on other than a straight-line basis, the timing of revenue recognition under these contracts could change. A 10% change in the amount of revenue recognized in 2014 under these contracts would have affected net earnings by approximately $19 million.

We have not made any material changes in the methodology used to reverse net sales and cost of sales related to amounts received for which customers have not yet taken possession of merchandise or for which installation has not yet been completed. We believe we have sufficient current and historical knowledge to record reasonable estimates related to the impact to cost of sales for these transactions. However, if actual results are not consistent with our estimates or assumptions, we may incur additional income or expense. A 10% change in the estimate of the gross margin rates applied to these transactions would have affected net earnings by approximately $9 million in 2014.

## DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

We speak throughout this Annual Report on Form 10-K in forward-looking statements about our future, but particularly in "Management's Discussion and Analysis of Financial Condition and Results of Operations". The words "believe," "expect," "will," "should," "suggest", and other similar expressions are intended to identify those forward-looking statements. While we believe our expectations are reasonable, they are not guarantees of future performance. Our actual results could differ substantially from our expectations.

For a detailed description of the risks and uncertainties that we are exposed to, you should read the "Risk Factors" included elsewhere in this Annual Report on Form 10-K to the United States Securities and Exchange Commission. All forward-looking statements speak only as of the date of this report or, in the case of any document incorporated by reference, the date of that document. All subsequent written and oral forward-looking statements attributable to us or any person acting on our behalf are qualified by the cautionary statements in this section and in the "Risk Factors" included elsewhere in this Annual Report on Form 10-K. We do not undertake any obligation to update or publicly release any revisions to forward-looking statements to reflect events, circumstances or changes in expectations after the date of this report.

## Item 7A - Quantitative and Qualitative Disclosures about Market Risk

In addition to the risks inherent in our operations, we are exposed to certain market risks, including changes in interest rates, commodity prices and foreign currency exchange rates.

### Interest Rate Risk

Fluctuations in interest rates do not have a material impact on our financial condition and results of operations because our long-term debt is carried at amortized cost and consists primarily of fixed-rate instruments. Therefore, providing quantitative information about interest rate risk is not meaningful for our financial instruments.

We purchase certain commodity products that are subject to price volatility caused by factors beyond our control. We believe that the price volatility of these products is partially mitigated by our ability to adjust selling prices. The selling prices of these commodity products are influenced, in part, by the market price we pay, which is determined by industry supply and demand.

### Foreign Currency Exchange Rate Risk

Although we have international operating entities, our exposure to foreign currency exchange rate fluctuations is not material to our financial condition and results of operations.

## MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of Lowe's Companies, Inc. and its subsidiaries is responsible for establishing and maintaining adequate internal control over financial reporting (Internal Control) as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934, as amended. Our Internal Control was designed to provide reasonable assurance to our management and the Board of Directors regarding the reliability of financial reporting and the preparation and fair presentation of published financial statements.

All internal control systems, no matter how well designed, have inherent limitations, including the possibility of human error and the circumvention or overriding of controls. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to the reliability of financial reporting and financial statement preparation and presentation. Further, because of changes in conditions, the effectiveness may vary over time.

Our management, with the participation of the Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our Internal Control as of January 30, 2015. In evaluating our Internal Control, we used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control—Integrated Framework (2013). Based on our management's assessment, we have concluded that, as of January 30, 2015, our Internal Control is effective.

Deloitte & Touche LLP, the independent registered public accounting firm that audited the financial statements contained in this report, was engaged to audit our Internal Control. Their report appears on page 33.

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Lowe's Companies, Inc.
Mooresville, North Carolina

We have audited the accompanying consolidated balance sheets of Lowe's Companies, Inc. and subsidiaries (the "Company") as of January 30, 2015 and January 31, 2014, and the related consolidated statements of earnings, comprehensive income, shareholders' equity, and cash flows for each of the three fiscal years in the period ended January 30, 2015. Our audits also included the financial statement schedule listed in the Index at Item 15. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of the Company at January 30, 2015 and January 31, 2014, and the results of its operations and its cash flows for each of the three fiscal years in the period ended January 30, 2015, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of January 30, 2015, based on the criteria established in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 31, 2015 expressed an unqualified opinion on the Company's internal control over financial reporting.

s/ DELOITTE & TOUCHE LLP

Charlotte, North Carolina
March 31, 2015

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Lowe's Companies, Inc.
Mooresville, North Carolina

We have audited the internal control over financial reporting of Lowe's Companies, Inc. and subsidiaries (the "Company") as of January 30, 2015, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of January 30, 2015, based on the criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements and financial statement schedule as of and for the year ended January 30, 2015 of the Company and our report dated March 31, 2015 expressed an unqualified opinion on those financial statements and financial statement schedule.

/s/ DELOITTE & TOUCHE LLP

Charlotte, North Carolina
March 31, 2015

Consolidated Statements of Earnings
(In millions, except per share and percentage data)

| Fiscal years ended on | | January 30, 2015 | % Sales | | January 31, 2014 | % Sales | | February 1, 2013 | % Sales |
|---|---|---|---|---|---|---|---|---|---|
| Net sales | $ | 56,223 | 100.00% | $ | 53,417 | 100.00% | $ | 50,521 | 100.00% |
| Cost of sales | | 36,665 | 65.21 | | 34,941 | 65.41 | | 33,194 | 65.70 |
| Gross margin | | 19,558 | 34.79 | | 18,476 | 34.59 | | 17,327 | 34.30 |
| Expenses: | | | | | | | | | |
| Selling, general and administrative | | 13,281 | 23.62 | | 12,865 | 24.08 | | 12,244 | 24.24 |
| Depreciation | | 1,485 | 2.64 | | 1,462 | 2.74 | | 1,523 | 3.01 |
| Interest - net | | 516 | 0.92 | | 476 | 0.89 | | 423 | 0.84 |
| Total expenses | | 15,282 | 27.18 | | 14,803 | 27.71 | | 14,190 | 28.09 |
| Pre-tax earnings | | 4,276 | 7.61 | | 3,673 | 6.88 | | 3,137 | 6.21 |
| Income tax provision | | 1,578 | 2.81 | | 1,387 | 2.60 | | 1,178 | 2.33 |
| Net earnings | $ | 2,698 | 4.80% | $ | 2,286 | 4.28% | $ | 1,959 | 3.88% |
| Basic earnings per common share | $ | 2.71 | | $ | 2.14 | | $ | 1.69 | |
| Diluted earnings per common share | $ | 2.71 | | $ | 2.14 | | $ | 1.69 | |
| Cash dividends per share | $ | 0.87 | | $ | 0.70 | | $ | 0.62 | |

Lowe's Companies, Inc.
Consolidated Statements of Comprehensive Income
(In millions, except percentage data)

| Fiscal years ended on | | January 30, 2015 | % Sales | | January 31, 2014 | % Sales | | February 1, 2013 | % Sales |
|---|---|---|---|---|---|---|---|---|---|
| Net earnings | $ | 2,698 | 4.80 % | $ | 2,286 | 4.28 % | $ | 1,959 | 3.88% |
| Foreign currency translation adjustments - net of tax | | (86) | (0.15) | | (68) | (0.13) | | 6 | 0.01 |
| Net unrealized investment losses - net of tax | | — | — | | (1) | — | | — | — |
| Other comprehensive income/(loss) | | (86) | (0.15) | | (69) | (0.13) | | 6 | 0.01 |
| Comprehensive income | $ | 2,612 | 4.65 % | $ | 2,217 | 4.15 % | $ | 1,965 | 3.89% |

*See accompanying notes to consolidated financial statements.*

Lowe's Companies, Inc.
Consolidated Balance Sheets
(In millions, except par value and percentage data)

| | | January 30, 2015 | % Total | January 31, 2014 | % Total |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| **Current assets:** | | | | | |
| Cash and cash equivalents | | $ 466 | 1.5 % | $ 391 | 1.2 % |
| Short-term investments | | 125 | 0.4 | 185 | 0.6 |
| Merchandise inventory - net | | 8,911 | 28.0 | 9,127 | 27.9 |
| Deferred income taxes - net | | 230 | 0.7 | 252 | 0.8 |
| Other current assets | | 348 | 1.1 | 341 | 1.0 |
| **Total current assets** | | 10,080 | 31.7 | 10,296 | 31.5 |
| Property, less accumulated depreciation | | 20,034 | 62.9 | 20,834 | 63.6 |
| Long-term investments | | 354 | 1.1 | 279 | 0.9 |
| Other assets | | 1,359 | 4.3 | 1,323 | 4.0 |
| **Total assets** | | $ 31,827 | 100.0 % | $ 32,732 | 100.0 % |
| **Liabilities and shareholders' equity** | | | | | |
| **Current liabilities:** | | | | | |
| Short-term borrowings | | $ — | — % | $ 386 | 1.2 % |
| Current maturities of long-term debt | | 552 | 1.7 | 49 | 0.1 |
| Accounts payable | | 5,124 | 16.1 | 5,008 | 15.3 |
| Accrued compensation and employee benefits | | 773 | 2.4 | 785 | 2.4 |
| Deferred revenue | | 979 | 3.1 | 892 | 2.7 |
| Other current liabilities | | 1,920 | 6.0 | 1,756 | 5.4 |
| **Total current liabilities** | | 9,348 | 29.3 | 8,876 | 27.1 |
| Long-term debt, excluding current maturities | | 10,815 | 34.0 | 10,086 | 30.8 |
| Deferred income taxes - net | | 97 | 0.3 | 291 | 0.9 |
| Deferred revenue - extended protection plans | | 730 | 2.3 | 730 | 2.2 |
| Other liabilities | | 869 | 2.8 | 896 | 2.8 |
| **Total liabilities** | | 21,859 | 68.7 % | 20,879 | 63.8 % |
| Commitments and contingencies | | | | | |
| **Shareholders' equity:** | | | | | |
| Preferred stock - $5 par value, none issued | | — | — | — | — |
| Common stock - $.50 par value; | | | | | |
| Shares issued and outstanding | | | | | |
| January 30, 2015 | 960 | | | | |
| January 31, 2014 | 1,030 | 480 | 1.5 | 515 | 1.6 |
| Capital in excess of par value | | — | — | — | — |
| Retained earnings | | 9,591 | 30.3 | 11,355 | 34.7 |
| Accumulated other comprehensive loss | | (103) | (0.5) | (17) | (0.1) |
| **Total shareholders' equity** | | 9,968 | 31.3 | 11,853 | 36.2 |
| **Total liabilities and shareholders' equity** | | $ 31,827 | 100.0 % | $ 32,732 | 100.0 % |

*See accompanying notes to consolidated financial statements.*

Consolidated Statements of Shareholders' Equity
(In millions)

| | Common Stock | | Capital in Excess of Par Value | Retained Earnings | Accumulated Other Comprehensive Income/(Loss) | Total Shareholders' Equity |
|---|---|---|---|---|---|---|
| | Shares | Amount | | | | |
| **Balance February 3, 2012** | 1,241 | $ 621 | $ 14 | $ 15,852 | $ 46 | $ 16,533 |
| Comprehensive income: | | | | | | |
| Net earnings | | | | 1,959 | | |
| Other comprehensive income | | | | | 6 | |
| Total comprehensive income | | | | | | 1,965 |
| Tax effect of non-qualified stock options exercised and restricted stock vested | | | 12 | | | 12 |
| Cash dividends declared, $0.62 per share | | | | (708) | | (708) |
| Share-based payment expense | | | 97 | | | 97 |
| Repurchase of common stock | (147) | (74) | (440) | (3,879) | | (4,393) |
| Issuance of common stock under share-based payment plans | 16 | 8 | 343 | | | 351 |
| **Balance February 1, 2013** | 1,110 | $ 555 | $ 26 | $ 13,224 | $ 52 | $ 13,857 |
| Comprehensive income: | | | | | | |
| Net earnings | | | | 2,286 | | |
| Other comprehensive loss | | | | | (69) | |
| Total comprehensive income | | | | | | 2,217 |
| Tax effect of non-qualified stock options exercised and restricted stock vested | | | 25 | | | 25 |
| Cash dividends declared, $0.70 per share | | | | (741) | | (741) |
| Share-based payment expense | | | 102 | | | 102 |
| Repurchase of common stock | (88) | (44) | (312) | (3,414) | | (3,770) |
| Issuance of common stock under share-based payment plans | 8 | 4 | 159 | | | 163 |
| **Balance January 31, 2014** | 1,030 | $ 515 | $ — | $ 11,355 | $ (17) | $ 11,853 |
| Comprehensive income: | | | | | | |
| Net earnings | | | | 2,698 | | |
| Other comprehensive loss | | | | | (86) | |
| Total comprehensive income | | | | | | 2,612 |
| Tax effect of non-qualified stock options exercised and restricted stock vested | | | 41 | | | 41 |
| Cash dividends declared, $0.87 per share | | | | (858) | | (858) |
| Share-based payment expense | | | 111 | | | 111 |
| Repurchase of common stock | (75) | (37) | (286) | (3,604) | | (3,927) |
| Issuance of common stock under share-based payment plans | 5 | 2 | 134 | | | 136 |
| **Balance January 30, 2015** | 960 | $ 480 | $ — | $ 9,591 | $ (103) | $ 9,968 |

*See accompanying notes to consolidated financial statements.*

Lowe's Companies, Inc.
Consolidated Statements of Cash Flows
(In millions)

| Fiscal years ended on | January 30, 2015 | January 31, 2014 | February 1, 2013 |
|---|---|---|---|
| **Cash flows from operating activities:** | | | |
| Net earnings | $ 2,698 | $ 2,286 | $ 1,959 |
| Adjustments to reconcile net earnings to net cash provided by operating activities: | | | |
| Depreciation and amortization | 1,586 | 1,562 | 1,623 |
| Deferred income taxes | (124) | (162) | (140) |
| Loss on property and other assets – net | 25 | 64 | 83 |
| Loss on equity method investments | 57 | 52 | 48 |
| Share-based payment expense | 119 | 100 | 100 |
| Changes in operating assets and liabilities: | | | |
| Merchandise inventory – net | 170 | (396) | (244) |
| Other operating assets | 83 | (5) | (87) |
| Accounts payable | 127 | 291 | 303 |
| Other operating liabilities | 188 | 319 | 117 |
| **Net cash provided by operating activities** | 4,929 | 4,111 | 3,762 |
| **Cash flows from investing activities:** | | | |
| Purchases of investments | (820) | (759) | (1,444) |
| Proceeds from sale/maturity of investments | 805 | 709 | 1,837 |
| Capital expenditures | (880) | (940) | (1,211) |
| Contributions to equity method investments – net | (241) | (173) | (219) |
| Proceeds from sale of property and other long-term assets | 52 | 75 | 130 |
| Acquisition of business - net | — | (203) | — |
| Other – net | (4) | 5 | 4 |
| **Net cash used in investing activities** | (1,088) | (1,286) | (903) |
| **Cash flows from financing activities:** | | | |
| Net change in short-term borrowings | (386) | 386 | — |
| Net proceeds from issuance of long-term debt | 1,239 | 985 | 1,984 |
| Repayment of long-term debt | (48) | (47) | (591) |
| Proceeds from issuance of common stock under share-based payment plans | 137 | 165 | 349 |
| Cash dividend payments | (822) | (733) | (704) |
| Repurchase of common stock | (3,905) | (3,710) | (4,393) |
| Other – net | 24 | (15) | 22 |
| **Net cash used in financing activities** | (3,761) | (2,969) | (3,333) |
| **Effect of exchange rate changes on cash** | (5) | (6) | 1 |
| Net increase/(decrease) in cash and cash equivalents | 75 | (150) | (473) |
| Cash and cash equivalents, beginning of year | 391 | 541 | 1,014 |
| **Cash and cash equivalents, end of year** | $ 466 | $ 391 | $ 541 |

*See accompanying notes to consolidated financial statements.*

NOTE 1: Summary of Significant Accounting Policies

Lowe's Companies, Inc. and subsidiaries (the Company) is the world's second-largest home improvement retailer and operated 1,840 stores in the United States, Canada and Mexico at January 30, 2015. Below are those accounting policies considered by the Company to be significant.

**Fiscal Year** - The Company's fiscal year ends on the Friday nearest the end of January. Each of the fiscal years presented contained 52 weeks. All references herein for the years 2014, 2013 and 2012 represent the fiscal years ended January 30, 2015, January 31, 2014, and February 1, 2013, respectively.

**Principles of Consolidation** - The consolidated financial statements include the accounts of the Company and its wholly-owned or controlled operating subsidiaries. All intercompany accounts and transactions have been eliminated.

**Foreign Currency** - The functional currencies of the Company's international subsidiaries are generally the local currencies of the countries in which the subsidiaries are located. Foreign currency denominated assets and liabilities are translated into U.S. dollars using the exchange rates in effect at the consolidated balance sheet date. Results of operations and cash flows are translated using the average exchange rates throughout the period. The effect of exchange rate fluctuations on translation of assets and liabilities is included as a component of shareholders' equity in accumulated other comprehensive loss. Gains and losses from foreign currency transactions, which are included in selling, general and administrative (SG&A) expense, have not been significant.

**Use of Estimates** - The preparation of the Company's financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates that affect the reported amounts of assets, liabilities, sales and expenses, and related disclosures of contingent assets and liabilities. The Company bases these estimates on historical results and various other assumptions believed to be reasonable, all of which form the basis for making estimates concerning the carrying values of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates.

**Cash and Cash Equivalents** - Cash and cash equivalents include cash on hand, demand deposits and short-term investments with original maturities of three months or less when purchased. Cash and cash equivalents are carried at amortized cost on the consolidated balance sheets. The majority of payments due from financial institutions for the settlement of credit card and debit card transactions process within two business days and are, therefore, classified as cash and cash equivalents.

**Investments** - As of January 30, 2015, investments consisted primarily of money market funds, municipal obligations, certificates of deposit, and municipal floating rate obligations. The Company classifies as investments restricted balances primarily pledged as collateral for the Company's extended protection plan program. Investments, exclusive of cash equivalents, with a stated maturity date of one year or less from the balance sheet date or that are expected to be used in current operations, are classified as short-term investments. All other investments are classified as long-term.

**Merchandise Inventory** - Inventory is stated at the lower of cost or market using the first-in, first-out method of inventory accounting. The cost of inventory also includes certain costs associated with the preparation of inventory for resale, including distribution center costs, and is net of vendor funds.

The Company records an inventory reserve for the anticipated loss associated with selling inventories below cost. This reserve is based on management's current knowledge with respect to inventory levels, sales trends and historical experience. Management does not believe the Company's merchandise inventories are subject to significant risk of obsolescence in the near term, and management has the ability to adjust purchasing practices based on anticipated sales trends and general economic conditions. However, changes in consumer purchasing patterns could result in the need for additional reserves. The Company also records an inventory reserve for the estimated shrinkage between physical inventories. This reserve is based primarily on actual shrink results from previous physical inventories. Changes in the estimated shrink reserve are made based on the timing and results of physical inventories.

The Company receives funds from vendors in the normal course of business, principally as a result of purchase volumes, sales, early payments or promotions of vendors' products. Generally, these vendor funds do not represent the reimbursement of specific, incremental and identifiable costs incurred by the Company to sell the vendor's product. Therefore, the Company treats these funds as a reduction in the cost of inventory as the amounts are accrued, and are recognized as a reduction of cost of sales when the inventory is sold. Funds that are determined to be [illegible] products are recorded as an offset to the related expense. The Company develops accrual rates for vendor funds based on the provisions of the agreements in place. Due to the complexity and diversity of the individual vendor agreements, the Company performs analyses and reviews historical trends throughout the year and confirms actual amounts with select vendors to ensure the amounts earned are appropriately recorded. Amounts accrued throughout the year could be impacted if actual purchase volumes differ from projected annual purchase volumes, especially in the case of programs that provide for increased funding when graduated purchase volumes are met.

**Derivative Financial Instruments** - The Company occasionally utilizes derivative financial instruments to manage certain business risks. However, the amounts were not material to the Company's consolidated financial statements in any of the years presented. The Company does not use derivative financial instruments for trading purposes.

**Credit Programs** - The majority of the Company's accounts receivable arises from sales of goods and services to commercial business customers. The Company has an agreement with Synchrony Bank (Synchrony), formerly GE Capital Retail, under which Synchrony purchases at face value commercial business accounts receivable originated by the Company and services these accounts. This agreement expires in December 2023, unless terminated sooner by the parties. The Company primarily accounts for these transfers as sales of the accounts receivable. When the Company transfers its commercial business accounts receivable, it retains certain interests in those receivables, including the funding of a loss reserve and its obligation related to Synchrony's ongoing servicing of the receivables sold. Any gain or loss on the sale is determined based on the previous carrying amounts of the transferred assets allocated at fair value between the receivables sold and the interests retained. Fair value is based on the present value of expected future cash flows, taking into account the key assumptions of anticipated credit losses, payment rates, late fee rates, Synchrony's servicing costs and the discount rate commensurate with the uncertainty involved. Due to the short-term nature of the receivables sold, changes to the key assumptions would not materially impact the recorded gain or loss on the sales of receivables or the fair value of the retained interests in the receivables.

Total commercial business accounts receivable sold to Synchrony were $2.4 billion in 2014, $2.2 billion in 2013 and $1.9 billion in 2012. The Company recognized losses of $38 million in 2014, $38 million in 2013 and $30 million in 2012 on these receivable sales as SG&A expense, which primarily relates to the fair value of the obligations incurred related to servicing costs that are remitted to Synchrony monthly. At January 30, 2015 and January 31, 2014, the fair value of the retained interests was determined based on the present value of expected future cash flows and was insignificant.

Sales generated through the Company's proprietary credit cards are not reflected in receivables. Under an agreement with Synchrony, credit is extended directly to customers by Synchrony. All credit program-related services are performed and controlled directly by Synchrony. The Company has the option, but no obligation, to purchase the receivables at the end of the agreement in December 2023. Tender costs, including amounts associated with accepting the Company's proprietary credit cards, are included in SG&A expense in the consolidated statements of earnings.

The total portfolio of receivables held by Synchrony, including both receivables originated by Synchrony from the Company's proprietary credit cards and commercial business accounts receivable originated by the Company and sold to Synchrony, approximated $7.9 billion at January 30, 2015, and $7.2 billion at January 31, 2014.

**Property and Depreciation** - Property is recorded at cost. Costs associated with major additions are capitalized and depreciated. Capital assets are expected to yield future benefits and have original useful lives which exceed one year. The total cost of a capital asset generally includes all applicable sales taxes, delivery costs, installation costs and other appropriate costs incurred by the Company, including interest in the case of self-constructed assets. Upon disposal, the cost of properties and related accumulated depreciation is removed from the accounts, with gains and losses reflected in SG&A expense in the consolidated statements of earnings.

Property consists of land, buildings and building improvements, equipment and construction in progress. Buildings and building improvements includes owned buildings, as well as buildings under capital lease and leasehold improvements. Equipment primarily includes store racking and displays, computer hardware and software, forklifts, vehicles and other store equipment.

Depreciation is provided over the estimated useful lives of the depreciable assets. Assets are depreciated using the straight-line method. Leasehold improvements and assets under capital lease are depreciated over the shorter of their estimated useful lives or the term of the related lease, which may include one or more option renewal periods where failure to exercise such options would result in an economic penalty in such amount that renewal appears, at the inception of the lease, to be reasonably assured. During the term of a lease, if leasehold improvements are placed in service significantly after the inception of the lease, the Company depreciates these leasehold improvements over the shorter of the useful life of the leasehold assets or a these assets is included in depreciation expense in the consolidated financial statements.

**Long-Lived Asset Impairment/Exit Activities** - The carrying amounts of long-lived assets are reviewed whenever certain events or changes in circumstances indicate that the carrying amounts may not be recoverable. A potential impairment has occurred for long-lived assets held-for-use if projected future undiscounted cash flows expected to result from the use and eventual disposition of the assets are less than the carrying amounts of the assets. An impairment loss is recorded for long-lived assets held-for-use when the carrying amount of the asset is not recoverable and exceeds its fair value.

Excess properties that are expected to be sold within the next 12 months and meet the other relevant held-for-sale criteria are classified as long-lived assets held-for-sale. Excess properties consist primarily of retail outparcels and property associated with relocated or closed locations. An impairment loss is recorded for long-lived assets held-for-sale when the carrying amount of the asset exceeds its fair value less cost to sell. A long-lived asset is not depreciated while it is classified as held-for-sale.

For long-lived assets to be abandoned, the Company considers the asset to be disposed of when it ceases to be used. Until it ceases to be used, the Company continues to classify the asset as held-for-use and tests for potential impairment accordingly. If the Company commits to a plan to abandon a long-lived asset before the end of its previously estimated useful life, its depreciable life is re-evaluated.

The Company recorded long-lived asset impairment losses of $28 million during 2014, including $26 million for operating locations and $2 million for excess properties classified as held-for-use. The Company recorded impairment losses of $46 million in 2013, including $26 million for operating locations, $17 million for excess properties classified as held-for-use and $3 million, including costs to sell, for excess properties classified as held-for-sale. The Company recorded long-lived asset impairment of $77 million during 2012, including $55 million for operating locations, $17 million for excess properties classified as held-for-use and $5 million, including costs to sell, for excess properties classified as held-for-sale. Impairment losses are included in SG&A expense in the consolidated statements of earnings. Fair value measurements associated with long-lived asset impairments are further described in Note 2 to the consolidated financial statements.

The net carrying amount of excess properties that do not meet the held-for-sale criteria is included in other assets (noncurrent) on the consolidated balance sheets and totaled $152 million and $204 million at January 30, 2015 and January 31, 2014, respectively.

When locations under operating leases are closed, a liability is recognized for the fair value of future contractual obligations, including future minimum lease payments, property taxes, utilities, common area maintenance and other ongoing expenses, net of estimated sublease income and other recoverable items. When the Company commits to an exit plan and communicates that plan to affected employees, a liability is recognized in connection with one-time employee termination benefits. Subsequent changes to the liabilities, including a change resulting from a revision to either the timing or the amount of estimated cash flows, are recognized in the period of change. Expenses associated with exit activities are included in SG&A expense in the consolidated statement of earnings.

**Equity Method Investments** - The Company's investments in certain unconsolidated entities are accounted for under the equity method. The balance of these investments is included in other assets (noncurrent) in the accompanying consolidated balance sheets. The balance is increased to reflect the Company's capital contributions and equity in earnings of the investees. The balance is decreased to reflect its equity in losses of the investees and for distributions received that are not in excess of the carrying amount of the investments. Equity in earnings and losses of the investees has been immaterial and is included in SG&A expense.

**Leases** - For lease agreements that provide for escalating rent payments or free-rent occupancy periods, the Company recognizes rent expense on a straight-line basis over the non-cancellable lease term and option renewal periods where failure to exercise such options would result in an economic penalty in such amount that renewal appears, at the inception of the lease, to be reasonably assured. The lease term commences on the date that the Company takes possession of or controls the physical use of the property. Deferred rent is included in other liabilities (noncurrent) on the consolidated balance sheets.

When the Company renegotiates and amends a lease to extend the non-cancellable lease term prior to the date at which it would have been required to exercise or decline a term extension option, the amendment is treated as a new lease. The new lease begins on the date the lease amendment is entered into and ends on the last date of the non-cancellable lease term, as adjusted to include any option renewal periods where failure to exercise such options would result in an economic penalty in such amount that renewal appears, at the inception of the lease amendment, to be reasonably assured. The new lease is classified as

operating or capital under the authoritative guidance through ...
value of the leased asset(s) as of the date of the amendment.

**Accounts Payable** - The Company has an agreement with a third party to provide an accounts payable tracking system which facilitates participating suppliers' ability to finance payment obligations from the Company with designated third-party financial institutions. Participating suppliers may, at their sole discretion, make offers to finance one or more payment obligations of the Company prior to their scheduled due dates at a discounted price to participating financial institutions. The Company's goal in entering into this arrangement is to capture overall supply chain savings, in the form of pricing, payment terms or vendor funding, created by facilitating suppliers' ability to finance payment obligations at more favorable discount rates, while providing them with greater working capital flexibility.

The Company's obligations to its suppliers, including amounts due and scheduled payment dates, are not impacted by suppliers' decisions to finance amounts under this arrangement. However, the Company's right to offset balances due from suppliers against payment obligations is restricted by this arrangement for those payment obligations that have been financed by suppliers. As of January 30, 2015, and January 31, 2014, $1 billion and $735 million, respectively, of the Company's outstanding payment obligations had been placed on the accounts payable tracking system, and participating suppliers had financed $724 million and $443 million, respectively, of those payment obligations to participating financial institutions.

**Other Current Liabilities** - Other current liabilities on the consolidated balance sheets consist of:

| (In millions) | January 30, 2015 | January 31, 2014 |
|---|---|---|
| Self-insurance liabilities | $ 346 | $ 324 |
| Accrued dividends | 222 | 186 |
| Accrued interest | 165 | 153 |
| Sales tax liabilities | 131 | 122 |
| Accrued property taxes | 124 | 121 |
| Other | 932 | 850 |
| Total | $ 1,920 | $ 1,756 |

**Self-Insurance** - The Company is self-insured for certain losses relating to workers' compensation, automobile, property, and general and product liability claims. The Company has insurance coverage to limit the exposure arising from these claims. The Company is also self-insured for certain losses relating to extended protection plan and medical and dental claims. Self-insurance claims filed and claims incurred but not reported are accrued based upon management's estimates of the discounted ultimate cost for self-insured claims incurred using actuarial assumptions followed in the insurance industry and historical experience. Although management believes it has the ability to reasonably estimate losses related to claims, it is possible that actual results could differ from recorded self-insurance liabilities. The total self-insurance liability, including the current and non-current portions, was $905 million and $904 million at January 30, 2015, and January 31, 2014, respectively.

The Company provides surety bonds issued by insurance companies to secure payment of workers' compensation liabilities as required in certain states where the Company is self-insured. Outstanding surety bonds relating to self-insurance were $234 million and $228 million at January 30, 2015, and January 31, 2014, respectively.

**Income Taxes** - The Company establishes deferred income tax assets and liabilities for temporary differences between the tax and financial accounting bases of assets and liabilities. The tax effects of such differences are reflected in the consolidated balance sheets at the enacted tax rates expected to be in effect when the differences reverse. A valuation allowance is recorded to reduce the carrying amount of deferred tax assets if it is more likely than not that all or a portion of the asset will not be realized. The tax balances and income tax expense recognized by the Company are based on management's interpretation of the tax statutes of multiple jurisdictions.

The Company establishes a liability for tax positions for which there is uncertainty as to whether or not the position will be ultimately sustained. The Company includes interest related to tax issues as part of net interest on the consolidated financial statements. The Company records any applicable penalties related to tax issues within the income tax provision.

**Shareholders' Equity** - The Company has a share repurchase program that is executed through purchases made from time to time either in the open market or through private market transactions. Shares purchased under the repurchase program are retired and returned to authorized and unissued status. Any excess of cost over par value is charged to additional paid-in capital earnings.

**Revenue Recognition** - The Company recognizes revenues, net of sales tax, when sales transactions occur and customers take possession of the merchandise. A provision for anticipated merchandise returns is provided through a reduction of sales and cost of sales in the period that the related sales are recorded. Revenues from product installation services are recognized when the installation is completed. Deferred revenues associated with amounts received for which customers have not yet taken possession of merchandise or for which installation has not yet been completed were $545 million and $461 million at January 30, 2015, and January 31, 2014, respectively.

Revenues from stored-value cards, which include gift cards and returned merchandise credits, are deferred and recognized when the cards are redeemed. The liability associated with outstanding stored-value cards was $434 million and $431 million at January 30, 2015, and January 31, 2014, respectively, and these amounts are included in deferred revenue on the consolidated balance sheets. The Company recognizes income from unredeemed stored-value cards at the point at which redemption becomes remote. The Company's stored-value cards have no expiration date or dormancy fees. Therefore, to determine when redemption is remote, the Company analyzes an aging of the unredeemed cards based on the date of last stored-value card use. The amount of revenue recognized from unredeemed stored-value cards for which redemption was deemed remote was not significant for 2014, 2013, and 2012.

**Extended Protection Plans** - The Company sells separately-priced extended protection plan contracts under a Lowe's-branded program for which the Company is ultimately self-insured. The Company recognizes revenue from extended protection plan sales on a straight-line basis over the respective contract term. Extended protection plan contract terms primarily range from one to four years from the date of purchase or the end of the manufacturer's warranty, as applicable. Changes in deferred revenue for extended protection plan contracts are summarized as follows:

| (In millions) | 2014 | 2013 |
|---|---|---|
| Deferred revenue - extended protection plans, beginning of year | $ 730 | $ 715 |
| Additions to deferred revenue | 318 | 294 |
| Deferred revenue recognized | (318) | (279) |
| Deferred revenue - extended protection plans, end of year | $ 730 | $ 730 |

Incremental direct acquisition costs associated with the sale of extended protection plans are also deferred and recognized as expense on a straight-line basis over the respective contract term. Deferred costs associated with extended protection plan contracts were $30 million and $53 million at January 30, 2015, and January 31, 2014, respectively. The Company's extended protection plan deferred costs are included in other assets (noncurrent) on the consolidated balance sheets. All other costs, such as costs of services performed under the contract, general and administrative expenses and advertising expenses are expensed as incurred.

The liability for extended protection plan claims incurred is included in other current liabilities on the consolidated balance sheets and was not material in any of the years presented. Expenses for claims are recognized when incurred and totaled $123 million and $114 million for 2014 and 2013, respectively.

Cost of Sales and Selling, General and Administrative Expenses - The following [illegible]

**Cost of Sales**

- Total cost of products sold, including:
  - Purchase costs, net of vendor funds;
  - Freight expenses associated with moving merchandise inventories from vendors to retail stores;
  - Costs associated with operating the Company's distribution network, including payroll and benefit costs and occupancy costs;
- Costs of installation services provided;
- Costs associated with delivery of products directly from vendors to customers by third parties;
- Costs associated with inventory shrinkage and obsolescence.
- Costs of services performed under the extended protection plan.

**Selling, General and Administrative**

- Payroll and benefit costs for retail and corporate employees;
- Occupancy costs of retail and corporate facilities;
- Advertising;
- Costs associated with delivery of products from stores and distribution centers to customers;
- Third-party, in-store service costs;
- Tender costs, including bank charges, costs associated with credit card interchange fees and amounts associated with accepting the Company's proprietary credit cards;
- Costs associated with self-insured plans, and premium costs for stop-loss coverage and fully insured plans;
- Long-lived asset impairment losses and gains/losses on disposal of assets;
- Other administrative costs, such as supplies, and travel and entertainment.

**Advertising** - Costs associated with advertising are charged to expense as incurred. Advertising expenses were $819 million, $811 million and $809 million in 2014, 2013 and 2012, respectively.

**Shipping and Handling Costs** - The Company includes shipping and handling costs relating to the delivery of products directly from vendors to customers by third parties in cost of sales. Shipping and handling costs, which include third-party delivery costs, salaries, and vehicle operations expenses relating to the delivery of products from stores and distribution centers to customers, are classified as SG&A expense. Shipping and handling costs included in SG&A expense were $548 million, $501 million and $457 million in 2014, 2013 and 2012, respectively.

**Store Opening Costs** - Costs of opening new or relocated retail stores, which include payroll and supply costs incurred prior to store opening and grand opening advertising costs, are charged to expense as incurred.

**Comprehensive Income** - The Company reports comprehensive income in its consolidated statements of comprehensive income and consolidated statements of shareholders' equity. Comprehensive income represents changes in shareholders' equity from non-owner sources and is comprised of net earnings adjusted primarily for foreign currency translation adjustments. Net foreign currency translation losses, net of tax, classified in accumulated other comprehensive loss were $103 million and $17 million at January 30, 2015, and January 31, 2014, respectively. Net foreign currency translation gains, net of tax, classified in accumulated other comprehensive income were $51 million at February 1, 2013.

**Segment Information** - The Company's home improvement retail operations represent a single reportable segment. Key operating decisions are made at the Company level in order to maintain a consistent retail store presentation. The Company's home improvement retail stores sell similar products and services, use similar processes to sell those products and services, and sell their products and services to similar classes of customers. In addition, the Company's operations exhibit similar economic characteristics. The amounts of long-lived assets and net sales outside of the U.S. were not significant for any of the periods presented.

**Recent Accounting Pronouncements** - In April 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-08, *Reporting Discontinued Operations and Disclosures of Components of an Entity*. The ASU amends the definition of a discontinued operation and also provides new disclosure requirements for disposals meeting the definition, and for those that do not meet the definition, of a discontinued operation. Under the new guidance, a discontinued operation may include a component or a group of components of an entity, or a business or nonprofit activity that has been disposed of or is classified as held for sale, and represents a strategic shift that has or will have a major effect on an entity's operations and financial results. The ASU also expands the scope to include the disposals of equity method investments and acquired businesses held for sale. The guidance will be effective prospectively for interim and annual periods beginning on or after December 15, 2014, with early adoption permitted. The adoption of the guidance by the Company is not expected to have a material impact on its consolidated financial statements.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*. The ASU is a comprehensive new revenue recognition model that requires a company to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance will be effective for interim and annual reporting periods beginning after December 15, 2016 and early adoption is not permitted. Accordingly, the Company will adopt this ASU in the first quarter of fiscal year 2017. Companies may use either a full retrospective or a modified retrospective approach to adopt this ASU. The Company is currently evaluating the transition methods and the impact of the standard on its consolidated financial statements.

NOTE 2: Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The authoritative guidance for fair value measurements establishes a three-level hierarchy, which encourages an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of the hierarchy are defined as follows:

- Level 1 - inputs to the valuation techniques that are quoted prices in active markets for identical assets or liabilities
- Level 2 - inputs to the valuation techniques that are other than quoted prices but are observable for the assets or liabilities, either directly or indirectly
- Level 3 - inputs to the valuation techniques that are unobservable for the assets or liabilities

*Assets and Liabilities that are Measured at Fair Value on a Recurring Basis*

The following tables present the Company's financial assets measured at fair value on a recurring basis as of January 30, 2015 and January 31, 2014, classified by fair value hierarchy:

| | | Fair Value Measurements at Reporting Date Using | | |
|---|---|---|---|---|
| (In millions) | January 30, 2015 | Level 1 | Level 2 | Level 3 |
| Available-for-sale securities: | | | | |
| Money market funds | $ 81 | $ 81 | $ — | $ — |
| Municipal obligations | 21 | — | 21 | — |
| Certificates of deposit | 17 | 17 | — | — |
| Municipal floating rate obligations | 6 | — | 6 | — |
| Total short-term investments | $ 125 | $ 98 | $ 27 | $ — |
| | | | | |
| Available-for-sale securities: | | | | |
| Municipal floating rate obligations | $ 348 | $ — | $ 348 | $ — |
| Certificates of deposit | 4 | 4 | — | — |
| Municipal obligations | 2 | — | 2 | — |
| Total long-term investments | $ 354 | $ 4 | $ 350 | $ — |

| (In millions) | January 31, 2014 | Fair Value Measurements at Reporting Date Using Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| Available-for-sale securities: | | | | |
| Money market funds | $ 123 | $ 123 | $ — | $ — |
| Municipal obligations | 18 | — | 18 | — |
| Certificates of deposit | 21 | 21 | — | — |
| Municipal floating rate obligations | 18 | — | 18 | — |
| Total short-term investments | $ 185 | $ 149 | $ 36 | $ — |
| | | | | |
| Available-for-sale securities: | | | | |
| Municipal floating rate obligations | $ 265 | $ — | $ 265 | $ — |
| Municipal obligations | 14 | — | 14 | — |
| Total long-term investments | $ 279 | $ — | $ 279 | $ — |

There were no transfers between Levels 1, 2 or 3 during any of the periods presented.

When available, quoted prices were used to determine fair value. When quoted prices in active markets were available, investments were classified within Level 1 of the fair value hierarchy. When quoted prices in active markets were not available, fair values were determined using pricing models, and the inputs to those pricing models were based on observable market inputs. The inputs to the pricing models were typically benchmark yields, reported trades, broker-dealer quotes, issuer spreads and benchmark securities, among others.

*Assets and Liabilities that are Measured at Fair Value on a Nonrecurring Basis*

For the years ended January 30, 2015, and January 31, 2014, the Company's only significant assets or liabilities measured at fair value on a nonrecurring basis subsequent to their initial recognition were certain assets subject to long-lived asset impairment.

The Company reviews the carrying amounts of long-lived assets whenever certain events or changes in circumstances indicate that the carrying amounts may not be recoverable. With input from retail store operations, the Company's accounting and finance personnel that organizationally report to the chief financial officer, assess the performance of retail stores quarterly against historical patterns and projections of future profitability for evidence of possible impairment. An impairment loss is recognized when the carrying amount of the asset (disposal) group is not recoverable and exceeds its fair value. The Company estimated the fair values of assets subject to long-lived asset impairment based on the Company's own judgments about the assumptions that market participants would use in pricing the assets and on observable market data, when available. The Company classified these fair value measurements as Level 3.

In the determination of impairment for operating locations, the Company determined the fair values of individual operating locations using an income approach, which required discounting projected future cash flows. When determining the stream of projected future cash flows associated with an individual operating location, management made assumptions, incorporating local market conditions and inputs from retail store operations, about key variables including the following unobservable inputs: sales growth rates, gross margin, controllable expenses, such as payroll and occupancy expense, and asset residual values. In order to calculate the present value of those future cash flows, the Company discounted cash flow estimates at a rate commensurate with the risk that selected market participants would assign to the cash flows. In general, the selected market participants represented a group of other retailers with a location footprint similar in size to the Company's.

During 2014, 10 operating locations experienced a triggering event and were evaluated for recoverability. Three of the 10 operating locations were determined to be impaired due to a decline in recent cash flow trends and an unfavorable sales outlook, resulting in an impairment loss of $26 million. The discounted cash flow model used to estimate the fair value of the three impaired operating locations assumed average annual sales growth rates ranging from 4.0% to 9.4% over the remaining life of the locations and applied a discount rate of approximately 6.6%.

The remaining seven operating locations that experienced a triggering event during 2014 were determined to be recoverable and, therefore, were not impaired. For these seven locations, the expected undiscounted cash flows substantially exceeded the net book value of each location's assets. A 10% reduction in projected sales used to estimate future cash flows at the latest date impairment losses by $71 million. We analyzed other assumptions made in estimating the future cash flows of the operating locations evaluated for impairment, but the sensitivity of those assumptions was not significant to the estimates.

In the determination of impairment for excess properties held-for-use and held-for-sale, which consisted of retail outparcels and property associated with relocated or closed locations, the fair values were determined using a market approach based on estimated selling prices. The Company determined the estimated selling prices by obtaining information from property brokers or appraisers in the specific markets being evaluated or negotiated non-binding offers to purchase. The information obtained from property brokers or appraisers included comparable sales of similar assets and assumptions about demand in the market for these assets.

During 2014, the Company incurred total impairment charges of $2 million for 10 excess property locations. A 10% reduction in the estimated selling prices for these excess properties at the dates the locations were evaluated for impairment would have increased impairment losses by approximately $1 million.

The following table presents the Company's non-financial assets measured at estimated fair value on a nonrecurring basis and the resulting long-lived asset impairment losses included in earnings, excluding costs to sell for excess properties held-for-sale. Because assets subject to long-lived asset impairment were not measured at fair value on a recurring basis, certain fair value measurements presented in the table may reflect values at earlier measurement dates and may no longer represent the fair values at January 30, 2015 and January 31, 2014.

Fair Value Measurements - Nonrecurring Basis

| | January 30, 2015 | | January 31, 2014 | |
|---|---|---|---|---|
| (In millions) | Fair Value Measurements | Impairment Losses | Fair Value Measurements | Impairment Losses |
| Assets-held-for-use: | | | | |
| Operating locations | $ 9 | $ (26) | $ 13 | $ (26) |
| Excess properties | 11 | (2) | 56 | (17) |
| Assets-held-for-sale: | | | | |
| Excess properties | — | — | 4 | (2) |
| Total | $ 20 | $ (28) | $ 73 | $ (45) |

*Fair Value of Financial Instruments*

The Company's financial instruments not measured at fair value on a recurring basis include cash and cash equivalents, accounts receivable, accounts payable, accrued liabilities, and long-term debt and are reflected in the financial statements at cost. With the exception of long-term debt, cost approximates fair value for these items due to their short-term nature. The fair values of the Company's unsecured notes classified as Level 1 were estimated using quoted market prices. The fair values of the Company's mortgage notes classified as Level 2 were estimated using discounted cash flow analyses, based on the future cash outflows associated with these arrangements and discounted using the applicable incremental borrowing rate.

Carrying amounts and the related estimated fair value of the Company's long-term debt, excluding capitalized lease obligations, are as follows:

| | January 30, 2015 | | January 31, 2014 | |
|---|---|---|---|---|
| (In millions) | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| Unsecured notes (Level 1) | $ 10,860 | $ 12,739 | $ 9,617 | $ 10,630 |
| Mortgage notes (Level 2) | 16 | 17 | 17 | 19 |
| Long-term debt (excluding capitalized lease obligations) | $ 10,876 | $ 12,756 | $ 9,634 | $ 10,649 |

NOTE 3: Investments

The amortized costs, gross unrealized holding gains and losses, and fair values of the Company's investment securities classified as available-for-sale at January 30, 2015, and January 31, 2014 are as follows:

| | January 30, 2015 | | | |
|---|---|---|---|---|
| (In millions) | Amortized Costs | Gross Unrealized Gains | Gross Unrealized Losses | Fair Values |
| Money market funds | $ 81 | $ — | $ — | $ 81 |
| Municipal obligations | 21 | — | — | 21 |
| Certificates of deposit | 17 | — | — | 17 |
| Municipal floating rate obligations | 6 | — | — | 6 |
| Classified as short-term | 125 | — | — | 125 |
| Municipal floating rate obligations | 348 | — | — | 348 |
| Certificates of deposit | 4 | — | — | 4 |
| Municipal obligations | 2 | — | — | 2 |
| Classified as long-term | 354 | — | — | 354 |
| Total | $ 479 | $ — | $ — | $ 479 |

| | January 31, 2014 | | | |
|---|---|---|---|---|
| (In millions) | Amortized Costs | Gross Unrealized Gains | Gross Unrealized Losses | Fair Values |
| Money market funds | $ 128 | $ — | $ — | $ 128 |
| Municipal obligations | 18 | — | — | 18 |
| Certificates of deposit | 21 | — | — | 21 |
| Municipal floating rate obligations | 13 | — | — | 13 |
| Classified as short-term | 185 | — | — | 185 |
| Municipal floating rate obligations | 265 | — | — | 265 |
| Municipal obligations | 14 | — | — | 14 |
| Classified as long-term | 279 | — | — | 279 |
| Total | $ 464 | $ — | $ — | $ 464 |

The proceeds from sales of available-for-sale securities were $283 million, $276 million and $1.1 billion for 2014, 2013 and 2012, respectively. Gross realized gains and losses on the sale of available-for-sale securities were not significant for any of the periods presented. The investments classified as long-term at January 30, 2015, will mature in one to 37 years, based on stated maturity dates.

Short-term and long-term investments include restricted balances pledged as collateral primarily for the Company's extended protection plan program. Restricted balances included in short-term investments were $99 million at January 30, 2015, and $162 million at January 31, 2014. Restricted balances included in long-term investments were $305 million at January 30, 2015, and $268 million at January 31, 2014.

Property is summarized by major class in the following table:

| (In millions) | Estimated Depreciable Lives, In Years | January 30, 2015 | January 31, 2014 |
|---|---|---|---|
| Cost: | | | |
| Land | N/A | $ 7,040 | $ 7,016 |
| Buildings and building improvements | 5-40 | 17,247 | 17,161 |
| Equipment | 3-15 | 10,426 | 10,063 |
| Construction in progress | N/A | 730 | 834 |
| Total cost | | 35,443 | 35,074 |
| Accumulated depreciation | | (15,409) | (14,240) |
| Property, less accumulated depreciation | | $ 20,034 | $ 20,834 |

Included in net property are assets under capital lease of $744 million, less accumulated depreciation of $494 million, at January 30, 2015, and $732 million, less accumulated depreciation of $455 million, at January 31, 2014. The related amortization expense for assets under capital lease is included in depreciation expense.

## NOTE 5: Exit Activities

When locations under operating leases are closed, the Company recognizes a liability for the fair value of future contractual obligations, including future minimum lease payments, property taxes, utilities, common area maintenance and other ongoing expenses, net of estimated sublease income and other recoverable items. During 2014, the Company did not close or relocate any stores subject to operating leases. In 2013, the Company relocated two stores subject to operating leases.

Subsequent changes to the liabilities, including a change resulting from a revision to either the timing or the amount of estimated cash flows, are recognized in the period of change. Changes to the accrual for exit activities for 2014 and 2013 are summarized as follows:

| (In millions) | 2014 | 2013 |
|---|---|---|
| Accrual for exit activities, balance at beginning of year | $ 54 | $ 75 |
| Additions to the accrual - net | 14 | 11 |
| Cash payments | (15) | (32) |
| Accrual for exit activities, balance at end of year | $ 53 | $ 54 |

## NOTE 6: Short-Term Borrowings and Lines of Credit

On August 29, 2014, the Company entered into a new five year unsecured revolving credit agreement (the 2014 Credit Facility) to replace the 2011 Second Amended and Restated Credit Agreement dated October 2011. The 2014 Credit Facility provides for borrowings up to $1.75 billion and expires in August 2019. Subject to obtaining commitments from the lenders and satisfying other conditions specified in the 2014 Credit Facility, we may increase the aggregate availability under the facility by an additional $500 million. The 2014 Credit Facility supports our commercial paper program and has a $500 million letter of credit sublimit. Letters of credit issued pursuant to the 2014 Credit Facility reduce the amount available for borrowing under its terms. Borrowings made are unsecured and are priced at fixed rates based upon market conditions at the time of funding in accordance with the terms of the 2014 Credit Facility. The 2014 Credit Facility contains certain restrictive covenants, which include maintenance of an adjusted debt leverage ratio as defined by the credit agreement. The Company was in compliance with those covenants as of January 30, 2015. Thirteen banking institutions are participating in the 2014 Credit Facility. As of January 30, 2015, there were no outstanding borrowings or letters of credit under the 2014 Credit Facility and no outstanding borrowings under the Company's commercial paper program. As of January 31, 2014, there were $386 million outstanding borrowings under the commercial paper program with a weighted average interest rate of 0.20% and no outstanding borrowings or letters of credit under the senior credit facility.

NOTE 7: Long-Term Debt

| Debt Category (In millions) | Weighted-Average Interest Rate at January 30, 2015 | January 30, 2015 | January 31, 2014 |
|---|---|---|---|
| **Secured debt:** | | | |
| Mortgage notes due through fiscal 2027[1] | 5.65% | $ 16 | $ 17 |
| **Unsecured debt:** | | | |
| Notes due through fiscal 2019 | 3.35% | 2,721 | 2,271 |
| Notes due fiscal 2020-2024 | 3.70% | 3,221 | 2,776 |
| Notes due fiscal 2025-2029 | 6.76% | 313 | 313 |
| Notes due fiscal 2030-2034 | —% | — | — |
| Notes due fiscal 2035-2039[2] | 6.06% | 1,536 | 1,535 |
| Notes due fiscal 2040-2044 | 4.98% | 2,569 | 2,222 |
| Capitalized lease obligations due through fiscal 2035 | | 491 | 501 |
| **Total long-term debt** | | 11,367 | 10,135 |
| Less current maturities | | (552) | (49) |
| **Long-term debt, excluding current maturities** | | $ 10,815 | $ 10,086 |

[1] *Real properties with an aggregate book value of $33 million were pledged as collateral at January 30, 2015, for secured debt.*

[2] *Amount includes $100 million of notes issued in 1997 that may be put at the option of the holder on the 20th anniversary of the issue at par value. None of these notes are currently puttable.*

Debt maturities, exclusive of unamortized original issue discounts and capitalized lease obligations, for the next five years and thereafter are as follows: 2015, $508 million; 2016, $1.0 billion; 2017, $751 million; 2018, $1 million; 2019, $450 million; thereafter, $8.2 billion.

The Company's unsecured notes are issued under indentures that have generally similar terms and, therefore, have been grouped by maturity date for presentation purposes in the table above. The notes contain certain restrictive covenants, none of which is expected to impact the Company's capital resources or liquidity. The Company was in compliance with all covenants of these agreements at January 30, 2015.

In April 2012, the Company issued $2.0 billion of unsecured notes in three tranches: $500 million of 1.625% notes maturing in April 2017, $750 million of 3.12% notes maturing in April 2022 and $750 million of 4.65% notes maturing in April 2042. The 2017, 2022 and 2042 notes were issued at discounts of approximately $2 million, $4 million and $10 million, respectively. Interest on these notes is payable semiannually in arrears in April and October of each year until maturity, beginning in October 2012.

In September 2013, the Company issued $1.0 billion of unsecured notes in two tranches: $500 million of 3.875% notes maturing in September 2023 and $500 million of 5.0% notes maturing in September 2043. The 2023 and 2043 notes were issued at discounts of approximately $5 million and $9 million, respectively. Interest on these notes is payable semiannually in arrears in March and September of each year until maturity, beginning in March 2014.

In September 2014, the Company issued $1.25 billion of unsecured notes in three tranches: $450 million of floating rate notes maturing in September 2019; $450 million of 3.125% notes maturing in September 2024; and $350 million of 4.25% notes maturing in September 2044. The 2019, 2024, and 2044 Notes were issued at discounts of approximately $2 million, $6 million, and $4 million, respectively. The 2019 Notes will bear interest at a floating rate, reset quarterly, equal to the three-month LIBOR plus 0.420% (0.658% as of January 30, 2015). Interest on the 2019 Notes is payable quarterly in arrears in March, June, September, and December of each year until maturity, beginning in December 2014. Interest on the 2024 and 2044 Notes is payable semiannually in arrears in March and September of each year until maturity, beginning in March 2015.

The discounts associated with these issuances, which include the underwriting and issuance discounts, are recorded in long-term debt and are being amortized over the respective terms of the notes.

in part, at specified redemption prices plus accrued interest to the date of redemption, with the exception of the 2019 Notes issued in 2014. We do not have the right to redeem the 2019 Notes prior to maturity. The indentures also contain a provision that allows the holders of the notes to require the Company to repurchase all or any part of their notes if a change of control triggering event (as defined in the indentures) occurs. If elected under the change of control provisions, the repurchase of the notes will occur at a purchase price of 101% of the principal amount, plus accrued and unpaid interest, if any, on such notes to the date of purchase. The indentures governing the notes do not limit the aggregate principal amount of debt securities that the Company may issue and do not require the Company to maintain specified financial ratios or levels of net worth or liquidity.

NOTE 8: Shareholders' Equity

Authorized shares of preferred stock were 5.0 million ($5 par value) at January 30, 2015, and January 31, 2014, none of which have been issued. The Board of Directors may issue the preferred stock (without action by shareholders) in one or more series, having such voting rights, dividend and liquidation preferences, and such conversion and other rights as may be designated by the Board of Directors at the time of issuance.

Authorized shares of common stock were 5.6 billion ($.50 par value) at January 30, 2015, and January 31, 2014.

The Company has a share repurchase program that is executed through purchases made from time to time either in the open market or through private off-market transactions. Shares purchased under the repurchase program are retired and returned to authorized and unissued status. On February 1, 2013, the Company's Board of Directors authorized a $5.0 billion share repurchase program with no expiration. On January 31, 2014, the Company's Board of Directors authorized an additional $5.0 billion under the repurchase program with no expiration, following which, the Company had an available share repurchase authorization of $6.3 billion. As of January 30, 2015, the Company had $2.4 billion remaining available under the program.

During the year ended January 30, 2015, the Company entered into Accelerated Share Repurchase (ASR) agreements with third-party financial institutions to repurchase a total of 25.3 million shares of the Company's common stock for $1.25 billion. At inception, the Company paid the financial institutions using cash on hand and took initial delivery of shares. Under the terms of the ASR agreements, upon settlement, the Company would either receive additional shares from the financial institution or be required to deliver additional shares or cash to the financial institution. The Company controlled its election to either deliver additional shares or cash to the financial institution and was subject to provisions which limited the number of shares the Company would be required to deliver.

The final number of shares received upon settlement of each ASR agreement was determined with reference to the volume-weighted average price of the Company's common stock over the term of the ASR agreement. The initial repurchase of shares under these agreements resulted in an immediate reduction of the outstanding shares used to calculate the weighted-average common shares outstanding for basic and diluted earnings per share.

These ASR agreements were accounted for as treasury stock transactions and forward stock purchase contracts. The par value of the shares received was recorded as a reduction to common stock with the remainder recorded as a reduction to capital in excess of par value and retained earnings. The forward stock purchase contract was considered indexed to the Company's own stock and was classified as an equity instrument.

During the year ended January 30, 2015, the Company also repurchased shares of its common stock through the open market totaling 48.5 million shares for a cost of $2.6 billion.

The Company also withholds shares from employees to satisfy either the exercise price of stock options exercised or the statutory withholding tax liability resulting from the vesting of restricted stock awards.

Shares repurchased for 2014 and 2013 were as follows:

| | 2014 | | 2013 | |
|---|---|---|---|---|
| (In millions) | Shares | Cost[1] | Shares | Cost[1] |
| Share repurchase program | 73.8 | $ 3,380 | 86.6 | $ 3,732 |
| Shares withheld from employees | 0.9 | 47 | 1.0 | 38 |
| **Total share repurchases** | 74.7 | $ 3,927 | 87.6 | $ 3,770 |

[1] *Reductions of $3.6 billion and $3.4 billion were recorded to retained earnings, after capital in excess of par value was depleted, for 2014 and 2013, respectively.*

## NOTE 9: Accounting for Share-Based Payment

### Overview of Share-Based Payment Plans

The Company has a number of active and inactive equity incentive plans (the Incentive Plans) under which the Company has been authorized to grant share-based awards to key employees and non-employee directors. The Company also has an employee stock purchase plan (the ESPP) that allows employees to purchase Company shares at a discount through payroll deductions. All of these plans contain a nondiscretionary anti-dilution provision that is designed to equalize the value of an award as a result of any stock dividend, stock split, recapitalization, or any other similar equity restructuring.

A total of 199.0 million shares have been previously authorized for grant to key employees and non-employee directors under all of the Company's Incentive Plans, but only 80.0 million of those shares were authorized for grants of share-based awards under the Company's currently active Incentive Plans. In addition, a total of 70.0 million shares have been previously authorized for purchases by employees participating in the ESPP.

At January 30, 2015, there were 37.2 million shares remaining available for grants under the currently active Incentive Plans and 25.5 million shares remaining available for purchases under the ESPP.

The Company recognized share-based payment expense in SG&A expense in the consolidated statements of earnings of $119 million in 2014 and $100 million in both 2013 and 2012. The total associated income tax benefit recognized was $39 million, $32 million and $33 million in 2014, 2013 and 2012, respectively.

Total unrecognized share-based payment expense for all share-based payment plans was $151 million at January 30, 2015, of which $86 million will be recognized in 2015, $46 million in 2016 and $19 million thereafter. This results in these amounts being recognized over a weighted-average period of 1.9 years.

For all share-based payment awards, the expense recognized has been adjusted for estimated forfeitures where the requisite service is not expected to be provided. Estimated forfeiture rates are developed based on the Company's analysis of historical forfeiture data for homogeneous employee groups.

General terms and methods of valuation for the Company's share-based awards are as follows:

### Stock Options

Stock options have terms of seven or 10 years, with one-third of each grant vesting each year for three years, and are assigned an exercise price equal to the closing market price of a share of the Company's common stock on the date of grant. Options are expensed on a straight-line basis over the grant vesting period, which is considered to be the requisite service period.

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model. When determining expected volatility, the Company considers the historical performance of the Company's stock, as well as implied volatility. The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant, based on the options' expected term. The expected term of the options is based on the Company's evaluation of option holders' exercise patterns and represents the period of time that options are expected to remain unexercised. The Company uses historical data to estimate the timing and amount of forfeitures. The weighted average assumptions used in the Black-Scholes option-pricing model and weighted-average grant date fair value for options granted in 2014, 2013 and 2012 are as follows:

| | 2014 | 2013 | 2012 |
|---|---|---|---|
| Weighted-average assumptions used: | | | |
| Expected volatility | 34.2% | 34.2% | 38.6% |
| Dividend yield | 1.73% | 1.45% | 1.76% |
| Risk-free interest rate | 2.26% | 1.31% | 0.75% |
| Expected term, in years | 7.00 | 7.39 | 4.41 |
| Weighted-average grant date fair value | $ 17.00 | $ 12.24 | $ 7.84 |

The total intrinsic value of options exercised, representing the difference between the exercise price and the market price on the date of exercise, was approximately $62 million, $48 million and $84 million in 2014, 2013 and 2012, respectively.

Transactions related to stock options for the year ended January 30, 2015 are summarized as follows:

| | Shares (In thousands) | Weighted-Average Exercise Price Per Share | Weighted-Average Remaining Term (In years) | Aggregate Intrinsic Value (In thousands) |
|---|---|---|---|---|
| Outstanding at January 31, 2014 | 7,356 | $ 29.42 | | |
| Granted | 1,507 | 53.13 | | |
| Canceled, forfeited or expired | (237) | 34.35 | | |
| Exercised | (2,315) | 26.45 | | |
| Outstanding at January 30, 2015 | 6,311 | $ 35.98 | 6.10 | $ 200,560 |
| Vested and expected to vest at January 30, 2015[1] | 6,207 | $ 35.74 | 6.05 | $ 198,725 |
| Exercisable at January 30, 2015 | 2,949 | $ 28.20 | 4.03 | $ 116,669 |

[1] *Includes outstanding vested options as well as outstanding nonvested options after a forfeiture rate is applied.*

**Restricted Stock Awards**

Restricted stock awards are valued at the market price of a share of the Company's common stock on the date of grant. In general, these awards vest at the end of a three year period from the date of grant and are expensed on a straight-line basis over that period, which is considered to be the requisite service period. The Company uses historical data to estimate the timing and amount of forfeitures. The weighted-average grant-date fair value per share of restricted stock awards granted was $53.13, $41.78 and $28.25 in 2014, 2013, and 2012, respectively. The total fair value of restricted stock awards vested was approximately $114 million, $98 million and $118 million in 2014, 2013 and 2012, respectively.

Transactions related to restricted stock awards for the year ended January 30, 2015 are summarized as follows:

| | Shares (In thousands) | Weighted-Average Grant-Date Fair Value Per Share |
|---|---|---|
| Nonvested at January 31, 2014 | 7,048 | $ 32.74 |
| Granted | 1,290 | 53.13 |
| Vested | (2,300) | 26.04 |
| Canceled or forfeited | (464) | 36.61 |
| Nonvested at January 30, 2015 | 5,574 | $ 39.91 |

### Deferred Stock Units

Deferred stock units are valued at the market price of a share of the Company's common stock on the date of grant. For non-employee Directors, these awards
vest immediately and are expensed on the grant date. During 2014, 2013 and 2012, each non-employee Director was awarded a number of deferred stock
units determined by dividing the annual award amount by the fair market value of a share of the Company's common stock on the award date and rounding
up to the next 100 units. The annual award amount used to determine the number of deferred stock units granted to each Director was $150,000 for both
2014 and 2013, and $140,000 for 2012. During 2014, 32,000 deferred stock units were granted and immediately vested for non-employee Directors. The
weighted-average grant-date fair value per share of deferred stock units granted was $47.08, $42.11 and $26.36 in 2014, 2013 and 2012, respectively. The
total fair value of deferred stock units vested was $1.5 million, $1.5 million and $1 million in 2014, 2013, and 2012, respectively. During 2014, 0.1 million
of fully vested deferred stock units were released as a result of termination of service. At January 30, 2015, there were 0.5 million deferred stock units
outstanding, all of which were vested.

### Performance Share Units

The Company has issued two types of Performance Share Units - those based on the achievement of targeted Company return on non-cash average assets
(RONCAA) and those based on targeted Company improvement in brand differentiation. Performance share units do not have dividend rights. In general,
upon the achievement of a minimum threshold, 50% to 150% of these awards vest at the end of a three year service period from the date of grant based upon
achievement of the performance goal specified in the performance share unit agreement.

Performance share units are expensed on a straight-line basis over the requisite service period, based on the probability of achieving the performance goal,
with changes in expectations recognized as an adjustment to earnings in the period of the change. If the performance goal is not met, no compensation cost is
recognized and any previously recognized compensation cost is reversed. The Company uses historical data to estimate the timing and amount of forfeitures.

*RONCAA Awards*

Performance share units issued based on the achievement of targeted RONCAA, which is considered a performance condition, are classified as equity awards
and are valued at the market price of a share of the Company's common stock on the date of grant less the present value of dividends expected during the
requisite service period. The weighted-average grant-date fair value per unit of performance share units classified as equity awards granted was $47.05,
$36.48 and $26.60 in 2014, 2013 and 2012, respectively. No performance share units vested in 2014, 2013 or 2012.

Transactions related to performance share units classified as equity awards for the year ended January 30, 2015 are summarized as follows:

| | Units (In thousands)[1] | | Weighted-Average Grant-Date Fair Value Per Unit |
|---|---|---|---|
| Nonvested at January 31, 2014 | 1,001 | $ | 28.85 |
| Granted | 378 | | 47.05 |
| Canceled or forfeited | (422) | | 26.68 |
| Nonvested at January 30, 2015 | 957 | $ | 37.00 |

[1] *The number of units presented is based on achieving the targeted performance goals as defined in the performance share unit agreements. As of January 30, 2015, the maximum number of units that could vest under the provisions of the agreements was 1.4 million for the RONCAA awards.*

*Brand Differentiation Awards*

Performance share units issued based on targeted Company improvement in brand differentiation, which is not considered a market, performance, or service
related condition, are classified as liability awards and are measured at fair value at each reporting date. The awards are valued at the market price of a share
of the Company's common stock at the end of each reporting period less the present value of dividends expected to be issued during the remaining requisite
service period. No performance share units classified as liability awards were granted in 2014. The weighted-average grant-date fair value per unit of
performance share units classified as liability awards granted was $36.48 and $26.60 in 2013 and 2012, respectively.

$9 million.

Transactions related to performance share units classified as liability awards for the year ended January 30, 2015 are summarized as follows:

| | Units (In thousands)[1] | Weighted-Average Grant-Date Fair Value Per Unit |
|---|---|---|
| Nonvested at January 31, 2014 | 493 | $ 28.85 |
| Granted | — | — |
| Canceled or forfeited | (193) | 25.18 |
| Nonvested at January 30, 2015 | 300 | $ 31.20 |

[1] *The number of units presented is based on achieving the targeted performance goals as defined in the performance share unit agreements. As of January 30, 2015, the maximum number of units that could vest under the provisions of the agreements were 0.5 million units for the brand differentiation awards.*

### Restricted Stock Units

Restricted stock units do not have dividend rights and are valued at the market price of a share of the Company's common stock on the date of grant less the present value of dividends expected during the requisite service period. In general, these awards vest at the end of a three year period from the date of grant and are expensed on a straight-line basis over that period, which is considered to be the requisite service period. The Company uses historical data to estimate the timing and amount of forfeitures. The weighted-average grant-date fair value per share of restricted stock units granted was $50.48, $41.53 and $27.84 in 2014, 2013 and 2012, respectively. The total fair value of restricted stock units vesting was approximately $1.6 million and $3.4 million in 2014 and 2013, respectively. An insignificant amount of restricted stock units vested in 2012.

Transactions related to restricted stock units for the year ended January 30, 2015 are summarized as follows:

| | Shares (In thousands) | Weighted-Average Grant-Date Fair Value Per Share |
|---|---|---|
| Nonvested at January 31, 2014 | 223 | $ 35.99 |
| Granted | 120 | 50.48 |
| Vested | (33) | 24.17 |
| Canceled or forfeited | (30) | 40.20 |
| Nonvested at January 30, 2015 | 285 | $ 43.00 |

### ESPP

The purchase price of the shares under the ESPP equals 85% of the closing price on the date of purchase. The Company's share-based payment expense per share is equal to 15% of the closing price on the date of purchase. The ESPP is considered a liability award and is measured at fair value at each reporting date, and the share-based payment expense is recognized over the six-month offering period. During 2014, the Company issued 1.6 million shares of common stock and recognized $13 million of share-based payment expense pursuant to the plan.

NOTE 10: Employee Retirement Plans

The Company maintains a defined contribution retirement plan for its eligible employees (the 401(k) Plan). Employees are eligible to participate in the 401(k) Plan six months after their original date of service. Eligible employees hired or rehired prior to November 1, 2012, were automatically enrolled in the 401(k) Plan at a contribution rate of 1% of their pre-tax annual compensation unless they elected otherwise. Eligible employees hired or rehired November 1, 2012, or later must make an active election to participate in the 401(k) Plan. The Company makes contributions to the 401(k) Plan each payroll period, based upon a matching formula applied to employee deferrals (the Company Match). Participants are eligible to receive the Company Match pursuant to the terms of the 401(k) Plan. The Company Match varies based on how much the employee elects to defer up to a maximum of 4.25% of eligible compensation. The Company Match is invested identically to employee contributions and is immediately vested.

The Company maintains a Benefit Restoration Plan to supplement benefits provided under the 401(k) Plan to participants whose benefits are restricted as a result of certain provisions of the Internal Revenue Code of 1986. This plan provides for employee salary deferrals and employer contributions in the form of a Company Match.

The Company maintains a non-qualified deferred compensation program called the Lowe's Cash Deferral Plan. This plan is designed to permit certain employees to defer receipt of portions of their compensation, thereby delaying taxation on the deferral amount and on subsequent earnings until the balance is distributed. This plan does not provide for Company contributions.

The Company recognized expense associated with employee retirement plans of $154 million, $160 million and $151 million in 2014, 2013 and 2012, respectively.

NOTE 11: Income Taxes

The following is a reconciliation of the federal statutory tax rate to the effective tax rate:

| | 2014 | 2013 | 2012 |
|---|---|---|---|
| Statutory federal income tax rate | 35.0 % | 35.0 % | 35.0 % |
| State income taxes, net of federal tax benefit | 3.3 | 2.9 | 3.1 |
| Other, net | (1.4) | (0.1) | (0.5) |
| Effective tax rate | 36.9 % | 37.8 % | 37.6 % |

The components of the income tax provision are as follows:

| (In millions) | 2014 | 2013 | 2012 |
|---|---|---|---|
| **Current:** | | | |
| Federal | $ 1,475 | $ 1,342 | $ 1,162 |
| State | 221 | 203 | 155 |
| **Total current** | 1,696 | 1,545 | 1,317 |
| **Deferred:** | | | |
| Federal | (112) | (133) | (133) |
| State | (6) | (25) | (6) |
| **Total deferred** | (118) | (158) | (139) |
| **Total income tax provision** | $ 1,578 | $ 1,387 | $ 1,178 |

| (In millions) | January 30, 2015 | January 31, 2014 |
|---|---|---|
| **Deferred tax assets:** | | |
| Self-insurance | $ 378 | $ 384 |
| Share-based payment expense | 81 | 70 |
| Deferred rent | 88 | 80 |
| Foreign currency translation | 62 | 8 |
| Net operating losses | 152 | 148 |
| Other, net | 131 | 130 |
| **Total deferred tax assets** | 892 | 820 |
| Valuation allowance | (170) | (164) |
| **Net deferred tax assets** | 722 | 656 |
| | | |
| **Deferred tax liabilities:** | | |
| Property | (534) | (646) |
| Other, net | (55) | (49) |
| **Total deferred tax liabilities** | (589) | (695) |
| | | |
| **Net deferred tax asset (liability)** | $ 133 | $ (39) |

The Company operates as a branch in various foreign jurisdictions and cumulatively has incurred net operating losses of $557 million and $547 million as of January 30, 2015, and January 31, 2014, respectively. These net operating losses are subject to expiration in 2017 through 2034. Deferred tax assets have been established for these foreign net operating losses in the accompanying consolidated balance sheets. Given the uncertainty regarding the realization of the foreign net deferred tax assets, including these foreign net operating losses, the Company recorded cumulative valuation allowances of $170 million and $164 million as of January 30, 2015, and January 31, 2014, respectively.

The Company has not provided for deferred income taxes on accumulated but undistributed earnings of the Company's foreign operations of approximately $112 million and $51 million as of January 30, 2015, and January 31, 2014, respectively, due to its intention to permanently reinvest these earnings outside the U.S. It is not practicable to determine the income tax liability that would be payable on these earnings. The Company will provide for deferred or current income taxes on such earnings in the period it determines requisite to remit those earnings.

A reconciliation of the beginning and ending balances of unrecognized tax benefits is as follows:

| (In millions) | 2014 | 2013 | 2012 |
|---|---|---|---|
| Unrecognized tax benefits, beginning of year | $ 62 | $ 63 | $ 146 |
| Additions for tax positions of prior years | 2 | — | 20 |
| Reductions for tax positions of prior years | (57) | — | (3) |
| Settlements | — | (1) | (100) |
| Unrecognized tax benefits, end of year | $ 7 | $ 62 | $ 63 |

The amounts of unrecognized tax benefits that, if recognized, would favorably impact the effective tax rate were $4 million and $62 million as of January 30, 2015, and January 31, 2014, respectively.

During 2014, the Company recognized $1 million of interest income and an insignificant decrease in penalties related to uncertain tax positions. As of January 30, 2015, the Company had $2 million of accrued interest and an insignificant amount of accrued penalties. During 2013, the Company recognized $6 million of interest expense and an insignificant decrease in penalties related to uncertain tax positions. As of January 31, 2014, the Company had $6 million of accrued interest and an insignificant amount of accrued penalties. During 2012, the Company recognized $27 million of interest income and an insignificant decrease in penalties related to uncertain tax positions.

The Company is subject to examination by various foreign and domestic taxing authorities. During 2014, the Company was notified by the Internal Revenue Service (IRS) that its 2012 Federal tax return would be subjected to a limited scope audit. In addition, the Company was accepted into the IRS's Compliance Assistance Program for the 2014 tax year; this program enables the Company to work with the IRS in an effort to resolve issues relating to the Company's federal tax liability prior to the filing of the Company's federal tax return. It is reasonably possible that the Company will resolve $7 million in state related audit items within the next 12 months. There are ongoing U.S. state audits covering tax years 2007 to 2013. The Company's Canadian operations are currently under audit by the Canada Revenue Agency for fiscal years 2009 and 2010. The Company remains subject to income tax examinations for international income taxes for fiscal years 2007 through 2013. The Company believes appropriate provisions for all outstanding issues have been made for all jurisdictions and all open years.

## Note 12: Earnings Per Share

The Company calculates basic and diluted earnings per common share using the two-class method. Under the two-class method, net earnings are allocated to each class of common stock and participating security as if all of the net earnings for the period had been distributed. The Company's participating securities consist of share-based payment awards that contain a nonforfeitable right to receive dividends and, therefore, are considered to participate in undistributed earnings with common shareholders.

Basic earnings per common share excludes dilution and is calculated by dividing net earnings allocable to common shares by the weighted-average number of common shares outstanding for the period. Diluted earnings per common share is calculated by dividing net earnings allocable to common shares by the weighted-average number of common shares as of the balance sheet date, as adjusted for the potential dilutive effect of non-participating share-based awards. The following table reconciles earnings per common share for 2014, 2013 and 2012:

| (In millions, except per share data) | 2014 | 2013 | 2012 |
|---|---|---|---|
| **Basic earnings per common share:** | | | |
| Net earnings | $ 2,698 | $ 2,286 | $ 1,959 |
| Less: Net earnings allocable to participating securities | (16) | (16) | (14) |
| **Net earnings allocable to common shares, basic** | $ 2,682 | $ 2,270 | $ 1,945 |
| **Weighted-average common shares outstanding** | 988 | 1,059 | 1,150 |
| **Basic earnings per common share** | $ 2.71 | $ 2.14 | $ 1.69 |
| **Diluted earnings per common share:** | | | |
| Net earnings | $ 2,698 | $ 2,286 | $ 1,959 |
| Less: Net earnings allocable to participating securities | (16) | (16) | (14) |
| **Net earnings allocable to common shares, diluted** | $ 2,682 | $ 2,270 | $ 1,945 |
| Weighted-average common shares outstanding | 988 | 1,059 | 1,150 |
| Dilutive effect of non-participating share-based awards | 2 | 2 | 2 |
| **Weighted-average common shares, as adjusted** | 990 | 1,061 | 1,152 |
| **Diluted earnings per common share** | $ 2.71 | $ 2.14 | $ 1.69 |

Stock options to purchase 0.6 million, 1.9 million and 7.5 million shares of common stock for 2014, 2013 and 2012, respectively, were excluded from the computation of diluted earnings per common share because their effect would have been anti-dilutive.

## NOTE 13: Leases

The Company leases facilities and land for certain facilities under agreements with original terms generally of 20 years. The leases generally contain provisions for four to six renewal options of five years each. Some lease agreements also provide for contingent rentals based on sales performance in excess of specified minimums or on changes in the consumer price index. Contingent rentals were not significant for any of the periods presented. The Company subleases certain properties that are not used in its operations. Sublease income was not significant for any of the periods presented.

in excess of one year are summarized as follows:

| (In millions) Fiscal Year | Operating Leases | Capitalized Lease Obligations | Total |
|---|---|---|---|
| 2015 | $ 464 | $ 35 | $ 549 |
| 2016 | 470 | 72 | 542 |
| 2017 | 461 | 61 | 522 |
| 2018 | 440 | 57 | 497 |
| 2019 | 410 | 53 | 463 |
| Later years | 3,234 | 467 | 3,701 |
| **Total minimum lease payments** | $ 5,479 | $ 795 | $ 6,274 |
| Less amount representing interest | | (395) | |
| **Present value of minimum lease payments** | | 400 | |
| Less current maturities | | (44) | |
| **Present value of minimum lease payments, less current maturities** | | $ 356 | |

Rental expenses under operating leases were $445 million, $421 million and $409 million in 2014, 2013 and 2012, respectively, and were recognized in SG&A expense. Excluded from these amounts are rental expenses associated with closed locations which were recognized as exit costs in the period of closure.

**NOTE 14: Commitments and Contingencies**

The Company is a defendant in legal proceedings considered to be in the normal course of business, none of which, individually or collectively, are expected to be material to the Company's financial statements. In evaluating liabilities associated with its various legal proceedings, the Company has accrued for probable liabilities associated with these matters. The amounts accrued were not material to the Company's consolidated financial statements in any of the years presented. Reasonably possible losses for any of the individual legal proceedings which have not been accrued were not material to the Company's consolidated financial statements.

As of January 30, 2015, the Company had non-cancelable commitments of $847 million related to certain marketing and information technology programs, and purchases of merchandise inventory. Payments under these commitments are scheduled to be made as follows: 2015, $745 million; 2016, $61 million; 2017, $39 million; 2018, $1 million; 2019, $1 million.

At January 30, 2015, the Company held standby and documentary letters of credit issued under banking arrangements which totaled $66 million. The majority of the Company's letters of credit were issued for insurance contracts.

**NOTE 15: Related Parties**

A brother-in-law of the Company's former Chief Customer Officer is a senior officer and shareholder of a vendor that provides millwork and other building products to the Company. The Company purchased products from this vendor in the amount of $80 million in 2014, $70 million in 2013, and $78 million in 2012. Amounts payable to this vendor were $11 million at January 30, 2015, and were not significant at January 31, 2014.

A member appointed to the Company's Board of Directors during fiscal year 2013 also serves on the Board of Directors of a vendor that provides branded consumer packaged goods to the Company. The Company purchased products from this vendor in the amount of $151 million in 2014 and $145 million in 2013. Amounts payable to this vendor were not significant at January 30, 2015, and were $11 million at January 31, 2014.

A member of the Company's Board of Directors also serves on the Board of Directors of a vendor that provides certain services to the Company related to health and welfare benefit plans. The Company made payments to this vendor in the amount of $56 million in 2014, $15 million in 2013, and $2 million in 2012. Amounts payable to this vendor were insignificant at January 30, 2015, and January 31, 2014.

NOTE 16: Other Information

Net interest expense is comprised of the following:

| (In millions) | | 2014 | | 2013 | | 2012 |
|---|---|---|---|---|---|---|
| Long-term debt | $ | 470 | $ | 431 | $ | 418 |
| Capitalized lease obligations | | 42 | | 40 | | 37 |
| Interest income | | (6) | | (4) | | (9) |
| Interest capitalized | | (2) | | (4) | | (4) |
| Interest on tax uncertainties | | (1) | | 6 | | (27) |
| Other | | 13 | | 7 | | 8 |
| Interest - net | $ | 516 | $ | 476 | $ | 423 |

Supplemental disclosures of cash flow information:

| (In millions) | | 2014 | | 2013 | | 2012 |
|---|---|---|---|---|---|---|
| Cash paid for interest, net of amount capitalized | $ | 504 | $ | 454 | $ | 444 |
| Cash paid for income taxes, net | $ | 1,534 | $ | 1,505 | $ | 1,404 |
| Non-cash investing and financing activities: | | | | | | |
| Non-cash property acquisitions, including assets acquired under capital lease | $ | 14 | $ | 15 | $ | 101 |
| Cash dividends declared but not paid | $ | 222 | $ | 186 | $ | 178 |

Sales by product category:

| | | 2014 | | | 2013 [1] | | | 2012 [1] | |
|---|---|---|---|---|---|---|---|---|---|
| (Dollars in millions) | | Total Sales | % | | Total Sales | % | | Total Sales | % |
| Kitchens & Appliances | $ | 8,007 | 14% | $ | 7,527 | 14% | $ | 6,973 | 14% |
| Lumber & Building Materials | | 6,384 | 12 | | 6,596 | 12 | | 6,276 | 12 |
| Tools & Hardware | | 6,263 | 11 | | 5,873 | 11 | | 5,633 | 11 |
| Fashion Fixtures | | 5,591 | 10 | | 5,271 | 10 | | 4,964 | 10 |
| Rough Plumbing & Electrical | | 4,928 | 9 | | 4,684 | 9 | | 4,356 | 9 |
| Lawn & Garden | | 4,639 | 8 | | 4,423 | 8 | | 4,340 | 9 |
| Seasonal Living | | 3,717 | 7 | | 3,615 | 7 | | 3,433 | 7 |
| Paint | | 3,614 | 6 | | 3,471 | 7 | | 3,306 | [illegible] |
| Home Fashions, Storage & Cleaning | | 3,263 | 6 | | 3,176 | 6 | | 3,050 | 6 |
| Flooring | | 3,219 | 6 | | 3,066 | 6 | | 2,364 | 6 |
| Millwork | | 3,135 | 6 | | 2,926 | 5 | | 2,793 | 5 |
| Outdoor Power Equipment | | 2,339 | 4 | | 2,224 | 4 | | 2,046 | 4 |
| Other | | 624 | 1 | | 565 | 1 | | 487 | 1 |
| Totals | $ | 56,223 | 100% | $ | 53,417 | 100% | $ | 50,521 | 100% |

[1] *Certain prior period amounts have been reclassified to conform to current product category classifications.*

Selected Quarterly Data (UNAUDITED)

The following table summarizes the quarterly consolidated results of operations for 2014 and 2013:

| (In millions, except per share data) | 2014 | | | |
|---|---|---|---|---|
| | First | Second | Third | Fourth |
| Net sales | $ 13,403 | $ 16,599 | $ 13,681 | $ 12,540 |
| Gross margin | 4,758 | 5,735 | 4,718 | 4,346 |
| Net earnings | 624 | 1,039 | 585 | 450 |
| Basic earnings per common share | 0.61 | 1.04 | 0.59 | 0.46 |
| Diluted earnings per common share | $ 0.61 | $ 1.04 | $ 0.59 | $ 0.46 |

| (In millions, except per share data) | 2013 | | | |
|---|---|---|---|---|
| | First | Second | Third | Fourth |
| Net sales | $ 13,088 | $ 15,711 | $ 12,957 | $ 11,660 |
| Gross margin | 4,555 | 5,397 | 4,481 | 4,042 |
| Net earnings | 540 | 941 | 499 | 306 |
| Basic earnings per common share | 0.49 | 0.88 | 0.47 | 0.29 |
| Diluted earnings per common share | $ 0.49 | $ 0.88 | $ 0.47 | $ 0.29 |

**Item 9 - Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

None.

**Item 9A - Controls and Procedures**

The Company's management, with the participation of the Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's "disclosure controls and procedures", (as such term is defined in Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended, (the Exchange Act)). Based upon their evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, as of the end of the period covered by this report, the Company's disclosure controls and procedures were effective for the purpose of ensuring that the information required to be disclosed in the reports that the Company files or submits under the Exchange Act with the Securities and Exchange Commission (the SEC) (1) is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and (2) is accumulated and communicated to the Company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

Management's report on internal control over financial reporting (as such term is defined in Rule 13a-15(f) under the Exchange Act) and the report of Deloitte & Touche LLP, the Company's independent registered public accounting firm, are included in Item 8 of this Annual Report on Form 10-K.

In addition, no change in the Company's internal control over financial reporting occurred during the fiscal fourth quarter ended January 30, 2015 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

**Item 9B - Other Information**

None.

## Item 10 - Directors, Executive Officers and Corporate Governance

Information required by this item is furnished by incorporation by reference to all information under the captions entitled, "Proposal One: Election of Directors," "Information Concerning Experience, Qualifications, Attributes and Skills of the Nominees," "Information about the Board of Directors and Committees of the Board," and "Section 16(a) Beneficial Ownership Reporting Compliance" included in the definitive Proxy Statement, which will be filed pursuant to Regulation 14A, with the SEC within 120 days after the fiscal year ended January 30, 2015 (the Proxy Statement). The information required by this item with respect to our executive officers appears in Part I of this Annual Report on Form 10-K under the caption, "Executive Officers and Certain Significant Employees of the Registrant".

All employees of the Company, including its Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer are required to abide by the Lowe's Code of Business Conduct and Ethics (the Code). The Code is designed to ensure that the Company's business is conducted in a legal and ethical manner. The Code covers all areas of professional conduct including compliance with laws and regulations, conflicts of interest, fair dealing among customers and suppliers, corporate opportunity, confidential information, insider trading, employee relations and accounting complaints. The full text of the Code can be found on our website at www.Lowes.com, under the "About Lowe's," "Investors" and "Governance - Code of Ethics" captions. You can also obtain a copy of the complete Code by contacting Investor Relations at 1-800-813-7613.

We will disclose information pertaining to amendments or waivers to provisions of the Code that apply to our principal executive officer, principal financial officer, principal accounting officer or persons performing similar functions and that relate to the elements of the Code enumerated in the SEC rules and regulations by posting this information on our website at www.Lowes.com. The information on our website is not a part of this Annual Report on Form 10-K and is not incorporated by reference in this report or any of our other filings with the SEC.

## Item 11 - Executive Compensation

Information required by this item is furnished by incorporation by reference to all information under the captions entitled, "Executive Officer Compensation" and "Information about the Board of Directors and Committees of the Board – Compensation of Directors" included in the Proxy Statement.

## Item 12 - Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Information required by this item is furnished by incorporation by reference to all information under the captions entitled, "Security Ownership of Certain Beneficial Owners and Management" and "Equity Compensation Plan Information" included in the Proxy Statement.

## Item 13 - Certain Relationships and Related Transactions, and Director Independence

Information required by this item is furnished by incorporation by reference to all information under the captions entitled, "Related-Party Transactions" and "Information about the Board of Directors and Committees of the Board – Director Independence" included in the Proxy Statement.

## Item 14 - Principal Accountant Fees and Services

Information required by this item is furnished by incorporation by reference to all information under the caption entitled, "Audit Matters – Fees Paid to the Independent Registered Public Accounting Firm" included in the Proxy Statement.

Item 15 – Exhibits and Financial Statement Schedules

a) 1. Financial Statements

See the following items and page numbers appearing in Item 8 of this Annual Report on Form 10-K:

2. Financial Statement Schedule

## SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS AND RESERVES

| (in Millions) | Balance at beginning of period | Charges to costs and expenses | Deductions | Balance at end of period |
|---|---|---|---|---|
| **January 30, 2015:** | | | | |
| Reserve for loss on obsolete inventory | $ 68 | $ — | $ (16) [1] | $ 52 |
| Reserve for inventory shrinkage | 158 | 326 | (322) [2] | 162 |
| Reserve for sales returns | 58 | 7 [3] | — | 65 |
| Deferred tax valuation allowance | 164 | 6 [4] | — | 170 |
| Self-insurance liabilities | 904 | 1,323 | (1,322) [5] | 905 |
| Reserve for exit activities | 54 | 14 | (15) [6] | 53 |
| **January 31, 2014:** | | | | |
| Reserve for loss on obsolete inventory | $ 57 | $ 11 [1] | $ — | $ 68 |
| Reserve for inventory shrinkage | 142 | 325 | (309) [2] | 158 |
| Reserve for sales returns | 59 | — | (1) [3] | 58 |
| Deferred tax valuation allowance | 142 | 22 [4] | — | 164 |
| Self-insurance liabilities | 899 | 1,164 | (1,159) [5] | 904 |
| Reserve for exit activities | 75 | 11 | (32) [6] | 54 |
| **February 1, 2013:** | | | | |
| Reserve for loss on obsolete inventory | $ 47 | $ 10 [1] | $ — | $ 57 |
| Reserve for inventory shrinkage | 141 | 316 | (315) [2] | 142 |
| Reserve for sales returns | 56 | 3 [3] | — | 59 |
| Deferred tax valuation allowance | 101 | 41 [4] | — | 142 |
| Self-insurance liabilities | 864 | 1,164 | (1,129) [5] | 899 |
| Reserve for exit activities | 86 | 11 | (22) [6] | 75 |

1 *Represents the net increase/(decrease) in the required reserve based on the Company's evaluation of obsolete inventory.*

2 *Represents the actual inventory shrinkage experienced at the time of physical inventories.*

3 *Represents the net increase/(decrease) in the required reserve based on the Company's evaluation of anticipated merchandise returns.*

4 *Represents an increase in the required reserve based on the Company's evaluation of deferred tax assets.*

5 *Represents claim payments for self-insured claims.*

6 *Represents lease payments, net of sublease income.*

| Exhibit Number | Exhibit Description | Incorporated by Reference | | | |
|---|---|---|---|---|---|
| | | Form | File No. | Exhibit | Filing Date |
| 3.1 | Restated Charter of Lowe's Companies, Inc. | 10-Q | 001-07898 | 3.1 | September 1, 2009 |
| 3.2 | Bylaws of Lowe's Companies, Inc., as amended and restated August 24, 2012. | 8-K | 001-07898 | 3.1 | August 27, 2012 |
| 4.1 | Indenture, dated as of April 15, 1992, between Lowe's Companies, Inc. and The Bank of New York, as successor trustee. | S-3 | 033-47269 | 4.1 | April 16, 1992 |
| 4.2 | Amended and Restated Indenture, dated as of December 1, 1995, between Lowe's Companies, Inc. and The Bank of New York, as successor trustee. | 8-K | 001-07898 | 4.1 | December 15, 1995 |
| 4.3 | Form of Lowe's Companies, Inc.'s 6 7/8% Debentures due February 15, 2028. | 8-K | 001-07898 | 4.2 | February 20, 1998 |
| 4.4 | First Supplemental Indenture, dated as of February 23, 1999, to the Amended and Restated Indenture, dated as of December 1, 1995, between Lowe's Companies, Inc. and The Bank of New York, as successor trustee. | 10-K | 001-07898 | 10.13 | April 19, 1999 |
| 4.5 | Form of Lowe's Companies, Inc.'s 6 1/2% Debentures due March 15, 2029. | 10-K | 001-07898 | 10.19 | April 19, 1999 |
| 4.6 | Third Supplemental Indenture, dated as of October 6, 2005, to the Amended and Restated Indenture, dated as of December 1, 1995, between Lowe's Companies, Inc. and The Bank of New York, as trustee, including as exhibits thereto a form of Lowe's Companies, Inc.'s 5.0% Notes maturing in October 2015 and a form of Lowe's Companies, Inc.'s 5.5% Notes maturing in October 2035. | 10-K | 001-07898 | 4.5 | April 3, 2007 |

| Exhibit Number | Exhibit Description | Incorporated by Reference Form | File No. | Exhibit | Filing Date |
|---|---|---|---|---|---|
| 4.7 | Fourth Supplemental Indenture, dated as of October 10, 2006, to the Amended and Restated Indenture, dated as of December 1, 1995, between Lowe's Companies, Inc. and The Bank of New York Trust Company, N.A., as trustee, including as exhibits thereto a form of Lowe's Companies, Inc.'s 5.40% Notes maturing in October 2016 and a form of Lowe's Companies, Inc.'s 5.80% Notes maturing in October 2036. | S-3 (POSASR) | 333-137750 | 4.5 | October 10, 2006 |
| 4.8 | Fifth Supplemental Indenture, dated as of September 11, 2007, to the Amended and Restated Indenture, dated as of December 1, 1995, between Lowe's Companies, Inc. and The Bank of New York Trust Company, N.A., as trustee, including as exhibits thereto a form of Lowe's Companies, Inc.'s 6.10% Notes maturing in September 2017 and a form of Lowe's Companies, Inc.'s 6.65% Notes maturing in September 2037. | 8-K | 001-07898 | 4.1 | September 11, 2007 |
| 4.9 | Sixth Supplemental Indenture, dated as of April 15, 2010, to the Amended and Restated Indenture, dated as of December 1, 1995, between Lowe's Companies, Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee, including as exhibits thereto a form of Lowe's Companies, Inc.'s 4.625% Notes maturing in April 2020 and a form of Lowe's Companies, Inc.'s 5.800% Notes maturing in April 2040. | 8-K | 001-07898 | 4.1 | April 15, 2010 |
| 4.10 | Seventh Supplemental Indenture, dated as of November 22, 2010, to the Amended and Restated Indenture, dated as of December 1, 1995, between Lowe's Companies, Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee, including as exhibits thereto a form of Lowe's Companies, Inc.'s 2.125% Notes maturing in April 2016 and a form of Lowe's Companies, Inc.'s 3.750% Notes maturing in April 2021. | 8-K | 001-07898 | 4.1 | November 22, 2010 |

| Exhibit Number | Exhibit Description | Incorporated by Reference | | | |
|---|---|---|---|---|---|
| | | Form | File No. | Exhibit | Filing Date |
| 4.11 | Eighth Supplemental Indenture, dated as of November 23, 2011, to the Amended and Restated Indenture, dated as of December 1, 1995, between Lowe's Companies, Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee, including as exhibits thereto a form of Lowe's Companies, Inc.'s 3.800% Notes maturing in November 2021 and a form of Lowe's Companies, Inc.'s 5.125% Notes maturing in November 2041. | 8-K | 001-07898 | 4.1 | November 23, 2011 |
| 4.12 | Ninth Supplemental Indenture, dated as of April 23, 2012, to the Amended and Restated Indenture, dated as of December 1, 1995, between Lowe's Companies, Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee, including as exhibits thereto a form of Lowe's Companies, Inc.'s 1.625% Notes maturing in April 2017, a form of Lowe's Companies, Inc.'s 3.120% Notes maturing in April 2022, and a form of Lowe's Companies, Inc.'s 4.650% Notes maturing in April 2042. | 8-K | 001-07898 | 4.1 | April 23, 2012 |
| 4.13 | Tenth Supplemental Indenture, dated as of September 11, 2013, to the Amended and Restated Indenture, dated as of December 1, 1995, between Lowe's Companies, Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee, including as exhibits thereto a form of Lowe's Companies, Inc.'s 3.875% Notes maturing in September 2023 and a form of Lowe's Companies, Inc.'s 5.0% Notes maturing in September 2043. | 8-K | 001-07898 | 4.1 | September 11, 2013 |
| 4.14 | Eleventh Supplemental Indenture, dated as of September 10, 2014, to the Amended and Restated Indenture, dated as of December 1, 1995, between Lowe's Companies, Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee, including as exhibits thereto a form of Lowe's Companies, Inc.'s Floating Rate Notes maturing in September 2019, a form of Lowe's Companies, Inc.'s 3.125% Notes maturing in September 2024 and a form of Lowe's Companies, Inc.'s 5.000% Notes maturing in September 2044. | 8-K | 001-07898 | 4.1 | September 10, 2014 |

| Exhibit Number | Exhibit Description | Incorporated by Reference: Form | File No. | Exhibit | Filing Date |
|---|---|---|---|---|---|
| 4.15 | Second Amended and Restated Credit Agreement, dated as of October 25, 2011, by and among Lowe's Companies, Inc., Bank of America, N.A., as administrative agent, swing line lender and an l/c issuer, Wells Fargo Bank, National Association, as syndication agent and an l/c issuer, Goldman Sachs Bank USA, JPMorgan Chase Bank, N.A., SunTrust Bank and U.S. Bank National Association, as co-documentation agents, and the other lenders party thereto. | 8-K | 001-07898 | 10.1 | October 28, 2011 |
| 4.16 | Credit Agreement, dated as of August 29, 2014, by and among Lowe's Companies, Inc., Bank of America, N.A., as administrative agent, swing line lender and an l/c issuer, Wells Fargo Bank, National Association, as syndication agent and an l/c issuer, and Goldman Sachs Bank USA, JPMorgan Chase Bank, N.A., SunTrust Bank and U.S. Bank National Association, as co-documentation agents, and the other lenders party thereto. | 8-K | 001-07898 | 10.1 | September 2, 2014 |
| 10.1 | Lowe's Companies, Inc. Directors' Deferred Compensation Plan, effective July 1, 1994.* | 10-Q | 001-07898 | 10.1 | December 2, 2008 |
| 10.2 | Amendment No. 1 to the Lowe's Companies, Inc. Directors' Deferred Compensation Plan, effective January 31, 2009.* | 10-K | 001-07898 | 10.21 | March 30, 2010 |
| 10.3 | Lowe's Companies Employee Stock Purchase Plan – Stock Options for Everyone, as amended and restated effective June 1, 2012.* | DEF 14A | 001-07898 | Appendix B | April 13, 2012 |
| 10.4 | Lowe's Companies, Inc. 1997 Incentive Plan.* | S-8 | 333-34631 | 4.2 | August 29, 1997 |
| 10.5 | Amendments to the Lowe's Companies, Inc. 1997 Incentive Plan, dated January 25, 1998.* | 10-K | 001-07898 | 10.16 | April 19, 1999 |
| 10.6 | Amendments to the Lowe's Companies, Inc. 1997 Incentive Plan, dated September 17, 1998 (also encompassing as Exhibit I thereto the Lowe's Companies, Inc. Deferred Compensation Program).* | 10-K | 001-07898 | 10.17 | April 19, 1999 |
| 10.7 | Amendment No. 1 to the Lowe's Companies, Inc. Deferred Compensation Program, effective as of January 1, 2005.* | 10-K | 001-07898 | 10.25 | March 29, 2011 |

| Exhibit Number | Exhibit Description | Incorporated by Reference | | | |
| --- | --- | --- | --- | --- | --- |
| | | Form | File No. | Exhibit | Filing Date |
| 10.8 | Amendment No. 2 to the Lowe's Companies, Inc. Deferred Compensation Program, effective as of December 31, 2008.* | 10-K | 001-07898 | 10.22 | March 31, 2009 |
| 10.9 | Lowe's Companies Benefit Restoration Plan, as amended and restated as of January 1, 2008.* | 10-Q | 001-07398 | 10.2 | December 12, 2007 |
| 10.10 | Amendment No. 1 to the Lowe's Companies Benefit Restoration Plan.* | 10-K | 001-07898 | 10.10 | March 29, 2011 |
| 10.11 | Amendment No. 2 to the Lowe's Companies Benefit Restoration Plan.* | 10-K | 001-07898 | 10.11 | March 29, 2011 |
| 10.12 | Amendment No. 3 to the Lowe's Companies Benefit Restoration Plan.* | 10-Q | 001-07898 | 10.1 | December 1, 2011 |
| 10.13 | Amendment No. 4 to the Lowe's Companies Benefit Restoration Plan.* | 10-Q | 001-07898 | 10.1 | September 4, 2012 |
| 10.14 | Amendment No. 5 to the Lowe's Companies Benefit Restoration Plan.* | 10-Q | 001-07898 | 10.1 | December 3, 2013 |
| 10.15 | Amendment No. 6 to the Lowe's Companies Benefit Restoration Plan.*† | | | | |
| 10.16 | Form of Lowe's Companies, Inc. Management Continuity Agreement for Tier I Senior Officers.* | 10-Q | 001-07898 | 10.2 | September 4, 2012 |
| 10.17 | Form of Lowe's Companies, Inc. Management Continuity Agreement for Tier II Senior Officers.* | 10-Q | 001-07898 | 10.2 | September 3, 2008 |
| 10.18 | Lowe's Companies Cash Deferral Plan.* | 10-Q | 001-07898 | 10.1 | June 4, 2004 |
| 10.19 | Amendment No. 1 to the Lowe's Companies Cash Deferral Plan.* | 10-Q | 001-07898 | 10.1 | December 12, 2007 |
| 10.20 | Amendment No. 2 to the Lowe's Companies Cash Deferral Plan.* | 10-Q | 001-07898 | 10.2 | December 1, 2010 |
| 10.21 | Lowe's Companies, Inc. Amended and Restated Directors' Stock Option and Deferred Stock Unit Plan.* | 8-K | 001-07898 | 10.1 | June 3, 2005 |

| Exhibit Number | Exhibit Description | Incorporated by Reference | | | |
|---|---|---|---|---|---|
| | | Form | File No. | Exhibit | Filing Date |
| 10.22 | Form of Lowe's Companies, Inc. Deferred Stock Unit Agreement for Directors.* | 8-K | 001-07898 | 10.2 | June 3, 2005 |
| 10.23 | Form of Lowe's Companies, Inc. Restricted Stock Award Agreement.* | 10-Q | 001-07898 | 10.1 | September 1, 2005 |
| 10.24 | Form of Lowe's Companies, Inc. Performance Share Unit Award Agreement.* | 10-Q | 001-07898 | 10.1 | May 31, 2011 |
| 10.25 | Lowe's Companies, Inc. 2011 Annual Incentive Plan, effective as of January 29, 2011.* | DEF 14A | 001-07898 | Appendix B | April 11, 2011 |
| 10.26 | Lowe's Companies, Inc. 2006 Long Term Incentive Plan, as amended and restated effective as of March 21, 2014.* | DEF 14A | 001-07898 | Appendix B | April 14, 2014 |
| 10.27 | Form of Lowe's Companies, Inc. 2006 Long Term Incentive Plan Non-Qualified Stock Option Agreement.* | 10-K | 001-07898 | 10.24 | March 29, 2011 |
| 12.1 | Statement re Computation of Ratio of Earnings to Fixed Charges.‡ | | | | |
| | List of Subsidiaries.‡ | | | | |
| 23.1 | Consent of Deloitte & Touche LLP.‡ | | | | |
| 31.1 | Certification of Principal Executive Officer Pursuant to Rule 13a-14(a)/15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.‡ | | | | |
| 31.2 | Certification of Principal Financial Officer Pursuant to Rule 13a-14(a)/15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.‡ | | | | |
| 32.1 | Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.† | | | | |
| 32.2 | Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.† | | | | |

| Exhibit Number | Exhibit Description | Incorporated by Reference | | | |
| --- | --- | --- | --- | --- | --- |
| | | Form | File No. | Exhibit | Filing Date |
| 99.1 | Amendment No. 1 to the Lowe's 401(k) Plan, effective as of January 1, 2013 (filed to include this amendment as an exhibit to the Registration Statement on Form S-8, Registration No. 033-29772).‡ | | | | |
| 99.2 | Amendment No. 2 to the Lowe's 401(k) Plan, effective as of January 1, 2015 (filed to include this amendment as an exhibit to the Registration Statement on Form S-8, Registration No. 033-29772).*‡ | | | | |
| 101.INS | XBRL Instance Document.‡ | | | | |
| 101.SCH | XBRL Taxonomy Extension Schema Document.‡ | | | | |
| 101.CAL | XBRL Taxonomy Extension Calculation Linkbase Document.‡ | | | | |
| 101.DEF | XBRL Taxonomy Extension Definition Linkbase Document.‡ | | | | |
| 101.LAB | XBRL Taxonomy Extension Label Linkbase Document.‡ | | | | |
| 101.PRE | XBRL Taxonomy Extension Presentation Linkbase Document.‡ | | | | |

* Indicates a management contract or compensatory plan or arrangement.
‡ Filed herewith.
† Furnished herewith.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

| | |
|---|---|
| | LOWE'S COMPANIES, INC.<br>(Registrant) |
| March 31, 2015<br>Date | By: /s/ Robert A. Niblock<br>Robert A. Niblock<br>Chairman of the Board, President and Chief Executive Officer |
| March 31, 2015<br>Date | By: /s/ Robert F. Hull, Jr.<br>Robert F. Hull, Jr.<br>Chief Financial Officer |
| March 31, 2015<br>Date | By: /s/ Matthew V. Hollifield<br>Matthew V. Hollifield<br>Senior Vice President and Chief Accounting Officer |

Pursuant to the requirements of the Securities Exchange Act of 1934, this report on Form 10-K has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated. Each of the directors of the registrant whose signature appears below hereby appoints Robert F. Hull, Jr., Matthew V. Hollifield and Ross W. McCanless, and each of them severally, as his or her attorney-in-fact to sign in his or her name and behalf, in any and all capacities stated below, and to file with the Securities and Exchange Commission any and all amendments to this report on Form 10-K, making such changes in this report on Form 10-K as appropriate, and generally to do all such things in their behalf in their capacities as directors and/or officers to enable the registrant to comply with the provisions of the Securities Exchange Act of 1934, and all requirements of the Securities and Exchange Commission.

| | | |
|---|---|---|
| /s/ Robert A. Niblock<br>Robert A. Niblock | Chairman of the Board, President, Chief Executive Officer and Director | March 31, 2015<br>Date |
| /s/ Raul Alvarez<br>Raul Alvarez | Director | March 31, 2015<br>Date |
| /s/ David W. Bernauer<br>David W. Bernauer | Director | March 31, 2015<br>Date |
| /s/ Leonard L. Berry<br>Leonard L. Berry | Director | March 31, 2015<br>Date |
| /s/ Angela F. Braly<br>Angela F. Braly | Director | March 31, 2015<br>Date |
| /s/ Richard W. Dreiling<br>Richard W. Dreiling | Director | March 31, 2015<br>Date |
| /s/ Dawn E. Hudson<br>Dawn E. Hudson | Director | March 31, 2015<br>Date |
| /s/ Robert L. Johnson<br>Robert L. Johnson | Director | March 31, 2015<br>Date |
| /s/ Marshall O. Larsen<br>Marshall O. Larsen | Director | March 31, 2015<br>Date |
| /s/ Richard K. Lochridge<br>Richard K. Lochridge | Director | March 31, 2015<br>Date |
| /s/ James H. Morgan<br>James H. Morgan | Director | March 31, 2015<br>Date |
| /s/ Eric C. Wiseman<br>Eric C. Wiseman | Director | March 31, 2015<br>Date |

AMENDMENT NUMBER SIX TO THE
LOWE'S COMPANIES
BENEFIT RESTORATION PLAN

THIS AMENDMENT NUMBER SIX to the Lowe's Companies Benefit Restoration Plan, as amended and restated effective January 1, 2008 (the "Plan"), is hereby adopted by Lowe's Companies, Inc. (the "Company").

WITNESSETH:

WHEREAS, the Company currently maintains the Plan; and

WHEREAS, under Section 15 of the Plan, the Company may amend the Plan in whole or in part at any time;

WHEREAS, the Company desires to amend the Plan to simplify the participant experience and reflect more clearly the Plan's operations;

NOW, THEREFORE, the Plan is hereby amended effective as of November 1, 2014 unless otherwise indicated as follows:

1. The first paragraph in Section 3 shall be revised to read as follows:

An employee shall be eligible to participate in the Plan as of the date he is designated by the Committee for eligibility, either individually or as a member of a class of employees. Effective for Plan Years beginning on and after January 1, 2015, until determined otherwise by the Committee, the employees who are eligible to become Participants for a given Plan Year are those employees of the Company (i) who have submitted on or before the Election Date applicable to such Plan Year an irrevocable election to participate in the 401(k) Plan during such Plan Year and (ii) who are on or before the Election Date applicable to such Plan Year vice president level or above. Notwithstanding the foregoing, a person who would otherwise become eligible to participate in the Plan as a result of promotion within the Company or as a result of being rehired by the Company, shall not be eligible to participate in the Plan until the first day of the Plan Year following the date such promotion or rehire becomes effective.

2. Except as expressly or by necessary implication amended hereby, the Plan shall continue in full force and effect.

IN WITNESS HEREOF, this Amendment Number Six has been executed on the date shown below, but effective as of the date specified herein.

LOWE'S COMPANIES, INC.

By: s/ Maureen K. Ausura
Maureen K. Ausura
Chief Human Resources Officer

Date: December 12, 2014

Lowe's Companies, Inc.
Statement Re Computation of Ratio of Earnings to Fixed Charges
In Millions, Except Ratio Data

| | Fiscal Years Ended On | | | | |
|---|---|---|---|---|---|
| | January 28, 2011 | February 3, 2012 | February 1, 2013 | January 31, 2014 | January 30, 2015 |
| **Earnings:** | | | | | |
| Earnings Before Income Taxes | $ 3,228 | $ 2,906 | $ 3,137 | $ 3,673 | $ 4,276 |
| Fixed Charges | 486 | 524 | 605 | 623 | 677 |
| Capitalized Interest [1] | (4) | — | 6 | 8 | 9 |
| Adjusted Earnings | $ 3,710 | $ 3,430 | $ 3,748 | $ 4,304 | $ 4,962 |
| **Fixed Charges:** | | | | | |
| Interest Expense [2] | 352 | 385 | 463 | 478 | 525 |
| Rental Expense [3] | 134 | 139 | 142 | 145 | 152 |
| Total Fixed Charges | $ 486 | $ 524 | $ 605 | $ 623 | $ 677 |
| Ratio of Earnings to Fixed Charges | 7.6 | 6.5 | 6.2 | 6.9 | 7.3 |

[1] *Includes the net of subtractions for interest capitalized and additions for amortization of previously-capitalized interest.*

[2] *Interest accrued on uncertain tax positions is excluded from Interest Expense in the computation of Fixed Charges.*

[3] *The portion of rental expense that is representative of the interest factor in these rentals.*

LOWE'S COMPANIES, INC. AND SUBSIDIARY COMPANIES

| NAME AND DOING BUSINESS AS: | STATE OF INCORPORATION |
|---|---|
| Lowe's Home Centers, LLC | North Carolina |

All other subsidiaries were omitted pursuant to Item 601(21)(ii) of Regulation S-K under the Securities and Exchange Act of 1934, as amended.

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in:

| Description | Registration Statement Number |
|---|---|
| Form S-3 ASR | |
| Lowe's Stock Advantage Direct Stock Purchase Plan | 333-200115 |
| Debt Securities, Preferred Stock, Common Stock | 333-183730 |
| Form S-8 | |
| Lowe's 401(k) Plan | 33-29772 |
| Lowe's Companies, Inc. 1994 Incentive Plan | 33-54499 |
| Lowe's Companies, Inc. 1997 Incentive Plan | 333-34631 |
| Lowe's Companies, Inc. Directors' Stock Option Plan | 333-89471 |
| Lowe's Companies Benefit Restoration Plan | 333-97811 |
| Lowe's Companies Cash Deferral Plan | 333-114435 |
| Lowe's Companies, Inc. 2006 Long Term Incentive Plan | 333-138031; 333-196513 |
| Lowe's Companies Employee Stock Purchase Plan - Stock Options for Everyone | 333-143266; 333-181950 |

of our reports dated March 31, 2015, relating to the consolidated financial statements and financial statement schedule of Lowe's Companies, Inc. and subsidiaries (the "Company"), and the effectiveness of the Company's internal control over financial reporting, appearing in this Annual Report on Form 10-K of the Company for the fiscal year ended January 30, 2015.

/s/ DELOITTE & TOUCHE LLP

Charlotte, North Carolina

March 31, 2015

# CERTIFICATION

I, Robert A. Niblock, certify that:

(1) I have reviewed this Annual Report on Form 10-K for the fiscal year ended January 30, 2015 of Lowe's Companies, Inc. (the Registrant);

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

(4) The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

(5) The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

March 31, 2015
Date

/s/ Robert A. Niblock
Robert A. Niblock
Chairman of the Board, President and Chief Executive Officer

# CERTIFICATION

I, Robert F. Hull, Jr., certify that:

(1) I have reviewed this Annual Report on Form 10-K for the fiscal year ended January 30, 2015 of Lowe's Companies, Inc. (the Registrant);

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

(4) The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

(5) The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

March 31, 2015
Date

/s/ Robert F. Hull, Jr.
Robert F. Hull, Jr.
Chief Financial Officer

**Certification Pursuant to 18 U.S.C. Section 1350,**
**as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report on Form 10-K of Lowe's Companies, Inc. (the Company) for the fiscal year ended January 30, 2015 as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Robert A. Niblock, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Robert A. Niblock
Robert A. Niblock
Chairman of the Board, President and Chief Executive Officer
March 31, 2015

**Certification Pursuant to 18 U.S.C. Section 1350,
as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report on Form 10-K of Lowe's Companies, Inc. (the Company) for the fiscal year ended January 30, 2015 as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Robert F. Hull, Jr., certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Robert F. Hull, Jr.
Robert F. Hull, Jr.
Chief Financial Officer
March 31, 2015

AMENDMENT NUMBER ONE TO THE
LOWE'S 401(k) PLAN

This Amendment Number One to the Lowe's 401(k) Plan, as amended and restated effective as of January 1, 2013 (the "Plan"), is adopted by Lowe's Companies, Inc. (the "Company").

WITNESSETH:

WHEREAS, the Company currently maintains the Plan; and

WHEREAS, the Internal Revenue Service has requested certain remedial amendments to the Plan as a condition to the issuance of a favorable determination in connection with its review of an application by the Company for a determination that the Plan is qualified under Section 401(a) of the Code; and

WHEREAS, the Company intends to preserve the qualified status of the Plan, and this Amendment Number One sets forth the remedial amendments requested by the Internal Revenue Service; and

WHEREAS, under Section 15 of the Plan, the Company may amend the Plan in whole or in part at any time;

NOW, THEREFORE, the Company hereby amends the Plan effective as of January 1, 2013, as follows:

1. The last paragraph of Section 1 of the Plan shall be amended to read as follows:

"Effective as of September 13, 2002, the Lowe's Companies Employee Stock Ownership Plan ("ESOP") was merged into this Plan. In connection with such merger, the account of each participant in the ESOP on September 13, 2002 was transferred to a separate ESOP Account in this Plan on his behalf. The Lowe's Stock fund under this Plan is designed to invest primarily in qualifying employer securities and continues to constitute an employee stock ownership plan under Section 4975(e)(7) of the Code."

2. The following new sentence shall be added after the first sentence in the second paragraph of Section 5:

"The Committee shall make available from time to time no less than three investment options, or such other number of investment options required to comply with Code Section 401(a)(35), in addition to Lowe's Stock, which investment options will be diversified and have materially different risk and return characteristics."

3. Except as expressly or by necessary implication amended hereby, the Plan shall continue in full force and effect.

IN WITNESS HEREOF, the Company has adopted this Amendment Number One to the Plan effective as of the effective date set forth above.

LOWE'S COMPANIES, INC.

By: /s/ Maureen K. Ausura
Maureen K. Ausura
Chief Human Resources Officer

Date: November 4, 2014

# AMENDMENT NUMBER TWO TO THE LOWE'S 401(k) PLAN

This Amendment Number Two to the Lowe's 401(k) Plan, as amended and restated effective as of January 1, 2013 (the "Plan"), is adopted by Lowe's Companies, Inc. (the "Company").

WITNESSETH:

**WHEREAS,** the Company currently maintains the Plan; and

**WHEREAS,** the Company desires to amend the Plan to add the provision of Roth contributions pursuant to Internal Revenue Code Section 402A.

**WHEREAS,** under Section 15 of the Plan, the Company may amend the Plan in whole or in part at any time;

**NOW, THEREFORE,** the Company hereby amends the Plan effective as of January 1, 2015, or as otherwise specified herein, as follows:

1. The following new definition shall be added to Section 2, effective as of July 18, 2015:

"Roth Contributions — Contributions made pursuant to the elections of Participants in accordance with Section 4(j)."

2. The second sentence of Section 4(b) regarding Catch-Up Contributions shall be revised to read as follows, effective as of July 18, 2015:

"A Participant who makes an election, or is deemed to have made an election, to reduce his Deferral Compensation under Section 4(a) or 4(j), and who is eligible to make Catch-Up Contributions in accordance with this Section 4(b) shall be deemed to have elected to make Catch-Up Contributions to the extent the Participant's Salary Deferral Contributions and Roth Contributions made in accordance with the Participant's compensation reduction election, or deemed election, under Section 4(a) or 4(j) would exceed the limitation of Code Section 402(g) or 415."

3. Effective July 18, 2015, the last sentence of Section 4(c) regarding Company Match Contributions shall be amended to read as follows:

"Lowe's will make Company Match Contributions based on Participant Catch-Up Contributions and Roth Contributions to the same extent Company Match Contributions are made based on Salary Deferral Contributions as described in this Section."

4. The following new Section 4(j) shall be added to the Plan to read as follows, effective as of July 18, 2015:

"(j) **Roth Contributions.** Effective on and after July 18, 2015, the Plan will accept Roth Contributions made on behalf of Participants other than Participants who elect to make employee deferrals to the Lowe's Companies Benefit Restoration Plan. A Roth Contribution is an elective deferral that is (i) designated irrevocably by the Participant at the time of the cash or deferred election as a Roth Contribution that is being made in lieu of all or a portion of the pre-tax Salary Deferral Contributions the Participant is otherwise eligible to make under the Plan, subject to the same limitations in combination with such pre-tax Salary Deferral Contributions, and (ii) treated by Lowe's as includible in the Participant's income at the time the Participant would have received that amount in cash if the Participant had not made a cash or deferred election. Contributions and withdrawals of Roth Contributions will be credited and debited to the Roth Contribution account maintained for each Participant. The Plan will maintain a record of the amount of Roth Contributions in each Participant's Account. Gains, losses, and other credits or charges must be separately allocated on a reasonable and consistent basis to each Participant's Roth Contribution account and the Participant's other accounts under the Plan. No contributions other than Roth Contributions and properly attributable earnings will be credited to each Participant's Roth Contribution account. Notwithstanding Section 9(g), a direct rollover of a distribution from a Roth Contribution account under the Plan will be made only to another Roth elective deferral account under an applicable retirement plan described in Code Section 402A(e)(1) or to a Roth IRA described in Code Section 402(c). The Plan will accept a rollover contribution to a Roth Contribution account only if it is a direct or indirect rollover from another Roth elective deferral account under an applicable retirement plan described in Code Section 402A(e)(1) and only to the extent the rollover is permitted under the rules of Code Section 402(c). Eligible rollover distributions from a Participant's Roth Contribution account are taken into account in determining whether the total amount of the Participant's account balances under the Plan exceeds $5,000, but are considered separate from a Participant's other accounts in determining whether the total amount of the Participant's account balances under the Plan exceeds $1,000, for purposes of mandatory distributions from the Plan. A Participant may elect to receive a withdrawal from the Participant's Roth Contribution account subject to the same conditions and restrictions applicable to in-service withdrawals from the Participant's Salary Deferral Account under Section 10. In the case of a distribution of "excess deferrals" or "excess contributions" under Section 4(e) or the return to the Participant of salary deferrals to comply with Section 6(b) and Code Section 415, the Plan will distribute pre-tax Salary Deferral Contributions first. The Committee shall establish rules and procedures applicable to the making and distribution of Roth Contributions that are not inconsistent with the provisions of this Section 4(j)."

5. The first sentence of Section 6(a) regarding Allocations to Accounts shall be amended to read as follows, effective as of July 18, 2015:

"The Salary Deferral Account, Matching Account and any additional accounts established to receive Catch-Up Contributions or Roth Contributions maintained for each Participant will be credited throughout each Plan Year with Salary Deferral Contributions, Company Match Contributions, Catch-Up Contributions, and Roth Contributions respectively made on his behalf pursuant to Sections 4(a), (b), (c) and (j) of the Plan."

6. The first sentence of Section 10(a) regarding Hardship Withdrawals shall be amended to read as follows:

"(b) Age 59-1/2 and Disability Withdrawals. A Participant who is still employed by Lowe's shall be entitled to a withdrawal of his entire Capital Accumulation after he has attained age 59 ½ or after he becomes disabled within the meaning of Code Section 72(m)(7). An application for a withdrawal by an eligible Participant under this Section 10(b) may be made through any electronic medium designated by the Committee. A Participant who receives a withdrawal under this Section 10(b) shall continue to participate in the Plan, and any amounts allocated to his Accounts after the withdrawal shall be distributed at the times specified in Sections 9(a) and (b)."

3. Except as expressly or by necessary implication amended hereby, the Plan shall continue in full force and effect.

IN WITNESS HEREOF, the Company has adopted this Amendment Number Two to the Plan effective as of the effective date set forth above.

LOWE'S COMPANIES, INC.

By: /s/ Maureen K. Ausura

Maureen K. Ausura
Chief Human Resources Officer

Date: November 4, 2014

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Lowe's Companies Inc. (LOW) Watchlist

Add to Portfolio

71.11 ↑2.07 (2.83%) 4:01PM EDT

After Hours 73.18 2.07 (2.91%) 4:37PM EDT

## Income Statement

Get Income Statement for: GO

View: Annual Data | Quarterly Data

All numbers in thousands

| Period Ending | Jan 30, 2015 | Jan 31, 2014 | Feb 1, 2013 |
|---|---|---|---|
| Total Revenue | 59,223,000 | 53,417,000 | 50,521,000 |
| Cost of Revenue | 39,665,000 | 34,941,000 | 33,194,000 |
| Gross Profit | 19,558,000 | 19,476,000 | 17,327,000 |
| Operating Expenses | | | |
| Research Development | - | - | - |
| Selling General and Administrative | 13,281,000 | 12,865,000 | 12,244,000 |
| Non Recurring | - | - | - |
| Others | 1,485,000 | 1,462,000 | 1,523,000 |
| Total Operating Expenses | - | - | - |
| Operating Income or Loss | 4,792,000 | 4,149,000 | 3,560,000 |
| Income from Continuing Operations | | | |
| Total Other Income/Expenses Net | - | - | - |
| Earnings Before Interest And Taxes | 4,276,000 | 3,673,000 | 3,137,000 |
| Interest Expense | - | - | - |
| Income Before Tax | 4,276,000 | 3,673,000 | 3,137,000 |
| Income Tax Expense | 1,578,000 | 1,387,000 | 1,178,000 |
| Minority Interest | - | - | - |
| Net Income From Continuing Ops | 2,698,000 | 2,286,000 | 1,959,000 |
| Non-recurring Events | | | |
| Discontinued Operations | - | - | - |
| Extraordinary Items | - | - | - |
| Effect Of Accounting Changes | - | - | - |
| Other Items | - | - | - |
| Net Income | 2,698,000 | 2,286,000 | 1,959,000 |
| Preferred Stock And Other Adjustments | - | - | - |
| Net Income Applicable To Common Shares | 2,698,000 | 2,286,000 | 1,959,000 |

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## Lowe's Companies Inc. (LOW) NYSE ☆ Watchlist

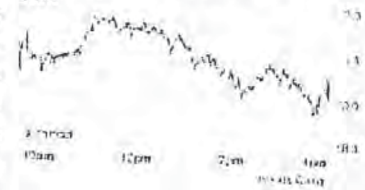
Add to Portfolio

69.10 ↑0.06(0.09%) 4:01PM EDT

After Hours: 69.10 0.00 (0.00%) 4:01PM EDT - Nasdaq Real Time Price

| | | | |
|---|---|---|---|
| Prev Close | 69.04 | Day's Range | 68.89 - 69.94 |
| Open | 69.21 | 52wk Range | 49.65 - 76.25 |
| Bid | 69.15 x 300 | Volume | 3,081,633 |
| Ask | 69.18 x 300 | Avg Vol (3m) | 5,308,400 |
| 1y Target Est | 10.74 | Market Cap | 63.93B |
| Beta | 0.938057 | P/E (ttm) | 23.46 |
| Next Earnings Date | 18-Nov-15 | EPS (ttm) | 3.05 |
| | | Div & Yield | 1.12 (1.65%) |

Lowe's Companies, Inc. Common S
LOW



1d 5d 1m 3m 6m 1y 2y 5y max

## Headlines

- Lowe's Cos., Inc. breached its 50 day moving average in a Bullish Manner – ... 3, 2015 at Capital Cube
- ETFs with exposure to Lowe's Cos. Inc. at Capital Cube
- ... Alliance Welcomes New Member Lowe's as it Expands its Smart Home Retail Presence
- ... Data Expands Loyalty Business with Lowe's Canada
- ... to Webcast Presentation from the Goldman Sachs 22nd Annual Global Retailing Conference
- LOWES COMPANIES INC Files SEC form 10-Q, Quarterly Report EDGAR
- ... Canada to Launch AIR MILES Reward Program
- ... Data's Canadian Loyalty Business Signs New Agreement With Lowe's
- ... & Baldwin closes on $18.7M sale of Maui land to Lowe's
- ... Updates Guidance: What Does It Mean for Investors?
- ... Upgrades Four and Affirms Five Classes of LBUBS 2004-C7
- ... easy money from hurricanes
- ... in the US: Is an Additional War Likely?
- ... Picks 5 Consumer Stocks for Times of Market Volatility
- ... historical stock performance in a resurgent industry

... Headlines for LOW

## Press Releases

Scottrade

LOW is UP

As of 09/03/2015 3:54PM ET

69.18 Last

0.14 (0.20%) Change (% Change)

5 Day Trend

## Comparison

| | |
|---|---|
| LOW | 63.93B |
| | 149.73B |

## Key Statistics

| | |
|---|---|
| | 17.56 |
| | 1.11 |
| | 9-Jul-15 |

» More Press Releases for LOW

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Feedback

| | |
|---|---|
| Quarterly EPS Est (Oct-15) | 0.78 |
| Mean Recommendation* | 2.1 |
| PEG Ratio (5 yr expected) | 1.25 |

Analyst Opinion | Estimates

## Business Summary

Lowes Companies, Inc. operates as a home improvement retailer. The company offers products for maintenance, repair, remodeling, and home decorating. View More

Company Profile | Industry

## Toolbox

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Lowe's Companies Inc. (LOW) NYSE Watchlist

71.40 +0.21(0.29%) 2:57PM EDT - NYSE Real Time Price

## Income Statement

Get Income Statement for: [Go]

View Annual Data | Quarterly Data

All numbers in thousands

| Period Ending | Jan 30, 2015 | Jan 31, 2014 | Feb 1, 2013 |
|---|---|---|---|
| Total Revenue | 56,223,000 | 53,417,000 | 50,521,000 |
| Cost of Revenue | 36,665,000 | 34,941,000 | 33,194,000 |
| **Gross Profit** | 19,558,000 | 18,476,000 | 17,327,000 |
| Operating Expenses | | | |
| Research Development | - | - | - |
| Selling General and Administrative | 13,281,000 | 12,865,000 | 12,244,000 |
| Non Recurring | - | - | - |
| Others | 1,485,000 | 1,462,000 | 1,523,000 |
| Total Operating Expenses | | | |
| **Operating Income or Loss** | 4,792,000 | 4,149,000 | 3,560,000 |
| Income from Continuing Operations | | | |
| Total Other Income/Expenses Net | - | - | - |
| Earnings Before Interest And Taxes | 4,276,000 | 3,673,000 | 3,137,000 |
| Interest Expense | - | - | - |
| Income Before Tax | 4,276,000 | 3,673,000 | 3,137,000 |
| Income Tax Expense | 1,578,000 | 1,387,000 | 1,178,000 |
| Minority Interest | | | |
| Net Income From Continuing Ops | 2,698,000 | 2,286,000 | 1,959,000 |
| Non-recurring Events | | | |
| Discontinued Operations | | | |
| Extraordinary Items | | | |
| Effect Of Accounting Changes | | | |
| Other Items | - | - | - |
| **Net Income** | 2,698,000 | 2,286,000 | 1,959,000 |
| Preferred Stock And Other Adjustments | - | - | - |
| **Net Income Applicable To Common Shares** | 2,698,000 | 2,286,000 | 1,959,000 |



Currency in USD.

Lowe's Companies Inc. (LOW) Watchlist

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69.10 +0.06 (0.09%) 4:01PM EDT

After Hours 69.10 0.00 (0.00%) 4:01PM EDT - Nasdaq Real Time Price

## Balance Sheet

Get Balance Sheet for: GO

View: Annual Data | Quarterly Data

All numbers in thousands

| Period Ending | Jan 30, 2015 | Jan 31, 2014 | Feb 1, 2013 |
|---|---|---|---|
| **Assets** | | | |
| **Current Assets** | | | |
| Cash And Cash Equivalents | 466,000 | 391,000 | 541,000 |
| Short Term Investments | 125,000 | 185,000 | 125,000 |
| Net Receivables | 230,000 | 252,000 | 317,000 |
| Inventory | 8,911,000 | 9,127,000 | 8,600,000 |
| Other Current Assets | 348,000 | 341,000 | 301,000 |
| **Total Current Assets** | 10,080,000 | 10,296,000 | 9,784,000 |
| Long Term Investments | 354,000 | 279,000 | 271,000 |
| Property Plant and Equipment | 20,034,000 | 20,834,000 | 21,477,000 |
| Goodwill | | - | - |
| Intangible Assets | | - | |
| Accumulated Amortization | | | |
| Other Assets | - | | |
| Deferred Long Term Asset Charges | 1,359,000 | 1,323,000 | 1,134,000 |
| **Total Assets** | 31,827,000 | 32,732,000 | 32,666,000 |
| **Liabilities** | | | |
| **Current Liabilities** | | | |
| Accounts Payable | 5,397,000 | 5,793,000 | 5,327,000 |
| Short/Current Long Term Debt | 552,000 | 435,000 | 47,000 |
| Other Current Liabilities | 2,399,000 | 2,348,000 | 2,334,000 |
| **Total Current Liabilities** | 8,348,000 | 8,475,000 | 7,708,000 |
| Long Term Debt | 10,815,000 | 10,086,000 | 9,030,000 |
| Other Liabilities | 859,000 | 396,000 | 91,000 |
| Deferred Long Term Liability Charges | 427,000 | 1,021,000 | 1,170,000 |
| Minority Interest | - | | - |
| Negative Goodwill | | | |
| **Total Liabilities** | 21,359,000 | 20,879,000 | 18,809,000 |
| **Stockholders' Equity** | | | |
| Misc Stocks Options Warrants | | | |
| Redeemable Preferred Stock | | | |
| Preferred Stock | - | - | - |
| Common Stock | [illegible] | 515,000 | 575,000 |
| Retained Earnings | 1,031,000 | 11,355,000 | 13,224,000 |
| Treasury Stock | - | | |
| Capital Surplus | | | 23,000 |
| Other Stockholder Equity | (103,000) | (17,000) | 12,000 |
| **Total Stockholder Equity** | [illegible] | 11,853,000 | 13,857,000 |
| **Net Tangible Assets** | [illegible] | 11,853,000 | 13,857,000 |

# North American Industry Classification System



## 2012 NAICS Definition

T = Canadian, Mexican, and United States industries are comparable.

### 444110 Home Centers

This industry comprises establishments known as home centers primarily engaged in retailing a general line of new home repair and improvement materials and supplies, such as lumber, plumbing goods, electrical goods, tools, housewares, hardware, and lawn and garden supplies, with no one merchandise line predominating. The merchandise lines are normally arranged in separate departments.

Cross-References.

- Establishments primarily engaged in retailing a general line of new hardware items, such as tools and builders' hardware are classified in Industry 444130 (/cgi-bin/sssd/naics/naicsrch?code=444130&search=2012), Hardware Stores.

| 2002 NAICS | 2007 NAICS | 2012 NAICS | Corresponding Index Entries |
|---|---|---|---|
| 444110 | 444110 | 444110 | Home centers, building materials |
| 444110 | 444110 | 444110 | Home improvement centers |

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Industry Statistics Portal NAICS - Census

Definition. This U.S. industry comprises establishments primarily responsible for the remodeling construction (including additions, alterations, reconstruction .....

http://www.census.gov/econ/isp/sampler.php?naicscode=236118&naicslevel=6

Residential Remodelers 2002 - Census

Residential Remodelers 2002 2002 Economic Census Construction Industry Series Issued November 2005 EC02-23I-236118 (RV) U S Department of Commerce:...

http://www.census.gov/prod/ec02/ec0223i236118.pdf

except 1930 as part of the decennial quarters that $

Residential remodelers 236118 99 791 50 513 355 ... 12 523 10,578

http://www.census.gov/compendia/statab/2012/tables/12s0961.pdf

North American Industry Classification System (NAICS) Main

Introduction to NAICS The North American Industry Classification System (NAICS) is the standard used by Federal statistical agencies in classifying business ...

http://www.census.gov/eos/www/naics/

State Government Finances Viewable Data - Census

State Government Finances Viewable Data. U S. Census Bureau

http://www.census.gov/govs/state/...html

Economic Census - Publications - U S Census Bureau

Economic Census ** Publications released after June 23 2014 can be found at our new site EC02-23I-236118 - Residential Remodelers 2002 - Revised

http://www.census.gov/prod/www/economic_census.html

Table 925 Construction—Establishments Employees and

Residential remodelers 236118 55 434 61,247 204 224 6 521 7 293 Nonresidential building construction 2362 43,259 42,533 702 706 32,575 23,341 Industrial

http://www.census.gov/compendia/statab/2008/tables/08s0925.pdf

County Business Patterns (CBP) Home Page - US Census Bureau

County Business Patterns (CBP), Puerto Rico Business Patterns, Metro Business Patterns and ZIP Code Business Patterns (ZBP)

http://www.census.gov/econ/cbp/index.html

Construction--Establishments Employees and Payroll by

236118 00 99791 00 50513 00 355 13 309 04 12523 21 10677 98 2362 00 2332 00 45307 00 756 96 743 02 44257 18 44466 21 23821 00 2363 00 2572 00 96 92 77 92 5057.46

http://www.census.gov/compendia/statab/2012/tables/12s0961.xls

Section 20 Construction and Housing

Residential remodelers 236118 99 791 50 513 355 ... 12 523 10,578

http://www.census.gov/prod/2011pubs/12statab/construct.pdf

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2012 NAICS

236118 Residential Remodelers

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# NAICS Code 236118 Residential Remodelers

- Description
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- Companies
- Questions

residential buildings, single-family, and multifamily. Included in this industry are remodeling general contractors, for-sale remodelers, remodeling design-build firms, and remodeling project construction management firms.

## Cross References

Establishments primarily engaged in--Building single-family houses for others as general contractors--are classified in U.S. Industry 236115, New Single-Family Housing Construction (except For-Sale Builders); Building multifamily buildings for others as general contractors--are classified in U.S. Industry 236116, New Multifamily Housing Construction (except For-Sale Builders); Building houses or other residential buildings, on their own account for sale as speculative builders or merchant builders--are classified in U.S. Industry 236117, New Housing For-Sale Builders; Remodeling nonresidential buildings--are classified in Industry Group 2362, Nonresidential Building Construction, based on the type of structure being remodeled; Performing specialized construction work on houses or other residential buildings generally on a subcontract basis--are classified in Subsector 238, Specialty Trade Contractors; and Constructing and leasing residential buildings on their own account--are classified in Industry 531110, Lessors of Residential Buildings and Dwellings.

## SIC CODES

- 1521General Contractors-Single-Family Houses
- 1522General Contractors-Residential Buildings, other than Single-Family
- 1531Operative Builders
- 8741Management Services

## NAICS CODES

- 236118Residential Remodelers

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# North American Industry Classification System



## 2012 NAICS Definition

T = Canadian, Mexican, and United States industries are comparable.

### 236115 New Single-Family Housing Construction (except For-Sale Builders)

This U.S. industry comprises general contractor establishments primarily responsible for the entire construction of new single-family housing, such as single-family detached houses and town houses or row houses where each housing unit (1) is separated from its neighbors by a ground-to-roof wall and (2) has no housing units constructed above or below. This industry includes general contractors responsible for the on-site assembly of modular and prefabricated houses. Single-family housing design-build firms and single-family construction management firms acting as general contractors are included in this industry.

Cross-References. Establishments primarily engaged in--

- Building single-family houses on their own account for sale as speculative builders or merchant builders--are classified in U.S. Industry 236117 (/cgi-bin/sssd/naics/naicsrch?code=236117&search=2012), New Housing For-Sale Builders;
- Remodeling or repairing existing houses and other residential buildings--are classified in U.S. Industry 236118 (/cgi-bin/sssd/naics/naicsrch?code=236118&search=2012), Residential Remodelers;
- Performing manufactured (mobile) home set up and tie-down work--are classified in Industry 238990 (/cgi-bin/sssd/naics/naicsrch?code=238990&search=2012), All Other Specialty Trade Contractors;
- Performing specialized construction work on houses and other residential buildings, generally on a subcontract basis--are classified in Subsector 238 (/cgi-bin/sssd/naics/naicsrch?code=238&search=2012), Specialty Trade Contractors; and
- Constructing and leasing residential buildings on their own account--are classified in Industry 531110 (/cgi-bin/sssd/naics/naicsrch?code=531110&search=2012), Lessors of Residential Buildings and Dwellings.

| 2002 NAICS | 2007 NAICS | 2012 NAICS | Corresponding Index Entries |
|---|---|---|---|
| 236115 | 236115 | 236115 | Cabin construction general contractors |
| 236115 | 236115 | 236115 | Condominium, single-family, construction general contractors |
| 236115 | 236115 | 236115 | Construction management, single-family building |
| 236115 | 236115 | 236115 | Cottage construction general contractors |
| 236115 | 236115 | 236115 | Custom builders (except for-sale), single-family home |
| 236115 | 236115 | 236115 | Duplex (i.e., side-by-side) construction general contractors |
| 236115 | 236115 | 236115 | Home builders (except for-sale), single-family |
| 236115 | 236115 | 236115 | Housing, single-family, construction general contractors |
| 236115 | 236115 | 236115 | Log home construction general contractors |
| 236115 | 236115 | 236115 | Low income housing, single-family, construction general contractors |
| 236115 | 236115 | 236115 | Modular house assembly on site by general contractors |
| 236115 | 236115 | 236115 | Panelized single-family house assembly on site by general contractors |
| 236115 | 236115 | 236115 | Precut single-family housing assembly on site by general contractors |
| 236115 | 236115 | 236115 | Premanufactured housing assembly on site by general contractors |
| 236115 | 236115 | 236115 | Residential construction, single-family, general contractors |
| 236115 | 236115 | 236115 | Row house (i.e., single-family type) construction general contractors |
| 236115 | 236115 | 236115 | Single-family attached housing construction general contractors |
| 236115 | 236115 | 236115 | Single-family detached housing construction general contractors |
| 236115 | 236115 | 236115 | Single-family homes built on land owned by others, general contractors of |
| 236115 | 236115 | 236115 | Single-family house construction by general contractors |
| 236115 | 236115 | 236115 | Time-share condominium construction general contractors |
| 236115 | 236115 | 236115 | Town house (i.e., single-family type) construction by general contractors |
| 236115 | 236115 | 236115 | Vacation home, single-family, construction by general contractors |

PDF or (//main/www/pdf.html) ...

# North American Industry Classification System



## 2012 NAICS Definition

T = Canadian, Mexican, and United States industries are comparable.

### 236117 New Housing For-Sale Builders

This U.S. industry comprises establishments primarily engaged in building new homes on land that is owned or controlled by the builder rather than the homebuyer or investor. The land is included with the sale of the home. Establishments in this industry build single and/or multifamily homes. These establishments are often referred to as merchant builders, but are also known as production or for-sale builders.

Cross-References. Establishments primarily engaged in--

- Building single-family houses for others as general contractors--are classified in U.S. Industry 236115 (/cgi-bin/sssd/naics/naicsrch?code=236115&search=2012), New Single-Family Housing Construction (except For-Sale Builders);
- Building multifamily residential buildings for others as general contractors--are classified in U.S. Industry 236116 (/cgi-bin/sssd/naics/naicsrch?code=236116&search=2012), New Multifamily Housing Construction (except For-Sale Builders);
- Remodeling or repairing existing houses and other residential buildings, either for others or on own account for sale--are classified in U.S. Industry 236118 (/cgi-bin/sssd/naics/naicsrch?code=236118&search=2012), Residential Remodelers;
- Performing specialized construction work on houses or other residential buildings, generally on a subcontract basis--are classified in Subsection 238 (/cgi-bin/sssd/naics/naicsrch?code=238&search=2012), Specialty Trade Contractors; and
- Constructing and leasing residential buildings on their own account--are classified in Industry 531110 (/cgi-bin/sssd/naics/naicsrch?code=531110&search=2012), Lessors of Residential Buildings and Dwellings.

| 2002 NAICS | 2007 NAICS | 2012 NAICS | Corresponding Index Entries |
|---|---|---|---|
| 236117 | 236117 | 236117 | Apartment building for-sale builders |
| 236117 | 236117 | 236117 | Cabin for-sale builders |
| 236117 | 236117 | 236117 | Condominium for-sale builders |
| 236117 | 236117 | 236117 | Cooperative apartment for-sale builders |
| 236117 | 236117 | 236117 | Cottage for-sale builders |
| 236117 | 236117 | 236117 | Custom builders, for-sale builders, multifamily buildings |
| 236117 | 236117 | 236117 | Custom builders, for-sale builders, single-family home |
| 236117 | 236117 | 236117 | Duplex for-sale builders |
| 236117 | 236117 | 236117 | For-sale builders (i.e., building on own land, for sale), residential |
| 236117 | 236117 | 236117 | For-sale builders (i.e., building on own land, for sale), single-family housing |
| 236117 | 236117 | 236117 | Garden apartment for-sale builders |
| 236117 | 236117 | 236117 | High-rise apartment for-sale builders |
| 236117 | 236117 | 236117 | Home builders, for-sale |
| 236117 | 236117 | 236117 | Housing construction, for-sale builder |
| 236117 | 236117 | 236117 | Housing construction, merchant builder |
| 236117 | 236117 | 236117 | Log home for-sale builders |
| 236117 | 236117 | 236117 | Low income housing construction for-sale builders |
| 236117 | 236117 | 236117 | Low-rise apartment for-sale builders |
| 236117 | 236117 | 236117 | Merchant builders (i.e., building on own land, for sale), residential |
| 236117 | 236117 | 236117 | Modular housing, residential, assembled on site by for-sale builders |
| 236117 | 236117 | 236117 | Multifamily building for-sale builders |
| 236117 | 236117 | 236117 | Panelized housing, residential, assembled on site by for-sale builders |
| 236117 | 236117 | 236117 | Panelized multifamily housing assembled on site by for-sale builders |
| 236117 | 236117 | 236117 | Precut housing, residential, assembled on site by for-sale builders |

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## 236118 Residential Remodelers

This U.S. industry comprises establishments primarily responsible for the remodeling construction (including additions, alterations, reconstruction, maintenance, and repair work) of houses and other residential buildings, single-family, and multifamily. Included in this industry are remodeling general contractors, for-sale remodelers, remodeling design-build firms, and remodeling project construction management firms.

Cross-References. Establishments primarily engaged in--

- Building single-family houses for others as general contractors--are classified in U.S. Industry 236115, New Single-Family Housing Construction (except For-Sale Builders);
- Building multifamily buildings for others as general contractors--are classified in U.S. Industry 236116, New Multifamily Housing Construction (except For-Sale Builders);
- Building houses or other residential buildings, on their own account for sale as speculative builders or merchant builders--are classified in U.S. Industry 236117, New Housing For-Sale Builders;
- Remodeling nonresidential buildings--are classified in Industry Group 2362, Nonresidential Building Construction, based on the type of structure being

# Industry Snapshot

## Residential Remodelers (NAICS 236118)

Change Geography: South Carolina

2012 Val of bus done per capita ($) | Val of bus done per capita ($)

Print

Compare your business | Change industry

The Industry Snapshots present key statistics from three Census Bureau economic programs as well as per capita ratios using data from Population Estimates. Historical data are not shown when they are not comparable due to NAICS changes. See Definitions and Comparability in the Industry Statistics Portal and the Snapshot FAQs for more information.

The 2012 Economic Census is released on a flow basis so some data may not yet be available, and data for some industries are only available for the U.S. and by State. See the release schedule and the Geographic Coverage Tables for more information.

Val of bus done per capita ($)

- 15,003 - 26,770 (12)
- 26,770 - 35,946 (13)
- 35,946 - 49,071 (13)
- 49,071 - 134,791 (11)

Click on map to enlarge

Source: 2012 Economic Census
View underlying table

### Key Industry Statistics: South Carolina

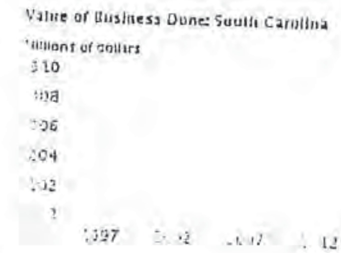
| | 1997 | 2002 | 2007 | 2012 | 97-12 % Chg |
|---|---|---|---|---|---|
| Number of establishments | N/A | 1,078 | 774 | 335 | 7.0% |
| Value of Business done ($ Millions) | N/A | 508 | N/A | 188 | N/A% |
| Annual payroll ($ Millions) | N/A | 97 | 74 | 30 | 15.6% |
| Total employment | N/A | 4,390 | 3,324 | 2,517 | -24.3% |
| Value of business done per establishment ($1,000) | N/A | 471 | N/A | 560 | N/A% |
| Value of business done per employee ($1,000) | N/A | 116 | N/A | 126 | N/A% |
| Value of business done per $ of payroll ($) | N/A | 5.20 | N/A | 5.85 | N/A% |
| Payroll per employee ($) | N/A | 22,318 | 29,404 | 31,533 | 11.2% |
| Employees per establishment | N/A | 4.06 | 4.29 | 3.01 | -29.8% |
| Value of business done per capita ($) | N/A | 123 | N/A | 39 | N/A% |
| Population per establishment | N/A | 3,319 | 5,742 | 5,657 | -1.5% |

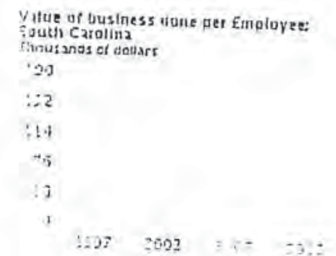
Nonemployer establishments (establishments without paid employees)

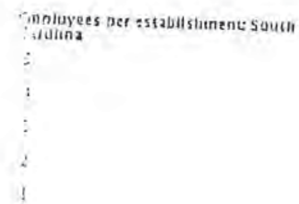
| | 1997 | 2002 | 2007 | 2012 | 97-12 % Chg |
|---|---|---|---|---|---|
| Number of establishments | 0 | 0 | N/A | 0 | N/A% |
| Receipts ($1,000) | 1 | 3 | N/A | 0 | N/A% |
| Receipts per establishment ($) | N/A | N/A | N/A | N/A | N/A% |
| Receipts per capita ($) | 0 | 0 | 0 | 0 | N/A% |

Population

| | 1997 | 2002 | 2007 | 2012 | 97-12 % Chg |
|---|---|---|---|---|---|
| Total Population | [illegible] | 4,107,795 | 4,444,110 | 4,723,723 | [illegible] |



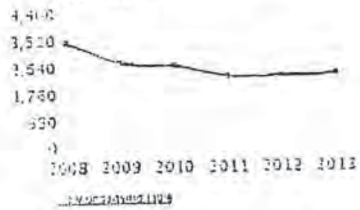



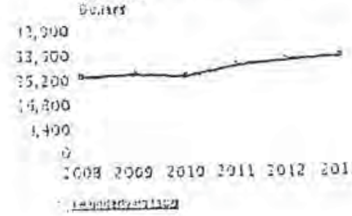



# Residential Remodelers (NAICS 236118)

## Employer establishments in South Carolina: 2008-2013

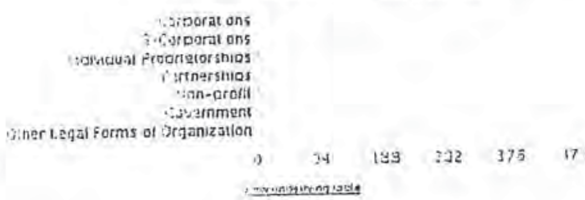
Source: 2008-2013 County Business Patterns (See survey methodology for details about these data.)


## Employment size and legal form of organization for establishments in South Carolina with paid employees: 2013

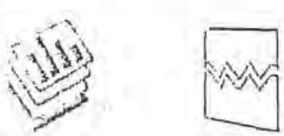
Source: 2013 County Business Patterns (See survey methodology for details about these data.)


## Nonemployer establishments in South Carolina (establishments without paid employees): 2008 - 2013

Source: 2008-2013 Nonemployer Statistics (See survey methodology for details about these data.)

Graph not available for this data.



Graph not available for this data.

Graph not available for this data.

Back To Top ↑

**Source:** Economic Census, County Business Patterns, Nonemployer Statistics, and Population Estimates

**Notes:** ... not available for graphing purposes.

Dollar figures are in current dollars for the period shown and do not reflect changes in prices. For information on how these data are derived, see the Methodology text for each program.

For more statistics about this industry from other Census Bureau programs, see the Industry Statistics Portal.

THE ECONOMIC CENSUS IS THE OFFICIAL 5-YEAR MEASURE OF AMERICAN BUSINESS
For more information about the Economic Census, visit business.census.gov

Powered By: TheDataWeb

United States Census Bureau
Economic Statistics

Source: U.S. Census Bureau | Economic Census | Last Revised: April 23, 2015 [illegible] of Establishments, Employment, Annual Payroll, and Estimated Receipts b[illegible] all Enterprise Employment Sizes for the United States and States, NAICS Sector [illegible]

[illegible] Patterns and 2012 Economic Census. For information on confidentiality protection, sampling error, and nonsampling error, see [illegible] [illegible] receipts and other definitions, see [illegible].

| [illegible]SCRIPTION | 2012 NAICS CODE | NAICS DESCRIPTION | ENTERPRISE EMPLOYMENT SIZE | NUMBER OF FIRMS | NUMBER OF ESTABLISHMENTS | EMPLOYMENT | EMPLOYMENT RANGE FLAG | EMPLOYMENT NOISE FLAG | ANNUAL PAYROLL ($1,000) | ANNUAL PAYROLL NOISE FLAG | ESTIMATED RECEIPTS ($1,000) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| lina | 23 | Construction | 02: 0-4 | 5,536 | 5 536 | 9,305 | | G | 289,008 | G | 2,253,46[illegible] |
| lina | 23 | Construction | 03: 5-9 | 1,507 | 1 507 | 9,947 | | G | 321 003 | G | 1 754,37[illegible] |
| lina | 23 | Construction | 04: 10-14 | 566 | 566 | 6,626 | | G | 236,161 | G | 1,299,36[illegible] |
| lina | 23 | Construction | 05: 15-19 | 252 | 254 | 4 193 | | G | 160 169 | G | 618,62[illegible] |
| lina | 23 | Construction | 06: <20 | 7,661 | 7 865 | 30 071 | | G | 1 056,341 | G | 6 125,02[illegible] |
| lina | 23 | Construction | 07: 20-24 | 158 | 162 | 3,334 | | G | 133,602 | G | 755,842 |
| lina | 23 | Construction | 08: 25-29 | 94 | 54 | 2 447 | | G | 97 865 | G | 443,80[illegible] |
| lina | 23 | Construction | 09: 30-34 | 60 | 61 | 1 807 | | G | 70 136 | G | 356,421 |
| lina | 23 | Construction | 10: 35-39 | 50 | 50 | 1 781 | | G | 68 401 | G | 347,806 |
| lina | 23 | Construction | 11: 40-49 | 68 | 71 | 2,646 | | G | 125,577 | G | 825 417 |
| lina | 23 | Construction | 12: 50-74 | 86 | 88 | 4 635 | | G | 203 247 | G | 1 029,608 |
| lina | 23 | Construction | 13: 75-99 | 41 | 45 | 3,006 | | G | 129 552 | G | 787,415 |
| lina | 23 | Construction | 14: 100-149 | 22 | 28 | 0 | G | S | 83 864 | H | 329 002 |
| lina | 23 | Construction | 15: 150-199 | 12 | 18 | 1 138 | | H | 57 711 | H | 315 699 |
| lina | 23 | Construction | 16: 200-299 | 16 | 26 | 1 456 | | G | 91 818 | G | 550 926 |
| lina | 23 | Construction | 17: 300-399 | 8 | 12 | 1 197 | | H | 47 851 | G | 198 768 |
| lina | 23 | Construction | 18: 400-499 | 5 | 8 | 594 | | G | 64 899 | G | 422 173 |
| lina | 23 | Construction | 19: <500 | 8 451 | 8,528 | 57 138 | | G | 2 189 124 | G | 12 568 798 |
| lina | 23 | Construction | 20: 500+ | 67 | 143 | 10,695 | | H | 517 553 | H | 2,652,936 |

# 2013 County Business Patterns (NAICS)

CenStats

South Carolina
Construction

State: South Carolina | Areaname: State total
LFO: Without LFO | Noise Flag: Without noise flag | Year: 2013 | Go!

| Compare Areas | NAICS code | NAICS code description | Paid employees for pay period including March 12 (number) | First-quarter payroll ($1,000) | Annual payroll ($1,000) | Total establishments |
|---|---|---|---|---|---|---|
| Compare | 23---- | Construction | 68,067 | 659,494 | 2,899,954 | 8,725 |
| Compare | 236 | Construction of Buildings | 12,991 | 143,554 | 638,702 | 2,381 |
| Compare | 2361 | Residential Building Construction | 6,418 | 64,391 | 296,529 | 1,837 |
| Compare | 23611 | Residential Building Construction | 6,418 | 64,391 | 296,529 | 1,837 |
| Compare | 236115 | New Single-Family Housing Construction (except For-Sale Builders) | 1,930 | 17,031 | 80,149 | 716 |
| Compare | 236116 | New Multifamily Housing Construction (except For-Sale Builders) | 403 | 4,906 | 23,862 | 84 |
| Compare | 236117 | New Housing For-Sale Builders | 1,665 | 24,131 | 111,616 | 250 |
| Compare | 236118 | Residential Remodelers | 2,420 | 18,323 | 80,902 | 787 |
| Compare | 2362 | Nonresidential Building | 6,573 | 79,163 | 342,173 | 544 |

| | | | | | | |
|---|---|---|---|---|---|---|
| | | [illegible] Construction | | | | |
| Compare | 236210 | Industrial Building Construction | 1,347 | 18,359 | 79,549 | 46 |
| Compare | 23622 | Commercial and Institutional Building Construction | 5,226 | 60,804 | 262,624 | 498 |
| Compare | 236220 | Commercial and Institutional Building Construction | 5,226 | 60,804 | 262,624 | 498 |
| Compare | 237 | Heavy and Civil Engineering Construction | 12,891 | 153,312 | 669,360 | 677 |
| Compare | 2371 | Utility System Construction | 7,679 | 96,342 | 410,221 | 327 |
| Compare | 23711 | Water and Sewer Line and Related Structures Construction | 1,903 | 16,690 | 71,684 | 205 |
| Compare | 237110 | Water and Sewer Line and Related Structures Construction | 1,903 | 16,690 | 71,684 | 205 |
| Compare | 23712 | Oil and Gas Pipeline and Related Structures Construction | 518 | 3,118 | 35,039 | 3 |
| Compare | 237120 | Oil and Gas Pipeline and Related Structures Construction | 518 | 3,118 | 35,039 | 3 |
| Compare | 23713 | Power and Communication Line and Related Structures Construction | [illegible] | D | D | 114 |
| Compare | 237130 | Power and Communication Line and Related Structures Construction | [illegible] | D | D | 114 |
| Compare | 2372 | Land Subdivision | 775 | [illegible] | [illegible] | [illegible] |

| | | | | | | |
|---|---|---|---|---|---|---|
| Compare | 237210 | Land Subdivision | 775 | 12,323 | 44,540 | 127 |
| Compare | 2373 | Highway, Street, and Bridge Construction | 2,885 | 28,558 | 142,020 | 133 |
| Compare | 23731 | Highway, Street, and Bridge Construction | 2,885 | 28,558 | 142,020 | 133 |
| Compare | 237310 | Highway, Street, and Bridge Construction | 2,885 | 28,558 | 142,020 | 133 |
| Compare | 2379 | Other Heavy and Civil Engineering Construction | 1,552 | 16,084 | 72,779 | 90 |
| Compare | 23799 | Other Heavy and Civil Engineering Construction | 1,552 | 16,084 | 72,779 | 90 |
| Compare | 237990 | Other Heavy and Civil Engineering Construction | 1,552 | 16,084 | 72,779 | 90 |
| Compare | 238 | Specialty Trade Contractors | 42,185 | 362,623 | 1,591,892 | 5,667 |
| Compare | 2381 | Foundation, Structure, and Building Exterior Contractors | 7,524 | 55,508 | 246,711 | 1,046 |
| Compare | 23811 | Poured Concrete Foundation and Structure Contractors | 1,650 | 12,255 | 54,718 | 139 |
| Compare | 238110 | Poured Concrete Foundation and Structure Contractors | 1,650 | 12,255 | 54,718 | 139 |
| Compare | 23812 | Structural Steel and Precast Concrete Contractors | 946 | 7,863 | 32,677 | 51 |
| Compare | 238120 | Structural Steel and Precast Concrete Contractors | 946 | 7,863 | 32,677 | 51 |
| Compare | 23813 | Framing Contractors | 340 | 2,123 | 9,906 | 129 |
| Compare | 238130 | Framing Contractors | 340 | 2,123 | 9,906 | 129 |
| Compare | 23814 | Masonry Contractors | 1,365 | 7,494 | 34,217 | 221 |
| Compare | 238140 | Masonry Contractors | 1,365 | 7,494 | 34,217 | 221 |
| Compare | 23815 | Glass and Glazing | 326 | 4,408 | 19,604 | 69 |

| | | | | | | |
|---|---|---|---|---|---|---|
| | | Glass and Glazing Contractors | | | | |
| Compare | 23816 | Roofing Contractors | 1,730 | 14,320 | 62,537 | 191 |
| Compare | 238160 | Roofing Contractors | 1,780 | 14,320 | 62,537 | 191 |
| Compare | 23817 | Siding Contractors | 438 | 3,044 | 14,076 | 121 |
| Compare | 238170 | Siding Contractors | 438 | 3,044 | 14,076 | 121 |
| Compare | 23819 | Other Foundation, Structure, and Building Exterior Contractors | 479 | 4,001 | 18,976 | 75 |
| Compare | 238190 | Other Foundation, Structure, and Building Exterior Contractors | 479 | 4,001 | 18,976 | 75 |
| Compare | 2382 | Building Equipment Contractors | 21,095 | 197,847 | 859,956 | 2,461 |
| Compare | 23821 | Electrical Contractors and Other Wiring Installation Contractors | 3,509 | 79,906 | 339,500 | 889 |
| Compare | 238210 | Electrical Contractors and Other Wiring Installation Contractors | 3,509 | 79,906 | 339,500 | 889 |
| Compare | 23822 | Plumbing, Heating, and Air-Conditioning Contractors | 11,139 | 100,350 | 445,793 | 1,457 |
| Compare | 238220 | Plumbing, Heating, and Air-Conditioning Contractors | 11,139 | 100,350 | 445,793 | 1,457 |
| Compare | 23829 | Other Building Equipment Contractors | 1,447 | 17,591 | 74,663 | 115 |
| Compare | 238290 | Other Building Equipment Contractors | 1,447 | 17,591 | 74,663 | 115 |
| Compare | 2383 | Building Finishing Contractors | 5,352 | 48,860 | 207,355 | 1,261 |

| | | | | | | |
|---|---|---|---|---|---|---|
| | | Drywall and Insulation Contractors | | | | |
| Compare | 238310 | Drywall and Insulation Contractors | 1,361 | 14,832 | 60,955 | 202 |
| Compare | 23832 | Painting and Wall Covering Contractors | 1,851 | 12,219 | 55,387 | 376 |
| Compare | 238320 | Painting and Wall Covering Contractors | 1,351 | 12,219 | 55,387 | 376 |
| Compare | 23833 | Flooring Contractors | 718 | 7,437 | 23,635 | 169 |
| Compare | 238330 | Flooring Contractors | 718 | 7,437 | 23,635 | 169 |
| Compare | 23834 | Tile and Terrazzo Contractors | 336 | 2,596 | 10,802 | 34 |
| Compare | 238340 | Tile and Terrazzo Contractors | 336 | 2,596 | 10,802 | 34 |
| Compare | 23835 | Finish Carpentry Contractors | 1,190 | 3,905 | 39,218 | 354 |
| Compare | 238350 | Finish Carpentry Contractors | 1,190 | 3,905 | 39,218 | 354 |
| Compare | 23839 | Other Building Finishing Contractors | 396 | 2,871 | 12,358 | 76 |
| Compare | 238390 | Other Building Finishing Contractors | 396 | 2,871 | 12,358 | 76 |
| Compare | 2389 | Other Specialty Trade Contractors | 7,214 | 60,413 | 277,870 | 399 |
| Compare | 23891 | Site Preparation Contractors | 4,665 | 41,513 | 189,372 | 479 |
| Compare | 238910 | Site Preparation Contractors | 4,665 | 41,513 | 189,372 | 479 |
| Compare | 23899 | All Other Specialty Trade Contractors | 2,549 | 13,900 | 88,498 | 420 |
| Compare | 238990 | All Other Specialty Trade Contractors | 2,549 | 13,900 | 88,498 | 420 |

| | Number of establishments by employment-size class |
|---|---|
| | ... 1000 |

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | [illegible] | 8,725 | 5,338 | 1,325 | 946 | 510 | 135 | 37 | 10 | 3 | 1 |
| Compare | 236 | Construction of Buildings | 2,381 | 1,734 | 349 | 162 | 107 | 25 | 1 | 3 | 0 | 0 |
| Compare | 2361 | Residential Building Construction | 1,837 | 1,480 | 231 | 75 | 42 | 8 | 1 | 0 | 0 | 0 |
| Compare | 23611 | Residential Building Construction | 1,837 | 1,480 | 231 | 75 | 42 | 8 | 1 | 0 | 0 | 0 |
| Compare | 236115 | New Single-Family Housing Construction (except For-Sale Builders) | 716 | 600 | 90 | 17 | 8 | 1 | 0 | 0 | 0 | 0 |
| Compare | 236116 | New Multifamily Housing Construction (except For-Sale Builders) | 84 | 64 | 10 | 6 | 2 | 2 | 0 | 0 | 0 | 0 |
| Compare | 236117 | New Housing For-Sale Builders | 250 | 176 | 33 | 18 | 18 | 4 | 1 | 0 | 0 | 0 |
| Compare | 236118 | Residential Remodelers | 737 | 640 | 98 | 34 | 14 | 1 | 0 | 0 | 0 | 0 |
| Compare | 2362 | Nonresidential Building Construction | 544 | 254 | 118 | 87 | 65 | 17 | 0 | 3 | 0 | 0 |
| Compare | 23621 | Industrial Building Construction | 46 | 25 | 10 | 3 | 3 | 3 | 0 | 2 | 0 | 0 |
| Compare | 236210 | Industrial Building Construction | 46 | 25 | 10 | 3 | 3 | 3 | 0 | 2 | 0 | 0 |
| Compare | 23622 | Commercial and Institutional Building Construction | 498 | 229 | 108 | 84 | 62 | 14 | 0 | 1 | 0 | 0 |
| Compare | 236220 | Commercial and Institutional Building | 498 | 229 | 108 | 84 | 62 | 14 | 0 | 1 | 0 | 0 |

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Compare | | Heavy and Civil Engineering Construction | | | | | | | | | | |
| Compare | 2371 | Utility System Construction | 327 | 136 | 73 | 60 | 40 | 9 | 2 | 4 | 2 | 1 |
| Compare | 23711 | Water and Sewer Line and Related Structures Construction | 205 | 95 | 47 | 37 | 22 | 4 | 0 | 0 | 0 | 0 |
| Compare | 237110 | Water and Sewer Line and Related Structures Construction | 205 | 95 | 47 | 37 | 22 | 4 | 0 | 0 | 0 | 0 |
| Compare | 23712 | Oil and Gas Pipeline and Related Structures Construction | 3 | 2 | 2 | 1 | 0 | 1 | 1 | 1 | 0 | 0 |
| Compare | 237120 | Oil and Gas Pipeline and Related Structures Construction | 3 | 2 | 2 | 1 | 0 | 1 | 1 | 1 | 0 | 0 |
| Compare | 23713 | Power and Communication Line and Related Structures Construction | 114 | 39 | 24 | 22 | 18 | 4 | 1 | 2 | 2 | 1 |
| Compare | 237130 | Power and Communication Line and Related Structures Construction | 114 | 39 | 24 | 22 | 18 | 4 | 1 | 2 | 2 | 1 |
| Compare | 2372 | Land Subdivision | 127 | 100 | 14 | 6 | 4 | 1 | 2 | 0 | 0 | 0 |
| Compare | 23721 | Land Subdivision | 127 | 100 | 14 | 6 | 4 | 1 | 2 | 0 | 0 | 0 |
| Compare | 237210 | Land Subdivision | 127 | 100 | 14 | 6 | 4 | 1 | 2 | 0 | 0 | 0 |

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Bridge Construction | | | | | | | | | | |
| Compare | 23731 | Highway, Street, and Bridge Construction | 133 | 44 | 24 | 23 | 28 | 9 | 5 | 0 | 0 | 0 |
| Compare | 237310 | Highway, Street, and Bridge Construction | 133 | 44 | 24 | 23 | 28 | 9 | 5 | 0 | 0 | 0 |
| Compare | 2379 | Other Heavy and Civil Engineering Construction | 90 | 41 | 26 | 13 | 8 | 0 | 1 | 0 | 1 | 0 |
| Compare | 23799 | Other Heavy and Civil Engineering Construction | 90 | 41 | 26 | 13 | 8 | 0 | 1 | 0 | 1 | 0 |
| Compare | 237990 | Other Heavy and Civil Engineering Construction | 90 | 41 | 26 | 13 | 8 | 0 | 1 | 0 | 1 | 0 |
| Compare | 238 | Specialty Trade Contractors | 5,667 | 3,503 | 1,039 | 682 | 323 | 91 | 26 | 3 | 0 | 0 |
| Compare | 2381 | Foundation, Structure, and Building Exterior Contractors | 1,046 | 649 | 195 | 126 | 53 | 20 | 2 | 1 | 0 | 0 |
| Compare | 23811 | Poured Concrete Foundation and Structure Contractors | 139 | 102 | 45 | 25 | 13 | 3 | 0 | 1 | 0 | 0 |
| Compare | 238110 | Poured Concrete Foundation and Structure Contractors | 139 | 102 | 45 | 25 | 13 | 3 | 0 | 1 | 0 | 0 |
| Compare | 23812 | Structural Steel and Precast Concrete Contractors | 31 | 17 | 11 | 16 | 2 | 3 | 2 | 0 | 0 | 0 |
| Compare | 238120 | Structural Steel | 31 | 17 | 11 | 16 | 2 | 3 | 2 | 0 | 0 | 0 |

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Concrete Contractors | | | | | | | | | | |
| Compare | 23813 | Framing Contractors | 129 | 107 | 18 | 4 | 0 | 0 | 0 | 0 | 0 | 0 |
| Compare | 238130 | Framing Contractors | 129 | 107 | 18 | 4 | 0 | 0 | 0 | 0 | 0 | 0 |
| Compare | 23814 | Masonry Contractors | 221 | 142 | 36 | 26 | 15 | 2 | 0 | 0 | 0 | 0 |
| Compare | 238140 | Masonry Contractors | 221 | 142 | 36 | 26 | 15 | 2 | 0 | 0 | 0 | 0 |
| Compare | 23815 | Glass and Glazing Contractors | 69 | 36 | 17 | 9 | 6 | 1 | 0 | 0 | 0 | 0 |
| Compare | 238150 | Glass and Glazing Contractors | 69 | 36 | 17 | 9 | 6 | 1 | 0 | 0 | 0 | 0 |
| Compare | 23816 | Roofing Contractors | 191 | 105 | 34 | 29 | 14 | 9 | 0 | 0 | 0 | 0 |
| Compare | 238160 | Roofing Contractors | 191 | 105 | 34 | 29 | 14 | 9 | 0 | 0 | 0 | 0 |
| Compare | 23817 | Siding Contractors | 121 | 94 | 18 | 7 | 2 | 0 | 0 | 0 | 0 | 0 |
| Compare | 238170 | Siding Contractors | 121 | 94 | 18 | 7 | 2 | 0 | 0 | 0 | 0 | 0 |
| Compare | 23819 | Other Foundation, Structure, and Building Exterior Contractors | 75 | 46 | 16 | 10 | 1 | 2 | 0 | 0 | 0 | 0 |
| Compare | 238190 | Other Foundation, Structure, and Building Exterior Contractors | 75 | 46 | 16 | 10 | 1 | 2 | 0 | 0 | 0 | 0 |
| Compare | 2382 | Building Equipment Contractors | 2,461 | 1,403 | 499 | 323 | 169 | 51 | 14 | 2 | 0 | 0 |
| Compare | 23821 | Electrical Contractors and Other Wiring Installation Contractors | 889 | 515 | 145 | 135 | 67 | 21 | 4 | 2 | 0 | 0 |

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Contractors and Other Wiring Installation Contractors | | | | | | | | | | |
| Compare | 23822 | Plumbing, Heating, and Air-Conditioning Contractors | 1,457 | 840 | 321 | 177 | 86 | 26 | 7 | 0 | 0 | 0 |
| Compare | 238220 | Plumbing, Heating, and Air-Conditioning Contractors | 1,457 | 840 | 321 | 177 | 86 | 26 | 7 | 0 | 0 | 0 |
| Compare | 23829 | Other Building Equipment Contractors | 115 | 48 | 33 | 11 | 16 | 4 | 3 | 0 | 0 | 0 |
| Compare | 238290 | Other Building Equipment Contractors | 115 | 48 | 33 | 11 | 16 | 4 | 3 | 0 | 0 | 0 |
| Compare | 2383 | Building Finishing Contractors | 1,261 | 915 | 184 | 106 | 44 | 10 | 2 | 0 | 0 | 0 |
| Compare | 23831 | Drywall and Insulation Contractors | 202 | 115 | 37 | 30 | 13 | 6 | 1 | 0 | 0 | 0 |
| Compare | 238310 | Drywall and Insulation Contractors | 202 | 115 | 37 | 30 | 13 | 6 | 1 | 0 | 0 | 0 |
| Compare | 23832 | Painting and Wall Covering Contractors | 376 | 272 | 57 | 32 | 13 | 1 | 1 | 0 | 0 | 0 |
| Compare | 238320 | Painting and Wall Covering Contractors | 376 | 272 | 57 | 32 | 13 | 1 | 1 | 0 | 0 | 0 |
| Compare | 23833 | Flooring Contractors | 169 | 129 | 26 | 10 | 1 | 3 | 0 | 0 | 0 | 0 |
| Compare | 238330 | Flooring Contractors | 169 | 129 | 26 | 10 | 1 | 3 | 0 | 0 | 0 | 0 |
| Compare | 23834 | Tile and Terrazzo Contractors | 84 | 65 | 9 | 6 | 4 | 0 | 0 | 0 | 0 | 0 |
| | | Tile and | | | | | | | | | | |

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Compare | 23835 | Finish Carpentry Contractors | 354 | 289 | 36 | 20 | 9 | 0 | 0 | 0 | 0 | 0 |
| Compare | 238350 | Finish Carpentry Contractors | 354 | 289 | 36 | 20 | 9 | 0 | 0 | 0 | 0 | 0 |
| Compare | 23839 | Other Building Finishing Contractors | 76 | 45 | 19 | 8 | 4 | 0 | 0 | 0 | 0 | 0 |
| Compare | 238390 | Other Building Finishing Contractors | 76 | 45 | 19 | 8 | 4 | 0 | 0 | 0 | 0 | 0 |
| Compare | 2389 | Other Specialty Trade Contractors | 399 | 536 | 161 | 127 | 57 | 10 | 8 | 0 | 0 | 0 |
| Compare | 23891 | Site Preparation Contractors | 479 | 273 | 86 | 70 | 34 | 9 | 7 | 0 | 0 | 0 |
| Compare | 238910 | Site Preparation Contractors | 479 | 273 | 86 | 70 | 34 | 9 | 7 | 0 | 0 | 0 |
| Compare | 23899 | All Other Specialty Trade Contractors | 420 | 263 | 75 | 57 | 23 | 1 | 1 | 0 | 0 | 0 |
| Compare | 238990 | All Other Specialty Trade Contractors | 420 | 263 | 75 | 57 | 23 | 1 | 1 | 0 | 0 | 0 |

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For information on businesses with no paid employees, see *Nonemployer Statistics*

Change Geographic Area

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# 2013 County Business Patterns (NAICS)

Industry Code Comparison
236118
Residential Remodelers

Noise Flag: Without noise flag | Year: 2013 | Go!

| | | | | | | Number of establishments by employment-size class | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| FIPS Code | Area Name | Paid employees for pay period including March 12 (number) | First-quarter payroll ($1,000) | Annual payroll ($1,000) | Total establishments | 1-4 | 5-9 | 10-19 | 20-49 | 50-99 | 100-249 | 250-499 | 500-999 | 1000 or more |
| 01 | Alabama | 1,986 | 15,110 | 63,686 | 602 | 477 | 76 | 38 | 11 | 0 | 0 | 0 | 0 | 0 |
| 02 | Alaska | 570 | 5,857 | 24,586 | 226 | 200 | 18 | 5 | 2 | 1 | 0 | 0 | 0 | 0 |
| 04 | Arizona | 5,165 | 41,452 | 183,431 | 1,316 | 1,031 | 153 | 84 | 37 | 9 | 2 | 0 | 0 | 0 |
| 05 | Arkansas | 1,091 | 7,545 | 33,703 | 348 | 278 | 46 | 19 | 5 | 0 | 0 | 0 | 0 | 0 |
| 06 | California | 44,719 | 417,845 | 1,801,324 | 10,922 | 8,555 | 1,406 | 625 | 256 | 66 | 10 | 3 | 0 | 1 |
| 08 | Colorado | 4,952 | 44,091 | 207,921 | 1,898 | 1,652 | 151 | 65 | 23 | 5 | 2 | 0 | 0 | 0 |
| 09 | Connecticut | 3,201 | 30,602 | 142,380 | 1,065 | 902 | 106 | 37 | 15 | 4 | 1 | 0 | 0 | 0 |
| 10 | Delaware | 305 | 5,971 | 26,698 | 314 | 268 | 32 | 11 | 3 | 0 | 0 | 0 | 0 | 0 |
| 11 | District of Columbia | 599 | 6,655 | 32,738 | 113 | 76 | 21 | 10 | 6 | 0 | 0 | 0 | 0 | 0 |
| 12 | Florida | 14,151 | 110,901 | 496,981 | 5,205 | 4,556 | 407 | 150 | 77 | 8 | 6 | 1 | 0 | 0 |
| 13 | Georgia | 5,583 | 48,183 | 217,192 | 1,830 | 1,591 | 150 | 48 | 32 | 5 | 3 | 1 | 0 | 0 |
| 15 | Hawaii | 1,041 | 9,535 | 41,356 | 341 | 277 | 43 | 14 | 6 | 1 | 0 | 0 | 0 | 0 |
| 16 | Idaho | 1,130 | 6,653 | 33,297 | 462 | 387 | 48 | 22 | 5 | 0 | 0 | 0 | 0 | 0 |
| 17 | Illinois | 11,593 | 39,606 | 445,071 | 5,139 | 4,595 | 350 | 143 | 42 | 7 | 2 | 0 | 0 | 0 |
| 18 | Indiana | 6,001 | 43,594 | 200,896 | 1,739 | 1,439 | 234 | 30 | 31 | 3 | 2 | 0 | 0 | 0 |
| 19 | Iowa | 2,482 | 16,328 | 81,173 | 955 | 824 | 94 | 28 | 9 | 0 | 0 | 0 | 0 | 0 |
| 20 | Kansas | 2,522 | 20,159 | 91,367 | 765 | 636 | 77 | 36 | 17 | 2 | 0 | 0 | 0 | 0 |
| 21 | Kentucky | 2,134 | 16,299 | 69,241 | 633 | 509 | 80 | 30 | 11 | 3 | 0 | 0 | 0 | 0 |
| 22 | Louisiana | 2,194 | 16,099 | 68,066 | 400 | 471 | 35 | 26 | 16 | 2 | 0 | 0 | 0 | 0 |
| 23 | Maine | 1,311 | 10,333 | 48,899 | 671 | 585 | 58 | 25 | 3 | 0 | 0 | 0 | 0 | 0 |

| | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 26 | Michigan | 7,148 | 52,986 | 270,777 | 2,564 | 2,183 | 232 | 103 | 39 | 7 | 0 | 0 | 0 | 0 |
| 27 | Minnesota | 5,512 | 43,236 | 224,294 | 2,462 | 2,205 | 164 | 62 | 26 | 4 | 1 | 0 | 0 | 0 |
| 28 | Mississippi | 573 | 3,559 | 15,826 | 216 | 173 | 31 | 12 | 0 | 0 | 0 | 0 | 0 | 0 |
| 29 | Missouri | 5,157 | 39,401 | 181,318 | 1,605 | 1,325 | 187 | 54 | 32 | 5 | 2 | 0 | 0 | 0 |
| 30 | Montana | 302 | 4,467 | 22,092 | 411 | 382 | 18 | 6 | 5 | 0 | 0 | 0 | 0 | 0 |
| 31 | Nebraska | 1,355 | 11,368 | 57,002 | 762 | 668 | 67 | 20 | 6 | 1 | 0 | 0 | 0 | 0 |
| 32 | Nevada | 2,241 | 17,754 | 83,014 | 475 | 351 | 65 | 38 | 16 | 5 | 0 | 0 | 0 | 0 |
| 33 | New Hampshire | 1,265 | 10,468 | 51,821 | 458 | 390 | 41 | 16 | 11 | 0 | 0 | 0 | 0 | 0 |
| 34 | New Jersey | 9,535 | 81,598 | 384,275 | 3,271 | 2,801 | 290 | 126 | 45 | 6 | 3 | 0 | 0 | 0 |
| 35 | New Mexico | 1,464 | 9,965 | 46,022 | 411 | 333 | 48 | 17 | 12 | 0 | 1 | 0 | 0 | 0 |
| 36 | New York | 28,383 | 237,950 | 1,134,500 | 9,937 | 8,495 | 899 | 362 | 155 | 21 | 3 | 0 | 0 | 0 |
| 37 | North Carolina | 6,967 | 54,244 | 243,193 | 2,210 | 1,850 | 228 | 88 | 36 | 6 | 2 | 0 | 0 | 0 |
| 38 | North Dakota | 739 | 5,462 | 27,140 | 290 | 248 | 30 | 8 | 3 | 1 | 0 | 0 | 0 | 0 |
| 39 | Ohio | 8,276 | 63,432 | 295,907 | 2,535 | 2,062 | 289 | 126 | 54 | 3 | 1 | 0 | 0 | 0 |
| 40 | Oklahoma | 1,744 | 14,182 | 55,388 | 491 | 402 | 59 | 22 | 7 | 0 | 0 | 1 | 0 | 0 |
| 41 | Oregon | 5,390 | 40,460 | 189,417 | 1,681 | 1,415 | 153 | 76 | 28 | 8 | 1 | 0 | 0 | 0 |
| 42 | Pennsylvania | 14,652 | 110,740 | 510,428 | 4,610 | 3,865 | 498 | 169 | 64 | 9 | 3 | 2 | 0 | 0 |
| 44 | Rhode Island | 1,421 | 12,639 | 58,414 | 503 | 434 | 42 | 18 | 8 | 1 | 0 | 0 | 0 | 0 |
| 45 | South Carolina | 2,420 | 18,323 | 80,902 | 787 | 640 | 98 | 34 | 14 | 1 | 0 | 0 | 0 | 0 |
| 46 | South Dakota | 675 | 3,531 | 18,154 | 348 | 313 | 28 | 6 | 1 | 0 | 0 | 0 | 0 | 0 |
| 47 | Tennessee | 3,690 | 33,394 | 147,805 | 859 | 632 | 126 | 70 | 29 | 2 | 0 | 0 | 0 | 0 |
| 48 | Texas | 11,105 | 102,988 | 458,881 | 3,032 | 2,430 | 368 | 158 | 59 | 15 | 0 | 1 | 0 | 0 |
| 49 | Utah | 1,928 | 12,629 | 60,948 | 729 | 624 | 68 | 25 | 11 | 1 | 0 | 0 | 0 | 0 |
| 50 | Vermont | 1,004 | 7,721 | 38,447 | 402 | 346 | 45 | 6 | 5 | 0 | 0 | 0 | 0 | 0 |
| 51 | Virginia | 10,375 | 86,137 | 336,248 | 3,036 | 2,535 | 313 | 124 | 52 | 7 | 4 | 1 | 0 | 1 |
| 53 | Washington | 9,321 | 74,115 | 368,464 | 3,288 | 2,739 | 315 | 134 | 40 | 9 | 1 | 0 | 0 | 1 |
| 54 | West Virginia | 1,392 | 7,193 | 34,982 | 465 | 377 | 55 | 28 | 5 | 0 | 0 | 0 | 0 | 0 |
| 55 | Wisconsin | 4,383 | 32,393 | 160,813 | 1,532 | 1,304 | 137 | 64 | 22 | 5 | 0 | 0 | 0 | 0 |
| 56 | Wyoming | 813 | 6,237 | 33,690 | 335 | 291 | 31 | 10 | 2 | 1 | 0 | 0 | 0 | 0 |

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For information on businesses with no paid employees, see *Nonemployer Statistics*

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Pulte

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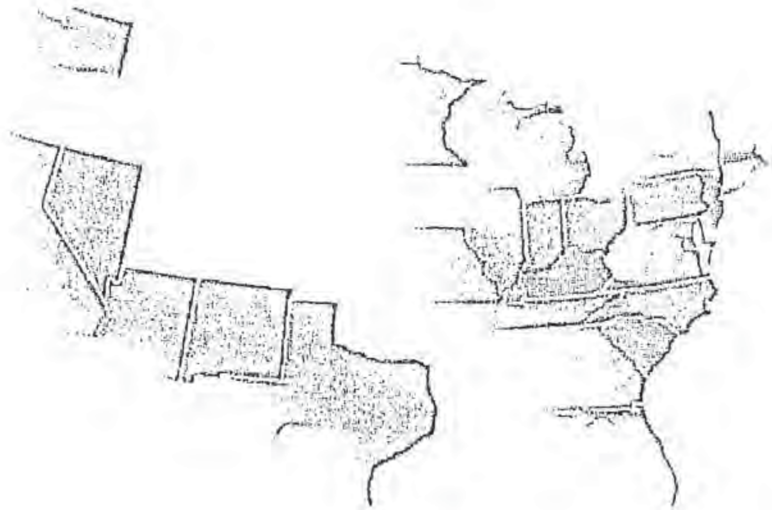

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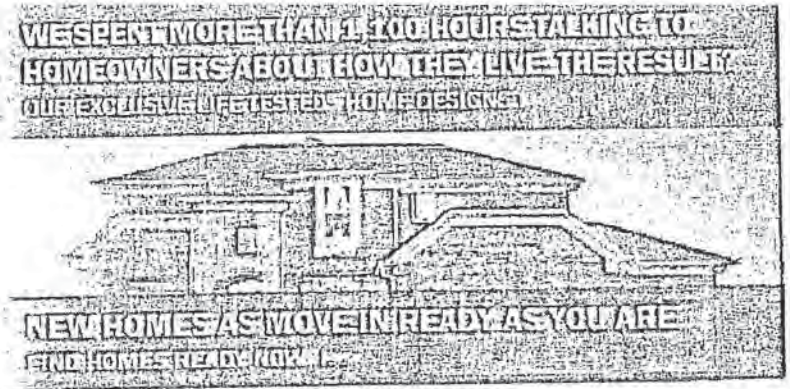


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New Homes in Tampa
New Homes in The Orlando Area
New Homes in Treasure Coast

New Homes in Georgia
New Homes in The Atlanta Area
New Homes in Illinois
New Homes in Chicago
New Homes in Indiana
New Homes in Indianapolis
New Homes in Kentucky
New Homes in The Louisville Area
New Homes in Maryland
New Homes in DC Metro
New Homes in Massachusetts
New Homes in Eastern Massachusetts
New Homes in Michigan
New Homes in Detroit
New Homes in Minnesota
New Homes in The Twin Cities
New Homes in Missouri
New Homes in St Louis

New Homes in Nevada
New Homes in The Las Vegas Area
New Homes in New Jersey
New Homes in Central New Jersey
New Homes in Northern New Jersey
New Homes in New Mexico
New Homes in Albuquerque
New Homes in New York
New Homes in The Greater Hudson Valley
New Homes in North Carolina
New Homes in Carolina Shores
New Homes in Southport
New Homes in The Charlotte Area
New Homes in The Raleigh Area
New Homes in Ohio
New Homes in Cleveland
New Homes in The Columbus Area

New Homes in Pennsylvania
New Homes in Lehigh Valley
New Homes in Philadelphia Area
New Homes in South Carolina
New Homes in Charleston
New Homes in Fort Mill/Indian Land
New Homes in Hilton Head
New Homes in Myrtle Beach
New Homes in Tennessee
New Homes in Nashville
New Homes in Texas
New Homes in Dallas/Ft Worth
New Homes in The Austin Area
New Homes in The Houston Area
New Homes in The San Antonio Area
New Homes in Virginia
New Homes in Northern Virginia
New Homes in Washington
New Homes in Seattle

Arizona
California
Colorado
Florida
Georgia
Illinois
Indiana
Kentucky
Maryland
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Michigan
Minnesota
Missouri
Nevada
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VS Section

# STATEMENTS ON STANDARDS FOR VALUATION SERVICES

## VS Section 100

### *Valuation of a Business, Business Ownership Interest, Security, or Intangible Asset*

Source: Statement on Standards for Valuation Services No. 1

June 2007

#### Foreword

**Why Issued**

Valuations of businesses, business ownership interests, securities, or intangible assets (hereinafter collectively referred to in this Foreword as *business valuations*) may be performed for a wide variety of purposes including the following:

1. Transactions (or potential transactions), such as acquisitions, mergers, leveraged buyouts, initial public offerings, employee stock ownership plans and other share based plans, partner and shareholder buy-ins or buyouts, and stock redemptions
2. Litigation (or pending litigation) relating to matters such as marital dissolution, bankruptcy, contractual disputes, owner disputes, dissenting shareholder and minority ownership oppression cases, and employment and intellectual property disputes
3. Compliance-oriented engagements, including (*a*) financial reporting and (*b*) tax matters such as corporate reorganizations; S corporation conversions; income, estate, and gift tax compliance; purchase price allocations; and charitable contributions
4. Planning oriented engagements for income tax, estate tax, gift tax, mergers and acquisitions, and personal financial planning

In recent years, the need for business valuations has increased significantly. Performing an engagement to estimate value involves special knowledge and skill.

Given the increasing number of members of the AICPA who are performing business valuation engagements or some aspect thereof, the AICPA Consulting Services Executive Committee has written

business valuations. AICPA members will be required to
engagements to estimate value that culminate in the expression of a conclusion of value or a calculated value.

The Consulting Services Executive Committee is a body designated by AICPA Council to promulgate professional standards under the "General Standards Rule" (ET sec. 1.300.001 and 2.300.001) and the "Compliance with Standards Rule" (ET sec. 1.310.001 and 2.310.001) of the AICPA Code of Professional Conduct (the code).

## Introduction and Scope

.01

This statement establishes standards for AICPA members (hereinafter referred to in this statement as *members*) who are engaged to, or, as part of another engagement, estimate the value of a **business**, fn 1 *business ownership interest, security*, or **intangible asset** (hereinafter collectively referred to in this statement as ***subject interest***). For purposes of this statement, the definition of a business includes not-for-profit entities or activities.

.02

As described in this statement, the term ***engagement to estimate value*** refers to an engagement or any part of an engagement (for example, a tax, litigation, or acquisition-related engagement) that involves estimating the value of a subject interest. An engagement to estimate value culminates in the expression of either a ***conclusion of value*** or a ***calculated value*** (see paragraph .21). A member who performs an engagement to estimate value is referred to, in this statement, as a ***valuation analyst***.

.03

Valuation analysts should be aware of any governmental regulations and other professional standards applicable to the engagement, including the code and the Statement on Standards for Consulting Services (SSCS) No. 1, *Consulting Services: Definitions and Standards* (CS sec. 100), and the extent to which they apply to engagements to estimate value. Compliance is the responsibility of the valuation analyst.

.04

In the process of estimating value as part of an engagement, the valuation analyst applies **valuation approaches** and **valuation methods**, as described in this statement, and uses professional judgment. The use of professional judgment is an essential component of estimating value.

## Exceptions From This Statement

interest as part of performing an attest engagement defined by the "Independence Rule" of the code (ET sec. 1.200.001) (for example, as part of an audit, review, or compilation engagement).

.06

This statement is not applicable when the value of a subject interest is provided to the member by the client or a third party, and the member does not apply valuation approaches and methods, as discussed in this statement.

.07

This statement is not applicable to internal use assignments from employers to employee members not in public practice, as that term is defined in the code (ET sec. 0.400.42). See also Valuation Interpretation No. 1, "Scope of Applicable Services" (VS sec. 9100), illustrations 24 and 25 (VS sec. 9100 par. .78–.81).

.08

This statement is not applicable to engagements that are exclusively for the purpose of determining economic damages (for example, lost profits) unless those determinations include an engagement to estimate value. See also Interpretation No. 1, illustrations 1, 2, and 3 (VS sec. 9100 par. .06–.11).

.09

This statement is not applicable to mechanical computations that do not rise to the level of an engagement to estimate value; that is, when the member does not apply valuation approaches and methods and does not use professional judgment. See Interpretation No. 1, illustration 8 (VS sec. 9100 par. .20–.23).

This statement is not applicable when it is not practical or not reasonable to obtain or use relevant information; as a result, the member is unable to apply valuation approaches and methods that are described in this statement. [n 2]

### Jurisdictional Exception

.10

If any part of this statement differs from published governmental, judicial, or accounting authority, or such authority specifies valuation development procedures or valuation reporting procedures, then the valuation analyst should follow the applicable published authority or stated procedures with respect to that part applicable to the valuation in which the member is engaged. The other parts of this statement continue in full force and effect (Interpretation No. 1 [VS sec. 9100 par. .01–.89]).

.11

The "General Standards Rule" of the code (ET sec. 1.300.001 and 2.300.001) states that a member shall "undertake only those *professional services* that the *member* or the *member's firm* can reasonably expect to be completed with professional competence." Performing a valuation engagement with professional competence involves special knowledge and skill. A valuation analyst should possess a level of knowledge of valuation principles and theory and a level of skill in the application of such principles that will enable him or her to identify, gather, and analyze data, consider and apply appropriate valuation approaches and methods, and use professional judgment in developing the estimate of value (whether a single amount or a range). An in-depth discussion of valuation theory and principles, and how and when to apply them, is not within the scope of this statement.

.12

In determining whether he or she can reasonably expect to complete the valuation engagement with professional competence, the valuation analyst should consider, at a minimum, the following:

*a.* Subject entity and its industry

*b.* Subject interest

*c.* **Valuation date**

*d.* Scope of the valuation engagement

  i. Purpose of the valuation engagement

  ii. ***Assumptions and limiting conditions*** expected to apply to the valuation engagement (see paragraph .18)

  iii. Applicable **standard of value** (for example, ***fair value*** or **fair market value**) and the applicable **premise of value** (for example, going concern)

  iv. Type of valuation report to be issued (see paragraph .48), intended use and users of the report, and restrictions on the use of the report

*e.* Governmental regulations or other professional standards that apply to the subject interest or to the valuation engagement

## Nature and Risks of the Valuation Services and Expectations of the Client

.13

In understanding the nature and risks of the ***valuation services*** to be provided, and the expectations of the client, the valuation analyst should consider the matters in paragraph .12, and in *b.* The identity of the client

*c.* The nature of the interest and ownership rights in the business, business interest, security, or intangible asset being valued, including **control** characteristics and the degree of **marketability** of the interest

*d.* The procedural requirements of a valuation engagement and the extent, if any, to which procedures will be limited by either the client or circumstances beyond the client's or the valuation analyst's control

*e.* The use of and limitations of the report, and the conclusion or calculated value

*f.* Any obligation to update the valuation

## Objectivity and Conflict of Interest

.14

The code requires objectivity in the performance of all professional services, including valuation engagements. Objectivity is a state of mind. The principle of objectivity imposes the obligation to be impartial, intellectually honest, disinterested, and free from conflicts of interest. Where a potential conflict of interest may exist, a valuation analyst should make the disclosures and obtain consent as required by the "Conflicts of Interest" interpretation (ET sec. 1.110.010 and 2.110.010) under the "Integrity and Objectivity Rule" (ET sec. 1.100.001 and 2.100.001).

## Independence and Valuation

.15

If valuation services are performed for a client for which the valuation analyst or valuation analyst's firm also performs an attest engagement (defined by the "Independence Rule" of the code), the valuation analyst should meet the requirements included in the interpretations of the "Nonattest Services" subtopic (ET sec. 1.295) under the "Independence Rule" (ET sec. 1.200.001) so as not to impair the member's independence with respect to the client.

## Establishing an Understanding With the Client

.16

The valuation analyst should establish an understanding with the client, preferably in writing, regarding the engagement to be performed. If the understanding is oral, the valuation analyst should document that understanding by appropriate memoranda or notations in the working papers. (If the engagement is being performed for an attest client, the "General Requirements for Performing Nonattest Services" interpretation [ET sec. 1.295.040] of the "Independence Rule" [ET sec.

encounters circumstances during the engagement that make it appropriate ...
understanding.

.17

The understanding with the client reduces the possibility that either the valuation analyst or the client may misinterpret the needs or expectations of the other party. The understanding should include, at a minimum, the nature, purpose, and objective of the valuation engagement, the client's responsibilities, the valuation analyst's responsibilities, the applicable assumptions and limiting conditions, the type of report to be issued, and the standard of value to be used.

### *Assumptions and Limiting Conditions*

.18
Assumptions and limiting conditions are common to valuation engagements. Examples of typical assumptions and limiting conditions for a business valuation are provided in appendix A, "Illustrative List of Assumptions and Limiting Conditions for a Business Valuation" (par. .80). The assumptions and limiting conditions should be disclosed in the valuation report (see paragraphs .52*l*, .68*g*, and .71*m*).

## Scope Restrictions or Limitations

.19

A restriction or limitation on the scope of the valuation analyst's work, or the data available for analysis, may be present and known to the valuation analyst at the outset of the valuation engagement or may arise during the course of a valuation engagement. Such a restriction or limitation should be disclosed in the valuation report (see paragraphs .52*m*, .68*e*, and .71*n*).

## Using the Work of Specialists in the Engagement to Estimate Value

.20

In performing an engagement to estimate value, the valuation analyst may rely on the work of a third party specialist (for example, a real estate or equipment appraiser). The valuation analyst should note in the assumptions and limiting conditions the level of responsibility, if any, being assumed by the valuation analyst for the work of the third party specialist. At the option of the valuation analyst, the written report of the third party specialist may be included in the valuation analyst's report.

## Development

### Types of Engagement

.21

calculation engagement. The valuation engagement results in a conclusion of value. The calculation engagement results in a calculated value. The type of engagement is established in the understanding with the client (see paragraphs .16 and .17):

a. *Valuation engagement.* A valuation analyst performs a valuation engagement when (1) the engagement calls for the valuation analyst to estimate the value of a subject interest and (2) the valuation analyst estimates the value (as outlined in paragraphs .23–.45) and is free to apply the valuation approaches and methods he or she deems appropriate in the circumstances. The valuation analyst expresses the results of the valuation as a conclusion of value; the conclusion may be either a single amount or a range.

b. *Calculation engagement.* A valuation analyst performs a calculation engagement when (1) the valuation analyst and the client agree on the valuation approaches and methods the valuation analyst will use and the extent of procedures the valuation analyst will perform in the process of calculating the value of a subject interest (these procedures will be more limited than those of a valuation engagement) and (2) the valuation analyst calculates the value in compliance with the agreement. The valuation analyst expresses the results of these procedures as a calculated value. The calculated value is expressed as a range or as a single amount. A calculation engagement does not include all of the procedures required for a valuation engagement (see paragraph .46).

## Hypothetical Conditions

.22

Hypothetical conditions affecting the subject interest may be required in some circumstances. When a valuation analyst uses hypothetical conditions during a valuation or calculation engagement, he or she should indicate the purpose for including the hypothetical conditions and disclose these conditions in the valuation or calculation report (see paragraphs .52*n*, .71*o*, and .74).

## Valuation Engagement

.23

In performing a valuation engagement, the valuation analyst should do the following:

- Analyze the subject interest (paragraphs .25–.30)
- Consider and apply appropriate valuation approaches and methods (paragraphs .31–.42)
- Prepare and maintain appropriate documentation (paragraphs .44–.45)

.24

process of gathering, updating, and analyzing ... requirements and guidance in this statement may be implemented differently at the option of the valuation analyst.

### *Analysis of the Subject Interest*

.25
The analysis of the subject interest will assist the valuation analyst in considering, evaluating, and applying the various valuation approaches and methods to the subject interest. The nature and extent of the information needed to perform the analysis will depend on, at a minimum, the following:

- Nature of the subject interest
- Scope of the valuation engagement
- Valuation date
- Intended use of the valuation
- Applicable standard of value
- Applicable premise of value
- Assumptions and limiting conditions
- Applicable governmental regulations or other professional standards

.26
In analyzing the subject interest, the valuation analyst should consider financial and nonfinancial information. The type, availability, and significance of such information vary with the subject interest.

*Nonfinancial Information*

.27
The valuation analyst should, as available and applicable to the valuation engagement, obtain sufficient nonfinancial information to enable him or her to understand the subject entity, including the following:

- Nature, background, and history
- Facilities
- Organizational structure
- Management team (which may include officers, directors, and key employees)
- Classes of equity ownership interests and rights attached thereto