

**The Merriam Report** **LOW** 1/28/11 **LOWES COMPANIES INC**

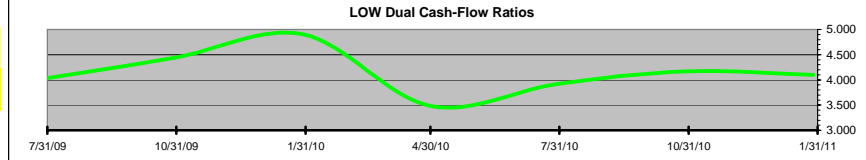
All amounts in millions except for earnings per share

Quarterly period ending:	2 7/31/09	3 10/30/09	4 1/29/10	1 4/30/10	2 7/30/10	3 10/29/10	4 1/28/11	Averages
Earnings Per Share (Incl. Ext. Items)	\$ 0.510	\$ 0.230	\$ 0.140	\$ 0.340	\$ 0.58000	\$ 0.290	\$ 0.210	\$ 0.329
% Change in E.P.S. (from prev. qtr.)		-54.9%	-39.1%	-142.9%	70.6%	-50.0%	-27.6%	-40.6%
Total Revenues	1384400.0	1137500.0	1016800.0	1238800.0	1436100.0	1158700.0	1048000.0	1202900.0
% Change in Revenues (from prev. qtr.)		-17.8%	-10.6%	21.8%	15.9%	-19.3%	-9.6%	-3.3%
Cost of Revenues	902100.0	7485000.0	6614000.0	8030000.0	9355000.0	7526000.0	6754000.0	6666585.7
Accounts Receivable:	12200.0	11700.0	14400.0	20800.0	20200.0	20500.0	20200.0	17142.9
% Change in Receivables (from prev. qtr.)		-4.1%	23.1%	44.4%	-2.9%	1.5%	-1.5%	10.1%
DSO's (# of days it took customers to pay)	0.8	0.9	1.3	1.5	1.3	1.6	1.8	1.3
Inventories:	818900.0	842400.0	824900.0	989900.0	865300.0	854300.0	832100.0	861114.3
% Change in Inventory (from prev. qtr.)		2.9%	-2.1%	20.0%	-12.6%	-1.3%	-2.6%	0.7%
Inventory as a % of Sales	59.2%	74.1%	81.1%	79.9%	60.3%	73.7%	79.4%	72.52%
Prepaid Expenses:	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0
Other Current Assets:	21600.0	21300.0	21800.0	24200.0	25600.0	21900.0	33000.0	24200.0
Property, Plant & Equip. (net):	2272700.0	2255700.0	2249900.0	2237900.0	2227400.0	2218000.0	2208900.0	2238642.9
% Change in P,P& E (from prev. qtr.)		-0.7%	-0.3%	-0.5%	-0.5%	-0.4%	-0.4%	-0.5%
Accounts Payable:	497000.0	504600.0	428700.0	706200.0	488800.0	495900.0	435100.0	508042.9
% Change in Payables (from prev. qtr.)		1.5%	-15.0%	64.7%	-30.8%	1.5%	-12.3%	1.6%
Quarterly period ending:	7/31/09	10/30/09	1/29/10	4/30/10	7/30/10	10/29/10	1/28/11	
Total Liabilities:	1494600.0	1492900.0	1393600.0	1839500.0	1542000.0	1544900.0	1558700.0	1552314.3
Shareholder equity:	1917600.0	1941900.0	1906900.0	1901900.0	1921300.0	1889200.0	1811200.0	1898571.4
Retained Earnings (Accum. Deficit)	1802500.0	1823600.0	1830700.0	1824600.0	1845400.0	1814400.0	1754400.0	1813657.1
Operating Cash Flow (OCF)	3673590.8	3715590.2	3687592.5	3675377.2	3715590.7	3643792.8	3501795.9	3659047.2
OCF as % of Revenues	265.4%	326.6%	362.7%	296.7%	258.7%	314.5%	334.1%	308.39%
Balance Sheet Cash Flow (BSCF)	1494546.9	1492846.2	1393553.5	1839424.9	1541946.5	1544846.2	1558651.2	1552259.3
BSCF as % of Revenues	108.0%	131.2%	137.1%	148.5%	107.4%	133.3%	148.7%	130.59%
Spread between OCF & BSCF	2179043.9	2222744.0	2294039.0	1835952.3	2173644.2	2098946.6	1943144.7	2106787.8
Ratios								
Spread to Revenues	157.40%	195.41%	225.61%	148.20%	151.36%	181.15%	185.41%	1.778
Spread to OCF	2.458	2.489	2.646	1.998	2.410	2.359	2.247	2.372
MR Dual Cash-Flow Figure	4.032	4.443	4.902	3.480	3.923	4.170	4.101	4.150

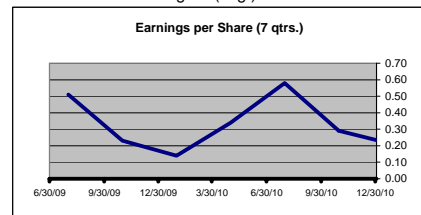
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MR Dual Cash-Flow Figure	4.032	4.443	4.902	3.480	3.923	4.170	4.101

**Merriam Report Signals:**

- Recent Bearish
- Confirmed Bearish
- Recent Bullish
- Confirmed Bullish



**MR Dual Cash-Flow Figure (avg.)** 4.150



	07/31/09	10/30/09	01/29/10	04/30/10	07/30/10	10/29/10	01/28/11
P/E	17.55	16.58	17.89	22.05	16.08	15.81	17.78
P/S	0.69	0.61	0.67	0.82	0.61	0.61	0.7
P/FCF	41.469	19.5036	17.0074	15.3919	21.9956	17.4225	17.6051
PEG	-0.6675	-0.5736	-0.9521	-1.8158	0	1.0972	1.0246
Earnings Yield	0.057	0.0603	0.0559	0.0454	0.0622	0.0633	0.0562
Cash-to-Total-Asse	0.0442	0.048	0.032	0.0896	0.058	0.0506	0.0333
Debt-to-Assets	0.1485	0.1478	0.1539	0.1622	0.1608	0.1623	0.1951

	7/31/09	10/30/09	1/29/10	4/30/10	7/30/10	10/29/10	1/28/11
Accrual Ratios	0.79%	0.44%	0.84%	-3.11%	3.38%	-0.72%	1.73%
Average Accruals	0.48%						

**Revenue Metrics (as % of Sales)**

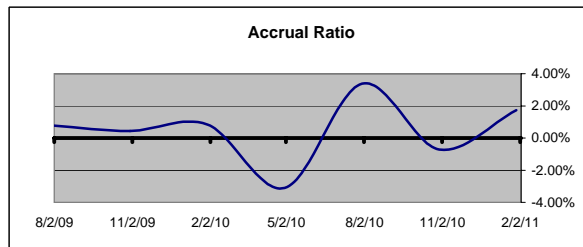
- Research & Development
- Cost of Sales
- S/G/A
- Payables

Recent Qtr.	Combined Avg.
0.00%	0.00%
64.45%	65.06%
26.64%	24.63%
41.52%	42.23%

**Capital Productivity**

- Inventory / Revenues
- Receivables / Revenues
- Inventory & Receivables / Revenues
- P,P&E / Revenues

Recent Qtr.	Combined Avg.
\$ 0.794	\$ 0.716
\$ 0.0193	\$ 0.0143
\$ 0.813	\$ 0.730
\$ 2.108	\$ 1.861



0.62% -2.02%

## Summary of Merriam Report Signals

Dual Cash-Flow Figures

Recent Bearish

Confirmed Bearish

Recent Bullish

Confirmed Bullish

Operating Cash-Flow Trend  
Balance Sheet Cash-Flow Trend

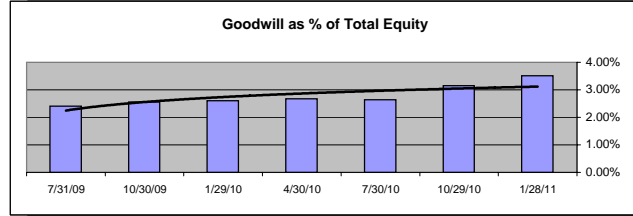
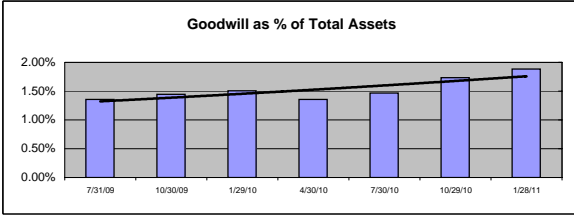
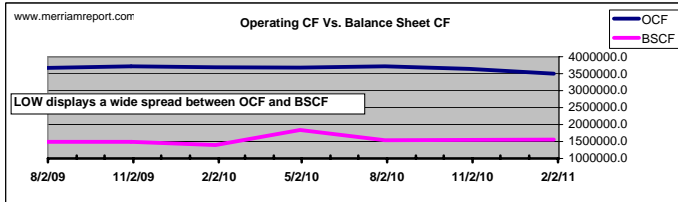


	7/31/09	10/30/09	1/29/10	4/30/10	7/30/10	10/29/10	1/28/11
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Comparison of Recent Quarter Changes to Average

EPS  
Revenues  
Accounts Receivable  
Days Sales Outstanding  
Inventory  
Accounts Payable  
Accrual Ratios

Neutral



	7/31/09	10/30/09	1/29/10	4/30/10	7/30/10	10/29/10	1/28/11	AVG.	
Goodwill as % of Total Assets	1.35%	1.44%	1.51%	1.36%	1.47%	1.73%	1.88%	1.54%	-1
Goodwill as % of Total Equity	2.41%	2.55%	2.61%	2.67%	2.64%	3.15%	3.51%	2.79%	-1
	1.78	1.77	1.73	1.97	1.80	1.82	1.86	1.82	1
									-1

Dual Cash Flow Trend	-2
Financial Ratios (conventional)	-4
Balance Sheet and Income Statement	-4
Accrual Ratios	-0.35
Revenue Metrics and Capital Productivity	-3
Goodwill Trends	-1
<b>Merriam Report Score</b>	<b>-14.35</b>

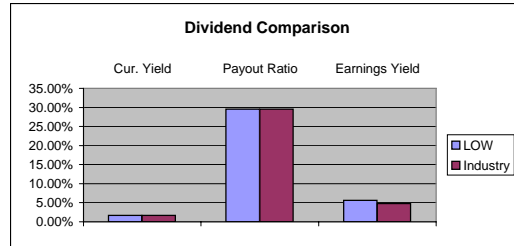
<b>LOWES COMPANIES INC</b>	1/28/11	3/18/11
Ending Period Share Price	25.25 \$	26.21
Estimated Fair Value	\$ 24.84	
End Price to Est. FV	0.07%	5.52%

SHORT CANDIDATE  
AVOID  
**HOLD**   
BUY  
STRONG BUY

Valuation	Retail (Home Improvement)	
<b>OVERVALUED</b>	Services	
Earnings Quality	Lumber and Other Building Materials Dealers	
A+	<b>LOW</b>	<b>Industry</b>
A-	Cur. Yield	1.68% 1.66%
B+	Payout Ratio	29.58% 29.58%
B-	Earnings Yield	5.62% 4.77%
C+		
C-		

Adjustments (Payables)	\$	0.50
Adjustments (Receivables)	\$	0.42
Adjustments (DSO)	\$	(1.21)
Adjustments (OCF)	\$	0.28
Adjustments (BSCF)	\$	(0.50)
Adjustments (Inventory)	\$	0.12
<b>Total Adjustments</b>	<b>\$</b>	<b>(0.39)</b>

Next Earnings 5/16/11



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