



LOWE'S
Companies, Inc.

First
Quarter
Report

Fiscal
1975



Leverage
Fig. w

LOWE'S
Companies, Inc.

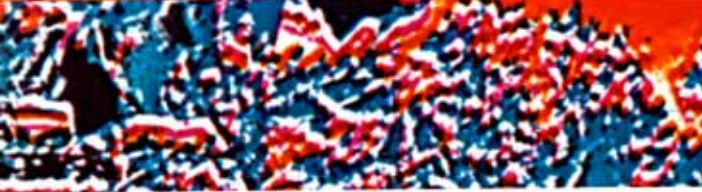
Second
Quarter
Report

Fiscal
1975



LOWE'S
Companies, Inc.

Fiscal
1975



LOWE'S
Companies, Inc.

Fourth
Quarter
Report

Fiscal
1975

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

Form 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended July 31, 1975. Commission file number 0-94.

LOWE'S COMPANIES, INC.

(Exact name of registrant as specified in its charter)

NORTH CAROLINA
(State or other jurisdiction of
incorporation or organization)
P. O. BOX 1111,
NORTH WILKESBORO, N. C.
(Address of principal executive offices)

56-0578072
(I.R.S. Employer
Identification No.)
28656
(Zip Code)

Registrant's telephone number: 919-667-3111

Securities registered pursuant to Section 12(b) of the Act:

Title of each class
NONE

Securities registered pursuant to Section 12(g) of the Act:

Common Stock \$.50 Par Value
(Title of Class)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

President's Letter to Shareholders

General Comments: As Lowe's fourteenth year as a public company comes to a close, a retrospective review brings to mind this quotation from Theodore Roosevelt: "Far better it is to dare mighty things, to win glorious triumphs, even though checkered with failure, than to take rank with those poor spirits who neither enjoy much nor suffer much, because they live in the grey twilight that knows not victory or defeat". We believe President Roosevelt would like the adventure of Lowe's. And we at Lowe's are glad to emerge from the relative twilight of the middle two quarters into the brighter trends of this fourth quarter.

Sales and Earnings Variance Analysis: We are pleased to report that sales increased 5% for the three months ending July 31, 1975. In addition to the store sales analysis on this page, we invite your attention to the market climate data and comments on pages 4 and 5. In particular, note Charts 5 and 6 on page 5, which delineate Lowe's quarterly sales changes by customer and product group. And, Chart 7 on page 6 ties it all together with further comments on quarterly sales.

Earnings per share of \$.51 were achieved in this period and, although these results were lower than a year ago by 14%, they reflect considerable improvement in our business environment over the previous two quarters and our best efforts within that framework. We refer you to Chart 8 and Comments on page 6 for further discussion of the factors contributing to this quarter's earnings performance, and also to the other quarterly financial statistics on pages 6 and 7 for historical perspective on these results.

Sales By Store Variance Analysis: There were 116 Lowe's stores open for business on July 31, 1974. As shown below, their quarterly sales volume last year totaled \$104,500,972, for an average of \$900,870 sales per store. These same 116 stores achieved sales of \$101,153,917 this quarter, down 3% to an average of \$872,017 per store. The 14 new stores opened during the past twelve months accounted for \$8,395,543 in volume, 8% of this quarter's total sales, and an average of \$599,682 per store. For the full fiscal year, the 116 stores produced sales of \$323,462,845, an average of \$2,788,473, which was down 11% from the same stores' volume of \$362,453,211, an average of \$3,124,597 in sales per store. The 14 new stores contributed \$17,418,743 or 5% of the year's total sales, for an average of \$1,244,196 in sales per store.

New Store Activity: No new stores were opened this quarter, and we ended the year with 130 locations. We have reestablished our expansion program, and plan to open 4 to 5 new stores in the first quarter of fiscal 1976. Our new stores in the coming year will be of different types: standard full-sized stores built for Lowe's, like those opened in the past five years; takeovers of existing physical facilities for quick entry into new markets; and a "satellite" store program for both metropolitan areas and non-urban trading areas. The satellites will be served by a standard Lowe's store for inventory back-up as well as by our Central Warehouse and Lumber distribution systems. We feel this is an opportunity oriented expansion policy.

Balance Sheet Variance Analysis: During this fiscal year we have begun publishing comparative balance sheets in each quarterly report, and we have received many favorable comments on this new addition. Again this quarter, we are presenting the balance sheet in the simplified form below, to focus attention and concentration on the major components. Investment in Total Assets has increased 3% over one year ago. Reflecting the normal seasonality in our business with an overlay of new store openings, Total Assets at the end of each of our four quarters of fiscal 1975 have been: \$142,500,000; \$134,100,000; \$149,700,000; and the \$154,400,000 shown below. Of significance from an analytical standpoint, the variation in these Total Asset dollars and their major components, when compared with last year's totals, reflects Lowe's capability for balance sheet management. We discussed our balance sheet management policies in detail in our July 31, 1974 report, and these quarterly changes give you the opportunity to watch these policies in action. Specifically, Total Assets one year ago were \$1,298,000 per store. On July 31, 1975, the figure was \$1,188,000, a decline of almost 9%.

As shown, Inventory decreased by \$3,600,000, reflecting higher turnover this quarter, and lower inventory levels of big ticket durable goods, notably air conditioning equipment and mobile homes. Average inventory per store was down 16%, from \$533,000 to \$448,000. The inventory is at a low point, balanced, and will grow as sales velocity increases. Accounts Receivable were up \$1,700,000

July 31, 1975 Consolidated Earnings Statement

(Year Ended Figures from July 31, 1975 and 1974 Audited Financial Statements. Quarterly Figures Unaudited)

	Quarter Ended			Year Ended		
	Changes (1)	July 31, 1975	July 31, 1974	Changes (1)	July 31, 1975	July 31, 1974
Total Dollars:						
Sales	+ 4.8%	\$109,549,460	\$104,500,972	- 6.0%	\$340,881,588	\$362,453,211
Pre-Tax Earnings	-15.5%	8,630,066	10,218,136	-28.9%	20,810,834	29,286,992
Taxes on Earnings	-18.0%	4,173,713	5,091,965	-29.7%	10,318,505	14,669,889
Net Earnings	-13.1%	4,456,353	5,126,171	-28.2%	10,492,329	14,617,103
Cash Dividends Paid	+ 9.2%	303,854	278,181	+12.1%	1,171,196	1,045,115
Earnings Retained	-14.3%	4,152,499	4,847,990	-31.3%	9,321,133	13,571,988
Per Share: (2)						
Sales	+ 3.5%	12.62	12.19	- 7.5%	39.29	42.49
Earnings	-14.2%	.51	.60	-29.4%	1.21	1.71
Dividends	+ 7.7%	.04	.03	+10.2%	.14	.12
Earnings Retained	-15.6%	.48	.57	-32.5%	1.07	1.59
Average Shares Outstanding	+ 1.3%	8,681,417	8,572,953	+ 1.7%	8,675,308	8,529,499

(1) To nearest tenth percent. (2) To nearest whole cent. Change % computed from precise figures above.



in total, but down from \$317,000 per store to \$296,000 per store, a 7% decline. Three months ago the decline was 26%, evidence of this quarter's pickup in business to professional buyers. Although Fixed Asset investment increased just \$300,000 this quarter, it was 17% higher than one year ago, and now represents 29% of Total Assets. Virtually all of this increase over a year ago has been invested in the land, buildings, and equipment for the 14 new stores opened. 85 of our 130 stores' physical facilities are now "on the balance sheet". Their leases are completely capitalized, since they are owned by Lowe's Investment Corporation, a subsidiary whose balance sheet is consolidated into the one presented here. There are 18 additional locations where we have built stores on leased land, or where the company owns a substantial amount of property improvements. There are only 27 stores that are leased in their entirety, and thus "off the balance sheet" completely. This is 21% of the total, a significant shift away from our policy during the 1960's when we leased about 50% of our stores. Finally, Cash and Other is mostly cash, available to augment working capital when needed.

Shareholders' Equity has been increased by \$11,000,000 during the past year, an increase of 16%, with \$4,500,000 being added during this fourth quarter. The \$11,000,000 was composed of the \$9,300,000 Additions to Retained Earnings shown in the Earnings Statement on page 2, \$300,000 tax benefit from disposition of stock by optionees, and \$1,300,000 from Lowe's employees who exercised, during

the first quarter of this year, stock options granted in 1969. Equity was financing 51% of Total Assets on July 31, 1975, the highest percentage since 1967. Shareholders' Equity per share stands at \$9.02, up 15% from the \$7.83 of one year ago. Accounts Payable as a source of financing Total Assets has slipped slightly this quarter both as a percentage of Total Assets and as a percentage of Inventory. Total Debt, which includes both long and short term indebtedness, is up a negligible \$100,000. However, the only short term obligations included in these totals are current maturities of long term debt, and the company's financial position remains comfortable with the absence of any short term debt this year. The Equity divided by Debt Ratio has increased from 1.96 to 2.28 during fiscal 1975, a 16% ratio improvement. Lowe's Leverage factor, defined as Total Assets divided by Shareholders' Equity, was 2.24 one year ago. This means that for every \$1.00 of shareholders' money, we had \$1.24 of other people's money. Our Leverage factor this July 31st was 1.97, a 12% less leveraged, more conservative stance than one year ago. In fact, this is Lowe's lowest year-end Leverage factor in the last 20 years!

Other Liabilities are various current obligations, and the 31% decline shown is due primarily to a decrease in accrued income taxes.

In summary, we feel that our balance sheet continues to present strength, flexibility, and liquidity, and a solid base, both for confidence in Lowe's financial position and for renewed future growth.

Dividend Action: On July 31, 1975, Lowe's 57th consecutive quarterly cash dividend was paid to shareholders of record July 15, in the amount of 3½¢ per share. This dividend payment represents an 8% increase over the per share dividend paid one year ago, and it brings the total dividends paid in fiscal 1975 to 13½¢ per share.

Other: Last year, in the Fourth Quarter Report, we offered to send a copy of our 10-K report to the Securities and Exchange Commission to any shareholder. To our surprise, more than 25% of you asked for one. This year, as you have undoubtedly noticed, we have reproduced the complete 10-K for fiscal 1975, and inserted one in the front cover of this report. This is consistent both with our "Cover Story" quarterly themes this year, and Lowe's long standing commitment to more complete disclosure. We also invite your attention to the 11 Year Review on pages 10 and 11 which has been updated to include fiscal 1975 data, and expanded to include the quarterly range in closing bid prices for Lowe's common stock for the most recent two years. This is part of a new requirement by the Securities and Exchange Commission in reporting to shareholders and we are happy to include this information in our historical review.

Outlook: We believe 1976 will be a good year for Lowe's. Although the housing market will not return to the heights of the early '70's, and consumer attitudes remain cautious, the underlying demand for Lowe's goods and services is robust. So it is up to us to continue to discern that demand, and to channel it to our stores.

Lowe's Office of the President

July 31, 1975 Comparative Balance Sheet

(Rounded Totals, from July 31, 1975 and 1974 Audited Financial Statements)

	Changes	Quarter Ended			
		July 31, 1975	% Of Total	July 31, 1974	% Of Total
Assets:					
Inventory	- 6%	\$ 58,200,000	38%	\$ 61,800,000	41%
Accounts Receivable	+ 5%	38,500,000	25%	36,800,000	24%
Fixed Assets	+17%	45,100,000	29%	36,600,000	26%
Cash and Other	- 6%	12,600,000	8%	13,400,000	9%
Total	+ 3%	\$154,400,000	100%	\$150,600,000	100%
Net Worth and Liabilities:					
Shareholders' Equity	+16%	\$ 78,200,000	51%	\$ 67,200,000	44%
Accounts Payable	- 9%	29,700,000	19%	32,600,000	22%
Debt	-	34,300,000	22%	34,200,000	23%
Other	-27%	12,200,000	8%	16,600,000	11%
Total	+ 3%	\$154,400,000	100%	\$150,600,000	100%

Quarterly Marketing Statistics

Housing Permits and Starts, U.S. 1

THOUSANDS OF UNITS, SEASONALLY ADJUSTED ANNUAL RATES

Month	Fiscal 1973		Fiscal 1974		Fiscal 1975			
	Permits	Starts	Permits	Starts	Permits	Change*	Starts	Change*
Aug.	2,263	2,382	1,809	2,058	928	-49%	1,156	-44%
Sept.	2,393	2,481	1,704	1,861	853	-50%	1,157	-38%
Oct.	2,354	2,485	1,411	1,692	811	-43%	1,106	-35%
Nov.	2,234	2,421	1,402	1,721	770	-45%	1,017	-41%
Dec.	2,419	2,366	1,288	1,441	837	-35%	880	-39%
Jan.	2,267	2,486	1,306	1,437	689	-47%	999	-31%
Feb.	2,256	2,376	1,322	1,881	701	-47%	1,000	-47%
Mar.	2,121	2,309	1,395	1,511	677	-51%	985	-35%
Apr.	1,987	2,096	1,264	1,580	837	-34%	980	-38%
May	1,902	2,313	1,159	1,467	912	-21%	1,130	-23%
June	2,070	2,087	1,115	1,533	949	-15%	1,094	-29%
July	1,814	2,120	1,040	1,314	1,042p	—	1,239p	-6%

*Change from same month previous year, to nearest whole percent.
 P = preliminary estimates.
 SOURCE: Department of Commerce, Economic Indicators

Significance, Chart 1: The level of new housing activity has a major effect on our professional buyer business (PB in Chart 5 on the next page), since our product line centers on residential building materials. In past quarterlies, Chart 1 has presented monthly rates for private housing starts, a measure which reflects current home-building activity. Now Chart 1 goes further in the process by providing a measure used to anticipate future home-building activity. In most areas of the country, authorization to build a house is required before building may commence. Although not all permits result in a house being started, (and not all starts are preceded by a permit), permits do account for 85% of all new residential construction in the U.S. Shown here are national, monthly, seasonally adjusted annual rates for both private housing units authorized via permits, and private housing starts.

Net Savings Change (N.S.C.) and Loan Commitment Trends 2

MILLIONS OF DOLLARS, ROUNDED TOTALS

Month	Fiscal 1973		Fiscal 1974		Fiscal 1975		
	N.S.C.	Commitments	N.S.C.	Commitments	N.S.C.	Commitments	Change*
Aug.	\$-217.0	\$ 1,262	\$-150.9	\$ 1,170	\$-100.7	\$ 844	-28%
Sept.	+320.6	1,254	+160.5	1,041	+128.6	780	-25%
Oct.	+227.1	1,284	+ 63.5	946	+ 45.0	686	-27%
Nov.	+199.1	1,281	+128.5	886	+131.1	668	-25%
Dec.	+347.5	1,180	+ 8.7	833	+336.8	636	-24%
Jan.	+324.7	1,237	+195.6	844	+334.4	697	-17%
Feb.	+212.9	1,318	+206.6	933	+347.3	784	-16%
Mar.	+374.3	1,691	+394.5	1,023	+652.2	902	-12%
Apr.	+ 71.8	1,617	- 67.9	1,096	+240.7	1,035	- 5%
May	+200.9	1,708	+ 60.2	1,048	+362.0	1,177	+12%
June	+313.7	1,582	+251.0	976	+593.0	1,166	+19%
July	- 24.0	1,396	- 53.8	906	+293.4	1,200	+32%

*Change in Commitments from same month previous year, to nearest whole percent.
 P = preliminary estimates. States included: Alabama, Georgia, Maryland, North Carolina, South Carolina, Virginia, and the District of Columbia.
 SOURCE: Fourth Federal Home Loan Bank District

At long last the trends upon which we have commented for several months now—subsiding inflation, relatively lower interest rates, and a consistently strong inflow of funds to the nation's savings institutions—are being translated into higher rates of both permits and starts, with seasonally adjusted annual rates of these indicators finally reaching the 1,000,000 level once again. Although there is still some uncertainty regarding the speed and vigor of recovery in the housing industry, we look for continued gradual improvement in the rates of starts and permits in the coming months.

Significance, Chart 2: Permanent mortgage funds availability is intertwined with housing starts, and the single most significant source of home mortgage financing is the savings and loan association. This chart is regional, providing data on the activity of federally-insured savings and loan associations in the Fourth Federal Home Loan Bank District excluding Florida, an area which includes 86 Lowe's stores. The net change in savings on deposit in the savings and loans (N.S.C. in Chart 2), which includes dividends credited quarterly on total savings deposits, provides primary direction for trends in loan commitments. "Commitments" are the total month-end dollar amounts pledged by these savings and loans for near-future permanent residential mortgage uses.

Construction Spending, U.S. 3

TOTAL AND RESIDENTIAL, BILLIONS OF DOLLARS, SEASONALLY ADJUSTED ANNUAL RATES

Month	Fiscal 1973		Fiscal 1974		Fiscal 1975			
	Total	Res.	Total	Res.	Total	Change*	Res.	Change*
Aug.	\$123.9	\$54.8	\$137.4	\$59.3	\$135.6	- 1%	\$47.7	-20%
Sept.	125.8	55.7	137.3	58.0	133.3	- 3%	45.9	-21%
Oct.	126.8	56.5	136.4	56.3	134.5	- 1%	44.2	-21%
Nov.	128.0	57.3	135.7	54.5	131.9	- 3%	42.5	-22%
Dec.	131.9	58.0	133.2	52.4	134.0	+ 1%	41.1	-22%
Jan.	134.5	59.3	132.6	49.7	132.5	—	39.8	-20%
Feb.	136.1	60.8	136.3	48.9	129.0	- 5%	38.7	-21%
Mar.	136.5	60.3	135.1	48.6	125.2	- 7%	37.7	-22%
Apr.	135.0	58.4	136.4	48.2	120.0	-12%	36.8	-24%
May	134.5	57.6	137.4	48.6	120.3	-12%	37.3	-23%
June	134.7	58.2	137.4	48.5	121.8	-11%	38.6	-20%
July	137.2	59.1	138.0	48.6	122.3p	-11%	40.3p	-17%

*Change from same month previous year, to nearest whole percent.
 P = preliminary estimates.
 SOURCE: Department of Commerce, Economic Indicators

The monthly levels of loan commitments by Fourth District S & L's increased year-to-year in May, June, and July for the first time in almost two years. The steady buildup of savings funds since January has been the stimulus for the strong upward trend in commitments, and the backlog of funds available for future commitments is still phenomenal. If we look at the entire Fourth District (including Florida) for the period from January through July, in terms of either net new savings received (\$4.3 billion) or the net savings change (+\$5.4 billion), these totals for seven months already exceed the respective full year totals for any year but 1972.



Significance, Chart 3: This chart now presents both total construction spending, and residential construction spending. These figures are national, also seasonally adjusted, and help quantify the housing start rates in Chart 1. Residential construction dollar totals show relatively less decline than housing start units because houses are getting larger, and also more costly per square foot as construction costs rise.

Significance, Chart 4: This retail sales grouping most closely corresponds to Lowe's total merchandise line competition. The amounts shown are estimated monthly national totals expressed both in dollars and as a percent of total retail sales excluding the automotive group. Sales gains in May, June, and July reflected initial signs of improvement in consumer spending for these home oriented products.

Significance, Chart 5: This is Lowe's sales analysis by customer, and each Lowe's store serves two major customer groupings. PB represents professional buyers; builders, contractors, developers, carpenters, electricians, etc. RC represents our retail customers, primarily "householders" buying for personal use. PB sales increased 4% in the fourth quarter of fiscal 1975. Although this was the first quarterly increase in "Pro" sales since the second quarter of fiscal 1974, fourth quarter PB sales were the second highest total ever achieved in a quarter. (The record was set in the fourth quarter of fiscal 1973.) Compare our PB sales in the fourth quarters of fiscal 1975 and 1973 with the market climate data in Charts 1, 2, and 3 for the same periods. In part our "better than trend" performance is due to new stores, but we believe these results also reflect continued market share gains in sales to builders. We are happy to report that after what we would like to consider a two quarter aberration, RC sales resumed their historic growth pattern by increasing 5% this quarter, and set a new record in quarterly RC sales. Also, RC sales set an annual record, increasing 2% in fiscal 1975 to \$153 million in volume.

Significance, Chart 6: This is a profile of product sales. Category A represents all sales of lumber and building materials and is the same as the categories of merchandise designated as 1 and 2 in our annual product profile reports. Category B includes building hardware, home appliances, house and yard products, home entertainment, and mobile homes. Categories 3 through 7 as shown in the annual product profile. Compare the mix of business in product sales with that for customers in the fourth quarter. Since 70% of total sales represented Category A product purchases, but only 56% of total sales were purchased by PB customers, we know that RC customers were buying Category A products, and this means that Do-It-Yourselfers were active in home improvement projects during this period.

Retail Sales, U.S.

MILLIONS OF DOLLARS, ESTIMATED MONTHLY TOTALS

Month	Fiscal 1973			Fiscal 1974			Fiscal 1975		
	Sales*	Change**	% of Total***	Sales*	Change**	% of Total***	Sales*	Change**	% of Total***
Aug.	\$ 2,559	+20%	8.4%	\$ 2,860	+12%	8.3%	\$ 2,908	+ 2%	7.4%
Sept.	2,478	+17%	8.2%	2,615	+ 6%	7.9%	2,721	+ 4%	7.5%
Oct.	2,523	+18%	8.1%	2,728	+ 8%	7.9%	2,808	+ 3%	7.2%
Nov.	2,382	+13%	7.4%	2,611	+10%	7.2%	2,540	- 3%	6.5%
Dec.	2,518	+ 7%	6.3%	2,706	+ 7%	6.2%	2,615	- 3%	5.7%
Jan.	2,053	+16%	7.3%	2,107	+ 3%	6.7%	2,108	—	6.1%
Feb.	2,033	+17%	7.4%	2,084	+ 3%	6.9%	1,993	- 4%	6.1%
Mar.	2,356	+19%	7.4%	2,423	+ 3%	6.9%	2,236	- 8%	6.0%
Apr.	2,439	+19%	7.7%	2,634	+ 8%	7.3%	2,499	- 5%	6.7%
May	2,700	+19%	8.0%	2,859	+ 6%	7.5%	2,878	+ 1%	6.8%
June	2,855	+20%	8.3%	2,841	- 1%	7.7%	2,909	+ 2%	7.3%
July	2,714	+11%	8.2%	2,957	+ 9%	8.0%	2,967p	—	7.3%

*Sales are estimated total monthly unadjusted sales of lumber yards, building material dealers, paint, plumbing, heating and electrical stores, hardware, appliances, TV and radio stores.

**Change from same month previous year, to nearest whole percent.

***Sales as a percent of total unadjusted retail sales, excluding automotive.

SOURCE: Department of Commerce, Monthly Retail Trade

P = preliminary estimate.

Lowe's Customer Sales Profile

THOUSANDS OF DOLLARS, ROUNDED TOTALS

Category	Fiscal 1973			Fiscal 1974			Fiscal 1975		
	Sales	Change*	% of Total	Sales	Change*	% of Total	Sales	Change*	% of Total
1st Qtr. :									
PB :	\$ 47,692	+46%	64%	\$ 54,344	+14%	59%	\$ 48,264	-11%	54%
RC :	26,825	+29%	36%	37,153	+37%	41%	40,368	+ 9%	46%
Totals :	\$ 74,517	+39%	100%	\$ 91,497	+23%	100%	\$ 88,632	- 3%	100%
2nd Qtr. :									
PB :	\$ 40,720	+28%	62%	\$ 44,728	+10%	58%	\$ 33,817	-24%	52%
RC :	24,770	+34%	38%	32,934	+33%	42%	30,601	- 7%	48%
Totals :	\$ 65,490	+30%	100%	\$ 77,662	+19%	100%	\$ 64,418	-17%	100%
3rd Qtr. :									
PB :	\$ 53,866	+48%	65%	\$ 53,771	—	61%	\$ 44,178	-18%	56%
RC :	29,050	+48%	35%	35,021	+21%	39%	34,105	- 3%	44%
Totals :	\$ 82,916	+48%	100%	\$ 88,792	+ 7%	100%	\$ 78,283	-12%	100%
4th Qtr. :									
PB :	\$ 63,622	+41%	61%	\$ 58,979	- 7%	56%	\$ 61,625	+ 4%	56%
RC :	40,300	+37%	39%	45,522	+13%	44%	47,924	+ 5%	44%
Totals :	\$103,922	+39%	100%	\$104,501	+ 1%	100%	\$109,549	+ 5%	100%

*Change from same quarter previous year, to nearest whole percent.

Lowe's Product Sales Profile

THOUSANDS OF DOLLARS, ROUNDED TOTALS

Category	Fiscal 1973			Fiscal 1974			Fiscal 1975		
	Sales	Change*	% of Total	Sales	Change*	% of Total	Sales	Change*	% of Total
1st Qtr. :									
A :	\$ 56,289	+42%	76%	\$ 66,186	+18%	72%	\$ 63,315	- 4%	71%
B :	18,228	+30%	24%	25,311	+39%	28%	25,317	—	29%
Totals :	\$ 74,517	+39%	100%	\$ 91,497	+23%	100%	\$ 88,632	- 3%	100%
2nd Qtr. :									
A :	\$ 46,130	+28%	70%	\$ 53,160	+15%	68%	\$ 43,142	-19%	67%
B :	19,360	+35%	30%	24,502	+27%	32%	21,276	-13%	33%
Totals :	\$ 65,490	+30%	100%	\$ 77,662	+19%	100%	\$ 64,418	-17%	100%
3rd Qtr. :									
A :	\$ 61,916	+52%	75%	\$ 63,084	+ 2%	71%	\$ 55,601	-12%	71%
B :	21,000	+38%	25%	25,708	+22%	29%	22,682	-12%	29%
Totals :	\$ 82,916	+48%	100%	\$ 88,792	+ 7%	100%	\$ 78,283	-12%	100%
4th Qtr. :									
A :	\$ 73,510	+37%	71%	\$ 71,364	- 3%	68%	\$ 76,716	+ 8%	70%
B :	30,412	+46%	29%	33,137	+ 9%	32%	32,833	- 1%	30%
Totals :	\$103,922	+39%	100%	\$104,501	+ 1%	100%	\$109,549	+ 5%	100%

*Change from same quarter previous year, to nearest whole percent.

4

5

6

Quarterly Financial Statistics

Quarterly Sales Trends

MILLIONS OF DOLLARS, ROUNDED TOTALS



() Percent change from same quarter previous year, to nearest whole percent.

Quarterly Earnings Trends

AFTER TAX EARNINGS IN MILLIONS, ROUNDED TOTALS



() Percent change from same quarter previous year, to nearest whole percent.

Quarterly Dividends & Additions to Retained Earnings

THOUSANDS OF DOLLARS, ROUNDED TOTALS

Fiscal:	Dividends				Additions to Retained Earnings							
	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	Change*	2nd Qtr.	Change*	3rd Qtr.	Change*	4th Qtr.	Change*
1975	\$ 281	\$ 282	\$ 304	\$ 304	\$2,715	- 5%	\$1,035	-58%	\$1,419	-58%	\$4,152	-14%
1974	\$ 255	\$ 255	\$ 256	\$ 278	\$2,863	+21%	\$2,465	+13%	\$3,396	+15%	\$4,848	+15%
1973	\$ 254	\$ 254	\$ 254	\$ 255	\$2,363	+36%	\$2,187	+37%	\$2,944	+65%	\$4,216	+38%
1972	\$ 232	\$ 237	\$ 237	\$ 240	\$1,734	+38%	\$1,593	+78%	\$1,786	+59%	\$3,061	+29%
1971	\$ 210	\$ 231	\$ 231	\$ 235	\$1,252	+25%	\$ 896	+26%	\$1,122	+62%	\$2,371	+47%
1970	\$ 210	\$ 210	\$ 210	\$ 214	\$1,001	+ 5%	\$ 713	+ 5%	\$ 694	-15%	\$1,618	+18%

*Change from same quarter, previous year, to nearest whole percent.

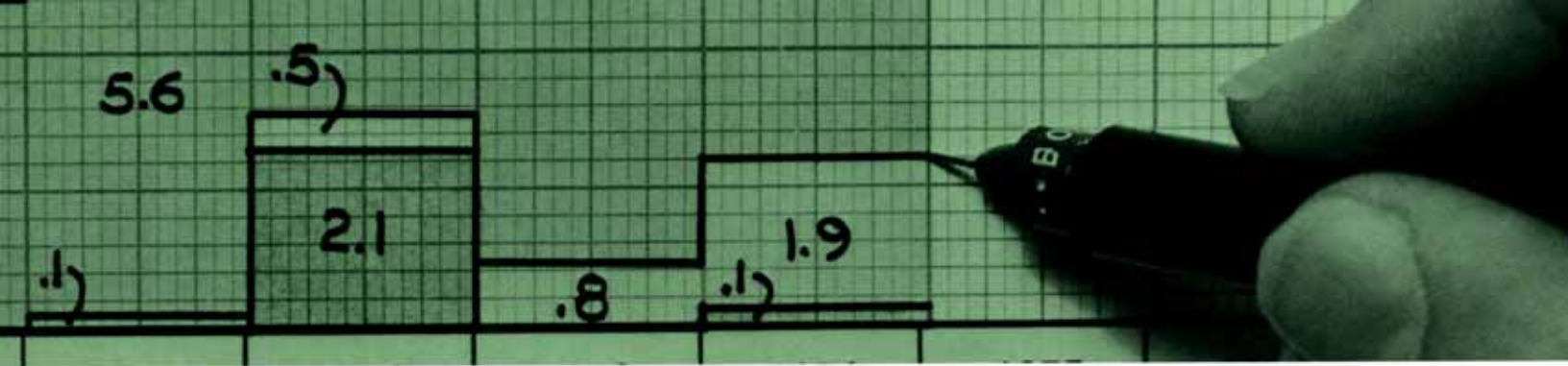
General: The information in Charts 7 through 12 provides additional data for analysis and judgment. Certainly the technique of comparing quarters against like quarters rather than just against yearly figures will give insight into the various seasonal patterns, crosscurrents, etc. that are more than ever present and important at Lowe's.

Comments, Chart 7: Total sales increased 5% in the fourth quarter of fiscal 1975 and set a new record in quarterly volume for Lowe's. Although the 14 new stores opened earlier in fiscal 1975 must be credited with the incremental sales volume achieved in the fourth quarter, the 3% decline in comparable-store sales was a better performance than in any other quarter this year. Unlike preceding quarters, lumber prices were even-to-slightly higher than prior year levels, and there was a noticeable rebound in consumer spending on durable goods. In fact, both of our customer categories increased sales in the quarter (see Chart 5 on page 5) and in each month. Of course, the tax rebate helped on the retail side and a seasonal and cyclical upturn in housing activity provided impetus for builder business, but we think our marketing programs and efforts to merchandise products at the right price were key elements in achieving these results.

Comments, Chart 8: Despite the 5% increase in total sales, net earnings declined 13% in the fourth quarter of fiscal 1975. In part, the decline stemmed from a more competitive merchandise pricing environment this year in the fourth quarter which resulted in lower gross margin dollars and a lower gross margin percent of sales year-to-year. And in part, the decline was caused by the leverage effect of higher store expenses incurred against lower comparable-store sales which increased expense ratios. However, we are striving to manage inflationary costs so that the leverage will be working in our favor as sales increase.

Comments, Chart 9: Here's how the earnings are being utilized, and these figures make our policy obvious. As a growth company, the majority of earnings are plowed back into the company to meet the needs of expansion and growth. Simultaneously, however, we are increasing the dividend cash flow slowly, but steadily.

Comments, Chart 10: This chart is a recapitulation, on a per share basis, of Charts 7 and 8. We think this Chart illustrates another management policy—no dilution. We believe additions to retained earnings, plus additional borrowing for fixed assets, can continue to finance our expansion for a long time. We choose not to sell additional stock in Lowe's, but rather to concentrate on the leverage of increased sales per share over the long term to provide increased earnings per share for our stockholders.



Comments, Chart 11: Chart 11 is a display of the five year compound growth in sales, net earnings, dividends, and additions to retained earnings for each of the four quarters of the year, between fiscal 1970 and fiscal 1975. This exercise helps to put the six years of data shown on these two pages into a longer-term perspective. Despite the adverse conditions and some lower year-to-year results in the quarters of fiscal 1975, the five year quarterly compound growth rates still look pretty good.

Comments, Chart 12: This Chart presents a 5-year historic relationship between quarterly sales and earnings and is of major significance when analyzing changes in sales and earnings in our quarterly reports. As shown here, Lowe's normal pattern has been for earnings' % of the total year to lag behind sales' % of the total year in all quarters except the fourth. The single most important reason has been the relationship of fixed and variable costs to sales volume. We have done about 32% of our yearly volume in May, June, and July, our fourth quarter, with of course, just 25% of our fixed costs being incurred.

Comments on Fiscal Years Shown:

- 1970:** Another troubled year in the building market due to housing funds shortages. We had to scramble to post gains, through increased emphasis on retailing.
- 1971:** One of the classic years. A booming housing market and our continued retail sales increases posted all time highs.
- 1972:** An outstanding year. All the ingredients were present for Lowe's to again achieve new highs in sales and earnings.
- 1973:** Another record-setting year, with these important milestones: 100 stores, \$326 million in sales, and \$1.50 earnings per share.
- 1974:** All in all, a good year. Both sales and earnings set records despite deteriorating economic and housing market conditions.
- 1975:** Lowe's fiscal 1975 year coincided with the intense decline, bottoming out, and initial recovery in the economy. In contrast to the recent past, this cyclical downturn affected both segments of our business simultaneously. However, we do think the tide has turned, and we are making every effort to conserve our assets, deserve our customer franchise, and reinforce our foundation for superior results in the near future.

Quarterly Per Share Trends

10

Fiscal:	Sales				Earnings				Shares*			
	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.
1975	\$10.24	\$7.42	\$ 9.02	\$12.62	\$.346	\$.152	\$.199	\$.513	8,657	8,681	8,681	8,681
1974	\$10.77	\$9.12	\$10.47	\$12.19	\$.367	\$.319	\$.428	\$.598	8,496	8,517	8,532	8,573
1973	\$ 8.81	\$7.23	\$ 9.78	\$12.25	\$.309	\$.288	\$.377	\$.526	8,458	8,471	8,480	8,486
1972	\$ 6.36	\$5.95	\$ 6.63	\$ 8.84	\$.234	\$.217	\$.240	\$.391	8,421	8,425	8,441	8,453
1971	\$ 4.64	\$4.06	\$ 4.58	\$ 6.89	\$.174	\$.134	\$.161	\$.310	8,415	8,415	8,415	8,419
1970	\$ 3.78	\$3.22	\$ 3.37	\$ 4.90	\$.144	\$.110	\$.107	\$.218	8,415	8,415	8,415	8,415

*In thousands, adjusted for November, 1969, 100% stock dividend; December, 1971, 50% stock dividend; and July, 1972, 33 1/3% stock dividend. Variation in shares is due to employee stock option exercise.

Quarterly Compound Growth Rates

11

FISCAL 1970 THROUGH FISCAL 1975

Category	First Qtr.	Second Qtr.	Third Qtr.	Fourth Qtr.
Sales	23%	19%	23%	22%
Earnings	20%	7%	14%	19%
Dividends	6%	6%	8%	7%
Additions to Retained Earnings	22%	8%	15%	21%

Average Annual Compound Growth Rates to Nearest Whole %.

Sales and Earnings Quarterly % of Yearly Total

12

AVERAGE, 1970 THROUGH 1974, ROUNDED FIGURES

	Sales	Quarter	Earnings	
100%				100%
90				90
80	31.7%	Fourth	36.8%	80
70				70
60	23.7%	Third	22.3%	60
50				50
40	20.8%	Second	18.8%	40
30				30
20	23.7%	First	22.1%	20
10				10
0				0



Corporate Information

(as of July 31, 1975)

Board of Directors

PETRO KULYNYCH

Board of Directors, Executive Committee
Office of the President, Executive Vice President
Secretary, Investment Committee, Lowe's Profit Sharing Trust
29 Years with Lowe's
BOARD OF VISITORS, WAKE FOREST UNIVERSITY
TRUSTEE, SULLINS COLLEGE
DIRECTOR, NORTHWESTERN SECURITY LIFE
WHO'S WHO IN FINANCE AND INDUSTRY

LEONARD G. HERRING

Chairman, Executive Committee, Board of Directors
Office of the President, Senior Vice President
Trustee, Lowe's Profit Sharing Trust
20 Years with Lowe's
TRUSTEE, PROFIT SHARING RESEARCH FOUNDATION
DIRECTOR, NORTHWESTERN FINANCIAL CORPORATION
WHO'S WHO IN AMERICA

JOE V. REINHARDT

Board of Directors, Executive Committee
Office of the President, Senior Vice President
Secretary, Lowe's Profit Sharing Trust
19 Years with Lowe's
DIRECTOR, FIRST-CITIZENS BANK AND TRUST CO.
WHO'S WHO IN FINANCE AND INDUSTRY

ROBERT L. STRICKLAND

Board of Directors, Executive Committee
Office of the President, Senior Vice President
Chairman, Operations Committee, Lowe's Profit Sharing Trust
18 Years with Lowe's
DIRECTOR, N.C. SCHOOL OF THE ARTS FOUNDATION
MEMBER, NEWCOMEN SOCIETY
VICE PRESIDENT, DIRECTOR, NATIONAL HOME IMPROVEMENT COUNCIL
WHO'S WHO IN AMERICA

JOHN A. WALKER

Board of Directors, Executive Committee
Office of the President, Executive Vice President
Chairman, Investment Committee, Lowe's Profit Sharing Trust
17 Years with Lowe's
TRUSTEE, NORTHWESTERN FINANCIAL INVESTORS
MEMBER, PLYWOOD ADVISORY COUNCIL, CHICAGO BOARD OF TRADE
DIRECTOR, BRAD RAGAN, INC.
WHO'S WHO IN AMERICA

WILLIAM H. McELWEE

Board of Directors, Audit Committee
General Counsel, Senior Vice President
26 Years with Lowe's
PARTNER, McELWEE, HALL AND McELWEE
PAST PRESIDENT, NORTH CAROLINA BAR
MEMBER, N.C. BOARD OF LAW EXAMINERS
FELLOW, AMERICAN COLLEGE OF TRIAL LAWYERS

GORDON E. CADWGAN

Board of Directors, Audit Committee
14 Years with Lowe's
VICE PRESIDENT, WHITE, WELD & CO. INC.
FELLOW, BROWN UNIVERSITY
DIRECTOR, LEACH & GARNER CO.
PARTNER, TEXAS LAND AND CATTLE CO.

ROBERT G. SCHWARTZ

Board of Directors, Audit Committee
2 Years with Lowe's
VICE PRESIDENT, METROPOLITAN LIFE INSURANCE CO.
DIRECTOR, POTLATCH CORP.
DIRECTOR, FLOYD S. PIKE ELECTRICAL CONTRACTOR, INC.

General Information

Vice Presidents — Regions

Dwight E. Pardue	G. Vernon McGimsey
Albert E. Plemmons	J. Max Garrett, Jr.
Amon L. Swanger	E. L. Dugger, Sr.

Vice President — Purchasing

Robert E. Black, Jr.

Vice President — Management Development

A. Robert Gresham

Vice President — Sales

M. Benfield Phillips

Vice Presidents — Marketing

Michael D. Brown	Edward F. Greene
Walter L. McColl	J. Ross Burgess, Jr.

Treasurer

Rex. L. Shumate

Controller

Richard Elledge

Credit Manager

Arnold N. Lakey

Headquarters:

Lowe's General Office, Highway 268 East
Box 1111, North Wilkesboro, N.C. 28656, (919) 667-3111

Common Stock:

Lowe's common stock price is quoted on
NASDAQ computers, and published daily in
National Over-The-Counter Market quotations.

Dividend Reinvesting Agent:

First National City Bank
Box 350
Jericho, N.Y. 11753

Dividend Disbursing Agent:

Wachovia Bank & Trust Co. N.A.
Box 3001
Winston-Salem, N.C. 27102

Transfer Agents:

Morgan Guaranty Trust Co.
23 Wall Street
New York, N.Y. 10015

Wachovia Bank & Trust Co. N.A.
Box 3001
Winston-Salem, N.C. 27102

Registrars:

The Chase Manhattan Bank
One Chase Manhattan Plaza
New York, N.Y. 10051

The Northwestern Bank
Box 85
Winston-Salem, N.C. 27102

General Counsel:

McElwee, Hall & McElwee
Box 1054
North Wilkesboro, N.C. 28659

Certified Public Accountants:

J. A. Grisette & Co.
Box 759
Lenoir, N.C. 28645



Lowe's 130 Store Locations

Alabama (8)
 Birmingham
 Dothan
 Gadsden
 Huntsville
 Mobile
 Montgomery
 Muscle Shoals
 Tuscaloosa

Delaware (2)
 Dover
 Wilmington

Florida (3)
 Gainesville
 Pensacola
 Tallahassee

Georgia (12)
 Albany
 Athens
 Augusta
 College Park
 Columbus
 Doraville
 Macon
 Moultrie
 Rome
 Savannah
 Smyrna
 Valdosta

Indiana (2)
 Clarksville
 Indianapolis

Kentucky (4)
 Elizabethtown
 Frankfort
 Lexington
 Louisville

Louisiana (5)
 Alexandria
 Baton Rouge
 Lafayette
 Shreveport
 West Monroe

Maryland (4)
 Cumberland
 Frederick
 Hagerstown
 Salisbury

Mississippi (6)
 Greenville
 Gulfport
 Hattiesburg
 Jackson
 Meridian
 Tupelo

North Carolina (34)
 Asheboro
 Asheville
 Boone
 Burlington

Charlotte (2)
 Durham
 Fayetteville
 Forest City
 Gastonia
 Goldsboro
 Greensboro
 Hendersonville
 Hickory
 High Point
 Jacksonville
 Kannapolis
 Lumberton
 Monroe
 Morganton
 Mount Airy
 North Wilkesboro
 Raleigh
 Rockingham
 Rocky Mount
 Sanford
 Shelby
 Sparta
 Washington
 Waynesville
 Whiteville
 Wilmington
 Wilson
 Winston-Salem

Ohio (2)
 Belpre
 Circleville

Pennsylvania (3)
 Hanover
 Lancaster
 York

South Carolina (12)
 Aiken
 Anderson
 Charleston
 Columbia
 Florence
 Greenville
 Manning
 Myrtle Beach
 Orangeburg
 Rock Hill
 Spartanburg
 Sumter

Tennessee (10)
 Bristol
 Chattanooga
 Clarksville
 Jackson
 Johnson City
 Kingsport
 Knoxville
 Memphis
 Morristown
 Nashville

Virginia (17)
 Charlottesville
 Danville
 Fredericksburg
 Harrisonburg
 Hopewell
 Lynchburg
 Manassas
 Martinsville
 Newport News

Norfolk
 Richmond
 Roanoke
 Staunton
 Suffolk
 Vienna
 Winchester
 Woodbridge

West Virginia (6)
 Charleston
 Fairmont
 Huntington
 Morgantown
 Oak Hill
 Princeton



11 Year Review of Performance

Year Ended July 31		10 Year Compound Growth Rates 1965-1975	5 Year Compound Growth Rates 1970-1975	1975	1974	1973
Stores and People						
1	Number of Stores	14.0%	15.2%	130	116	100
2	Number of Employees	16.7%	16.4%	3,574	3,598	3,296
3	Customers Served (Thousands)	16.1%	15.9%	5,702	5,321	4,717
4	Average Customer Purchase			\$59.78	\$ 68.12	\$ 69.29
Comparative Income Statement (Thousands)						
5	Total Sales	19.6%	21.5%	\$340,882	\$362,453	\$326,846
6	Pre-Tax Earnings	18.1%	15.9%	\$ 20,811	\$ 29,287	\$ 25,393
7	Taxes on Income	18.5%	15.3%	\$ 10,319	\$ 14,670	\$ 12,665
8	Net Earnings	17.8%	16.6%	\$ 10,492	\$ 14,617	\$ 12,728
9	Cash Dividends Paid	8.5%	6.8%	\$ 1,171	\$ 1,045	\$ 1,017
10	Earnings Retained and Reinvested	19.8%	18.3%	\$ 9,321	\$ 13,572	\$ 11,711
Dollars Per Share (Nearest Cent) (1)						
11	Sales	18.7%	20.8%	\$ 39.29	\$ 42.49	\$ 38.57
12	Earnings (2)	17.1%	15.8%	\$ 1.21	\$ 1.71	\$ 1.50
13	Cash Dividends	8.8%	7.0%	\$.14	\$.12	\$.12
14	Earnings Retained and Reinvested	18.9%	17.4%	\$ 1.07	\$ 1.59	\$ 1.38
15	Shareholders' Equity	22.7%	25.0%	\$ 9.02	\$ 7.83	\$ 6.10
Performance Measurements*						
16	Asset Turnover (Sales per Asset Dollar)			\$ 2.26	\$ 2.88	\$ 3.65
17	Return on Sales (Earnings as % of Sales)			× 3.08%	× 4.03%	× 3.89%
18	Return on Assets			= 6.96%	= 11.63%	= 14.22%
19	Leverage Factor (Asset Dollars per Equity Dollar)			× 2.24	× 2.43	× 2.28
20	Return on Shareholders' Equity			= 15.60%	= 28.23%	= 32.42%
Comparative Balance Sheet (Thousands)						
21	Current Asset Totals	18.9%	22.8%	\$108,784	\$111,943	\$ 96,391
22	Cash	11.8%	20.0%	\$ 11,574	\$ 12,986	\$ 7,859
23	Accounts Receivable (Net of Reserve)	18.3%	20.9%	\$ 38,533	\$ 36,850	\$ 37,603
24	Inventories (Lower of Cost or Market)	21.7%	25.1%	\$ 58,223	\$ 61,775	\$ 50,639
25	Other Current Assets			\$ 454	\$ 331	\$ 290
26	Fixed Assets	28.0%	34.1%	\$ 45,127	\$ 38,552	\$ 29,238
27	Other Assets			\$ 452	\$ 140	\$ 85
28	Total Assets	20.9%	25.6%	\$154,363	\$150,634	\$125,714
29	Current Liabilities Totals	14.4%	15.2%	\$ 42,964	\$ 50,228	\$ 55,694
30	Accounts Payable	14.2%	14.4%	\$ 29,727	\$ 32,640	\$ 36,101
31	Income Tax Provisions	6.5%	2.0%	\$ 3,126	\$ 6,732	\$ 5,073
32	Other Current Liabilities	20.0%	25.9%	\$ 10,111	\$ 10,856	\$ 14,520
33	Long-Term Debt	30.2%	58.5%	\$ 33,156	\$ 33,158	\$ 18,238
34	Total Liabilities	18.8%	25.4%	\$ 76,120	\$ 83,386	\$ 73,932
35	Shareholders' Equity	23.5%	25.7%	\$ 78,243	\$ 67,248	\$ 51,782
36	Ratio: Equity ÷ Long Term Debt			2.36	2.03	2.84
37	Year End Leverage Factor: Assets ÷ Equity			1.97	2.24	2.43
Shareholders and Shares						
38	Shareholders of Record, Year End			3,755	3,698	3,704
39	Shares Outstanding, Year End (Thousands) (1) (3)			8,681	8,591	8,487
40	Stock Price Range During Year (1)			\$45.50-19.00	\$59.50-31.75	\$72.00-49.00
	First Quarter			\$34.25-19.00	\$59.50-52.00	
	Second Quarter			\$31.25-22.25	\$53.00-36.00	
	Third Quarter			\$45.50-28.00	\$52.00-43.00	
	Fourth Quarter			\$45.50-38.25	\$49.00-31.75	

Performance Measurements*

Line 20, Return on Shareholder Equity, may be derived by dividing Net Earnings by Shareholder Equity. But this approach provides no understanding of why and how this return was attained. It is better to "take it from the top" and think through each major variable, to facilitate understanding of their interrelationships.

Asset Turnover is affected by sales volume, by the cash-credit marketing mix and by the composition and performance of left-side balance sheet factors. The amounts of assets allocated to inventory, accounts receivable, and fixed assets, and the turnover rates of inventory and receivables, all affect Asset Turnover. For every \$1.00 in Assets at the beginning of fiscal 1975, Lowe's achieved \$2.26 in sales.

Explanatory Notes

- (1) As adjusted to reflect a 100% stock dividend in May, 1966, a 2 for 1 stock split in November, 1969, a 50% stock dividend in December, 1971, and a 33 1/3% stock dividend as of July 31, 1972.
 (2) After deducting \$2,250 dividends per year on preferred stock outstanding, for 1961 through 1972.

- (3) Variation in the outstanding shares is the result of employee stock option transactions. No additional shares have been sold, or issued for acquisitions.

1972	1971	5 Year Compound Growth Rates 1965-1970	Base Year 1970	1969	1968	1967	1966	Base Year 1965	
86	75	12.8%	64	58	53	44	39	35	1
2,630	2,071	17.0%	1,670	1,450	1,223	1,017	891	762	2
3,820	3,194	16.3%	2,729	2,290	2,034	1,755	1,636	1,284	3
\$ 61.40	\$ 53.13		\$ 47.09	\$ 51.98	\$ 47.70	\$ 43.14	47.10	\$ 44.44	4
\$234,556	\$169,723	17.6%	\$128,491	\$119,053	\$ 97,031	\$ 75,695	\$ 77,043	\$ 57,044	5
\$ 18,143	\$ 13,027	20.3%	\$ 9,938	\$ 9,514	\$ 7,202	\$ 5,151	\$ 5,286	\$ 3,942	6
\$ 9,022	\$ 6,479	21.7%	\$ 5,068	\$ 4,906	\$ 3,609	\$ 2,381	\$ 2,496	\$ 1,896	7
\$ 9,121	\$ 6,548	18.9%	\$ 4,870	\$ 4,608	\$ 3,593	\$ 2,770	\$ 2,790	\$ 2,046	8
\$ 946	\$ 907	10.2%	\$ 844	\$ 780	\$ 756	\$ 661	\$ 616	\$ 519	9
\$ 8,174	\$ 5,641	21.4%	\$ 4,026	\$ 3,828	\$ 2,837	\$ 2,109	\$ 2,174	\$ 1,527	10
\$ 27.81	\$ 20.16	16.6%	\$ 15.27	\$ 14.15	\$ 11.65	\$ 9.20	\$ 9.44	\$ 7.10	11
\$ 1.08	\$.78	18.3%	\$.58	\$.55	\$.43	\$.34	\$.34	\$.25	12
\$.11	\$.11	10.8%	\$.10	\$.09	\$.09	\$.08	\$.08	\$.06	13
\$.97	\$.67	20.4%	\$.48	\$.46	\$.34	\$.26	\$.26	\$.19	14
\$ 4.64	\$ 3.64	20.4%	\$ 2.96	\$ 2.48	\$ 2.03	\$ 1.69	\$ 1.43	\$ 1.17	15
\$ 3.40	\$ 3.43		\$ 3.09	\$ 3.37	\$ 3.24	\$ 2.65	\$ 3.34	\$ 3.20	16
× 3.89%	× 3.86%		× 3.79%	× 3.87%	× 3.70%	× 3.66%	× 3.62%	× 3.59%	17
=13.20%	=13.25%		=11.72%	=13.03%	=11.98%	= 9.70%	=12.09%	=11.49%	18
× 2.26	× 1.99		× 1.99	× 2.08	× 2.15	× 2.42	× 2.43	× 2.31	19
=29.81%	=26.31%		=23.34%	=27.07%	=25.76%	=23.49%	=29.40%	=26.55%	20
\$ 70,110	\$ 54,911	15.2%	\$ 38,878	\$ 33,433	\$ 28,617	\$ 24,164	\$ 23,396	\$ 19,187	21
\$ 7,802	\$ 6,304	4.2%	\$ 4,658	\$ 4,640	\$ 4,129	\$ 4,814	\$ 3,024	\$ 3,801	22
\$ 27,440	\$ 20,944	15.7%	\$ 14,887	\$ 14,559	\$ 11,880	\$ 9,675	\$ 9,310	\$ 7,165	23
\$ 34,475	\$ 27,332	18.5%	\$ 19,040	\$ 14,183	\$ 12,475	\$ 9,532	\$ 10,931	\$ 8,156	24
\$ 393	\$ 331		\$ 293	\$ 51	\$ 133	\$ 143	\$ 131	\$ 65	25
\$ 19,330	\$ 14,087	22.1%	\$ 10,390	\$ 7,918	\$ 6,546	\$ 5,729	\$ 5,058	\$ 3,832	26
\$ 45	\$ 88		\$ 148	\$ 209	\$ 205	\$ 99	\$ 105	\$ 77	27
\$ 89,485	\$ 69,086	16.4%	\$ 49,416	\$ 41,560	\$ 35,368	\$ 29,992	\$ 28,559	\$ 23,096	28
\$ 40,217	\$ 31,198	13.6%	\$ 21,212	\$ 18,505	\$ 14,911	\$ 12,503	\$ 13,630	\$ 11,213	29
\$ 27,684	\$ 21,999	13.9%	\$ 15,178	\$ 10,997	\$ 9,703	\$ 8,425	\$ 9,496	\$ 7,913	30
\$ 5,086	\$ 4,293	11.1%	\$ 2,833	\$ 3,380	\$ 2,706	\$ 2,177	\$ 2,182	\$ 1,671	31
\$ 7,447	\$ 4,906	14.5%	\$ 3,201	\$ 4,128	\$ 2,502	\$ 1,901	\$ 1,952	\$ 1,629	32
\$ 10,014	\$ 7,296	6.9%	\$ 3,315	\$ 2,192	\$ 3,434	\$ 3,527	\$ 3,127	\$ 2,377	33
\$ 50,231	\$ 38,494	12.5%	\$ 24,527	\$ 20,697	\$ 18,346	\$ 16,033	\$ 16,765	\$ 13,606	34
\$ 39,254	\$ 30,592	21.3%	\$ 24,889	\$ 20,863	\$ 17,022	\$ 13,959	\$ 11,794	\$ 9,490	35
3.92	4.19		7.51	9.52	4.95	3.95	3.77	3.99	36
2.28	2.26		1.99	1.99	2.08	2.15	2.42	2.43	37
3,038	2,463		2,117	1,916	1,976	2,154	1,985	1,871	38
8,455	8,419		8,415	8,415	8,406	8,250	8,211	8,122	39
\$66.50-30.00	\$34.50-14.50		\$18.00-9.50	\$18.00-11.50	\$12.00-6.00	\$6.00-3.00	\$5.00-3.50	\$4.00-2.50	40

Return on Sales is the measurement of the efficiency of the sales organization. It is affected by sales volume, customer and product mix, and income statement factors—margin rates, fixed and variable expenses, and tax rates. Fiscal 1975's return on sales was 3.08%. This multiplied by Asset Turnover, gives Return on Assets of 6.96%. This is the same as dividing Net Earnings by Beginning Assets.

Leverage gets us into right-side balance sheet factors, and measures equity dollars versus total asset dollars. For every \$1.00 of shareholders' equity at the beginning of 1975, Lowe's had \$1.24 in other liabilities, thus financing \$2.24 in assets. This \$2.24 leverage factor times the 6.96% Return on Assets gives Return on Beginning Shareholder Equity of 15.60%. Totals vary due to rounding.

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