



Stock Selection Guide [®]

The most widely used aid to good investment judgment

Company LOWE'S COMPANIES INC. Date 05/06/05

Prepared by MG Data taken from NAIC Data

Where traded NYSE Major product/service Home Improv

CAPITALIZATION --- Outstanding Amounts Reference

Preferred (\$M)	0.0	% Insiders	% Institution
Common (M Shares)	774.0	30.0	77.3
Debt (\$M)	3,690.0	% to Tot.Cap.	24.2
		% Potential Dil.	None

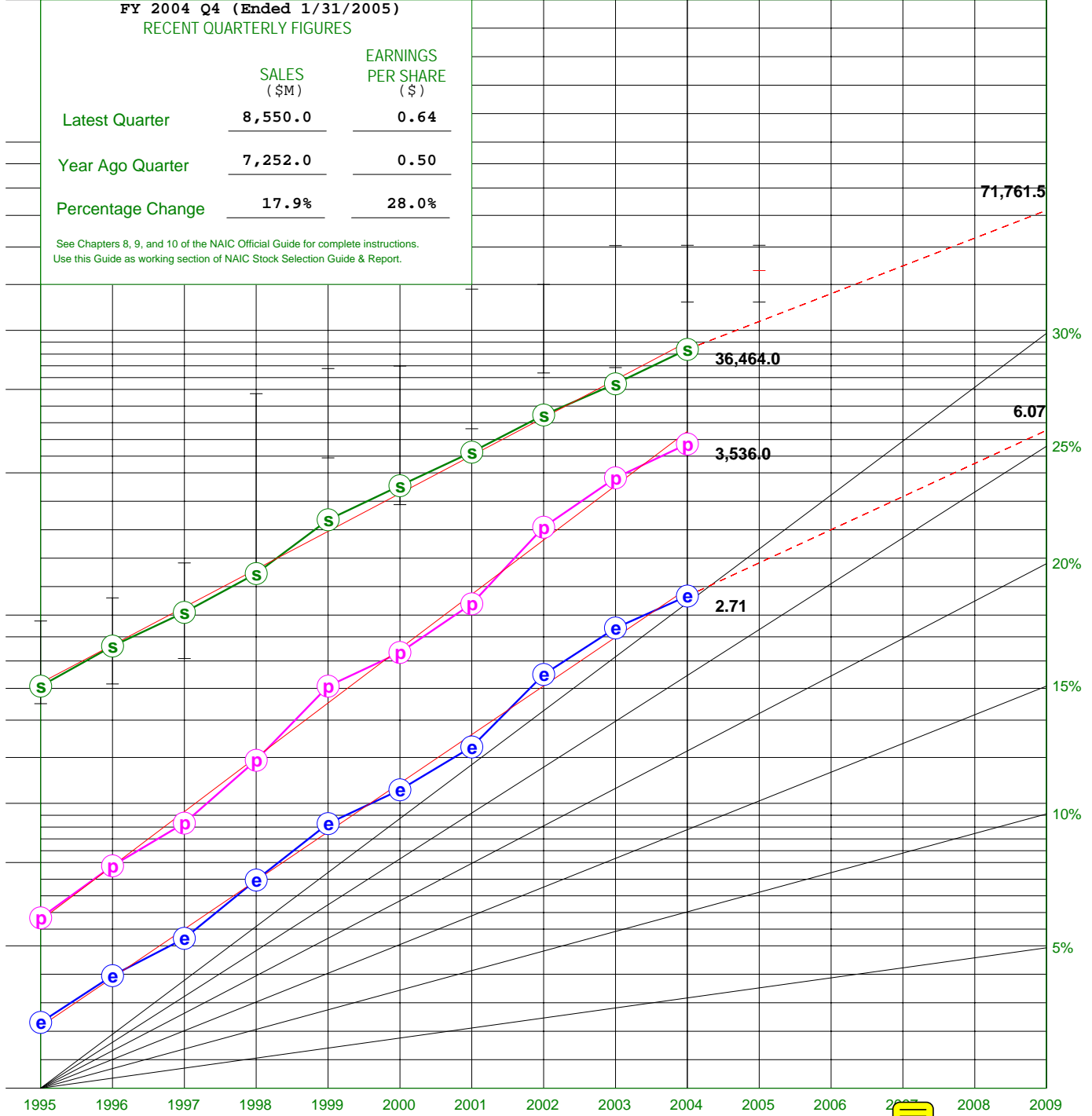
1 VISUAL ANALYSIS of Sales, Earnings and Price

LOW

FY 2004 Q4 (Ended 1/31/2005)
RECENT QUARTERLY FIGURES

	SALES (\$M)	EARNINGS PER SHARE (\$)
Latest Quarter	8,550.0	0.64
Year Ago Quarter	7,252.0	0.50
Percentage Change	17.9%	28.0%

See Chapters 8, 9, and 10 of the NAIC Official Guide for complete instructions.
Use this Guide as working section of NAIC Stock Selection Guide & Report.



(1) Historical Sales Growth 20.3 % (3) Historical Earnings Per Share Growth 26.7 %
 (2) Estimated Future Sales Growth 14.5 % (4) Estimated Future Earnings Per Share Growth 17.5 %

2 EVALUATING MANAGEMENT

Company **LOWE'S COMPANIES INC.** (LOW)

05/06/05

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	LAST 5 YEAR AVG.	TREND	
												UP	DOWN
A % Pre-tax Profit on Sales (Net Before Taxes ÷ Sales)	5.0	5.3	5.5	6.2	6.8	6.8	7.3	8.9	9.7	9.7	8.5	UP	
B % Earned on Equity (E/S ÷ Book Value)	13.2	13.4	13.8	15.3	14.6	14.7	15.1	17.4	17.7	18.2	16.6	UP	

3 PRICE-EARNINGS HISTORY as an indicator of the future

This shows how stock prices have fluctuated with earnings and dividends. It is a building block for translating earnings into future stock prices.

		PRESENT PRICE		53.540		HIGH THIS YEAR		60.540		LOW THIS YEAR		45.900	
Year		PRICE		C Earnings Per Share	D Price Earnings Ratio		F Dividend Per Share	G % Payout F ÷ C X 100	H % High Yield F ÷ B X 100				
		HIGH	LOW		HIGH A ÷ C	LOW B ÷ C							
1	2000	33.6	17.1	1.06	31.9	16.2	0.070	6.6	0.4				
2	2001	48.9	24.8	1.30	37.6	19.1	0.077	5.9	0.3				
3	2002	50.0	32.5	1.85	27.0	17.6	0.085	4.6	0.3				
4	2003	60.4	33.4	2.32	26.0	14.4	0.110	4.7	0.3				
5	2004	60.5	45.9	2.71	22.3	16.9	0.150	5.5	0.3				
6	TOTAL		153.7		75.3	48.9		27.3					
7	AVERAGE		30.7		25.1	16.3		5.5					
8	AVERAGE PRICE EARNINGS RATIO				20.7		9 CURRENT PRICE EARNINGS RATIO		19.5				

4 Proj. P/E [16.57] Based on Next 4 qtr. EPS [3.23] Current P/E Based on Last 4 qtr. EPS [2.75] EVALUATING RISK and REWARD over the next 5 years

Assuming one recession and one business boom every 5 years, calculations are made of how high and how low the stock might sell. The upside-downside ratio is the key to evaluating risk and reward.

A HIGH PRICE -- NEXT 5 YEARS

Avg. High P/E 25.1 (3D7 as adj.) X Estimate High Earnings/Share 6.07 = Forecast High Price \$ 152.4 (4A1)

B LOW PRICE -- NEXT 5 YEARS

(a) Avg. Low P/E 16.3 (3E7 as adj.) X Estimated Low Earnings/Share 2.71 ~~2.75~~ = \$ 44.8

(b) Avg. Low Price of Last 5 Years = 30.7 (3B7)

(c) Recent Severe Market Low Price = 33.4

(d) Price Dividend Will Support $\frac{\text{Present Divd.}}{\text{High Yield (H)}} = \frac{0.160}{0.004} = 39.2$

Selected Estimate Low Price = 44.8 (4B1)

C ZONING

152.4 (4A1) High Forecast Price Minus 44.8 (4B1) Low Forecast Price Equals 107.6 (C) Range. 1/3 of Range = 26.9 (4CD)

(4C2) Lower 1/3 = 44.8 (4B1) to 71.7 (Buy) Note: Ranges changed to 25%/50%/25%

(4C3) Middle 1/3 = 71.7 to 125.5 (Maybe)

(4C4) Upper 1/3 = 125.5 to 152.4 (4A1) (Sell)

Present Market Price of 53.540 is in the Buy (4C5) Range

D UP-SIDE DOWN-SIDE RATIO (Potential Gain vs. Risk of Loss)

High Price (4A1) 152.4 Minus Present Price 53.540 = 98.9 = 11.3 To 1

Present Price 53.540 Minus Low Price (4B1) 44.8 = 8.7 (4D)

E PRICE TARGET (Note: This shows the potential market price appreciation over the next five years in simple interest terms.)

High Price (4A1) 152.4 = (2.846) X 100 = (284.6) - 100 = 184.6 (4E) % Appreciation

Present Market Price 53.540

Relative Value: 94.2% Proj. Relative Value: 80.0%

5 5-YEAR POTENTIAL

This combines price appreciation with dividend yield to get an estimate of total return. It provides a standard for comparing income and growth stocks.

A Present Full Year's Dividend \$ 0.160 Note: Results are expressed as a simple rate; use the table below to convert to a compound rate.

Present Price of Stock \$ 53.540 = 0.003 X 100 = 0.3 (5A) Present Yield or % Returned on Purchase Price

B AVERAGE YIELD OVER NEXT 5 YEARS

Avg. Earnings Per Share Next 5 Years 4.40 X Avg. % Payout (3G7) 5.5 = 24.2 = 0.5 (5B) %

Present Price \$ 53.540

C ESTIMATED AVERAGE ANNUAL RETURN OVER NEXT FIVE YEARS

		P.A.R.	Tot. Ret.
5 Year Appreciation Potential (4E)	<u>184.6</u>		
Average Yield (5B)	<u>0.5</u> %	<u>0.3</u>	<u>0.2</u>
Average Total Annual Return Over the Next 5 Years (5C)	<u>37.4</u> %	<u>18.6</u>	<u>23.3</u>
		<u>18.9</u>	<u>23.5</u>

Trailing 4 quarters

PERT Worksheet-A Graph

Company LOWE'S COMPANIES INC.

(LOW)

