

LOWES COMPANIES INC

Form 424B2

October 05, 2006

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Filed Pursuant to Rule 424(b)(2)
A filing fee of \$107,000, calculated in accordance with Rule 457(r),
has been transmitted to the SEC in connection with the securities
offered from the registration statement (Registration No. 333-137750)
by means of this prospectus supplement.

PROSPECTUS SUPPLEMENT
(To prospectus dated October 2, 2006)

\$1,000,000,000

\$550,000,000 5.40% Notes due October 15, 2016

\$450,000,000 5.80% Notes due October 15, 2036

We will pay interest on the notes on April 15 and October 15 of each year, beginning April 15, 2007. The 5.40% notes will mature on October 15, 2016 and the 5.80% notes will mature on October 15, 2036. We may redeem either series of notes in whole or in part at any time at the redemption prices set forth under Description of Notes Optional Redemption.

The notes will be unsecured obligations and rank equally with our existing and future unsecured senior indebtedness. The notes will be issued only in registered book-entry form and in denominations of \$1,000 and integral multiples of \$1,000 thereafter.

Investing in these securities involves risks. See risks described herein and those described as risk factors in Item 1A of our Annual Report on Form 10-K for the fiscal year ended February 3, 2006 as they may be amended, updated and modified periodically in our reports filed with the Securities and Exchange Commission.

	Public Offering	Underwriting	Proceeds to
	Price(1)	Discount	Lowes
			(before
			expenses)(1)
Per 5.40% note due 2016	99.648%	.45%	99.198%
Total	\$ 548,064,000	\$ 2,475,000	\$ 545,589,000
Per 5.80% note due 2036	99.90%	.875%	99.025%
Total	\$ 449,550,000	\$ 3,937,500	\$ 445,612,500

(1) Plus accrued interest from October 10, 2006, if settlement occurs after that date

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The notes will be ready for delivery in book-entry form only through The Depository Trust Company on or about October 10, 2006.

Joint Book-Running Managers

Merrill Lynch & Co.

Banc of America Securities LLC

Wachovia Securities

JPMorgan

Piper Jaffray

SunTrust Robinson Humphrey

Union Bank of CA

BB&T Capital Markets

BNP PARIBAS

Barclays Capital

Morgan Keegan & Company, Inc.

Wells Fargo Securities

BMO Capital Markets

BNY Capital Markets, Inc.

NatCity Investments, Inc.

SBK-Brooks Investment Corp.

The date of this prospectus supplement is October 3, 2006.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first is this prospectus supplement, which describes the specific terms of this offering, the notes and matters relating to us and our financial performance and condition. The second part, the accompanying prospectus dated October 2, 2006, gives more general information, some of which does not apply to this offering.

If the description of this offering and the notes varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement. In various places in this prospectus supplement and the accompanying prospectus, we refer you to sections of other documents for additional information by indicating the caption heading of the other sections. All cross-references in this prospectus supplement are to captions contained in this prospectus supplement and not in the accompanying prospectus, unless otherwise indicated.

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WARNING REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement may include forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the Securities Act) and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act). Statements containing words such as expects, plans, strategy, projects, believes, opportunity, anticipates, desires, and similar expressions are intended to highlight or indicate forward-looking statements. Although we believe that the expectations, opinions, projections, and comments reflected in our forward-looking statements are reasonable, we can give no assurance that such statements will prove to be correct. A wide variety of potential risks, uncertainties, and other factors could materially affect our business prospects and our ability to achieve the results expressed or implied by these forward-looking statements including, but not limited to, changes in general economic conditions such as interest rate and currency fluctuations, fuel and other energy costs, and other factors that could negatively affect our customers, as well as our ability to: (i) respond to a greater than expected downturn in the housing industry, including new housing starts and the level of repairs, remodeling, and additions to existing homes, or a general reduction in commercial building activity; (ii) secure, develop, and otherwise implement new technologies and processes designed to enhance our efficiency and competitiveness; (iii) attract, train, and retain highly-qualified associates; (iv) locate, secure, and develop new sites for store development, particularly in metropolitan areas; (v) respond to fluctuations in the prices and availability of services, supplies, and products; (vi) respond to the growth and impact of competition; (vii) address legal and regulatory matters; and (viii) respond to unanticipated weather conditions. Additional information regarding the risks and uncertainties which may affect our business operations and financial performance can be found in our filings with the Securities and Exchange Commission (the SEC).

You should carefully read this prospectus supplement, the accompanying prospectus and the documents incorporated by reference in their entirety. They contain information that you should consider when making your investment decision.

You should rely only on the information contained or incorporated by reference into this prospectus supplement and the accompanying prospectus. We have not, and the underwriters have not, authorized any other person, including any dealer, salesperson or other individual, to provide you with different information or to make any representations other than those contained in this prospectus supplement and the accompanying prospectus. If anyone provides you with additional, different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference is accurate only as of their respective dates. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Our business, financial condition, results of operations and prospects may have changed since those dates.

This prospectus supplement and the accompanying prospectus do not constitute an offer to sell or the solicitation of an offer to buy any securities other than the securities to which they relate or an offer to sell or the solicitation of an offer to buy such securities in any circumstances in which such offer or solicitation is unlawful. Neither the delivery of this prospectus supplement and the accompanying prospectus nor any sale made hereunder or thereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our company since the date hereof or that the information contained herein or therein is correct as of any time subsequent to the date hereof.

Certain persons participating in this offering may engage in transactions that stabilize, maintain or otherwise affect the price of the notes. Such transactions may include stabilizing the purchase of the notes to cover syndicate short positions and the imposition of penalty bids. For a description of those activities, see Underwriting.

Except as otherwise indicated, all references in this prospectus supplement to Lowe's, the company, we and our refer to Lowe's Companies, Inc., and its consolidated subsidiaries.

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LOWE S COMPANIES, INC.

With fiscal year 2005 sales of \$43.2 billion, Lowe s Companies, Inc. is a Fortune® 50 company, offering a complete line of home improvement products and services. We serve approximately 12 million customers each week through more than 1,275 stores in 49 states. Lowe s is the second largest home improvement retailer in the world and the seventh largest retailer in the United States.

Our expansion continues as we open a new store on average every 2.5 days. Our expansion plans include two primary prototypes, a 116,000-square foot store for large markets and a 94,000-square foot store we use primarily to serve smaller markets. Both prototypes include a lawn and garden center. As of the end of the second fiscal quarter of 2006, our selling square footage totaled approximately 145 million square feet. In 2005 we opened 150 new stores, a significant portion of which were in metropolitan markets. During the first half of fiscal year 2006, we opened a total of 48 new stores, including one relocation. We plan to open an additional 107 stores during the second half of the fiscal year for a total of 155 new stores in 2006. With the opening of these new stores, we are continuing our emphasis on cities with populations greater than 500,000 such as Boston, Chicago, Los Angeles, New York and Tampa.

We are an active supporter of the communities we serve. We are a national partner with both the American Red Cross and Habitat for Humanity International, and we support numerous local charities. Through the Lowe s Heroes volunteer program and the Home Safety Council, we provide help to civic groups with public safety projects and share important home safety and fire prevention information to residents of the many neighborhoods we serve.

Headquartered in Mooresville, North Carolina, we are a 60-year old company that employs more than 212,000 people. Our management is committed to understanding and reflecting the diverse cultures of the communities we serve across the United States in staffing, business partnerships and the products we sell. We are also committed to making diversity and inclusion a natural part of the way we do business. We have been a publicly held company since 1961, and our shares of common stock are listed on the New York Stock Exchange under the symbol LOW.

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USE OF PROCEEDS

We estimate that the net proceeds from this offering will be approximately \$989.6 million, after deducting estimated offering expenses and the underwriters' discounts. We plan to use the net proceeds from the sale of the notes for general corporate purposes, including capital expenditures and working capital needs, and to finance repurchases of shares of our common stock.

We may temporarily invest any proceeds that are not immediately applied to the above purposes in U.S. government or agency obligations, commercial paper, money market funds, taxable and tax-exempt notes and bonds, variable-rate demand obligations, bank certificates of deposit, or repurchase agreements collateralized by U.S. government or agency obligations. We may also deposit the proceeds with banks.

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The following table sets forth our capitalization at August 4, 2006. The as adjusted column below gives effect to this offering and the application of the net proceeds from the sale of the notes. See Use of Proceeds.

	August 4, 2006	
	Actual	As Adjusted
	(Dollars in millions)	
Cash and equivalents	\$ 316	\$ 1,305
Short-term debt		
Current maturities of long-term debt	32	32
Long-term debt:		
Medium-Term Notes Series A, interest at 7.35% to 8.20%, final maturity in 2023	27	27
Medium-Term Notes Series B, interest at 6.70% to 7.61%, final maturity in 2037	267	267
\$300 million Debentures, interest at 6.88%, due February 15, 2028	297	297
\$400 million Debentures, interest at 6.50%, due March 15, 2029	396	396
Capital Leases and Other, interest at 2.03% to 19.57%, final maturity in 2030	387	387
Mortgage Notes, interest at 6.82% to 8.25%, final maturity in 2028	27	27
\$500 million Notes, interest at 8.25%, due June 1, 2010	498	498
\$500 million Notes, interest at 5.00%, due October 15, 2015	497	497
\$500 million Notes, interest at 5.50%, due October 15, 2035	492	492
LYONs due February 16, 2021	31	31
Senior Convertible Notes, final maturity in 2021	491	491
\$550 million Notes, interest at 5.40%, due October 15, 2016		545
\$450 million Notes, interest at 5.80%, due October 15, 2036		446
Total long-term debt	3,410	4,401
Total debt	3,442	4,433
Shareholders' equity:		
Preferred stock, \$5 par value, none issued		
Common stock, \$0.50 par value, 1,538,000,000 shares issued and outstanding	769	769
Capital in excess of par value	307	307
Accumulated other comprehensive income	1	1
Retained earnings	13,843	13,843
Total shareholders' equity	14,920	14,920
Total capitalization	\$ 18,362	\$ 19,353

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We have derived the following results of operations and balance sheet data for and as of the end of fiscal years 2001, 2002, 2003, 2004 and 2005 from our audited consolidated financial statements. The selected financial data for the six months ended July 29, 2005 and August 4, 2006 have been derived from unaudited consolidated financial statements of Lowe's. The unaudited financial information, in the opinion of management, contains all adjustments necessary for a fair presentation of the information for the periods presented. The results for the six months ended August 4, 2006 may not be indicative of the results to be achieved for the entire fiscal year. Our Board of Directors approved a 2-for-1 stock split on May 25, 2006. The stock split was effective June 30, 2006 to shareholders of record on June 16, 2006. All prior period common share and per share amounts have been retroactively adjusted to reflect the 2-for-1 stock split. You should read the information set forth below in conjunction with our consolidated financial statements and related notes and other financial information incorporated by reference into this prospectus supplement and the accompanying prospectus. See Incorporation of Information Filed with the SEC in this prospectus supplement.

	For the Year Ended					Six Months Ended	
	February 1, 2002	January 31, 2003	January 30, 2004	January 28, 2005	February 3, 2006	July 29, 2005	August 4, 2006
	(Dollars in millions, except per share data)						
Selected statement of earnings data:							
Net sales	\$ 21,714	\$ 26,112	\$ 30,838	\$ 36,464	\$ 43,243	\$ 21,842	\$ 25,310
Gross margin	6,265	7,915	9,533	12,240	14,790	7,425	8,646
Earnings from continuing operations	969	1,473	1,807	2,167	2,765	1,425	1,776
Earnings from discontinued operations, net of tax	13	12	15				
Net earnings	\$ 982	\$ 1,485	\$ 1,822	\$ 2,167	\$ 2,765	\$ 1,425	\$ 1,776
Basic earnings per share continuing operations	\$ 0.63	\$ 0.94	\$ 1.15	\$ 1.39	\$ 1.78	\$ 0.92	\$ 1.15
Basic earnings per share discontinued operations	0.01	0.01	0.01				
Basic earnings per share	\$ 0.64	\$ 0.95	\$ 1.16	\$ 1.39	\$ 1.78	\$ 0.92	\$ 1.15
Diluted earnings per share continuing operations	\$ 0.61	\$ 0.92	\$ 1.12	\$ 1.35	\$ 1.73	\$ 0.89	\$ 1.13
Diluted earnings per share discontinued operations	0.01	0.01	0.01				

operations

Diluted earnings per share	\$ 0.62	\$ 0.93	\$ 1.13	\$ 1.35	\$ 1.73	\$ 0.89	\$ 1.13
Selected operating data:							
Number of stores open at end of period	718	828	952	1,087	1,234	1,138	1,281
Selling square footage at end of period (in millions)	80.7	94.7	108.8	123.7	140.1	129.4	145.4
Comparable store sales changes	3%	6%	7%	7%	6%	5%	4%
Selected balance sheet data (at period end):							
Total assets	\$ 13,546	\$ 15,790	\$ 18,667	\$ 21,101	\$ 24,639	\$ 22,988	\$ 26,037
Long-term debt, excluding current maturities	3,734	3,736	3,678	3,060	3,499	2,810	3,410
Shareholders equity	6,584	8,226	10,188	11,498	14,296	13,045	14,920
Other data:							
Ratio of earnings to fixed charges(1)	6.0x	8.7x	10.5x	12.3x	14.1x	15.2x	18.9x

(1) The ratio of earnings to fixed charges is computed by dividing earnings by fixed charges. For this purpose, earnings includes pretax earnings plus fixed charges, less interest capitalized. Fixed charges includes interest expensed and capitalized and the portion of rental expense that is representative of the interest factor in these rentals.

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DESCRIPTION OF NOTES

The following description of the particular terms of the notes offered hereby (referred to in the prospectus as "Debt Securities") supplements, and to the extent inconsistent therewith replaces, the description of the general terms and provisions of Debt Securities set forth in the accompanying prospectus, to which description reference is hereby made.

General

The notes will be issued under an amended and restated indenture, dated as of December 1, 1995, between us and The Bank of New York Trust Company, N.A. (as successor trustee to Bank One, N.A. (formerly known as The First National Bank of Chicago)), as supplemented by a supplemental indenture, dated as of October 10, 2006, between us and the trustee (together, the "Senior Indenture"). You may request a copy of the Senior Indenture and the form of notes from the trustee. At August 4, 2006, at the parent company level, we had no secured indebtedness outstanding, \$2,996.0 million of unsecured indebtedness outstanding, and \$413.0 million of capital leases. At August 4, 2006, our subsidiaries had \$33.1 million of secured unsubordinated indebtedness outstanding.

We will issue the notes of each series in fully registered book-entry form without coupons and in denominations of \$1,000 and integral multiples of \$1,000 thereafter. We do not intend to apply for the listing of the notes of either series on a national securities exchange or for quotation of such notes on any automated dealer quotation system.

The following statement relating to the notes and the Senior Indenture are summaries of certain provisions thereof and are subject to the detailed provisions of the Senior Indenture, to which reference is hereby made for a complete statement of such provisions. Certain provisions of the Senior Indenture are summarized in the accompanying prospectus. We encourage you to read the summaries of the notes and the Senior Indenture in both this prospectus supplement and the accompanying prospectus, as well as the form of notes and the Senior Indenture.

The notes will be our unsecured senior obligations. The cover page of this prospectus supplement sets forth the maturity dates, the aggregate principal amounts and the interest rates of the notes. The notes will bear interest from the date of issuance, payable semiannually on each April 15 and October 15, commencing April 15, 2007, to the persons in whose names the notes are registered at the close of business on the April 1 immediately preceding each April 15 or the October 1 immediately preceding each October 15. Interest will be computed on the basis of a 360-day year composed of twelve 30-day months. Payments of principal and interest to owners of book-entry interests (as described below) are expected to be made in accordance with the procedures of The Depository Trust Company ("DTC") and its participants in effect from time to time.

Optional Redemption

The notes of each series will be redeemable, in whole at any time or in part from time to time, at our option at a redemption price equal to the greater of:

- (i) 100% of the principal amount of the notes to be redeemed; or
- (ii) the sum of the present values of the remaining scheduled payments of principal and interest thereon (not including any portion of such payments of interest accrued as of the date of redemption), discounted to the date of redemption on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined below), plus 15 basis points with respect to the 2016 notes and 20 basis points with respect to the 2036 notes,

plus, in each case, accrued interest thereon to the date of redemption. Notwithstanding the foregoing, installments of interest on notes that are due and payable on interest payment dates falling on or prior to a redemption date will be payable on the interest payment date to the registered holders as of the close of business on the relevant record date according to the notes and the Senior Indenture.

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Comparable Treasury Issue means the United States Treasury security selected by the Quotation Agent as having a maturity comparable to the remaining term of the notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such notes.

Comparable Treasury Price means, with respect to any redemption date, (i) the average of four Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest such Reference Treasury Dealer Quotations, or (ii) if the Trustee obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations, or (iii) if only one Reference Treasury Dealer Quotation is received, such quotation.

Quotation Agent means the Reference Treasury Dealer appointed by us.

Reference Treasury Dealer means (i) Merrill Lynch, Pierce, Fenner & Smith Incorporated and Banc of America Securities LLC (or their respective affiliates that are Primary Treasury Dealers) and their respective successors; provided, however, that if any of the foregoing shall cease to be a primary U.S. Government securities dealer in New York City (a Primary Treasury Dealer), we will substitute therefor another Primary Treasury Dealer, and (ii) any other Primary Treasury Dealer selected by us.

Reference Treasury Dealer Quotations means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Trustee by such Reference Treasury Dealer at 5:00 p.m., New York City time, on the third business day preceding such redemption date.

Treasury Rate means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price of such redemption date.

Notice of any redemption will be mailed at least 30 days but not more than 60 days before the redemption date to each registered holder of the notes to be redeemed. Unless we default in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the notes or portions thereof called for redemption. If less than all of the notes are to be redeemed, the notes to be redeemed shall be selected by the Trustee by a method the Trustee deems to be fair and appropriate.

Book-Entry System

The certificates representing the notes of each series will be issued in the form of one or more fully registered global notes without coupons (the Global Note) and will be deposited with, or on behalf of, DTC and registered in the name of Cede & Co., as the nominee of DTC. Except in limited circumstances, the notes will not be issuable in definitive form. Unless and until they are exchanged in whole or in part for the individual notes represented thereby, any interests in the Global Note may not be transferred except as a whole by DTC to a nominee of DTC or by a nominee of DTC to DTC or another nominee of DTC or by DTC or any nominee of DTC to a successor depository or any nominee of such successor. See Description of Debt Securities Global Securities in the accompanying prospectus.