

*15th  
Anniversary  
Report*

**Lowe's Companies, Inc.**

# 15th Anniversary Report



Page 2, The 60's



Page 4, The 60's



Page 6, The 70's



Page 8, The Mix



Page 10, The Stores



Page 12, The Future

Fiscal 1976 was Lowe's 15th anniversary year as a publicly-owned company. As detailed in this fold-out section, these have been years of growth and progress. Our number of stores has been multiplied 10 times, from 15 to 150. Our sales volume has grown 15 times, from \$31,000,000 to \$465,000,000. And our earnings after taxes have been increased 19 times, from \$900,000 to \$17,300,000.

This year was also a 30th anniversary year for Lowe's in our basic business, for it was in 1946 that Lowe's founder decided to begin mass merchandising of building supplies at "Lowe's Low Prices." And in those 15 years of private ownership, strategies were created, ideas formed, strengths built, decisions made, and actions taken that made possible the results of these last 15 years.

So after the three page review of financial performance during Lowe's public years, we've put together six pages of corporate history to highlight the years that made 1976 a double anniversary year. For if you believe that the past is prologue to the future, then you'll know that corporate history is vitally linked to corporate capability.

Thus far, we've talked about two 15-year periods in the life of Lowe's, but the most important 15-year period is the next one. So after reviewing our customers, our merchandise, and our stores, we thought you'd enjoy hearing what 15 Lowe's leaders have to say about their jobs, their goals, and their opportunities to help shape the future.



# 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, a 33 1/3% stock dividend as of July 31, 1972, and a 50% stock dividend in June, 1976.
- (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.

	Base Year 1961	1962	1963	1964	1965	Base Year 1966	5 Year Compound Growth Rates 1961-1966	1967
1	15	18	22	28	35	39	21.0%	44
2	399	491	555	636	762	891	17.4%	1,017
3	651	703	883	1,141	1,284	1,636	20.0%	1,755
4	\$ 47.85	\$ 46.52	\$ 44.20	\$ 42.66	\$ 44.44	\$ 47.10		\$ 43.14
5	\$ 31,128	\$ 32,716	\$ 39,012	\$ 48,680	\$ 57,044	\$ 77,043	19.9%	\$ 75,695
6	\$ 1,890	\$ 2,054	\$ 2,438	\$ 3,086	\$ 3,942	\$ 5,286	22.7%	\$ 5,151
7	\$ 956	\$ 1,034	\$ 1,233	\$ 1,518	\$ 1,896	\$ 2,496	27.0%	\$ 2,381
8	\$ 934	\$ 1,020	\$ 1,205	\$ 1,568	\$ 2,046	\$ 2,790	24.5%	\$ 2,770
9	\$ 102	\$ 402	\$ 411	\$ 460	\$ 519	\$ 616	43.5%	\$ 661
10	\$ 832	\$ 618	\$ 794	\$ 1,108	\$ 1,527	\$ 2,174	21.2%	\$ 2,109
11	\$ 2.59	\$ 2.73	\$ 3.29	\$ 4.08	\$ 4.68	\$ 6.29	19.4%	\$ 6.13
12	\$ .08	\$ .09	\$ .10	\$ .13	\$ .17	\$ .23	24.1%	\$ .23
13	\$ .01	\$ .03	\$ .03	\$ .04	\$ .04	\$ .05	43.0%	\$ .05
14	\$ .07	\$ .05	\$ .07	\$ .09	\$ .13	\$ .17	20.8%	\$ .17
15	\$ .42	\$ .47	\$ .53	\$ .65	\$ .78	\$ .95	18.2%	\$ 1.13
16	\$ 3.32	\$ 2.76	\$ 2.98	\$ 3.11	\$ 3.20	\$ 3.34		\$ 2.65
17	× 3.00%	× 3.12%	× 3.09%	× 3.22%	× 3.59%	× 3.62%		× 3.66%
18	= 9.96%	= 8.62%	= 9.20%	= 10.03%	= 11.49%	= 12.09%		= 9.70%
19	× 2.57	× 2.34	× 2.31	× 2.47	× 2.31	× 2.43		× 2.42
20	= 25.60%	= 20.23%	= 21.28%	= 24.78%	= 26.55%	= 29.40%		= 23.49%
21	\$ 9,305	\$ 11,702	\$ 13,976	\$ 15,350	\$ 19,187	\$ 23,396	20.4%	\$ 24,164
22	\$ 1,299	\$ 1,956	\$ 2,735	\$ 3,374	\$ 3,801	\$ 3,024	18.4%	\$ 4,814
23	\$ 3,108	\$ 3,769	\$ 4,968	\$ 5,586	\$ 7,165	\$ 9,310	24.8%	\$ 9,675
24	\$ 4,801	\$ 5,868	\$ 6,214	\$ 6,337	\$ 8,156	\$ 10,931	17.9%	\$ 9,532
25	\$ 97	\$ 109	\$ 59	\$ 53	\$ 65	\$ 131		\$ 143
26	\$ 1,229	\$ 1,261	\$ 1,531	\$ 2,381	\$ 3,832	\$ 5,058	32.6%	\$ 5,729
27	\$ 1,301	\$ 134	\$ 123	\$ 73	\$ 77	\$ 105		\$ 99
28	\$ 11,835	\$ 13,097	\$ 15,630	\$ 17,804	\$ 23,096	\$ 28,559	19.3%	\$ 29,992
29	\$ 4,922	\$ 5,696	\$ 7,123	\$ 7,454	\$ 11,213	\$ 13,630	22.6%	\$ 12,503
30	\$ 3,187	\$ 4,255	\$ 5,036	\$ 5,149	\$ 7,913	\$ 9,496	24.4%	\$ 8,425
31	\$ 716	\$ 855	\$ 1,073	\$ 1,142	\$ 1,671	\$ 2,182	24.9%	\$ 2,177
32	\$ 1,019	\$ 586	\$ 1,014	\$ 1,163	\$ 1,629	\$ 1,952	13.9%	\$ 1,901
33	\$ 1,791	\$ 1,680	\$ 2,139	\$ 2,615	\$ 2,377	\$ 3,127	11.8%	\$ 3,527
34	\$ 6,792	\$ 7,435	\$ 9,304	\$ 10,097	\$ 13,606	\$ 16,765	19.9%	\$ 16,033
35	\$ 5,043	\$ 5,662	\$ 6,326	\$ 7,707	\$ 9,490	\$ 11,794	18.5%	\$ 13,959
36	2.81	3.37	2.95	2.95	3.99	3.77		3.95
37	2.35	2.31	2.47	2.31	2.43	2.42		2.15
38		2,047	2,034	1,967	1,871	1,985		2,154
39	12,000	12,000	11,856	11,919	12,183	12,317		12,375
40		\$ 1.00-1.67	\$ .67-1.00	\$ 1.00-2.00	\$ 1.67-2.67	\$ 3.33-2.33		\$ 4.00-2.00

## 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 1976, Lowe's achieved \$3.01 in sales.



1968	1969	1970		Base Year 1971	5 Year Compound Growth Rates 1966-1971	10 Year Compound Growth Rates 1961-1971	1972	1973	1974	1975
53	58	64	1	75	14.0%	17.5%	86	100	116	130
1,223	1,450	1,670	2	2,071	18.4%	17.9%	2,630	3,296	3,598	3,574
2,034	2,290	2,729	3	3,194	14.3%	17.2%	3,820	4,717	5,321	5,702
\$ 47.70	\$ 51.98	\$ 47.09	4	\$ 53.13			\$ 61.40	\$ 69.29	\$ 68.12	\$ 59.78
\$ 97,031	\$ 119,053	\$ 128,491	5	\$ 169,723	17.1%	18.5%	\$ 234,556	\$ 326,846	\$ 362,453	\$ 340,882
\$ 7,202	\$ 9,514	\$ 9,938	6	\$ 13,027	19.8%	21.3%	\$ 18,143	\$ 25,393	\$ 29,287	\$ 20,811
\$ 3,609	\$ 4,906	\$ 5,068	7	\$ 6,479	21.0%	21.1%	\$ 9,022	\$ 12,665	\$ 14,670	\$ 10,319
\$ 3,593	\$ 4,608	\$ 4,870	8	\$ 6,548	18.6%	21.5%	\$ 9,121	\$ 12,728	\$ 14,617	\$ 10,492
\$ 756	\$ 780	\$ 844	9	\$ 907	8.0%	24.4%	\$ 946	\$ 1,017	\$ 1,045	\$ 1,171
\$ 2,837	\$ 3,828	\$ 4,026	10	\$ 5,841	21.0%	21.1%	\$ 8,174	\$ 11,711	\$ 13,572	\$ 9,321
\$ 7.77	\$ 9.43	\$ 10.18	11	\$ 13.44	16.4%	17.9%	\$ 18.54	\$ 25.71	\$ 28.33	\$ 26.19
\$ .29	\$ .37	\$ .39	12	\$ .52	17.7%	20.9%	\$ .72	\$ 1.00	\$ 1.14	\$ .81
\$ .06	\$ .06	\$ .07	13	\$ .07	7.0%	23.1%	\$ .07	\$ .08	\$ .08	\$ .09
\$ .23	\$ .31	\$ .32	14	\$ .45	21.5%	20.6%	\$ .65	\$ .92	\$ 1.06	\$ .71
\$ 1.35	\$ 1.65	\$ 1.97	15	\$ 2.43	20.7%	19.2%	\$ 3.09	\$ 4.07	\$ 5.22	\$ 6.01
\$ 3.24	\$ 3.37	\$ 3.09	16	\$ 3.43			\$ 3.40	\$ 3.65	\$ 2.88	\$ 2.26
× 3.70%	× 3.87%	× 3.79%	17	× 3.86%			× 3.89%	× 3.89%	× 4.03%	× 3.08%
= 11.98%	= 13.03%	= 11.72%	18	= 13.25%			= 13.20%	= 14.22%	= 11.63%	= 6.96%
× 2.15	× 2.08	× 1.99	19	× 1.99			× 2.26	× 2.28	× 2.43	× 2.24
= 25.76%	= 27.07%	= 23.34%	20	= 26.31%			= 29.81%	= 32.42%	= 28.23%	= 15.60%
\$ 28,617	\$ 33,433	\$ 38,878	21	\$ 54,911	18.6%	19.4%	\$ 70,110	\$ 96,391	\$ 111,943	\$ 108,784
\$ 4,129	\$ 4,640	\$ 4,658	22	\$ 6,304	15.8%	17.1%	\$ 7,802	\$ 7,859	\$ 12,986	\$ 11,574
\$ 11,880	\$ 14,559	\$ 14,887	23	\$ 20,944	17.6%	21.0%	\$ 27,440	\$ 37,603	\$ 36,850	\$ 38,533
\$ 12,475	\$ 14,183	\$ 19,040	24	\$ 27,332	20.1%	19.0%	\$ 34,475	\$ 50,639	\$ 61,775	\$ 58,223
\$ 133	\$ 51	\$ 293	25	\$ 331			\$ 393	\$ 290	\$ 331	\$ 454
\$ 6,546	\$ 7,918	\$ 10,390	26	\$ 14,087	22.7%	27.6%	\$ 19,330	\$ 29,238	\$ 38,552	\$ 45,127
\$ 205	\$ 209	\$ 148	27	\$ 88			\$ 45	\$ 85	\$ 140	\$ 452
\$ 35,368	\$ 41,560	\$ 49,416	28	\$ 69,086	19.3%	19.3%	\$ 89,485	\$ 125,714	\$ 150,634	\$ 154,363
\$ 14,911	\$ 18,505	\$ 21,212	29	\$ 31,198	18.0%	20.3%	\$ 40,217	\$ 55,694	\$ 50,228	\$ 42,964
\$ 9,703	\$ 10,997	\$ 15,178	30	\$ 21,999	18.3%	21.3%	\$ 27,684	\$ 36,101	\$ 32,640	\$ 29,727
\$ 2,706	\$ 3,380	\$ 2,833	31	\$ 4,293	14.5%	19.6%	\$ 5,086	\$ 5,073	\$ 6,732	\$ 3,126
\$ 2,502	\$ 4,128	\$ 3,201	32	\$ 4,906	20.2%	17.0%	\$ 7,447	\$ 14,520	\$ 10,856	\$ 10,110
\$ 3,434	\$ 2,192	\$ 3,315	33	\$ 7,296	18.5%	15.1%	\$ 10,014	\$ 18,238	\$ 33,158	\$ 33,156
\$ 18,346	\$ 20,697	\$ 24,527	34	\$ 38,494	18.1%	18.9%	\$ 50,231	\$ 73,932	\$ 83,386	\$ 76,120
\$ 17,022	\$ 20,863	\$ 24,889	35	\$ 30,592	21.0%	19.8%	\$ 39,254	\$ 51,782	\$ 67,248	\$ 78,243
4.95	9.52	7.51	36	4.19			3.92	2.84	2.03	2.36
2.08	1.99	1.99	37	2.26			2.28	2.43	2.24	1.97
1,976	1,916	2,117	38	2,463			3,038	3,704	3,698	3,755
12,609	12,623	12,623	39	12,629			12,683	12,731	12,887	13,022
\$ 8.00-4.00	\$ 12.00-7.67	\$ 12.00-6.33	40	\$ 23.00-9.67			\$ 44.34-20.00	\$ 48.00-32.67	\$ 39.67-21.67	\$ 30.33-12.67
									\$ 39.67-34.67	\$ 22.83-12.67
									\$ 35.34-24.00	\$ 20.83-14.83
									\$ 34.67-28.67	\$ 30.33-18.67
									\$ 32.67-21.17	\$ 30.33-25.50

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 1976's return on sales was 3.72%. This multiplied by Asset Turnover, gives Return on Assets of 11.22%. 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 1976, Lowe's had \$.97 in other liabilities, thus financing \$1.97 in assets. This \$1.97 leverage factor times the 11.22% Return on Assets gives Return on Beginning Shareholder Equity of 22.13%. Totals vary due to rounding.



# 15 Year Review of Performance

1976	1 Year Growth Rates 1975-1976	5 Year Compound Growth Rates 1971-1976	10 Year Compound Growth Rates 1966-1976	15 Year Compound Growth Rates 1961-1976	Year Ended July 31
150	15.4%	14.9%	14.4%	16.6%	1 <b>Stores and People</b>
4,378	22.5%	16.1%	17.3%	17.3%	2 Number of Stores
7,033	23.3%	17.1%	15.7%	17.2%	3 Number of Employees
\$ 66.12					4 Customers Served (Thousands)
					4 Average Customer Purchase
\$ 465,052	36.4%	22.3%	19.7%	19.8%	5 <b>Comparative Income Statement (Thousands)</b>
\$ 34,295	64.8%	21.4%	20.6%	21.3%	6 Total Sales
\$ 16,984	64.5%	21.3%	21.1%	21.1%	6 Pre-Tax Earnings
\$ 17,311	65.0%	21.5%	20.0%	21.5%	7 Taxes on Income
\$ 1,272	8.6%	7.0%	7.5%	18.3%	8 Net Earnings
\$ 16,039	72.1%	23.2%	22.1%	21.8%	9 Cash Dividends Paid
					10 Earnings Retained and Reinvested
\$ 35.71	36.4%	21.6%	19.0%	19.1%	11 <b>Dollars Per Share (Nearest Cent) (1)</b>
\$ 1.33	64.9%	20.7%	19.2%	20.8%	12 Sales
\$ .10	8.5%	7.4%	7.2%	17.3%	12 Earnings (2)
\$ 1.23	72.0%	22.3%	21.9%	21.2%	13 Cash Dividends
\$ 7.25	20.6%	24.4%	22.5%	20.9%	14 Earnings Retained and Reinvested
					15 Shareholders' Equity
\$ 3.01					16 <b>Performance Measurements*</b>
× 3.72%					16 Asset Turnover (Sales per Asset Dollar)
= 11.22%					17 Return on Sales (Earnings as % of Sales)
× 1.97					18 Return on Assets
= 22.13%					19 Leverage Factor (Asset Dollars per Equity Dollar)
					20 Return on Shareholders' Equity
\$ 146,448	34.6%	21.7%	20.1%	20.1%	21 <b>Comparative Balance Sheet (Thousands)</b>
\$ 15,620	34.9%	19.9%	17.8%	17.9%	22 Current Asset Totals
\$ 52,322	35.8%	20.1%	18.8%	20.7%	22 Cash
\$ 77,963	33.9%	23.3%	21.7%	20.4%	23 Accounts Receivable (Net of Reserve)
\$ 544					24 Inventories (Lower of Cost or Market)
\$ 50,434	11.8%	29.1%	25.9%	28.1%	25 Other Current Assets
\$ 859					26 Fixed Assets
\$ 197,741	28.1%	23.4%	21.3%	20.7%	27 Other Assets
\$ 66,705	55.2%	16.4%	17.2%	19.0%	28 Total Assets
\$ 42,942	44.4%	14.3%	16.3%	18.9%	29 Current Liabilities Totals
\$ 8,050	57.6%	13.4%	13.9%	17.5%	30 Accounts Payable
\$ 15,714	55.4%	26.2%	23.2%	20.0%	31 Income Tax Provisions
\$ 36,664	10.6%	38.1%	27.9%	22.3%	32 Other Current Liabilities
\$ 103,370	35.8%	21.8%	19.9%	19.9%	33 Long-Term Debt
\$ 94,371	20.6%	25.3%	23.1%	21.6%	34 Total Liabilities
2.57					35 Shareholders' Equity
2.10					36 Ratio: Equity ÷ Long Term Debt
					37 Year End Leverage Factor: Assets ÷ Equity
3,846					38 <b>Shareholders and Shares</b>
13,022					38 Shareholders of Record, Year End
\$33.67-21.83					39 Shares Outstanding, Year End (Thousands) (1) (3)
\$27.50-21.83					40 Stock Price Range During Year (1)
\$33.67-25.67					First Quarter
\$33.00-28.33					Second Quarter
\$29.75-25.50					Third Quarter
					Fourth Quarter





## The 50's

Ike was in. Mantle and Berra were tearing up American League pitching. Pat Boone was wowing millions of teenagers. Gas was 29.9¢ down at the corner Esso station. And in quiet North Wilkesboro, North Carolina, a fuss was brewing.

Carl Buchan owned Lowe's North Wilkesboro Hardware, and he wasn't content to run a one-store business. He wanted to expand. He looked. He saw opportunity. He wanted to seize it.

For then, virtually all residential building materials in the country were sold through a rigidly-controlled distribution system running from manufacturer, to wholesaler, to retailer, to builder, then finally to the consumer. Each level added its own mark-up . . . mark-ups ultimately paid for by the consumer.

In addition, heating, plumbing, and electrical materials were not sold by most building material dealers. Instead, they were sold by specialized retailers.

Buchan wanted to change that. He planned to buy direct from the manufacturers at the same prices the wholesalers were paying, carry a full line of building materials, including plumbing, heating, and electrical supplies, and sell directly to the public. It was a streamlined system of one-stop shopping that meant large savings to Lowe's customers.

It wasn't easy to disrupt an establishment, but Buchan persisted. Things began falling in place: he opened his first branch store, in Sparta, North Carolina; then another . . . and another. He began selling brand-name home appliances. In 1956, a profit-sharing plan was announced for all employees.

Buchan formed his management team: Pete Kulynych was named vice president in charge of purchasing. Leonard Herring became financial operations officer, Joe Reinhardt became our data processing expert, John A. Walker became sales manager, and Bob Strickland became our marketing manager.



- A. H. C. Buchan, Jr., Lowe's Founder.
- B. Lowe's original store.
- C. Motivating people - a Lowe's tradition.
- D. Lowe's managers and sales force - 1958.
- E. Customers, products, services, strategies - the Lowe's revolution of the '50's.
- F. Expansion - Lowe's Knoxville store, #12.







We continued our store expansion in North Carolina, then Virginia, then Tennessee. We found that we could take over existing physical facilities, convert them to a Lowe's store and, in short order, ring up the sales and make money.

In 1959, we targeted the professional builder as a primary customer. We abandoned our long-standing cash-and-carry policy, and began to extend credit to reliable builders. We relocated the North Wilkesboro store and converted the old building into a central warehouse. This was a major step in developing a product distribution system of unique significance to Lowe's future. We acquired a fleet of trucks and began delivery of materials direct to a builder's job site.

Based on the recognition that continued success demanded dedicated, aggressive people, in 1959 we began an annual cash bonus program which gave key employees specific goals against which to measure their own performance, and to benefit directly when those goals were achieved.

The 50s were watershed years for us. Growth was fast and furious, from one store to thirteen. But we took time to develop a clearer idea of who we were and where we wanted to go. In the execution of that idea, we developed people, systems, and concepts that are still with us. To some people, the 50s may have seemed placid. But to us, they were formative and dynamic, and filled with a sense of mission.



C



D

E



F

- A. Computer-based management control systems - even then.
- B. Rapid transit management action systems - even then.
- C. Twenty-four hour electronic management information systems - even then.
- D. We made headline for cutting fixed retail prices and selling at Lowe's Low Prices - the reputation lingers.
- E. We congratulated a fine supplier for abandoning "Fair Trade," and the unnecessarily high retail prices we felt that policy caused. Consumerism - even then.
- F. Lowe's "Opportunities Unlimited" meeting with manufacturers to plan and prepare for our mutual growth in the '60's.





A



G

F



B



C



D

## The 60's

Fast and frantic. Another dynamic decade. We moved from being a localized, privately-owned chain to become one of the Southeast's largest corporations. We did it through innovative approaches to both our customers and our product mix. In the process, we influenced a whole industry, making changes and starting trends that are continued today.

The pace was set when Carl Buchan stated publicly a dream he had privately cherished since the day he started in business. "I now desire," he wrote, "to build this business into the largest and most successful of its type in the world, owned and controlled by those who have built it."

But during the night of October 21, 1960, Carl Buchan died in his sleep. He was only 44 years old.

It was fitting that Buchan's plans had provided for the continued growth of the company he had begun: he had given Lowe's Profit-Sharing Plan and Trust an option to buy his stock from his estate upon his death. In the subsequent year, a satisfactory plan was developed to continue Lowe's growth.

On October 10, 1961, we officially became Lowe's Companies, Inc. We "went public," and began trading over the counter at a price of \$12.25 per share. After a succession of stock splits, the purchaser of one share in 1961 now owns 12 shares with a cost of \$1.02 each.

So one era ended, and another began. And Lowe's new management group decided to do a lot in a hurry. We reemphasized selling consumer durables in volume and expanded our product lines. We made a major commitment to the lumber business. Today, every Lowe's store is also a modern lumber yard.

- A. A decision-event, recognizing the growing economic power of the Sunbelt, and the growing merchandising power of Lowe's.
- B. Our first delivery of West Coast lumber, the beginning of a multi-million dollar enterprise.
- C. We continued our development of systems and controls and management information.
- D. New dimensions for Lowe's: Public ownership in 1961 brought both new responsibilities and fresh motivation.
- E. Shareholders at Annual Meeting.
- F. Three Members of Lowe's Board of Directors, with financial and legal advisers.
- G. Three Members of Lowe's Executive Committee, reviewing store expansion planning.



E





A



B



C



D



E



F



H



G

To keep a grasp on our mushrooming business activity, we continued our use of electronic communications systems that were the most advanced available. In 1963, for example, we put IBM computers on our retail sales floors. They gave us a significant new inventory control tool, reduced our sales processing costs, and sharply reduced losses due to inaccurately computed sales tickets.

During this decade, we selected merchandise managers to be responsible for our major product categories, thereby establishing a pool of product management talent to assure our balanced growth in the years to come.

In 1968, we divided our sales force into builder and consumer segments, with specialized training for each, for better service to each of our two major customer groups. We wanted our entire sales force to be resident experts about home building and improvements, and our entire product line, for our customers' benefit. It's a policy we follow today.

As the 60s drew to a close, 13 stores had grown to 58. From 344 employees in 1959, we had 1,450 ten years later. The 344 employees served 514,000 customers—those 1,450 served 2,290,000. Our \$27,000,000 sales volume had grown to \$119,000,000. Along with that growth came experience, and we thought we were ready for the 70s.

- A. Training our people for growth, so we can continue to promote from within.
- B. Lowe's first Catalog, published in 1962 for the opening of Hagerstown, our 16th store.
- C. Specialized delivery equipment, in response to customers' desires for better service.
- D. One of our first series of magazine advertisements, emphasizing the basic value of our prices and our products.

- E. This first report to shareholders stated, "We expect to be held accountable for the successful accomplishment of our goals."
- F. Our first "Hootenanny" in 1963, has grown to become a company-wide annual "gathering of the clan," for motivation, inspiration, and leadership.
- G. Lowe's evolution of the 60's—more stores, customers, products, services, and opportunities.
- H. One of forty-five new store openings in ten states in the '60's.





A

## Business and Society Review

Volume 14, Number 1

## Business and Society Review Corporate Responsibility Awards, 1974: This Year's Good Guys

B



C



D



E



I



H

# The 70's

We don't believe that anyone was completely ready for the seventies, with price controls, wars, oil embargoes, domestic political upheaval, inflation, recession, and shortages. Housing acted like a roller coaster—up 62% in two years from 1970's 1,469,000 starts to 1972's 2,379,000. Many people believed that 2,000,000 new homes per year in America was a normal, sustainable rate, only to see starts plunge in 1975 to 1,171,000. The ebullience of the consumer in 1973 was shattered by the deep recession of 1974 and 1975, and by the relentless upward climb of prices. During 1976, things improved, but the buying public hasn't forgotten, and they are more price and value conscious today than they have been since the 1950's.

As we have stated in previous reports to shareholders, it is the mission of Lowe's management to function and perform in changing business environments, and this we did during the '70's.

Among some important actions were changes in our management structure itself. Our growth and management style has always seemed organic to us—more like a tree with roots, trunk, branches, and concentric growth pattern, than like a machine with no inherent vitality. We want to maintain the personal touch that accompanies the organic description, but at the same time we recognize that span-of-control is more critical with each succeeding year of growth. Consequently, in 1970, we made two significant changes in our management—the first was more organic, and the second was more structural.

We established the Office of the President, consisting of five members of the Board of Directors, to bring joint efforts and complementing talents to the job of proper policy formation and



G



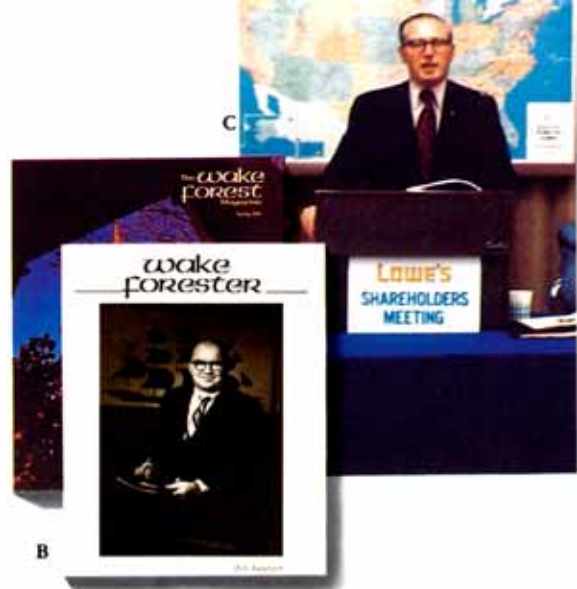
F

- A. Minicomputers in our stores, with many advantages for better customer service.
- B. A major recognition for Lowe's corporate citizenship.
- C. Richard Petty, stock car racing's all time winner, tells prospective buyers they can "Be a Winner at Lowe's."
- D. Larger sales floors for mass display of merchandise with both self-selection and trained salespeople.
- E. Financial World's "Oscar," for our 1976 Quarterly Report series: The Artwork of Lowe's.
- F. Financial World's "Oscar," for our 1971 Annual Report: Ten Years of Growth.
- G. Lowe's Supplier of the Year trophies, awarded annually to service-minded manufacturers.
- H. Our new standard Lowe's-built store, 1976 model.
- I. One of three national championship awards to Lowe's for retailing by the Brand Names Foundation.





A



B

execution. Although this arrangement was not then a familiar one, when Sears and TWA subsequently adopted the idea of sharing leadership responsibility, it was obviously catching on.

We also selected two Regional Managers as the first step in a formal decentralization of field leadership. This move has been most successful, and now Bill White, Ben Phillips, Vernon McGimsey, Wendell Emerine, and Jack Segraves are Regional Vice Presidents, supervising from 24 to 40 stores each, with the help of Regional Supervisors for Sales, Warehouses, and Offices. And we have continued to evolve our management structure for more professional control and better service to our stores.

In 1970, we decided to build all our new stores in a standard design and format, in better retail locations, and with a sales-display area double our previous average. Today more than half our stores are of this standard design. And we gave renewed emphasis to the growing consumer market, with expanded product lines, more convenient credit, shopping hours, and a Lowe's-created Consumer Reference Library—an encyclopedia of product knowledge for our customers.

We also launched our most successful new product sales program to date—our Homestead line of single-family homes. They are architecturally designed, we furnish all materials in building-sequence deliveries, and we guarantee the price during construction. Its growing popularity with home builders and home buyers alike brought its sales to about 10% of our total volume.

Along with all this came vastly increased national recognition of the company and its people. Some of these awards are pictured on these pages. We feel their real significance is not just the recognition, but the statement they make about the quality of the work of all the people of Lowe's.

Our 58 stores grew to 150; our \$119,000,000 sales grew to \$465,000,000. Our 4,378 employees at year-end had served 7,033,000 customers. We made plans for 300 stores, and a billion dollar sales volume was in sight. So we're looking forward to the rest of this decade—the turbulent, exciting Seventies.

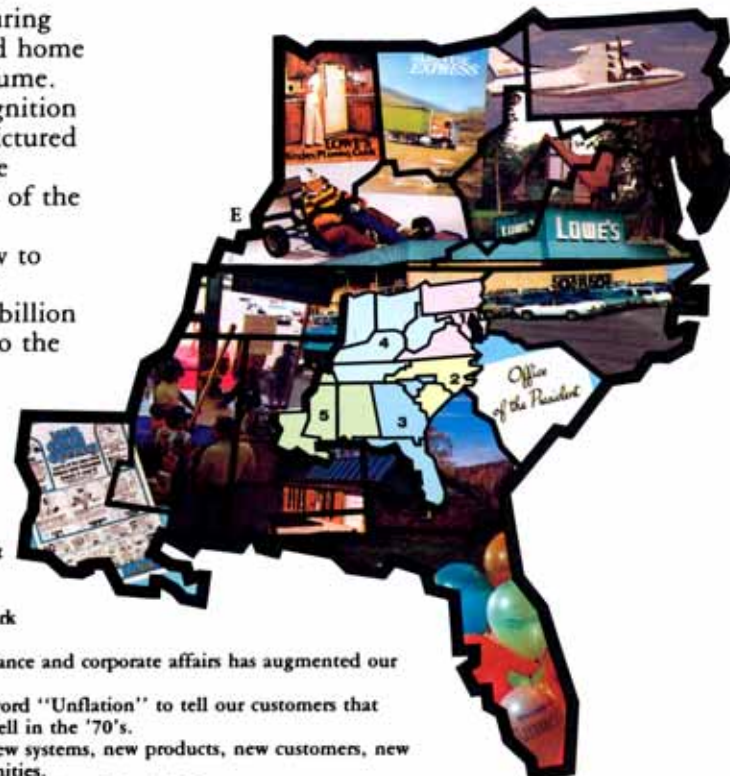


D



F

- A. Don Davis and his team from Lowe's of Nashville, motivating at our 1970 Hootenanny.
- B. Pete Kulynych was honored by Wake Forest University for his work as Trustee.
- C. Robert Schwartz's expertise in finance and corporate affairs has augmented our Board of Directors significantly.
- D. We coined and copyrighted the word "Un-flation" to tell our customers that Lowe's Low Prices are alive and well in the '70's.
- E. 16 states, 5 regions, 150 stores, new systems, new products, new customers, new challenges, and still new opportunities.
- F. John Walker's award as Home Center Man of the Half-Century.





# The Marketing Mix

## Lowe's Customers

**The Marketing Basic:** To a marketing company, serving customers is the name of the game. Therefore, we give primary and continuing attention to the preferences of our customers and their changing needs for the goods and services which we supply. We serve a wide cross section of people with varying shopping habits and individual interests, but there are certain attributes shared by all. They appreciate prompt and courteous attention, they expect value at the time of their purchase, and efficient service both during and after the sale. We classify our customers into two basic categories—Professional Buyers, and Retail Customers.

**Professional Buyers:** We define professional buyers as those who purchase the products we sell in the course of their business, for non-personal use. Included in this group are home builders, developers, contractors, carpenters, electricians, painters, plumbers, and industrial and institutional purchasing agents. Within the basic marketing areas served by 150 Lowe's stores, these professional buyers number approximately 120,000. About one-third of this number are Lowe's customers for at least a portion of their professional buying needs.

In a recent survey of our professional customers, some interesting comments were made. There were suggestions for improvements in various areas, and of course a few complaints. Most of these were made in a constructive manner,



indicating additional latent business potential, when we "shape up!"

**Retail Customers:** Our retail customers are primarily home owners or "householders," buying for personal or family use. Since our merchandise line is composed basically of products for home building and remodeling, home furnishing and entertainment, lawn and garden and outdoor living, then the number of households in each Lowe's market provides the best census of marketing opportunity. The present 150 store marketing areas serve just under 8,590,000 households, an average of 57,000 for each store market area.

**Lowe's Customer Sales:** Table A is a five-year recap of Lowe's sales to these two major customer groups. Although sales to professionals have been depressed by the housing market decline during 1975, 57% of our 1976 sales volume came from this source. Retail volume has had a higher growth rate during these years, increasing from 40% to 43% of the total. A comparison of these percentages with those from trade publications indicates that Lowe's has a broader retail customer base than the typical dealer in our volume category. The primary reasons for this are our specialized sales force, wider line of retail products, better retail locations and product display, and an experienced and aggressive merchandising effort. Our objective is to continue to maximize sales to both customer groups.

**Lowe's Customer Purchase Trends**

**A**

	1972		1973		1974		1975		1976		
	Sales	% of Total	Sales	% of Total	Sales	% of Total	Sales	% of Total	Sales	% of Total	Increase*
Professional Buyers:	\$141,202	60%	\$195,781	60%	\$198,987	55%	\$176,917	52%	\$266,940	57%	+ 89%
Change**			+ 39%		+ 2%		- 11%		+ 51%		
Retail Customers :	\$ 93,354	40%	\$131,065	40%	\$163,466	45%	\$163,965	48%	\$198,112	43%	+ 112%
Change**			+ 40%		+ 25%		N.M.		+ 21%		
Totals :	\$234,556	100%	\$326,846	100%	\$362,453	100%	\$340,882	100%	\$465,052	100%	+ 98%

Rounded Figures, Thousands of Dollars.  
Percentages Rounded to Nearest Whole Percent.

\*Increase from 1972.  
\*\*Change from Previous Year.



# Lowe's Merchandise Sales

**Lowe's Merchandise Sales:** Listed here is the merchandise we sell, grouped in eight major categories. Table B below shows the sales results in each category for 1972 through 1976. We do not list "net product profit," because our stores are our true profit centers.

1. Structural Lumber: Dimensional lumber, framing, studs, joists, posts, boards, and treated wood.
2. Building Materials and Hardware: Plywood, gypsum board, roofing, paneling, doors, windows, insulation, siding, floor covering, carpeting, ceilings, nails, locks, and hardware.
3. Plumbing, Electrical, Heating, and Cooling: Bath tubs, shower stalls, pumps, plumbing fixtures, fittings, pipe, and supplies, light fixtures, cable, and electrical accessories, furnaces, fireplaces, heating equipment, ventilators, central and room air conditioning.
4. Kitchens and Home Laundry: Refrigerators, freezers, ranges, dishwashers, disposals, microwave ovens, cabinets, counter tops, washers, and dryers.
5. House, Yard, and Farm Supplies: Power lawn mowers, riding mowers, garden tillers, power tools, hand tools, storage buildings, bicycles, go-carts, housewares, giftwares, farm roofing, fencing, and barbed wire.
6. Home Entertainment: Color and black and white television, stereo components and consoles, radios, CB equipment, and tape recorders.
7. Mobile Homes: Factory-built housing.



8. Special Order Sales: All merchandise sold by Lowe's which is not regularly stocked at a Lowe's store, but which is ordered for customers from manufacturers or local distributors.

**Trend Analysis:** A study of these product sales trends and growth rates can best be made with a simultaneous review of the changing trends in Lowe's customer mix, shown in Table A. Our point is that both major customer groups are markets for, and do make purchases of, each of these eight product categories, except for Mobile Homes which is virtually 100% retail.

This year, all eight product categories posted sales increases, for the first time since fiscal 1973. Lumber achieved a 63% sales increase, almost doubling the 1972 sales levels, due in part, however, to price increases. Building materials and hardware increased 38%, with a growth of almost \$59 million, for its third consecutive increase in percent of total. Plumbing, Electrical, Heating, and Cooling grew 29% in 1976, but has slipped from 10% of total in 1972 to 9.3%. Kitchens and Home Laundry and Home Entertainment had the smallest growth in 1976, as appliance demand slowed. Category 5 has demonstrated sustained strength over these 5 years, and still has good growth potential. Mobile Homes have shown better sales than profitability, and their future at Lowe's is cloudy. Special Order Sales remain a solid, profitable 10% of total sales, also with continued potential.

## Lowe's Merchandise Sales Trends

**B**

	1972		1973		1974		1975		1976		
Category	Sales	% of Total	Sales	% of Total	Sales	% of Total	Sales	% of Total	Sales	% of Total	Increase*
1	\$ 44,777	19.1%	\$ 66,650	20.4%	\$ 65,513	18.1%	\$ 52,491	15.4%	\$ 85,803	18.4%	+ 92%
2	103,253	44.0%	142,833	43.7%	161,410	44.5%	155,817	45.7%	214,440	46.1%	+ 108%
3	23,413	10.0%	30,226	9.2%	34,594	9.5%	33,547	9.8%	43,409	9.3%	+ 85%
4	13,420	5.7%	19,124	5.9%	22,352	6.2%	23,036	6.8%	24,245	5.2%	+ 81%
5	14,982	6.4%	22,422	6.9%	23,721	6.5%	25,259	7.4%	33,768	7.3%	+ 125%
6	8,830	3.8%	11,900	3.6%	14,078	3.9%	10,960	3.2%	11,565	2.5%	+ 31%
7	1,710	.7%	2,900	.9%	5,312	1.5%	2,599	.8%	3,624	.8%	+ 111%
8	24,171	10.3%	30,791	9.4%	35,473	9.8%	37,173	10.9%	48,198	10.4%	+ 99%
Total	\$234,556	100.0%	\$326,846	100.0%	\$362,453	100.0%	\$340,882	100.0%	\$465,052	100.0%	+ 98%

Rounded Figures, Thousands of Dollars.  
Percentages Rounded to Nearest Tenth.

\*Increase from 1972.



# The Stores

## The National Market

**Basic Growth Policy:** A performance-minded management must invest its resources of time, talent, and funds by allocation to the most attractive opportunities in priority order. And there has been no lack of opportunities for Lowe's to diversify, horizontally integrate, or to merge, and time and study has been devoted to some of the more promising appearing ones. Some of the businesses we tried prior to becoming a public company were discontinued, not because of lack of profitability, but because their rate of return compared unfavorably with that of our stores. And this is the yardstick by which we continue to evaluate the various opportunities for new ventures, and the continued performance of each of our stores.

**Performance Measurements:** We believe that the most important measure of a company's performance is the rate of return on stockholders' equity. And our top management's policies on capital composition, leverage, and the debt-equity ratio, have a significant effect on rate of return on equity. As shown on line 20 in the 15-year review on the inside front cover, Lowe's has achieved management's objective of 20% return on equity in every year except 1975. Perhaps a better measurement of operating management is return on assets. Lowe's record in this measure is also shown in the 15-year review.

**Our Conclusion:** Lowe's resources of time, energy, and growth investment funds can probably still be best invested in expanding our company with additional retail stores.

**The National Market:** The market is large. The Department of Commerce estimates annual retail sales of stores selling lumber, building materials, hardware, appliances, and televisions to be 36 billion dollars.

There are about 74,000,000 households in the nation, and the average Lowe's store serves 57,000. Thus 1,300 Lowe's stores are needed to serve the United States. The sixteen states in the map on the next page, plus Arkansas, Missouri and Illinois contain about 33,000,000 households, enough to support 580 Lowe's stores. So almost



half the national market is fairly close to our present operating area, and geographically contiguous.

**Choosing Locations:** Growing concentrically has been our basic growth pattern, and expanding our merchandising influence in gradually larger circles has much to recommend it. One reason is that efficiency in logistics is most likely to be maintained. Another is that Lowe's job of getting acquainted with the public may be easier because of spill-over of advertising and other promotional efforts from adjacent areas.

However, these same benefits and reasons apply even more strongly to new locations within Lowe's present perimeter, or sphere of influence. And as our product line has expanded, and as the economic activity of our market areas has increased, we find that towns that previously have been passed over in favor of higher-priority areas, are prime prospects in today's business climate for new Lowe's store locations.

**Criteria:** The Expansion Department has an extensive check list for prospective stores. Some of the important considerations include: the population and size of the market, its general proximity to other Lowe's stores, the accessibility of the location to retail traffic, the zoning, adequate size (two to four acres) for warehouse, sheds, sales floor and parking. Leads are being followed up, and locations evaluated on a systematic basis.

**Store Types:** We have returned to our 1960's policy of acquiring existing "used" buildings for Lowe's stores in addition to constructing new buildings for our stores. The mix will vary depending on the availability of suitable existing facilities. It is a profitable and opportunistic policy. During fiscal 1976, we opened a new type of Lowe's store, called Lowe's Home Improvement Center. These stores will be placed in markets where a full-service Lowe's store already exists, and their primary objective is to serve retail customers.

**Expansion Plans:** We want to double the store base in the next 5 years—to reach 300 by 1981. Now we invite you to turn the page and meet some of the people at Lowe's who make it all possible.



# Lowe's 150 Store Locations

**Alabama**  
Birmingham  
Dothan  
Gadsden  
Huntsville  
Mobile  
Montgomery  
Muscle Shoals  
Tuscaloosa

**Delaware**  
Dover  
Wilmington

**Florida**  
Gainesville  
Orlando  
Pensacola  
Tallahassee

**Georgia**  
Albany  
Athens  
Augusta  
College Park  
Columbus  
Doraville  
Macon  
Moultrie  
Rome  
Savannah  
Smyrna  
Thomson  
Valdosta

**Indiana**  
Clarksville  
Indianapolis  
Westfield

**Kentucky**  
Elizabethtown  
Frankfort  
Lexington  
Louisville

**Louisiana**  
Alexandria  
Baton Rouge  
Lafayette  
Shreveport  
West Monroe

**Maryland**  
Cumberland  
Frederick  
Hagerstown  
Salisbury

**Mississippi**  
Greenville  
Gulfport  
Hattiesburg  
Jackson  
Meridian  
Tupelo

**North Carolina**  
Asheboro  
Asheville  
Boone  
Burlington  
Charlotte (2)  
Durham

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

**Ohio**  
Belpre  
Circleville  
Springfield

**Pennsylvania**  
Hanover  
Lancaster  
York

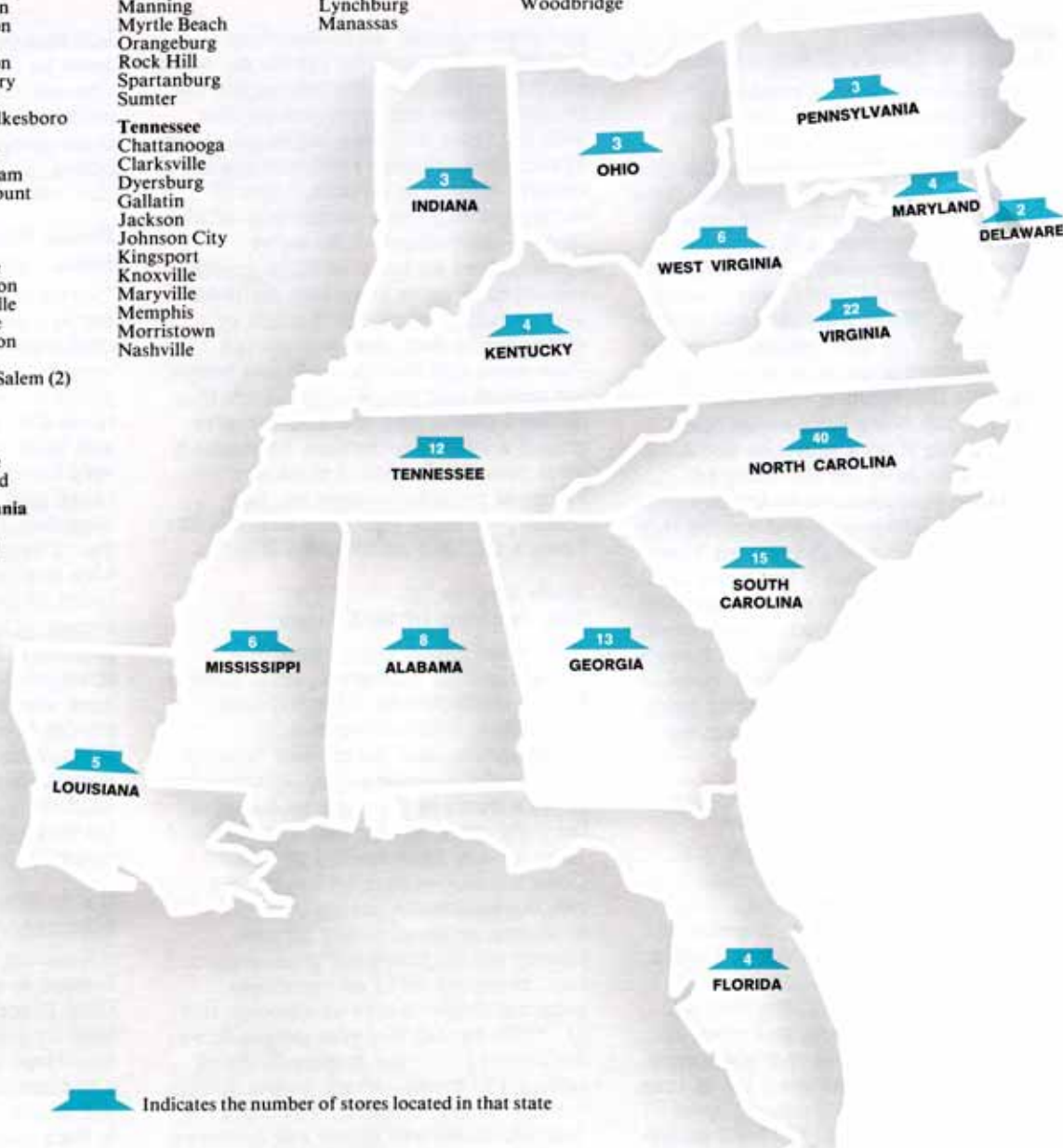
**South Carolina**  
Aiken  
Anderson  
Charleston  
Columbia  
Easley  
Florence  
Gaffney  
Greenville  
Laurens  
Manning  
Myrtle Beach  
Orangeburg  
Rock Hill  
Spartanburg  
Sumter

**Tennessee**  
Chattanooga  
Clarksville  
Dyersburg  
Gallatin  
Jackson  
Johnson City  
Kingsport  
Knoxville  
Maryville  
Memphis  
Morristown  
Nashville

**Virginia**  
Bristol  
Charlottesville  
Coeburn  
Danville  
Dublin  
Fredericksburg  
Harrisonburg  
Hopewell  
Leesburg  
Lynchburg  
Manassas

Marion  
Martinsville  
Newport News  
Norfolk  
Richmond  
Roanoke  
Staunton  
Suffolk  
Vienna  
Winchester  
Woodbridge

**West Virginia**  
Charleston  
Fairmont  
Huntington  
Morgantown  
Oak Hill  
Princeton







**Bob Tillman**



Linda Johnson



Wade Dupree



Byrnal Wade



Buddy Minter

**Bob Tillman, 34,  
Manager of Lowe's of Wilmington, N. C.**

"I'm a Lowe's Baby, a product of Lowe's Companies, Inc. I came here right out of college; it's the only company where I've ever had a full-time job. At age 26, I was the youngest store manager in the company. The reason people like store management is the freedom, the flexibility, and the ability to mature. Every Lowe's store manager is different. We're not made out of the same mold. You have complete control over your operation on a day-to-day basis. It's like running your own business, but being fully aware that you're doing it with someone else's money. You have the flexibility to customize your business to the market; to hire the right people and get the right product mix. One of the reasons Lowe's is so successful is that it has never stifled the development of its people. Another is that store managers are given so much authority. The future growth of Lowe's is going to be just outstanding, because the idea, the dream of everybody being part of something big, the enthusiasm—it's all still there."

**Linda Johnson, 30,  
Manager of Incentive Programs**

"I plan the contest award trips, the meetings, maintain records on the contests, and work on special promotions. Before taking a group of people to a particular location, I often make an inspection—check the appearance of the hotel, the meeting facilities, meet the staff, and work out the tours. It all sounds very glamorous and exciting, but there are a lot of long hours involved, and of course, some time away from home. It's hard though, for me to see the bad parts of my job—I love it. Anything else would be pretty boring after doing this kind of work for 12 years. Right now, we have 16 different incentive contests going on. In

one contest alone, we're awarding \$25,000 to the winners. I think my work has real value. For instance, within the company there are some groups who over the years had been neglected as far as incentive programs and contests are concerned, and as a result, some of them were beginning to feel sort of like 'second-class citizens.' So we've concentrated on some of these groups, put together some programs for them, and already you can see a world of difference in their attitudes toward themselves and their jobs. When people are excited and proud of the work they do for Lowe's, and you know you've played a small part in that, of course it gives you satisfaction. I think the incentive programs—the cars, the money, the trips, etc. have helped make Lowe's the kind of company it is."

**Wade Dupree, 36,  
Vice President of Real Estate**

"The Real Estate Department was reorganized on January 1, 1976. Now it has 24 employees in three divisions: Expansion, Engineering and Construction, and Safety and Security. Put simply, we're involved with putting Lowe's stores in the right locations at the right price. By the end of next fiscal year, we will have opened 25 new Lowe's stores—either by buying out existing businesses, taking over old locations, or constructing all new Lowe's stores. Company management has committed us to an expansion program that will take us through July 31, 1981. In this five-year program, we are charged with the responsibility of adding 150 stores—which would double the size of the company. The theory is that 300 stores will assure our corporate goal of a billion dollars in sales. Now, we're right on target. We have our own engineers, draftsmen, architects, and job superintendents; so we're able to do all the work ourselves, including physically

building or remodeling a store. This saves us considerable money and time as opposed to subcontracting. For us, the culmination of all the efforts of a great many people is the day they 'saw the board' and open the store for business—that's the moment we all work for."

**Byrnal Wade, 25,  
Sales, Lowe's of Winston-Salem, N.C.**

"I've got all the benefits you could ask for in a job: the pay is good, the job is challenging, it's rewarding, and there's security. Motivation is the key: it's going to get better if you just work toward it. I think I'm highly motivated, and have set goals for myself. Goals are very important for a salesman. A long-range goal of mine is to be a manager someday. I work 55-60 hours a week. Yes, I've thought about a regular job, with less hours, but I don't believe I could sit down; selling is just in my system. Obviously, selling brings some problems, but I work to get them straightened out. People like me are the ones who make it all pay off. The whole burden is on the salesmen's shoulders. Without us, the company couldn't prosper but it's a two-way street. I work hard for Lowe's, but they give it back to me through my pay, benefits, contests, and awards."

**Buddy Minter, 32,  
Manager, Accusale Department**

"Accusale, our in-store data processing system, is a specialty department within Data Processing. Currently, 86 stores have it; eventually they all will. It's important to understand that Accusale is a concept more than a piece of equipment. The hardware for Accusale is Data General mini-computers in each store. Lowe's salespeople have a vid-screen with complete product and price information displayed, and each sale is rung up on these mini-computers. At the end of the sales day, our main-frame

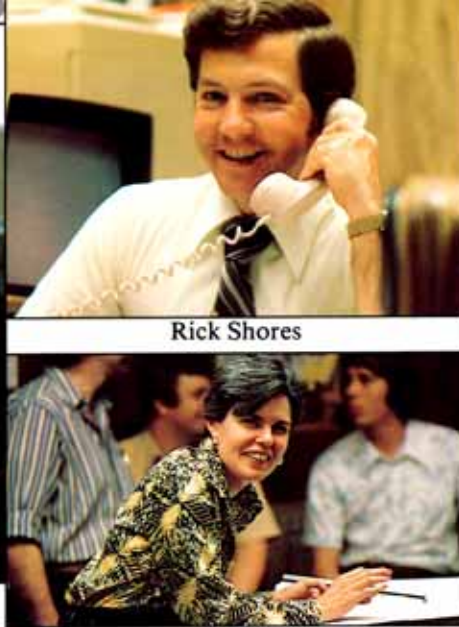




Michael Willis



Ben Phillips



Rick Shores



Delores Henriquez



Leslie Shell

computer here at the General Office, telephones the computer in each store, and all the day's information is electronically transmitted. It's very flexible and very sophisticated. We get complete sales and margin reports daily for each store, control inventory and accounts receivable, change selling prices electronically from the General Office, and so much more. And Lowe's people designed the system, installed it, maintain it, program it, and update it. To my knowledge, we were the first in the retail building materials industry to have a system like this. Now, there are a lot of point-of-sale computer systems—but Accusale is a great deal more. And we're extremely proud of that."

**Michael Willis, 32,  
Copywriter**

"Stringing words together to communicate a thought is a challenge. Any form of communication is a challenge. But I love to write! I can't imagine myself doing anything else. At Lowe's we emphasize factual copy information in our ads, information that consumers need in order to make informed, intelligent buying decisions. I read a lot of competitors' copy, and a major distinction between our ads and many of theirs is that we don't insult our customers' intelligence. I try to explain a product to myself as I write, its uses and benefits—why it would make me happier than the money it costs. It's a continuing learning situation because we're always adding new products and seeking better ways to sell established ones. I know I'll never win any literary awards for writing storm door copy, but I get a great deal of satisfaction in doing a conscientious job for a company that's a fun place to work."

**Ben Phillips, 35,  
Regional Vice President**

"I'm one of five Regional Vice

Presidents, and I'm accountable for the sales and profits of 40 North and South Carolina stores. I do that through pricing programs and expense control measures. But primarily, my efforts are directed toward the progress and well-being of the more than 1,000 people in my Region. It's a very responsible job. The biggest challenge is to match the people with the jobs and the markets. You do that by providing an opportunity for their growth, giving people the chance to play a meaningful part in the growth of a dynamic company. Lowe's provides a creative environment where a person can feel a sense of accomplishment. There's a lot of competition among Lowe's Regions—we all want to be number one. But, we encourage this healthy kind of intramural competition. Our people are proud people—they strive to better themselves, and they like to be winners."

**Rick Shores, 29,  
Purchasing Supervisor**

"Two other people and myself purchased \$25 million of appliances in fiscal '77. Fighting price increases is one of our biggest hassles. For the past three years, manufacturers have tried to increase prices quarterly. We try to resist that, and I'd say we are successful about 50% of the time. You can't sell it right unless you buy it right. Day in and day out, I have to believe that nobody buys appliances as well as we do. How we buy is important. All of our sales and purchasing power is brought to bear on every deal. Many competitors put a lot of purchasing authority at the store level; Lowe's keeps it at the corporate level. You've got to give credit to our distribution system. Most of our competitors don't have the distribution systems we have. From the time the merchandise arrives at our central warehouse, we can normally stock every one of our stores in two weeks. We are

constantly shopping for deals. We tell our suppliers 'We are going to buy 5,000 washers, and we'd like to buy them from you; if we can't deal, we will just buy them somewhere else.' "

**Delores Henriquez, 40,  
Architectural Designer in the  
Professional Services Department**

"I am one of the designers of Lowe's new Homestead house plans. I designed the Spirit of '76 and the Sequoia. I studied at the School of Architecture in Havana; then, after the revolution, I studied at Columbia University. To me, designing homes is not just drawing a few straight lines. To me, it is an idea. I try to visualize the kind of people who would live in the house, the kind of life they live, and some of the problems they would have. You can't develop a useful product unless you've thought about how people are going to use it. Right now, we're trying to fill what we have a lack of: larger houses. We're considering houses of about 2,800 to 3,200 square feet simply because some people need and want big houses, and we want to offer them for sale. You know, it's really nice to be driving along and see a house that you've designed."

**Leslie Shell, 31,  
Corporate Accounting Supervisor at  
Lowe's General Office**

"Five years ago, my department didn't even exist. We used to have an outside firm do the work. But now we do all the internal audits, prepare all the internal controls, and oversee all the income tax work for each Lowe's store. Sometimes we work 40 hours, sometimes 60 hours—it varies, based on what we have to do. I've been here five years, and I get a lot of satisfaction out of my job. I hope to be an assistant controller in the relatively near future. There are six people in my group, all young. I like the way the group thinks and responds to





Charles Taylor



Annie Parks



Steve Rominger



Tom Lackey



Gregg Wessling

challenges. And the accessibility of top management is just amazing. They always make themselves available when you need them. That's always been a strong point of Lowe's."

**Charles Taylor, 38,**  
**Training Director at Lowe's Leadership School**

"We train the future leaders of the company. We train salespeople, warehouse managers, store managers and potential store managers. For each group, the basic schedule is an intensive, one-week course that includes about 40 hours of classroom work and a lot of homework. Our goal is to improve the peoples' product knowledge, increase their selling and management skills, and most importantly, help them develop the right motivational attitudes about themselves, their customers, and their company. We've made a firm commitment to the growth and training of our people. We've had to, frankly. When Lowe's opens 25 stores in a year, it requires about 625 people in the new stores alone, plus support personnel in the General Office. So we have to meet the ever-increasing demand for qualified people. Based on what I've seen, we're going to continue to have capable, well-trained, and dedicated people leading and directing this company. One of the real rewards of my job is to see someone I have worked with succeed and move ahead. I feel good about it for the individual and for Lowe's."

**Annie Parks, 21,**  
**Consumer Sales, Lowe's of Birmingham, Alabama**

"This job is a great learning experience—in two years, I've learned so much about building materials and selling. I work about 60 hours a week, standing on my feet all the time. It bothered me at first, but now I'm used to it, and it doesn't bother me at all. I

find some resistance from the men customers, who feel that because I'm a woman, I won't know much. But after they talk to me a while, they're pleasantly surprised. And they come back to me. By now, I have a lot of regular customers, and it seems like I get new ones every day. So I can actually watch my career growing. I think for me, the future is going to be great. I know our business is growing; it seems like we've got all we can do, every day."

**Steve Rominger, 27,**  
**Contractor Sales, Lowe's of Orlando, Florida**

"Everybody has to have a goal, and my main one is to service my accounts in the best possible manner. In doing this, you make good money for yourself and for your store. About three nights a week, I get home late—anywhere from 7 p.m. to 11 p.m. It takes a special woman to be married to somebody who works at Lowe's—and I've got one of them. But it's all worth it. This will be my first million dollar sales year, and I'm looking forward to getting my first Lowe's ring. People are what make this company. We work hard, but we play hard, too. We're opening a new store near here, and we're all fired up over it. I'm going to be the Operations Manager. The future? It's exciting!"

**Tom Lackey, 25,**  
**Office/Credit Manager, Lowe's of Hagerstown, Maryland**

"As Office Manager, I'm responsible for the paperwork flow, plus hiring and training the necessary people. As Credit Manager, I'm more or less responsible for the financial well-being of this store. It's a lot of headaches, and I probably work about 60 hours a week—but I love what I'm doing. The personal satisfaction of doing a good job—and knowing that my work is noticed by the people I work for—overwhelms any bad

parts. The various incentive awards and programs are great. I've won a trip to Jamaica, several hundred dollars in collection contests, a ring and several plaques. Those are all nice, of course, but what they really show is that somebody is watching me, caring about the job I'm doing, and recognizing that I'm doing it well. It also shows that the potential for growth is there. Six years ago, I started out in the warehouse in Martinsville, Virginia. Now look where I am—and I'm not ready to stop yet. I feel that our company has done well even in bad times; and in good times, the growth is just unlimited."

**Gregg Wessling, 25,**  
**Marketing Manager for Lumber and Building Commodities.**

"Lumber and Building Commodities account for more than half of Lowe's total sales. I'm part of the team that helps the stores achieve this through merchandise selection, forecasting marketing trends, pricing suggestions, and working closely with purchasing, distribution, and advertising. I started at Lowe's when I was 16, working in the summer as a warehouseman. Between college years, I worked in sales, and upon graduation, came to work full time. I worked my way up on the sales floor, became an assistant manager, and then a store manager. I think what makes me qualified to do what I do now is that I have the field experience—I haven't always sat behind the desk. You'll find few people my age involved in marketing of lumber and commodities. The challenge now is to find new ways to market our materials. I think that Lowe's ability to grow corporately comes from the ability of Lowe's employees to grow personally. I think I'm a good case in point that Lowe's will never hold you back. As long as you're willing to work, Lowe's is going to open doors for you."



# 15th Anniversary Report



## *Corporate Information*

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### **Registrars:**

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