

LOWES COMPANIES INC  
Form 11-K  
July 26, 2005

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 11-K

- x ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED,  
EFFECTIVE OCTOBER 7, 1996]

For the fiscal year ended January 28, 2005

or

- o TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission 1-7898  
file number

A. Full Title of the Plan and the address of the Plan, if different from that of the issuer named below: **Lowe's 401(k)  
Plan**

B. Name of issuer of the securities held pursuant to the Plan and the address of its principal executive office:

**Lowe's Companies, Inc.  
1000 Lowe's Boulevard  
 Mooresville, NC 28117**

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**Lowe's 401(k) Plan  
January 28, 2005 and January 30, 2004**

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NOTE: All other supplemental schedules required by Section 2520.103-10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employment Retirement Income Security Act of 1974 have been omitted because they are not applicable.

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Plan Administrator and Participants in  
Lowe's 401(k) Plan:

We have audited the accompanying statements of net assets available for benefits of Lowe's 401(k) Plan (the "Plan") as of January 28, 2005 and January 30, 2004, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of January 28, 2005 and January 30, 2004, and the changes in net assets available for benefits for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule listed in the Table of Contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This schedule is the responsibility of the Plan's management. Such schedule has been subjected to the auditing procedures applied in our audit of the basic 2004 financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

/s/ DELOITTE & TOUCHE LLP  
Charlotte, North Carolina

July 20, 2005

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**LOWE'S 401(K) PLAN**  
**STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS**  
**JANUARY 28, 2005 AND JANUARY 30, 2004**

	<b>JANUARY 28, 2005</b>	<b>JANUARY 30, 2004</b>
<b>ASSETS</b>		
Investments (Notes 1, 2, 3, 4, and 6):		
Participant-directed investments, at fair value	\$ 2,418,052,719	\$ 2,494,680,352
Participant-directed investments, at contract value	94,799,004	95,517,211
Total investments	2,512,851,723	2,590,197,563
Receivables:		
Employer contributions	36,637,380	63,687,442
Participant contributions	3,904,302	3,418,862
Accrued interest and dividends	335,462	260,186
Total receivables	40,877,144	67,366,490
Total assets	2,553,728,867	2,657,564,053
<b>LIABILITIES - Due to broker for securities</b>		
purchased	-	1,319,907
<b>NET ASSETS AVAILABLE FOR BENEFITS</b>	<b>\$ 2,553,728,867</b>	<b>\$ 2,656,244,146</b>

See accompanying notes to financial statements.

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**LOWE'S 401(K) PLAN**  
**STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS**  
**YEARS ENDED JANUARY 28, 2005 AND JANUARY 30, 2004**

	<b>JANUARY 28, 2005</b>	<b>JANUARY 30, 2004</b>
<b>ADDITIONS:</b>		
Investment income:		
Net appreciation in fair value of investments (Notes 2 and 3)	\$ 147,628,944	\$ 936,337,486
Interest	3,756,857	2,864,446
Dividends	11,208,442	6,690,481
Total investment income	162,594,243	945,892,413
Contributions (Note 1):		
Employer contributions	68,406,578	91,297,091
Participant contributions	122,330,469	101,386,102
Total contributions	190,737,047	192,683,193
Total additions	353,331,290	1,138,575,606
<b>DEDUCTIONS:</b>		
Benefits paid to participants (Note 1)	(455,842,084)	(371,240,550)
Administrative expenses (Note 6)	(4,485)	(1,355)
Total deductions	(455,846,569)	(371,241,905)
NET (DECREASE)/INCREASE	(102,515,279)	767,333,701
<b>NET ASSETS AVAILABLE FOR BENEFITS:</b>		
Beginning of year	2,656,244,146	1,888,910,445
End of year	\$ 2,553,728,867	\$ 2,656,244,146

See accompanying notes to financial statements.

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**LOWE'S 401(k) PLAN  
NOTES TO FINANCIAL STATEMENTS  
AS OF AND FOR THE YEARS ENDED JANUARY 28, 2005 AND JANUARY 30, 2004**

1. DESCRIPTION OF THE PLAN

The following description of the Lowe's 401(k) Plan (the "Plan") provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

General: The Plan, adopted effective February 1, 1984, is a defined contribution plan covering substantially all employees of Lowe's Companies, Inc. and subsidiaries (the "Plan Sponsor") who have completed 90 days of continuous service. The Fiduciary Committee of the Board of Directors (the "Board") controls and manages the operation and administration of the Plan. State Street Bank and Trust Company ("State Street") serves as the trustee of the Plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA").

Contributions: Each year, participants may contribute from 1% to 50% of their pretax annual compensation, as defined by the Plan, subject to the Internal Revenue Code limitations. The baseline matching contribution (the "Baseline Match") under the Plan is as follows: the first 1% contributed is matched by the Plan Sponsor at the rate of 100% and participant contributions in excess of 1% and up to 6% are matched at a rate of 25% after the first anniversary of the participants date of hire. Participants may also contribute amounts representing distributions from other qualified defined benefit or defined contribution plans.

Performance Matching: The Plan also provides for a performance matching contribution (the "Performance Match") in addition to the above-mentioned Baseline Match for Plan participants with three or more years of service and who are actively employed on the last day of the fiscal year for which the Performance Match is being determined. The match amount is determined based on growth in the Plan Sponsor's net earnings before taxes from the prior fiscal year. Currently, eligible participants could receive as much as 350% of their Baseline Match based on earnings growth. The Performance Match is contributed on the second Monday of April each year. During 2005 and 2004, the Board approved performance matching contributions for the 2004 and 2003 plan years to all eligible participants totaling approximately \$37 million and \$63 million, respectively.

Participant Accounts: Individual accounts are maintained for each Plan participant. Each participant's account is credited with the participant's contribution, the employer contribution, and allocations of Plan earnings, and charged with benefit payments and allocations of Plan losses and investment expenses. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting: All participants are 100% vested in the Plan at all times.

Investments: The 14 investment options to which participants may direct their contributions include one fixed income fund, three lifestyle funds, two small-cap funds, two mid-cap funds, four large-cap funds, one international fund, and a Lowe's Companies, Inc. stock fund. Effective August 4, 2001, trust assets under the Plan attributed to a participant's previously accumulated employer fund balance and future matching contributions are invested in the investment funds available under the Plan by the trustee as directed by participants.

Payment of Benefits: On termination of service for any reason, a participant receives a lump-sum amount equal to the value of the participant's vested account.

The Plan allows for in-service withdrawals to participants under age 59-1/2 only in cases of financial hardship. Such withdrawals must total at least \$1,000 and be approved by the Plan's record-keeper or the Plan Sponsor.

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Participants who have attained age 59-1/2 are entitled to a one time in-service withdrawal of all of their accumulated balances.

The Plan allows for a one-time, in-service withdrawal to participants in the former Lowe's Companies Employee Stock Ownership Plan (the "ESOP") which was merged into the Plan effective September 13, 2002, who have attained 20 or more years of service with the Plan Sponsor. Eligible participants may withdraw 50% of their former ESOP Account balance by requesting a distribution through the Lowe's 401(k) Action Line. The distribution may be transferred to either an IRA or paid directly to the participant.

Plan Year: The Plan year coincides with the fiscal year of Lowe's Companies, Inc., which ends on the Friday nearest the end of January.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting: The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of net assets available for benefits and changes therein. Actual results could differ from those estimates. The Plan utilizes various investment instruments. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the financial statements.

Investment Valuation and Income Recognition: Investments, other than the investment contracts, are stated at fair value. Guaranteed investment contracts are stated at contract value (See Note 4). Investments in common stocks are stated at fair value based upon closing sales prices reported on recognized securities exchanges on the prior business day. Mutual funds are valued at quoted market prices, which represent the net asset values of shares held by the Plan. Money market funds are valued at cost plus accrued interest, which approximates fair value. Purchases and sales of securities are recorded on a trade-date basis. Interest and dividend income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Management fees and operating expenses charged to the Plan for investments in the mutual funds are deducted from income earned on a daily basis and are not separately reflected. Consequently, management fees and operating expenses are reflected as a reduction of investment return for such investments.

Payments of Benefits: Benefits are recorded when paid.

Expenses: As provided by the Plan document, administrative expenses (excluding certain investment management expenses) of the Plan are paid by the Plan Sponsor.

3. INVESTMENTS

The following table presents investments that represent 5% or more of the Plan's net assets available for benefits as of January 28, 2005 and January 30, 2004:

	January 28, 2005	January 30, 2004
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Lowe's Companies, Inc. common stock  
39,122,202 and 43,798,543 shares, respectively      \$ 2,229,574,292      \$ 2,345,411,977

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During fiscal years ended January 28, 2005 and January 30, 2004, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value by \$147,628,944 and \$936,337,486, respectively, as follows:

	Year Ended January 28, 2005	Year Ended January 30, 2004
Lowe's Companies, Inc.	\$ 139,081,035	\$ 910,283,848
American Century - Twentieth Century Int'l Growth Fund	488,262	1,096,540
American Century Capital Portfolios, Inc. Value Fund	(658,629)	2,137,476
American Century Ultra Fund Int.	48,633	77,014
Fidelity Equity Income Fund	569,305	4,697,185
Fidelity Magellan Fund	756,794	7,499,861
Franklin Value Investors Trust Balance Sheet Investment Fund	3,228,270	2,889,886
Safeco Growth Fund	2,153,019	2,339,714
T Rowe Price Mid Cap Growth	553,981	407,813
Vanguard 500 Index FD Admiral	167,507	310,187
Vanguard Life Strategy Fund Conservative Growth Fund	284,823	776,094
Vanguard Life Strategy Moderate Growth Portfolio	498,492	1,355,154
Vanguard Life Strategy Growth Fund	685,835	1,749,000
Clearing Fund	(228,383)	717,714
<b>TOTAL NET APPRECIATION</b>	<b>\$ 147,628,944</b>	<b>\$ 936,337,486</b>

**4. INVESTMENT CONTRACT WITH INSURANCE COMPANY**

The Plan has entered into a contract with Metropolitan Life Insurance Company ("MetLife") which maintains the contributions in a general account. The account is credited with earnings on the underlying investments and is charged for participant withdrawals. The contract is fully benefit-responsive and therefore is included in the financial statements at contract value as reported to the Plan by MetLife. Contract value represents contributions made under the contract, plus earnings, less participant withdrawals. There are no reserves against contract value for credit risk of the contract issuer or otherwise. Contract value approximates fair value at January 28, 2005 and January 30, 2004. The contract's effective annual interest rates were 3.95% and 2.60% for the years ended January 28, 2005 and January 30, 2004, respectively.

**5. PLAN TERMINATION**

Although it has not expressed any intention to do so, the Plan Sponsor has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions set forth in ERISA.

**6. EXEMPT PARTY-IN-INTEREST TRANSACTIONS**

One of the Plan's investments represents a money market fund managed by State Street. State Street is the trustee as defined by the Plan and, therefore, these transactions qualify as party-in-interest transactions. Fees paid by the Plan for investment management services were included as a reduction of the return on each fund. Fees paid by the Plan for overdraft expenses totaled \$4,485 and \$1,355 for the years ended January 28, 2005 and January 30, 2004, respectively, from the common stock of Lowe's Companies, Inc.



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At January 28, 2005 and January 30, 2004, the Plan held 39,122,202 and 43,798,543 shares, respectively of common stock of Lowe's Companies, Inc., the Plan Sponsor, with a cost basis of \$526,153,781 and \$537,335,693 respectively. During the years ended January 28, 2005 and January 30, 2004, the Plan recorded dividend income of \$6,120,589 and \$5,000,268, respectively from these shares.

7. TAX STATUS

The Internal Revenue Service has determined and informed the Plan Sponsor by a letter dated December 20, 2004, that the Plan and related trust were designed in accordance with applicable regulations of the Internal Revenue Code. The Plan Sponsor and the plan administrator believe that the Plan is currently designed and operated in compliance with the applicable requirements of the Internal Revenue Code. Therefore, no provision for income taxes has been included in the Plan's financial statements.

8. OVERDRAFT TRANSFERS

State Street is authorized to transfer funds from the respective employee funds in order to avoid overdrafts, which occur when money needs to be transferred out of the Plan to comply with participant investment elections. The transfers are invested in the State Street Bank Short-term Fund. Any interest earned while investing in the State Street Bank Short-term Fund is transferred to the respective employee funds.

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SCHEDULE OF ASSETS (HELD AT END OF YEAR)  
JANUARY 28, 2005**

<b>Identity of Issue, Borrower, Lessor, or Similar Party</b>	<b>Description of Investment, Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value</b>	<b>Cost</b>	<b>Current Value</b>
* Lowe's Companies, Inc.	Common Stock	**	\$ 2,229,574,292
* State Street Bank	Short Term Investment - Money Market Type Fund	**	12,885,971
Metropolitan Life Insurance Company, #25066	Annuity Contract	**	94,903,272
American Century - Twentieth Century International Growth Fund	Mutual Fund	**	6,881,802
American Century Capital Portfolios, Inc. Value Fund	Mutual Fund	**	14,781,304
American Century Ultra Fund Int.	Mutual Fund	**	985,067
Fidelity Equity Income Fund	Mutual Fund	**	24,458,874
Fidelity Magellan Fund	Mutual Fund	**	36,869,562
Franklin Value Investors Trust Balance Sheet Investment Fund	Mutual Fund	**	27,758,664
Safeco Growth Fund	Mutual Fund	**	13,219,829
T Rowe Price Mid Cap Growth	Mutual Fund	**	9,579,775

Vanguard 500 Index FD Admiral	Mutual Fund	**	4,626,161
Vanguard Life Strategy Fund			
Conservative Growth Fund	Mutual Fund	**	11,208,635
Vanguard Life Strategy Moderate Growth Portfolio	Mutual Fund	**	12,480,865
Vanguard Life Strategy Growth Fund	Mutual Fund	**	12,637,650
TOTAL INVESTMENTS			\$ 2,512,851,723

\* Permitted party-in-interest.

\*\* Cost information is not required for participant-directed investments and therefore, is not included.

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**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

**LOWE'S 401(k) PLAN**

July 26, 2005  
Date

/s/ Kenneth W. Black, Jr.  
Kenneth W. Black, Jr.  
Senior Vice President and Chief Accounting  
Officer

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**EXHIBIT INDEX**

<b>Exhibit No.</b>	<b>Description</b>
23	Consent of Deloitte & Touche, LLP



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