

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended May 3, 2019

or

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

For the transition period from _____ to _____

Commission File Number 1-7898



LOWE'S COMPANIES, INC.

(Exact name of registrant as specified in its charter)

North Carolina

(State or other jurisdiction of incorporation or organization)

56-0578072

(I.R.S. Employer Identification No.)

1000 Lowe's Blvd., Mooresville, NC

(Address of principal executive offices)

28117

(Zip Code)

Registrant's telephone number, including area code

(704) 758-1000

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.50	LOW	New York Stock Exchange

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

Indicate by check mark whether the registrant has submitted electronically, every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Non-accelerated filer

Accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

CLASS

OUTSTANDING AT 5/29/2019

Common Stock, \$0.50 par value

782,916,484

LOWE'S COMPANIES, INC.

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Part I - FINANCIAL INFORMATION**Item 1. Financial Statements****Lowe's Companies, Inc.****Consolidated Balance Sheets**

In Millions, Except Par Value Data

	(Unaudited) May 3, 2019	(Unaudited) May 4, 2018	February 1, 2019
Assets			
Current assets:			
Cash and cash equivalents	\$ 2,973	\$ 1,565	\$ 511
Short-term investments	190	205	218
Merchandise inventory - net	15,026	13,204	12,561
Other current assets	1,146	1,059	938
Total current assets	19,335	16,033	14,228
Property, less accumulated depreciation	18,150	19,500	18,432
Operating lease right-of-use assets	3,926	—	—
Long-term investments	235	321	256
Deferred income taxes - net	495	199	294
Goodwill	303	1,288	303
Other assets	775	896	995
Total assets	\$ 43,219	\$ 38,237	\$ 34,508
Liabilities and shareholders' equity			
Current liabilities:			
Short-term borrowings	\$ —	\$ —	\$ 722
Current maturities of long-term debt	1,008	896	1,110
Current operating lease liabilities	500	—	—
Accounts payable	11,485	10,104	8,279
Accrued compensation and employee benefits	769	715	662
Deferred revenue	1,376	1,439	1,299
Other current liabilities	2,643	2,620	2,425
Total current liabilities	17,781	15,774	14,497
Long-term debt, excluding current maturities	16,542	14,948	14,391
Noncurrent operating lease liabilities	4,064	—	—
Deferred revenue - extended protection plans	837	808	827
Other liabilities	759	962	1,149
Total liabilities	39,983	32,492	30,864
Shareholders' equity:			
Preferred stock - \$5 par value, none issued	—	—	—
Common stock - \$0.50 par value;			
Shares issued and outstanding			
May 3, 2019	795		
May 4, 2018	822		
February 1, 2019	801	397	401
Capital in excess of par value	—	—	—
Retained earnings	3,095	5,405	3,452
Accumulated other comprehensive loss	(256)	(71)	(209)
Total shareholders' equity	3,236	5,745	3,644
Total liabilities and shareholders' equity	\$ 43,219	\$ 38,237	\$ 34,508

See accompanying notes to the consolidated financial statements (unaudited).

Lowe's Companies, Inc.
Consolidated Statements of Current and Retained Earnings (Unaudited)

In Millions, Except Per Share and Percentage Data

	Three Months Ended			
	May 3, 2019		May 4, 2018	
	Amount	% Sales	Amount	% Sales
Current Earnings				
Net sales	\$ 17,741	100.00	\$ 17,360	100.00
Cost of sales	12,160	68.54	11,612	66.89
Gross margin	5,581	31.46	5,748	33.11
Expenses:				
Selling, general and administrative	3,862	21.77	3,934	22.66
Depreciation and amortization	302	1.70	349	2.01
Operating income	1,417	7.99	1,465	8.44
Interest - net	162	0.92	160	0.92
Pre-tax earnings	1,255	7.07	1,305	7.52
Income tax provision	209	1.17	317	1.83
Net earnings	\$ 1,046	5.90	\$ 988	5.69
Weighted average common shares outstanding - basic	796		825	
Basic earnings per common share	\$ 1.31		\$ 1.19	
Weighted average common shares outstanding - diluted	797		826	
Diluted earnings per common share	\$ 1.31		\$ 1.19	
Cash dividends per share	\$ 0.48		\$ 0.41	
Retained Earnings				
Balance at beginning of period	\$ 3,452		\$ 5,425	
Cumulative effect of accounting change	(263)		33	
Net earnings	1,046		988	
Cash dividends declared	(382)		(338)	
Share repurchases	(758)		(703)	
Balance at end of period	\$ 3,095		\$ 5,405	

See accompanying notes to the consolidated financial statements (unaudited).

Lowe's Companies, Inc.
Consolidated Statements of Comprehensive Income (Unaudited)

In Millions, Except Percentage Data

	Three Months Ended			
	May 3, 2019		May 4, 2018	
	Amount	% Sales	Amount	% Sales
Net earnings	\$ 1,046	5.90	\$ 988	5.69
Foreign currency translation adjustments - net of tax	(33)	(0.18)	(83)	(0.48)
Other	(15)	(0.09)	—	—
Other comprehensive loss	(48)	(0.27)	(83)	(0.48)
Comprehensive income	\$ 998	5.63	\$ 905	5.21

See accompanying notes to the consolidated financial statements (unaudited).

Lowe's Companies, Inc.
Consolidated Statements of Shareholders' Equity (Unaudited)
 In Millions

	Common Stock		Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Income/(Loss)	Total Equity
	Shares	Amount				
Balance February 1, 2019	801	\$ 401	\$ —	\$ 3,452	\$ (209)	\$ 3,644
Cumulative effect of accounting change				(263)		(263)
Net earnings				1,046		1,046
Other comprehensive loss					(47)	(47)
Cash dividends declared, \$0.48 per share				(382)		(382)
Share-based payment expense			39			39
Repurchase of common stock	(8)	(5)	(70)	(758)		(833)
Issuance of common stock under share-based payment plans	2	1	31			32
Balance May 3, 2019	795	\$ 397	\$ —	\$ 3,095	\$ (256)	\$ 3,236
Balance February 2, 2018	830	\$ 415	\$ 22	\$ 5,425	\$ 11	\$ 5,873
Cumulative effect of accounting change				33		33
Net earnings				988		988
Other comprehensive loss					(82)	(82)
Cash dividends declared, \$0.41 per share				(338)		(338)
Share-based payment expense			21			21
Repurchase of common stock	(9)	(5)	(51)	(703)		(759)
Issuance of common stock under share-based payment plans	1	1	8			9
Balance May 4, 2018	822	\$ 411	\$ —	\$ 5,405	\$ (71)	\$ 5,745

See accompanying notes to the consolidated financial statements (unaudited).

Lowe's Companies, Inc.
Consolidated Statements of Cash Flows (Unaudited)
 In Millions

	Three Months Ended	
	May 3, 2019	May 4, 2018
Cash flows from operating activities:		
Net earnings	\$ 1,046	\$ 988
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	337	387
Noncash lease expense	114	—
Deferred income taxes	(106)	(21)
(Gain) loss on property and other assets - net	(2)	6
(Gain) loss on cost method and equity method investments	(2)	—
Share-based payment expense	42	24
Changes in operating assets and liabilities:		
Merchandise inventory - net	(2,478)	(1,846)
Other operating assets	(273)	(234)
Accounts payable	3,199	3,521
Other operating liabilities	260	604
Net cash provided by operating activities	2,137	3,429
Cash flows from investing activities:		
Purchases of investments	(3)	(573)
Proceeds from sale/maturity of investments	54	556
Capital expenditures	(205)	(224)
Proceeds from sale of property and other long-term assets	24	5
Other - net	(1)	—
Net cash used in investing activities	(131)	(236)
Cash flows from financing activities:		
Net change in short-term borrowings	(722)	(1,140)
Net proceeds from issuance of long-term debt	2,972	—
Repayment of long-term debt	(616)	(13)
Proceeds from issuance of common stock under share-based payment plans	32	8
Cash dividend payments	(385)	(340)
Repurchase of common stock	(826)	(728)
Other - net	(9)	(2)
Net cash provided by (used in) financing activities	446	(2,215)
Effect of exchange rate changes on cash	(2)	(1)
Net increase in cash and cash equivalents, including cash classified within current assets held for sale	2,450	977
Less: Net decrease in cash classified within current assets held for sale	12	—
Net increase in cash and cash equivalents	2,462	977
Cash and cash equivalents, beginning of period	511	588
Cash and cash equivalents, end of period	\$ 2,973	\$ 1,565

See accompanying notes to the consolidated financial statements (unaudited).

Lowe's Companies, Inc.
Notes to Consolidated Financial Statements (Unaudited)

Note 1 : Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements (unaudited) and notes to the consolidated financial statements (unaudited) are presented in accordance with the rules and regulations of the Securities and Exchange Commission and do not include all the disclosures normally required in annual consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The consolidated financial statements (unaudited), in the opinion of management, contain all adjustments necessary to present fairly the financial position and results as of May 3, 2019, and May 4, 2018.

These interim consolidated financial statements (unaudited) should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Lowe's Companies, Inc. (the Company) Annual Report on Form 10-K for the fiscal year ended February 1, 2019 (the Annual Report). The financial results for the interim periods may not be indicative of the financial results for the entire fiscal year.

Reclassifications

Certain prior period amounts have been reclassified to conform to current classifications.

Accounting Pronouncements Recently Adopted

Effective February 2, 2019, the Company adopted Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, and all related amendments, using the optional transition approach and recognized the cumulative impact of adoption in the opening balance of retained earnings. Under ASU 2016-02, lessees are required to recognize lease assets and lease liabilities on the balance sheet for those leases previously classified as operating leases. The Company adopted the standard utilizing the transition election to not restate comparative periods for the impact of adopting the standard and recognizing the cumulative impact of adoption in the opening balance of retained earnings. The Company elected the package of transition expedients available for expired or existing contracts, which allowed the carry-forward of historical assessments of (1) whether contracts are or contain leases, (2) lease classification and (3) initial direct costs. Adoption of the standard resulted in the recording of additional net lease-related assets and lease-related liabilities of approximately \$3.6 billion and \$3.9 billion, respectively, as of February 2, 2019. The difference between the additional lease assets and lease liabilities, net of the \$87 million deferred tax impact, was \$263 million and was recorded as an adjustment to retained earnings. This adjustment to retained earnings primarily represents the write-off of right-of-use assets associated with closed locations, net of previously established store closing lease obligations as well as the derecognition of build-to-suit leases. The adoption of this standard by the Company did not have a material impact on its consolidated statements of earnings, comprehensive income or cash flows and will have no impact on the Company's debt covenant compliance under its current agreements. See Note 3 for additional details of the Company's leases.

Note 2 : Change in Accounting Principle - During the fourth quarter of fiscal 2018, the Company changed its method of accounting for shipping and handling costs from the Company's stores, distribution centers, and other locations to customers. Under the new accounting principle, shipping and handling costs related to the delivery of products from the Company to customers are included in costs of sales, whereas previously, they were included in SG&A expense as well as depreciation and amortization. In connection with the change in presentation, the Company also changed its definition of shipping and handling costs to include all direct and indirect costs associated with delivering product to a customer, including expenses associated with the central delivery terminals and depreciation and amortization of delivery assets. Under the previous definition of shipping and handling costs, the Company only included third-party delivery costs, salaries, and vehicle operations expenses relating to the delivery of product from stores and distribution centers to customers. The impact of this change in definition was not material.

The Company believes including these expenses in cost of sales is preferable, as it better aligns these costs with the related revenue in the gross profit calculation and is consistent with the practices of other retailers. This change in accounting principle has been applied retrospectively, and the consolidated statements of earnings reflect the effect of this accounting principle change in all years presented. This reclassification had no impact on operating income, net earnings or diluted earnings per share. The consolidated balance sheets, the consolidated statements of comprehensive income, consolidated

statements of shareholders' equity, and the consolidated statements of cash flows were not impacted by this accounting principle change.

The consolidated statements of earnings for the three months ended May 4, 2018 has been adjusted to reflect this change in accounting principle. The impact of the adjustment for the three months ended May 4, 2018 was an increase of \$265 million to cost of sales and a corresponding decrease to SG&A expense of \$255 million and depreciation and amortization expense of \$10 million .

Note 3 : Leases - During the first quarter of fiscal 2019, the Company adopted ASU 2016-02, *Leases (Topic 842)* , which requires leases to be recognized on the balance sheet. Leases with an original term of 12 months or less are not recognized on the Company's balance sheet, and the lease expense related to those short-term leases is recognized over the lease term. The Company does not account for lease and non-lease (e.g. common area maintenance) components of contracts separately for any underlying asset class.

The Company leases certain retail stores, warehouses, distribution centers, office space, land and equipment under finance and operating leases. Lease commencement occurs on the date the Company takes possession or control of the property or equipment. Original terms for our facility-related leases are generally between five and 20 years. These leases generally contain provisions for four to six renewal options of five years each. Original terms for equipment-related leases, primarily material handling equipment and vehicles, are generally between one and seven years . Some of the Company's leases also include rental escalation clauses and/or termination provisions. Renewal options and termination options are included in the determination of lease payments when appropriate based on management's assessment of the probability that the options will be exercised, considering the facility's financial performance, strategic importance and/or invested capital.

If readily determinable, the rate implicit in the lease is used to discount lease payments to present value; however, substantially all of the Company's leases do not provide a readily determinable implicit rate. When the implicit rate is not determinable, the Company's estimated incremental borrowing rate is utilized, determined on a collateralized basis, to discount lease payments based on information available at lease commencement.

Some lease agreements also provide for contingent rentals based on sales performance in excess of specified minimums or on changes in the consumer price index. Contingent rentals, which are based on future performance or changes in indices, are excluded from the determination of lease payments and were not significant for any of the periods presented. The Company's lease agreements do not contain any material restrictions or covenants or any material residual value guarantees.

The Company subleases certain properties that are not used in its operations. Sublease income was not significant for any of the periods presented.

The table below presents the lease-related assets and liabilities recorded on the balance sheet.

Leases (in millions)	Classification	May 3, 2019
Assets		
Operating lease assets	Operating lease right-of-use assets	\$ 3,926
Finance lease assets	Property, less accumulated depreciation ¹	289
Total lease assets		4,215
Liabilities		
Current		
Operating	Current operating lease liabilities	500
Finance	Current maturities of long-term debt	33
Non-current		
Operating	Non-current operating lease liabilities	4,064
Finance	Long-term debt, excluding current maturities	388
Total lease liabilities		\$ 4,985

¹ Finance lease assets are recorded net of accumulated amortization of \$8 million as of May 3, 2019 .

The table below presents the lease costs for finance and operating leases for the first quarter of fiscal 2019.

Lease Cost (in millions)	Three Months Ended May 3, 2019	
Finance lease cost		
Amortization of leased assets	\$	8
Interest on lease liabilities		7
Operating lease cost ¹		163
Total lease cost	\$	178

¹ Includes short-term leases, variable lease costs, and sublease income, which are immaterial.

The future minimum rental payments required under operating leases and capitalized lease obligations as of May 3, 2019 having initial or remaining non-cancelable lease terms in excess of one year are summarized as follows:

Maturity of lease liabilities (In millions)	Operating Leases ^{1,3}		Finance Leases ^{2,3}		Total
2019	\$	463	\$	41	\$ 504
2020		664		60	724
2021		636		60	696
2022		642		63	705
2023		554		58	612
After 2023		2,934		323	3,257
Total lease payments		5,893		605	6,498
Less: interest ⁴		(1,329)		(184)	(1,513)
Present value of lease liabilities ⁵	\$	4,564	\$	421	\$ 4,985

¹ Operating lease payments include \$202 million related to options to extend lease terms that are reasonably certain of being exercised and exclude \$107 million of minimum lease payments for leases signed but not yet commenced.

² Finance lease payments include \$19 million related to options to extend lease terms that are reasonably certain of being exercised and exclude \$329 million of minimum lease payments for leases signed but not yet commenced.

³ Future minimum rental payments required under operating leases and capitalized lease obligations, as of February 1, 2019, are disclosed in the fiscal year 2018 Annual Report prepared in accordance with Accounting Standards Codification (ASC) 840, Leases.

⁴ Calculated using the lease-specific incremental borrowing rate.

⁵ Includes the current portion of \$500 million for operating leases and \$33 million for finance leases.

Lease Term and Discount Rate	May 3, 2019
Weighted-average remaining lease term (years)	
Operating leases	10.68
Finance leases	11.07
Weighted-average discount rate	
Operating lease	4.17%
Finance leases	7.48%

Other Information

(In millions)

Three Months Ended
May 3, 2019

Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$	200
Operating cash flows from finance leases		7
Financing cash flows from finance leases		8
Leased assets obtained in exchange for new finance lease liabilities		3
Leased assets obtained in exchange for new operating lease liabilities		145

Prior Period Disclosures

As a result of the adoption of ASC 842, *Leases*, on February 2, 2019, the Company is required to present future minimum lease payments for operating leases and capitalized lease obligations having initial or remaining non-cancelable lease terms in excess of one year. These future minimum lease payments were previously disclosed in our 2018 Annual Report on Form 10-K and accounted for under previous lease guidance. Commitments as of February 1, 2019 were as follows:

Fiscal Year (In millions)	February 1, 2019		
	Operating Leases	Capitalized Lease Obligations	Total
2019	\$ 595	\$ 133	\$ 728
2020	605	87	692
2021	564	90	654
2022	519	87	606
2023	473	86	559
Later years	2,609	783	3,392
Total minimum lease payments	\$ 5,365	\$ 1,266	\$ 6,631
Less amount representing interest		(492)	
Present value of minimum lease payments		774	
Less current maturities		(65)	
Present value of minimum lease payments, less current maturities		\$ 709	

Note 4 : Revenue Recognition - Net sales consists primarily of revenue, net of sales tax, associated with contracts with customers for the sale of goods and services in amounts that reflect consideration the Company is entitled to in exchange for those goods and services.

The following table presents the Company's sources of revenue:

(In millions)	Three Months Ended	
	May 3, 2019	May 4, 2018
Products	\$ 16,900	\$ 16,501
Services	554	624
Other	287	235
Net sales	\$ 17,741	\$ 17,360

Revenue from products primarily relates to in-store and online merchandise purchases, which are recognized at the point in time when the customer obtains control of the merchandise, which is at the time of in-store purchase or delivery of the product to the customer. A provision for anticipated merchandise returns is provided through a reduction of sales and cost of sales in the period that the related sales are recorded. The merchandise return reserve is presented on a gross basis, with a separate asset and liability included in the consolidated balance sheets. Anticipated sales returns reflected in other current liabilities were \$287 million at May 3, 2019 and \$305 million at May 4, 2018. The associated right of return assets reflected in other current assets were \$190 million at May 3, 2019 and \$197 million at May 4, 2018.

Revenues from services primarily relate to professional installation services the Company provides through subcontractors related to merchandise purchased by a customer. In certain instances, installation services include materials provided by the subcontractor, and both product and installation are included in service revenue. The Company recognizes revenue associated with services as they are rendered, and the majority of services are completed within one week from initiation.

Deferred revenue is presented for merchandise that has not yet transferred control to the customer and for services that have not yet been provided, but for which tender has been accepted. Deferred revenue is recognized in sales either at a point in time when the customer obtains control of merchandise through pickup or delivery, or over time as services are provided to the customer. Deferred revenues associated with amounts received for which customers have not taken possession of the merchandise or for which installation has not yet been completed were \$935 million and \$1.0 billion at May 3, 2019 and May 4, 2018, respectively. The majority of revenue for goods and services is recognized in the quarter following revenue deferral.

Stored-value cards

In addition, the Company defers revenues from stored-value cards, which include gift cards and returned merchandise credits, and recognizes revenue into sales when the cards are redeemed. The liability associated with outstanding stored-value cards was \$441 million and \$437 million at May 3, 2019, and May 4, 2018, respectively, and these amounts are included in deferred revenue on the consolidated balance sheets. The Company recognizes income from unredeemed stored-value cards in proportion to the pattern of rights exercised by the customer. Amounts recognized as breakage were insignificant for the three months ended May 3, 2019 and May 4, 2018.

Extended protection plans

The Company also defers revenues for its separately-priced extended protection plan contracts, which is a Lowe's-branded program for which the Company is ultimately self-insured. The Company recognizes revenue from extended protection plan sales on a straight-line basis over the respective contract term. Extended protection plan contract terms primarily range from one to five years from the date of purchase or the end of the manufacturer's warranty, as applicable. Deferred revenue from extended protection plans recognized into sales were \$99 million for the three months ended May 3, 2019 and \$95 million for the three months ended May 4, 2018. Incremental direct acquisition costs associated with the sale of extended protection plans are also deferred and recognized as expense on a straight-line basis over the respective contract term and were insignificant at May 3, 2019 and May 4, 2018, respectively. The Company's extended protection plan deferred costs are included in other assets (noncurrent) on the consolidated balance sheets. All other costs, such as costs of services performed under the contract, general and administrative expenses, and advertising expenses are expensed as incurred.

The liability for extended protection plan claims incurred is included in other current liabilities on the consolidated balance sheets and was not material in any of the periods presented. Expenses for claims are recognized when incurred and totaled \$48 million and \$46 million for the three months ended May 3, 2019 and May 4, 2018, respectively.

Disaggregation of Revenues

The following table presents the Company's net sales disaggregated by merchandise division:

(In millions)	Three Months Ended			
	May 3, 2019		May 4, 2018	
	Total Sales	%	Total Sales	%
Home Décor ¹	\$ 6,272	36%	\$ 6,201	36%
Hardlines ²	5,528	31	5,128	30
Building Products ³	5,524	31	5,524	31
Other	417	2	507	3
Total	\$ 17,741	100%	\$ 17,360	100%

¹ Home Décor includes the following product categories: Appliances, Decor, Flooring, Kitchens & Bath, and Paint

² Hardlines includes the following product categories: Hardware, Lawn & Garden, Seasonal & Outdoor Living, and Tools

³ Building Products includes the following product categories: Lighting, Lumber & Building Materials, Millwork, and Rough Plumbing & Electrical

The following table presents the Company's net sales disaggregated by geographical area:

(In millions)	Three Months Ended	
	May 3, 2019	May 4, 2018
United States	\$ 16,647	\$ 16,173
International	1,094	1,187
Net Sales	\$ 17,741	\$ 17,360

Note 5 : Fair Value Measurements - Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The authoritative guidance for fair value measurements establishes a three-level hierarchy, which encourages an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of the hierarchy are defined as follows:

- Level 1 - inputs to the valuation techniques that are quoted prices in active markets for identical assets or liabilities
- Level 2 - inputs to the valuation techniques that are other than quoted prices but are observable for the assets or liabilities, either directly or indirectly
- Level 3 - inputs to the valuation techniques that are unobservable for the assets or liabilities

Assets and Liabilities that are Measured at Fair Value on a Recurring Basis

The following table presents the Company's financial assets measured at fair value on a recurring basis as of May 3, 2019, May 4, 2018, and February 1, 2019. The fair values of these instruments approximated amortized costs.

(In millions)	Measurement Level	Fair Value Measurements at		
		May 3, 2019	May 4, 2018	February 1, 2019
Short-term investments:				
Available-for-sale securities				
Money market funds	Level 1	\$ 156	\$ 188	\$ 207
Agency securities	Level 2	22	—	10
Corporate debt securities	Level 2	12	—	1
Certificates of deposit	Level 1	—	17	—
Total short-term investments		\$ 190	\$ 205	\$ 218
Long-term investments:				
Available-for-sale securities				
Corporate debt securities	Level 2	\$ 181	\$ —	\$ 191
Agency securities	Level 2	28	—	65
U.S. Treasury securities	Level 1	26	—	—
Municipal floating rate obligations	Level 2	—	321	—
Total long-term investments		\$ 235	\$ 321	\$ 256

There were no transfers between Levels 1, 2 or 3 during any of the periods presented.

When available, quoted prices were used to determine fair value. When quoted prices in active markets were available, investments were classified within Level 1 of the fair value hierarchy. When quoted prices in active markets were not available, fair values were determined using pricing models, and the inputs to those pricing models were based on observable market inputs. The inputs to the pricing models were typically benchmark yields, reported trades, broker-dealer quotes, issuer spreads and benchmark securities, among others.

Assets and Liabilities that are Measured at Fair Value on a Nonrecurring Basis

During the three months ended May 3, 2019 and May 4, 2018, the Company had no significant measurements of assets and liabilities at fair value on a nonrecurring basis subsequent to their initial recognition.

Fair Value of Financial Instruments

The Company's financial instruments not measured at fair value on a recurring basis include cash and cash equivalents, accounts receivable, short-term borrowings, accounts payable, accrued liabilities and long-term debt and are reflected in the financial statements at cost. With the exception of long-term debt, cost approximates fair value for these items due to their short-term nature. The fair values of the Company's unsecured notes were estimated using quoted market prices. The fair values of the Company's mortgage notes were estimated using discounted cash flow analyses, based on the future cash outflows associated with these arrangements and discounted using the applicable incremental borrowing rate.

Carrying amounts and the related estimated fair value of the Company's long-term debt, excluding capitalized lease obligations, are as follows:

(In millions)	May 3, 2019		May 4, 2018		February 1, 2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Unsecured notes (Level 1)	\$ 17,090	\$ 17,261	\$ 14,963	\$ 15,151	\$ 14,721	\$ 14,473
Mortgage notes (Level 2)	6	6	6	7	6	6
Long-term debt (excluding capitalized lease obligations)	\$ 17,096	\$ 17,267	\$ 14,969	\$ 15,158	\$ 14,727	\$ 14,479

Note 6 : Restricted Investment Balances - Short-term and long-term investments include restricted balances pledged as collateral primarily for the Company's extended protection plan program. Restricted balances included in short-term investments were \$190 million at May 3, 2019, \$188 million at May 4, 2018, and \$218 million at February 1, 2019.

Restricted balances included in long-term investments were \$235 million at May 3, 2019, \$298 million at May 4, 2018, and \$256 million at February 1, 2019.

Note 7 : Property - Property is shown net of accumulated depreciation of \$17.3 billion at May 3, 2019, \$17.4 billion at May 4, 2018, and \$17.4 billion at February 1, 2019.

Note 8 : Long-Term Debt - During the first quarter of fiscal 2019, the Company issued \$3.0 billion of unsecured notes as follows:

Issue Date	Principal Amount (in millions)	Maturity Date	Fixed vs. Floating	Interest Rate	Discount (in millions)
April 5, 2019	\$ 1,500	April 2029	Fixed	3.650%	\$ 9
April 5, 2019	\$ 1,500	April 2049	Fixed	4.550%	\$ 19

Interest on the notes issued in 2019 is payable semiannually in arrears in April and October of each year until maturity.

The indenture governing the notes issued in 2019 contains a provision that allows the Company to redeem these notes at any time, in whole or in part, at specified redemption prices, plus accrued and unpaid interest, if any, up to the date of redemption. The indenture also contains a provision that allows the holders of the notes to require the Company to repurchase all or any part of their notes if a change of control triggering event occurs. If elected under the change of control provisions, the repurchase of the notes will occur at a purchase price of 101% of the principal amount, plus accrued and unpaid interest, if any, on such notes up to the date of purchase. The indenture governing the notes does not limit the aggregate principal amount of debt securities that the Company may issue and does not require the Company to maintain specified financial ratios or levels of net worth or liquidity. However, the indenture includes various restrictive covenants, none of which is expected to impact the Company's liquidity or capital resources.

Note 9 : Shareholders' Equity - The Company has a share repurchase program that is executed through purchases made from time to time either in the open market, which may be made under pre-set trading plans meeting the requirements of Rule 10b5-1(c) of the Securities Exchange Act of 1934, or through private off-market transactions. Shares purchased under the

repurchase program are retired and returned to authorized and unissued status. On January 26, 2018, the Company's Board of Directors authorized a \$5.0 billion share repurchase program with no expiration, which was announced on the same day. On December 12, 2018, the Company's Board of Directors authorized an additional \$10.0 billion share repurchase program with no expiration, which was announced on the same day. As of May 3, 2019, the Company had \$13.1 billion remaining in its share repurchase program.

In November 2018, the Company entered into an Accelerated Share Repurchase (ASR) agreement with a third-party financial institution to repurchase \$270 million of the Company's common stock. At inception, pursuant to the agreement, the Company paid \$270 million to the financial institution using cash on hand, and took delivery of 2.6 million shares. The Company finalized the transaction and received an additional 0.3 million shares in February 2019.

In March 2019, the Company entered into a variable notional ASR agreement with a third-party financial institution to repurchase \$350 million to \$500 million of the Company's common stock. At inception, pursuant to the agreement, the Company paid \$500 million to the financial institution using cash on hand, and took delivery of 2.9 million shares. The Company finalized the transaction to receive an additional 0.3 million shares prior to the end of the first quarter. Subsequent to the end of the first quarter, the Company received a \$150 million cash payment from the third-party financial institution, which is equal to the difference between the \$500 million payment made at inception and the final notional amount.

Under the terms of the ASR agreements, upon settlement, the Company would either receive additional shares from the applicable financial institution or be required to deliver additional shares or cash to such financial institution. The Company controlled the election to either deliver additional shares or cash to the financial institution, and the ASR agreements were subject to provisions which limited the number of shares the Company would be required to deliver.

The final number of shares received upon settlement of each of the ASR agreements was determined with reference to the volume-weighted average price of the Company's common stock over the term of the applicable ASR agreement. The initial repurchase of shares under the agreements resulted in an immediate reduction of the outstanding shares used to calculate the weighted-average common shares outstanding for basic and diluted earnings per share.

Each ASR agreement was accounted for as a treasury stock transaction and forward stock purchase contract. The par value of the shares received was recorded as a reduction to common stock with the remainder recorded as a reduction to capital in excess of par value and retained earnings. The forward stock purchase contract was considered indexed to the Company's own stock and was classified as an equity instrument.

In addition, during the three months ended May 3, 2019, the Company repurchased shares of its common stock through the open market totaling 4.5 million shares for a cost of \$468 million.

The Company also withholds shares from employees to satisfy either the exercise price of stock options exercised or the statutory withholding tax liability resulting from the vesting of share-based awards.

Shares repurchased for the three months ended May 3, 2019 and May 4, 2018 were as follows:

(In millions)	Three Months Ended			
	May 3, 2019		May 4, 2018	
	Shares	Cost ¹	Shares	Cost ¹
Share repurchase program	8.0	\$ 818	8.7	\$ 750
Shares withheld from employees	0.1	13	0.1	8
Total share repurchases	8.1	\$ 831	8.8	\$ 758

¹ Reductions of \$758 million and \$703 million were recorded to retained earnings, after capital in excess of par value was depleted, for the three months ended May 3, 2019 and May 4, 2018, respectively.

Note 10 : Earnings Per Share - The Company calculates basic and diluted earnings per common share using the two-class method. Under the two-class method, net earnings are allocated to each class of common stock and participating security as if all of the net earnings for the period had been distributed. The Company's participating securities consist of share-based payment awards that contain a nonforfeitable right to receive dividends and, therefore, are considered to participate in undistributed earnings with common shareholders.

Basic earnings per common share excludes dilution and is calculated by dividing net earnings allocable to common shares by the weighted-average number of common shares outstanding for the period. Diluted earnings per common share is calculated by dividing net earnings allocable to common shares by the weighted-average number of common shares as of the balance sheet date, as adjusted for the potential dilutive effect of non-participating share-based awards. The following table reconciles earnings per common share for the three months ended May 3, 2019 and May 4, 2018 :

(In millions, except per share data)	Three Months Ended	
	May 3, 2019	May 4, 2018
Basic earnings per common share:		
Net earnings	\$ 1,046	\$ 988
Less: Net earnings allocable to participating securities	(3)	(3)
Net earnings allocable to common shares, basic	\$ 1,043	\$ 985
Weighted-average common shares outstanding	796	825
Basic earnings per common share	\$ 1.31	\$ 1.19
Diluted earnings per common share:		
Net earnings	\$ 1,046	\$ 988
Less: Net earnings allocable to participating securities	(3)	(3)
Net earnings allocable to common shares, diluted	\$ 1,043	\$ 985
Weighted-average common shares outstanding	796	825
Dilutive effect of non-participating share-based awards	1	1
Weighted-average common shares, as adjusted	797	826
Diluted earnings per common share	\$ 1.31	\$ 1.19

Stock options to purchase 0.6 million and 0.6 million shares of common stock were anti-dilutive for the three months ended May 3, 2019 and May 4, 2018 , respectively.

Note 11 : Income Taxes - The Company's effective income tax rates were 16.6% and 24.3% for the three months ended May 3, 2019 and May 4, 2018 , respectively. The decrease in the effective income tax rate is primarily due to a favorable tax benefit recorded during the quarter associated with the planned exit of the Mexico retail operations. In fiscal 2018, the Company announced its intention to exit its Mexico retail operations and had planned to sell the operating business. However, in the first quarter of 2019, after an extensive market evaluation, the decision was made to instead sell the assets of the business through liquidation.

Note 12 : Supplemental Disclosure

Net interest expense is comprised of the following:

(In millions)	Three Months Ended	
	May 3, 2019	May 4, 2018
Long-term debt	\$ 154	\$ 145
Finance lease obligations	7	—
Capitalized lease obligations	—	15
Interest income	(7)	(3)
Interest capitalized	—	(1)
Other	8	4
Interest - net	\$ 162	\$ 160

Supplemental disclosures of cash flow information:

(In millions)	Three Months Ended	
	May 3, 2019	May 4, 2018
Cash paid for interest, net of amount capitalized ¹	\$ 287	\$ 288
Cash paid for income taxes - net	\$ 19	\$ 43
Non-cash investing and financing activities:		
Non-cash property acquisitions, including assets acquired under capital lease ¹	\$ 4	\$ 8
Cash dividends declared but not paid	\$ 382	\$ 338

¹ Upon adoption of ASU 2016-02, Leases, the Company presents supplemental cash flow disclosures related to its finance and operating leases within Note 3.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Lowe's Companies, Inc.

Results of Review of Interim Financial Information

We have reviewed the accompanying consolidated balance sheets of Lowe's Companies, Inc. and subsidiaries (the "Company") as of May 3, 2019 and May 4, 2018, the related consolidated statements of current and retained earnings, comprehensive income, shareholders' equity, and cash flows for the fiscal three-month periods ended May 3, 2019 and May 4, 2018, and the related notes (collectively referred to as the "interim financial information"). Based on our reviews, we are not aware of any material modifications that should be made to the accompanying interim financial information for it to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheet of the Company as of February 1, 2019, and the related consolidated statements of earnings, comprehensive income, shareholders' equity, and cash flows for the fiscal year then ended (not presented herein); and in our report dated April 1, 2019, we expressed an unqualified opinion on those consolidated financial statements and included an explanatory paragraph regarding the reclassification of shipping and handling costs relating to the delivery of products to customers from selling, general and administrative and depreciation and amortization to cost of sales. In our opinion, the information set forth in the accompanying consolidated balance sheet as of February 1, 2019, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

Basis for Review Results

This interim financial information is the responsibility of the Company's management. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our reviews in accordance with standards of the PCAOB. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the PCAOB, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

/s/ DELOITTE & TOUCHE LLP

Charlotte, North Carolina
May 31, 2019

Item 2.

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

This discussion and analysis summarizes the significant factors affecting our consolidated operating results, liquidity and capital resources during the three months ended May 3, 2019, and May 4, 2018. This discussion and analysis should be read in conjunction with the consolidated financial statements and notes to the consolidated financial statements that are included in our Annual Report on Form 10-K for the fiscal year ended February 1, 2019 (the Annual Report), as well as the consolidated financial statements (unaudited) and notes to the consolidated financial statements (unaudited) contained in this report. Unless otherwise specified, all comparisons made are to the corresponding period of 2018. This discussion and analysis is presented in six sections:

- Executive Overview
- Operations
- Financial Condition, Liquidity and Capital Resources
- Off-Balance Sheet Arrangements
- Contractual Obligations and Commercial Commitments
- Critical Accounting Policies and Estimates

EXECUTIVE OVERVIEW

Net sales and net earnings increased for the first quarter of 2019 by 2.2% to \$17.7 billion and 5.9% to \$1.0 billion, respectively. Diluted earnings per common share increased 9.7% in the first quarter of 2019 to \$1.31 from \$1.19 in the first quarter of the prior year. During the prior year, the Company announced its intention to exit its Mexico retail operations and had planned to sell the operating business. However, during the first quarter of 2019, after an extensive market evaluation, the decision was made to instead sell the assets of the business. This resulted in an \$82 million tax benefit which was offset by \$12 million of pre-tax operating costs for the Mexico retail operations during the quarter. Excluding the impact of these items, adjusted diluted earnings per common share increased 2.5% to \$1.22 in the first quarter of 2019 from diluted earnings per common share of \$1.19 in the same period of the prior year (see discussion of non-GAAP financial measures beginning on page 20).

For the first quarter of 2019, cash flows from operating activities were approximately \$2.1 billion, with \$205 million used for capital expenditures. Continuing to deliver on our commitment to return excess cash to shareholders, during the first quarter of 2019, we paid \$385 million in dividends and repurchased \$818 million of common stock through our share repurchase program.

We capitalized on Spring demand by transitioning for the season more efficiently and setting our stores earlier to ensure we had sufficient inventory on-hand. Our team improved sales floor productivity and leveraged our Spring Black Friday event through strong messaging and personalized marketing to take advantage of seasonal project demand. As a result, during the first quarter of 2019, 13 of 15 U.S. regions experienced increases in comparable sales. Ten of 13 product categories generated positive comparable sales increases, with particular strength in Seasonal & Outdoor Living, Lawn & Garden, Tools, and Appliances. Our commitment to improving in-stocks and customer service, as well as focusing on winning with the Pro customer, were keys to our improved sales performance during the quarter.

While we drove solid top line sales for the quarter, we also experienced a convergence of factors which led to gross margin pressure. During the past six months, as we worked to ensure we have the best talent in position to execute our strategy, we experienced an unprecedented level of change in our Merchandising organization by replacing 11 of 13 merchandising vice presidents and two of three merchandising senior vice presidents. This level of change, combined with ineffective legacy pricing tools and processes, negatively impacted our ability to quickly analyze and effectively offset cost increases with pricing actions. However, the Company is taking decisive actions to improve gross margin for the balance of 2019, inclusive of establishing more efficient processes to systematically analyze, prioritize and implement pricing actions to offset cost pressures. In addition, we are making investments to improve our pricing analytic capabilities through our acquisition of the Retail Analytics platform from Boomerang Commerce, subsequent to the end of the first quarter. Furthermore, our new merchandising leaders are now established in their roles and as they gain comfort with their categories and assortments, the Company will gain stability and balance within the merchandising organization.

As we continue through our multi-year transformation, we remain focused on our mission of delivering the right home improvement products, with the best service and value, across every channel and community we serve. We are in the early stages of this transformation and remain committed to taking the necessary actions and making the necessary investments to position Lowe's for sustainable long-term growth.

OPERATIONS

The following tables set forth the percentage relationship to net sales of each line item of the consolidated statements of current and retained earnings (unaudited), as well as the percentage change in dollar amounts from the prior period. These tables should be read in conjunction with the following discussion and analysis and the consolidated financial statements (unaudited), including the related notes to the consolidated financial statements (unaudited).

	Three Months Ended		Basis Point Increase / (Decrease) in Percentage of Net Sales from Prior Period ¹	Percentage Increase / (Decrease) in Dollar Amounts from Prior Period ¹
	May 3, 2019	May 4, 2018	2019 vs. 2018	2019 vs. 2018
Net sales	100.00%	100.00%	N/A	2.2 %
Gross margin	31.46	33.11	(165)	(2.9)
Expenses:				
Selling, general and administrative	21.77	22.66	(89)	(1.8)
Depreciation and amortization	1.70	2.01	(31)	(13.5)
Operating income	7.99	8.44	(45)	(3.3)
Interest - net	0.92	0.92	—	1.2
Pre-tax earnings	7.07	7.52	(45)	(3.9)
Income tax provision	1.17	1.83	(66)	(34.2)
Net earnings	5.90%	5.69%	21	5.9 %

¹ In the fourth quarter of fiscal 2018, we changed our method of accounting for shipping and handling costs from the Company's stores, distribution centers, and other locations to customers. Under this new accounting principle, shipping and handling costs related to the delivery of products from the Company to customers are included in costs of sales, whereas they were previously included in selling, general, and administrative expense, and depreciation and amortization. Amounts presented for the three months ended May 4, 2018 reflect adjusted amounts in accordance with this accounting principle change.

Other Metrics	Three Months Ended	
	May 3, 2019	May 4, 2018
Comparable sales increase ¹	3.5%	0.6%
Total customer transactions (in millions)	230	232
Average ticket ²	\$ 77.19	\$ 74.98
At end of period:		
Number of stores	2,002	2,154
Sales floor square feet (in millions)	209	215
Average store size selling square feet (in thousands) ³	104	100
Return on invested capital ⁴	11.5%	17.0%

¹ A comparable location is defined as a location that has been open longer than 13 months. A location that is identified for relocation is no longer considered comparable in the month of its relocation. The relocated location must then remain open longer than 13 months to be considered comparable. A location we have decided to close is no longer considered comparable as of the beginning of the month in which we announce its closing. Acquired locations are included in the comparable sales calculation beginning in the first full month following the first anniversary of the date of the acquisition. Comparable sales include online sales, which positively impacted first quarter fiscal 2019 and first quarter fiscal 2018 comparable sales by approximately 70 basis points and 85 basis points, respectively. The comparable store sales calculation included in the preceding table was calculated using comparable 13-week periods.

² Average ticket is defined as net sales divided by the total number of customer transactions.

³ Average store size selling square feet is defined as sales floor square feet divided by the number of stores open at the end of the period. The average Lowe's-branded home improvement store has approximately 112,000 square feet of retail selling space.

⁴ Return on invested capital is a non-GAAP financial measure. See below for additional information and a reconciliation to the most comparable GAAP measure.

Non-GAAP Financial Measures

Adjusted Diluted Earnings Per Share

Adjusted diluted earnings per share is considered a non-GAAP financial measure. The Company believes this non-GAAP financial measure provides useful insight for analysts and investors in evaluating what management considers the Company's core financial performance. Adjusted diluted earnings per share excludes the impact of certain discrete items, as further described below, not contemplated in the Company's original business outlook for fiscal 2019. Unless otherwise noted, the income tax effect of these adjustments is calculated using the marginal rates for the respective periods.

The Company previously announced its intention to exit its Mexico retail operations and had planned to sell the operating business. However, in the first quarter of 2019, after an extensive market evaluation, the decision was made to instead sell the assets of the business through liquidation. As a result, in the first quarter of 2019, the Company recognized favorable net income of \$70 million or net \$0.09 per share impact associated with a favorable tax benefit due to the decision to pursue a sale through liquidation, offset by losses, net of tax, for the period associated with the wind-down of the Mexico operations (Mexico adjustments).

Adjusted diluted earnings per share should not be considered an alternative to, or more meaningful indicator of, the Company's diluted earnings per common share as prepared in accordance with GAAP. The Company's methods of determining this non-GAAP financial measure may differ from the method used by other companies for this or similar non-GAAP financial measures. Accordingly, these non-GAAP measures may not be comparable to the measures used by other companies.

	Three Months Ended					
	May 3, 2019			May 4, 2018		
	Pre-Tax Earnings	Tax	Net Earnings	Pre-Tax Earnings	Tax	Net Earnings
Diluted earnings per share, as reported			\$ 1.31			\$ 1.19
Mexico adjustments	0.01	(0.10)	(0.09)	—	—	—
Adjusted diluted earnings per share			\$ 1.22			\$ 1.19

Return on Invested Capital

Return on Invested Capital (ROIC) is calculated using a non-GAAP financial measure. We believe ROIC is a meaningful metric for investors because it represents management's measure of how effectively the Company is using capital to generate profits. Although ROIC is a common financial metric, numerous methods exist for calculating ROIC. Accordingly, the method used by our management to calculate ROIC may differ from the methods other companies use to calculate their ROIC. We encourage you to understand the methods used by another company to calculate its ROIC before comparing its ROIC to ours.

We define ROIC as rolling 12 months' lease adjusted net operating profit after tax (Lease adjusted NOPAT) divided by the average of current year and prior year ending debt and equity. Lease adjusted NOPAT is a non-GAAP financial measure, and net earnings is considered to be the most comparable GAAP financial measure to Lease adjusted NOPAT. The calculation of ROIC, together with a reconciliation of Lease adjusted NOPAT to net earnings, the most comparable GAAP financial measure, is as follows:

(In millions, except percentage data)	For the Periods Ended	
	May 3, 2019	May 4, 2018
Calculation of Return on Invested Capital		
Numerator		
Pre-Tax Earnings	\$ 3,344	\$ 5,860
Plus:		
Interest expense - net	626	632
Operating lease interest	201	211
Lease adjusted net operating profit	4,171	6,703
Less:		
Income tax adjustment ¹	1,212	2,318
Lease adjusted net operating profit after tax	\$ 2,959	\$ 4,385
Denominator		
Average debt and equity ²	\$ 25,676	\$ 25,813
Return on invested capital	11.5%	17.0%

¹ Income tax adjustment is defined as net operating profit multiplied by the effective tax rate, which was 29.1% and 34.6% for the periods ended May 3, 2019 and May 4, 2018, respectively.

² Average debt and equity is defined as average beginning and ending debt, including current maturities, short-term borrowings, and operating lease liabilities, plus the average beginning and ending total equity.

Results of Operations

Net Sales – Net sales for the first quarter of 2019 increased 2.2% to \$17.7 billion. The increase in total sales was driven primarily by an increase in comparable sales, partially offset by the closure of Orchard Supply Hardware (Orchard), as well as other closed locations. Comparable sales increased 3.5% over the same period, driven by a 2.2% increase in comparable customer transactions and a 1.3% increase in comparable average ticket. Orchard stores and other closed locations negatively impacted total sales 0.8% and 0.7%, respectively, for the quarter.

During the first quarter of 2019, we experienced comparable sales increases in 10 of 13 product categories. Comparable sales increases were above the company average in Seasonal & Outdoor Living, Lawn & Garden, Tools, and Appliances. We achieved strong comparable sales in Seasonal & Outdoor Living due primarily to performance in grills and outdoor power

equipment, including riding lawn mowers. Performance in Lawn & Garden was driven by strength in lawn care, landscape products, and live goods. We achieved strong comparable sales in Tools as the Craftsman reset continued to drive strength in tool storage and mechanics tools. Top brands, breadth of assortment, and successful promotional events drove strong comparable sales in Appliances during the quarter. We experienced negative comparable sales in Lighting, Decor, and Kitchens & Bath primarily due to the elimination of the Project Specialists Interior position and reset execution challenges. Geographically, 13 of 15 U.S. regions experienced increases in comparable sales with the strongest results in the North and West. Two regions experienced negative comparable sales, including Houston, TX and Tampa, FL markets, which continue to face tough prior year comparisons from Hurricanes Harvey and Irma.

Gross Margin – For the first quarter of 2019, gross margin decreased 165 basis points as a percentage of sales. Gross margin was negatively impacted by 90 basis points due to the unanticipated impact of the convergence of cost pressure, significant transition in our merchandising organization, and ineffective legacy pricing tools and processes. In addition, 40 basis points of deleverage occurred due to increased distribution and delivery costs primarily associated with new supply chain facilities added to our network, coupled with ongoing increases in transportation costs and customer deliveries. Product mix shifts drove deleverage of 30 basis points.

SG&A – For the first quarter of 2019, SG&A expense leveraged 89 basis points as a percentage of sales compared to the first quarter of 2018. This was primarily driven by 80 basis points of leverage in retail operating salaries, 34 basis points of leverage from lease assignments and terminations primarily associated with the prior year's store closing activities, and 17 basis points of leverage in advertising due to improved advertising efficiency. These were partially offset by 20 basis points of deleverage in incentive compensation, and 14 basis points of deleverage in employee insurance costs.

Depreciation and Amortization – Depreciation and amortization leveraged 31 basis points for the first quarter of 2019 compared to the prior year primarily due to store closures in fiscal 2018, and certain assets becoming fully depreciated. Property, less accumulated depreciation, decreased to \$18.2 billion at May 3, 2019, compared to \$19.5 billion at May 4, 2018. As of May 3, 2019 and May 4, 2018, we owned 83% and 79% of our stores, respectively, which included stores on leased land.

Interest – Net – Interest expense for the first quarter of 2019 increased primarily as a result of the issuance of \$3.0 billion unsecured notes in April 2019, partially offset by a decrease in expense associated with the adoption of ASU 2016-02, *Leases (Topic 842)*, during the quarter.

Income Tax Provision – Our effective income tax rates were 16.6% and 24.3% for the three months ended May 3, 2019 and May 4, 2018, respectively. The decrease in the effective income tax rate is primarily due to a favorable tax benefit recorded during the quarter associated with the planned exit of the Mexico retail operations. In fiscal 2018, the Company announced its intention to exit its Mexico retail operations and had planned to sell the operating business. However, in the first quarter of 2019, after an extensive market evaluation, the decision was made to instead sell the assets of the business through liquidation.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Sources of Liquidity

Cash flows from operations, supplemented with our short-term and long-term borrowings, have been sufficient to fund our operations while allowing us to make strategic investments that will grow our business, and to return excess cash to shareholders in the form of dividends and share repurchases. We believe that our sources of liquidity will continue to be adequate to fund our operations and investments to grow our business, repay our debt as it becomes due, pay dividends, and fund our share repurchases over the next 12 months.

Cash Flows Provided by Operating Activities

(In millions)	Three Months Ended	
	May 3, 2019	May 4, 2018
Net cash provided by operating activities	\$ 2,137	\$ 3,429

Cash flows from operating activities continued to provide the primary source of our liquidity. The decrease in net cash provided by operating activities for the three months ended May 3, 2019, versus the three months ended May 4, 2018, was driven primarily by changes in working capital.

Cash Flows Used in Investing Activities

(In millions)	Three Months Ended	
	May 3, 2019	May 4, 2018
Net cash used in investing activities	\$ (131)	\$ (236)

Net cash used in investing activities primarily consists of transactions related to capital expenditures and investments.

Capital expenditures

Our capital expenditures generally consist of investments in our strategic initiatives to enhance our ability to serve customers, existing stores, and expansion plans. The following table provides our capital expenditures for the three months ended May 3, 2019 , and May 4, 2018 :

(In millions)	Three Months Ended	
	May 3, 2019	May 4, 2018
Existing store investments ¹	\$ 147	\$ 119
New stores and international ²	41	66
Strategic initiatives ³	17	39
Total capital expenditures	\$ 205	\$ 224

¹ Includes merchandising resets, facility repairs, replacements of IT and store equipment, among other specific efforts.

² Represents expenditures primarily related to land purchases, buildings, and personal property for new store projects as well as expenditures related to our international operations.

³ Represents investments related to our strategic focus areas aimed at improving customers' experience and driving improved performance in the near and long term.

Our 2019 capital expenditures forecast is approximately \$1.6 billion.

Cash Flows Provided by / Used in Financing Activities

(In millions)	Three Months Ended	
	May 3, 2019	May 4, 2018
Net cash provided by/(used in) financing activities	\$ 446	\$ (2,215)

Net cash used in financing activities primarily consist of transactions related to our long-term debt, short-term borrowings, share repurchases, and cash dividend payments.

Long-term Debt

The following table includes additional information related to the Company's long-term debt for the three months ended May 3, 2019 , and May 4, 2018 :

(In millions)	Three Months Ended	
	May 3, 2019	May 4, 2018
Net proceeds from issuance of long-term debt	\$ 2,972	\$ —
Repayment of long-term debt	\$ (616)	\$ (13)

During the three months ended May 3, 2019 , we issued \$3.0 billion of unsecured notes to finance current year maturities and for other general corporate purposes.

Short-term Borrowing Facilities

We have a five year unsecured revolving credit agreement with a syndicate of banks (the Second Amended and Restated Credit Agreement) which provides for borrowings up to \$1.98 billion. Subject to obtaining commitments from the lenders and satisfying other conditions specified in the Second Amended and Restated Credit Agreement, the Company may increase the aggregate availability by an additional \$270 million.

In addition, we have an unsecured 364-day credit agreement (the 364-Day Credit Agreement) with a syndicate of banks which provides for borrowings up to \$250 million. The Company may request borrowings under the 364-Day Credit Agreement that are denominated in U.S. Dollar, Euro, Sterling, Canadian Dollar and other currencies approved by the administrative agent and the lenders. The Company must repay the aggregate principal amount of loans outstanding under the 364-Day Credit Agreement on the termination date in effect at such time (currently September 9, 2019). The Company may elect to convert all of the loans outstanding under the 364-Day Credit Agreement on the termination date into a term loan which the Company shall repay in full on the first anniversary date of the termination date.

The Second Amended and Restated Credit Agreement and the 364-Day Credit Agreement both support our commercial paper program. The amount available to be drawn under the Second Amended and Restated Credit Agreement and the 364-Day Credit Agreement is reduced by the amount of borrowings under our commercial paper program. There were no outstanding borrowings under the Second Amended and Restated Credit Agreement or the 364-Day Credit Agreement as of May 3, 2019. There were no outstanding borrowings under the Amended and Restated Credit Agreement as of May 4, 2018. The following table includes additional information related to our short-term borrowings for the three months ended May 3, 2019 , and May 4, 2018 :

(In millions, except for interest rate data)	Three Months Ended	
	May 3, 2019	May 4, 2018
Net change in short-term borrowings	\$ (722)	\$ (1,140)
Amount outstanding at quarter-end	\$ —	\$ —
Maximum amount outstanding at any month-end	\$ 1,189	\$ 892
Weighted-average interest rate of short-term borrowings outstanding	—%	—%

The Second Amended and Restated Credit Agreement and the 364-Day Credit Agreement contains customary representations, warranties, and covenants. We were in compliance with those covenants at May 3, 2019 .

Share Repurchases

We have an ongoing share repurchase program, authorized by the Company's Board of Directors, that is executed through purchases made from time to time either in the open market or through private off-market transactions. We also withhold shares from employees to satisfy tax withholding liabilities. Shares repurchased are retired and returned to authorized and unissued status. The following table provides, on a settlement date basis, the total number of shares repurchased, average price paid per share, and the total amount paid for share repurchases for the three months ended May 3, 2019 , and May 4, 2018 :

(In millions, except per share data)	Three Months Ended	
	May 3, 2019	May 4, 2018
Total amount paid for share repurchases	\$ 826	\$ 728
Total number of shares repurchased	8.1	8.5
Average price paid per share	\$ 102.35	\$ 85.98

As of May 3, 2019 , we had \$13.1 billion remaining available under our share repurchase program with no expiration date. We expect to repurchase shares totaling \$4.0 billion in 2019 (including the amount repurchased in the first quarter of fiscal year 2019). See Note 9 to the consolidated financial statements included herein for additional information regarding share repurchases.

Dividends

Our dividend payment dates are established such that dividends are paid in the quarter immediately following the quarter in which they are declared. The following table provides additional information related to our dividend payments for three months ended May 3, 2019, and May 4, 2018 :

(In millions, except per share data)	Three Months Ended			
	May 3, 2019		May 4, 2018	
Total cash dividend payments	\$	385	\$	340
Dividends paid per share	\$	0.48	\$	0.41

Capital Resources

We expect to continue to have access to the capital markets on both short-term and long-term bases when needed for liquidity purposes by issuing commercial paper or new long-term debt. The availability and the borrowing costs of these funds could be adversely affected, however, by a downgrade of our debt ratings or a deterioration of certain financial ratios. The table below reflects our debt ratings by Standard & Poor's (S&P) and Moody's as of May 31, 2019, which we are disclosing to enhance understanding of our sources of liquidity and the effect of our ratings on our cost of funds. Our debt ratings have enabled, and should continue to enable, us to refinance our debt as it becomes due at favorable rates in capital markets. Our commercial paper and senior debt ratings may be subject to revision or withdrawal at any time by the assigning rating organization, and each rating should be evaluated independently of any other rating. The lowering of our credit ratings in the fourth quarter of fiscal 2018 did not have a material impact on our access to liquidity or interest costs.

Debt Ratings	S&P	Moody's
Commercial Paper	A-2	P-2
Senior Debt	BBB+	Baa1
Senior Debt Outlook	Stable	Stable

There are no provisions in any agreements that would require early cash settlement of existing debt or leases as a result of a downgrade in our debt rating or a decrease in our stock price. In addition, we do not believe it will be necessary to repatriate significant cash and cash equivalents and short-term investments held in foreign affiliates to fund domestic operations.

OFF-BALANCE SHEET ARRANGEMENTS

We do not have any off-balance sheet financing that has, or is reasonably likely to have, a material, current or future effect on our financial condition, cash flows, results of operations, liquidity, capital expenditures or capital resources.

CONTRACTUAL OBLIGATIONS AND COMMERCIAL COMMITMENTS

During the first quarter of 2019, we issued \$3.0 billion of unsecured notes in the ordinary course of business and used the net proceeds from the sale of the Notes for the repayment of \$600 million aggregate principal amount due April 2019 and intend to use for the repayment of our \$450 million aggregate principal amount due September 2019. The table below summarizes our contractual obligations relating to long-term debt, excluding operating and finance lease obligations, at May 3, 2019. Interest payments included in the table below are calculated based upon the rates in effect at May 3, 2019. The unsecured notes are further described in Note 8 to the consolidated financial statements included herein.

(In millions)	Total	Payments Due by Period			
		Less Than 1 Year	1-3 Years	4-5 Years	After 5 Years
Long-term debt (principal amounts, excluding discounts and debt issuance costs)	\$ 17,263	\$ 950	\$ 1,776	518	\$ 14,019
Long-term debt (interest payments)	11,514	728	1,376	1,260	8,150
Total	\$ 28,777	\$ 1,678	\$ 3,152	\$ 1,778	\$ 22,169

As of May 3, 2019, other than changes related to the adoption of the new lease accounting standard as described in Note 1 and Note 3 to the Consolidated Financial Statements, there were no other material changes to our contractual obligations and commercial commitments outside the ordinary course of business since the end of 2018. Refer to the Annual Report on Form 10-K for additional information regarding our contractual obligations and commercial commitments.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our significant accounting policies are described in Note 1 to the consolidated financial statements presented in the Annual Report. Our critical accounting policies and estimates are described in “Item 7 - Management’s Discussion and Analysis of Financial Condition and Results of Operations” in the Annual Report. Our significant and critical accounting policies have not changed significantly since the filing of the Annual Report.

FORWARD-LOOKING STATEMENTS

This Form 10-Q includes “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Statements including words such as “believe”, “expect”, “anticipate”, “plan”, “desire”, “project”, “estimate”, “intend”, “will”, “should”, “could”, “would”, “may”, “strategy”, “potential”, “opportunity” and similar expressions are forward-looking statements. Forward-looking statements involve estimates, expectations, projections, goals, forecasts, assumptions, risks and uncertainties. Forward-looking statements include, but are not limited to, statements about future financial and operating results, Lowe’s plans, objectives, business outlook, priorities, expectations and intentions, expectations for sales growth, comparable sales, earnings and performance, shareholder value, capital expenditures, cash flows, the housing market, the home improvement industry, demand for services, share repurchases, Lowe’s strategic initiatives, including those relating to acquisitions and dispositions by Lowe’s and the expected impact of such transactions on our strategic and operational plans and financial results, and any statement of an assumption underlying any of the foregoing and other statements that are not historical facts. Although we believe that the expectations, opinions, projections and comments reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and we can give no assurance that such statements will prove to be correct. Actual results may differ materially from those expressed or implied in such statements.

A wide variety of potential risks, uncertainties and other factors could materially affect our ability to achieve the results either expressed or implied by these forward-looking statements including, but not limited to, changes in general economic conditions, such as the rate of unemployment, interest rate and currency fluctuations, fuel and other energy costs, slower growth in personal income, changes in consumer spending, changes in the rate of housing turnover, the availability of consumer credit and of mortgage financing, inflation or deflation of commodity prices, recently enacted or proposed tariffs, any disruptions caused by our recent management and key personnel changes, and other factors that can negatively affect our customers, as well as our ability to: (i) respond to adverse trends in the housing industry, a reduced rate of growth in household formation, and slower rates of growth in housing renovation and repair activity, as well as uneven recovery in commercial building activity; (ii) secure, develop, and otherwise implement new technologies and processes necessary to realize the benefits of our strategic initiatives focused on omni-channel sales and marketing presence and enhance our efficiency and otherwise successfully execute on our strategy and implement our strategic initiatives, including acquisitions, dispositions and the closing of certain stores and facilities; (iii) attract, train, and retain highly-qualified associates; (iv) manage our business effectively as we adapt our operating model to meet the changing expectations of our customers; (v) maintain, improve, upgrade and protect our critical information systems from system outages, data security breaches, ransomware and other cyber threats; (vi) respond to fluctuations in the prices and availability of services, supplies, and products; (vii) respond to the growth and impact of competition; (viii) address changes in existing or new laws or regulations that affect consumer credit, employment/labor, trade, product safety, transportation/logistics, energy costs, health care, tax, environmental issues or privacy and data protection; (ix) positively and effectively manage our public image and reputation and respond appropriately to unanticipated failures to maintain a high level of product and service quality that could result in a negative impact on customer confidence and adversely affect sales; and (x) effectively manage our relationships with selected suppliers of brand name products and key vendors and service providers, including third-party installers. In addition, we could experience impairment losses and other charges if either the actual results of our operating stores are not consistent with the assumptions and judgments we have made in estimating future cash flows and determining asset fair values, or we are required to reduce the carrying amount of our investment in certain unconsolidated entities. With respect to acquisitions and dispositions, potential risks include the effect of such transactions on Lowe’s and the target company’s or operating business’s strategic relationships, operating results and businesses generally; our ability to integrate or divest personnel, labor models, financial, IT and other systems successfully; disruption of our ongoing business and distraction of management; hiring additional management and other critical personnel; increasing or decreasing the scope, geographic diversity, and complexity of our operations; significant integration or disposition costs or unknown liabilities; and failure to realize the expected benefits of the transaction. For more information about these and other risks and uncertainties that we are exposed to, you should read “Item 1A - Risk Factors” and “Item 7 - Management’s Discussion and Analysis of Financial Condition and Results of Operations - Critical Accounting

Policies and Estimates” included in our most recent Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission (the SEC) and the description of material changes thereto, if any, included in our Quarterly Reports on Form 10-Q or subsequent filings with the SEC.

The forward-looking statements contained in this Form 10-Q are expressly qualified in their entirety by the foregoing cautionary statements. The foregoing list of important factors that may affect future results is not exhaustive. When relying on forward-looking statements to make decisions, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. All such forward-looking statements are based upon data available as of the date of this Form 10-Q or other specified date and speak only as of such date. All subsequent written and oral forward-looking statements attributable to us or any person acting on our behalf about any of the matters covered in this Form 10-Q are qualified by these cautionary statements and the risk factors disclosed in “Item 1A - Risk Factors” in the Annual Report and the description of material changes thereto, if any, included in our Quarterly Reports on Form 10-Q or subsequent filings with the SEC. We expressly disclaim any obligation to update or revise any forward-looking statement, whether as a result of new information, change in circumstances, future events or otherwise, except as may be required by law.

Item 3. - Quantitative and Qualitative Disclosures about Market Risk

The Company is exposed to certain market risks, including changes in foreign currency exchange rates related to our international operations, interest rates, and commodity prices. The Company’s market risks have not changed materially from that disclosed in the Annual Report for the fiscal year ended February 1, 2019.

Item 4. - Controls and Procedures

The Company’s management, with the participation of the Chief Executive Officer and the Chief Financial Officer, has evaluated the effectiveness of the Company’s “disclosure controls and procedures,” (as such term is defined in Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the Exchange Act)). Based upon their evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that, as of May 3, 2019, the Company’s disclosure controls and procedures were effective for the purpose of ensuring that the information required to be disclosed in the reports that the Company files or submits under the Exchange Act with the SEC (1) is recorded, processed, summarized, and reported within the time periods specified in the SEC’s rules and forms, and (2) is accumulated and communicated to the Company’s management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

In addition, no change in the Company’s internal control over financial reporting occurred during the quarter ended May 3, 2019, that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting.

Part II – OTHER INFORMATION**Item 1. - Legal Proceedings**

The Company is from time to time a party to various lawsuits, claims and other legal proceedings that arise in the ordinary course of business. With respect to such lawsuits, claims and proceedings, the Company records reserves when it is probable a liability has been incurred and the amount of loss can be reasonably estimated. The Company does not believe that any of these proceedings, individually or in the aggregate, would be expected to have a material adverse effect on its results of operations, financial position or cash flows. The Company maintains liability insurance for certain risks that are subject to certain self-insurance limits.

Item 1A. - Risk Factors

There have been no material changes in the Company’s risk factors from those disclosed in “Item 1A - Risk Factors” in the Annual Report.

Item 2. - Unregistered Sales of Equity Securities and Use of Proceeds**Issuer Purchases of Equity Securities**

The following table sets forth information with respect to purchases of the Company’s common stock made during the first quarter of fiscal 2019 :

	Total Number of Shares Purchased ¹	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs ²	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs ²
February 2, 2019 - March 1, 2019 ³	1,265,915	\$ 98.71	1,218,306	\$ 13,858,937,211
March 2, 2019 - April 5, 2019 ⁴	5,145,807	106.76	5,071,005	13,287,326,557
April 6, 2019 - May 3, 2019 ⁴	1,694,093	112.99	1,692,784	13,126,387,651
As of May 3, 2019	8,105,815	\$ 106.80	7,982,095	\$ 13,126,387,651

¹ The total number of shares repurchased includes shares withheld from employees to satisfy either the exercise price of stock options or the statutory withholding tax liability upon the vesting of share-based awards.

² On January 26, 2018, the Company’s Board of Directors authorized a \$5.0 billion share repurchase program with no expiration, which was announced on the same day. On December 12, 2018, the Company’s Board of Directors authorized an additional \$10.0 billion share repurchase program with no expiration, which was announced on the same day.

³ In November 2018, the Company entered into an Accelerated Share Repurchase (ASR) agreement with a third-party financial institution to repurchase \$270 million of the Company’s common stock. Pursuant to the agreement, the Company paid \$270 million to the financial institution and received an initial delivery of 2.6 million shares. In February 2019, subsequent to the end of the fourth quarter, the Company finalized the transaction and received an additional 0.3 million shares. The average price paid per share in settlement of the ASR agreement included in the table above was determined with reference to the volume weighted average price of the Company’s common stock over the term of the ASR agreement. See Note 9 to the consolidated financial statements included herein for additional information regarding share repurchases.

⁴ In March 2019, the Company entered into a variable notional ASR agreement with a third-party financial institution to repurchase between \$350 million and \$500 million of the Company’s common stock. At inception, pursuant to the agreement, the Company paid \$500 million to the financial institution using cash on hand and received an initial delivery of 2.9 million shares. In May 2019, prior to the end of the first quarter, the Company finalized the transaction and received an additional 0.3 million shares. Subsequent to the end of the first quarter, the Company received a \$150 million cash payment from the third-party financial institution, which is equal to the difference between the \$500 million payment made at inception and the final notional amount. The average price paid per share in settlement of the ASR agreement included in the table above was determined with reference to the volume weighted average price of the Company’s common stock over the term of the ASR agreement. See Note 9 to the consolidated financial statements included herein for additional information regarding share repurchases.

Item 6. - Exhibits

Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	File No.	Exhibit	Filing Date
3.1	Restated Charter of Lowe's Companies, Inc.	10-Q	001-07898	3.1	September 1, 2009
3.2	Bylaws of Lowe's Companies, Inc., as amended and restated January 25, 2019.	8-K	001-07898	3.1	January 28, 2019
4.1	Fifteenth Supplemental Indenture, dated as of April 5, 2019, between Lowe's Companies, Inc. and U.S. Bank National Association (as successor trustee).	8-K	001-07898	4.2	April 5, 2019
10.1	Lowe's Companies, Inc. 2006 Long Term Incentive Plan, as amended and restated effective as of March 21, 2019.*†				
10.2	Form of Lowe's Companies, Inc. Performance Share Unit Award Agreement for Tier I Senior Officers.*†				
10.3	Form of Lowe's Companies, Inc. Performance Share Unit Award Agreement for Tier II Senior Officers.*†				
10.4	Form of Lowe's Companies, Inc. Restricted Stock Award Agreement for Tier I Officers.*†				
10.5	Form of Lowe's Companies, Inc. Restricted Stock Award Agreement for Tier II Officers.*†				
10.6	Form of Lowe's Companies, Inc. Non-Qualified Stock Option Agreement for Tier I Officers.*†				
10.7	Form of Lowe's Companies, Inc. Non-Qualified Stock Option Agreement for Tier II Officers.*†				
15.1	Deloitte & Touche LLP Letter re Unaudited Interim Financial Information.†				
31.1	Certification of Principal Executive Officer Pursuant to Rule 13a-14(a)/15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.†				
31.2	Certification of Principal Financial Officer Pursuant to Rule 13a-14(a)/15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.†				
32.1	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.†				
32.2	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.†				

99.1 [Eighth Amendment to the Lowe's 401\(k\) Plan, effective as of March 29, 2019 \(filed to include this amendment as an exhibit to the Registration Statement on Form S-8, Registration No. 033-29772\).](#)‡

101.INS XBRL Instance Document.‡

101.SCH XBRL Taxonomy Extension Schema Document.‡

101.CAL XBRL Taxonomy Extension Calculation Linkbase Document.‡

101.DEF XBRL Taxonomy Extension Definition Linkbase Document.‡

101.LAB XBRL Taxonomy Extension Label Linkbase Document.‡

101.PRE XBRL Taxonomy Extension Presentation Linkbase Document.‡

* Indicates a management contract or compensatory plan or arrangement.

‡ Filed herewith.

† Furnished herewith.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

LOWE'S COMPANIES, INC.

(Registrant)

May 31, 2019

Date

By: /s/ Matthew V. Hollifield

Matthew V. Hollifield

Senior Vice President and Chief Accounting Officer

LOWE'S COMPANIES, INC.
2006 LONG TERM INCENTIVE PLAN
As Amended and Restated Effective March 21, 2019

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LOWE'S COMPANIES, INC.
2006 LONG TERM INCENTIVE PLAN
As Amended and Restated Effective March 21, 2019

ARTICLE I
INTRODUCTION AND PURPOSE

Lowe's Companies, Inc. maintains the Lowe's Companies, Inc. 2006 Incentive Plan under which the Company may make equity awards to non-employee directors and employees who contribute significantly to the profits or growth of the Company. Effective as of March 21, 2019, the Plan is amended and restated as set forth in this instrument to include certain design changes consistent with changes in applicable law and regulations and the general economic and business environment since the Plan was last amended and restated in 2017.

ARTICLE II
DEFINITIONS

Section 2.1 Administrator means the Committee and any delegate of the Committee that is appointed in accordance with Section 3.2.

Section 2.2 Agreement means an agreement (including any amendment or supplement thereto) between the Company and a Participant specifying the terms and conditions of a Stock Award, an award of Performance Shares, an Option or a SAR granted to such Participant. An Agreement may be in electronic form, may be limited to a notation on the books and records of the Company and, with the approval of the Administrator, need not be signed by a representative of the Company or a Participant

Section 2.3 Board means the Board of Directors of the Company.

Section 2.4 Cause as a reason for a Participant's termination of employment as an employee shall have the meaning assigned such term in the employment agreement, if any, between such Participant and the Company or a Subsidiary; provided, however, that if there is no such employment agreement in which such term is defined, "Cause" shall mean (i) the Participant's willful and continued failure to perform his or her duties with the Company or a Subsidiary (other than any such failure resulting from incapacity due to physical or mental illness, and specifically excluding any failure by the Participant, after reasonable efforts, to meet performance expectations), after a written demand for performance is delivered to the Participant by his or her supervisor which specifically identifies the manner in which the Company or a Subsidiary believes that the Participant has not substantially performed his or her duties and the Participant's failure to cure such failure, if curable, within 10 days after such written demand is delivered to the Participant or (ii) the willful engaging by the Participant in illegal conduct or gross misconduct which is materially and demonstrably injurious to the Company. For purposes of this provision, no act or failure to act, on the part of the Participant, shall be considered "willful" unless it is done, or omitted to be done, by the Participant in bad faith or without reasonable belief that his or her action or omission was in the best interests of the Company.

Section 2.5 Change in Control means the occurrence of any one of the following events:

- (i) individuals who constitute the Board as of the Effective Date (the "Incumbent Directors") cease for any reason to constitute at least a majority of the Board, provided that any person becoming a director after the Effective Date and whose election or nomination for election was approved by a vote of at least a majority of the Incumbent Directors then on the Board (either
-

by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director, without written objection to such nomination) shall be an Incumbent Director; provided, however, that no individual initially elected or nominated as a director of the Company as a result of an actual or threatened election contest (as described in Rule 14a-11 under the Exchange Act (“Election Contest”) or other actual or threatened solicitation of proxies or consents by or on behalf of any “person” (as such term is defined in Section 3(a)(9) of the Exchange Act and as used in Section 13(d)(3) and 14(d)(2) of the Exchange Act) other than the Board (“Proxy Contest”), including by reason of any agreement intended to avoid or settle any Election Contest or Proxy Contest, shall be deemed an Incumbent Director;

(ii) any person becomes a “beneficial owner” (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 25% or more of the combined voting power of the Company’s then outstanding securities eligible to vote for the election of the Board (the “Company Voting Securities”); provided, however, that the event described in this paragraph (ii) shall not be deemed to be a Change in Control of the Company by virtue of any of the following acquisitions: (A) an acquisition directly by or from the Company or any Subsidiary; (B) an acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any Subsidiary, (C) an acquisition by an underwriter temporarily holding securities pursuant to an offering of such securities, or (D) an acquisition pursuant to a Non-Qualifying Transaction (as defined in subsection (iii)); or

(iii) the consummation of a reorganization, merger, consolidation, statutory share exchange or similar form of corporate transaction involving the Company that requires the approval of the Company’s shareholders, whether for such transaction or the issuance of securities in the transaction (a “Reorganization”), or the sale or other disposition of all or substantially all of the Company’s assets to an entity that is not a Subsidiary of the Company (a “Sale”), unless immediately following such Reorganization or Sale: (A) more than 60% of the total voting power of (x) the corporation resulting from such Reorganization or the corporation which has acquired all or substantially all of the assets of the Company (in either case, the “Surviving Corporation”), or (y) if applicable, the ultimate parent corporation that directly or indirectly has beneficial ownership of 100% of the voting securities eligible to elect directors of the Surviving Corporation (the “Parent Corporation”), is represented by the Company Voting Securities that were outstanding immediately prior to such Reorganization or Sale (or, if applicable, is represented by shares into which such Company Voting Securities were converted pursuant to such Reorganization or Sale), and such voting power among the holders thereof is in substantially the same proportion as the voting power of such Company Voting Securities among the holders thereof immediately prior to the Reorganization or Sale, (B) no person (other than (x) the Company, (y) any employee benefit plan (or related trust) sponsored or maintained by the Surviving Corporation or the Parent Corporation, or (z) a person who immediately prior to the Reorganization or Sale was the beneficial owner of 25% or more of the outstanding Company Voting Securities) is the beneficial owner, directly or indirectly, of 25% or more of the total voting power of the outstanding voting securities eligible to elect directors of the Parent Corporation (or, if there is no Parent Corporation, the Surviving Corporation), and (C) at least a majority of the members of the board of directors of the Parent Corporation (or, if there is no Parent Corporation, the Surviving Corporation) following the consummation of the Reorganization or Sale were Incumbent Directors at the time of the Board’s approval of the execution of the initial agreement providing for such Reorganization or Sale (any Reorganization or Sale which satisfies all of the criteria specified in (A), (B) and (C) above shall be deemed to be a “Non-Qualifying Transaction”).

Section 2.6 Code means the Internal Revenue Code of 1986, and any amendments thereto.

Section 2.7 Committee means:

(i) the Compensation Committee of the Board, with respect to awards under the Plan to Participants who are not Nonemployee Directors and the administration of such awards; and

(ii) the Executive Committee of the Board, with respect to awards under the Plan to Nonemployee Directors and the administration of such awards.

Notwithstanding the foregoing, at the discretion of the Board from time to time, the Plan may be administered by the Board. During any time that the Board is acting as administrator of the Plan, it shall have all the powers of the Committee hereunder, and any reference herein to the Committee (other than in this Section) shall include the Board. The members of the Committee shall be appointed by, and may be changed at any time and from time to time in the discretion of, the Board.

Section 2.8 Common Stock means the common stock of the Company.

Section 2.9 Company means Lowe's Companies, Inc., a North Carolina corporation.

Section 2.10 Corresponding SAR means a SAR that is granted in relation to a particular Option and that can be exercised only upon the surrender to the Company, unexercised, of that portion of the Option to which the SAR relates.

Section 2.11 Covered Employee means a Participant who is, or is determined by the Administrator to be likely to become, a "covered employee" within the meaning of Section 162(m) of the Code (or any successor provision).

Section 2.12 Deferred Stock Account means that bookkeeping record established for each Participant who earns a Deferred Stock Benefit. A Deferred Stock Account is established only for purposes of measuring a Deferred Stock Benefit and not to segregate assets or to identify assets that may or must be used to satisfy a Deferred Stock Benefit. A Deferred Stock Account will be credited with the Deferred Stock Benefits attributable to forfeited Stock Awards and awards of Performance Shares in accordance with Article XV.

Section 2.13 Deferred Stock Benefit means the deferred benefit earned by a Participant in accordance with Section 15.1 that results in payments governed by Section 15.3.

Section 2.14 Disability of a Participant means a mental or physical disability that qualifies as a disability under (i) the Social Security Act as evidenced by the issuance of a determination by the Social Security Administration while the Participant is employed that the Participant is disabled or (ii) the long-term disability plan sponsored by the Company or a Subsidiary in which the Participant participates as evidenced by the issuance of a determination by the claims administrator for such plan while the Participant is employed that the Participant is disabled. Notwithstanding the foregoing, with respect to a Participant who is a Nonemployee Director and with respect to an Incentive Stock Option, Disability shall mean "permanent and total disability" as defined in Section 22(e)(3) of the Code.

Section 2.15 Effective Date of the amended and restated Plan set forth in this instrument means March 21, 2019.

Section 2.16 Exchange Act means the Securities Exchange Act of 1934, as amended and as in effect on the date of this Agreement.

Section 2.17 Fair Market Value means, on any given date, the closing price of a share of Common Stock as reported on the New York Stock Exchange composite tape on such date, or if the Common Stock was not traded on the New York Stock Exchange on such day, then on the next preceding day that the Common Stock was traded on such exchange, all as reported by such source as the Administrator may select.

Section 2.18 Fiscal Year means the Company's fiscal year.

Section 2.19 Good Reason for a Participant's termination of employment with the Company or a Subsidiary following a Change in Control shall have the meaning assigned such term in the employment agreement, if any, between such Participant and the Company or a Subsidiary; provided, however, if there is no such employment agreement in which such term is defined, "Good Reason" shall mean any of the following acts by the Company or a Subsidiary without the consent of the Participant (in each case, other than an isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by the Company or a Subsidiary within 10 days after receipt of notice thereof given by the Participant): (i) diminution of the Participant's position, authority, title, reporting requirements, duties, or responsibilities as in effect on the date immediately prior to the Change in Control, (ii) a reduction by the Company or a Subsidiary in the Participant's base salary as in effect on the date immediately prior to the Change in Control, or (iii) the Company's requiring the Participant, without his or her consent, to be based at any office or location more than 35 miles from the office or location at which the Participant was based on the date immediately prior to the Change in Control, or to travel on Company business to a substantially greater extent than required immediately prior to the Change in Control.

Section 2.20 Initial Value means, with respect to a SAR, the value the Administrator assigns to the SAR on the date SAR is granted.

Section 2.21 Incentive Stock Option means an Option that is intended to meet the requirements of Section 422 of the Code or any successor provision thereto. An Incentive Stock Option may not be granted to a Nonemployee Director.

Section 2.22 Nonemployee Director means a member of the Board who is not an employee of the Company or a Subsidiary.

Section 2.23 Non-Qualified Stock Option means an Option that is not an Incentive Stock Option.

Section 2.24 Option means a stock option that entitles the holder to purchase from the Company a stated number of shares of Common Stock at the price set forth in an Agreement. An Option may be either an Incentive Stock Option or a Non-Qualified Stock Option.

Section 2.25 Participant means (i) an employee of the Company or a Subsidiary who satisfies the requirements of Article IV and who is selected by the Administrator to receive a Stock Award, an award of Performance Shares, an Option or a SAR or a combination thereof, or who is entitled to a Deferred Stock Benefit or (ii) a Nonemployee Director who receives an award under the Plan.

Section 2.26 Performance Shares means an award, in the amount determined by the Administrator and specified in an Agreement, stated with reference to a specified number of shares of Common Stock, that in accordance with the terms of an Agreement entitles the holder to receive a payment for each specified

share equal to the Fair Market Value of Common Stock on the date of payment.

Section 2.27 Plan means the Lowe’s Companies, Inc. 2006 Long Term Incentive Plan, as set forth herein and as amended from time to time.

Section 2.28 Retirement of a Participant who is not a Nonemployee Director shall have the meaning assigned such term in the Agreement, provided, however, if such term is not defined in the Agreement, Retirement means the Participant’s voluntary termination of employment on or after the later of (i) 90 days after the Participant has provided written notice to the Company’s Secretary of his or her decision to retire, or (ii) the Participant’s attainment of age 60. The term “Retirement” shall in no event include a termination of the Participant’s employment by the Company or a Subsidiary for Cause. Retirement of a Nonemployee Director means the Nonemployee Director’s voluntary termination of service as a member of the Board on or after the latest of (i) 90 days after the Nonemployee Director has provided written notice to the Company’s Secretary of the Nonemployee Director’s decision to retire, (ii) the Nonemployee Director’s attainment of age 60, and (iii) with respect to a particular award under the Plan, the date that is six months after the award date on which such award was granted. Notwithstanding the foregoing, the Administrator shall have the discretionary power and authority to adopt an alternative definition of Retirement for purposes of any award made under the Plan so long as such alternative definition is set forth in the Agreement for such award.

Section 2.29 SAR means a stock appreciation right that in accordance with the terms of an Agreement entitles the holder to receive, with respect to each share of Common Stock encompassed by the exercise of such SAR, the excess of the Fair Market Value on the date of exercise over the Initial Value. References to “SARs” include both Corresponding SARs and SARs granted independently of Options, unless the context requires otherwise.

Section 2.30 Stock Award means Common Stock or units representing Common Stock awarded to a Participant under Article VIII.

Section 2.31 Subsidiary means a corporation, company or other entity in which the Company has a direct or indirect ownership or other equity interest, provided, however, with respect to an Incentive Stock Option, Subsidiary shall have the meaning set forth in Section 424(f) of the Code.

ARTICLE III **ADMINISTRATION**

Section 3.1 Committee Authority. The Plan shall be administered by the Administrator. The Administrator shall have the sole authority to grant Stock Awards, Performance Shares, Options and SARs upon such terms (not inconsistent with the provisions of the Plan) as the Administrator may consider appropriate. Such terms may include conditions (in addition to those contained in the Plan) on the exercisability of all or any part of an Option or SAR or on the transferability or forfeitability of a Stock Award or an award of Performance Shares. Notwithstanding any such conditions, pursuant to Article X, the Administrator may, in its discretion, accelerate the time at which any Option or SAR may be exercised, or the time at which a Stock Award may become transferable or nonforfeitable or the time at which an award of Performance Shares may be settled. The Administrator shall have complete authority to interpret all provisions of the Plan; to prescribe the form of Agreements and documents used in connection with the Plan; to adopt, amend, and rescind rules and regulations pertaining to the administration of the Plan; and to make all other determinations necessary or advisable for the administration of the Plan. The express grant in the Plan of any specific power to the Administrator or the Committee shall not be construed as limiting any

power or authority of the Administrator or the Committee. Any decision made, or action taken, by the Administrator or the Committee in connection with the administration of the Plan shall be final and conclusive. Neither the Administrator nor any member of the Committee shall be liable for any act done in good faith with respect to the Plan or any Agreement, Option, SAR, Stock Award or award of Performance Shares. All expenses of administering the Plan shall be borne by the Company.

Section 3.2 Delegation of Authority. The Committee, in its discretion, may delegate to a special committee consisting of one or more directors who are also officers of the Company or the Executive Committee of the Board, all or part of the Committee's authority and duties with respect to grants and awards to individuals who at the time of grant are not, and are not anticipated to become, either (i) Covered Employees or (ii) persons subject to the reporting and other provisions of Section 16 of the Exchange Act. The Committee may revoke or amend the terms of a delegation at any time but such action shall not invalidate any prior actions of the Committee's delegate or delegates that were consistent with the terms of the Plan.

Section 3.3 Indemnification. No member of the Board, the Committee, the Administrator or any employee of the Company or a Subsidiary (each such person, an "Indemnified Person") shall be liable for any action taken or omitted to be taken or any determination made in good faith with respect to the Plan or any award hereunder. Each Indemnified Person shall be indemnified and held harmless by the Company against and from (a) any loss, cost, liability or expense (including attorneys' fees) that may be imposed upon or incurred by such Indemnified Person in connection with or resulting from any action, suit or proceeding to which such Indemnified Person may be a party or in which such Indemnified Person may be involved by reason of any action taken or omitted to be taken under the Plan or any Award Agreement and (b) any and all amounts paid by such Indemnified Person, with the Company's approval, in settlement thereof, or paid by such Indemnified Person in satisfaction of any judgment in any such action, suit or proceeding against such Indemnified Person, provided that the Company shall have the right, at its own expense, to assume and defend any such action, suit or proceeding, and, once the Company gives notice of its intent to assume the defense, the Company shall have sole control over such defense with counsel of the Company's choice. The foregoing right of indemnification shall not be available to an Indemnified Person to the extent that a court of competent jurisdiction in a final judgment or other final adjudication, in either case not subject to further appeal, determines that the acts or omissions of such Indemnified Person giving rise to the indemnification claim resulted from such Indemnified Person's bad faith, fraud or willful criminal act or omission or that such right of indemnification is otherwise prohibited by law or by the Company's Articles of Incorporation or Bylaws. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which Indemnified Persons may be entitled under the Company's Articles of Incorporation or Bylaws, as a matter of law, or otherwise, or any other power that the Company may have to indemnify such Indemnified Persons or hold them harmless.

ARTICLE IV **ELIGIBILITY**

Any Nonemployee Director and any employee of the Company or a Subsidiary (including a corporation that becomes a Subsidiary after the adoption of the Plan) who the Administrator, in its sole discretion, determines has contributed significantly or can be expected to contribute significantly to the profits or growth of the Company or a Subsidiary shall be eligible to participate in the Plan.

ARTICLE V
STOCK SUBJECT TO PLAN; AWARD LIMITATIONS

Section 5.1 Sources of Shares Issued. Share of Common Stock issued under the Plan may be original issue shares or shares purchased in the open market or otherwise, all as determined by the Chief Financial Officer of the Company (or his or her designee), unless otherwise determined by the Administrator.

Section 5.2 Aggregate Limit. Subject to adjustment as provided in Article XI, the total number of shares of Common Stock that shall be available for issuance under the Plan pursuant to Awards made on and after March 21, 2014 is 40,000,000.

Section 5.3 Awards Made and Plan Terms in Effect Prior to the Effective Date. Any awards made under the Plan before the Effective Date shall remain in full force and effect.

Section 5.4 Share Counting. The Administrator may adopt reasonable counting procedures to ensure appropriate counting, avoid double counting and make adjustments in the number of shares of Common Stock available under Section 5.2 if the number of shares of Common Stock actually delivered to a Participant differs from the number of shares of Common Stock previously counted in connection with an award to the Participant, subject, however, to the following:

(i) Common Stock subject to an award (whether granted under the Plan before or after the Effective Date) that is canceled, expired, forfeited, settled in cash or is otherwise terminated without a delivery of Common Stock to the Participant will again be available for award under the Plan.

(ii) Common Stock that is withheld in payment of the exercise price of an Option or in payment of withholding taxes relating to an award shall be deemed to constitute Common Stock delivered to the Participant and shall not be available for awards under the Plan.

(iii) Upon the exercise of an Option or if a SAR is settled with Common Stock, the total number of shares of Common Stock subject to the Option or SAR (as the case may be) shall be deemed delivered to the Participant (regardless of the number of shares of Common Stock actually paid to the Participant) and shall not be available for awards under the Plan.

(iv) Shares of Common Stock issued in settlement of a Deferred Stock Benefit, and the shares of Common Stock subject to the Option, Stock Award or Performance Share award (or portion thereof) with respect to which such Deferred Stock Benefit was earned or elected, shall be counted toward the limitation in Section 5.2 only once (even in the case of shares subject to a Stock Award that are cancelled in connection with the Deferred Stock Benefit); provided, however, that shares of Common Stock issued in settlement of a Deferred Stock Benefit that constitute earnings on deferred or forfeited shares of Common Stock shall be counted separately toward such limitation.

Section 5.5 Award Limitations-Employees. Notwithstanding any other provision of the Plan to the contrary, in no event shall any Participant who is an employee of the Company or a Subsidiary receive in any Fiscal Year, subject to adjustment as provided in Article XI:

(i) an award of Options with respect to more than 2,000,000 shares of Common Stock; provided, however, that in connection with the Participant's commencement as an employee, the Participant may be granted Options with respect to up to an additional 1,000,000 shares of Common

Stock, which shall not count against the foregoing Fiscal Year limit;

(ii) an award of SARs with respect to more than 1,500,000 shares of Common Stock; provided, however, that in connection with the Participant's commencement as an employee, the Participant may be granted SARs with respect to up to an additional 1,000,000 shares of Common Stock, which shall not count against the foregoing Fiscal Year limit;

(iii) a Stock Award that will become vested or transferable based on performance objectives described in Section 8.3 with respect to more than 600,000 shares of Common Stock; or

(iv) Performance Shares with respect to more than 600,000 shares of Common Stock.

Section 5.6 Award Limitations-Nonemployee Directors. Notwithstanding any other provision of the Plan to the contrary, in no event shall the grant date value of awards granted under the Plan during any Fiscal Year to any Participant who is a Nonemployee Director exceed \$500,000.

ARTICLE VI **OPTIONS**

Section 6.1 Award. The Administrator will designate each Participant to whom an Option is to be granted and will specify the terms of the Option, including the vesting schedule, whether the Option is an Incentive Stock Option or a Non-Qualified Stock Option, and the number of shares of Common Stock covered by such awards.

Section 6.2 Option Price. The price per share for Common Stock purchased on the exercise of an Option shall be determined by the Administrator on the date of grant, but shall not be less than the Fair Market Value on the date the Option is granted.

Section 6.3 Maximum Option Period. The maximum period in which an Option may be exercised shall be determined by the Administrator on the date of grant, except that no Option shall be exercisable after the expiration of ten years from the date such Option was granted. The terms of any Option may provide that it is exercisable for a period less than such maximum period.

Section 6.4 Ten Percent Shareholders. Notwithstanding Sections 6.2 and 6.3, no Incentive Stock Option shall be granted to any individual who, at the date of grant, owns stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or any Subsidiary unless the exercise price per share of such Option is at least 110% of the Fair Market Value per share of Common Stock at the date of grant and the Option expires no later than five years after the date of grant.

Section 6.5 Limit for Incentive Stock Options. The aggregate Fair Market Value (determined as of the time the Option is granted) of all shares of Common Stock with respect to which Incentive Stock Options are first exercisable by a Participant in any calendar year may not exceed \$100,000.

Section 6.6 Exercise. Subject to the other provisions of the Plan and the applicable Agreement, an Option may be exercised in whole at any time or in part from time to time at such times and in compliance with such requirements as the Administrator shall determine. An Option granted under the Plan may be exercised with respect to any number of whole shares less than the full number for which the Option could be exercised. A partial exercise of an Option shall not affect the right to exercise the Option from time to time in accordance with the Plan and the applicable Agreement with respect to the remaining shares subject

to the Option. The exercise of an Option shall result in the termination of any Corresponding SAR to the extent of the number of shares with respect to which the Option is exercised.

Section 6.7 Payment. Unless otherwise provided by the Agreement, payment of the Option price shall be made in cash or a cash equivalent acceptable to the Administrator (including “cashless exercise” arrangements). If the Agreement provides, payment of all or part of the Option price may be made by surrendering shares of Common Stock to the Company (by attestation of ownership or actual delivery of one or more certificates). If Common Stock is used to pay all or part of the Option price, the sum of the cash and cash equivalent and the Fair Market Value (determined as of the day preceding the date of exercise) of the shares surrendered must not be less than the Option price of the shares for which the Option is being exercised.

Section 6.8 Disposition of Stock. A Participant shall notify the Company of any sale or other disposition of Common Stock acquired pursuant to an Option that was an Incentive Stock Option if such sale or disposition occurs (i) within two years of the grant of an Option or (ii) within one year of the issuance of the Common Stock to the Participant. Such notice shall be in writing and directed to the Secretary of the Company.

ARTICLE VII

SARS

Section 7.1 Award. The Administrator will designate each Participant to whom SARs are to be granted and will specify the number of shares covered by such awards; provided, however, no Participant may be granted Corresponding SARs (under all incentive plans of the Company and its affiliates) that are related to Incentive Stock Options which are first exercisable in any calendar year for stock having an aggregate Fair Market Value (determined as of the date the related Option is granted) that exceeds \$100,000.

Section 7.2 Initial Value. The Initial Value of an SAR shall be determined by the Administrator on the date of grant, but shall not be less than the Fair Market Value on the date the SAR is granted.

Section 7.3 Maximum SAR Period. The term of each SAR shall be determined by the Administrator on the date of grant, except that no Corresponding SAR shall have a term of more than ten years from the date such related Option was granted (or, if Section 6.4 applies, five years from such date of grant).

Section 7.4 Exercise. Subject to the other provisions of the Plan and the applicable Agreement, a SAR may be exercised in whole at any time or in part from time to time at such times and in compliance with such requirements as the Administrator shall determine; provided, however, that a Corresponding SAR may be exercised only to the extent that the related Option is exercisable and only when the Fair Market Value exceeds the option price of the related Option. A SAR granted under the Plan may be exercised with respect to any number of whole shares less than the full number for which the SAR could be exercised. A partial exercise of a SAR shall not affect the right to exercise the SAR from time to time in accordance with the Plan and the applicable Agreement with respect to the remaining shares subject to the SAR. The exercise of a Corresponding SAR shall result in the termination of the related Option to the extent of the number of shares with respect to which the SAR is exercised.

Section 7.5 Settlement. At the Administrator’s discretion, the amount payable as a result of the exercise of a SAR may be settled in cash, Common Stock, or a combination of cash and Common Stock.

No fractional share will be deliverable upon the exercise of a SAR but a cash payment will be made in lieu thereof.

ARTICLE VIII
STOCK AWARDS

Section 8.1 Award. The Administrator will designate each Participant to whom a Stock Award is to be made and will specify the number of shares of Common Stock covered by such awards. Stock Awards may be shares of Common Stock or units representing shares of Common Stock.

Section 8.2 Vesting. A Participant's rights in a Stock Award shall be forfeitable or otherwise restricted for such period of time, if any, or subject to such conditions as may be set forth in the Agreement. Any Stock Award granted to a Participant who is not an Outside Director shall vest no more quickly than ratably over three years; provided, however, that the minimum period of restriction for such Participant shall be at least one year in the case of a Stock Award that will become transferable and nonforfeitable on account of the satisfaction of performance objectives prescribed by the Administrator.

Section 8.3 Performance Objectives. In accordance with Section 8.2, the Administrator may prescribe that Stock Awards will become vested or transferable or both based on performance objectives. Performance objectives may be described in terms of Company-wide objectives or objectives that are related to the performance of the individual Participant or of a Subsidiary, division, department, region or function within the Company or a Subsidiary. Performance objectives may be made relative to the performance of other corporations. Performance objectives applicable to any award to a Covered Employee shall be based on specified levels of or change in one or more of the following criteria: (i) the Company's net income or pre-tax earnings, (ii) the Company's net income or pre-tax earnings in relation to non-cash beginning assets (beginning assets less beginning cash and short-term investments), (iii) the achievement by the Company, a Subsidiary or an operating unit of stated objectives with respect to profitability, return on equity, earnings per share, total earnings, return on capital or return on assets, (iv) the Fair Market Value of Common Stock, (v) revenues, (vi) total stockholder return, (vii) operating earnings or margin, (viii) economic profit or value created, (ix) strategic business criteria consisting of one or more objectives based on meeting specified goals relating to market share or penetration, geographic business expansion, cost targets, customer or employee satisfaction, human resources management, diversity, employee health, employee safety, productivity, supervision of litigation or information technology or acquisitions or divestitures of subsidiaries, affiliates or joint ventures, (x) inventory, inventory turns or inventory shrinkage, (xi) receivables turnover, (xii) stocking and other labor hours, (xiii) markdowns or (xiv) any combination of the foregoing. If the Administrator determines that a change in the business, operations, corporate structure or capital structure of the Company, or the manner in which it conducts its business, or other events or circumstances (including those events and circumstances described in Article XI) render the performance objectives unsuitable, the Administrator may in its discretion modify such performance objectives or the related minimum acceptable level of achievement, in whole or in part, as the Administrator deems appropriate and equitable, except in the case of a Covered Employee to the extent that such action would result in the loss of the otherwise available exemption of the award under Section 162(m) of the Code. No payments will be made with respect to Stock Awards subject to performance objectives unless, and then only to the extent that, the Administrator certifies that stated performance objectives have been achieved.

Section 8.4 Shareholder Rights. Prior to their forfeiture in accordance with the terms of the applicable Agreement, a Participant will have all rights of a shareholder with respect to a Stock Award consisting of shares of Common Stock, including the right to receive dividends and vote the shares, unless such rights are limited by the terms of the applicable Agreement; provided, however, that during such period

(i) a Participant may not sell, transfer, pledge, exchange, hypothecate, or otherwise dispose of shares of Common Stock granted pursuant to or represented by a Stock Award, (ii) the Company shall retain custody of the shares of Common Stock granted pursuant to or represented by a Stock Award, and (iii) the Participant will deliver to the Company a stock power, endorsed in blank, with respect to each Stock Award. The limitations set forth in the preceding sentence shall not apply after the shares of Common Stock granted under or represented by the Stock Award are transferable and are no longer forfeitable.

ARTICLE IX
PERFORMANCE SHARE AWARDS

Section 9.1 Award. The Administrator will designate each Participant to whom an award of Performance Shares is to be made and will specify the number of shares of Common Stock covered by such awards.

Section 9.2 Earning the Award. The Administrator, on the date of the grant of an award, shall prescribe that the Performance Shares, or portion thereof, will be earned, and the Participant will be entitled to receive payment pursuant to the award of Performance Shares, only upon the satisfaction of performance objectives and such other criteria as may be prescribed by the Administrator during a performance measurement period of at least one year. Performance objectives may be described in terms of Company-wide objectives or objectives that are related to the performance of the individual Participant or of a Subsidiary, division, department, region or function within the Company or a Subsidiary. Performance objectives may be made relative to the performance of other corporations. Performance objectives applicable to any award of Performance Shares to a Covered Employee shall be based on specified levels of or change in one or more of the following criteria: (i) the Company's net income or pre-tax earnings, (ii) the Company's net income or pre-tax earnings in relation to non-cash beginning assets (beginning assets less beginning cash and short-term investments), (iii) the achievement by the Company, a Subsidiary or an operating unit of stated objectives with respect to profitability, return on equity, earnings per share, total earnings, return on capital or return on assets, (iv) the Fair Market Value of Common Stock, (v) revenues, (vi) total stockholder return, (vii) operating earnings or margin, (viii) economic profit or value created, (ix) strategic business criteria consisting of one or more objectives based on meeting specified goals relating to market share or penetration, geographic business expansion, cost targets, customer or employee satisfaction, human resources management, diversity, employee health, employee safety, productivity, supervision of litigation or information technology or acquisitions or divestitures of subsidiaries, affiliates or joint ventures, (x) inventory, inventory turns or inventory shrinkage, (xi) receivables turnover, (xii) stocking and other labor hours, (xiii) markdowns or (xiv) any combination of the foregoing. If the Administrator determines that a change in the business, operations, corporate structure or capital structure of the Company, or the manner in which it conducts its business, or other events or circumstances (including those events and circumstances described in Article XI) render the performance objectives unsuitable, the Administrator may in its discretion modify such performance objectives or the related minimum acceptable level of achievement, in whole or in part, as the Administrator deems appropriate and equitable, except in the case of a Covered Employee to the extent that such action would result in the loss of the otherwise available exemption of the award under Section 162(m) of the Code. No payments will be made with respect to Performance Shares unless, and then only to the extent that, the Administrator certifies that stated performance objectives have been achieved.

Section 9.3 Payment. In the discretion of the Administrator, the amount payable when an award of Performance Shares is earned may be settled in cash, by the issuance of Common Stock or a combination of cash and Common Stock. A fractional share shall not be deliverable when an award of Performance Shares is earned, but a cash payment will be made in lieu thereof. The Administrator may, at or after the date of award of Performance Shares, provide for the payment of contingent dividends or dividend equivalents

to the holder thereof either in cash or in additional shares of Common Stock, provided such dividends or dividend equivalents shall be paid to the Participant only if the Performance Shares with respect to which such dividends or dividend equivalents are payable are earned by the Participant.

ARTICLE X
PROVISIONS APPLICABLE TO AWARDS GENERALLY

Section 10.1 Recoupment of Awards. The Administrator may require in any Agreement that any current or former Participant reimburse the Company for all or any portion of any award, terminate any outstanding, unexercised, unexpired or unpaid award, rescind any exercise, payment or delivery pursuant to an award or recapture any shares of Common Stock (whether restricted or unrestricted) or proceeds from the Participant's sale of shares of Common Stock issued pursuant to an award made under the Plan to the extent required by any recoupment or clawback policy adopted by the Administrator in its discretion or to comply with the requirements of any applicable laws.

Section 10.2 Limits on Transfer. No right or interest of a Participant in any unexercised or restricted award issued under the Plan may be pledged, encumbered, or hypothecated to or in favor of any party other than the Company or a Subsidiary, or shall be subject to any lien, obligation, or liability of such Participant to any other party other than the Company or a Subsidiary. No unexercised or restricted award shall be assignable or transferable by a Participant other than by will or the laws of descent and distribution.

Section 10.3 Share Certificates. All certificates for Common Stock or other securities of the Company delivered under the Plan pursuant to any award or the exercise thereof shall be subject to such stop transfer orders and other restrictions as the Administrator may deem advisable under the Plan, the applicable Award Agreement or the rules, regulations and other requirements of the Securities and Exchange Commission, the New York Stock Exchange or any other stock exchange or quotation system upon which such Common Stock or other securities are then listed or reported and any applicable federal or state laws, and the Administrator may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions. Notwithstanding any other provision of this Plan to the contrary, the Company may elect to satisfy any requirement under this Plan for the delivery of stock certificates through the use of book-entry.

Section 10.4 Acceleration upon a Change in Control. Except as otherwise provided in the Agreement, upon termination of an employee Participant's employment by the Company without Cause, or by an employee Participant for Good Reason, within a period of one year following the occurrence of a Change in Control, all outstanding Options and SARs held by such Participant shall become fully exercisable and all restrictions and performance conditions on outstanding Stock Awards and awards of Performance Shares held by such Participant shall lapse. To the extent that this provision causes Incentive Stock Options to exceed the \$100,000 limitation set forth in Section 6.5, the excess Options shall be deemed to be Non-Qualified Stock Options.

Section 10.5 Acceleration for Other Reasons. The Committee may in its sole discretion at any time determine that all or a portion of a Participant's Options or SARs shall become fully or partially exercisable, or that all or a part of the restrictions and performance conditions on all or a portion of any outstanding Stock Awards and Performance Shares shall lapse, in either case, as of such date as the Committee may, in its sole discretion, declare. The Committee may discriminate among Participants and among awards granted to a Participant in exercising its discretion pursuant to this Section 10.5. To the extent that this provision causes Incentive Stock Options to exceed the \$100,000 limitation set forth in

Section 6.5, the excess Options shall be deemed to be Non-Qualified Stock Options.

Section 10.6 Effect of Acceleration. If an award is accelerated under the Plan, the Committee may, in its sole discretion, provide (i) that the award will expire after a designated period of time after such acceleration to the extent not then exercised, (ii) that the award will be settled in cash rather than Common Stock, (iii) that the award will be assumed by another party to the transaction giving rise to the acceleration or otherwise be equitably converted in connection with such transaction, or (iv) any combination of the foregoing. The Committee's determination need not be uniform and may be different for different Participants whether or not such Participants are similarly situated.

Section 10.7 Termination of Employment. Whether military, government or other service or other leave of absence shall constitute a termination of employment shall be determined in each case by the Committee at its discretion, and any determination by the Committee shall be final and conclusive. A termination of employment shall not occur (i) in a circumstance in which a Participant transfers from the Company to one of its Parents or Subsidiaries, transfers from a Subsidiary to the Company, or transfers from one Subsidiary to another Subsidiary, or (ii) in the discretion of the Committee as specified at or prior to such occurrence, in the case of a spin-off, sale or disposition of the Participant's employer from the Company or any Subsidiary. To the extent that this provision causes Incentive Stock Options to extend beyond three months from the date a Participant is deemed to be an employee of the Company or a Subsidiary for purposes of Section 424(f) of the Code, the Options held by such Participant shall be deemed to be Non-Qualified Stock Options.

Section 10.8 Form of Payment for Awards. Subject to the terms of the Plan and any applicable law or Agreement, payments or transfers to be made by the Company or a Subsidiary on the grant or exercise of an award may be made in such form as the Committee determines at or after the time of grant, including without limitation, cash, Common Stock, other awards, or other property, or any combination, and may be made in a single payment or transfer, in installments, or on a deferred basis.

ARTICLE XI

ADJUSTMENT UPON CHANGE IN COMMON STOCK

In the event of a corporate transaction involving the Company (including, without limitation, any stock dividend, stock split, extraordinary cash dividend, recapitalization, reorganization, merger, consolidation, split-up, spin-off, combination or exchange of shares), the limitations under Sections 5.2 and 5.5 shall be adjusted proportionately, and the Committee shall adjust Options, SARs, Performance Shares, Stock Awards and Deferred Stock Benefits to preserve the benefits or potential benefits of such awards. Action by the Committee may include: (i) adjustment of the number and kind of shares which may be delivered under the Plan; (ii) adjustment of the number and kind of shares subject to outstanding awards; (iii) adjustment of the exercise price of outstanding awards; and (iv) any other adjustments that the Committee determines to be equitable. Without limiting the foregoing, in the event a stock dividend or stock split is declared upon the Common Stock, the authorization limits under Sections 5.2 and 5.5 shall be increased proportionately, and the shares of Common Stock then subject to each Option, SAR, Performance Share, Stock Award and Deferred Stock Benefit shall be increased proportionately without any change in the aggregate purchase price therefor.

The issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, for cash or property, or for labor or services, either upon direct sale or upon the exercise of rights or warrants to subscribe therefor, or upon conversion of shares or obligations of the Company convertible into such shares or other securities, shall not affect, and no adjustment by reason thereof shall be made with respect to, the maximum number of shares that may be granted or distributed under the Plan;

the per individual limitations on the number of shares for which Options, SARs, Performance Shares and Stock Awards may be granted; or the terms of outstanding Stock Awards, Options, Performance Shares or SARs or undistributed Deferred Stock Benefits.

The Committee may make Stock Awards and may grant Options, SARs, and Performance Shares in substitution for similar awards held by an individual who becomes an employee of the Company or a Subsidiary in connection with a transaction described in the first paragraph of this Article XI. Notwithstanding any provision of the Plan (other than the limitation of Section 5.2), the terms of such substituted awards shall be as the Committee, in its discretion, determines is appropriate.

ARTICLE XII
COMPLIANCE WITH LAW AND
APPROVAL OF REGULATORY BODIES

No Option or SAR shall be exercisable, no Common Stock shall be issued, no shares of Common Stock shall be delivered, and no payment shall be made under the Plan except in compliance with all applicable federal and state laws and regulations (including, without limitation, withholding tax requirements), any listing agreement to which the Company is a party, and the rules of all domestic stock exchanges on which the Company's shares may be listed. The Company shall have the right to rely on an opinion of its counsel as to such compliance. Any share certificate issued to evidence Common Stock when a Stock Award is granted, a Performance Share is settled or for which an Option or SAR is exercised may bear such legends and statements as the Administrator may deem advisable to assure compliance with federal and state laws and regulations. No Option or SAR shall be exercisable, no Stock Award or Performance Share shall be granted, no Common Stock shall be issued, no certificate for shares shall be delivered, and no payment shall be made under the Plan until the Company has obtained such consent or approval as the Administrator may deem advisable from regulatory bodies having jurisdiction over such matters.

ARTICLE XIII
GENERAL PROVISIONS

Section 13.1 Effect on Employment and Service. Neither the adoption of the Plan, its operation, nor any documents describing or referring to the Plan (or any part thereof), shall confer upon any individual any right to continue in the employ or service of the Company or a Subsidiary or in any way affect any right and power of the Company or a Subsidiary to terminate the employment or service of any individual at any time with or without assigning a reason therefor.

Section 13.2 Unfunded Plan. The Plan, insofar as it provides for grants, shall be unfunded, and the Company shall not be required to segregate any assets that may at any time be represented by grants under the Plan. Any liability of the Company to any person with respect to any grant under the Plan shall be based solely upon any contractual obligations that may be created pursuant to the Plan. No such obligation of the Company shall be deemed to be secured by any pledge of, or other encumbrance on, any property of the Company.

Section 13.3 Rules of Construction. Headings are given to the articles and sections of the Plan solely as a convenience to facilitate reference. The reference to any statute, regulation, or other provision of law shall be construed to refer to any amendment to or successor of such provision of law.

Section 13.4 No Rights to Awards. No Participant or any eligible participant shall have any claim to be granted any award under the Plan, and neither the Company nor the Committee is obligated to treat

Participants or eligible participants uniformly.

Section 13.5 No Shareholder Rights. Subject to Section 8.4, no award gives the Participant any of the rights of a shareholder of the Company unless and until shares of Common Stock are in fact issued to such person in connection with such award.

Section 13.6 Withholding. The Company or any Subsidiary shall have the authority and the right to deduct or withhold, or require a Participant to remit to the Company, an amount up to the maximum statutory rate to satisfy federal, state, local and foreign taxes (including the Participant's FICA obligation) with respect to any taxable event arising as a result of the Plan. With respect to withholding required upon any taxable event under the Plan, the Committee may, at the time the award is granted or thereafter, require or permit that any such withholding be satisfied, in whole or in part, by withholding from the award shares of Common Stock having a Fair Market Value on the date of withholding equal to an amount up to the maximum statutory rate, all in accordance with such procedures as the Administrator establishes.

Section 13.7 Foreign Employees. In order to facilitate the making of any award under the Plan, the Administrator may provide for such special terms for awards to Participants who are foreign nationals or who are employed by the Company or any Subsidiary outside of the United States of America as the Administrator may consider necessary or appropriate to accommodate differences in local law, tax policy or custom. Moreover, the Administrator may approve such supplements to or amendments, restatements or alternative versions of the Plan as it may consider necessary or appropriate for such purposes, without thereby affecting the terms of the Plan as in effect for any other purpose, and the Corporate Secretary or other appropriate officer of the Company may certify any such document as having been approved and adopted in the same manner as the Plan. No such special terms, supplements, amendments or restatements, however, shall include any provisions that are inconsistent with the terms of the Plan as then in effect unless the Plan could have been amended to eliminate such inconsistency without further approval by the shareholders of the Company.

Section 13.8 Severability. If any provision of the Plan or any award is or becomes or is deemed to be invalid, illegal or unenforceable in any jurisdiction or as to any person or award, or would disqualify the Plan or any award under any law deemed applicable by the Administrator, such provision shall be construed or deemed amended to conform to the applicable laws, or if it cannot be construed or deemed amended without, in the determination of the Administrator, materially altering the intent of the Plan or the award, such provision shall be construed or deemed stricken as to such jurisdiction, person or award and the remainder of the Plan and any such award shall remain in full force and effect.

Section 13.9 Compliance with Code Section 409A. The Plan is intended to comply with Section 409A of the Code. Notwithstanding any provision of the Plan to the contrary, the Plan shall be interpreted, operated and administered consistent with this intent. For each award intended to comply with the short-term deferral exception provided for under Section 409A of the Code, the related Award Agreement shall provide that such award shall be paid out by the later of (a) the 15th day of the third month following the Participant's first taxable year in which the award is no longer subject to a substantial risk of forfeiture or (b) the 15th day of the third month following the end of the Company's first taxable year in which the award is no longer subject to a substantial risk of forfeiture. To the extent that the Administrator determines that a Participant would be subject to the additional 20% tax imposed on certain deferred compensation arrangements pursuant to Section 409A of the Code as a result of any provision of any award, to the extent permitted by Section 409A of the Code, such provision shall be deemed amended to the minimum extent necessary to avoid application of such additional tax. The Committee shall determine the nature and scope of such amendment. To the extent required by Section 409A of the Code, any payment under the Plan made

in connection with the separation from service of a “specified employee” (within the meaning of Section 409A of the Code) of an award that is deferred compensation that is subject to Section 409A of the Code shall not be made earlier than six (6) months after the date of such separation from service.

Section 13.10 Governing Law. To the extent not governed by federal law, the Plan and all Agreements shall be construed in accordance with and governed by the laws of the State of North Carolina.

ARTICLE XIV
AMENDMENT, MODIFICATION, AND TERMINATION

Section 14.1 Amendment, Modification, and Termination. The Committee may, at any time and from time to time, amend, modify or terminate the Plan without shareholder approval; provided, however, that the Committee may condition any amendment or modification on the approval of shareholders of the Company if such approval is necessary or deemed advisable with respect to tax, securities or other applicable laws, policies or regulations.

Section 14.2 Awards Previously Granted. At any time and from time to time, the Committee may amend, modify or terminate any outstanding award without approval of the Participant; provided, however:

(i) subject to the terms of the applicable Agreement, such amendment, modification or termination shall not, without the Participant’s consent, reduce or diminish the value of such award determined as if the award had been exercised, vested, cashed in or otherwise settled on the date of such amendment or termination;

(ii) the original term of an Option or SAR may not be extended; and

(iii) without the further approval of the shareholders of the Company, (A) no amendment or modification of an Option or SAR shall reduce the Option exercise price or the Initial Value of the SAR, (B) no Option or SAR shall be cancelled in exchange for cash, other awards or Options or SARs having a lower Option exercise price or SAR Initial Value and (C) no amendment or modification may increase the dollar limitation in Section 5.6. For avoidance of doubt, clauses (A) and (B) of this Section 14.2(iii) are intended to prohibit the repricing of “underwater” Options and SARs, except as otherwise expressly permitted by the anti-dilution provision in Article XI.

Section 14.3 Compliance with Code Section 409A. The Plan is intended to comply with Section 409A of the Code. Notwithstanding any provision of the Plan to the contrary, the Plan shall be interpreted, operated and administered consistent with this intent. For each award intended to comply with the short-term deferral exception provided for under Section 409A of the Code, the related Agreement shall provide that such award shall be paid out by the later of (a) the 15th day of the third month following the Participant’s first taxable year in which the award is no longer subject to a substantial risk of forfeiture or (b) the 15th day of the third month following the end of the Company’s first taxable year in which the award is no longer subject to a substantial risk of forfeiture. To the extent the Administrator determines that a Participant would be subject to the additional 20% tax imposed on certain deferred compensation arrangements pursuant to Section 409A of the Code as a result of any provision of any award, to the extent permitted by Section 409A of the Code, such provision shall be deemed amended to the minimum extent necessary to avoid application of such additional tax. The Administrator shall determine the nature and scope of such amendment. To the extent required by Section 409A of the Code, any payment under the Plan made in connection with the separation from service of a “specified employee” (within the meaning of Section 409A of the Code) of an

award that is deferred compensation that is subject to Section 409A of the Code shall not be made earlier than six (6) months after the date of such separation from service.

ARTICLE XV
PRE-2008 MANDATORY DEFERRAL OF STOCK AWARDS

Section 15.1 Deferred Stock Benefits. A Deferred Stock Benefit was earned by a Participant who was an employee of the Company or a Subsidiary and whose applicable employee remuneration, as defined in Code Section 162(m)(4), exceeded the limit in Code Section 162(m)(1) prior to January 1, 2009. Such Deferred Stock Benefit consists of a credit equal to the portion of a Stock Award or an award of Performance Shares that, pursuant to procedures established by the Administrator, was forfeited because its vesting or transferability, or its settlement, prior to January 1, 2009 would have caused the limit in Code Section 162(m)(1) to be exceeded. Deferred Stock Benefits were credited to a Deferred Stock Account and are credited with earnings as described in Section 15.2. Deferred Stock Benefits may not be assigned by a Participant.

Section 15.2 Dividends. A Deferred Stock Account shall be credited with any dividends that would have been paid on the whole shares of Common Stock credited to the Deferred Stock Account. A Deferred Stock Account shall be credited with the number of whole and fractional shares of Common Stock that a Participant could have purchased with such dividends based on the Fair Market Value on the day before such dividends are credited to the account. The Deferred Stock Account shall be credited as of the day that dividends are paid on the Common Stock.

Section 15.3 Distributions. Deferred Stock Benefits will be paid to a Participant who is an employee of the Company or a Subsidiary in a single sum no later than the last day of the Company's Fiscal Year in which the distribution would not result in the Participant's applicable employee remuneration, as defined in Code Section 162(m)(4), to exceed the limit in Code Section 162(m)(1). A Deferred Stock Benefit shall be distributed in shares of Common Stock, and cash in lieu of fractional shares, equal to the number of whole and fractional shares of Common Stock credited to the Participant's Deferred Stock Account on the last day of the month preceding the month of distribution.

Section 15.4 Beneficiaries. A Participant may designate one or more beneficiaries, on a form acceptable to the Administrator or its designee, to receive the Participant's Deferred Stock Benefits in the event of the Participant's death. If there is no valid designation by the Participant, or if the designated beneficiary fails to survive the Participant or otherwise fails to take the benefit, the Participant's beneficiary is the first of the following who survives the Participant: a Participant's spouse (the person legally married to the Participant at the time of the Participant's death), the Participant's children in equal shares, and the Participant's estate.

Section 15.5 Termination of Mandatory Deferrals. Notwithstanding any contrary provision of the Plan, no Participant shall earn a Deferred Stock Benefit under the Plan with respect to any Stock Award or award of Performance Shares outstanding or awarded on and after January 1, 2009.

ARTICLE XVI
DURATION OF PLAN

No Stock Award, Performance Share award, Option or SAR may be granted under the Plan after March 20, 2024. Stock Awards, Performance Shares awards, Options and SARs granted before that date shall remain valid in accordance with their terms. The Plan shall remain in effect with respect to Deferred Stock Benefits until all Deferred Stock Accounts have been distributed in full, unless sooner terminated in accordance with Article XIV.

PERFORMANCE SHARE UNIT
AWARD AGREEMENT

Non-transferable

GRANT TO

 (“ Grantee ”)

by Lowe’s Companies, Inc. (the “ Company ”) of

(the “ Performance Share Units ”)

pursuant to and subject to the provisions of the Lowe’s Companies, Inc. 2006 Long Term Incentive Plan, as amended and restated (the “ Plan ”) and to the terms and conditions set forth on the following pages (the “ Terms and Conditions ”).

Unless terminated or paid earlier in accordance with the Plan or Section 4 of the Terms and Conditions, the Performance Share Units will be earned and become vested and payable to the Grantee in the form of shares of the Company’s common stock, \$0.50 par value, after the third anniversary of the Date of Grant based on achievement of the Performance Objectives applicable to the Performance Share Units.

IN WITNESS WHEREOF, Lowe’s Companies, Inc., acting by and through its duly authorized officer, has caused this Agreement to be executed as of the Date of Grant.

LOWE'S COMPANIES, INC.

By:

Date of Grant:

Accepted by Grantee:

TERMS AND CONDITIONS

1. Grant of Performance Share Units. The Company hereby grants Performance Share Units (the “ Performance Share Units ”), subject to the terms and conditions set forth in the Plan and in this Agreement. The actual number of Performance Share Units earned by the Grantee shall be based on the Company’s achievement of the Performance Objectives as described in Sections 2 and 3 for the three fiscal year period beginning ___ and ending ---- ___ (the “ Performance Period ”). Capitalized terms used herein and not otherwise defined shall have the meanings assigned to such terms in the Plan.

2. Performance Objectives for Performance Share Units. The Performance Objectives for the Performance Share Units shall be:

- (a) the Company's Average Return on Invested Capital (" ROIC ") for the Performance Period; and
- (b) the total shareholder return (" TSR ") with respect to the Company's Common Stock for the Performance Period relative to the median TSR of the companies comprising the S&P 500 Index at the beginning of the Performance Period.

" Average ROIC " for the Performance Period means the amount determined by dividing the sum of the ROIC for each fiscal year in the Performance Period by three (3).

" ROIC " for a fiscal year is determined by dividing:

- (a) the Company's net operating profit after taxes for such fiscal year, by
- (b) the average of the Company's invested capital as of the beginning and as of the end of such fiscal year.

For this purpose, invested capital means total debt plus lease liabilities and shareholder's equity.

" TSR " shall be determined by assuming the reinvestment of all dividends as of the ex-dividend date and using the twenty trading day average closing price preceding the beginning and ending of the Performance Period.

The Committee shall have the authority to make equitable adjustments to the Performance Objectives where necessary (i) in response to changes in applicable laws or regulations, (ii) to account for items of gain, loss or expense that are related to the disposal (or acquisition) of a business or change in accounting principles that was not anticipated at the Date of Grant, (iii) to account for unusual or non-recurring transactions that were not anticipated at the Date of Grant, or (iv) to reflect other unusual, non-recurring or unexpected items similar in nature to the foregoing as determined in good faith by the Committee. All such adjustments shall be made in a consistent manner and in accordance with the objectives of the Plan.

3. Determination of Number of Performance Share Units Earned. The number of Performance Share Units earned for the Performance Period shall be determined in two steps.

- (a) First, the number of Performance Share Units earned based on the Company's Average ROIC for the Performance Period (the " ROIC PSUs ") shall be determined in accordance with the following table:

<u>Average ROIC</u>	% of <u>Performance Share Units Earned</u>
___ % or higher	___%
___%	___%
___%	___%
Less than ___%	___%

The percentage of ROIC Performance Share Units earned for Average ROIC between 22.7% and 25.2% or between 25.2% and 27.7% shall be determined by linear interpolation.

- (b) Second, the number of ROIC PSUs will be multiplied by the TSR modifier shown in the following table with the result being the Performance Share Units earned for the Performance Period:

Company's TSR Percentage Difference from the Median TSR of <u>the S&P 500 Index</u>	<u>TSR Modifier</u>
≥ + ___%	___x
___%	___x
≤ - ___%	___x

The number of Performance Shares Units earned for performance between discrete points in either of the tables in (a) or (b) above shall be determined by linear interpolation.

4. Distribution of Common Stock for Performance Share Units Earned.

- (a) Distribution Following Expiration of Performance Period. Unless otherwise sooner forfeited in accordance with Section 4(b) or distributed in accordance with Section 4(d), on or within 60 days after _____, ___ (the “ Distribution Date ”), the Company shall distribute to the Grantee one share of Common Stock for each whole Performance Share Unit earned by the Grantee in accordance with Sections 2 and 3.
- (b) Termination of Employment Prior to Distribution Date. The Grantee shall forfeit all of Grantee’s right, title and interest in and to the Performance Share Units in the event Grantee’s employment with the Company terminates before the Distribution Date for any reason other than death, Disability or Retirement.
- (c) Termination Due to Death, Disability or Retirement. In the event the Grantee’s employment with the Company terminates prior to the Distribution Date due to death, Disability or Retirement, the Performance Share Units shall remain outstanding and shall be earned in accordance with Sections 2 and 3 and shares of Common Stock for each whole Performance Share earned shall be distributed on or within 60 days after the Distribution Date in accordance with Section 4(a).

The definition of “Retirement” for purposes of this Agreement shall have the following meaning and not the meaning assigned to such term in the Plan: The voluntary termination of employment with the approval of the Board at least six (6) months after the Date of Grant and on or after the date Grantee has attained age fifty-five (55) and Grantee’s age plus years of service equal or exceed seventy (70); provided that, Grantee has given the Board at least ten (10) days advance notice of such Retirement and Grantee has executed and not revoked a Release of Claims provided to Grantee by the Company upon receipt of Grantee’s notice.

- (d) Change in Control Prior to Distribution Date. In the event a change in control of the Company (as defined in Section 409A of the Internal Revenue Code) occurs before the Distribution Date, the Performance Share Units shall be earned in accordance with Sections 2 and 3 based on the achievement of the Performance Objectives through the end of the fiscal year quarter ending immediately prior to such change in control. Shares of Common Stock for each whole Performance Share Unit earned shall be distributed to the Grantee as soon as administratively practicable, but in no event later than 30 days following such change in control.
5. No Stockholder Rights. The Performance Share Units shall not entitle the Grantee to any voting, dividend or other rights as a stockholder of the Company until shares of Common Stock are distributed to Grantee in accordance with Section 4.
6. Competing Activity. If Grantee engages in any Competing Activity during Grantee’s employment with the Company or a Subsidiary or within 2 years after the termination of Grantee’s employment with the Company or its Subsidiaries for any reason, (i) Grantee shall forfeit all of Grantee’s right, title and interest in and to any Unvested Shares or Non transferable Shares as of the time of the Grantee’s engaging in such Competing Activity and such Shares shall revert to the Company immediately following such event of forfeiture, and (ii) Grantee shall remit, upon demand by the Company, the “Repayment Amount” (as defined in the following sentence), with respect to any Shares that were granted to Grantee under the terms of the Plan.

The “Repayment Amount” is the aggregate Fair Market Value of the Shares at the time of delivery to Grantee. The Repayment Amount shall be payable in cash (which shall include a certified check or bank check), by the tender of shares of Common Stock or by a combination of cash and Common Stock; provided that, regardless of the Fair Market Value of such shares at the time of tender, the tender of the shares shall satisfy the obligation to pay the Repayment Amount for the same number of shares of Common Stock delivered to the Company.

For purposes of this Agreement, Grantee will be deemed to be engaged in a “Competing Activity” if Grantee, directly or indirectly, owns, manages, operates, controls, is employed by, or participates in as a 5% or greater shareholder, partner, member or joint venturer, in a Competing Enterprise, or engages in, as an independent contractor or otherwise, a Competing Enterprise for himself or on behalf of another person or entity. A “Competing Enterprise” is any business engaged in any market which is a part of the Home Improvement Business as described below (i) with total annual sales or revenues

of at least five hundred million dollars (\$500 million USD) and (ii) with retail locations or distribution facilities in a US State or the District of Columbia or which engages in providing goods and/or services within the Home Improvement Business to customers in the United States through electronic means (internet, mobile application, etc.), including but not limited to the following entities: The Home Depot, Inc.; Sears Holdings, Inc. or Transform Holdco LLC; Menard, Inc.; Amazon.com, Inc.; Ace Hardware Corp.; Lumber Liquidators Holdings, Inc.; Wayfair, Inc.; Walmart, Inc.; HD Supply Holding, Inc.; Floor & Décor Holdings, Inc.; and True Value Company.

The Company and its affiliated entities comprise an omni-channel provider of home improvement products and supplies for maintenance, repair, remodeling, and decorating as well as appliances, installation services, supplies for the multi-family housing industry, and supplies for builders, contractors, and maintenance professionals. (the “Home Improvement Business”). The Company operates retail locations and support facilities and offers products and services to consumers in all 50 states, the District of Columbia, and Canada through traditional retail locations, sales organizations, and on-line channels. The Company’s Home Improvement Business requires a complex sourcing and supply network, multi-channel distribution and delivery systems, innovative information technology resources, and a robust infrastructure support organization.

Grantee recognizes and acknowledges that the Company has a legitimate business interest in maintaining its competitive position in a dynamic industry and that restricting Grantee for a reasonable period from performing work for, providing services to, or owning more than a 5% interest in an enterprise which engages in business activities which are in competition with the Company is reasonable and appropriate. Grantee further acknowledges that the Company’s business would likely be damaged by Grantee’s engaging in competitive work activity during the non-competition period detailed above. Grantee agrees that in Grantee’s position with the Company, Grantee was provided access to or helped develop business information proprietary to the Company and that Grantee would inevitably disclose or otherwise utilize such information if Grantee were to work for, provide services to, or own a substantial interest in a Competing Enterprise during the non-competition period.

Should Grantee wish to undertake a Competing Activity during Grantee’s employment or before the expiration of the above-referenced 2-year period, Grantee must request written permission from the Executive Vice President Human Resources of the Company before undertaking such Competing Activity. The Company may approve or not approve the Competing Activity at its sole discretion.

Nothing contained in this Section 6 shall be interpreted as or deemed to constitute a waiver of, or diminish or be in lieu of, any other rights that the Company or a Subsidiary may possess as a result of Grantee’s misconduct or direct or indirect involvement with a business competing with the business of the Company or a Subsidiary. This section does not apply to Grantee if Grantee works in the State of California at the end of Grantee’s employment with the Company.

7. No Solicitation of Employees. During Grantee’s employment with the Company or any of its subsidiaries and until the date that is 2 years after date of termination for any

reason, Grantee will not, directly or indirectly, solicit or encourage any person who was an employee of the Company or any of its subsidiaries during Grantee's employment or during the 2 years immediately prior to Grantee's date of termination ("Protected Employee"), to leave employment with the Company or any of its subsidiaries or assist in any way with the hiring of any Protected Employee by any future employer, person or other entity including but not limited to referral, identification for potential employment, recommendation, interview, or direct or indirect supervision.

8. No Solicitation of Customers or Vendors. During Grantee's employment with the Company or any of its subsidiaries and until the date that is 2 years after date of termination for any reason, Grantee will not, directly or indirectly, solicit the business of the Company's customers or vendors who were customers or vendors during the 2 years immediately prior to Grantee's date of termination to divert their business away from or otherwise interfere with the business relationships of the Company with its customers and/or vendors on Grantee's behalf or on behalf of any other entity or person.
9. Injunctive Relief. Grantee agrees that the provisions herein are important to and of material consideration to the Company and that the Company considers that monetary damages alone are an inadequate remedy to the Company for any breach of the provisions hereof. Grantee further stipulates that, upon any material breach by Grantee of the provisions herein the Company shall be entitled to injunctive relief against Grantee from a court having personal jurisdiction of Grantee. This section shall not be deemed to limit the legal and equitable remedies available to the Company or to limit the nature and extent of any claim by the Company for damages caused by Grantee for breach of this Agreement.
10. No Right of Continued Employment. Nothing in this Agreement shall interfere with or limit in any way the right of the Company or any Subsidiary to terminate Grantee's employment at any time, nor confer upon Grantee any right to continue in the employ of the Company or any Subsidiary.
11. Payment of Taxes.
 - (a) The Company will automatically withhold a number of shares of Common Stock or Units (as the case may be) having a fair market value equal to an amount up to the maximum statutory rate to satisfy federal, state, local and foreign taxes (including Grantee's FICA obligation), *unless* Grantee notifies the Company thirty (30) days prior to the date such withholding is required that he or she will satisfy his or her tax withholding obligations in cash.
 - (b) If Grantee chooses to satisfy his or her tax withholding obligations in cash *and* complies with the above notification requirement, Grantee will, no later than the date as of which any amount related to the Performance Share Units first becomes includable in Grantee's gross income for federal income tax purposes, pay to the Company, or make other arrangements satisfactory to the Committee regarding payment of, any federal, state and local taxes of any kind (including Grantee's FICA obligation) required by law to be withheld with respect to such amount.

The obligations of the Company under this Agreement will be conditional on such payment or arrangements, and the Company, and, where applicable, its Subsidiaries will, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to Grantee.

12. Amendment. The Committee may amend or terminate this Agreement without the consent of Grantee; provided, however, that such amendment or termination shall not, without Grantee's consent, reduce or diminish the value of this award.
13. Plan Controls. The terms contained in the Plan, including without limitation the antidilution adjustment provisions, are incorporated into and made a part of this Agreement, and this Agreement shall be governed by and construed in accordance with the Plan. In the event of any actual or alleged conflict between the provisions of the Plan and the provisions of this Agreement, the provisions of the Plan shall be controlling and determinative.
14. Successors. This Agreement shall be binding upon any successor of the Company, in accordance with the terms of this Agreement and the Plan.
15. Severability. If any one or more of the provisions contained in this Agreement are invalid, illegal or unenforceable, the other provisions of this Agreement will be construed and enforced as if the invalid, illegal or unenforceable provision had never been included.
16. Notice. Notices and communications under this Agreement must be in writing and either personally delivered or sent by registered or certified United States mail, return receipt requested, postage prepaid. Notices to the Company must be addressed to:

Lowe's Companies, Inc.
1000 Lowes Boulevard
 Mooresville, NC 28117
Attn: Stock Plan Administration

or any other address designated by the Company in a written notice to Grantee. Notices to Grantee will be directed to the address of Grantee then currently on file with the Company, or at any other address given by Grantee in a written notice to the Company.

17. Governing Law and Venue. This Agreement shall be governed by the laws of the State of North Carolina other than its choice of laws provisions to the extent that such provisions would require or permit the application of the laws of a state other than North Carolina. Each of the Parties to this Agreement consents to submit to the personal jurisdiction and venue of the North Carolina Superior Court in any action or proceeding arising out of or relating to this Agreement and specifically waives any right to attempt to deny or defeat personal jurisdiction of the North Carolina Superior Court by motion or request for leave from any such court. Each of the Parties further waives any right to seek change of venue from the North Carolina Superior Court due to inconvenient forum or other similar justification and will pay to the other Parties the costs associated with responding to or otherwise opposing any motion or request for such relief.

PERFORMANCE SHARE UNIT
AWARD AGREEMENT

Non-transferable

GRANT TO

(“ Grantee ”)

by Lowe’s Companies, Inc. (the “ Company ”) of

(the “ Performance Share Units ”)

pursuant to and subject to the provisions of the Lowe’s Companies, Inc. 2006 Long Term Incentive Plan, as amended and restated (the “ Plan ”) and to the terms and conditions set forth on the following pages (the “ Terms and Conditions ”).

Unless terminated or paid earlier in accordance with the Plan or Section 4 of the Terms and Conditions, the Performance Share Units will be earned and become vested and payable to the Grantee in the form of shares of the Company’s common stock, \$0.50 par value, after the third anniversary of the Date of Grant based on achievement of the Performance Objectives applicable to the Performance Share Units.

IN WITNESS WHEREOF, Lowe’s Companies, Inc., acting by and through its duly authorized officer, has caused this Agreement to be executed as of the Date of Grant.

LOWE'S COMPANIES, INC.

By:

Date of Grant:

Accepted by Grantee:

TERMS AND CONDITIONS

1. Grant of Performance Share Units. The Company hereby grants Performance Share Units (the “ Performance Share Units ”), subject to the terms and conditions set forth in the Plan and in this Agreement. The actual number of Performance Share Units earned by the Grantee shall be based on the Company’s achievement of the Performance Objectives as described in Sections 2 and 3 for the three fiscal year period beginning ___ and ending ---- ___ (the “ Performance Period ”). Capitalized terms used herein and not otherwise defined shall have the meanings assigned to such terms in the Plan.

2. Performance Objectives for Performance Share Units. The Performance Objectives for the Performance Share Units shall be:

- (a) the Company's Average Return on Invested Capital (" ROIC ") for the Performance Period; and
- (b) the total shareholder return (" TSR ") with respect to the Company's Common Stock for the Performance Period relative to the median TSR of the companies comprising the S&P 500 Index at the beginning of the Performance Period.

" Average ROIC " for the Performance Period means the amount determined by dividing the sum of the ROIC for each fiscal year in the Performance Period by three (3).

" ROIC " for a fiscal year is determined by dividing:

- (a) the Company's net operating profit after taxes for such fiscal year, by
- (b) the average of the Company's invested capital as of the beginning and as of the end of such fiscal year.

For this purpose, invested capital means total debt plus lease liabilities and shareholder's equity.

" TSR " shall be determined by assuming the reinvestment of all dividends as of the ex-dividend date and using the twenty trading day average closing price preceding the beginning and ending of the Performance Period.

The Committee shall have the authority to make equitable adjustments to the Performance Objectives where necessary (i) in response to changes in applicable laws or regulations, (ii) to account for items of gain, loss or expense that are related to the disposal (or acquisition) of a business or change in accounting principles that was not anticipated at the Date of Grant, (iii) to account for unusual or non-recurring transactions that were not anticipated at the Date of Grant, or (iv) to reflect other unusual, non-recurring or unexpected items similar in nature to the foregoing as determined in good faith by the Committee. All such adjustments shall be made in a consistent manner and in accordance with the objectives of the Plan.

3. Determination of Number of Performance Share Units Earned. The number of Performance Share Units earned for the Performance Period shall be determined in two steps.

- (a) First, the number of Performance Share Units earned based on the Company's Average ROIC for the Performance Period (the " ROIC PSUs ") shall be determined in accordance with the following table:

<u>Average ROIC</u>	% of <u>Performance Share Units Earned</u>
___ % or higher	___%
___%	___%
___%	___%
Less than ___%	___%

The percentage of ROIC Performance Share Units earned for Average ROIC between 22.7% and 25.2% or between 25.2% and 27.7% shall be determined by linear interpolation.

- (b) Second, the number of ROIC PSUs will be multiplied by the TSR modifier shown in the following table with the result being the Performance Share Units earned for the Performance Period:

Company's TSR Percentage Difference from the Median TSR of <u>the S&P 500 Index</u>	<u>TSR Modifier</u>
≥ + ___%	___x
___%	___x
≤ - ___%	___x

The number of Performance Shares Units earned for performance between discrete points in either of the tables in (a) or (b) above shall be determined by linear interpolation.

4. Distribution of Common Stock for Performance Share Units Earned.

- (a) Distribution Following Expiration of Performance Period. Unless otherwise sooner forfeited in accordance with Section 4(b) or distributed in accordance with Section 4(d), on or within 60 days after ____, ___ (the “ Distribution Date ”), the Company shall distribute to the Grantee one share of Common Stock for each whole Performance Share Unit earned by the Grantee in accordance with Sections 2 and 3.
- (b) Termination of Employment Prior to Distribution Date. The Grantee shall forfeit all of Grantee’s right, title and interest in and to the Performance Share Units in the event Grantee’s employment with the Company terminates before the Distribution Date for any reason other than death, Disability or Retirement.
- (c) Termination Due to Death, Disability or Retirement. In the event the Grantee’s employment with the Company terminates prior to the Distribution Date due to death, Disability or Retirement, the Performance Share Units shall remain outstanding and shall be earned in accordance with Sections 2 and 3 and shares of Common Stock for each whole Performance Share earned shall be distributed on or within 60 days after the Distribution Date in accordance with Section 4(a).

The definition of “Retirement” for purposes of this Agreement shall have the following meaning and not the meaning assigned to such term in the Plan: The voluntary termination of employment with the approval of the Board at least six (6) months after the Date of Grant and on or after the date Grantee has attained age fifty-five (55) and Grantee’s age plus years of service equal or exceed seventy (70); provided that, Grantee has given the Board at least ten (10) days advance notice of such Retirement and Grantee has executed and not revoked a Release of Claims provided to Grantee by the Company upon receipt of Grantee’s notice.

- (d) Change in Control Prior to Distribution Date. In the event a change in control of the Company (as defined in Section 409A of the Internal Revenue Code) occurs before the Distribution Date, the Performance Share Units shall be earned in accordance with Sections 2 and 3 based on the achievement of the Performance Objectives through the end of the fiscal year quarter ending immediately prior to such change in control. Shares of Common Stock for each whole Performance Share Unit earned shall be distributed to the Grantee as soon as administratively practicable, but in no event later than 30 days following such change in control.
5. No Stockholder Rights. The Performance Share Units shall not entitle the Grantee to any voting, dividend or other rights as a stockholder of the Company until shares of Common Stock are distributed to Grantee in accordance with Section 4.
6. Competing Activity. If Grantee engages in any Competing Activity during Grantee’s employment with the Company or a Subsidiary or within 18 months after the termination of Grantee’s employment with the Company or its Subsidiaries for any reason, (i) Grantee shall forfeit all of Grantee’s right, title and interest in and to any Unvested Shares or Non-transferable Shares as of the time of the Grantee’s engaging in such Competing Activity and such Shares shall revert to the Company immediately following such event of forfeiture, and (ii) Grantee shall remit, upon demand by the Company, the “Repayment Amount” (as defined in the following sentence), with respect to any Shares that were granted to Grantee under the terms of the Plan.

The “Repayment Amount” is the aggregate Fair Market Value of the Shares at the time of delivery to Grantee. The Repayment Amount shall be payable in cash (which shall include a certified check or bank check), by the tender of shares of Common Stock or by a combination of cash and Common Stock; provided that, regardless of the Fair Market Value of such shares at the time of tender, the tender of the shares shall satisfy the obligation to pay the Repayment Amount for the same number of shares of Common Stock delivered to the Company.

For purposes of this Agreement, Grantee will be deemed to be engaged in a “Competing Activity” if Grantee, directly or indirectly, owns, manages, operates, controls, is employed by, or participates in as a 5% or greater shareholder, partner, member or joint venturer, in a Competing Enterprise, or engages in, as an independent contractor or otherwise, a Competing Enterprise for himself or on behalf of another person or entity. A “Competing Enterprise” is any business engaged in any market which is a part of the Home Improvement Business as described below (i) with total annual sales or revenues

of at least five hundred million dollars (\$500 million USD) and (ii) with retail locations or distribution facilities in a US State or the District of Columbia or which engages in providing goods and/or services within the Home Improvement Business to customers in the United States through electronic means (internet, mobile application, etc.), including but not limited to the following entities: The Home Depot, Inc.; Sears Holdings, Inc. or Transform Holdco LLC; Menard, Inc.; Amazon.com, Inc.; Ace Hardware Corp.; Lumber Liquidators Holdings, Inc.; Wayfair, Inc.; Walmart, Inc.; HD Supply Holding, Inc.; Floor & Décor Holdings, Inc.; and True Value Company.

The Company and its affiliated entities comprise an omni-channel provider of home improvement products and supplies for maintenance, repair, remodeling, and decorating as well as appliances, installation services, supplies for the multi-family housing industry, and supplies for builders, contractors, and maintenance professionals. (the “Home Improvement Business”). The Company operates retail locations and support facilities and offers products and services to consumers in all 50 states, the District of Columbia, and Canada through traditional retail locations, sales organizations, and on-line channels. The Company’s Home Improvement Business requires a complex sourcing and supply network, multi-channel distribution and delivery systems, innovative information technology resources, and a robust infrastructure support organization.

Grantee recognizes and acknowledges that the Company has a legitimate business interest in maintaining its competitive position in a dynamic industry and that restricting Grantee for a reasonable period from performing work for, providing services to, or owning more than a 5% interest in an enterprise which engages in business activities which are in competition with the Company is reasonable and appropriate. Grantee further acknowledges that the Company’s business would likely be damaged by Grantee’s engaging in competitive work activity during the non-competition period detailed above. Grantee agrees that in Grantee’s position with the Company, Grantee was provided access to or helped develop business information proprietary to the Company and that Grantee would inevitably disclose or otherwise utilize such information if Grantee were to work for, provide services to, or own a substantial interest in a Competing Enterprise during the non-competition period.

Should Grantee wish to undertake a Competing Activity during Grantee’s employment or before the expiration of the above-referenced 218-month period, Grantee must request written permission from the Executive Vice President Human Resources of the Company before undertaking such Competing Activity. The Company may approve or not approve the Competing Activity at its sole discretion.

Nothing contained in this Section 6 shall be interpreted as or deemed to constitute a waiver of, or diminish or be in lieu of, any other rights that the Company or a Subsidiary may possess as a result of Grantee’s misconduct or direct or indirect involvement with a business competing with the business of the Company or a Subsidiary. This section does not apply to Grantee if Grantee works in the State of California at the end of Grantee’s employment with the Company.

7. No Solicitation of Employees. During Grantee’s employment with the Company or any of its subsidiaries and until the date that is 18 months after date of termination for any

reason, Grantee will not, directly or indirectly, solicit or encourage any person who was an employee of the Company or any of its subsidiaries during Grantee's employment who worked within Grantee's organization within the Company during the 2 years immediately prior to Grantee's date of termination ("Protected Employee"), to leave employment with the Company or any of its subsidiaries or assist in any way with the hiring of any Protected Employee by any future employer, person or other entity including but not limited to referral, identification for potential employment, recommendation, interview, or direct or indirect supervision.

8. No Solicitation of Customers or Vendors. During Grantee's employment with the Company or any of its subsidiaries and until the date that is 18 months after date of termination for any reason, Grantee will not, directly or indirectly, solicit the business of the Company's customers or vendors with whom Grantee had material contact or about whom Grantee has confidential information obtained during the 2 years immediately prior to Grantee's date of termination to divert their business away from or otherwise interfere with the business relationships of the Company with its customers and/or vendors on Grantee's behalf or on behalf of any other entity or person.
9. Injunctive Relief. Grantee agrees that the provisions herein are important to and of material consideration to the Company and that the Company considers that monetary damages alone are an inadequate remedy to the Company for any breach of the provisions hereof. Grantee further stipulates that, upon any material breach by Grantee of the provisions herein the Company shall be entitled to injunctive relief against Grantee from a court having personal jurisdiction of Grantee. This section shall not be deemed to limit the legal and equitable remedies available to the Company or to limit the nature and extent of any claim by the Company for damages caused by Grantee for breach of this Agreement.
10. No Right of Continued Employment. Nothing in this Agreement shall interfere with or limit in any way the right of the Company or any Subsidiary to terminate Grantee's employment at any time, nor confer upon Grantee any right to continue in the employ of the Company or any Subsidiary.
11. Payment of Taxes.
 - (a) The Company will automatically withhold a number of shares of Common Stock or Units (as the case may be) having a fair market value equal to an amount up to the maximum statutory rate to satisfy federal, state, local and foreign taxes (including Grantee's FICA obligation), *unless* Grantee notifies the Company thirty (30) days prior to the date such withholding is required that he or she will satisfy his or her tax withholding obligations in cash.
 - (b) If Grantee chooses to satisfy his or her tax withholding obligations in cash *and* complies with the above notification requirement, Grantee will, no later than the date as of which any amount related to the Performance Share Units first becomes includable in Grantee's gross income for federal income tax purposes, pay to the Company, or make other arrangements satisfactory to the Committee regarding payment of, any federal, state and local taxes of any kind (including Grantee's FICA

obligation) required by law to be withheld with respect to such amount.

The obligations of the Company under this Agreement will be conditional on such payment or arrangements, and the Company, and, where applicable, its Subsidiaries will, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to Grantee.

12. Amendment. The Committee may amend or terminate this Agreement without the consent of Grantee; provided, however, that such amendment or termination shall not, without Grantee's consent, reduce or diminish the value of this award.
13. Plan Controls. The terms contained in the Plan, including without limitation the antidilution adjustment provisions, are incorporated into and made a part of this Agreement, and this Agreement shall be governed by and construed in accordance with the Plan. In the event of any actual or alleged conflict between the provisions of the Plan and the provisions of this Agreement, the provisions of the Plan shall be controlling and determinative.
14. Successors. This Agreement shall be binding upon any successor of the Company, in accordance with the terms of this Agreement and the Plan.
15. Severability. If any one or more of the provisions contained in this Agreement are invalid, illegal or unenforceable, the other provisions of this Agreement will be construed and enforced as if the invalid, illegal or unenforceable provision had never been included.
16. Notice. Notices and communications under this Agreement must be in writing and either personally delivered or sent by registered or certified United States mail, return receipt requested, postage prepaid. Notices to the Company must be addressed to:

Lowe's Companies, Inc.
1000 Lowes Boulevard
 Mooresville, NC 28117
Attn: Stock Plan Administration

or any other address designated by the Company in a written notice to Grantee. Notices to Grantee will be directed to the address of Grantee then currently on file with the Company, or at any other address given by Grantee in a written notice to the Company.

17. Governing Law and Venue. This Agreement shall be governed by the laws of the State of North Carolina other than its choice of laws provisions to the extent that such provisions would require or permit the application of the laws of a state other than North Carolina. Each of the Parties to this Agreement consents to submit to the personal jurisdiction and venue of the North Carolina Superior Court in any action or proceeding arising out of or relating to this Agreement and specifically waives any right to attempt to deny or defeat personal jurisdiction of the North Carolina Superior Court by motion or request for leave from any such court. Each of the Parties further waives any right to seek change of venue from the North Carolina Superior Court due to inconvenient forum or other similar justification and will pay to the other Parties the costs associated with responding to or otherwise opposing any motion or request for such relief.

RESTRICTED STOCK AWARD AGREEMENT

Non-transferable

GRANT TO

(“ Grantee ”)

by Lowe’s Companies, Inc. (the “ Company ”) of

shares of its common stock, \$0.50 par value (the “ Shares ”)

pursuant to and subject to the provisions of the Lowe’s Companies, Inc. 2006 Long Term Incentive Plan, as amended and restated (the “ Plan ”), and to the terms and conditions set forth on the following pages (the “ Terms and Conditions ”).

Except as otherwise provided in Section 2 of the Terms and Conditions, the Shares shall vest and no longer be subject to forfeiture as to the following percentage of the Shares awarded hereunder, on the following date:

Percentage of Shares

100%

Date of Vesting

Third Anniversary of Date of Grant

Notwithstanding the vesting of the Shares on the Date of Vesting set forth above or as otherwise provided in Section 2 of the Terms and Conditions, the Shares shall be Non-transferable Shares until the expiration of the transfer restrictions set forth in Section 3 of the Terms and Conditions.

IN WITNESS WHEREOF, Lowe’s Companies, Inc., acting by and through its duly authorized officer, has caused this Agreement to be executed as of the Date of Grant.

LOWE'S COMPANIES, INC.

By:

Date of Grant:

Accepted by Grantee:

TERMS AND CONDITIONS

1. Grant of Shares. The Company hereby grants to Grantee, subject to the restrictions and the other terms and conditions set forth in the Plan, and in this Restricted Stock Award Agreement (this “Agreement”), the Shares indicated on Page 1. Capitalized terms used herein and not otherwise defined shall have the meanings assigned to such terms in the Plan.
2. Vesting of Shares. As of the Date of Grant, the Shares shall be “Unvested Shares” and fully forfeitable. The Unvested Shares shall become “Vested Shares” as of the earliest to occur of the following (the period prior to such vesting being referred to herein as the “Vesting Period”):
 - (a) As of the Date of Vesting specified on Page 1;
 - (b) On the date of termination of Grantee’s employment with the Company and its Subsidiaries by reason of Grantee’s death, Disability or Retirement; or
 - (c) On the date of termination of Grantee’s employment with the Company and its Subsidiaries by the Company without Cause or by Grantee’s resignation for Good Reason, in either case within twelve (12) months after the occurrence of a Change in Control.

If Grantee’s employment with the Company and its Subsidiaries terminates for any reason prior to the Unvested Shares becoming Vested Shares in accordance with this Section 2, Grantee shall forfeit all of Grantee’s right, title and interest in and to the Unvested Shares as of the date of Grantee’s termination of employment, and such Unvested Shares shall revert to the Company immediately following the event of forfeiture.

The definition of “Retirement” for purposes of this Agreement shall have the following meaning and not the meaning assigned to such term in the Plan: The voluntary termination of employment with the approval of the Board at least six (6) months after the Date of Grant and on or after the date Grantee has attained age fifty-five (55) and Grantee’s age plus years of service equal or exceed seventy (70); provided that, Grantee has given the Board at least ten (10) days advance notice of such Retirement and Grantee has executed and not revoked a Release of Claims provided to Grantee by the Company upon receipt of Grantee’s notice.

3. Share Transfer Restrictions. “Non-transferable Shares” means those Shares that are subject to the transfer restrictions imposed under this Section 3 which restrictions have not expired or terminated. Non-transferable Shares may not be sold, transferred, exchanged, assigned, pledged, hypothecated or otherwise encumbered.

The restrictions imposed under this Section shall apply to all shares of the Company’s common stock or other securities issued with respect to Non-transferable Shares hereunder in connection with any merger, reorganization, consolidation, recapitalization, stock dividend or other change in corporate structure affecting the common stock of the Company.

The transfer restrictions imposed under this Section 3 will expire as to all of the Shares indicated on Page 1 on the earliest to occur of the following (the period prior to such expiration being referred to herein as the “Non-transferable Period”):

- (a) On the Date of Vesting specified on Page 1;

- (b) On the date of termination of Grantee's employment with the Company and its Subsidiaries by reason of Grantee's death or Disability; or
 - (c) On the date of termination of Grantee's employment with the Company and its Subsidiaries by the Company without Cause or by Grantee's resignation for Good Reason, in either case within twelve (12) months after the occurrence of a Change in Control.
4. Delivery of Shares. The Shares will be registered in the name of Grantee as of the Date of Grant and will be held by the Company during the Non-transferable Period in certificated or uncertificated form. If a certificate for Non-transferable Shares is issued during the Non-transferable Period, such certificate shall be registered in the name of Grantee and shall bear a legend in substantially the following form (in addition to any legend required under applicable state securities laws):
- “This certificate and the shares of stock represented hereby are subject to the terms and conditions (including forfeiture and restrictions against transfer) contained in a Restricted Stock Award Agreement between the registered owner of the shares represented hereby and Lowe's Companies, Inc. Release from such terms and conditions shall be made only in accordance with the provisions of such Agreement, copies of which are on file in the offices of Lowe's Companies, Inc.”
- Stock certificates for the Shares, without the above legend, shall be delivered to Grantee or Grantee's designee upon request of Grantee after the expiration of the Non-transferable Period, but delivery may be postponed for such period as may be required for the Company with reasonable diligence to comply if deemed advisable by the Company, with registration requirements under the Securities Act of 1933, listing requirements under the rules of any stock exchange, and requirements under any other law or regulation applicable to the issuance or transfer of the Shares.
5. Voting and Dividend Rights. Grantee, as beneficial owner of the Shares, shall have full voting and dividend rights with respect to the Shares during and after the Vesting Period and Non-transferable Period. If Grantee forfeits any rights Grantee may have under this Agreement, Grantee shall no longer have any rights as a shareholder with respect to the Shares or any interest therein and Grantee shall no longer be entitled to receive dividends on such Shares. In the event that for any reason Grantee shall have received dividends upon such Shares after such forfeiture, Grantee shall repay to the Company an amount equal to such dividends.
6. Competing Activity. If Grantee engages in any Competing Activity during Grantee's employment with the Company or a Subsidiary or within 2 years after the termination of Grantee's employment with the Company or its Subsidiaries for any reason, (i) Grantee shall forfeit all of Grantee's right, title and interest in and to any Unvested Shares or Non-transferable Shares as of the time of the Grantee's engaging in such Competing Activity and such Shares shall revert to the Company immediately following such event of forfeiture, and (ii) Grantee shall remit, upon demand by the Company, the “Repayment Amount” (as defined in the following sentence), with respect to any Shares that were granted to Grantee under the terms of the Plan.

The “Repayment Amount” is the aggregate Fair Market Value of the Shares at the time of delivery to Grantee. The Repayment Amount shall be payable in cash (which shall include a

certified check or bank check), by the tender of shares of Common Stock or by a combination of cash and Common Stock; provided that, regardless of the Fair Market Value of such shares at the time of tender, the tender of the shares shall satisfy the obligation to pay the Repayment Amount for the same number of shares of Common Stock delivered to the Company.

For purposes of this Agreement, Grantee will be deemed to be engaged in a “Competing Activity” if Grantee, directly or indirectly, owns, manages, operates, controls, is employed by, or participates in as a 5% or greater shareholder, partner, member or joint venturer, in a Competing Enterprise, or engages in, as an independent contractor or otherwise, a Competing Enterprise for himself or on behalf of another person or entity. A “Competing Enterprise” is any business engaged in any market which is a part of the Home Improvement Business as described below (i) with total annual sales or revenues of at least five hundred million dollars (\$500 million USD) and (ii) with retail locations or distribution facilities in a US State or the District of Columbia or which engages in providing goods and/or services within the Home Improvement Business to customers in the United States through electronic means (internet, mobile application, etc.), including but not limited to the following entities: The Home Depot, Inc.; Sears Holdings, Inc. or Transform Holdco LLC; Menard, Inc.; Amazon.com, Inc.; Ace Hardware Corp.; Lumber Liquidators Holdings, Inc.; Wayfair, Inc.; Walmart, Inc.; HD Supply Holding, Inc.; Floor & Décor Holdings, Inc.; and True Value Company.

The Company and its affiliated entities comprise an omni-channel provider of home improvement products and supplies for maintenance, repair, remodeling, and decorating as well as appliances, installation services, supplies for the multi-family housing industry, and supplies for builders, contractors, and maintenance professionals (the “Home Improvement Business”). The Company operates retail locations and support facilities and offers products and services to consumers in all 50 states, the District of Columbia, and Canada through traditional retail locations, sales organizations, and on-line channels. The Company’s Home Improvement Business requires a complex sourcing and supply network, multi-channel distribution and delivery systems, innovative information technology resources, and a robust infrastructure support organization.

Grantee recognizes and acknowledges that the Company has a legitimate business interest in maintaining its competitive position in a dynamic industry and that restricting Grantee for a reasonable period from performing work for, providing services to, or owning more than a 5% interest in an enterprise which engages in business activities which are in competition with the Company is reasonable and appropriate. Grantee further acknowledges that the Company’s business would likely be damaged by Grantee’s engaging in competitive work activity during the non-competition period detailed above. Grantee agrees that in Grantee’s position with the Company, Grantee was provided access to or helped develop business information proprietary to the Company and that Grantee would inevitably disclose or otherwise utilize such information if Grantee were to work for, provide services to, or own a substantial interest in a Competing Enterprise during the non-competition period.

Should Grantee wish to undertake a Competing Activity during Grantee’s employment or before the expiration of the above-referenced 2-year period, Grantee must request written permission from the Executive Vice President, Human Resources of the Company before undertaking such Competing Activity. The Company may approve or not approve the Competing Activity at its sole discretion.

Nothing contained in this Section 6 shall be interpreted as or deemed to constitute a waiver of, or diminish or be in lieu of, any other rights that the Company or a Subsidiary may possess as a result of Grantee's misconduct or direct or indirect involvement with a business competing with the business of the Company or a Subsidiary. This section does not apply to Grantee if Grantee works in the State of California at the end of Grantee's employment with the Company.

7. No Solicitation of Employees. During Grantee's employment with the Company or any of its subsidiaries and until the date that is 2 years after date of termination for any reason, Grantee will not, directly or indirectly, solicit or encourage any person who was an employee of the Company or any of its subsidiaries during Grantee's employment or during the 2 years immediately prior to Grantee's date of termination ("Protected Employee"), to leave employment with the Company or any of its subsidiaries or assist in any way with the hiring of any Protected Employee by any future employer, person or other entity including but not limited to referral, identification for potential employment, recommendation, interview, or direct or indirect supervision.
8. No Solicitation of Customers or Vendors. During Grantee's employment with the Company or any of its subsidiaries and until the date that is 2 years after date of termination for any reason, Grantee will not, directly or indirectly, solicit the business of the Company's customers or vendors who were customers or vendors during the 2 years immediately prior to Grantee's date of termination to divert their business away from or otherwise interfere with the business relationships of the Company with its customers and/or vendors on Grantee's behalf or on behalf of any other entity or person.
9. Injunctive Relief. Grantee agrees that the provisions herein are important to and of material consideration to the Company and that the Company considers that monetary damages alone are an inadequate remedy to the Company for any breach of the provisions hereof. Grantee further stipulates that, upon any material breach by Grantee of the provisions herein the Company shall be entitled to injunctive relief against Grantee from a court having personal jurisdiction of Grantee. This section shall not be deemed to limit the legal and equitable remedies available to the Company or to limit the nature and extent of any claim by the Company for damages caused by Grantee for breach of this Agreement.
10. No Right of Continued Employment. Nothing in this Agreement shall interfere with or limit in any way the right of the Company or any Subsidiary to terminate Grantee's employment at any time, nor confer upon Grantee any right to continue in the employ of the Company or any Subsidiary.
11. Payment of Taxes.
 - (a) Upon issuance of the Shares hereunder, Grantee may make an election to be taxed upon such award under Section 83(b) of the Code. To effect such election, Grantee may file an appropriate election with Internal Revenue Service within thirty (30) days after award of the Shares and otherwise in accordance with applicable Treasury Regulations.
 - (b) At the end of the Vesting Period, the Company will automatically withhold a number of Shares having a fair market value equal to an amount up to the maximum statutory rate to satisfy federal, state, local and foreign taxes (including Grantee's FICA obligation), unless Grantee notifies the Company thirty (30) days prior to the expiration and

termination of the Vesting Period that he or she will satisfy his or her tax withholding obligations in cash.

- (c) In the event Grantee chooses to satisfy Grantee's tax withholding obligations in cash *and* complies with the above notification requirement, Grantee will, no later than the date as of which any amount related to the Shares first becomes includable in Grantee's gross taxable income for federal income tax purposes, pay to the Company, or make other arrangements satisfactory to the Committee regarding payment of, any federal, state and local taxes of any kind (including Grantee's FICA obligation) required by law to be withheld with respect to such amount.

The obligations of the Company under this Agreement will be conditional on such payment or arrangements, and the Company, and, where applicable, its Subsidiaries will, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to Grantee.

12. Amendment. The Committee may amend or terminate this Agreement without the consent of Grantee; provided, however, that such amendment or termination shall not, without Grantee's consent, reduce or diminish the value of this award determined as if it had been fully vested (i.e., as if all restrictions on the Shares hereunder had expired) on the date of such amendment or termination.
13. Plan Controls. The terms contained in the Plan, including without limitation the antidilution adjustment provisions, are incorporated into and made a part of this Agreement, and this Agreement shall be governed by and construed in accordance with the Plan. In the event of any actual or alleged conflict between the provisions of the Plan and the provisions of this Agreement, the provisions of the Plan shall be controlling and determinative.
14. Successors. This Agreement shall be binding upon any successor of the Company, in accordance with the terms of this Agreement and the Plan.
15. Severability. If any one or more of the provisions contained in this Agreement are invalid, illegal or unenforceable, the other provisions of this Agreement will be construed and enforced as if the invalid, illegal or unenforceable provision had never been included.
16. Notice. Notices and communications under this Agreement must be in writing and either personally delivered or sent by registered or certified United States mail, return receipt requested, postage prepaid. Notices to the Company must be addressed to:
- Lowe's Companies, Inc.
1000 Lowes Boulevard
 Mooresville, NC 28117 United States of America
- Attn: Stock Plan Administration
- or any other address designated by the Company in a written notice to Grantee. Notices to Grantee will be directed to the address of Grantee then currently on file with the Company, or at any other address given by Grantee in a written notice to the Company.
17. Governing Law and Venue. This Agreement shall be governed by the laws of the State of North Carolina other than its choice of laws provisions to the extent that such provisions would require

or permit the application of the laws of a state other than North Carolina. Each of the Parties to this Agreement consents to submit to the personal jurisdiction and venue of the North Carolina Superior Court in any action or proceeding arising out of or relating to this Agreement and specifically waives any right to attempt to deny or defeat personal jurisdiction of the North Carolina Superior Court by motion or request for leave from any such court. Each of the Parties further waives any right to seek change of venue from the North Carolina Superior Court due to inconvenient forum or other similar justification and will pay to the other Parties the costs associated with responding to or otherwise opposing any motion or request for such relief.

RESTRICTED STOCK AWARD AGREEMENT

Non-transferable

GRANT TO

(“ Grantee ”)

by Lowe’s Companies, Inc. (the “ Company ”) of

shares of its common stock, \$0.50 par value (the “ Shares ”)

pursuant to and subject to the provisions of the Lowe’s Companies, Inc. 2006 Long Term Incentive Plan, as amended and restated (the “ Plan ”), and to the terms and conditions set forth on the following pages (the “ Terms and Conditions ”).

Except as otherwise provided in Section 2 of the Terms and Conditions, the Shares shall vest and no longer be subject to forfeiture as to the following percentage of the Shares awarded hereunder, on the following date:

Percentage of Shares

100%

Date of Vesting

Third Anniversary of Date of Grant

Notwithstanding the vesting of the Shares on the Date of Vesting set forth above or as otherwise provided in Section 2 of the Terms and Conditions, the Shares shall be Non-transferable Shares until the expiration of the transfer restrictions set forth in Section 3 of the Terms and Conditions.

IN WITNESS WHEREOF, Lowe’s Companies, Inc., acting by and through its duly authorized officer, has caused this Agreement to be executed as of the Date of Grant.

LOWE'S COMPANIES, INC.

By:

Date of Grant:

Accepted by Grantee:

TERMS AND CONDITIONS

1. Grant of Shares. The Company hereby grants to Grantee, subject to the restrictions and the other terms and conditions set forth in the Plan, and in this Restricted Stock Award Agreement (this “Agreement”), the Shares indicated on Page 1. Capitalized terms used herein and not otherwise defined shall have the meanings assigned to such terms in the Plan.
2. Vesting of Shares. As of the Date of Grant, the Shares shall be “Unvested Shares” and fully forfeitable. The Unvested Shares shall become “Vested Shares” as of the earliest to occur of the following (the period prior to such vesting being referred to herein as the “Vesting Period”):
 - (a) As of the Date of Vesting specified on Page 1;
 - (b) On the date of termination of Grantee’s employment with the Company and its Subsidiaries by reason of Grantee’s death, Disability or Retirement; or
 - (c) On the date of termination of Grantee’s employment with the Company and its Subsidiaries by the Company without Cause or by Grantee’s resignation for Good Reason, in either case within twelve (12) months after the occurrence of a Change in Control.

If Grantee’s employment with the Company and its Subsidiaries terminates for any reason prior to the Unvested Shares becoming Vested Shares in accordance with this Section 2, Grantee shall forfeit all of Grantee’s right, title and interest in and to the Unvested Shares as of the date of Grantee’s termination of employment, and such Unvested Shares shall revert to the Company immediately following the event of forfeiture.

The definition of “Retirement” for purposes of this Agreement shall have the following meaning and not the meaning assigned to such term in the Plan: The voluntary termination of employment with the approval of the Board at least six (6) months after the Date of Grant and on or after the date Grantee has attained age fifty-five (55) and Grantee’s age plus years of service equal or exceed seventy (70); provided that, Grantee has given the Board at least ten (10) days advance notice of such Retirement and Grantee has executed and not revoked a Release of Claims provided to Grantee by the Company upon receipt of Grantee’s notice.

3. Share Transfer Restrictions. “Non-transferable Shares” means those Shares that are subject to the transfer restrictions imposed under this Section 3 which restrictions have not expired or terminated. Non-transferable Shares may not be sold, transferred, exchanged, assigned, pledged, hypothecated or otherwise encumbered.

The restrictions imposed under this Section shall apply to all shares of the Company’s common stock or other securities issued with respect to Non-transferable Shares hereunder in connection with any merger, reorganization, consolidation, recapitalization, stock dividend or other change in corporate structure affecting the common stock of the Company.

The transfer restrictions imposed under this Section 3 will expire as to all of the Shares indicated on Page 1 on the earliest to occur of the following (the period prior to such expiration being referred to herein as the “Non-transferable Period”):

- (a) On the Date of Vesting specified on Page 1;

- (b) On the date of termination of Grantee's employment with the Company and its Subsidiaries by reason of Grantee's death or Disability; or
- (c) On the date of termination of Grantee's employment with the Company and its Subsidiaries by the Company without Cause or by Grantee's resignation for Good Reason, in either case within twelve (12) months after the occurrence of a Change in Control.

4. Delivery of Shares. The Shares will be registered in the name of Grantee as of the Date of Grant and will be held by the Company during the Non-transferable Period in certificated or uncertificated form. If a certificate for Non-transferable Shares is issued during the Non-transferable Period, such certificate shall be registered in the name of Grantee and shall bear a legend in substantially the following form (in addition to any legend required under applicable state securities laws):

"This certificate and the shares of stock represented hereby are subject to the terms and conditions (including forfeiture and restrictions against transfer) contained in a Restricted Stock Award Agreement between the registered owner of the shares represented hereby and Lowe's Companies, Inc. Release from such terms and conditions shall be made only in accordance with the provisions of such Agreement, copies of which are on file in the offices of Lowe's Companies, Inc."

Stock certificates for the Shares, without the above legend, shall be delivered to Grantee or Grantee's designee upon request of Grantee after the expiration of the Non-transferable Period, but delivery may be postponed for such period as may be required for the Company with reasonable diligence to comply if deemed advisable by the Company, with registration requirements under the Securities Act of 1933, listing requirements under the rules of any stock exchange, and requirements under any other law or regulation applicable to the issuance or transfer of the Shares.

5. Voting and Dividend Rights. Grantee, as beneficial owner of the Shares, shall have full voting and dividend rights with respect to the Shares during and after the Vesting Period and Non-transferable Period. If Grantee forfeits any rights Grantee may have under this Agreement, Grantee shall no longer have any rights as a shareholder with respect to the Shares or any interest therein and Grantee shall no longer be entitled to receive dividends on such Shares. In the event that for any reason Grantee shall have received dividends upon such Shares after such forfeiture, Grantee shall repay to the Company an amount equal to such dividends.

6. Competing Activity. If Grantee engages in any Competing Activity during Grantee's employment with the Company or a Subsidiary or within 18 months after the termination of Grantee's employment with the Company or its Subsidiaries for any reason, (i) Grantee shall forfeit all of Grantee's right, title and interest in and to any Unvested Shares or Non-transferable Shares as of the time of the Grantee's engaging in such Competing Activity and such Shares shall revert to the Company immediately following such event of forfeiture, and (ii) Grantee shall remit, upon demand by the Company, the "Repayment Amount" (as defined in the following sentence), with respect to any Shares that were granted to Grantee under the terms of the Plan.

The "Repayment Amount" is the aggregate Fair Market Value of the Shares at the time of delivery to Grantee. The Repayment Amount shall be payable in cash (which shall include a certified check or bank check), by the tender of shares of Common Stock or by a combination of

cash and Common Stock; provided that, regardless of the Fair Market Value of such shares at the time of tender, the tender of the shares shall satisfy the obligation to pay the Repayment Amount for the same number of shares of Common Stock delivered to the Company.

For purposes of this Agreement, Grantee will be deemed to be engaged in a “Competing Activity” if Grantee, directly or indirectly, owns, manages, operates, controls, is employed by, or participates in as a 5% or greater shareholder, partner, member or joint venturer, in a Competing Enterprise, or engages in, as an independent contractor or otherwise, a Competing Enterprise for himself or on behalf of another person or entity. A “Competing Enterprise” is any business engaged in any market which is a part of the Home Improvement Business as described below (i) with total annual sales or revenues of at least five hundred million dollars (\$500 million USD) and (ii) with retail locations or distribution facilities in a US State or the District of Columbia or which engages in providing goods and/or services within the Home Improvement Business to customers in the United States through electronic means (internet, mobile application, etc.), including but not limited to the following entities: The Home Depot, Inc.; Sears Holdings, Inc. or Transform Holdco LLC; Menard, Inc.; Amazon.com, Inc.; Ace Hardware Corp.; Lumber Liquidators Holdings, Inc.; Wayfair, Inc.; Walmart, Inc.; HD Supply Holding, Inc.; Floor & Décor Holdings, Inc.; and True Value Company.

The Company and its affiliated entities comprise an omni-channel provider of home improvement products and supplies for maintenance, repair, remodeling, and decorating as well as appliances, installation services, supplies for the multi-family housing industry, and supplies for builders, contractors, and maintenance professionals (the “Home Improvement Business”). The Company operates retail locations and support facilities and offers products and services to consumers in all 50 states, the District of Columbia, and Canada through traditional retail locations, sales organizations, and on-line channels. The Company’s Home Improvement Business requires a complex sourcing and supply network, multi-channel distribution and delivery systems, innovative information technology resources, and a robust infrastructure support organization.

Grantee recognizes and acknowledges that the Company has a legitimate business interest in maintaining its competitive position in a dynamic industry and that restricting Grantee for a reasonable period from performing work for, providing services to, or owning more than a 5% interest in an enterprise which engages in business activities which are in competition with the Company is reasonable and appropriate. Grantee further acknowledges that the Company’s business would likely be damaged by Grantee’s engaging in competitive work activity during the non-competition period detailed above. Grantee agrees that in Grantee’s position with the Company, Grantee was provided access to or helped develop business information proprietary to the Company and that Grantee would inevitably disclose or otherwise utilize such information if Grantee were to work for, provide services to, or own a substantial interest in a Competing Enterprise during the non-competition period.

Should Grantee wish to undertake a Competing Activity during Grantee’s employment or before the expiration of the above-referenced 18-month period, Grantee must request written permission from the Executive Vice President, Human Resources of the Company before undertaking such Competing Activity. The Company may approve or not approve the Competing Activity at its sole discretion.

Nothing contained in this Section 6 shall be interpreted as or deemed to constitute a waiver of, or diminish or be in lieu of, any other rights that the Company or a Subsidiary may possess as a

result of Grantee's misconduct or direct or indirect involvement with a business competing with the business of the Company or a Subsidiary. This section does not apply to Grantee if Grantee works in the State of California at the end of Grantee's employment with the Company.

7. No Solicitation of Employees. During Grantee's employment with the Company or any of its subsidiaries and until the date that is 18 months after date of termination for any reason, Grantee will not, directly or indirectly, solicit or encourage any person who was an employee of the Company or any of its subsidiaries during Grantee's employment who worked within Grantee's organization within the Company during the 2 years immediately prior to Grantee's date of termination ("Protected Employee"), to leave employment with the Company or any of its subsidiaries or assist in any way with the hiring of any Protected Employee by any future employer, person or other entity including but not limited to referral, identification for potential employment, recommendation, interview, or direct or indirect supervision.
8. No Solicitation of Customers or Vendors. During Grantee's employment with the Company or any of its subsidiaries and until the date that is 18 months after date of termination for any reason, Grantee will not, directly or indirectly, solicit the business of the Company's customers or vendors with whom Grantee had material contact or about whom Grantee has confidential information obtained during the 2 years immediately prior to Grantee's date of termination to divert their business away from or otherwise interfere with the business relationships of the Company with its customers and/or vendors on Grantee's behalf or on behalf of any other entity or person.
9. Injunctive Relief. Grantee agrees that the provisions herein are important to and of material consideration to the Company and that the Company considers that monetary damages alone are an inadequate remedy to the Company for any breach of the provisions hereof. Grantee further stipulates that, upon any material breach by Grantee of the provisions herein the Company shall be entitled to injunctive relief against Grantee from a court having personal jurisdiction of Grantee. This section shall not be deemed to limit the legal and equitable remedies available to the Company or to limit the nature and extent of any claim by the Company for damages caused by Grantee for breach of this Agreement.
10. No Right of Continued Employment. Nothing in this Agreement shall interfere with or limit in any way the right of the Company or any Subsidiary to terminate Grantee's employment at any time, nor confer upon Grantee any right to continue in the employ of the Company or any Subsidiary.
11. Payment of Taxes.
 - (a) Upon issuance of the Shares hereunder, Grantee may make an election to be taxed upon such award under Section 83(b) of the Code. To effect such election, Grantee may file an appropriate election with Internal Revenue Service within thirty (30) days after award of the Shares and otherwise in accordance with applicable Treasury Regulations.
 - (b) At the end of the Vesting Period, the Company will automatically withhold a number of Shares having a fair market value equal to an amount up to the maximum statutory rate to satisfy federal, state, local and foreign taxes (including Grantee's FICA obligation), unless Grantee notifies the Company thirty (30) days prior to the expiration and termination of the Vesting Period that he or she will satisfy his or her tax withholding obligations in cash.

- (c) In the event Grantee chooses to satisfy Grantee's tax withholding obligations in cash *and* complies with the above notification requirement, Grantee will, no later than the date as of which any amount related to the Shares first becomes includable in Grantee's gross taxable income for federal income tax purposes, pay to the Company, or make other arrangements satisfactory to the Committee regarding payment of, any federal, state and local taxes of any kind (including Grantee's FICA obligation) required by law to be withheld with respect to such amount.

The obligations of the Company under this Agreement will be conditional on such payment or arrangements, and the Company, and, where applicable, its Subsidiaries will, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to Grantee.

12. Amendment. The Committee may amend or terminate this Agreement without the consent of Grantee; provided, however, that such amendment or termination shall not, without Grantee's consent, reduce or diminish the value of this award determined as if it had been fully vested (i.e., as if all restrictions on the Shares hereunder had expired) on the date of such amendment or termination.
13. Plan Controls. The terms contained in the Plan, including without limitation the antidilution adjustment provisions, are incorporated into and made a part of this Agreement, and this Agreement shall be governed by and construed in accordance with the Plan. In the event of any actual or alleged conflict between the provisions of the Plan and the provisions of this Agreement, the provisions of the Plan shall be controlling and determinative.
14. Successors. This Agreement shall be binding upon any successor of the Company, in accordance with the terms of this Agreement and the Plan.
15. Severability. If any one or more of the provisions contained in this Agreement are invalid, illegal or unenforceable, the other provisions of this Agreement will be construed and enforced as if the invalid, illegal or unenforceable provision had never been included.
16. Notice. Notices and communications under this Agreement must be in writing and either personally delivered or sent by registered or certified United States mail, return receipt requested, postage prepaid. Notices to the Company must be addressed to:

Lowe's Companies, Inc.
1000 Lowe's Boulevard
Mooresville, NC 28117 United States of America

Attn: Stock Plan Administration

or any other address designated by the Company in a written notice to Grantee. Notices to Grantee will be directed to the address of Grantee then currently on file with the Company, or at any other address given by Grantee in a written notice to the Company.

17. Governing Law and Venue. This Agreement shall be governed by the laws of the State of North Carolina other than its choice of laws provisions to the extent that such provisions would require or permit the application of the laws of a state other than North Carolina. Each of the Parties to this Agreement consents to submit to the personal jurisdiction and venue of the North Carolina Superior Court in any action or proceeding arising out of or relating to this Agreement and

specifically waives any right to attempt to deny or defeat personal jurisdiction of the North Carolina Superior Court by motion or request for leave from any such court. Each of the Parties further waives any right to seek change of venue from the North Carolina Superior Court due to inconvenient forum or other similar justification and will pay to the other Parties the costs associated with responding to or otherwise opposing any motion or request for such relief.

LOWE'S COMPANIES, INC.
2006 Long Term Incentive Plan
Non-Qualified Stock Option Agreement

THIS NON-QUALIFIED STOCK OPTION AGREEMENT (this "Agreement"), between LOWE'S COMPANIES, INC., a North Carolina corporation (the "Company"), and the individual ("Participant") identified in the accompanying Notice of Grant of Stock Options and Non-Qualified Stock Option Agreement (the "Notice"), is made pursuant and subject to the Notice and the provisions of the Company's 2006 Long Term Incentive Plan, as amended and restated (the "Plan"), a copy of which has been made available to Participant. All terms used herein that are defined in the Plan have the same meaning given them in the Plan.

1. **Terms and Conditions** . This Option is subject to the terms and conditions of the Notice and the following terms and conditions:

(a) **Date of Grant and Expiration Date** . The Date of Grant of this Option and the Expiration Date of the Option are as specified in the Notice.

(b) **Exercise of Option** . Except as provided in paragraphs 2, 3, 4 and 5 of this Agreement, this Option shall be exercisable as prescribed in the Notice. Except to the extent otherwise provided in paragraphs 2 and 3, once this Option has become exercisable in accordance with the preceding sentence, it shall continue to be exercisable until the earlier of the termination of Participant's rights hereunder pursuant to paragraph 4 or 5, or until the Expiration Date. A partial exercise of this Option shall not affect Participant's right to exercise this Option with respect to the remaining shares, subject to the conditions of the Notice, the Plan and this Agreement.

(c) **Method of Exercise and Payment for Shares** . Unless the exercise is executed through the Company's designated brokerage firm for on-line options processing (currently E*Trade), this Option shall be exercised by written notice substantially in the form of Exhibit "A" hereto delivered to the Company or its designee by mail or overnight delivery service, in person, or via other means authorized by the Company. Any notice delivered to the Company shall be addressed to the attention of the Director - Stock Plan Administration at the Company's principal office in Mooresville, North Carolina. Such notice shall be accompanied by payment in full of the Option exercise price, and applicable withholding taxes, in cash or cash equivalent acceptable to the Administrator, or by the surrender of shares of Common Stock (by attestation of ownership or actual delivery of one or more share certificates) with an aggregate Fair Market Value (determined as of the business day preceding the exercise date) which, together with any cash or cash equivalent paid by Participant, is not less than the Option exercise price, and applicable withholding taxes, for the number of shares of Common Stock for which the Option is being exercised. To the extent permitted under Regulation T of the Federal Reserve Board, and subject to applicable securities laws and the Company's adoption of such program in connection with the Plan, if Participant is subject to the reporting and other provisions of Section 16 of the Securities Exchange Act of 1934, as amended, the Option may be exercised through a broker in a so-called "cashless exercise" whereby the broker sells the Option shares and delivers cash sales proceeds to the Company in payment of the Option exercise price, and applicable withholding taxes. In such case, the written notice of exercise will be accompanied by such documents as required by the Company in accordance with its cashless exercise procedure. Participant's right to exercise the Option shall be conditioned upon and subject to satisfaction, in a manner acceptable to the Company, of any withholding tax liability under any state or federal law arising in connection with exercise of the Option.

(d) Transferability. This Option shall not be assignable or transferable by a Participant other than by will or the laws of descent and distribution.

2. **Vesting and Exercise Period in the Event of Death or Disability** . In the event (a) Participant dies while employed by the Company or a Subsidiary or (b) Participant's employment with the Company or a Subsidiary is terminated due to Participant's Disability, this Option shall become vested and exercisable for all of the number of shares of Common Stock subject to the Option, reduced by the number of shares for which the Option was previously exercised. In such case, Participant's vested Options may be exercised by Participant, or, in the case of Participant's death, by Participant's estate, or the person or persons to whom Participant's rights under this Option shall pass by will or the laws of descent and distribution, during the remainder of the period preceding the Expiration Date.

3. **Vesting and Exercise Period in the Event of Retirement** . In the event Participant's employment with the Company and its Subsidiaries is terminated for any reason other than death, Disability or Cause, following eligibility for Retirement, this Option shall continue to vest following Participant's Retirement (as defined in "Exhibit B" attached hereto and not the Plan) pursuant to the vesting schedule set forth in the Notice, reduced by the number of shares for which the Option was previously exercised. In such event, Participant's vested Options may be exercised by Participant during the remainder of the period preceding the Expiration Date.

4. **Vesting and Exercise Period in the Event of Other Termination of Employment** . In the event Participant's employment with the Company and its Subsidiaries is terminated for any reason other than death, Disability or Cause and prior to Retirement, this Option shall be vested and exercisable only to the extent vested at the time of termination pursuant to the vesting schedule set forth in the Notice, reduced by the number of shares for which the Option was previously exercised. In such event, Participant's vested Options may be exercised by Participant until the date that is three months after the date of such termination of employment or during the remainder of the period preceding the Expiration Date, whichever is shorter.

5. **Termination for Cause; Competing Activity; Solicitation**. Notwithstanding anything to the contrary herein:

(a) Termination for Cause. This Option shall expire on the date that Participant's employment with the Company or any of its Subsidiaries is terminated for Cause, and this Option shall not be exercisable thereafter.

(b) Competing Activity. If Participant engages in any Competing Activity during Participant's employment with the Company or a Subsidiary or within 2 years after the termination of Participant's employment with the Company or its Subsidiaries for any reason, (i) Participant shall forfeit all of Participant's right, title and interest in and to any Options that are unexercised as of the time of the Participant's engaging in such Competing Activity and such Options shall be cancelled immediately following such event of forfeiture, and (ii) Participant shall remit, upon demand by the Company, the "Repayment Amount" (as defined below).

(c) No Solicitation of Employees . During Participant's employment with the Company or any of its subsidiaries and until the date that is 2 years after date of termination for any reason, Participant will not, directly or indirectly, solicit or encourage any person who was an employee of the Company or any of its subsidiaries during Participant's employment or during the 2 years immediately prior to Participant's date of termination ("Protected Employee"), to leave employment

with the Company or any of its subsidiaries or assist in any way with the hiring of any Protected Employee by any future employer, person or other entity including but not limited to referral, identification for potential employment, recommendation, interview, or direct or indirect supervision.

(d) No Solicitation of Customers or Vendors. During Participant's employment with the Company or any of its subsidiaries and until the date that is 2 years after date of termination for any reason, Participant will not, directly or indirectly, solicit the business of the Company's customers or vendors who were customers or vendors during the 2 years immediately prior to Participant's date of termination to divert their business away from or otherwise interfere with the business relationships of the Company with its customers and/or vendors on Participant's behalf or on behalf of any other entity or person.

(e) The "Repayment Amount" is (1) The excess of (i) the aggregate Fair Market Value, on the date of exercise, of the shares of Common Stock for which this Option was exercised over (ii) the aggregate option price for such shares of Common Stock; and, (2) The aggregate aftertax proceeds received by Participant upon the exercise of any Option granted under the terms of the Plan. The Repayment Amount shall be payable in cash (which shall include a certified check or bank check), by the tender of shares of Common Stock or by a combination of cash and Common Stock; provided that, regardless of the Fair Market Value of such shares at the time of tender, the tender of the shares shall satisfy the obligation to pay the Repayment Amount for the same number of shares of Common Stock delivered to the Company.

(f) For purposes of this Agreement, Participant will be deemed to be engaged in a "Competing Activity" if Participant, directly or indirectly, owns, manages, operates, controls, is employed by, or participates in as a 5% or greater shareholder, partner, member or joint venturer, in a Competing Enterprise, or engages in, as an independent contractor or otherwise, a Competing Enterprise for himself or on behalf of another person or entity. A "Competing Enterprise" is any business engaged in any market which is a part of the Home Improvement Business as described below (i) with total annual sales or revenues of at least five hundred million dollars (\$500 million USD) and (ii) with retail locations or distribution facilities in a US State or the District of Columbia or which engages in providing goods and/or services within the Home Improvement Business to customers in the United States through electronic means (internet, mobile application, etc.), including but not limited to the following entities: The Home Depot, Inc.; Sears Holdings, Inc. or Transform Holdco LLC; Menard, Inc.; Amazon.com, Inc.; Ace Hardware Corp.; Lumber Liquidators Holdings, Inc.; Wayfair, Inc.; Walmart, Inc.; HD Supply Holding, Inc.; Floor & Décor Holdings, Inc.; and True Value Company.

The Company and its affiliated entities comprise an omni-channel provider of home improvement products and supplies for maintenance, repair, remodeling, and decorating as well as appliances, installation services, supplies for the multi-family housing industry, and supplies for builders, contractors, and maintenance professionals (the "Home Improvement Business"). The Company operates retail locations and support facilities and offers products and services to consumers in all 50 states, the District of Columbia, and Canada through traditional retail locations, sales organizations, and on-line channels. The Company's Home Improvement Business requires a complex sourcing and supply network, multi-channel distribution and delivery systems, innovative information technology resources, and a robust infrastructure support organization.

Participant recognizes and acknowledges that the Company has a legitimate business interest in maintaining its competitive position in a dynamic industry and that restricting Participant for a

reasonable period from performing work for, providing services to, or owning more than a 5% interest in an enterprise which engages in business activities which are in competition with the Company is reasonable and appropriate. Participant further acknowledges that the Company's business would likely be damaged by Participant's engaging in competitive work activity during the non-competition period detailed above. Participant agrees that in Participant's position with the Company, Participant was provided access to or helped develop business information proprietary to the Company and that Participant would inevitably disclose or otherwise utilize such information if Participant were to work for, provide services to, or own a substantial interest in a Competing Enterprise during the non-competition period.

Should Participant wish to undertake a Competing Activity during Participant's employment or before the expiration of the above-referenced 2-year period, Participant must request written permission from the Executive Vice President, Human Resources of the Company before undertaking such Competing Activity. The Company may approve or not approve the Competing Activity at its sole discretion.

(g) **Injunctive Relief.** Participant agrees that the provisions herein are important to and of material consideration to the Company and that the Company considers that monetary damages alone are an inadequate remedy to the Company for any breach of the provisions hereof. Participant further stipulates that, upon any material breach by Participant of the provisions herein the Company shall be entitled to injunctive relief against Participant from a court having personal jurisdiction of Participant. This section shall not be deemed to limit the legal and equitable remedies available to the Company or to limit the nature and extent of any claim by the Company for damages caused by Participant for breach of this Agreement.

(h) **No Waiver.** Nothing contained in this paragraph 5 shall be interpreted as or deemed to constitute a waiver of, or diminish or be in lieu of, any other rights that the Company or a Subsidiary may possess as a result of Participant's misconduct or direct or indirect involvement with a business competing with the business of the Company or a Subsidiary.

6. **Minimum Exercise.** This Option may not be exercised for less than fifty shares of Common Stock unless it is exercised for the full number of shares that remain subject to the Option.

7. **Fractional Shares.** Fractional shares shall not be issuable hereunder, and when any provision hereof otherwise would entitle Participant to a fractional share, the Committee shall determine, in its discretion, whether such fractional share shall be disregarded, whether cash shall be given in lieu of a fractional share, or whether such fractional share shall be eliminated by rounding up.

8. **No Right to Continued Employment.** This Option does not confer upon Participant any right with respect to continuance of employment by the Company or a Subsidiary, nor shall it interfere in any way with the right of the Company or a Subsidiary to terminate his employment at any time.

9. **Change in Capital Structure.** In the event of a corporate transaction involving the Company (including, without limitation, any stock dividend, stock split, extraordinary cash dividend, recapitalization, reorganization, merger, consolidation, split-up, spin-off, combination or exchange of shares), the terms of this Option shall be adjusted as provided in the Plan.

10. **Governing Law and Venue.** This Agreement shall be governed by the laws of the State of North Carolina other than its choice of laws provisions to the extent that such provisions would require or permit the application of the laws of a state other than North Carolina. Each of the Parties to this Agreement

consents to submit to the personal jurisdiction and venue of the North Carolina Superior Court in any action or proceeding arising out of or relating to this Agreement and specifically waives any right to attempt to deny or defeat personal jurisdiction of the North Carolina Superior Court by motion or request for leave from any such court. Each of the Parties further waives any right to seek change of venue from the North Carolina Superior Court due to inconvenient forum or other similar justification and will pay to the other Parties the costs associated with responding to or otherwise opposing any motion or request for such relief.

11. **Conflicts** . In the event of any conflict between the provisions of the Plan as in effect on the date hereof and the provisions of this Agreement, the provisions of the Plan shall govern; provided, however, that the use of different definitions for certain terms in this Agreement from the definitions of such terms in the Plan shall not be deemed to be a conflict with the Plan. All references herein to the Plan shall mean the Plan, as it may be amended from time to time.

12. **Participant Bound by Plan** . Participant hereby acknowledges that a copy of the Plan has been made available to Participant and agrees to be bound by all the terms and provisions thereof.

13. **Binding Effect** . Subject to the limitations stated above and in the Plan, this Agreement shall be binding upon and inure to the benefit of the legatees, distributees, and personal representatives of Participant and the successors of the Company.

14. **Incorporation of Notice** . The Notice is incorporated by reference and made a part of this Agreement.

Exhibit A

Lowe's Companies, Inc.
1000 Lowe's Boulevard
Dept. NB3TIR
 Mooresville, NC 28117 Fax:
(704) 757-0640

Attention: Stock Plan Administration

RE: Exercise of Stock Option

Pursuant to the terms of the Stock Option Agreement between Lowe's Companies, Inc. and myself, I hereby give notice that I elect to exercise such Option as indicated below. Therefore, enclosed is cash or cash equivalent acceptable to the Administrator, or Common Stock and/or combination thereof in full payment of such option shares in accordance with said Agreement.

Type of exercise (check one): Hold All Shares ___ Sell-to-Cover ___ Sell All Shares ___

This request to exercise stock options relates to the following grant:

Date of Grant: _____

Number of Options to exercise: _____

At this time, I am paying for the cost of the options and any applicable taxes due:

Amount of check: \$ _____

Signature

Date

Sales ID

Residence Mailing Address **or** Brokerage Account Information for Electronic Delivery:

DTC # _____

Account # _____

Exhibit B

Certain Defined Terms

The following terms, as used in this Agreement, shall have the following meaning for purposes of this Agreement, notwithstanding any different definition for any such term as set forth in the Plan. Embedded defined terms have the definitions prescribed in the Plan.

“Retirement” of Participant means the voluntary termination of employment with approval of the Board at least six (6) months after the Date of Grant of this Option and on or after the date Participant has attained age fifty-five (55) and Participant’s age plus years of service equal or exceed seventy (70); provided that, Participant has given the Board at least ten (10) days advance notice of such Retirement and participant has executed and not revoked a Release of Claims provided to Participant by the Company upon receipt of Participant’s notice.

“Cause” to the extent permitted by the plan, shall be defined as any willful act or omission by Participant during their employment which participant knew or should have known was contrary to law or the reasonable policies, procedures, rules, expectations, codes, or guidelines of the Company. The definition of Cause shall also include the willful non-performance by Participant of the reasonable requirements of their position with the Company.

LOWE'S COMPANIES, INC.
2006 Long Term Incentive Plan
Non-Qualified Stock Option Agreement

THIS NON-QUALIFIED STOCK OPTION AGREEMENT (this "Agreement"), between LOWE'S COMPANIES, INC., a North Carolina corporation (the "Company"), and the individual ("Participant") identified in the accompanying Notice of Grant of Stock Options and Non-Qualified Stock Option Agreement (the "Notice"), is made pursuant and subject to the Notice and the provisions of the Company's 2006 Long Term Incentive Plan, as amended and restated (the "Plan"), a copy of which has been made available to Participant. All terms used herein that are defined in the Plan have the same meaning given them in the Plan.

1. **Terms and Conditions** . This Option is subject to the terms and conditions of the Notice and the following terms and conditions:

(a) **Date of Grant and Expiration Date** . The Date of Grant of this Option and the Expiration Date of the Option are as specified in the Notice.

(b) **Exercise of Option** . Except as provided in paragraphs 2, 3, 4 and 5 of this Agreement, this Option shall be exercisable as prescribed in the Notice. Except to the extent otherwise provided in paragraphs 2 and 3, once this Option has become exercisable in accordance with the preceding sentence, it shall continue to be exercisable until the earlier of the termination of Participant's rights hereunder pursuant to paragraph 4 or 5, or until the Expiration Date. A partial exercise of this Option shall not affect Participant's right to exercise this Option with respect to the remaining shares, subject to the conditions of the Notice, the Plan and this Agreement.

(c) **Method of Exercise and Payment for Shares** . Unless the exercise is executed through the Company's designated brokerage firm for on-line options processing (currently E*Trade), this Option shall be exercised by written notice substantially in the form of Exhibit "A" hereto delivered to the Company or its designee by mail or overnight delivery service, in person, or via other means authorized by the Company. Any notice delivered to the Company shall be addressed to the attention of the Director - Stock Plan Administration at the Company's principal office in Mooresville, North Carolina. Such notice shall be accompanied by payment in full of the Option exercise price, and applicable withholding taxes, in cash or cash equivalent acceptable to the Administrator, or by the surrender of shares of Common Stock (by attestation of ownership or actual delivery of one or more share certificates) with an aggregate Fair Market Value (determined as of the business day preceding the exercise date) which, together with any cash or cash equivalent paid by Participant, is not less than the Option exercise price, and applicable withholding taxes, for the number of shares of Common Stock for which the Option is being exercised. To the extent permitted under Regulation T of the Federal Reserve Board, and subject to applicable securities laws and the Company's adoption of such program in connection with the Plan, if Participant is subject to the reporting and other provisions of Section 16 of the Securities Exchange Act of 1934, as amended, the Option may be exercised through a broker in a so-called "cashless exercise" whereby the broker sells the Option shares and delivers cash sales proceeds to the Company in payment of the Option exercise price, and applicable withholding taxes. In such case, the written notice of exercise will be accompanied by such documents as required by the Company in accordance with its cashless exercise procedure. Participant's right to exercise the Option shall be conditioned upon and subject to satisfaction, in a manner acceptable to the Company, of any withholding tax liability under any state or federal law arising in connection with exercise of the Option.

(d) Transferability. This Option shall not be assignable or transferable by a Participant other than by will or the laws of descent and distribution.

2. **Vesting and Exercise Period in the Event of Death or Disability** . In the event (a) Participant dies while employed by the Company or a Subsidiary or (b) Participant's employment with the Company or a Subsidiary is terminated due to Participant's Disability, this Option shall become vested and exercisable for all of the number of shares of Common Stock subject to the Option, reduced by the number of shares for which the Option was previously exercised. In such case, Participant's vested Options may be exercised by Participant, or, in the case of Participant's death, by Participant's estate, or the person or persons to whom Participant's rights under this Option shall pass by will or the laws of descent and distribution, during the remainder of the period preceding the Expiration Date.

3. **Vesting and Exercise Period in the Event of Retirement** . In the event Participant's employment with the Company and its Subsidiaries is terminated for any reason other than death, Disability or Cause, following eligibility for Retirement, this Option shall continue to vest following Participant's Retirement (as defined in "Exhibit B" attached hereto and not the Plan) pursuant to the vesting schedule set forth in the Notice, reduced by the number of shares for which the Option was previously exercised. In such event, Participant's vested Options may be exercised by Participant during the remainder of the period preceding the Expiration Date.

4. **Vesting and Exercise Period in the Event of Other Termination of Employment** . In the event Participant's employment with the Company and its Subsidiaries is terminated for any reason other than death, Disability or Cause and prior to Retirement, this Option shall be vested and exercisable only to the extent vested at the time of termination pursuant to the vesting schedule set forth in the Notice, reduced by the number of shares for which the Option was previously exercised. In such event, Participant's vested Options may be exercised by Participant until the date that is three months after the date of such termination of employment or during the remainder of the period preceding the Expiration Date, whichever is shorter.

5. **Termination for Cause; Competing Activity; Solicitation**. Notwithstanding anything to the contrary herein:

(a) Termination for Cause. This Option shall expire on the date that Participant's employment with the Company or any of its Subsidiaries is terminated for Cause, and this Option shall not be exercisable thereafter.

(b) Competing Activity. If Participant engages in any Competing Activity during Participant's employment with the Company or a Subsidiary or within 18 months after the termination of Participant's employment with the Company or its Subsidiaries for any reason, (i) Participant shall forfeit all of Participant's right, title and interest in and to any Options that are unexercised as of the time of the Participant's engaging in such Competing Activity and such Options shall be cancelled immediately following such event of forfeiture, and (ii) Participant shall remit, upon demand by the Company, the "Repayment Amount" (as defined below).

(c) No Solicitation of Employees. During Participant's employment with the Company or any of its subsidiaries and until the date that is 18 months after date of termination for any reason, Participant will not, directly or indirectly, solicit or encourage any person who was an employee of the Company or any of its subsidiaries during Participant's employment who worked within Participant's organization within the Company during the 2 years immediately prior to Participant's

date of termination (“Protected Employee”), to leave employment with the Company or any of its subsidiaries or assist in any way with the hiring of any Protected Employee by any future employer, person or other entity including but not limited to referral, identification for potential employment, recommendation, interview, or direct or indirect supervision.

(d) No Solicitation of Customers or Vendors. During Participant’s employment with the Company or any of its subsidiaries and until the date that is 18 months after date of termination for any reason, Participant will not, directly or indirectly, solicit the business of the Company’s customers or vendors with whom Participant had material contact or about whom Participant has confidential information obtained during the 2 years immediately prior to Participant’s date of termination to divert their business away from or otherwise interfere with the business relationships of the Company with its customers and/or vendors on Participant’s behalf or on behalf of any other entity or person.

(e) The “Repayment Amount” is (1) The excess of (i) the aggregate Fair Market Value, on the date of exercise, of the shares of Common Stock for which this Option was exercised over (ii) the aggregate option price for such shares of Common Stock; and, (2) The aggregate aftertax proceeds received by Participant upon the exercise of any Option granted under the terms of the Plan. The Repayment Amount shall be payable in cash (which shall include a certified check or bank check), by the tender of shares of Common Stock or by a combination of cash and Common Stock; provided that, regardless of the Fair Market Value of such shares at the time of tender, the tender of the shares shall satisfy the obligation to pay the Repayment Amount for the same number of shares of Common Stock delivered to the Company.

(f) For purposes of this Agreement, Participant will be deemed to be engaged in a “Competing Activity” if Participant, directly or indirectly, owns, manages, operates, controls, is employed by, or participates in as a 5% or greater shareholder, partner, member or joint venturer, in a Competing Enterprise, or engages in, as an independent contractor or otherwise, a Competing Enterprise for himself or on behalf of another person or entity. A “Competing Enterprise” is any business engaged in any market which is a part of the Home Improvement Business as described below (i) with total annual sales or revenues of at least five hundred million dollars (\$500 million USD) and (ii) with retail locations or distribution facilities in a US State or the District of Columbia or which engages in providing goods and/or services within the Home Improvement Business to customers in the United States through electronic means (internet, mobile application, etc.), including but not limited to the following entities: The Home Depot, Inc.; Sears Holdings, Inc. or Transform Holdco LLC; Menard, Inc.; Amazon.com, Inc.; Ace Hardware Corp.; Lumber Liquidators Holdings, Inc.; Wayfair, Inc.; Walmart, Inc.; HD Supply Holding, Inc.; Floor & Décor Holdings, Inc.; and True Value Company.

The Company and its affiliated entities comprise an omni-channel provider of home improvement products and supplies for maintenance, repair, remodeling, and decorating as well as appliances, installation services, supplies for the multi-family housing industry, and supplies for builders, contractors, and maintenance professionals (the “Home Improvement Business”). The Company operates retail locations and support facilities and offers products and services to consumers in all 50 states, the District of Columbia, and Canada through traditional retail locations, sales organizations, and on-line channels. The Company’s Home Improvement Business requires a complex sourcing and supply network, multi-channel distribution and delivery systems, innovative information technology resources, and a robust infrastructure support organization.

Participant recognizes and acknowledges that the Company has a legitimate business interest in maintaining its competitive position in a dynamic industry and that restricting Participant for a reasonable period from performing work for, providing services to, or owning more than a 5% interest in an enterprise which engages in business activities which are in competition with the Company is reasonable and appropriate. Participant further acknowledges that the Company's business would likely be damaged by Participant's engaging in competitive work activity during the non-competition period detailed above. Participant agrees that in Participant's position with the Company, Participant was provided access to or helped develop business information proprietary to the Company and that Participant would inevitably disclose or otherwise utilize such information if Participant were to work for, provide services to, or own a substantial interest in a Competing Enterprise during the non-competition period.

Should Participant wish to undertake a Competing Activity during Participant's employment or before the expiration of the above-referenced 18-month period, Participant must request written permission from the Executive Vice President, Human Resources of the Company before undertaking such Competing Activity. The Company may approve or not approve the Competing Activity at its sole discretion.

(g) **Injunctive Relief.** Participant agrees that the provisions herein are important to and of material consideration to the Company and that the Company considers that monetary damages alone are an inadequate remedy to the Company for any breach of the provisions hereof. Participant further stipulates that, upon any material breach by Participant of the provisions herein the Company shall be entitled to injunctive relief against Participant from a court having personal jurisdiction of Participant. This section shall not be deemed to limit the legal and equitable remedies available to the Company or to limit the nature and extent of any claim by the Company for damages caused by Participant for breach of this Agreement.

(h) **No Waiver.** Nothing contained in this paragraph 5 shall be interpreted as or deemed to constitute a waiver of, or diminish or be in lieu of, any other rights that the Company or a Subsidiary may possess as a result of Participant's misconduct or direct or indirect involvement with a business competing with the business of the Company or a Subsidiary.

6. **Minimum Exercise.** This Option may not be exercised for less than fifty shares of Common Stock unless it is exercised for the full number of shares that remain subject to the Option.

7. **Fractional Shares.** Fractional shares shall not be issuable hereunder, and when any provision hereof otherwise would entitle Participant to a fractional share, the Committee shall determine, in its discretion, whether such fractional share shall be disregarded, whether cash shall be given in lieu of a fractional share, or whether such fractional share shall be eliminated by rounding up.

8. **No Right to Continued Employment.** This Option does not confer upon Participant any right with respect to continuance of employment by the Company or a Subsidiary, nor shall it interfere in any way with the right of the Company or a Subsidiary to terminate his employment at any time.

9. **Change in Capital Structure.** In the event of a corporate transaction involving the Company (including, without limitation, any stock dividend, stock split, extraordinary cash dividend, recapitalization, reorganization, merger, consolidation, split-up, spin-off, combination or exchange of shares), the terms of this Option shall be adjusted as provided in the Plan.

10. **Governing Law and Venue.** This Agreement shall be governed by the laws of the State of North Carolina other than its choice of laws provisions to the extent that such provisions would require or permit the application of the laws of a state other than North Carolina. Each of the Parties to this Agreement consents to submit to the personal jurisdiction and venue of the North Carolina Superior Court in any action or proceeding arising out of or relating to this Agreement and specifically waives any right to attempt to deny or defeat personal jurisdiction of the North Carolina Superior Court by motion or request for leave from any such court. Each of the Parties further waives any right to seek change of venue from the North Carolina Superior Court due to inconvenient forum or other similar justification and will pay to the other Parties the costs associated with responding to or otherwise opposing any motion or request for such relief.

11. **Conflicts .** In the event of any conflict between the provisions of the Plan as in effect on the date hereof and the provisions of this Agreement, the provisions of the Plan shall govern; provided, however, that the use of different definitions for certain terms in this Agreement from the definitions of such terms in the Plan shall not be deemed to be a conflict with the Plan. All references herein to the Plan shall mean the Plan, as it may be amended from time to time.

12. **Participant Bound by Plan .** Participant hereby acknowledges that a copy of the Plan has been made available to Participant and agrees to be bound by all the terms and provisions thereof.

13. **Binding Effect .** Subject to the limitations stated above and in the Plan, this Agreement shall be binding upon and inure to the benefit of the legatees, distributees, and personal representatives of Participant and the successors of the Company.

14. **Incorporation of Notice .** The Notice is incorporated by reference and made a part of this Agreement.

Exhibit A

Lowe's Companies, Inc.
1000 Lowe's Boulevard
Dept. NB3TIR
 Mooresville, NC 28117 Fax:
(704) 757-0640

Attention: Stock Plan Administration

RE: Exercise of Stock Option

Pursuant to the terms of the Stock Option Agreement between Lowe's Companies, Inc. and myself, I hereby give notice that I elect to exercise such Option as indicated below. Therefore, enclosed is cash or cash equivalent acceptable to the Administrator, or Common Stock and/or combination thereof in full payment of such option shares in accordance with said Agreement.

Type of exercise (check one): Hold All Shares ___ Sell-to-Cover ___ Sell All Shares ___

This request to exercise stock options relates to the following grant:

Date of Grant: _____

Number of Options to exercise: _____

At this time, I am paying for the cost of the options and any applicable taxes due:

Amount of check: \$ _____

Signature

Date

Sales ID

Residence Mailing Address **or** Brokerage Account Information for Electronic Delivery:

DTC # _____

Account # _____

Exhibit B

Certain Defined Terms

The following terms, as used in this Agreement, shall have the following meaning for purposes of this Agreement, notwithstanding any different definition for any such term as set forth in the Plan. Embedded defined terms have the definitions prescribed in the Plan.

“Retirement” of Participant means the voluntary termination of employment with approval of the Board at least six (6) months after the Date of Grant of this Option and on or after the date Participant has attained age fifty-five (55) and Participant’s age plus years of service equal or exceed seventy (70); provided that, Participant has given the Board at least ten (10) days advance notice of such Retirement and participant has executed and not revoked a Release of Claims provided to Participant by the Company upon receipt of Participant’s notice.

“Cause” to the extent permitted by the plan, shall be defined as any willful act or omission by Participant during their employment which participant knew or should have known was contrary to law or the reasonable policies, procedures, rules, expectations, codes, or guidelines of the Company. The definition of Cause shall also include the willful non-performance by Participant of the reasonable requirements of their position with the Company.

May 31, 2019

Lowe's Companies, Inc.
1000 Lowe's Boulevard
Mooresville, North Carolina 28117

We have reviewed, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the unaudited consolidated interim financial information of Lowe's Companies, Inc. and subsidiaries for the fiscal three -month periods ended May 3, 2019 and May 4, 2018 and have issued our report dated May 31, 2019 . As indicated in such report, because we did not perform an audit, we expressed no opinion on that information.

We are aware that our report referred to above, which is included in your Quarterly Report on Form 10-Q for the fiscal quarter ended May 3, 2019 , is incorporated by reference in the following Registration Statements:

Description	Registration Statement Number
Form S-3 ASR	
Lowe's Stock Advantage Direct Stock Purchase Plan	333-220388
Debt Securities, Preferred Stock, Common Stock	333-226983
Form S-8	
Lowe's 401(k) Plan	33-29772
Lowe's Companies, Inc. Directors' Stock Incentive Plan	33-54497
Lowe's Companies, Inc. 1994 Incentive Plan	33-54499
Lowe's Companies, Inc. 1997 Incentive Plan	333-34631
Lowe's Companies, Inc. Directors' Stock Option Plan	333-89471
Lowe's Companies Benefit Restoration Plan	333-97811
Lowe's Companies Cash Deferral Plan	333-114435
Lowe's Companies, Inc. 2006 Long-Term Incentive Plan	333-138031; 333-196513
Lowe's Companies Employee Stock Purchase Plan - Stock Options for Everyone	333-36096; 333-143266; 333-181950

We also are aware that the aforementioned report, pursuant to Rule 436(c) under the Securities Act of 1933, is not considered a part of the Registration Statements prepared or certified by an accountant or a report prepared or certified by an accountant within the meaning of Sections 7 and 11 of that Act.

/s/ DELOITTE & TOUCHE LLP

Charlotte, North Carolina

CERTIFICATION

I, Marvin R. Ellison, certify that:

- (1) I have reviewed this Quarterly Report on Form 10-Q for the quarter ended May 3, 2019 of Lowe's Companies, Inc. (the Registrant);
- (2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
- (4) The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
- (5) The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

May 31, 2019

Date

/s/ Marvin R. Ellison

Marvin R. Ellison
President and Chief Executive Officer

CERTIFICATION

I, David M. Denton, certify that:

- (1) I have reviewed this Quarterly Report on Form 10-Q for the quarter ended May 3, 2019 of Lowe's Companies, Inc. (the Registrant);
- (2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
- (4) The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
- (5) The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

May 31, 2019

Date

/s/ David M. Denton

David M. Denton
Executive Vice President, Chief Financial Officer

**Certification Pursuant to 18 U.S.C. Section 1350,
as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report on Form 10-Q of Lowe's Companies, Inc. (the Company) for the period ended May 3, 2019, as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Marvin R. Ellison, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Marvin R. Ellison

Marvin R. Ellison

President and Chief Executive Officer

May 31, 2019

**Certification Pursuant to 18 U.S.C. Section 1350,
as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report on Form 10-Q of Lowe's Companies, Inc. (the Company) for the period ended May 3, 2019, as filed with the Securities and Exchange Commission on the date hereof (the Report), I, David M. Denton, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ David M. Denton

David M. Denton

Executive Vice President, Chief Financial Officer

May 31, 2019

**ADMINISTRATIVE COMMITTEE
OF
LOWE'S COMPANIES, INC.**

March 29, 2019

Amendment of Lowe's 401(k) Plan

WHEREAS , Lowe's Companies, Inc. (the "Company") maintains the Lowe's 401(k) Plan (the "Plan"); and

WHEREAS , the Committee has the authority to make amendments to the Plan that will not result in a significant cost increase, will not result in the issuance of Lowe's stock and are not limited in impact to only officers of the Company; and

WHEREAS , the Committee believes it is appropriate and in the best interest of the Company to amend the Plan to (i) limit the types of bonus compensation from which salary deferral contributions may be deducted, (ii) reduce the service requirement from 6 months to the first of the month after 30 days for eligibility to make salary deferral and to receive matching contributions, (iii) add an age 18 eligibility requirement, (iv) limit the prospective portion of a participant's Plan account that may be invested in the Plan's Company stock fund, and (v) eliminate the need to suspend salary deferral contributions after taking a hardship withdrawal;

NOW, THEREFORE, BE IT RESOLVED , that the Committee hereby approves and adopts an amendment to the Plan substantially in the form attached hereto as Exhibit A.

**AMENDMENT NUMBER EIGHT TO THE
LOWE'S 401(k) PLAN**

This Amendment Number Eight to the Lowe's 401(k) Plan, as amended and restated effective as of January 1, 2013 (the "Plan"), is adopted by Lowe's Companies, Inc. (the "Company").

WITNESSETH:

WHEREAS, the Company currently maintains the Plan for the benefit of its eligible employees and the eligible employees of its subsidiaries which have adopted and participate in the Plan; and

WHEREAS, the Company desires to amend the Plan to (i) limit the types of bonus compensation from which salary deferral contributions may be deducted, (ii) reduce the service requirement from 6 months to the first of the month after 30 days for eligibility to make salary deferral contributions and to receive matching contributions, (iii) add an age 18 eligibility requirement, (iv) limit the prospective portion of a participant's Plan account that may be invested in the Plan's Company stock fund, and (v) eliminate the need to suspend salary deferral contributions after taking a hardship withdrawal;

NOW, THEREFORE, the Company hereby amends the Plan effective as of May 1, 2019, except as otherwise stated herein, as follows:

1. The first sentence of the definition of "Deferral Compensation" in Section 2 of the Plan shall be revised to read as follows:

The salary or wages, overtime premium pay, incentive bonuses (other than any sign-on bonuses, recognition awards or other cash awards not connected with a formal incentive plan) and commissions paid to a Participant during a payroll period but excluding any amount in excess of \$280,000 (as adjusted after 2019 for increases in the cost of living pursuant to Code Section 401(a)(17)).

2. The caption to Section 3(a)(2) of the Plan ("On and After January 1, 2013") shall be amended to read "On and After January 1, 2013 and prior to May 1, 2019" and the last sentence of Section 3(a)(2) shall be deleted.

3. The following new Sections 3(a)(3) and 3(a)(4) and an additional sentence shall be added to the Plan immediately following Section 3(a)(2) of the Plan:

(3) On and After May 1, 2019. Subject to Section 3(a)(4) below, each Employee as of May 1, 2019 who is not eligible to participate in the Plan and make Salary Deferral Contributions, and each Employee who commences Service

on or after May 1, 2019, shall be eligible to participate in the Plan and make Salary Deferral Contributions as of the first day of the payroll period coinciding with or next following the later of (i) May 1, 2019 or (ii) the first of the month following the date which is 30 days after such Employee's initial date of Service (the date he is first credited with an Hour of Service as defined in Section 3(e)), if he is an Employee on such date.

- (4) Minimum Age Requirement. Notwithstanding anything in this Plan to the contrary, effective as of May 1, 2019, no Employee shall participate in the Plan and make Salary Deferral Contributions prior to the first day of the payroll period coinciding with or next following the first of the month following the date the Participant attains age eighteen (18).

An Employee who is not in Service on the date such Employee would otherwise be eligible to participate in the Plan in accordance with this Section 3(a) shall be eligible to participate in the Plan and make Salary Deferral Contributions as of the date (if any) he resumes Service as an Employee.

4. The caption to Section 3(b)(2) of the Plan (“On and After January 1, 2013”) shall be amended to read “On and After January 1, 2013 and prior to May 1, 2019.”

5. The following new Section 3(b)(3) shall be added to the Plan immediately following Section 3(b)(2) of the Plan:

- (3) On and After May 1, 2019. Each Employee on and after May 1, 2019 shall be eligible to receive Company Match Contributions with respect to Salary Deferral Contributions made on or after May 1, 2019 in accordance with the eligibility requirements of Section 3(a)(3) and 3(a)(4).

6. The following new paragraph shall be added to the Plan immediately before the last paragraph in Section 5 of the Plan:

Effective on and after May 1, 2019, each Participant may elect to invest up to a maximum of twenty-five percent (25%) of Contributions made by him or on his behalf (such limitation to apply to all Contributions without regard to any distinction between Company Match Contributions and Salary Deferral Contributions) in the Lowe's Stock Fund in accordance with this Section 5. Such a Participant may also elect to transfer amounts, from his Accounts held in investment alternatives other than the Lowe's Stock Fund, to the Lowe's Stock Fund in accordance with this Section 5; provided, however, that no such transfer shall be implemented to the extent that the transfer would cause the value of the Participant's interest in the Lowe's Stock Fund held under the Plan to exceed twenty-five percent (25%) of the value of his interest in all investment alternatives held under the Plan. Notwithstanding the preceding sentence, neither Lowe's nor the Committee, nor any representative of Lowe's, the Committee or of the Plan shall have any obligation to monitor the value

of a Participant's interest in the Lowe's Stock Fund, or to manage said fund, and no person shall or shall have any authority to dispose of any Participant's interest in the Lowe's Stock Fund except in accordance with a Participant's valid election or otherwise in accordance with express provisions of this Plan.

7. Effective as of January 1, 2019, subparagraph (3) of the last paragraph of Section 10(a) of the Plan shall be revised to read as follows:

(3) prior to January 1, 2019, the Participant has agreed that during the six-month period commencing upon the approval of the hardship withdrawal, no Salary Deferral Contributions, Catch-Up Contributions and Company Match Contributions will be made on his behalf under Sections 4(a), (b) and (c) of the Plan, no employee contributions will be made on his behalf under the Lowe's Stock Purchase Plan, and the Participant's elective and employee contributions to any other qualified and non-qualified plans (other than health or welfare plans) maintained by Lowe's shall be suspended for such period. Effective as of January 1, 2019, no such suspension of any contributions to this or any other plan maintained by Lowe's shall be required, or continued if already suspended prior to January 1, 2019, due to any hardship distribution.

8. Except as expressly or by necessary implication amended by this Amendment Number Eight, the Plan shall continue in full force and effect.

IN WITNESS WHEREOF , the Company has caused this Amendment Number Eight to be executed by its duly authorized officer this _____ day of _____, 2019.

LOWE'S COMPANIES, INC.

By: /s/ Jennifer L. Weber