

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 1, 2020

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, North Carolina

(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 per share	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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

Common Stock, \$0.50 par value

OUTSTANDING AT 5/26/2020

755,002,775

LOWE'S COMPANIES, INC.

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## 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, proposed or threatened 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; (x) effectively manage our relationships with selected suppliers of brand name products and key vendors and service providers, including third-party installers; and (xi) respond successfully to the challenges presented by the COVID-19 pandemic and its economic effects. 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.

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

In Millions, Except Par Value Data

	May 1, 2020	May 3, 2019	January 31, 2020
<b>Assets</b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$ 5,955	\$ 2,973	\$ 716
Short-term investments	201	190	160
Merchandise inventory – net	14,283	15,026	13,179
Other current assets	1,487	1,146	1,263
<b>Total current assets</b>	<b>21,926</b>	<b>19,335</b>	<b>15,318</b>
Property, less accumulated depreciation	18,501	18,150	18,669
Operating lease right-of-use assets	3,876	3,926	3,891
Long-term investments	300	235	372
Deferred income taxes – net	215	495	216
Other assets	1,014	1,078	1,005
<b>Total assets</b>	<b>\$ 45,832</b>	<b>\$ 43,219</b>	<b>\$ 39,471</b>
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities:</b>			
Short-term borrowings	\$ 1,000	\$ —	\$ 1,941
Current maturities of long-term debt	604	1,008	597
Current operating lease liabilities	506	500	501
Accounts payable	10,841	11,485	7,659
Accrued compensation and employee benefits	982	769	684
Deferred revenue	1,212	1,376	1,219
Other current liabilities	3,180	2,643	2,581
<b>Total current liabilities</b>	<b>18,325</b>	<b>17,781</b>	<b>15,182</b>
Long-term debt, excluding current maturities	20,200	16,542	16,768
Noncurrent operating lease liabilities	3,915	4,064	3,943
Deferred revenue – extended protection plans	915	837	894
Other liabilities	761	759	712
<b>Total liabilities</b>	<b>44,116</b>	<b>39,983</b>	<b>37,499</b>
<b>Shareholders' equity:</b>			
Preferred stock, \$5 par value: Authorized – 5.0 million shares; Issued and outstanding – none	—	—	—
Common stock, \$0.50 par value: Authorized – 5.6 billion shares; Issued and outstanding – 755 million, 795 million, and 763 million shares, respectively	377	397	381
Capital in excess of par value	10	—	—
Retained earnings	1,722	3,095	1,727
Accumulated other comprehensive loss	(393)	(256)	(136)
<b>Total shareholders' equity</b>	<b>1,716</b>	<b>3,236</b>	<b>1,972</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 45,832</b>	<b>\$ 43,219</b>	<b>\$ 39,471</b>

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

**Lowe's Companies, Inc.**  
**Consolidated Statements of Earnings (Unaudited)**

In Millions, Except Per Share and Percentage Data

Current Earnings	Three Months Ended			
	May 1, 2020		May 3, 2019	
	Amount	% Sales	Amount	% Sales
<b>Net sales</b>	\$ 19,675	100.00	\$ 17,741	100.00
Cost of sales	13,162	66.90	12,160	68.54
<b>Gross margin</b>	<b>6,513</b>	<b>33.10</b>	<b>5,581</b>	<b>31.46</b>
Expenses:				
Selling, general and administrative	4,196	21.32	3,862	21.77
Depreciation and amortization	326	1.66	302	1.70
<b>Operating income</b>	<b>1,991</b>	<b>10.12</b>	<b>1,417</b>	<b>7.99</b>
Interest – net	205	1.04	162	0.92
<b>Pre-tax earnings</b>	<b>1,786</b>	<b>9.08</b>	<b>1,255</b>	<b>7.07</b>
Income tax provision	449	2.28	209	1.17
<b>Net earnings</b>	<b>\$ 1,337</b>	<b>6.80</b>	<b>\$ 1,046</b>	<b>5.90</b>
Weighted average common shares outstanding – basic	755		796	
<b>Basic earnings per common share</b>	<b>\$ 1.76</b>		<b>\$ 1.31</b>	
Weighted average common shares outstanding – diluted	756		797	
<b>Diluted earnings per common share</b>	<b>\$ 1.76</b>		<b>\$ 1.31</b>	

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 1, 2020		May 3, 2019	
	Amount	% Sales	Amount	% Sales
<b>Net earnings</b>	\$ 1,337	6.80	\$ 1,046	5.90
Foreign currency translation adjustments – net of tax	(159)	(0.82)	(33)	(0.18)
Cash flow hedges – net of tax	(102)	(0.52)	(15)	(0.09)
Other	4	0.03	—	—
<b>Other comprehensive loss</b>	<b>(257)</b>	<b>(1.31)</b>	<b>(48)</b>	<b>(0.27)</b>
<b>Comprehensive income</b>	<b>\$ 1,080</b>	<b>5.49</b>	<b>\$ 998</b>	<b>5.63</b>

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 Loss	Total Shareholders' Equity
	Shares	Amount				
<b>Balance January 31, 2020</b>	<b>763</b>	<b>\$ 381</b>	<b>\$ —</b>	<b>\$ 1,727</b>	<b>\$ (136)</b>	<b>\$ 1,972</b>
Net earnings				1,337		1,337
Other comprehensive loss					(257)	(257)
Cash dividends declared, \$0.55 per share				(415)		(415)
Share-based payment expense			23			23
Repurchase of common stock	(10)	(5)	(15)	(927)		(947)
Issuance of common stock under share-based payment plans	2	1	2			3
<b>Balance May 1, 2020</b>	<b>755</b>	<b>\$ 377</b>	<b>\$ 10</b>	<b>\$ 1,722</b>	<b>\$ (393)</b>	<b>\$ 1,716</b>
<b>Balance February 1, 2019</b>	<b>801</b>	<b>\$ 401</b>	<b>\$ —</b>	<b>\$ 3,452</b>	<b>\$ (209)</b>	<b>\$ 3,644</b>
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
<b>Balance May 3, 2019</b>	<b>795</b>	<b>\$ 397</b>	<b>\$ —</b>	<b>\$ 3,095</b>	<b>\$ (256)</b>	<b>\$ 3,236</b>

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 1, 2020	May 3, 2019
<b>Cash flows from operating activities:</b>		
Net earnings	\$ 1,337	\$ 1,046
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	373	337
Noncash lease expense	116	114
Deferred income taxes	46	(106)
Loss (gain) on property and other assets – net	17	(2)
Share-based payment expense	27	42
Changes in operating assets and liabilities:		
Merchandise inventory – net	(1,183)	(2,478)
Other operating assets	(206)	(275)
Accounts payable	3,207	3,199
Other operating liabilities	716	260
<b>Net cash provided by operating activities</b>	<b>4,450</b>	<b>2,137</b>
<b>Cash flows from investing activities:</b>		
Purchases of investments	(70)	(3)
Proceeds from sale/maturity of investments	107	54
Capital expenditures	(328)	(205)
Proceeds from sale of property and other long-term assets	25	24
Other – net	(22)	(1)
<b>Net cash used in investing activities</b>	<b>(288)</b>	<b>(131)</b>
<b>Cash flows from financing activities:</b>		
Net change in commercial paper	(941)	(722)
Net proceeds from issuance of debt	3,961	2,972
Repayment of debt	(543)	(616)
Proceeds from issuance of common stock under share-based payment plans	4	32
Cash dividend payments	(420)	(385)
Repurchase of common stock	(966)	(826)
Other – net	(3)	(9)
<b>Net cash provided by financing activities</b>	<b>1,092</b>	<b>446</b>
<b>Effect of exchange rate changes on cash</b>	<b>(15)</b>	<b>(2)</b>
Net increase in cash and cash equivalents, including cash classified within current assets held for sale	5,239	2,450
Less: Net decrease in cash classified within current assets held for sale	—	12
Net increase in cash and cash equivalents	5,239	2,462
Cash and cash equivalents, beginning of period	716	511
<b>Cash and cash equivalents, end of period</b>	<b>\$ 5,955</b>	<b>\$ 2,973</b>

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 as of May 1, 2020, and May 3, 2019, the results of operations, comprehensive income, shareholders' equity, and cash flows for the three months ended May 1, 2020, and May 3, 2019. The January 31, 2020 consolidated balance sheet was derived from the audited financial statements.

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 January 31, 2020 (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 period presentation, including the addition of cash flow hedges – net of tax on the consolidated statements of comprehensive income and the inclusion of goodwill within other assets on the consolidated balance sheets.

*Accounting Pronouncements Not Yet Adopted*

Recent accounting pronouncements pending adoption are not expected to have a material impact on the Company.

**Note 2: Revenue** - 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 1, 2020	May 3, 2019
Products	\$ 19,020	\$ 16,900
Services	399	554
Other	256	287
<b>Net sales</b>	<b>\$ 19,675</b>	<b>\$ 17,741</b>

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. This occurs at the time of in-store purchase, in-store or curbside pick-up, 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 \$352 million at May 1, 2020, and \$287 million at May 3, 2019. The associated right of return assets reflected in other current assets were \$226 million at May 1, 2020, and \$190 million at May 3, 2019.

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 - retail*

Deferred revenue is presented for merchandise in which control has not yet transferred 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 in-store pick-up, curbside 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 \$774 million at May 1, 2020, and \$935 million at May 3, 2019. The majority of revenue for goods and services is recognized in the quarter following revenue deferral.

*Deferred revenue - stored-value cards*

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 \$438 million and \$441 million at May 1, 2020, and May 3, 2019, 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 1, 2020, and May 3, 2019.

*Deferred revenue - extended protection plans*

The Company 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 \$107 million for the three months ended May 1, 2020, and \$99 million for the three months ended May 3, 2019. 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 1, 2020, and May 3, 2019, 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 \$36 million for the three months ended May 1, 2020, and \$48 million for the three months ended May 3, 2019.

*Disaggregation of Revenues*

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

(In millions)	Three Months Ended			
	May 1, 2020		May 3, 2019	
	Net Sales	%	Net Sales	%
Home Décor <sup>1</sup>	\$ 6,930	35	\$ 6,336	36
Hardlines <sup>2</sup>	6,433	33	5,555	31
Building Products <sup>3</sup>	5,965	30	5,397	30
Other	347	2	453	3
<b>Total</b>	<b>\$ 19,675</b>	<b>100</b>	<b>\$ 17,741</b>	<b>100</b>

*Note: Merchandise division net sales for the prior period have been reclassified to conform to the current period presentation.*

<sup>1</sup> Home Décor includes the following product categories: Appliances, Décor, Flooring, Kitchens & Bath, and Paint

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

<sup>3</sup> Building Products includes the following product categories: Building Materials, Electrical, Lighting, Lumber, Millwork, and Rough Plumbing

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

(In millions)	Three Months Ended	
	May 1, 2020	May 3, 2019
United States	\$ 18,760	\$ 16,647
International	915	1,094
<b>Net Sales</b>	<b>\$ 19,675</b>	<b>\$ 17,741</b>

**Note 3: 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 and liabilities measured at fair value on a recurring basis as of May 1, 2020, May 3, 2019, and January 31, 2020. The fair values of these instruments approximated amortized costs.

(In millions)	Measurement Level	Fair Value Measurements at		
		May 1, 2020	May 3, 2019	January 31, 2020
<b>Assets:</b>				
<b>Short-term investments:</b>				
Available-for-sale debt securities				
U.S. Treasury securities	Level 1	\$ 133	\$ —	\$ 13
Money market funds	Level 1	33	156	105
Corporate debt securities	Level 2	28	12	23
Agency securities	Level 2	7	22	19
<b>Total short-term investments</b>		<b>\$ 201</b>	<b>\$ 190</b>	<b>\$ 160</b>
<b>Long-term investments:</b>				
Available-for-sale debt securities				
U.S. Treasury securities	Level 1	\$ 214	\$ 26	\$ 280
Corporate debt securities	Level 2	56	181	62
Agency securities	Level 2	30	28	30
<b>Total long-term investments</b>		<b>\$ 300</b>	<b>\$ 235</b>	<b>\$ 372</b>
<b>Liabilities:</b>				
<b>Other current liabilities:</b>				
Derivative instruments				
Forward interest rate swaps	Level 2	\$ 15	\$ —	\$ 11
<b>Total other current liabilities</b>		<b>\$ 15</b>	<b>\$ —</b>	<b>\$ 11</b>
<b>Other liabilities:</b>				
Derivative instruments				
Forward interest rate swaps	Level 2	\$ 17	\$ —	\$ —
<b>Total other liabilities</b>		<b>\$ 17</b>	<b>\$ —</b>	<b>\$ —</b>

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 1, 2020, and May 3, 2019, 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 finance lease obligations, are as follows:

(In millions)	May 1, 2020		May 3, 2019		January 31, 2020	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Unsecured notes (Level 1)	\$ 20,106	\$ 23,209	\$ 17,090	\$ 17,261	\$ 16,648	\$ 18,808
Mortgage notes (Level 2)	5	5	6	6	5	6
<b>Long-term debt (excluding finance lease obligations)</b>	<b>\$ 20,111</b>	<b>\$ 23,214</b>	<b>\$ 17,096</b>	<b>\$ 17,267</b>	<b>\$ 16,653</b>	<b>\$ 18,814</b>

**Note 4: 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 \$201 million at May 1, 2020, \$190 million at May 3, 2019, and \$160 million at January 31, 2020.

Restricted balances included in long-term investments were \$300 million at May 1, 2020, \$235 million at May 3, 2019, and \$372 million at January 31, 2020.

**Note 5: Property and Accumulated Depreciation** - Property is shown net of accumulated depreciation of \$17.4 billion at May 1, 2020, \$17.3 billion at May 3, 2019, and \$17.3 billion at January 31, 2020. The Company recognized depreciation expense, inclusive of amounts presented in cost of sales and depreciation and amortization, of \$359 million for the three months ended May 1, 2020, and \$324 million for the three months ended May 3, 2019.

**Note 6: Short-Term Borrowings** - In March 2020, the Company entered into a \$1.02 billion five-year unsecured revolving credit agreement (the 2020 Credit Agreement) with a syndicate of banks. In connection with the 2020 Credit Agreement, the Company refinanced the 364-Day Credit Agreement (2019 Credit Agreement), dated as of September 9, 2019, and terminated any commitments under the 2019 Credit Agreement as of March 23, 2020. Borrowings under the 2020 Credit Agreement will bear interest calculated according to a Base Rate or a Eurocurrency Rate plus an applicable margin. The 2020 Credit Agreement contains customary representations, warranties and covenants for a transaction of this type. The Company was in compliance with those financial covenants at May 1, 2020.

The 2020 Credit Agreement, along with the \$1.98 billion five year unsecured second amended and restated credit agreement (Second Amended and Restated Credit Agreement) entered into in September 2018, supports the Company’s commercial paper program. The amounts available to be drawn under the 2020 Credit Agreement and the Second Amended and Restated Credit Agreement are reduced by the amount of borrowings under the commercial paper program. As of May 1, 2020, and May 3, 2019, there were no outstanding borrowings under the 2020 Credit Agreement, Second Amended and Restated Credit Agreement, or the Company’s commercial paper program. Total combined availability under the 2020 Credit Agreement and the Second Amended and Restated Credit Agreement was \$3.0 billion as of May 1, 2020.

As of May 1, 2020, the Company held a \$1.0 billion unsecured 364-day term loan facility (Term Loan) entered in January 2020 that matures in December 2020. The weighted average interest rate of outstanding borrowings on the Term Loan was 1.86% as of May 1, 2020.

**Note 7: Long-Term Debt** - On March 26, 2020, the Company issued \$4.0 billion of unsecured fixed rate notes as follows:

Principal Amount (in millions)	Maturity Date	Interest Rate	Discount (in millions)
\$ 750	April 2025	4.000%	\$ 4
\$ 1,250	April 2030	4.500%	\$ 12
\$ 750	April 2040	5.000%	\$ 10
\$ 1,250	April 2050	5.125%	\$ 13

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

The indenture governing the notes 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, but excluding, 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, but excluding, 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.

**Note 8: Derivative Instruments** - The Company utilizes derivative financial instruments to hedge its exposure to changes in benchmark interest rates on forecasted debt issuances. The Company held forward interest rate swaps with notional amounts totaling \$638 million at May 1, 2020, and \$770 million at January 31, 2020. The Company did not hold forward interest rate swaps at May 3, 2019. See [Note 3](#), Fair Value Measurements, for the gross fair values of the Company’s outstanding derivative financial instruments and corresponding fair value classifications. The cash flows related to forward interest rate swaps are included within operating activities in the accompanying consolidated statements of cash flows.

The Company accounts for these contracts as cash flow hedges, thus the effective portion of gains and losses resulting from changes in fair value are recognized in other comprehensive loss, net of tax effects, in the consolidated statements of comprehensive income and is recognized in earnings when the underlying hedged transaction impacts the consolidated statements of earnings. A summary of the gain/(loss) on forward interest rate swap derivatives designated as cash flow hedges recorded in other comprehensive loss and earnings for the three months ended May 1, 2020, and May 3, 2019, including its line item in the financial statements, is as follows:

(In millions)	Three Months Ended	
	May 1, 2020	May 3, 2019
<b>Other comprehensive loss</b>		
Cash flow hedges - net of tax	\$ (104)	\$ (15)
<b>Net earnings</b>		
Interest - net	\$ 1	\$ —

**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. As of May 1, 2020, the Company had \$8.7 billion remaining in its share repurchase program.

In February 2020, the Company entered into an Accelerated Share Repurchase (ASR) agreement with a third-party financial institution to repurchase \$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 3.9 million shares. The Company finalized the transaction and received an additional 1.6 million shares prior to the end of the first quarter.

Under the terms of the ASR agreement, upon settlement, the Company would either receive additional shares from the financial institution or be required to deliver additional shares or cash to the financial institution. The Company controlled its election to either deliver additional shares or cash to the financial institution and was subject to provisions which limit the number of shares the Company would be required to deliver.

The final number of shares received upon settlement of the ASR agreement 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.

The 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 1, 2020, the Company repurchased shares of its common stock through the open market totaling 4.0 million shares for a cost of \$440 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 1, 2020, and May 3, 2019 were as follows:

(In millions)	Three Months Ended			
	May 1, 2020		May 3, 2019	
	Shares	Cost <sup>1</sup>	Shares	Cost <sup>1</sup>
Share repurchase program	9.5	\$ 940	8.0	\$ 818
Shares withheld from employees	0.1	7	0.1	13
<b>Total share repurchases</b>	<b>9.6</b>	<b>\$ 947</b>	<b>8.1</b>	<b>\$ 831</b>

<sup>1</sup> Reductions of \$927 million and \$758 million were recorded to retained earnings, after capital in excess of par value was depleted, for the three months ended May 1, 2020, and May 3, 2019, 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 1, 2020, and May 3, 2019:

(In millions, except per share data)	Three Months Ended	
	May 1, 2020	May 3, 2019
<b>Basic earnings per common share:</b>		
Net earnings	\$ 1,337	\$ 1,046
Less: Net earnings allocable to participating securities	(4)	(3)
<b>Net earnings allocable to common shares, basic</b>	<b>\$ 1,333</b>	<b>\$ 1,043</b>
<b>Weighted-average common shares outstanding</b>	<b>755</b>	<b>796</b>
<b>Basic earnings per common share</b>	<b>\$ 1.76</b>	<b>\$ 1.31</b>
<b>Diluted earnings per common share:</b>		
Net earnings	\$ 1,337	\$ 1,046
Less: Net earnings allocable to participating securities	(4)	(3)
<b>Net earnings allocable to common shares, diluted</b>	<b>\$ 1,333</b>	<b>\$ 1,043</b>
Weighted-average common shares outstanding	755	796
Dilutive effect of non-participating share-based awards	1	1
<b>Weighted-average common shares, as adjusted</b>	<b>756</b>	<b>797</b>
<b>Diluted earnings per common share</b>	<b>\$ 1.76</b>	<b>\$ 1.31</b>

Stock options to purchase 1.0 million and 0.6 million shares of common stock were anti-dilutive for the three months ended May 1, 2020, and May 3, 2019, respectively.

**Note 11: Income Taxes** - The Company's effective income tax rates were 25.1% for the three months ended May 1, 2020, and 16.6% for the three months ended May 3, 2019. The increase in the effective tax rate for the quarter is primarily due to a favorable tax benefit recorded during the first quarter of 2019 associated with the planned exit of the Mexico retail operations.

**Note 12: Supplemental Disclosure**

Net interest expense is comprised of the following:

(In millions)	Three Months Ended	
	May 1, 2020	May 3, 2019
Long-term debt	\$ 187	\$ 154
Short-term borrowings	10	6
Finance lease obligations	8	7
Interest income	(5)	(7)
Other	5	2
<b>Interest – net</b>	<b>\$ 205</b>	<b>\$ 162</b>

Supplemental disclosures of cash flow information:

(In millions)	Three Months Ended	
	May 1, 2020	May 3, 2019
Cash paid for interest, net of amount capitalized	\$ 345	\$ 287
Cash paid for income taxes – net	\$ 9	\$ 19
<b>Non-cash investing and financing activities:</b>		
Leased assets obtained in exchange for new finance lease liabilities	\$ 34	\$ 3
Leased assets obtained in exchange for new operating lease liabilities	\$ 153	\$ 145
Cash dividends declared but not paid	\$ 416	\$ 382

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 1, 2020 and May 3, 2019, the related consolidated statements of earnings, comprehensive income, shareholders' equity, and cash flows for the fiscal three-month periods ended May 1, 2020 and May 3, 2019, 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 January 31, 2020, 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 March 23, 2020, we expressed an unqualified opinion on those consolidated financial statements and included an explanatory paragraph regarding the adoption of Financial Accounting Standards Board Accounting Standards Update 2016-02, *Leases (Topic 842)*. In our opinion, the information set forth in the accompanying consolidated balance sheet as of January 31, 2020, 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 review 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 28, 2020



**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 1, 2020, and May 3, 2019. 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 January 31, 2020 (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 2019. 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**

*Performance Overview*

Net sales in the first quarter of 2020 increased 10.9% to \$19.7 billion compared to net sales of \$17.7 billion in the first quarter of 2019. The increase in total sales was driven by an increase in comparable sales. Net earnings in the first quarter of 2020 increased 27.8% to \$1.3 billion compared to net earnings of \$1.0 billion in the first quarter of 2019. Diluted earnings per common share increased 34.7% in the first quarter of 2020 to \$1.76 from \$1.31 in the first quarter of 2019. Excluding the impact of operating costs related to the Canada restructuring, adjusted diluted earnings per common share increased 44.6% to \$1.77 in the first quarter of 2020 from adjusted diluted earnings per common share of \$1.22 in the first quarter of 2019 (see the discussion of [non-GAAP financial measures](#)).

For the first three months of 2020, cash flows from operating activities were approximately \$4.5 billion, while \$328 million was used for capital expenditures. In addition, during the first three months of 2020, we repurchased \$947 million of common stock through our share repurchase program; however, during the quarter, we decided to suspend our share repurchases and do not currently anticipate any additional share repurchases in fiscal 2020. We remain committed to returning capital to our shareholders through our dividend program and paid \$420 million in dividends during the first quarter of 2020.

Overall, customer demand exceeded our expectations during the first quarter of 2020, during a time of global economic uncertainty due to the COVID-19 pandemic, particularly in the latter half of the quarter. We experienced a comparable sales increase of 11.2% and broad-based growth with all 15 U.S. regions generating positive comparable sales. Fourteen of fifteen product categories generated positive comparable sales with weakness limited to interior installation-heavy product in Kitchens & Bath as consumers were reluctant to invite people into their homes.

*COVID-19 Response*

As a Company, we began the first quarter focused on executing our retail strategy; however, we rapidly re-prioritized our first quarter objectives to address the impacts of COVID-19. With the onset of COVID-19, our focus shifted from running a business to achieve our financial plan to functioning as an essential retailer operating in a pandemic with three key priorities as follows:

1. Creating a safe store environment for our associates and customers,
2. Providing support for our community, including health care providers and first responders, and
3. Financially supporting our associates during this unprecedented time.

We implemented a number of measures to facilitate a safer store environment including shortening our store hours, adding signage and floor markers, adding social distancing ambassadors to monitor customer traffic flow, implementing more stringent cleaning procedures, installing plexiglass shields at the point-of-sale areas, and distributing gloves and masks to our associates to wear during their shifts. We incurred \$342 million of COVID-19 related expenses in the first quarter for support for our associates, vendors, and communities. This support included two special payments to hourly associates to help with

unexpected expenses, as well as a \$2 per hour temporary wage increase for hourly associates during the month of April. We also offered fourteen days of emergency paid leave for all associates who needed it, with an additional two weeks paid leave for those at higher risk for severe illness, and provided telemedicine services to all our associates and their families. In addition, within our communities, we began donating essential protective product to help protect first responders and front-line medical workers.

Our strategic investments and intense focus on our retail fundamentals over the past eighteen months have enabled us to respond more effectively in this rapidly changing environment, and we established the agility to be able to provide our customers with the essential products they need to keep their homes safe and functional. Our associates were able to leverage their SMART mobile devices to fulfill Buy Online Pick-up In Store and Curbside Pick-up more efficiently. In addition, our new customer-centric scheduling system allowed us to monitor store traffic and associate availability to customize priorities based on store capacity levels.

#### *Supply Chain*

Our previous inventory investments gave us a strong in-stock position for Pro and seasonal products. Our supply chain organization also met the unprecedented customer demand in the first quarter, partly due to the efforts put forth in the past year to bolster our international and domestic carrier network which allowed us to manage through the global health crisis without transportation interruptions. We also leveraged cross-functional collaboration and partnership with vendors to redirect product where necessary. Finally, technology improvements that we previously implemented across our supply chain have created better visibility for our stores with regard to product availability.

#### *Looking Forward*

While we are pleased with the strong performance for the quarter, we have limited visibility into future business trends. The volume of demand in future periods is uncertain as it is difficult to predict the duration and spread of the COVID-19 pandemic or its impact on our operations and supply chain for the remainder of the year.

We are continuing to prioritize investment in the business for future growth, and in certain cases, we have re-prioritized some capital projects to focus on the near-term improvement of our omni-channel capabilities. We also continue to focus on completing our Google Cloud migration in the second quarter to ensure we build a strong infrastructure for Lowes.com. Although our future environment is unpredictable, we are confident in our ability to execute and continue to provide the essential products and services our communities need. We remain committed to serving our customers and communities in the coming months as we navigate the public health challenge of COVID-19.

## **OPERATIONS**

The following table sets forth the percentage relationship to net sales of each line item of the consolidated statements of earnings (unaudited), as well as the percentage change in dollar amounts from the prior period. This table 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	Percentage Increase / (Decrease) in Dollar Amounts from Prior Period
	May 1, 2020	May 3, 2019	2020 vs. 2019	2020 vs. 2019
<b>Net sales</b>	<b>100.00%</b>	<b>100.00%</b>	<b>N/A</b>	<b>10.9%</b>
<b>Gross margin</b>	<b>33.10</b>	<b>31.46</b>	<b>164</b>	<b>16.7</b>
Expenses:				
Selling, general and administrative	21.32	21.77	(45)	8.6
Depreciation and amortization	1.66	1.70	(4)	7.9
<b>Operating income</b>	<b>10.12</b>	<b>7.99</b>	<b>213</b>	<b>40.5</b>
Interest – net	1.04	0.92	12	26.2
<b>Pre-tax earnings</b>	<b>9.08</b>	<b>7.07</b>	<b>201</b>	<b>42.4</b>
Income tax provision	2.28	1.17	111	115.5
<b>Net earnings</b>	<b>6.80%</b>	<b>5.90%</b>	<b>90</b>	<b>27.8%</b>

The following table sets forth key metrics utilized by management in assessing business performance. This table 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).

Beginning on February 1, 2020, the Company changed the basis in which it presents the comparable sales metric. The current metric is presented on a transacted basis when tender is accepted from a customer. Prior to this change, the Company's comparable sales metric was based on when control of the good or service passed to the customer, which included timing impacts of deferred sales. These timing impacts have historically had an insignificant impact on annual comparable sales. The purpose of the change was to align the metric with how the Lowe's management team evaluates the business throughout the year and views performance relative to peers. For the three months ended May 1, 2020, and May 3, 2019, the impact of excluding deferred sales decreased the comparable sales metric by 60 basis points and 30 basis points, respectively. The comparable sales metric for the three months ended May 3, 2019 has been recast to conform to the current year presentation.

Other Metrics	Three Months Ended	
	May 1, 2020	May 3, 2019
Comparable sales increase <sup>1</sup>	11.2%	3.2%
Total customer transactions (in millions)	233	230
Average ticket <sup>2</sup>	\$ 84.38	\$ 77.19
<b>At end of period:</b>		
Number of stores	1,970	2,002
Sales floor square feet (in millions)	208	209
Average store size selling square feet (in thousands) <sup>3</sup>	106	104
Net earnings to average debt and equity <sup>4</sup>	17.2%	9.2%
Return on invested capital <sup>4</sup>	19.7%	11.5%

<sup>1</sup> 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. Comparable sales include online sales, which positively impacted first quarter fiscal 2020 and first quarter fiscal 2019 comparable sales by approximately 430 basis points and 70 basis points, respectively. The comparable store sales calculation included in the preceding table was calculated using comparable 13-week periods.

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

<sup>3</sup> 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 thousand square feet of retail selling space.

<sup>4</sup> Return on invested capital is calculated using a non-GAAP financial measure. Net earnings to average debt and equity is the most comparable GAAP ratio. See below for additional information and reconciliations of non-GAAP measures.

## 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 business outlooks for the first quarter of fiscal 2020 and fiscal 2019. Unless otherwise noted, the income tax effect of these adjustments is calculated using the marginal rates for the respective periods.

#### Fiscal 2020 Impacts

- Beginning in the third quarter of fiscal 2019, the Company began a strategic review of its Canadian operations, and in the fourth quarter of fiscal 2019, the Company announced additional actions to improve future performance and profitability of its Canadian operations. As a result of this review and related actions, during the three months ended May 1, 2020, the Company recognized \$9 million of pre-tax operating costs related to exit costs (Canada restructuring).

#### Fiscal 2019 Impacts

- Prior to the beginning of fiscal 2019, 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. That decision resulted in an \$82 million tax benefit in the first quarter, partially offset by \$12 million in pre-tax operating losses associated with the exit and ongoing wind-down of the Mexico retail 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 non-GAAP financial measures may differ from the method used by other companies for this or similar non-GAAP financial measures. Accordingly, this non-GAAP measure may not be comparable to the measures used by other companies.

	Three Months Ended					
	May 1, 2020			May 3, 2019		
	Pre-Tax Earnings	Tax	Net Earnings	Pre-Tax Earnings	Tax	Net Earnings
<b>Diluted earnings per share, as reported</b>			\$ 1.76			\$ 1.31
<b>Non-GAAP adjustments – per share impacts</b>						
Canada restructuring	0.01	—	0.01	—	—	—
Mexico adjustments	—	—	—	0.01	(0.10)	(0.09)
<b>Adjusted diluted earnings per share</b>			\$ 1.77			\$ 1.22

### 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 may differ from the methods used by other companies. We encourage you to understand the methods used by another company to calculate 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. The calculation of ROIC, together with a reconciliation of net earnings to Lease adjusted NOPAT, is as follows:

(In millions, except percentage data)	For the Periods Ended	
	May 1, 2020	May 3, 2019
<b>Calculation of Return on Invested Capital</b>		
<b>Numerator</b>		
Net Earnings	\$ 4,572	\$ 2,372
Plus:		
Interest expense – net	733	626
Operating lease interest	189	201
Provision for income taxes	1,583	972
Lease adjusted net operating profit	7,077	4,171
Less:		
Income tax adjustment <sup>1</sup>	1,820	1,212
Lease adjusted net operating profit after tax	\$ 5,257	\$ 2,959
<b>Denominator</b>		
Average debt and equity <sup>2</sup>	\$ 26,645	\$ 25,676
<b>Net earnings to average debt and equity</b>	<b>17.2%</b>	<b>9.2%</b>
<b>Return on invested capital</b>	<b>19.7%</b>	<b>11.5%</b>

<sup>1</sup> Income tax adjustment is defined as net operating profit multiplied by the effective tax rate, which was 25.7% and 29.1% for the periods ended May 1, 2020, and May 3, 2019, respectively.

<sup>2</sup> Average debt and equity is defined as average current year and prior year ending debt, including current maturities, short-term borrowings, and operating lease liabilities, plus the average current year and prior year ending total equity.

### Results of Operations

*Net Sales* – Net sales in the first quarter of 2020 increased 10.9% to \$19.7 billion. The increase in total sales was primarily driven by comparable sales growth and new stores, partially offset by closed locations. Comparable sales increased 11.2% over the same period, driven by a 9.6% increase in comparable average ticket and a 1.6% increase in comparable customer transactions.

During the first quarter of 2020, we experienced comparable sales increases in fourteen of fifteen product categories with strength in performance across both do-it-yourself (DIY) and Pro customers. Comparable sales were above the Company average in Paint, Lawn & Garden, Lumber, Hardware, Tools, Appliances, and Seasonal & Outdoor Living. During the quarter, we saw very strong COVID-related demand for essential cleaning products, along with other home necessities such as refrigerators, freezers and DIY home repair products. As customers began isolating in their homes this quarter, they engaged in a variety of projects which drove double-digit comparable sales in core spring-related categories, as well as Paint, and critical repair and maintenance categories. Favorable weather driven demand was a key driver in Lawn & Garden and Seasonal & Outdoor Living categories. Lumber experienced double-digit comparable sales, with strong unit demand from both DIY and Pro customers, as well as benefited from our improved investments in job lot quantities. Product categories with heavy in-home installation, such as Kitchens & Bath, experienced softness during the quarter. Geographically, all 15 U.S. regions experienced positive comparable sales with the strongest results in the West and South.

**Gross Margin** – For the first quarter of 2020, gross margin as a percentage of sales increased 164 basis points. The gross margin increase for the quarter is driven by approximately 110 basis points of total rate improvement, comprised of 150 basis points due to rate mitigation strategies, partially offset by 40 basis points of deleverage due to tariff pressure. In addition to these rate improvement measures, gross margin increased 55 basis points due to a favorable product mix as demand shifted away from lower margin categories.

**SG&A** – For the first quarter of 2020, SG&A expense leveraged 45 basis points as a percentage of sales compared to the first quarter of 2019. This is primarily driven by approximately 105 basis points of leverage in retail operating salaries due to increased sales and reduced operating hours, 40 basis points of leverage in advertising due primarily to timing shifts as a result of COVID-19, and 25 basis points of leverage in employee insurance resulting from lower claims due to COVID-19 deferral of elective medical care. This was partially offset by 130 basis points of deleverage due to COVID-19 related compensation, including hourly employee special payments to help with unexpected expenses, temporary time off, and an additional \$2 per hour temporary wage increase in the month of April.

**Depreciation and Amortization** – Depreciation and amortization leveraged 4 basis points for the first quarter of 2020 compared to the prior year primarily due to an increase in sales during the period. Property, less accumulated depreciation, increased to \$18.5 billion at May 1, 2020, compared to \$18.2 billion at May 3, 2019. As of May 1, 2020 and May 3, 2019, we owned 84% and 83% of our stores, respectively, which included stores on leased land.

**Interest – Net** – Interest expense for the first quarter of 2020 increased primarily as a result of the issuance of \$4.0 billion unsecured notes in March 2020 and the \$1.0 billion term loan entered in January 2020.

**Income Tax Provision** – Our effective income tax rates were 25.1% and 16.6% for the three months ended May 1, 2020, and May 3, 2019, respectively. The increase in the effective tax rate for the quarter is primarily due to a favorable tax benefit recorded during the first quarter of 2019 associated with a change in approach to pursue a sale of the Mexico operations 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 have also bolstered our liquidity to plan for unforeseen disruptions with a \$4.0 billion unsecured notes issuance and a net increase in the capacity of our revolving credit facilities by \$770 million, as further described below. 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, and pay dividends over the next 12 months. Due to the uncertainty caused by the COVID-19 pandemic, we have suspended our share repurchases and do not anticipate any additional share repurchases in fiscal 2020 beyond what we executed in the first quarter.

### Cash Flows Provided by Operating Activities

(In millions)	Three Months Ended	
	May 1, 2020	May 3, 2019
Net cash provided by operating activities	\$ 4,450	\$ 2,137

Cash flows from operating activities continued to provide the primary source of our liquidity. The increase in net cash provided by operating activities for the three months ended May 1, 2020, versus the three months ended May 3, 2019, was driven primarily by higher net earnings and changes in working capital. Inventory increased for the first three months of 2020 by \$1.2 billion, compared to an increase for the first three months of 2019 of \$2.5 billion, driving an additional \$1.3 billion in operating cash flows for the first quarter of fiscal 2020, primarily due to an earlier spring demand caused by COVID-19 related product purchasing and favorable weather. Additionally, accounts payable and other operating liabilities increased operating cash flow for the first three months of 2020 by approximately \$3.9 billion, compared to an increase of approximately \$3.5 billion for the first three months of 2019.

**Cash Flows Used in Investing Activities**

(In millions)	Three Months Ended	
	May 1, 2020	May 3, 2019
Net cash used in investing activities	\$ (288)	\$ (131)

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 1, 2020, and May 3, 2019:

(In millions)	Three Months Ended	
	May 1, 2020	May 3, 2019
Existing store investments <sup>1</sup>	\$ 266	\$ 147
Strategic initiatives <sup>2</sup>	40	17
New stores, new corporate facilities and international <sup>3</sup>	22	41
<b>Total capital expenditures</b>	<b>\$ 328</b>	<b>\$ 205</b>

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

<sup>2</sup> Represents investments related to our strategic focus areas aimed at improving customers' experience and driving improved performance in the near and long term.

<sup>3</sup> Represents expenditures primarily related to land purchases, buildings, and personal property for new store projects and new corporate facilities projects, as well as expenditures related to our international operations.

Our 2020 capital expenditures forecast is approximately \$1.6 billion.

**Cash Flows Used in Financing Activities**

(In millions)	Three Months Ended	
	May 1, 2020	May 3, 2019
Net cash provided by financing activities	\$ 1,092	\$ 446

Net cash provided by financing activities primarily consists of transactions related to our long-term debt, short-term borrowings, share repurchases, and cash dividend payments.

**Short-term Borrowing Facilities**

In January 2020, we entered into a \$1.0 billion unsecured 364-day term loan facility (the Term Loan), which has a maturity date of December 31, 2020. Outstanding borrowings under the Term Loan were \$1.0 billion, with an interest rate of 1.86%, as of May 1, 2020.

In March 2020, we entered into a \$1.02 billion five year unsecured revolving credit agreement (the 2020 Credit Agreement) with a syndicate of banks. The 2020 Credit Agreement has a maturity date of March 2025. In connection with the 2020 Credit Agreement, the Company refinanced the \$250 million 364-Day Credit Agreement (2019 Credit Agreement), dated as of September 9, 2019, and terminated any commitments under the 2019 Credit Agreement as of March 23, 2020. 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 of the 2020 Credit Agreement by an additional \$250 million.

In addition, we have a \$1.98 billion five year unsecured revolving second amended and restated credit agreement (the Second Amended and Restated Credit Agreement) with a syndicate of banks. The Second Amended and Restated Credit Agreement has a maturity date of September 2023. 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.

The 2020 Credit Agreement and the Second Amended and Restated Credit Agreement support our commercial paper program. The amount available to be drawn under the 2020 Credit Agreement and the Second Amended and Restated Credit Agreement is reduced by the amount of borrowings under our commercial paper program. There were no outstanding borrowings under the Company's commercial paper program as of May 1, 2020, and May 3, 2019. There were no outstanding borrowings under the 2020 Credit Agreement or the Second Amended and Restated Credit Agreement as of May 1, 2020, and May 3, 2019. Total combined availability under the 2020 Credit Agreement and the Second Amended and Restated Credit Agreement as of May 1, 2020, was \$3.0 billion.

The following table includes additional information related to our short-term borrowings for the three months ended May 1, 2020, and May 3, 2019:

(In millions, except for interest rate data)	Three Months Ended	
	May 1, 2020	May 3, 2019
Net change in commercial paper	\$ (941)	\$ (722)
Maximum commercial paper outstanding at any month-end	\$ 1,858	\$ 1,189
Short-term borrowings outstanding at quarter-end	\$ 1,000	\$ —
Weighted-average interest rate of short-term borrowings outstanding	1.86%	—%

The 2020 Credit Agreement and the Second Amended and Restated Credit Agreement contains customary representations, warranties, and covenants. We were in compliance with those covenants at May 1, 2020.

#### *Long-Term Debt*

The following table includes additional information related to the Company's long-term debt for the three months ended May 1, 2020, and May 3, 2019:

(In millions)	Three Months Ended	
	May 1, 2020	May 3, 2019
Net proceeds from issuance of debt	\$ 3,961	\$ 2,972
Repayment of debt	\$ (543)	\$ (616)

During the three months ended May 1, 2020, we issued \$4.0 billion of unsecured notes to finance current year maturities and for other general corporate purposes. During the three months ended May 1, 2020, we also paid \$500 million to retire scheduled debts at maturity.

#### *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 1, 2020, and May 3, 2019:

(In millions, except per share data)	Three Months Ended	
	May 1, 2020	May 3, 2019
Total amount paid for share repurchases	\$ 966	\$ 826
Total number of shares repurchased	9.8	8.1
Average price paid per share	\$ 98.78	\$ 102.35

As of May 1, 2020, we had \$8.7 billion remaining available under our share repurchase program with no expiration date. During the quarter, we suspended share repurchases and at this time do not anticipate any additional share repurchases this year beyond what we executed during the first quarter. See [Note 9](#) to the consolidated financial statements included herein for additional information regarding share repurchases.



### Dividends

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 the three months ended May 1, 2020, and May 3, 2019:

(In millions, except per share data)	Three Months Ended			
	May 1, 2020		May 3, 2019	
Total cash dividend payments	\$	420	\$	385
Dividends paid per share	\$	0.55	\$	0.48

### 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 28, 2020, 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.

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

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 2020, we issued \$4.0 billion of unsecured notes in the ordinary course of business and used a portion of the net proceeds from the sale of the notes for the repayment of \$500 million aggregate principal amount due April 2020. The table below summarizes our contractual obligations relating to long-term debt, excluding operating and finance lease obligations, at May 1, 2020. The unsecured notes issued in the first quarter of fiscal 2020 are further described in [Note 7](#) 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)	\$ 20,312	\$ 525	\$ 1,266	\$ 1,702	\$ 16,819
Long-term debt (interest payments)	13,796	853	1,603	1,523	9,817
<b>Total</b>	<b>\$ 34,108</b>	<b>\$ 1,378</b>	<b>\$ 2,869</b>	<b>\$ 3,225</b>	<b>\$ 26,636</b>

As of May 1, 2020, there were no other material changes to our contractual obligations and commercial commitments outside the ordinary course of business since the end of 2019. 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.

### **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 January 31, 2020.

### **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 1, 2020, 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 1, 2020, that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting. Although most of our corporate employees are working remotely due to the COVID-19 global health crisis, we have not experienced a material impact to our internal control over financial reporting. We continue to monitor the pandemic and its effects on the design and operating effectiveness of our internal controls.

## 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

In addition to the other information set forth in this Quarterly Report, you should carefully consider the risk factors described in Part I, “Item 1A. Risk Factors” in our Annual Report filed with the SEC on March 23, 2020, which could materially affect our business, financial condition and/or operating results, as well as the following:

*The effects of the COVID-19 pandemic may have a negative impact on our net sales, results of operations, financial position, and earnings.*

The global spread of COVID-19 has created significant volatility, uncertainty and economic disruption. In response to the COVID-19 pandemic, many state, local, and foreign governments have put in place travel restrictions, quarantines, “shelter-in-place” orders, and similar government orders and restrictions, in an attempt to control the spread of the disease. Such restrictions or orders have resulted in, and will continue to result in, business closures, work stoppages, slowdowns and delays, among other effects that could negatively impact our operations, as well as the operations of our customers and business partners.

The Company's business has been deemed essential during the COVID-19 pandemic, and the Company is committed to maintaining a safe work and shopping environment. In response to the COVID-19 pandemic, we implemented a number of measures to facilitate a safer store environment for our associates and customers, such as reducing store operating hours, adding signage and floor markers, adding social distancing ambassadors to monitor customer traffic flow, implementing more stringent cleaning procedures, installing plexiglass shields at the point-of-sale areas, and distributing gloves and masks to our store associates to wear during their shifts. In addition, we are providing hourly wage increases and special payments to our store associates. The measures we have implemented to slow and/or reduce the impact of COVID-19 have increased our operating expenses and impacted sales. The extent to which the COVID-19 pandemic further impacts our business, operations, financial results and financial condition will depend on numerous evolving factors which are uncertain and cannot be predicted, including:

- the duration and scope of the pandemic and associated disruptions;
- the effects of current and future governmental and public responses to changing conditions;
- the financial condition and purchasing power of our customers; and
- the ability of the third parties on which we rely, including our suppliers and other external business partners, to meet their obligations to the company, or significant disruptions in their ability to do so which may be caused by their own financial or operational difficulties.

Any of the foregoing factors, or other effects of the COVID-19 pandemic or another disease pandemic could materially increase our costs, negatively impact our sales, suppliers or customers, and damage our financial condition, results of operations, cash flows and our liquidity position, possibly to a significant degree.

*If our domestic or international supply chain or our fulfillment network for our products is ineffective or disrupted for any reason, including the COVID-19 pandemic, or if these operations are subject to trade policy changes, our results of operations could be adversely affected.*

Circumstances surrounding and related to the COVID-19 pandemic have created unprecedented impacts on the global supply chain. We source, stock and sell products from domestic and international vendors, and their ability to reliably and efficiently fulfill our orders is critical to our business success. Impacts related to the COVID-19 pandemic are placing strains on the domestic and international supply chain that may negatively affect the flow or availability of our products. This can result in higher out-of-stock inventory positions due to difficulties in timely obtaining products from the manufacturers and suppliers of our products as well as transportation of those products to our distribution centers and stores, which could negatively affect our business and financial results. Even if we are able to find alternate sources for such products, they may cost more, which could adversely impact our profitability and financial condition.

We source a large number of our products from foreign manufacturers, with China being the dominant import source. The current United States administration has enacted, and signaled the possibility of additional, changes in certain tax and trade policies, tariffs and other regulations affecting trade between the United States and other countries, such as the imposition of additional tariffs or duties on imported products and the exit or renegotiation of certain trade agreements and the rules of the World Trade Organization. While it is not possible to predict the long term impacts such changes may have, because we source a large percentage of our merchandise from outside the United States, future changes in tax or trade policies, tariffs or trade relations could adversely affect our business, results of operations, effective income tax rate, liquidity and net income. In addition, other countries may change their business and trade policies in anticipation of or in response to increased import tariffs and other changes in United States trade policy and regulations. The degree of our exposure is dependent on, among other things, the type of goods, rates imposed, and timing of tariffs. The impact to our business, including net sales and gross margin, will be influenced in part by merchandising and pricing strategies in response to potential costs increases by us and our competitors. While these potential impacts are uncertain, they could have an adverse impact on our financial results.

Financial instability among key vendors, political instability and labor unrest in source countries or elsewhere in our supply chain, changes in the total costs in our supply chain (fuel, labor and currency exchange rates), port labor disputes and security, the outbreak of pandemics, weather-related events, natural disasters, work stoppages, shipping capacity restraints, changes in trade policy, retaliatory trade restrictions imposed by either the United States or a major source country, tariffs or duties, fluctuations in currency exchange rates and transport availability, capacity and costs are beyond our control and could negatively impact our business if they seriously disrupted the movement of products through our supply chain or increased their costs. Additionally, as we add fulfillment capabilities or pursue strategies with different fulfillment requirements, our fulfillment network becomes increasingly complex and operating it becomes more challenging. If our fulfillment network does not operate properly or if a vendor fails to deliver on its commitments, we could experience delays in inventory, increased delivery costs or merchandise out-of-stocks that could lead to lost sales and decreased customer confidence, and adversely affect our results of operations.

## 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 2020:

	Total Number of Shares Purchased <sup>1</sup>	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs <sup>2</sup>	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs <sup>2</sup>
February 1, 2020 - February 28, 2020 <sup>3</sup>	6,035,344	\$ 99.90	6,033,518	\$ 8,911,781,233
February 29, 2020 - April 3, 2020	2,002,107	100.39	1,917,339	8,717,610,699
April 4, 2020 - May 1, 2020 <sup>3</sup>	1,580,320	90.43	1,580,175	8,717,610,699
<b>As of May 1, 2020</b>	<b>9,617,771</b>	<b>\$ 98.45</b>	<b>9,531,032</b>	<b>\$ 8,717,610,699</b>

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> In February 2020, the Company entered into an Accelerated Share Repurchase (ASR) agreement with a third-party financial institution to repurchase the Company's common stock. At inception, pursuant to the agreement, the Company paid \$500 million to the financial institution and received an initial delivery of 3.9 million shares. In May, prior to the end of the first quarter, the Company finalized the transaction and received an additional 1.6 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.

**Item 6. - Exhibits**

Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	File No.	Exhibit	Filing Date
3.1	<a href="#">Restated Charter of Lowe’s Companies, Inc.</a>	10-Q	001-07898	3.1	September 1, 2009
3.2	<a href="#">Bylaws of Lowe’s Companies, Inc., as amended and restated April 29, 2020.</a>	8-K	001-07898	3.1	May 4, 2020
4.1	<a href="#">Sixteenth Supplemental Indenture, dated as of March 26, 2020, between Lowe’s Companies, Inc. and U.S. Bank National Association (as successor trustee).</a>	8-K	001-07898	4.2	March 27, 2020
10.1	<a href="#">Credit Agreement, dated as of March 23, 2020, by and among Lowe’s Companies, Inc., Bank of America, N.A., as administrative agent, swing-line lender, and a letter of credit issuer, U.S. Bank National Association, as syndication agent and a letter of credit issuer, Citibank, N.A., Goldman Sachs Bank USA, JPMorgan Chase Bank, N.A., and Wells Fargo Bank, National Association, as co-documentation agents, and the other lenders party thereto.</a>	8-K	001-07898	10.1	March 24, 2020
10.2	<a href="#">Form of Lowe’s Companies, Inc. Non-Qualified Stock Option Agreement.* ‡</a>				
10.3	<a href="#">Release and Separation Agreement between Lowe’s Companies, Inc. and Jennifer L. Weber entered into on April 6, 2020*‡</a>				
15.1	<a href="#">Deloitte &amp; Touche LLP Letter re Unaudited Interim Financial Information.‡</a>				
31.1	<a href="#">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.‡</a>				
31.2	<a href="#">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.‡</a>				
32.1	<a href="#">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.‡</a>				
32.2	<a href="#">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.‡</a>				
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.‡
104	Cover Page Interactive Data File (formatted as Inline XBRL document and included in Exhibit 101).‡

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- \* 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 28, 2020

Date

By: /s/ David M. Denton

David M. Denton  
Executive Vice President, Chief Financial Officer

**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.

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

(e) Recoupment or "Clawback". This Option is subject to any applicable recoupment or "clawback" policies of the Company, as in effect from time to time.

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 and this Agreement. 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.; Best Buy, 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 and other 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 Charlotte Division of the U.S. District Court for the Western District of North Carolina, or if federal jurisdiction is not available, 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 U.S. District Court for the Western District of North Carolina or 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 such 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 Lowes 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.

## RELEASE AND SEPARATION AGREEMENT

THIS RELEASE AND SEPARATION AGREEMENT (this "Agreement") is made and entered into this the 6 day of April, 2020, by and between Lowe's Companies, Inc., a North Carolina corporation, its parents, subsidiaries and affiliates (hereinafter referred to as "Lowe's" or the "Company"), and Jennifer L. Weber ("Executive").

NOW, THEREFORE, for good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, the parties do hereby agree, covenant and stipulate as follows:

1. Defined Terms. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Lowe's Companies, Inc. Severance Plan for Senior Officers (the "Severance Plan").

2. Termination of Employment and Removal from Other Positions. Effective as of April 6, 2020 (the "Departure Date"), the Executive and Lowe's mutually agreed that her employment will terminate and that it will be treated as a termination without Cause and that, effective as of the Departure Date, Executive resigned from all positions with the Company and its subsidiaries (including her position as Executive Vice President, Human Resources). As soon as practicable after the Departure Date, Lowe's shall pay Executive all accrued, but unpaid, annual base salary, vacation and paid time off and reimburse Executive for all outstanding properly incurred business-related expenses.

3. Consideration.

(a) Cash Severance Benefits. In consideration of the release of Lowe's by Executive, provided Executive executes and returns to the Company and does not revoke any portion of this Agreement, Lowe's agrees to pay Executive severance pay in an amount equal to \$2,508,000 (the "Severance Pay"). The Severance Pay shall be paid in substantially equal installments during the Severance Period in accordance with the Company's payroll practices commencing with the first payroll period following the Effective Time; provided, however, that payments of the Severance Pay during the "409A Deferral Period" (as hereinafter defined) shall be limited to \$585,000 minus the value of the benefits Lowe's provides to Executive during the 409A Deferral Period pursuant to Sections 3(b) and 3(c) below. Any portion of the Severance Pay that is subject to the foregoing limitation shall not be paid on the otherwise scheduled payment date but shall instead accumulate and be paid, without interest, with the first payroll period after the expiration of the 409A Deferral Period. For purposes of this Agreement the term "409A Deferral Period" means the six-month period beginning on the Departure Date. For the sake of clarity, this Agreement and the payments set forth herein are intended to be exempt from or in compliance with Section 409A and each payment shall be treated as a separate payment for purposes of Section 409A.

If the Executive dies before she receives payment of the entire Severance Pay, Lowe's will pay the remaining Severance Pay to her surviving Spouse, or if there is no surviving Spouse, to her estate, in a lump sum as if the Executive had survived. The lump sum payment described in this paragraph shall be made as soon as practicable after

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Executive's death but in no event later than March 15 of the calendar year following the calendar year in which Executive's death occurs.

(b) Health Care Assistance. As further consideration for Executive's release, provided Executive executes and returns to the Company and does not revoke any portion of this Agreement, for the period beginning on the Departure Date and ending on the earlier of the expiration of the Severance Period and the date Executive becomes covered under another employer's health care plan, Executive and Executive's eligible dependents shall be entitled to continue participation in the employee health care plan maintained by the Company upon the same terms and conditions in effect from time to time for active employees of the Company as determined in good faith by the Company which period of coverage shall be considered to be part of, and shall run concurrent with, the period of continued coverage required to be offered to Executive under the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA"), and after which time Executive and Executive's eligible dependents may elect to participate in continuation of coverage pursuant to COBRA for any remaining required coverage period, for which Executive shall be responsible for the full cost of any continued coverage elected under COBRA. Executive agrees to notify the Company within three (3) business days of obtaining other employment during the Severance Period when health insurance with the new employer will commence.

(c) Outplacement Assistance. As further consideration for Executive's execution and non-revocation of this Agreement, the Company will provide assistance of up to one (1) year from the Separation in Executive's search for new employment through direct payment by the Company of the professional fees for the services incurred in the normal course of a job search with an outplacement organization arranged by the Company. Such services will not be offered prior to Executive's execution of this Agreement and the expiration of any applicable revocation period. The services provided by the vendor and the duration thereof will be at the Company's discretion.

4. No Further Compensation. Executive agrees that the foregoing consideration shall constitute the entire amount of monetary consideration to which Executive is entitled under this Agreement, that Executive has been paid all compensation owed to Executive during Executive's employment, that Executive is not entitled to any further monetary consideration whatsoever from the Company, that Executive will assume payment of any attorney fees or costs that Executive has incurred in connection with negotiating this Agreement or otherwise related to Executive's employment or separation from employment with Lowe's, and that Executive will not seek any further compensation or consideration for any other claimed damages, costs, or attorney fees in connection with the matters encompassed by this Agreement, or any other events or circumstances that existed or occurred prior to Executive's execution of this Agreement.

5. Right to Revoke Agreement. Following Executive's execution and delivery of this Agreement to Lowe's, Executive shall have a 7-day period in which to revoke this Agreement, including the release of claims under the Age Discrimination in Employment Act (the "ADEA"), as provided in the Older Workers Benefit Protection Act (the "OWBPA"). During this 7-day period, Executive shall exercise this right by delivering written notice of Executive's revocation. Lowe's shall not have the right to revoke this Agreement during the 7-day period.



6. Confidentiality. Executive acknowledges that, during Executive's employment with Lowe's, Executive learned information that is confidential to Lowe's ("Confidential Information"). Such Confidential Information includes, but is not limited to: trade secrets; plans for opening, closing, expanding, or relocating stores; distribution, replenishment, logistics and information technology strategies and information; purchasing and product information; advertising and promotional programs and plans; financial or statistical data; sales and account information; customer information; sales and marketing plans and strategies; pricing strategies and reports; product cost information; personnel information; and any other information of a similar nature that is not known or made available to the public or to Lowe's competitors, which, if misused or disclosed, could adversely affect the business of Lowe's. Confidential Information shall not include information that is generally known or readily ascertainable in the industry or Executive's general skills and knowledge.

Executive agrees not to disclose any Confidential Information to any person (including any Lowe's employee who does not need to know such Confidential Information), agency, institution, company or other entity without first obtaining the written consent of Lowe's. Executive acknowledges and agrees that the duties and obligations under this Section will continue for as long as such Confidential Information remains confidential to Lowe's. Executive further acknowledges and agrees that any breach of this Section would be a material breach of this Agreement.

Nothing in this Agreement shall be construed to prevent disclosure of Confidential Information as may be required or permitted by applicable law or regulation, or pursuant to the valid order of a court of competent jurisdiction or an authorized government agency, provided that the disclosure does not exceed the extent of disclosure required by such law, regulation, or order. Nothing herein prohibits Executive from reporting possible violations of federal law or regulation to any governmental agency or entity or making other disclosures that are protected under the whistleblower provisions of federal law or regulation. Pursuant to 18 U.S.C. § 1833(b), an individual shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of confidential information or a trade secret that is made: (1) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and solely for the purpose of reporting or investigating a suspected violation of the law; or (2) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Executive does not need the prior authorization of the Company to make any such reports or disclosures and Executive is not required to notify the Company that Executive has made such reports or disclosures. An individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the employer's trade secrets to the attorney and use the trade secret information in the court proceeding if the individual files any document containing the trade secret under seal, and does not disclose the trade secret, except pursuant to court order.

7. General Release. Executive covenants and agrees that, in consideration for the separation benefits provided under this Agreement, Executive hereby irrevocably and unconditionally releases, acquits and forever discharges Lowe's, as well as each of Lowe's officers, directors, employees, parents, subsidiaries, or related entities and agents (Lowe's and Lowe's officers, directors, employees, parents, subsidiaries, related entities, and agents being collectively referred to herein as the "Releasees"), or any of them, from any and all charges,

complaints, claims, liabilities, obligations, promises, demands, costs, losses, debts, and expenses (including attorney fees and costs actually incurred), of any nature whatsoever, in law or equity, arising out of Executive's employment with Lowe's or the termination of Executive's employment with Lowe's (other than any claim arising out of the breach by Lowe's of the terms of this Agreement), including, without limitation, all claims asserted or that could be asserted by Executive against Lowe's in any litigation arising in federal, state, or municipal court asserting any claim arising from any alleged violation by the Releasees of any federal, state, or local statutes, ordinances, or common law, including, but not limited to, the ADEA, Title VII of the Civil Rights Act of 1964, the Equal Pay Act, the Americans with Disabilities Act, the Fair Labor Standards Act, the Executive Retirement Income Security Act of 1974, the Rehabilitation Act of 1973, the Civil Rights Act of 1991, the Family and Medical Leave Act, the Civil Rights Act of 1866, and any other employment discrimination laws, as well as any other claims based on constitutional, statutory, common law, or regulatory grounds, as well as any claims based on theories of retaliation, wrongful or constructive discharge, breach of contract or implied covenant, fraud, misrepresentation, intentional and/or negligent infliction of emotional distress, or defamation ("Claim" or "Claims"), which Executive now has, owns, or holds, or claims to have, own, or hold, or which Executive had, owned, or held, or claimed to have, own or hold at any time before execution of this Agreement, against any or all of the Releasees. Notwithstanding the foregoing, however, Executive specifically does not release any right to or claim for payment of (a) any and all vested and nonforfeitable benefits, payments, or stock rights, including all rights, if any, under the Lowe's 401(k) Plan, Lowe's Companies Benefit Restoration Plan, Lowe's Companies Cash Deferral Plan, Lowe's Companies Executive Stock Ownership Plan or Lowe's Companies Executive Stock Purchase Plan - Stock Options for Everyone or (b) claims for indemnification permitted by and pursuant to (i) the Company's organizational documents or applicable law (which rights are incorporated into this Agreement as if stated herein) or (ii) any liability or similar insurance policy maintained by the Company in each case relating to indemnification of directors, officers and employees of the Company.

8. Release of Claims Under the Age Discrimination In Employment Act. THIS AGREEMENT SPECIFICALLY WAIVES ALL OF EMPLOYEE'S RIGHTS AND CLAIMS ARISING UNDER THE AGE DISCRIMINATION IN EMPLOYMENT ACT OF 1967 (29 U.S.C. §§ 621, et seq.), AS AMENDED, AND THE OLDER WORKERS BENEFIT PROTECTION ACT, AS AMENDED. In connection with this waiver, Executive acknowledges and agrees to the following:

(a) Executive is not waiving any rights or claims under the ADEA that may arise after this Agreement is executed, or any rights or claims to test the knowing and voluntary nature of this Agreement under the Older Workers Benefit Protection Act, as amended.

(b) Executive acknowledges that Executive has expressly waived ADEA rights or Claims pursuant to this Agreement in exchange for consideration, the value of which exceeds payment or remuneration to which Executive already was entitled.

(c) Executive acknowledges that Executive has been advised by Lowe's to consult with an attorney of Executive's choosing concerning this Agreement prior to executing it, and Executive has had ample opportunity to do so.

(d) Executive understands that Executive is being provided with a period of 21 days to consider the terms of this Agreement. In the event Executive decides to execute this Agreement in fewer than 21 days (but nevertheless on or after the Departure Date), Executive has done so with the express understanding that Executive has been given and declined the opportunity to consider this release for 21 days. Executive acknowledges that Executive's decision to sign the Agreement in fewer than 21 days was not induced by the Company through fraud, misrepresentation, or a threat to withdraw or alter the offer prior to the expiration of the 21-day period.

(e) Executive further understands that Executive may revoke this Agreement, including her release of claims under the ADEA, at any time during the 7 days following the date of her execution of this Agreement. Notice of revocation shall be provided to the General Counsel of Lowe's Companies, Inc. by facsimile and certified mail, return receipt requested, to Lowe's Companies, Inc., 1000 Lowe's Boulevard, Mooresville, NC 28117, facsimile number 704.757.0661. Executive has read carefully and fully understands all of the provisions and effects of this Agreement, and Executive knowingly and voluntarily chooses to enter into all of the terms set forth in this Agreement.

(f) Executive knowingly and voluntarily intends to be legally bound by all of the terms set forth in this Agreement.

(g) Executive has relied solely and completely upon Executive's own judgment and the advice of Executive's counsel in entering into this Agreement.

(h) Executive is, through this Agreement, releasing the Company from any and all Claims Executive may have against the Company relating to Executive's employment and the termination thereof, including claims arising under the ADEA and the OWBPA.

#### 9. Covenant Not to Sue.

(a) Executive must not file or be a class representative in any claim, lawsuit or complaint against any Releasee based on the claims released in this agreement. Further, Executive must not authorize or assist any other party to institute a claim, lawsuit, or complaint against any Releasee.

(b) This Agreement does not interfere with Executive's right to file a charge with or participate in an investigation or proceeding conducted by, or provide information to the Equal Employment Opportunity Commission ("EEOC") or the Securities and Exchange Commission ("SEC") or to file a complaint under the OWBPA challenging the validity of this agreement.

(c) Executive represents and warrants that Executive has not initiated or filed any action, complaint, or claim against the Releasees with any federal, state or local court.

(d) The consideration provided to Executive under this Agreement is the sole relief Executive is entitled to for the claims released and waived in this Agreement. Thus, Executive will not be entitled to recover, and must waive all monetary benefits or recovery,

against the Releasees in connection with any EEOC, state, or local agency charge or a representative or class action lawsuit regardless of who brings the charge or lawsuit, except that Executive does not waive any right Executive may have to an award paid by the SEC.

(e) Executive further agrees that if at any time hereafter Executive shall file or join in any suit or assert any claim against the Releasees relating to any matter released for any purpose other than those listed in Section 9(b) above, then (i) Executive agrees that Executive will not attack and shall be estopped from attacking the legal validity or sufficiency of this Agreement and (ii) Executive shall reimburse Lowe's for its reasonable attorneys' fees and costs incurred in connection with the defense of such suit or claim. If such an action, complaint, claim, or charge has been initiated or filed by Executive or on Executive's behalf, Executive will use Executive's best efforts to cause it immediately to be withdrawn and dismissed with prejudice.

10. No Assignment of Rights Under Agreement; Indemnification. Executive represents and warrants that no portion of any of the matters released by this Agreement and no portion of the consideration or any recovery or settlement to which Executive might be entitled has been assigned or transferred to any other person, firm, or corporation not a party to this Agreement in any manner, including by way of subrogation or operation of law or otherwise. If any claim, action, demand, or suit should be made or instituted against the Releasees, or any of them, because of any such purported assignment, subrogation, or transfer, Executive agrees to indemnify and hold harmless the Releasees, and each of them, against such claim, action, demand, or suit, including damages, expenses of investigation, attorney fees, and costs.

11. No Improper Actions or Omissions. Executive represents and warrants that Executive has no knowledge of any illegal actions, material misstatements or omissions by the Company, is not aware of any facts or evidence that could give rise to such a claim, nor does Executive know of any basis on which any third party or governmental entity could assert such a claim. The previous sentence expressly includes, but is not limited to, any and all conduct that potentially could give rise to claims or liability under the Securities Exchange Act of 1934 ("Exchange Act"), Sarbanes-Oxley Act of 2002 or the Dodd-Frank Wall Street Reform and Consumer Protection Act. Executive further represents and warrants that Executive has fulfilled Executive's duties to the Company to the best of Executive's abilities and in a reasonable and prudent manner, and that Executive has not knowingly engaged, directly or indirectly, in any actions or omissions that could be perceived as unlawful, nor has Executive failed to report any such actions or omissions to the Company.

Executive affirms that Executive has no information concerning any conduct involving the Company that Executive has any reason to believe may be unlawful or that involves any false claims to the United States. Executive promises to cooperate fully in any investigation the Company undertakes into matters that occurred during Executive's employment with the Company (with due regard to her personal and professional commitments). Executive understands that nothing in this Agreement prevents Executive from cooperating with any government investigation, making a truthful statement or complaint to law enforcement or a government agency, testifying under oath to law enforcement or a government agency, or from complying with a properly-served and lawfully issued subpoena or similar order issued by a government agency or court of competent jurisdiction. In addition, to the fullest extent permitted by law, Executive

hereby irrevocably assigns to the U.S. government any right Executive might have to any proceeds or awards in connection with any false claims proceedings against the Company or any affiliated entity arising under the False Claims Act, any state false claims statute, or any other federal, state or municipal law, statute or regulation providing for recovery to whistleblowers, except that Executive does not assign any award paid by the SEC to which Executive may be entitled.

12. No Admission of Liability. The execution of this Agreement does not constitute an admission by the Releasees or by Executive of any wrongdoing, and this Agreement shall not be offered or used to establish any such liability. Rather, this Agreement expresses the intention of the parties to resolve all issues and other claims related to or arising out of Executive's employment by and her departure from the Company.

13. Payment by Lowe's. Executive acknowledges that Lowe's shall withhold all amounts required by appropriate taxing authorities, and that Lowe's shall issue the appropriate IRS Form W-2 form or other appropriate tax forms to Executive.

Executive expressly acknowledges that the Company has made no representations to Executive regarding the tax consequences of the consideration received pursuant to this Agreement, and that the Severance Pay and other consideration herein likely will be considered to be taxable income and subject to disclosure to the appropriate taxing authorities. Executive agrees that Executive is solely and entirely responsible for the payment and discharge of all federal, state, and local taxes, if any, that are required by law to be paid with respect to the Severance Pay and other consideration. Executive agrees that in the event it should be subsequently determined that withholding or payment of taxes on any amounts received by Executive under this Agreement, or any part thereof, should have been made, Executive personally shall be solely responsible for all such taxes, as well as for any related penalties or interest that may be due and, in addition, does hereby agree to indemnify, defend, and hold harmless the Company from or against any payment, interest, or penalty incurred by the Company in connection with any claim, including any claim made under the federal or state tax laws, concerning the consideration herein.

14. Consultation with Attorney. Executive acknowledges and agrees that Executive has been afforded sufficient time to carefully consider the terms of this Agreement and to undertake consultation with an attorney prior to entering into this Agreement.

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

16. Non-Competition.

(a) General. Lowe's and its affiliated entities comprise an international, omni-channel provider of goods and services for building, expanding, enhancing, customizing,

maintaining, innovating, connecting, and outfitting its customers' living spaces ("Home Improvement Business"). Lowe's 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.

For purposes of this Agreement, Executive will be deemed to be engaged in a "Competing Activity" if Executive, 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.; Best Buy, Inc.; Walmart, Inc.; HD Supply Holding, Inc.; Floor & Décor Holdings, Inc.; and True Value Company.

Nothing contained in this Section shall be interpreted as or deemed to constitute a waiver of, or diminish or be in lieu of, any other rights the Company may possess as a result of Executive's misconduct or direct or indirect involvement with a business competing with the business of the Company.

(b) Non-Competition. Executive agrees that for a period of twenty-four (24) months after the Departure Date (the "Non-Competition Period"), Executive will not directly or indirectly engage in a Competing Activity. Should Executive wish to engage in a Competing Activity before the expiration of the Non-Competition Period, Executive may request written permission from the General Counsel of the Company before engaging in such Competing Activity, which permission may be granted or denied by the Company in its sole and exclusive discretion.

(c) Access to Proprietary Information. Executive acknowledges that in Executive's position with Lowe's, Executive was exposed to the development and implementation of the Company's strategic business operations, financial performance, marketing strategy, and/or plans for existing and future products and services, and that the Company's business success and competitive position in the industry are dependent on its exclusive possession of secret, proprietary or confidential information, knowledge or data, and its relationships with customers and suppliers. As such, Executive agrees that the restrictions in this Agreement are reasonable as to the time, territory, and line of business, and are reasonably necessary to protect the Company's legitimate business interests, protect customer goodwill, and prevent severe and irreparable harm to the Company.

17. No Solicitation of Employees. Executive agrees for a period of twenty-four (24) months after the Departure Date, Executive will not, directly or indirectly, solicit or encourage any person, who was an employee of the Company with the title of Director or above during Executive's employment (a "Protected Employee") to leave employment with the Company 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.

18. No Solicitation of Customers or Vendors. Executive agrees for a period of eighteen (18) months after the Departure Date, Executive will not, directly or indirectly, solicit the business of the Company's customers or vendors who do business with the Company with whom Executive had material contact or about whom Executive obtained confidential information during the 2 years immediately prior to the Departure Date to divert their business away from or otherwise interfere with the business relationships of the Company with its customers and/or vendors on Executive's behalf or on behalf of any other entity or person.

19. Further Continuing Duties. Executive shall fully cooperate (with due regard to her professional and personal commitments) with the Company in its defense or prosecution of litigation, administrative charges or hearings and related matters with respect to issues arising during Executive's tenure with the Company, as may be required by the Company in connection with any formal or informal state, local, and/or federal administrative, governmental or judicial matter or investigation by or of the Company. Executive agrees that the consideration paid under this Agreement shall compensate Executive for Executive's time spent in connection with these matters, and Executive shall be entitled only to reasonable costs (for meals, travel, lodging etc.) incurred in connection therewith. This section is not intended to limit Executive's rights to indemnification and advancement of fees and expenses and D&O insurance as provided in this Agreement.

20. Non-Disparagement. The Company and Executive shall mutually agree on the messaging regarding the Executive's departure and any related written communication. Executive agrees to refrain from making negative, derogatory, and/or defamatory statements, whether verbal or written, about the Releasees, and from being a party to any such statements. This includes criticism of the Company or its management philosophies, direction, or values. The Company shall not, and shall instruct its executive officers to not, make negative, derogatory, and/or defamatory statements, whether verbal or written, about Executive. All inquiries from prospective employers of Executive shall be directed to Marvin Ellison or W. Ross McCanless.

21. No Encouragement of Claims Against the Company. Except as may be required by court order or subpoena, Executive represents and warrants that Executive will not volunteer testimony or cooperation to any other individual or entity with respect to actual or potential claims against the Releasees, and Executive will not, directly or indirectly, encourage any individual or entity to assert any claim against the Releasees. Executive agrees that Executive will notify counsel for Lowe's in writing within 5 calendar days of being contacted by any individual or entity seeking Executive's cooperation in this regard. This provision shall not preclude Executive from testifying truthfully pursuant to a proper subpoena issued by a court of competent jurisdiction, nor will Executive be precluded from cooperating with federal, state, or local agencies that are investigating any claims of discrimination, harassment, or other unlawful conduct. Furthermore,

this provision does not restrict or qualify the Executive's ability to provide information to or cooperate with the SEC regarding actual or potential claims against Releasees, nor does this provision obligate Executive to notify Lowe's in the event the SEC contacts Executive seeking Executive's cooperation.

22. Return of Company Property. Executive represents and warrants that Executive has returned or will return within 7 days of Executive's execution of this Agreement, any and all property, information, data or documents belonging to the Company, including any copies or summaries currently in Executive's possession, custody, or control, regardless of location. Executive acknowledges that Executive has not transferred or otherwise released custody or control of any property, data or documents belonging to the Company except as expressly authorized. Property shall also include, but not be limited to, cell phones, laptop computers, credit cards, passcards, keys, and any other items that belong to the Company.

23. Enforcement; Termination or Reduction of Severance Pay. Executive agrees that in the event of a breach or threatened breach of Section 17, 18 or 19, Executive hereby consents and agrees that Lowe's will be entitled to seek monetary damages equal to the Severance Pay and shall be entitled to, in addition to other available remedies, equitable relief (by injunction, restraining order or other similar remedy) against such breach or threatened breach from a court of competent jurisdiction without the necessity of showing actual damages and without the necessity of posting a bond or other security. In addition, in accordance with Section 3.3 of the Severance Plan, (a) if, following the Departure Date, Lowe's determines that Executive's employment could have been terminated for Cause as of the Separation Date, Executive shall forfeit any unpaid Severance Pay and shall be required to repay to Lowe's any Severance Pay paid prior to the date of such determination and (b) the Severance Pay shall be reduced, in whole or in part, by all other salary, bonus, consulting fees or other cash compensation received by or payable to the Executive for services rendered in any capacity to any third party during the Severance Period with the exception of any compensation received for service on a board of directors on the Departure Date or other similar arrangement that existed on the Departure Date.

24. Default and Notice. In the event Lowe's fails to make any payment due under the provisions of this Agreement, Executive shall give written notice of such failure to Lowe's, and Lowe's shall have a period of 20 business days from receipt of such notice in which to cure such failure. For purposes of this Agreement, unless otherwise specified in this Agreement, all notices to Lowe's shall be in writing and either hand delivered or sent by Certified Mail, Return Receipt Requested to Lowe's General Counsel at the following address:

General Counsel  
Lowe's Companies, Inc.  
1000 Lowes Boulevard  
 Mooresville, NC 28117

25. Waiver of Breach. Any waiver by either party of a breach of this Agreement will not constitute a waiver of any further breach, whether of a similar or dissimilar nature.

26. Electronic Records. Executive agrees that Lowe's, in its sole discretion, may convert this Agreement into an electronic record and that in the event of any dispute involving this



Agreement, a copy of such electronic record may serve as the exclusive original. The parties consent to and recognize the validity, enforceability and admissibility of any electronic record or any electronic signature created in connection with this Agreement or the relationship contemplated by it. An electronic record of this Agreement and any electronic signature made in connection with this Agreement shall be deemed to have been signed by hand by the relevant parties.

27. Whole Agreement, Amendment and Severability. This Agreement contains the whole and entire understanding and agreement between the parties hereto. There are no other understandings, promises, covenants, or agreements between the parties regarding the subject matter of this Agreement, except as specifically set forth herein. This Agreement may not be amended, modified, or altered in any fashion except in writing executed by the parties hereto with the same formality as with which this Agreement is executed. Executive understands and agrees that each clause of this Agreement is a separate and independent clause, and that, if any clause should be found unenforceable, such clause should be and is hereby severed from this Agreement and will not affect the enforceability of any of the other clauses herein.

28. Governing Law; 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 federal and state courts in Mecklenburg County, North Carolina 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 such courts by motion or request for leave from any such court. Each of the parties further waives any right to seek change of venue from such courts 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. In the event of any dispute regarding the terms of this Agreement, the prevailing party (meaning the party receiving substantially the relief sought) shall be entitled to recover its reasonable attorneys' fees and all other reasonable costs and expenses associated therewith.

Signature Page Follows

IN WITNESS WHEREOF, Executive has hereunto set her hand and seal, and the Company has caused this Agreement to be executed on its behalf by a duly authorized officer, all as of the day and year first above written.

LOWE'S COMPANIES, INC.

By: /s/ Janice Little

Name: Janice Little

Title: SVP Talent Mgmt & Diversity

Date: April 6, 2020

JENNIFER L. WEBER

/s/ Jennifer L. Weber

Date: April 6, 2020

May 28, 2020

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 1, 2020 and May 3, 2019 and have issued our report dated May 28, 2020. 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 1, 2020, is incorporated by reference in the following Registration Statements:

Description	Registration Statement Number
<b>Form S-3 ASR</b>	
Lowe's Stock Advantage Direct Stock Purchase Plan	333-220388
Debt Securities, Preferred Stock, Common Stock	333-226983
<b>Form S-8</b>	
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 1, 2020 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 28, 2020

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 1, 2020 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 28, 2020

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 1, 2020, 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 28, 2020

**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 1, 2020, 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 28, 2020