

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 August 3, 2018

or

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

For the transition period from _____ to _____

Commission File Number 1-7898



LOWE'S COMPANIES, INC.

(Exact name of registrant as specified in its charter)

North Carolina

(State or other jurisdiction of incorporation or organization)

56-0578072

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

1000 Lowe's Blvd., Mooresville, NC

(Address of principal executive offices)

28117

(Zip Code)

Registrant's telephone number, including area code

(704) 758-1000

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes No

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

Large accelerated filer

Non-accelerated filer

Accelerated filer

Smaller reporting company

Emerging growth company

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

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

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

CLASS

OUTSTANDING AT 8/31/2018

Common Stock, \$0.50 par value

808,275,229

LOWE'S COMPANIES, INC.

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

In Millions, Except Par Value Data

	(Unaudited) August 3, 2018	(Unaudited) August 4, 2017	February 2, 2018
Assets			
Current assets:			
Cash and cash equivalents	\$ 2,251	\$ 1,696	\$ 588
Short-term investments	391	119	102
Merchandise inventory - net	11,885	11,407	11,393
Other current assets	956	811	689
Total current assets	15,483	14,033	12,772
Property, less accumulated depreciation	19,172	19,762	19,721
Long-term investments	87	360	408
Deferred income taxes - net	249	328	168
Goodwill	1,271	1,255	1,307
Other assets	843	930	915
Total assets	\$ 37,105	\$ 36,668	\$ 35,291
Liabilities and shareholders' equity			
Current liabilities:			
Short-term borrowings	\$ —	\$ —	\$ 1,137
Current maturities of long-term debt	894	296	294
Accounts payable	8,984	8,649	6,590
Accrued compensation and employee benefits	671	665	747
Deferred revenue	1,449	1,450	1,378
Other current liabilities	2,583	2,565	1,950
Total current liabilities	14,581	13,625	12,096
Long-term debt, excluding current maturities	14,937	15,788	15,564
Deferred revenue - extended protection plans	828	790	803
Other liabilities	978	929	955
Total liabilities	31,324	31,132	29,418
Shareholders' equity:			
Preferred stock - \$5 par value, none issued	—	—	—
Common stock - \$0.50 par value; Shares issued and outstanding			
August 3, 2018	811		
August 4, 2017	837		
February 2, 2018	830	419	415
Capital in excess of par value	—	—	22
Retained earnings	5,517	5,253	5,425
Accumulated other comprehensive income/(loss)	(142)	(136)	11
Total shareholders' equity	5,781	5,536	5,873
Total liabilities and shareholders' equity	\$ 37,105	\$ 36,668	\$ 35,291

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

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

In Millions, Except Per Share and Percentage Data

	Three Months Ended				Six Months Ended			
	August 3, 2018		August 4, 2017		August 3, 2018		August 4, 2017	
	Amount	% Sales	Amount	% Sales	Amount	% Sales	Amount	% Sales
Current Earnings								
Net sales	\$ 20,888	100.00	\$ 19,495	100.00	\$ 38,247	100.00	\$ 36,355	100.00
Cost of sales	13,689	65.54	12,825	65.79	25,036	65.46	23,885	65.70
Gross margin	7,199	34.46	6,670	34.21	13,211	34.54	12,470	34.30
Expenses:								
Selling, general and administrative	4,691	22.45	3,931	20.16	8,878	23.21	7,807	21.47
Depreciation and amortization	345	1.65	357	1.83	705	1.84	722	1.99
Operating income	2,163	10.36	2,382	12.22	3,628	9.49	3,941	10.84
Interest - net	153	0.74	159	0.81	313	0.82	319	0.87
Loss on extinguishment of debt	—	—	—	—	—	—	464	1.28
Pre-tax earnings	2,010	9.62	2,223	11.41	3,315	8.67	3,158	8.69
Income tax provision	490	2.34	804	4.13	806	2.11	1,137	3.13
Net earnings	\$ 1,520	7.28	\$ 1,419	7.28	\$ 2,509	6.56	\$ 2,021	5.56
Weighted average common shares outstanding - basic	813		841		819		849	
Basic earnings per common share	\$ 1.86		\$ 1.68		\$ 3.05		\$ 2.37	
Weighted average common shares outstanding - diluted	814		842		820		850	
Diluted earnings per common share	\$ 1.86		\$ 1.68		\$ 3.05		\$ 2.37	
Cash dividends per share	\$ 0.48		\$ 0.41		\$ 0.89		\$ 0.76	
Retained Earnings								
Balance at beginning of period	\$ 5,405		\$ 5,346		\$ 5,425		\$ 6,241	
Cumulative effect of accounting change	—		—		33		—	
Net earnings	1,520		1,419		2,509		2,021	
Cash dividends declared	(390)		(344)		(728)		(643)	
Share repurchases	(1,018)		(1,168)		(1,722)		(2,366)	
Balance at end of period	\$ 5,517		\$ 5,253		\$ 5,517		\$ 5,253	

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				Six Months Ended			
	August 3, 2018		August 4, 2017		August 3, 2018		August 4, 2017	
	Amount	% Sales	Amount	% Sales	Amount	% Sales	Amount	% Sales
Net earnings	\$ 1,520	7.28	\$ 1,419	7.28	\$ 2,509	6.56	\$ 2,021	5.56
Foreign currency translation adjustments - net of tax	(70)	(0.34)	106	0.54	(154)	(0.40)	105	0.29
Other comprehensive income/(loss)	(70)	(0.34)	106	0.54	(154)	(0.40)	105	0.29
Comprehensive income	\$ 1,450	6.94	\$ 1,525	7.82	\$ 2,355	6.16	\$ 2,126	5.85

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

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

	Six Months Ended	
	August 3, 2018	August 4, 2017
Cash flows from operating activities:		
Net earnings	\$ 2,509	\$ 2,021
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	751	768
Deferred income taxes	(75)	(87)
Loss on property and other assets - net	261	13
Loss on extinguishment of debt	—	464
(Gain) loss on cost method and equity method investments	3	(87)
Share-based payment expense	62	55
Changes in operating assets and liabilities:		
Merchandise inventory - net	(549)	(850)
Other operating assets	(140)	166
Accounts payable	2,408	2,031
Other operating liabilities	557	580
Net cash provided by operating activities	5,787	5,074
Cash flows from investing activities:		
Purchases of investments	(980)	(624)
Proceeds from sale/maturity of investments	1,012	789
Capital expenditures	(543)	(476)
Proceeds from sale of property and other long-term assets	30	10
Acquisition of business - net	—	(505)
Other - net	1	10
Net cash used in investing activities	(480)	(796)
Cash flows from financing activities:		
Net change in short-term borrowings	(1,137)	(511)
Net proceeds from issuance of long-term debt	—	2,968
Repayment of long-term debt	(24)	(2,574)
Proceeds from issuance of common stock under share-based payment plans	50	80
Cash dividend payments	(678)	(603)
Repurchase of common stock	(1,846)	(2,503)
Other - net	(2)	(9)
Net cash used in financing activities	(3,637)	(3,152)
Effect of exchange rate changes on cash	(7)	12
Net increase in cash and cash equivalents	1,663	1,138
Cash and cash equivalents, beginning of period	588	558
Cash and cash equivalents, end of period	\$ 2,251	\$ 1,696

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). During the first quarter of fiscal year 2018, the Company conformed the financial reporting calendar of a subsidiary, which did not have a significant effect on the consolidated financial statements. The consolidated financial statements (unaudited), in the opinion of management, contain all adjustments necessary to present fairly the financial position as of August 3, 2018, and August 4, 2017, and the results of operations and comprehensive income for the three and six months ended August 3, 2018, and August 4, 2017, and cash flows for the six months ended August 3, 2018 and August 4, 2017.

These interim consolidated financial statements (unaudited) should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Lowe's Companies, Inc. (the Company) Annual Report on Form 10-K for the fiscal year ended February 2, 2018 (the Annual Report). The financial results for the interim periods may not be indicative of the financial results for the entire fiscal year.

Accounting Pronouncements Recently Adopted

Effective February 3, 2018, the Company adopted Accounting Standards Update 2014-09 (ASU 2014-09), *Revenue from Contracts with Customers (Topic 606)*, and all the related amendments, using the modified retrospective method. ASU 2014-09 requires a company to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Upon adoption of ASU 2014-09, the Company recorded an immaterial adjustment to the opening balance of retained earnings as of February 3, 2018, with related adjustments to other current assets, deferred revenue, accounts payable, other current liabilities, and related tax effects. The adjustment to retained earnings primarily relates to the change in revenue recognition related to gift card breakage. The adoption of the guidance also required a change in the timing of when installation services are recognized, the presentation of sales return reserve on the consolidated balance sheet, and a change in the presentation of the Company's profit sharing income from its proprietary credit program. We applied ASU 2014-09 only to contracts that were not completed prior to fiscal 2018. Results for reporting periods beginning after February 2, 2018 are presented under ASU 2014-09, while comparative prior period amounts have not been restated and continue to be presented under accounting standards in effect in those periods. See Note 2 for additional details of the Company's revenues.

The impact of adopting the new revenue recognition guidance on our consolidated statement of earnings is as follows:

Consolidated Statement of Earnings (in millions)	Three Months Ended August 3, 2018		
	As Reported	Under Historical Guidance	Impact of Adopting ASU 2014-09
Net sales	\$ 20,888	\$ 20,744	\$ 144
Cost of sales	13,689	13,709	(20)
Gross margin	7,199	7,035	164
Selling, general and administrative	4,691	4,527	164
Operating income	2,163	2,163	—
Pre-tax earnings	2,010	2,010	—
Net earnings	1,520	1,520	—

Consolidated Statement of Earnings (in millions)	Six Months Ended August 3, 2018		
	As Reported	Under Historical Guidance	Impact of Adopting ASU 2014-09
Net sales	\$ 38,247	\$ 37,974	\$ 273
Cost of sales	25,036	25,072	(36)
Gross margin	13,211	12,902	309
Selling, general and administrative	8,878	8,570	308
Operating income	3,628	3,627	1
Pre-tax earnings	3,315	3,314	1
Net earnings	2,509	2,508	1

The impacts of adopting the new revenue recognition guidance to assets and liabilities on our consolidated balance sheets are as follows:

Consolidated Balance Sheet (in millions)	Balance at August 3, 2018		
	As Reported	Under Historical Guidance	Impact of Adopting ASU 2014-09
Assets			
Other current assets	\$ 956	\$ 809	\$ 147
Liabilities			
Accounts payable	8,984	8,971	13
Deferred revenue	1,449	1,529	(80)
Other current liabilities	2,583	2,418	165

Accounting Pronouncements Not Yet Adopted

In January 2017, the Financial Accounting Standards Board (FASB) issued ASU 2017-04, *Intangibles-Goodwill and Other (Topic 350)*. The ASU eliminates Step 2 of the goodwill impairment test, which requires a hypothetical purchase price allocation to the identified assets and liabilities of the reporting unit to measure goodwill impairment. Under the amendments in this update, a goodwill impairment test is performed by comparing the fair value of the reporting unit with its carrying amount. An impairment charge is recognized for the amount by which the carrying amount exceeds the reporting unit's fair value; however, the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. This ASU is effective for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years, with early adoption permitted. The adoption of this guidance by the Company is not expected to have a material impact on its consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for those leases previously classified as operating leases. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. If a lessee makes this election, it should recognize lease expense for such leases generally on a straight-line basis over the lease term. This ASU is effective for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years, with early adoption permitted. In July 2018, the FASB issued ASU 2018-11, which allows a transition election to not restate comparative periods for the effects of applying the new standard. This transition election permits entities to change the date of initial application of the standard to the beginning of the year of adoption and to recognize the effects of applying Topic 842 as a cumulative-effect adjustment to the opening balance of retained earnings. The Company expects to elect this transition approach and recognize the cumulative impact of adoption in the opening balance of retained earnings to beginning fiscal year 2019. The Company is currently evaluating the impact of adopting Topic 842 on its consolidated financial statements but expects the ASU to have a material impact on its consolidated balance sheet, as a result of the requirement to recognize right-of-use assets and lease liabilities for operating leases.

Note 2 : Net Sales - 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		Six Months Ended	
	August 3, 2018	August 4, 2017	August 3, 2018	August 4, 2017
Products	\$ 19,735	\$ 18,597	\$ 36,235	\$ 34,817
Services	709	673	1,333	1,258
Other	444	225	679	280
Net sales	\$ 20,888	\$ 19,495	\$ 38,247	\$ 36,355

Revenue from products primarily relates to in-store and online merchandise purchases, which are recognized at the point in time when the customer obtains control of the merchandise, which is at the time of in-store purchase or delivery of the product to the customer. A provision for anticipated merchandise returns is provided through a reduction of sales and cost of sales in the period that the related sales are recorded. Under ASU 2014-09, the merchandise return reserve is presented on a gross basis, with a separate asset and liability included in the consolidated balance sheets as of reporting periods after February 2, 2018. Reporting periods prior to the adoption of ASU 2014-09 reflect merchandise return reserves on a net basis. As of August 3, 2018, anticipated sales returns of \$228 million are reflected in other current liabilities, and the associated right of return assets of \$147 million are reflected in other current assets. As of August 4, 2017, the merchandise return reserve, net of the associated asset, was \$83 million reflected in other current liabilities.

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

Deferred revenue is presented for merchandise that has not yet transferred control to the customer and for services that have not yet been provided, but for which tender has been accepted. Deferred revenue is recognized in sales either at a point in time when the customer obtains control of merchandise through pickup or delivery, or over time as services are provided to the customer. Deferred revenues associated with amounts received for which customers have not taken possession of the merchandise or for which installation has not yet been completed was \$1.0 billion at August 3, 2018 and August 4, 2017. The majority of revenue for goods and services is recognized in the quarter following revenue deferral.

Stored-value cards

In addition, the Company defers revenues from stored-value cards, which include gift cards and returned merchandise credits, and recognizes revenue into sales when the cards are redeemed. The liability associated with outstanding stored-value cards was \$419 million and \$448 million at August 3, 2018, and August 4, 2017, respectively, and these amounts are included in deferred revenue on the consolidated balance sheets. Upon adoption of ASU 2014-09, 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 and six months ended August 3, 2018 and August 4, 2017.

Extended protection plans

The Company also defers revenues for its separately-priced extended protection plan contracts, which is a Lowe's-branded program for which the Company is ultimately self-insured. The Company recognizes revenue from extended protection plan sales on a straight-line basis over the respective contract term. Extended protection plan contract terms primarily range from one to five years from the date of purchase or the end of the manufacturer's warranty, as applicable. Deferred revenue from extended protection plans recognized into sales were insignificant for the three and six months ended August 3, 2018 and August 4, 2017.

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 August 3, 2018 and August 4, 2017, respectively. The Company's extended protection plan deferred costs are included in other assets (noncurrent) on the consolidated balance sheets. All other costs, such as costs of services performed under the contract, general and administrative expenses, and advertising expenses are expensed as incurred.

The liability for extended protection plan claims incurred is included in other current liabilities on the consolidated balance sheets and was not material in any of the periods presented. Expenses for claims are recognized when incurred and totaled \$48 million and \$94 million for the three and six months ended August 3, 2018, respectively, and \$40 million and \$76 million for the three and six months ended August 4, 2017, respectively.

Disaggregation of Revenues

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

(In millions)	Three Months Ended				Six Months Ended			
	August 3, 2018		August 4, 2017		August 3, 2018		August 4, 2017	
	Total Sales	%	Total Sales	%	Total Sales	%	Total Sales	%
Building & Maintenance ¹	\$ 7,923	38	\$ 7,383	38	\$ 14,720	38	\$ 13,867	38
Home Décor ²	7,239	34	7,062	37	14,248	38	13,814	38
Seasonal ³	5,171	25	4,719	24	8,394	22	8,191	23
Other	555	3	331	1	885	2	483	1
Total	\$ 20,888	100	\$ 19,495	100	\$ 38,247	100	\$ 36,355	100

¹ Building & Maintenance includes the following product categories: Lumber & Building Materials, Millwork, Rough Plumbing & Electrical, and Tools & Hardware

² Home Décor includes the following product categories: Appliances, Fashion Fixtures, Flooring, Kitchens, and Paint

³ Seasonal includes the following product categories: Lawn & Garden and Seasonal & Outdoor Living

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

(In millions)	Three Months Ended		Six Months Ended	
	August 3, 2018	August 4, 2017	August 3, 2018	August 4, 2017
United States	\$ 19,156	\$ 17,955	\$ 35,328	\$ 33,823
International	1,732	1,540	2,919	2,532
Net Sales	\$ 20,888	\$ 19,495	\$ 38,247	\$ 36,355

Practical Expedients

Sales commissions and selling-related goods or services are considered immaterial and are expensed as incurred because the amortization period of the assets would be one year or less. These costs are reflected within selling, general and administrative expenses.

Note 3 : Acquisitions - On June 23, 2017, the Company completed its acquisition of Maintenance Supply Headquarters, a leading distributor of maintenance, repair and operations (MRO) products serving the multifamily housing industry. The acquisition is expected to enable the Company to deepen and broaden its relationship with Pro customers and better serve their needs. The aggregate cash purchase price of this acquisition was \$513 million, inclusive of cash acquired and \$4 million of deferred components, and is included in the investing section of the consolidated statements of cash flows. Acquisition-related costs were expensed as incurred and were not significant.

The following table summarizes the aggregate purchase price allocation:

(In millions)	June 23, 2017
Allocation:	
Cash acquired	\$ 4
Merchandise inventory	68
Other current assets	36
Property	12
Goodwill	160
Other assets	260
Accounts payable	(18)
Other current liabilities	(9)
Net assets acquired	\$ 513

Intangible assets acquired totaled \$259 million, and include a trademark of \$34 million with a useful life of 15 years and a customer list of \$225 million with a useful life of 20 years, each of which are included in other assets in the accompanying consolidated balance sheets. The goodwill of \$160 million is primarily attributable to the synergies expected to arise after the acquisition and is deductible for tax purposes.

Pro forma and historical financial information has not been provided as the acquisition was not material to the consolidated financial statements.

Note 4 : Investment in Australian Joint Venture - During the second quarter of fiscal 2017, the Company completed the sale of our interest in the Australian joint venture with Woolworths Limited and received proceeds of \$199 million, which is included in cash flows from investing activities in the accompanying consolidated statements of cash flows. The proceeds from the sale exceeded the carrying value of the investment and resulted in a gain of \$96 million. The carrying value prior to the sale reflected the non-cash impairment charges taken in fiscal years 2015 and 2016. The gain is included in selling, general and administrative expense in the accompanying consolidated statements of current and retained earnings.

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

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

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

The following table presents the Company's financial assets measured at fair value on a recurring basis as of August 3, 2018, August 4, 2017, and February 2, 2018. The fair values of these instruments approximated amortized costs.

(In millions)	Measurement Level	Fair Value Measurements at		
		August 3, 2018	August 4, 2017	February 2, 2018
Short-term investments:				
Available-for-sale securities				
Money market funds	Level 1	\$ 374	\$ 105	\$ 86
Certificates of deposit	Level 1	17	14	16
Total short-term investments		\$ 391	\$ 119	\$ 102
Long-term investments:				
Available-for-sale securities				
Corporate debt securities	Level 2	\$ 80	\$ —	\$ —
Agency securities	Level 2	7	—	—
Municipal floating rate obligations	Level 2	—	357	407
Certificates of deposit	Level 1	—	3	1
Total long-term investments		\$ 87	\$ 360	\$ 408

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 and six months ended August 3, 2018, the Company's only significant assets or liabilities measured at fair value on a nonrecurring basis subsequent to their initial recognition were certain long-lived assets. During the three and six months ended August 4, 2017, the Company had no significant measurements of assets and liabilities at fair value on a nonrecurring basis subsequent to their initial recognition.

The Company reviews the carrying amounts of long-lived assets whenever certain events or changes in circumstances indicate that the carrying amounts may not be recoverable. With input from executive management and retail store operations, the Company's accounting and finance personnel that organizationally report to the chief financial officer, assess the performance of retail stores quarterly against historical patterns, projections of future profitability and whether it is more likely than not the assets will be disposed of significantly prior to the end of their estimated useful life for evidence of possible impairment. An impairment loss is recognized when the carrying amount of the asset (disposal) group is not recoverable and exceeds its fair value. The Company estimated the fair values of assets subject to long-lived asset impairment based on the Company's own judgments about the assumptions that market participants would use in pricing the assets and on observable market data, when available. The Company classified these fair value measurements as Level 3.

In the determination of impairment for operating locations, the Company determined the fair values of individual operating locations using an income approach, which required discounting projected future cash flows. When determining the stream of projected future cash flows associated with an individual operating location, management made assumptions, including highest and best use, incorporating local market conditions and inputs from retail store operations where necessary, and about key variables including the following unobservable inputs: sales growth rates, gross margin, controllable and uncontrollable expenses, and asset residual values. In order to calculate the present value of those future cash flows, the Company discounted cash flow estimates at a rate commensurate with the risk that selected market participants would assign to the cash flows. In general, the selected market participants represented a group of other retailers with a location footprint similar in size to the Company's.

As part of a strategic reassessment of Orchard Supply Hardware (Orchard), during the quarter ended August 3, 2018, it was determined there was a greater than 50% likelihood the assets of Orchard would be sold or otherwise disposed of significantly before the end of their previously estimated useful lives, and, therefore, experienced a triggering event and were evaluated for recoverability. Operating locations evaluated for recoverability included all Orchard stores, as well as a distribution facility that services the Orchard stores and a corporate facility. Based on this evaluation of Orchard, certain long-lived assets, including tangible and intangible assets, were written down to their fair value of \$284 million resulting in impairment charges of \$206 million.

See Note 12 for additional information regarding the Company's decision to exit its Orchard operations subsequent to the end of the second quarter of fiscal 2018 on August 17, 2018.

Fair Value of Financial Instruments

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

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

(In millions)	August 3, 2018		August 4, 2017		February 2, 2018	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Unsecured notes (Level 1)	\$ 14,966	\$ 15,233	\$ 15,206	\$ 16,212	\$ 14,961	\$ 15,608
Mortgage notes (Level 2)	6	6	7	7	6	7
Long-term debt (excluding capitalized lease obligations)	\$ 14,972	\$ 15,239	\$ 15,213	\$ 16,219	\$ 14,967	\$ 15,615

Note 6 : Restricted Investment Balances - Short-term and long-term investments include restricted balances pledged as collateral primarily for the Company's extended protection plan program. Restricted balances included in short-term investments were \$374 million at August 3, 2018 , \$106 million at August 4, 2017 , and \$86 million at February 2, 2018 .

Restricted balances included in long-term investments were \$74 million at August 3, 2018 , \$350 million at August 4, 2017 , and \$381 million at February 2, 2018 .

Note 7 : Property - Property is shown net of accumulated depreciation of \$17.5 billion at August 3, 2018 , \$17.0 billion at August 4, 2017 , and \$17.2 billion at February 2, 2018 .

Note 8 : Shareholders' Equity - The Company has a share repurchase program that is executed through purchases made from time to time either in the open market, which may be made under pre-set trading plans meeting the requirements of Rule 10b5-1(c) of the Securities Exchange Act of 1934, or through private off-market transactions. Shares purchased under the repurchase program are retired and returned to authorized and unissued status. On January 27, 2017, the Company's Board of Directors authorized a \$5.0 billion share repurchase program with no expiration, which was announced on the same day. On January 26, 2018, the Company's Board of Directors authorized an additional \$5.0 billion share repurchase program with no expiration, which was announced on the same day. As of August 3, 2018 , the Company had \$5.1 billion remaining in its share repurchase program.

In May 2018, the Company entered into an Accelerated Share Repurchase (ASR) agreement with a third-party financial institution to repurchase \$550 million of the Company's common stock. At inception, pursuant to the agreement, the Company paid \$550 million to the financial institution using cash on hand, and took delivery of 4.8 million shares. The Company finalized the transaction and received an additional 0.8 million shares prior to the end of the second 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 limited 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 ASR agreement. The initial repurchase of shares under the agreement 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.

During the three and six months ended August 3, 2018, the Company repurchased shares of its common stock through the open market totaling 5.8 million and 14.5 million shares, respectively, for a cost of \$550 million and \$1.3 billion, respectively.

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 and six months ended August 3, 2018 and August 4, 2017 were as follows:

(In millions)	Three Months Ended			
	August 3, 2018		August 4, 2017	
	Shares	Cost ¹	Shares	Cost ¹
Share repurchase program	11.4	\$ 1,100	15.8	\$ 1,250
Shares withheld from employees	0.1	6	—	—
Total share repurchases	11.5	\$ 1,106	15.8	\$ 1,250

¹ Reductions of \$1.0 billion and \$1.2 billion were recorded to retained earnings, after capital in excess of par value was depleted, for the three months ended August 3, 2018 and August 4, 2017, respectively.

(In millions)	Six Months Ended			
	August 3, 2018		August 4, 2017	
	Shares	Cost ²	Shares	Cost ²
Share repurchase program	20.1	\$ 1,850	31.0	\$ 2,500
Shares withheld from employees	0.2	13	0.2	15
Total share repurchases	20.3	\$ 1,863	31.2	\$ 2,515

² Reductions of \$1.7 billion and \$2.4 billion were recorded to retained earnings, after capital in excess of par value was depleted, for the six months ended August 3, 2018 and August 4, 2017, respectively.

Note 9 : 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 and six months ended August 3, 2018 and August 4, 2017 :

(In millions, except per share data)	Three Months Ended		Six Months Ended	
	August 3, 2018	August 4, 2017	August 3, 2018	August 4, 2017
Basic earnings per common share:				
Net earnings	\$ 1,520	\$ 1,419	\$ 2,509	\$ 2,021
Less: Net earnings allocable to participating securities	(5)	(6)	(9)	(8)
Net earnings allocable to common shares, basic	1,515	1,413	2,500	2,013
Weighted-average common shares outstanding	813	841	819	849
Basic earnings per common share	\$ 1.86	\$ 1.68	\$ 3.05	\$ 2.37
Diluted earnings per common share:				
Net earnings	\$ 1,520	\$ 1,419	\$ 2,509	\$ 2,021
Less: Net earnings allocable to participating securities	(5)	(6)	(9)	(8)
Net earnings allocable to common shares, diluted	\$ 1,515	\$ 1,413	\$ 2,500	\$ 2,013
Weighted-average common shares outstanding	813	841	819	849
Dilutive effect of non-participating share-based awards	1	1	1	1
Weighted-average common shares, as adjusted	814	842	820	850
Diluted earnings per common share	\$ 1.86	\$ 1.68	\$ 3.05	\$ 2.37

Stock options to purchase 0.5 million and 0.7 million shares of common stock were anti-dilutive for the three and six months ended August 3, 2018, respectively. Stock options to purchase 1.0 million and 0.9 million shares of common stock were anti-dilutive for the three and six months ended August 4, 2017, respectively.

Note 10 : Income Taxes - The Company's effective income tax rates were 24.4% and 24.3% for the three and six months ended August 3, 2018, respectively, and 36.2% and 36.0% for the three and six months ended August 4, 2017, respectively. The lower effective income tax rate for the three and six months ended August 3, 2018 was primarily due to the enactment of the Tax Cuts and Jobs Act (Tax Act) during fiscal 2017, which lowered the corporate federal income tax rate from 35% to 21%.

Based on the Company's interpretation of the Tax Act, the Company made reasonable estimates to record provisional adjustments during the fourth quarter of fiscal 2017. However, the final impact may differ due to subsequent legislative action, changes in interpretations and assumptions, as well as the issuance of additional guidance from the Internal Revenue Service and state taxing authorities. We have not made any measurement-period adjustments related to these items during the six months ended August 3, 2018, because we have not finalized the following items: the earnings and profits of the relevant subsidiaries, deemed repatriation of deferred foreign income, and prior year deferred tax activity. The Company will continue to evaluate the Tax Act and gather additional information within the measurement period allowed, which will be completed no later than the fourth quarter of fiscal 2018.

Note 11 : Supplemental Disclosure

Net interest expense is comprised of the following:

(In millions)	Three Months Ended		Six Months Ended	
	August 3, 2018	August 4, 2017	August 3, 2018	August 4, 2017
Long-term debt	\$ 146	\$ 147	\$ 291	\$ 292
Capitalized lease obligations	15	14	30	27
Interest income	(9)	(5)	(12)	(8)
Interest capitalized	(1)	(1)	(2)	(2)
Interest on tax uncertainties	—	(1)	—	(1)
Other	2	5	6	11
Interest - net	\$ 153	\$ 159	\$ 313	\$ 319

Supplemental disclosures of cash flow information:

(In millions)	Six Months Ended	
	August 3, 2018	August 4, 2017
Cash paid for interest, net of amount capitalized	\$ 322	\$ 324
Cash paid for income taxes - net	\$ 762	\$ 563
Non-cash investing and financing activities:		
Non-cash property acquisitions, including assets acquired under capital lease	\$ 14	\$ 34
Cash dividends declared but not paid	\$ 390	\$ 344

Note 12 : Subsequent Events - As part of an ongoing strategic reassessment, on August 17, 2018, the Company committed to exit its Orchard Supply Hardware (“Orchard”) operations in order to focus on its core home improvement business. The Company acquired Orchard, a retail hardware and backyard company, in 2013. The company expects to close all 99 Orchard stores, which are located in California, Oregon and Florida, as well as the distribution facility that services the Orchard stores, by the end of fiscal 2018. To facilitate an orderly wind-down, the Company intends to conduct store closing sales and has partnered with Hilco Merchant Services to help manage the process and provide a seamless experience for customers.

During the second quarter, the Company recorded \$230 million of non-cash pre-tax charges associated with its Orchard operations, related to long-lived asset impairments and discontinued projects. In the second half of fiscal 2018, the Company expects to recognize additional pre-tax costs related to the planned store closings of \$390 to \$475 million, including costs associated with lease obligations, accelerated depreciation and amortization, and severance obligations. Pre-tax charges associated with lease obligations, net of estimated sublease income, are estimated to range from \$280 to \$360 million. Pre-tax charges associated with accelerated depreciation and amortization are expected to be approximately \$100 million. Pre-tax charges associated with severance obligations are estimated to range from \$10 to \$15 million. All estimated amounts are subject to change until finalized.

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 August 3, 2018 and August 4, 2017, the related consolidated statements of current and retained earnings and comprehensive income for the fiscal three-month and six-month periods ended August 3, 2018 and August 4, 2017, and of cash flows for the six-month periods ended August 3, 2018 and August 4, 2017, and the related notes (collectively referred to as the "interim financial information"). Based on our reviews, we are not aware of any material modifications that should be made to the accompanying interim financial information for it to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheet of the Company as of February 2, 2018, and the related consolidated statements of earnings, comprehensive income, shareholders' equity, and cash flows for the fiscal year then ended (not presented herein); and in our report dated April 2, 2018, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated balance sheet as of February 2, 2018 is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

Basis for Review Results

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

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

/s/ DELOITTE & TOUCHE LLP

Charlotte, North Carolina
September 4, 2018

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 and six months ended August 3, 2018, and August 4, 2017. This discussion and analysis should be read in conjunction with the consolidated financial statements and notes to the consolidated financial statements that are included in our Annual Report on Form 10-K for the fiscal year ended February 2, 2018 (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 2017. This discussion and analysis is presented in six sections:

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

EXECUTIVE OVERVIEW

Net sales and net earnings for the second quarter of 2018 increased by 7.1% to \$20.9 billion and 7.2% to \$1.5 billion, respectively. Diluted earnings per common share increased 10.8% in the second quarter of 2018 to \$1.86 from \$1.68 in the second quarter of the prior year. Included in the second quarter of 2018 results is \$230 million of non-cash pre-tax charges related to long-lived asset impairments and discontinued projects associated with the strategic reassessment of Orchard Supply Hardware (Orchard), which decreased diluted earnings per share by \$0.21. Included in the second quarter of 2017 is a \$96 million gain associated with the sale of our interest in the Australian joint venture, which increased diluted earnings per share by \$0.11. Excluding the impact of these items, adjusted diluted earnings per common share increased 31.8% to \$2.07 in the second quarter of 2018 from adjusted diluted earnings per common share of \$1.57 in the same period of the prior year (see discussion of non-GAAP financial measures beginning on page 19).

During the first quarter, the Company adopted the revenue recognition accounting standard ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)* (ASU 2014-09), resulting in the reclassification of certain items within operating income. This accounting standard has been adopted on a modified retrospective basis, therefore, the prior year has not been adjusted. The net effect of this change was an increase to sales of approximately \$144 million in the second quarter, driven primarily by the reclassification of profit sharing income associated with the proprietary credit program from SG&A. Continuing to deliver on our commitment to return excess cash to shareholders, during the second quarter of 2018, we paid \$338 million in dividends and repurchased \$1.1 billion of common stock through our share repurchase program.

During the second quarter of 2018, we capitalized on delayed Spring demand with all 14 U.S. regions generating comparable sales increases. Eight of 11 product categories generated positive comparable sales with particular strength in Lawn & Garden, Lumber & Building Materials, Appliances, Seasonal & Outdoor Living, and Rough Plumbing & Electrical. We leveraged holiday events designed to take advantage of seasonal project demand, with strong messaging, attractive offers, personalized marketing and our continued shift into digital and localized marketing channels.

In addition, during the second quarter, we initiated an ongoing strategic reassessment of the business to refocus our financial and intellectual capital on our core home improvement business. As part of this reassessment, subsequent to the end of the quarter on August 17, 2018, the Company committed to exit our Orchard operations to allow us to focus on our core home improvement business. We expect to close all 99 stores, which are located in California, Oregon, and Florida, as well as one distribution facility, by the end of fiscal 2018. To facilitate an orderly wind-down, the Company intends to conduct store closing sales and has partnered with Hilco Merchant Services to help manage the process and provide a seamless experience for customers. Along with the \$230 million non-cash pre-tax charges recognized during the second quarter of 2018, in the second half of fiscal 2018, we expect to recognize additional pre-tax costs related to the planned store closings of \$390 to \$475 million, including costs associated with lease obligations, accelerated depreciation and amortization, and severance obligations. These amounts are estimates and subject to change upon finalization.

Moving forward in 2018 and beyond, we will work to better connect and align our systems and processes to create an integrated omni-channel environment. In addition, we plan to simplify the business to produce better and more consistent results for our customers and our shareholders. We have taken steps to simplify our organizational structure, inclusive of

several important leadership appointments, to create operational excellence and allow for faster decision making. We will also be looking to shift our focus away from less effective projects. We believe these actions will allow us to position our core home improvement business for continued growth. Going forward we plan to deploy both human and capital resources to their highest and best use. We believe this will allow us to deliver better sustained expense discipline and more effective capital allocation that we expect will drive improvements in return on invested capital and help us capitalize on strong demand in a healthy home improvement marketplace.

On June 4, 2018, the Company announced that Marshall A. Croom plans to retire from the Company, effective October 5, 2018. On August 22, 2018, the Company announced the appointment of David M. Denton as Executive Vice President, Chief Financial Officer. Mr. Denton currently serves as Executive Vice President and Chief Financial Officer of CVS Health Corporation (CVS) and will join the Company shortly after the closing of the CVS acquisition of Aetna, which is expected in the second half of 2018.

OPERATIONS

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

	Three Months Ended		Basis Point Increase / (Decrease) in Percentage of Net Sales from Prior Period	Percentage Increase / (Decrease) in Dollar Amounts from Prior Period
	August 3, 2018	August 4, 2017	2018 vs. 2017	2018 vs. 2017
	Net sales	100.00%	100.00%	N/A
Gross margin	34.46	34.21	25	7.9
Expenses:				
Selling, general and administrative	22.45	20.16	229	19.3
Depreciation and amortization	1.65	1.83	(18)	(3.2)
Operating income	10.36	12.22	(186)	(9.2)
Interest - net	0.74	0.81	(7)	(3.6)
Pre-tax earnings	9.62	11.41	(179)	(9.6)
Income tax provision	2.34	4.13	(179)	(39.2)
Net earnings	7.28%	7.28%	—	7.2 %

	Six Months Ended		Basis Point Increase / (Decrease) in Percentage of Net Sales from Prior Period	Percentage Increase / (Decrease) in Dollar Amounts from Prior Period
	August 3, 2018	August 4, 2017	2018 vs. 2017	2018 vs. 2017
	Net sales	100.00%	100.00%	N/A
Gross margin	34.54	34.30	24	5.9
Expenses:				
Selling, general and administrative	23.21	21.47	174	13.7
Depreciation and amortization	1.84	1.99	(15)	(2.3)
Operating income	9.49	10.84	(135)	(7.9)
Interest - net	0.82	0.87	(5)	(1.9)
Loss on extinguishment of debt	—	1.28	(128)	(100.0)
Pre-tax earnings	8.67	8.69	(2)	5.0
Income tax provision	2.11	3.13	(102)	(29.1)
Net earnings	6.56%	5.56%	100	24.1 %

Note: The Company adopted ASU 2014-09 and all the related amendments using the modified retrospective method, effective February 3, 2018. Prior period results have not been restated, which affects comparability.

Other Metrics	Three Months Ended		Six Months Ended	
	August 3, 2018	August 4, 2017	August 3, 2018	August 4, 2017
Comparable sales increase ¹	5.2%	4.5%	3.0%	3.3%
Total customer transactions (in millions)	277	273	508	511
Average ticket ²	\$ 75.53	\$ 71.40	\$ 75.28	\$ 71.12
At end of period:				
Number of stores	2,155	2,141		
Sales floor square feet (in millions)	215	214		
Average store size selling square feet (in thousands) ³	100	100		
Return on invested capital ⁴	20.0%	17.0%		

¹ A comparable location is defined as a location that has been open longer than 13 months. A location that is identified for relocation is no longer considered comparable in the month of its relocation. The relocated location must then remain open longer than 13 months to be considered comparable. A location we have decided to close is no longer considered comparable as of the beginning of the month in which we announce its closing. Acquired locations are included in the comparable sales calculation beginning in the first full month following the first anniversary of the date of the acquisition. Comparable sales include online sales, which positively impacted second quarter fiscal 2018 comparable sales by approximately 85 basis points and fiscal 2018 comparable sales by approximately 90 basis points. The comparable store sales calculation included in the preceding table was calculated using comparable 13-week and 26-week periods.

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

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

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

Non-GAAP Financial Measures

Adjusted Diluted Earnings Per Share

Adjusted diluted earnings per share is considered a non-GAAP financial measure. The Company believes this non-GAAP financial measure provides useful insight for analysts and investors in evaluating what management considers the Company's core financial performance. Adjusted diluted earnings per share excludes the impact of certain discrete items, as further described below, not contemplated in the Company's original business outlooks for fiscal 2018 and 2017. Unless otherwise noted, the income tax effect of these adjustments is calculated using the marginal rates for the respective periods.

In the first quarter of 2017, the Company recognized a \$464 million loss on extinguishment of debt in connection with a \$1.6 billion cash tender offer.

In the second quarter of 2017, the Company recognized a \$96 million gain from the sale of the Company's interest in its Australian joint venture. This gain had no impact on the Company's income tax provision due to the reduction of a previously established deferred tax valuation allowance.

In the second quarter of 2018, the company recognized \$230 million of non-cash pre-tax charges, consisting of long-lived asset impairments and discontinued projects, as a result of a strategic reassessment of Orchard (Orchard Supply Hardware charges).

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

	Three Months Ended					
	August 3, 2018			August 4, 2017		
	Pre-Tax Earnings	Tax	Net Earnings	Pre-Tax Earnings	Tax	Net Earnings
Diluted earnings per share, as reported			\$ 1.86			\$ 1.68
Non-GAAP adjustments - per share impacts						
Gain on sale of interest in Australian joint venture	—	—	—	(0.11)	—	(0.11)
Orchard Supply Hardware Charges	0.28	(0.07)	0.21	—	—	—
Adjusted diluted earnings per share			\$ 2.07			\$ 1.57

	Six Months Ended					
	August 3, 2018			August 4, 2017		
	Pre-Tax Earnings	Tax	Net Earnings	Pre-Tax Earnings	Tax	Net Earnings
Diluted earnings per share, as reported			\$ 3.05			\$ 2.37
Non-GAAP adjustments - per share impacts						
Gain on sale of interest in Australian joint venture	—	—	—	(0.11)	—	(0.11)
Loss on extinguishment of debt	—	—	—	0.54	(0.21)	0.33
Orchard Supply Hardware Charges	0.28	(0.07)	0.21	—	—	—
Adjusted diluted earnings per share			\$ 3.26			\$ 2.59

Return on Invested Capital

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

We define ROIC as trailing four quarters' net operating profit after tax (NOPAT) divided by the average of ending debt and equity for the last five quarters. NOPAT is a non-GAAP financial measure, and net earnings is considered to be the most comparable GAAP financial measure to NOPAT. The calculation of ROIC, together with a reconciliation of NOPAT to net earnings, the most comparable GAAP financial measure, is as follows:

(In millions, except percentage data)	For the Periods Ended	
	August 3, 2018	August 4, 2017
Calculation of Return on Invested Capital		
Numerator		
Net earnings	\$ 3,935	\$ 3,062
Plus:		
Interest expense - net	627	642
Loss on extinguishment of debt	—	464
Provision for income taxes	1,711	1,982
Net operating profit	6,273	6,150
Less:		
Income tax adjustment ¹	1,901	2,416
Net operating profit after tax	\$ 4,372	\$ 3,734
Denominator		
Average debt and equity ²	\$ 21,894	\$ 22,017
Return on invested capital	20.0%	17.0%

¹ Income tax adjustment is defined as net operating profit multiplied by the effective tax rate, which was 30.3% and 39.3% for the periods ended August 3, 2018 and August 4, 2017, respectively.

² Average debt and equity is defined as average debt, including current maturities and short-term borrowings, plus total equity for the last five quarters.

Results of Operations

Net Sales – Net sales in the second quarter of 2018 increased 7.1% to \$20.9 billion. Comparable sales increased 5.2% over the same period, driven by a 4.5% increase in comparable average ticket and a 0.6% increase in comparable customer transactions. The adoption of the revenue recognition accounting standard ASU 2014-09 contributed 0.7% to sales growth, primarily due to the reclassification of profit sharing income associated with the proprietary credit program from SG&A to sales. New stores and the addition of Maintenance Supply Headquarters also contributed to sales growth during the second quarter.

During the second quarter of 2018, we experienced comparable sales increases in eight of 11 product categories. Comparable sales were above the company average in Lawn & Garden, Lumber & Building Materials, Appliances, Seasonal & Outdoor Living, and Rough Plumbing & Electrical. We experienced low-digit negative comparable sales in Flooring, Paint, and Fashion Fixtures primarily due to reset challenges. We achieved double digit comparable sales in Lawn & Garden driven by strength in lawn care, live goods, and landscape products. Lumber & Building Materials and Rough Plumbing & Electrical benefited from inflation and demand from the Pro customer. Strong brand and service advantages in Appliances continued to drive strong comparable sales during the quarter. We achieved strong comparable sales in Seasonal & Outdoor Living driven by air conditioning products and strength in battery powered cordless products and pressure washers.

Net sales increased 5.2% to \$38.2 billion for the first six months of 2018 compared to 2017. Comparable sales increased 3.0% over the same period, primarily driven by a 4.4% increase in comparable average ticket and a 1.4% decrease in customer transactions. The adoption of the revenue recognition standard ASU 2014-09 represented 0.7% of the sales growth. New stores and the addition of Maintenance Supply Headquarters also contributed to sales growth during the first six months of 2018.

Gross Margin – For the second quarter of 2018, gross margin increased 25 basis points as a percentage of sales. Gross margin was positively impacted by approximately 55 basis points due to the adoption of the revenue recognition accounting standard ASU 2014-09, which primarily resulted in a reclassification of profit sharing income associated with the proprietary credit program from SG&A to sales. This was partially offset by approximately 20 basis points due to mix of products sold and 20 basis points due to transportation costs.

Gross margin as a percentage of sales increased 24 basis points in the first six months of 2018 compared to 2017. Gross margin was positively impacted by approximately 55 basis points due to the adoption of the revenue recognition accounting standard ASU 2014-09. This was partially offset by approximately 15 basis points due to transportation costs and 10 basis points due to mix of products sold.

SG&A – For the second quarter of 2018, SG&A expense deleveraged 229 basis points as a percentage of sales compared to the second quarter of 2017. This was primarily driven by 110 basis points of deleverage due to long-lived asset impairments and discontinued projects associated with the Company’s strategic reassessment of Orchard. In addition, we experienced 64 basis points of deleverage due to the adoption of the revenue recognition accounting standard ASU 2014-09, which primarily resulted in the reclassification of profit sharing income associated with the proprietary credit program from SG&A to sales, 49 basis points of deleverage due to the prior year sale of our interest in the Australian joint venture, and 16 basis points of deleverage in customer delivery to meet increased demand from continued growth in Appliances. These were partially offset by 21 basis points of leverage in operating salaries and 17 basis points of leverage in employee insurance.

SG&A expense as a percentage of sales deleveraged 174 basis points in the first six months of 2018 compared to 2017. This was driven primarily by 64 basis points of deleverage due to the adoption of the revenue recognition accounting standard ASU 2014-09, 60 basis points of deleverage due to the Company’s strategic reassessment of Orchard, 26 basis points of deleverage due primarily to the prior year sale of our interest in the Australian joint venture, 17 basis points of deleverage in customer delivery to meet increased demand in Appliances, and 10 basis points of deleverage in external labor. These were partially offset by 19 basis points of leverage in employee insurance.

Depreciation and Amortization – Depreciation and amortization leveraged 18 basis points for the second quarter of 2018 compared to the prior year primarily due to the increase in sales and assets becoming fully depreciated. Property, less accumulated depreciation, decreased to \$19.2 billion at August 3, 2018, compared to \$19.8 billion at August 4, 2017. As of August 3, 2018 and August 4, 2017, we owned 79% and 78% of our stores, respectively, which included stores on leased land.

Depreciation and amortization leveraged 15 basis points for the first six months of 2018 compared to 2017 due to the same factors that impacted depreciation and amortization for the second quarter.

Interest – Net – Interest expense for the second quarter of 2018 decreased primarily as a result of the payoff of scheduled debts at maturity. In addition, interest income increased over the prior year due to higher average interest rates associated with the Company’s cash balances.

Interest expense for the first six months of 2018 decreased primarily as a result of the prior year cash tender offer to purchase and retire \$1.6 billion aggregate principal amount of our outstanding notes in the first quarter of 2017 and the payoff of scheduled debts at maturity. In addition, interest income increased over the prior year due to higher average interest rates associated with the Company’s cash balances. These were partially offset by the issuance of unsecured notes in May 2017.

Income Tax Provision – Our effective income tax rates were 24.4% and 36.2% for the three months ended August 3, 2018 and August 4, 2017, respectively. The decrease in the effective income tax rate is primarily due to the enactment of the Tax Act, effective January 1, 2018, which lowered the federal tax rate from 35% to 21%.

Our effective income tax rates were 24.3% and 36.0% for the six months ended August 3, 2018 and August 4, 2017, respectively. The decrease in the effective tax rate is due to the same factor that impacted the effective income tax rate in the second quarter.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Sources of Liquidity

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

Cash Flows Provided by Operating Activities

(In millions)	Six Months Ended	
	August 3, 2018	August 4, 2017
Net cash provided by operating activities	\$ 5,787	\$ 5,074

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 six months ended August 3, 2018, versus the six months ended August 4, 2017, was driven primarily by an increase in net earnings adjusted for non-cash expenses and changes in operating assets and liabilities.

Cash Flows Used in Investing Activities

(In millions)	Six Months Ended	
	August 3, 2018	August 4, 2017
Net cash used in investing activities	\$ (480)	\$ (796)

Net cash used in investing activities primarily consist of transactions related to capital expenditures and business acquisitions.

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 six months ended August 3, 2018, and August 4, 2017:

(In millions)	Six Months Ended	
	August 3, 2018	August 4, 2017
Existing store investments ¹	\$ 298	\$ 178
Strategic initiatives ²	199	151
New stores	46	147
Total capital expenditures	\$ 543	\$ 476

¹ Includes store equipment for existing stores, facility repairs, enhancements to existing information technology assets, and remerchandising.

² Represents investments to support our omnichannel strategy as well as information technology investments to enhance customer experience.

We have lowered our 2018 capital expenditures forecast by \$500 million, to approximately \$1.2 billion, as a result of the elimination of certain planned capital projects that were not focused on improving our core business, delivering productivity for our associates, or meeting our internal hurdle rate.

Business Acquisitions

We continue to seek compelling strategic investment opportunities to further expand our home improvement reach. During the second quarter of 2017, we paid \$505 million, inclusive of cash acquired and \$4 million of deferred components, to acquire Maintenance Supply Headquarters, which is expected to enable us to deepen and broaden our relationship with the Pro customer and better serve their needs. See Note 3 to the consolidated financial statements included herein for additional information regarding our business acquisitions.

Cash Flows Used in Financing Activities

(In millions)	Six Months Ended	
	August 3, 2018	August 4, 2017
Net cash used in financing activities	\$ (3,637)	\$ (3,152)

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

Short-term Borrowing Facilities

We have an unsecured revolving credit agreement with a syndicate of banks (the 2016 Credit Facility) which provides for borrowings up to \$1.75 billion and supports our commercial paper program. The amount available to be drawn under the 2016 Credit Facility is reduced by the amount of borrowings under our commercial paper program. All of our short-term borrowings during the six months ended August 3, 2018, and August 4, 2017, were under the commercial paper program. The following table includes additional information related to our short-term borrowings for the six months ended August 3, 2018, and August 4, 2017:

(In millions, except for interest rate data)	Six Months Ended	
	August 3, 2018	August 4, 2017
Net change in short-term borrowings	\$ (1,137)	\$ (511)
Amount outstanding at quarter-end	\$ —	\$ —
Maximum amount outstanding at any month-end	\$ 892	\$ 878
Weighted-average interest rate of short-term borrowings outstanding	—%	—%

The 2016 Credit Facility expires in November 2021 and contains customary representations, warranties, and covenants. We were in compliance with those covenants at August 3, 2018. Subject to obtaining commitments from the lenders and satisfying other conditions specified in the 2016 Credit Facility, the Company may increase the aggregate availability by an additional \$500 million.

Long-term Debt

The following table includes additional information related to the Company's long-term debt for the six months ended August 3, 2018, and August 4, 2017:

(In millions)	Six Months Ended	
	August 3, 2018	August 4, 2017
Net proceeds from issuance of long-term debt	\$ —	\$ 2,968
Repayment of long-term debt	\$ (24)	\$ (2,574)

During the six months ended August 4, 2017, we paid approximately \$2.0 billion to purchase \$1.6 billion of our higher coupon notes prior to maturity in connection with a cash tender offer. We issued \$3.0 billion of unsecured notes to fund the tender offer, finance current year maturities, and for other general corporate purposes, which included share repurchases, capital expenditures, strategic investments, and working capital needs.

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 six months ended August 3, 2018, and August 4, 2017:

(In millions, except per share data)	Six Months Ended	
	August 3, 2018	August 4, 2017
Total amount paid for share repurchases	\$ 1,846	\$ 2,503
Total number of shares repurchased	20.1	31.1
Average price paid per share	\$ 91.80	\$ 80.55

As of August 3, 2018, we had \$5.1 billion remaining available under our share repurchase program with no expiration date. We expect to repurchase shares totaling \$3.0 billion in 2018 (including the amount repurchased during the first six months of fiscal year 2018). See Note 8 to the consolidated financial statements included herein for additional information regarding share repurchases.

Dividends

Our dividend payment dates are established such that dividends are paid in the quarter immediately following the quarter in which they are declared. The following table provides additional information related to our dividend payments for the six months ended August 3, 2018, and August 4, 2017:

(In millions, except per share data)	Six Months Ended	
	August 3, 2018	August 4, 2017
Total cash dividend payments	\$ 678	\$ 603
Dividends paid per share	\$ 0.82	\$ 0.70

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 September 4, 2018, 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. Although we currently do not expect a downgrade in our debt ratings, 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	A-	A3
Senior Debt Outlook	Stable	Stable

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

OFF-BALANCE SHEET ARRANGEMENTS

Other than in connection with executing operating leases, 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

As of August 3, 2018, there were no material changes to our contractual obligations and commercial commitments outside the ordinary course of business since the end of 2017. Refer to the Annual Report on Form 10-K for additional information regarding our contractual obligations and commercial commitments.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

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

FORWARD-LOOKING STATEMENTS

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

A wide variety of potential risks, uncertainties and other factors could materially affect our ability to achieve the results either expressed or implied by these forward-looking statements including, but not limited to, changes in general economic conditions, such as the rate of unemployment, interest rate and currency fluctuations, fuel and other energy costs, slower growth in personal income, changes in consumer spending, changes in the rate of housing turnover, the availability of consumer credit and of mortgage financing, inflation or deflation of commodity prices, disruptions caused by our management 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 and dispositions; (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 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 or environmental issues; (ix) positively and effectively manage our public image and reputation and respond appropriately to unanticipated failures to maintain a high level of product and service quality that could result in a negative impact on customer confidence and adversely affect sales; and (x) effectively manage our relationships with selected suppliers of brand name products and key vendors and service providers, including third-party installers. In addition, we could experience impairment losses and other charges if either the actual results of our operating stores are not consistent with the assumptions and judgments we have made in estimating future cash flows and determining asset fair values, or we are required to reduce the carrying amount of our investment in certain unconsolidated entities. With respect to acquisitions and dispositions, potential risks include the effect of such transactions on Lowe’s and the target company’s or operating business’s strategic relationships, operating results and businesses generally; our ability to integrate or divest personnel, labor models, financial, IT and other systems successfully; disruption of our ongoing business and distraction of management; hiring additional management and other critical personnel; increasing the scope, geographic diversity, and complexity of our operations; significant integration or disposition costs or unknown liabilities; and failure to realize the expected benefits of the transaction. For more information about these and other risks and uncertainties that we are exposed to, you should read “Item 1A - Risk Factors” and “Item 7 - Management’s Discussion and Analysis of Financial

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

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

Item 3. - Quantitative and Qualitative Disclosures about Market Risk

The Company is exposed to certain market risks, including changes in foreign currency exchange rates related to our international operations, interest rates, and commodity prices. The Company’s market risks have not changed materially from that disclosed in the Annual Report for the fiscal year ended February 2, 2018.

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 August 3, 2018, 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 August 3, 2018, that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting.

Part II – OTHER INFORMATION

Item 1. - Legal Proceedings

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

Item 1A. - Risk Factors

There have been no material changes in the Company's risk factors from those disclosed in "Item 1A - Risk Factors" in the Annual Report, except with respect to the risk factor regarding the retirement of our Chief Executive Officer and the appointment of a new Chief Executive Officer and other members of our leadership team, which has been amended and restated as follows:

If we do not successfully manage the transitions associated with the retirement of our Chief Financial Officer and the appointment of a new Chairman and a new Chief Executive Officer and Chief Financial Officer and other members of our leadership team as part of a new leadership structure, it could have an adverse impact on our business operations as well as be viewed negatively by our customers and shareholders.

On May 20, 2018, the Board of Directors of the Company appointed Marvin R. Ellison as President and Chief Executive Officer and Richard R. Dreiling as Chairman of the Board of Directors, in each case, effective as of July 2, 2018. On July 2, 2018, Mr. Ellison assumed the office of President and Chief Executive Officer and joined the Board of Directors, and Mr. Dreiling became Chairman of the Board of Directors. Mr. Ellison and Mr. Dreiling succeeded Robert A. Niblock, who retired as Chairman, President and Chief Executive Officer of the Company and member of the Board of Directors effective July 2, 2018. On June 4, 2018, we announced that Marshall A. Croom plans to retire from the Company, effective October 5, 2018, and on August 22, 2018, we named David M. Denton as Executive Vice President, Chief Financial Officer which is expected to be effective in the second half of 2018. In addition, on July 9, 2018, we announced the implementation of a new leadership structure and named William P. Boltz as Executive Vice President, Merchandising effective August 15, 2018. On July 20, 2018, we named Joseph M. MacFarland III as Executive Vice President, Stores effective August 15, 2018. On August 7, 2018, we named Donald E. Frieson as Executive Vice President, Supply Chain effective August 8, 2018. Such leadership transitions can be inherently difficult to manage, and an inadequate transition may cause disruption to our business, including to our relationships with our customers, suppliers, vendors and employees. It may also make it more difficult to hire and retain key employees.

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 second quarter of fiscal 2018 :

	Total Number of Shares Purchased ¹	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs ²	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs ²
May 5, 2018 - June 1, 2018 ³	6,704,694	\$ 95.16	6,704,452	\$ 5,477,574,292
June 2, 2018 - July 6, 2018	2,195,894	97.80	2,140,146	5,268,108,130
July 7, 2018 - August 3, 2018 ³	2,563,172	98.66	2,562,803	5,093,107,259
As of August 3, 2018	11,463,760	\$ 96.45	11,407,401	\$ 5,093,107,259

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

² On January 27, 2017, the Company's Board of Directors authorized a \$5.0 billion share repurchase program with no expiration, which was announced on the same day. On January 26, 2018, the Company's Board of Directors authorized an additional \$5.0 billion share repurchase program with no expiration, which was announced on the same day.

³ In May 2018, the Company entered into an Accelerated Share Repurchase (ASR) agreement with a third-party financial institution to repurchase \$550 million of the Company's common stock. Pursuant to the agreement, the Company paid \$550 million to the financial institution and received an initial delivery of 4.8 million shares. In August 2018, prior to the end of the second quarter, the Company finalized the transaction and received an additional 0.8 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 8 to the consolidated financial statements included herein for additional information regarding share repurchases.

Item 6. - Exhibits

Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	File No.	Exhibit	Filing Date
3.1	Restated Charter of Lowe's Companies, Inc.	10-Q	001-07898	3.1	September 1, 2009
3.2	Bylaws of Lowe's Companies, Inc., as amended and restated August 17, 2018.	8-K	001-07898	3.1	August 22, 2018
10.1	Offer Letter between Lowe's Companies, Inc. and Marvin R. Ellison entered into on May 21, 2018.*	8-K	001-07898	10.1	May 22, 2018
10.2	Offer Letter between Lowe's Companies, Inc. and Joseph M. McFarland III entered into on July 18, 2018.*†				
10.3	Offer Letter between Lowe's Companies, Inc. and David M. Denton entered into on August 20, 2018.*†				
10.4	Form of Lowe's Companies, Inc. Restricted Stock Award Agreement.*†				
10.5	Form of Lowe's Companies, Inc. Performance Share Unit Award Agreement.*†				
10.6	Form of Lowe's Companies, Inc. Non-Qualified Stock Option Agreement.*†				
10.7	Form of Lowe's Companies, Inc. Change in Control Agreement for Tier I Senior Officers.*†				
10.8	Form of Lowe's Companies, Inc. Change in Control Agreement for Tier II Senior Officers.*†				
10.9	Lowe's Companies, Inc. Severance Plan for Senior Officers effective August 16, 2018.*†				
10.10	Retirement Agreement between Lowe's Companies, Inc. and Robert A. Niblock entered into on June 18, 2018.*†				
10.11	Retention Agreement between Lowe's Companies, Inc. and Michael P. McDermott entered into on July 9, 2018.*†				
12.1	Statement re Computation of Ratio of Earnings to Fixed Charges.†				
15.1	Deloitte & Touche LLP Letter re Unaudited Interim Financial Information.‡				
31.1	Certification of Principal Executive Officer Pursuant to Rule 13a-14(a)/15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.‡				

31.2 [Certification of Principal Financial Officer Pursuant to Rule 13a-14\(a\)/15d-14\(a\), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)‡

32.1 [Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)‡

32.2 [Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)‡

101.INS XBRL Instance Document.‡

101.SCH XBRL Taxonomy Extension Schema Document.‡

101.CAL XBRL Taxonomy Extension Calculation Linkbase Document.‡

101.DEF XBRL Taxonomy Extension Definition Linkbase Document.‡

101.LAB XBRL Taxonomy Extension Label Linkbase Document.‡

101.PRE XBRL Taxonomy Extension Presentation Linkbase Document.‡

* Indicates a management contract or compensatory plan or arrangement.

‡ Filed herewith.

† Furnished herewith.

SIGNATURE

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

LOWE'S COMPANIES, INC.

(Registrant)

September 4, 2018

Date

By: /s/ Matthew V. Hollifield

Matthew V. Hollifield

Senior Vice President and Chief Accounting Officer



July 16, 2018

Dear Joe,

CONGRATULATIONS!

I am pleased to offer you the position of Executive Vice President, Stores with Lowe's Companies, Inc. In this position, you will report to me, President & Chief Executive Officer. Your effective date of employment will be August 15, 2018.

We have a tremendous opportunity for you here at Lowe's and feel you will make an excellent addition to our leadership team. The details of our offer include:

POSITION	Executive Vice President, Stores
JOB GRADE	E50
BASE SALARY	\$750,000
ANNUAL TARGET BONUS OPPORTUNITY	100% of Base Salary
TARGET TOTAL CASH OPPORTUNITY	\$1,500,000
TARGET LONG-TERM INCENTIVE	\$3,000,000
TARGET TOTAL DIRECT COMPENSATION	\$4,500,000
CASH SIGN-ON BONUS	\$500,000 paid after 90 days of service
EQUITY SIGN-ON AWARD	\$750,000
2018 PRORATED LONG-TERM INCENTIVE	\$1,700,000
GUARANTEED TARGET BONUS FOR 2018	\$375,000 (50% of Annual Target Bonus Opportunity)

UNDERSTANDING YOUR OFFER

Salary

Your salary will be paid on a bi-weekly basis. This statement of an annual salary shall not be construed as an employment contract for a defined term.

Bonus Incentive

Your position is eligible to participate in the Lowe's Management Bonus Plan. The participating positions, bonus opportunity level and performance criteria are established annually by the Compensation Committee of the Board of Directors and communicated to participants. To be eligible for your annual bonus payment, you must be actively employed in a bonus eligible position with Lowe's as described in the Lowe's Management Bonus Plan. Additional details on bonus plan guidelines, criteria, and goals will be provided to participants in a bonus plan document via the My Wealth tab in My Lowe's Life.

For 2018, you will receive a guaranteed bonus of \$375,000 assuming you remained employed through the end of the fiscal year.

Cash Sign-On Bonus

As part of your offer, we are including a signing incentive in the amount of \$500,000 minus applicable taxes and other withholdings which will be payable on the first pay check following 90 days of continuous employment.

Long Term Incentive Plan

This position is currently eligible to participate in the Lowe's Long-Term Incentive Plan (the "LTI Plan"). The plan provides long-term incentives in the form of stock options, restricted shares of stock, stock appreciation rights, stock awards, or performance share awards. The Compensation Committee of the Board of Directors reviews and approves eligible participants, terms of the long-term incentive grants and grant sizes annually. You will receive any annual or off-cycle grant in accordance with the Lowe's Long Term Incentive Plan.

Following your start date, and at the Company's next quarterly off-cycle grant in October, you will receive a pro rata long-term incentive award in 2018 valued at \$1,700,000 on the date of grant. Half of this value will be granted in time-based restricted shares which will vest in full on the third anniversary of the grant date, and half will be granted in nonqualified stock options which will vest equally on the first three anniversaries of the grant date, in each case subject to the terms and conditions set forth in the LTI Plan and grant agreements.

Equity Sign-On Award

As part of your offer, we are including an equity sign-on bonus to be granted at the Company's next quarterly off-cycle grant in October in the amount of \$750,000 on the date of grant. Half of this value will be granted in time-based restricted shares which will vest in full on the third anniversary of the grant date, and half will be granted in nonqualified stock options which will vest equally on the first three anniversaries of the grant date, in each case subject to the terms and conditions set forth in the LTI Plan and grant agreements.

To promote the alignment of interests of the Company's senior officers and shareholders, as an executive with Lowe's, you are required to own shares of Lowe's Companies, Inc. having a market value equal to 5X your base salary. A portion of outstanding equity grants provided to you under the Long-Term Incentive Plan, including your hire grant, are included in your share ownership calculation. You will not be able to sell shares resulting from Restricted Share Awards, Stock Options, or Performance Shares until the ownership requirement has been satisfied.

Confidentiality and Non-Compete Agreement

In this position, you will be eligible for participation in the long-term incentive Award ("Award") pursuant to the applicable Lowe's Companies, Inc. Incentive Plan (the "Plan"). The Plan Administrator has adopted the requirement that prior to becoming eligible to receive an Award, all employees must execute and return a Confidentiality and Non-Compete Agreement; therefore, please execute and return the attached agreement with your signed offer letter.

Compliance with Confidentiality Obligations

You acknowledge and understand that Lowe's has extended an offer of employment to you based on your extensive experience and general skills that you have developed over your career - not as a result of any knowledge of confidential or proprietary information belonging to your prior employers, to the extent you have any such knowledge. You are prohibited from using or disclosing any such information to Lowe's prior to or during any employment with Lowe's or any of its affiliates.

Relocation

You have been approved for Lowe’s Type I relocation benefits, subject to verification. In order to be eligible for relocation benefits, your move must represent a permanent change of assignment that is at least fifty (50) miles further than the commuting distance to the previous assignment.

Lowe’s will pay to move you and your normal and reasonable household goods under our **Type I Relocation Program- Guaranteed Buyout Offer** . Once your paperwork has been returned and eligibility has been determined, you will be contacted by an Weichert Relocation Counselor. A relocation package will be forwarded to you from Weichert, explaining your benefits in detail. **Do not start the relocation process prior to speaking with your Weichert Relocation Counselor.**

Your Weichert Relocation Counselor will refer you to a Realtor, and schedule the movement of your household goods. **Do not list your home for sale until you speak with your Weichert Relocation Counselor.**

Vacation

Upon hire, you are eligible for and able to use a prorated amount of vacation expected to be accrued during your first fiscal year based on your date of hire. In Fiscal year 2019, under current Lowe’s policies which may be amended periodically, you will be eligible to accrue vacation at a rate of 4 weeks of paid vacation annually.

Employee Date of Hire	Vacation Days Granted at Start of Employment
August 15, 2018	10 (80 hours)

Holidays

On the first day of employment, you will be eligible for up to two fixed holidays (Thanksgiving Day and Christmas Day) and may accrue up to four floating holidays per fiscal year. Availability of holiday hours will depend upon when you are hired within a fiscal year, as holiday hours are granted on an accrual basis. Details may be found in the applicable HR Policy.

Retirement Plans

401(k) Plan

You will be eligible to participate in the Lowe’s 401(k) plan 6 months after your original date of hire. You may defer from 1% to 50% of your eligible compensation, on a pre-tax basis, not to exceed the IRS limit on the amount you may contribute. In addition, Lowe’s provides a Company Match of 100% of the first 3% that you contribute, 50% on contributions of 4% or 5%, and 25% on contributions of 6%.

Benefit Restoration Plan

You will be eligible to participate in the Benefit Restoration Plan. The purpose of this Plan is to provide benefits to those participants in the Lowe’s 401(k) Plan whose benefits under such plan are restricted because of various limitations.

Cash Deferral Plan

You will be eligible to participate in the Cash Deferral Plan, which is a nonqualified plan that provides participants an opportunity to defer receipt of income, earnings accumulated on deferred income, and the corresponding federal & state income tax obligations until a future date.

Health Insurance

You will be eligible to participate in a Lowe's health plan on the first day of the month following 30 days of continuous employment. There are four health plan options available. Enrollment is available only during your first 30 days of full- time employment, unless you have been allowed a special enrollment timeframe or during the annual enrollment period.

Additional Benefits

In addition to the benefits detailed above you are also eligible to participate in the following:

- * Dental Plan
- * Vision Plan
- * Flexible Spending Accounts Plan
- * Health Savings Account
- * Basic Sick Pay Plan
- * Short Term Disability Insurance Plan
- * Long Term Disability Plan
- * Basic Term Life Insurance Plan (1 times base salary)
- * Supplemental Term Life Insurance Plan (up to 8 times base salary)
- * Dependent Term Life Insurance Plan
- * Accidental Death and Dismemberment Plan
- * Critical Illness Plan
- * Accident Plan
- * Fixed Indemnity Plan
- * Prepaid Legal Plan
- * Business Travel Accident Plan
- * Employee Discount
- * Lowe's Stock Purchase Plan
- * Auto/Home Insurance
- * Tuition Reimbursement

Executive Physical Program

The Company has a vested interest in the good health of its senior executive team. To that end, we ask that you receive an annual executive physical examination through the Carolina Healthcare System or Novant Health & Wellness. As an eligible employee, you are required to participate in the program each fiscal year. Annual reporting of the participation of eligible executives is presented to the Compensation Committee of the Board of Directors.

When you use the executive physical services provided by the Company, 100% of the fees are direct billed to, and paid by, Lowe's. There is no need to file the expenses with any insurance company, and you incur no out of pocket costs. In addition, the costs of the program are not taxable income to you.

An executive physical differs from a health care visit you receive for the treatment of a specific disease or illness. All the medical information is completely confidential and will only be shared between you and your physician. The purpose of a periodic executive physical is to:

- Screen for diseases
- Assess risk of future medical problems
- Encourage healthy lifestyles
- Update vaccinations
- Maintain a relationship with a doctor in the event of illness or disease

Executive Tax Preparation and Financial Planning Program

The Company will reimburse up to \$12,000 per fiscal year for your use of a CPA, attorney or a financial planner to maximize the value of your Lowe's total compensation package and/or in the preparation of your tax returns. The Company has negotiated rates with The Ayco Company, L.P. and Wells Fargo Executive Financial Planning Services and has provided these firms with detailed information on the Company's executive compensation and benefit programs. You may select from one of these firms or retain your own financial and/or tax planner.

If you use the services of The Ayco Company or Wells Fargo, these firms will direct bill Lowe's for your financial planning expenses, up to the \$12,000 fiscal year maximum. If you use the services of your own CPA or attorney, you'll need to pay your service provider directly and submit your request for reimbursement, along with a paid receipt for the planning and/or tax preparation and filing services, to Kristie Shugart, Director Welfare Benefits within 31 days from the date of the service.

Tax and financial planning service benefits paid on your behalf, or reimbursed to you, are taxable income to you, and are not eligible for any tax gross-up. Eligible tax and financial planning services include:

- Review of current legislative developments and their effect on your tax filing status
- Planning with capital gains and losses
- Alternative Minimum Tax implications
- Postponing taxable income
- Taking advantage of deductions
- Tax-wise planning for educational costs
- Tax planning for your home
- Planning for retirement
- Estate planning
- Preparation and filing of your Federal and state income tax returns as required on at least an annual basis

Eligibility for Employment

Your acceptance of this offer indicates that you will not disclose the terms of this offer to anyone outside of Lowe's management. Additionally, you agree that the above offer is based solely on the promises herein, that this offer letter contains all the promises and representations made to you, and you acknowledge that there are no other representations upon which you rely in accepting employment with the company. The terms of this offer are contingent upon the execution and return of the attached agreement titled "Agreement to Arbitrate Disputes" with your signed offer letter.

By signing this document, you acknowledge employment with Lowe's is governed by the "Employment At Will" doctrine and is terminable at the will of either party, with or without cause, at any time and for any reason. This policy cannot be modified except in writing, signed by the Chief Executive Officer of Lowe's.

If you have any questions about your offer, please reach out to me. Congratulations on the next chapter of your career at Lowe's!

Best Regards,

/s/ Marvin Ellison

Marvin Ellison
Chief Executive Officer and President Lowe's Companies, Inc

ACCEPTANCE OR DECLINATION OF OFFER OF EMPLOYMENT

I accept Lowe's offer with the terms and conditions of employment as described herein.

I decline Lowe's offer with the terms and conditions of employment as described herein.

Reason for Declination: _____

Joseph McFarland III

(Print)

(Sales ID Number)

/s/ Joseph McFarland III

(Signature)

07 /18/2018

(Date)

LOWE'S COMPANIES, INC.
Agreement to Arbitrate Disputes

In exchange for the mutual promises in this Agreement, your employment by Lowe's Home Centers, LLC and its successors or assigns (hereinafter "Lowe's"), which you hereby accept, you and Lowe's agree that any controversy between you and Lowe's (including agents of Lowe's and any of Lowe's predecessors, including but not limited to Lowe's Home Centers, Inc. and Lowe's HIW, Inc.) arising out of your employment or the termination of your employment shall be settled by binding arbitration, (at the insistence of either you or Lowe's, conducted by a single arbitrator under the current applicable rules, procedures and protocols of JAMS, Inc. ("JAMS") or the American Arbitration Association ("AAA"), as may be amended from time to time. The most current version of the JAMS and AAA rules are currently available at: <http://www.jamsadr.com> and <http://www.adr.org>, respectively. Lowe's also can provide you with hard copies of the JAMS and AAA rules upon request. Notwithstanding these rules, all parties to the arbitration shall have the right to file a dispositive motion, and shall not be required to seek permission from the arbitrator to do so. Should the AAA and JAMS decline to administer the arbitration for any reason, the parties will select an arbitrator using the procedures employed by the AAA, who will employ the AAA Rules. In this event, the list of potential arbitrators for selection must include only individuals who are attorneys with at least 10 years of experience in employment law.

THIS AGREEMENT TO ARBITRATE DISPUTES MEANS THAT, EXCEPT AS PROVIDED HEREIN, THERE WILL BE NO COURT OR JURY TRIAL OF DISPUTES BETWEEN YOU AND LOWE'S WHICH ARISE OUT OF YOUR EMPLOYMENT OR THE TERMINATION OF YOUR EMPLOYMENT. You and Lowe's agree, however, that only a court of competent jurisdiction may interpret this Agreement to Arbitrate Disputes and resolve challenges to its validity and enforceability, including but not limited to the Class Action Waiver and Representative Waiver discussed below. The arbitrator shall have no jurisdiction or power to make such determinations.

This Agreement to Arbitrate Disputes is intended to be broad and to cover, to the extent otherwise permitted by law, all such disputes between you and Lowe's including but not limited to those arising out of federal and state statutes and local ordinances, such as: Title VII of the Civil Rights Act of 1964, as amended; the Civil Rights Act of 1866; the Sarbanes- Oxley Act of 2002; the Equal Pay Act; the Fair Labor Standards Act; the Pregnancy Discrimination Act; the Family Medical Leave Act; the Americans with Disabilities Act; the Fair Credit Reporting Act; and any similar federal, state and local laws. However, this provision is not applicable to (1) your rights under Workers' Compensation Law, which are governed under the special provisions of that law, or (2) your rights under the Employee Retirement Income Security Act (ERISA). This Agreement also does not preclude you from filing a claim or charge with a federal, state or local administrative agency, such as the Equal Employment Opportunity Commission, the National Labor Relations Board, or similar state or local agencies.

The parties will select a mutually agreeable arbitration location.

If you initiate arbitration, you will be responsible for paying a filing fee of \$150, which is equal to or less than the fee you would have to pay if you filed a complaint in federal court. The arbitrator will have the authority to waive this filing fee if you can prove financial hardship. Lowe's will bear the remainder of the arbitration filing fees and the fees and expenses of the arbitrator.

CLASS ACTION WAIVER. To the extent permissible by law, there shall be no right or authority for any dispute to be arbitrated as a class action or collective action ("Class Action Waiver"). THIS MEANS THAT ALL DISPUTES BETWEEN YOU AND LOWE'S ARISING OUT OF YOUR EMPLOYMENT OR THE TERMINATION OF YOUR EMPLOYMENT SHALL PROCEED IN ARBITRATION SOLELY ON AN INDIVIDUAL BASIS, AND THAT THE ARBITRATOR'S AUTHORITY TO RESOLVE ANY DISPUTE AND TO MAKE WRITTEN AWARDS WILL BE LIMITED TO YOUR INDIVIDUAL CLAIMS.

REPRESENTATIVE ACTION WAIVER. To the extent permissible by law, there shall be no right or authority for any dispute to be arbitrated as a representative action or as a private attorney general action, including but not limited to claims brought pursuant to the Private Attorney General Act of 2004, Cal. Lab. Code § 2698, et seq. ("Representative Action Waiver"). THIS MEANS THAT YOU MAY NOT SEEK RELIEF ON BEHALF OF ANY OTHER PARTIES IN ARBITRATION, INCLUDING BUT NOT LIMITED TO SIMILARLY AGGRIEVED EMPLOYEES. THE ARBITRATOR'S AUTHORITY TO RESOLVE ANY DISPUTE AND TO MAKE WRITTEN AWARDS WILL BE LIMITED TO YOUR INDIVIDUAL CLAIMS.

If any part of this Agreement to Arbitrate Disputes is found by a court of competent jurisdiction to be unenforceable, the

court shall reform the Agreement to the extent necessary to cure the unenforceable part(s), and the parties will arbitrate their dispute(s) without reference to or reliance upon the unenforceable part(s). However, if a court of competent jurisdiction finds the Class Action Waiver and/or Representative Action Waiver unenforceable for any reason, then the unenforceable waiver provision shall be severable from this Agreement, and any claims covered by any deemed unenforceable waiver provision may only be litigated in a court of competent jurisdiction, but the remainder of the agreement shall be binding and enforceable.

You and Lowe's agree that this Agreement to Arbitrate Disputes shall apply to all positions you may hold as an employee of Lowe's.

To the extent you and Lowe's previously agreed to arbitrate disputes, this Agreement modifies and supplements that agreement. If any term or provision in this Agreement conflicts with any prior agreement to arbitrate disputes, the terms of this Agreement shall control. If any term or provision in this Agreement is found to be unenforceable for any reason, then the remainder of this Agreement shall be binding and enforceable, as noted above. However, if this entire Agreement is found to be unenforceable, then the previous agreement to arbitrate disputes shall control. BY ACCEPTING EMPLOYMENT WITH LOWE'S AND ACCEPTING THIS AGREEMENT, YOU ACKNOWLEDGE THAT YOU HAVE READ AND UNDERSTAND THE ABOVE PROVISIONS AND AFFIRMATIVELY AGREE TO BE BOUND BY THE TERMS OF THIS AGREEMENT TO ARBITRATE DISPUTES.

LOWE'S COMPANIES, INC.

EMPLOYEE

/s/ Marvin R. Ellison

/s/ Joseph McFarland III

(Signature)

(Signature)

Marvin R. Ellison

Joseph McFarland III

(Print Name)

(Print Name)

LOWE'S COMPANIES, INC.
Confidentiality and Non-Competition Agreement

This Agreement dated July 18, 2018 between Lowe's Companies, Inc. and **Joseph McFarland III** ("Employee") provides as follows:

1. Definitions .

- a. "Lowe's" means Lowe's Companies, Inc. and any and all of its current or future parents, subsidiaries, affiliated companies, divisions, and any successor thereto, and individual retail stores.
- b. "Competitor" means any person, firm, association, partnership, corporation, or other entity that (i) owns, operates, controls, or maintains retail and/or warehouse hardware or home improvement stores, at least one of which is in excess of 65,000 square feet or (ii) owns, operates, controls or maintains retail and/or warehouse hardware or home improvement stores with total annual sales of at least \$1 billion. Notwithstanding the foregoing, the term "Competitor" specifically includes the following entities or any successor in interest to the following entities: The Home Depot, Inc.; Wal-Mart; Sears (including Sears Hardware Stores); Scotty's, Inc.; and Menard Inc.
- c. "Termination Date" means the date that Employee ceases to be employed by Lowe's for any reason other than death.

2. Consideration .

- a. As consideration for entering into this Agreement, Lowe's agrees to make employee eligible to participate in the "Management Bonus Incentive Award" pursuant to the Lowe's Companies, Inc. 2015 Annual Incentive Plan, as amended or as may be subsequently amended from time to time, as well as any successor plan(s).
- b. Employee acknowledges that eligibility for the Management Bonus Incentive Award constitutes good, valuable and sufficient consideration for Employee's entering into this Agreement and Employee's performance under this Agreement.
- c. Employee acknowledges and agrees that this Agreement is entered into in conjunction with Employee's employment with Lowe's in order to protect Lowe's legitimate business interests and customer relations.

3. Confidential Information .

- a. During Employee's employment with Lowe's, Employee may learn (and during any previous employment with Lowe's has already learned), information that is confidential to Lowe's ("Confidential Information"). Such Confidential Information includes, but is not limited to: trade secrets; acquisition, merger, or business development plans or strategies; plans for opening, closing, expanding, or relocating stores; distribution information; purchasing and product information; advertising and promotional programs and plans; research or developmental projects; financial or statistical data; sales and account information; customer information, including, but not limited to, demographic information and information relating to customer product preference; sales and marketing plans and strategies; pricing strategies and reports; legal documents and records; inventions, techniques, designs, processes, and machinery; 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 includes any such information that Employee may prepare or create during Employee's employment with Lowe's, as well as such information that has been or may be prepared or created by others and provided or communicated to Employee.
- b. Employee agrees that Employee will not 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, and will not use any Confidential Information in any way, except as required by Employee's duties with Lowe's or by law, unless Employee first obtains written consent of an officer of Lowe's. Employee acknowledges that, if Employee becomes employed by, or works as a consultant or contractor for, a Competitor of Lowe's, disclosure of Confidential Information is inevitable.
- c. Employee acknowledges and agrees that Employee's duties and obligations under this Section 3 will continue for as long as such Confidential Information remains confidential to Lowe's, including after the Termination Date. Employee further acknowledges and agrees that any breach of this Section 3 would be a material breach of this Agreement.

4. Covenant Not to Compete.

- a. Employee agrees that Employee will not damage Lowe's competitive position or injure Lowe's customer relations. By making this commitment, Employee agrees that Employee will not take any such actions either directly or indirectly, either as principal, agent, employee, employer, owner, stockholder (owning more than 5% of a corporation's shares), partner, contractor, and consultant or in any other individual or representative capacity whatsoever.
- b. Employee agrees that, during Employee's employment with Lowe's and for 12 months after the Termination Date, Employee will not:
 - (1) solicit or induce any officer, administrative officer, director, regional vice president, district manager, co-manager, store manager, regional human resource manager, regional loss prevention manager, or other employee of Lowe's to leave his or her employment with Lowe's;
 - (2) hire, or cause to be hired, for any employment with any Competitor of Lowe's, any officer, administrative officer, director, regional vice president, district manager, co-manager, store manager, regional human resource manager, regional loss prevention manager, or other employee of Lowe's; or
 - (3) aid or assist any other person, firm, corporation, or other entity to do any of the acts described in the previous subsections (1) and (2) of this Section 4.b.
- c. Employee agrees that during Employee's employment with Lowe's, Employee will not accept any employment with, ownership interest in, or engagement as a contractor or consultant to, and will not render services on behalf of, any Competitor of Lowe's.
- d. Employee agrees that, for 6 months after the Termination Date, Employee will not:
 - (1) accept employment as an officer, administrative officer, director, regional vice president, district manager, co-manager, store manager, regional human resource manager, regional loss prevention manager, or any other management level position for, or
 - (2) accept employment in a similar position to one held while employed by Lowe's for, or
 - (3) obtain any ownership interest (other than an ownership interest of less than 1% in a publicly traded company) in, or
 - (4) be engaged as a consultant or contractor for, or
 - (5) Otherwise render services for or on behalf of, any Competitor of Lowe's. Employee understands that the business and business development of Lowe's and Employee's responsibilities on behalf of Lowe's are nationwide in scope. Accordingly, Employee agrees that this Section 4 will apply throughout the United States.
- e. Employee acknowledges and agrees that any breach of this Section 4 would constitute a material breach of this Agreement.
- f. Employee acknowledges that, after the Termination Date, Employee will be reasonably able to earn a livelihood without violating the terms of this Section

5. Lowe's Property.

- a. Due to Employee's employment with Lowe's, Employee may have or may gain access to or control over various kinds of documents and other materials that concern the business of Lowe's. Such documents and materials include but are not limited to policy or procedure statements, correspondence, memoranda, plans, proposals, customer profiles or demographic reports, marketing and sales documents, financial or legal documents or records, reports, drawings, inventory, products, designs, and equipment.
- b. Employee understands and agrees that all such documents and materials, as well as the information contained therein, are and will at all times remain the property of Lowe's.
- c. Employee will not use any property of Lowe's, including but not limited to the documents, materials and information described in subsection 5.a. above, for Employee's personal gain or in any manner that might be adverse to the interests of Lowe's. Employee agrees that Employee will not remove any such property of Lowe's (including any copies of any documents) from the premises of Lowe's except as Lowe's permits. On or before the Termination Date, Employee will return to Lowe's all such Lowe's property (including any copies of documents) which Employee removed or caused or allowed to be removed from the premises of Lowe's. Employee will not, at any time thereafter, and except as specifically and expressly authorized by Lowe's, use any Lowe's property.

6. Successors and Assigns.

- a. Employee acknowledges and agrees that Employee may not assign or transfer any of the obligations imposed under this Agreement. The obligations of this Agreement will be binding upon Employee and Employee's heirs, assigns, executors, administrators, and legal representatives.
- b. This Agreement will inure to the benefit of and be binding on any successors or assigns of Lowe's.

7. Construction and Enforcement of Agreement.

- a. Employee acknowledges that Lowe's has a legitimate business interest in preventing Employee from taking any actions in violation of the covenants provided in Sections 3, 4 and 5 of this Agreement. Employee further acknowledges that Lowe's would be irreparably harmed if Employee violates any of these covenants or if any of these covenants are not specifically enforced. Accordingly, Employee stipulates that Lowe's will be entitled to (i) injunctive relief for the purpose of restraining Employee from violating those covenants (and no bond or other security will be required in connection therewith); (ii) specific performance of those covenants; and (iii) recover its reasonable attorneys' fees and costs incurred to enforce the covenants, in addition to any other relief to which Lowe's may be entitled. In the event that such an injunction is entered, the periods established in Sections 4 and 5 will begin on the date of the injunction, rather than on the Termination Date.
- b. This Agreement contains the complete agreement between Lowe's and Employee with respect to the provisions contained herein.
- c. This Agreement may be modified or waived only by a writing signed by both Lowe's and Employee.
- d. Any waiver of a breach of this Agreement will not constitute a waiver of any future breach, whether of a similar or dissimilar nature.
- e. Employee understands and agrees that each provision of this Agreement is a separate and independent clause, and if any clause should be found unenforceable, that will not affect the enforceability of any of the other clauses herein. In the event that any of the provisions of this Agreement should ever be deemed to exceed the time, geographic area, or activity limitations permitted by applicable law, Lowe's and Employee agree that such provisions must be and are reformed to the maximum time, geographic area and activity limitations permitted by the applicable law, and expressly authorize a court having jurisdiction to reform the provisions to the maximum time, geographic area and activity limitations permitted by applicable law.
- f. This Agreement is deemed entered into in the State of North Carolina and will be governed by, and interpreted in accordance with, the laws of the State of North Carolina other than its choice of law provisions. Any dispute arising between the parties related to or involving this Agreement will be litigated in a court in the State of North Carolina and Employee agrees that Employee is subject to the jurisdiction of the courts of the State of North Carolina for purposes of the interpretation and/or enforcement of this Agreement.
- g. Employee acknowledges that Employee has read this entire Agreement, fully understands its terms, and has had ample time to consider its terms. Employee is satisfied with the terms of this Agreement and agrees that its terms are binding upon Employee and Employee's heirs, assigns, executors, administrators and legal representatives.

LOWE'S COMPANIES, INC.

EMPLOYEE

/s/ Marvin R. Ellison

/s/ Joseph McFarland III

(Signature)

(Signature)

Marvin R. Ellison

Joseph McFarland III

(Print Name)

(Print Name)



August 20, 2018

Dear Dave,

CONGRATULATIONS!

I am pleased to offer you the position of Chief Financial Officer with Lowe's Companies, Inc. In this position, you will report to me, President and Chief Executive Officer. Your effective date will be determined based on follow up discussions and the transition priorities with your current employer

We have a tremendous opportunity for you here at Lowe's and feel you will make an excellent addition to our leadership team. The details of our offer include:

POSITION	Chief Financial Officer
JOB GRADE	E50
BASE SALARY	\$925,000
ANNUAL TARGET BONUS OPPORTUNITY	125% of Base Salary
TARGET TOTAL CASH OPPORTUNITY	\$2,081,250
TARGET LONG-TERM INCENTIVE	\$4,162,500
TARGET TOTAL DIRECT COMPENSATION	\$6,243,750
2018 PRORATED LONG-TERM INCENTIVE	\$1,781,000
Cash Sign-On	\$1,000,000

UNDERSTANDING YOUR OFFER

Salary

Your salary will be paid on a bi-weekly basis. This statement of an annual salary shall not be construed as an employment contract for a defined term.

Bonus Incentive

Your position is eligible to participate in the Lowe's Management Bonus Plan. Your bonus for 2018 will be prorated based on your date of hire. The participating positions, bonus opportunity level and performance criteria are established annually by the Compensation Committee of the Board of Directors and communicated to participants. To be eligible for your annual bonus payment, you must be actively employed in a bonus eligible position with Lowe's as described in the Lowe's Management Bonus Plan and the payout will be prorated based on your start date. Additional details on bonus plan guidelines, criteria, and goals will be provided to participants in a bonus plan document via the My Wealth tab in My Lowe's Life.

For 2018, you will be paid a target bonus prorated based upon your start date.

Cash Sign-On

On or about February 1, 2019, you will be paid a cash sign-on of \$1,000,000 minus applicable withholdings. Repayment will be due to the Company should you choose to leave prior to completing one year of service.

Long Term Incentive Plan

This position is currently eligible to participate in the Lowe's Long-Term Incentive Plan (the "LTI Plan"). The plan provides long-term incentives in the form of stock options, restricted shares of stock, stock appreciation rights, stock awards, or performance share awards. The Compensation Committee of the Board of Directors reviews and approves eligible participants, terms of the long-term incentive grants and grant sizes annually. You will receive any annual or off-cycle grant in accordance with the Lowe's Long Term Incentive Plan.

Following your start date, and at the Company's next quarterly off-cycle grant in January of 2019, you will receive a pro rata long-term incentive award valued at \$1,781,000 on the date of grant. Half of this value will be granted in time-based restricted shares which will vest in full on the third anniversary of the grant date, and half will be granted in nonqualified stock options which will vest equally on the first three anniversaries of the grant date, in each case subject to the terms and conditions set forth in the LTI Plan and grant agreements.

To promote the alignment of interests of the Company's senior officers and shareholders, as an executive with Lowe's, you are required to own shares of Lowe's Companies, Inc. having a market value equal to 5X your base salary. A portion of outstanding equity grants provided to you under the Long-Term Incentive Plan, including your hire grant, are included in your share ownership calculation. You will not be able to sell shares resulting from Restricted Share Awards, Stock Options, or Performance Shares until the ownership requirement has been satisfied.

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Compliance with Confidentiality Obligations

You acknowledge and understand that Lowe's has extended an offer of employment to you based on your extensive experience and general skills that you have developed over your career - not because of any knowledge of confidential or proprietary information belonging to your prior employers, to the extent you have any such knowledge. You are prohibited from using or disclosing any such information to Lowe's prior to or during any employment with Lowe's or any of its affiliates.

Relocation

You have been approved for Lowe's Type I relocation benefits, subject to verification. In order to be eligible for relocation benefits, your move must represent a permanent change of assignment that is at least fifty (50) miles further than the commuting distance to the previous assignment.

Lowe's will pay to move you and your normal and reasonable household goods under our **Type I Relocation Program-Guaranteed Buyout Offer**. Once your paperwork has been returned and eligibility has been determined, you will be contacted by an Weichert Relocation Counselor. A relocation package will be forwarded to you from Weichert, explaining your benefits in detail. **Do not start the relocation process prior to speaking with your Weichert Relocation Counselor.**

Your Weichert Relocation Counselor will refer you to a Realtor, and schedule the movement of your household goods. **Do not list your home for sale until you speak with your Weichert Relocation Counselor.**

Vacation

Upon hire, you are eligible for and able to use a prorated amount of vacation expected to be accrued during your first fiscal year based on your date of hire. In Fiscal year 2019, under current Lowe's policies which may be amended periodically, you will be eligible to accrue vacation at a rate of 4 weeks of paid vacation annually.

Holidays

On the first day of employment, you will be eligible for up to two fixed holidays (Thanksgiving Day and Christmas Day) and may accrue up to four floating holidays per fiscal year. Availability of holiday hours will depend upon when you are hired within a fiscal year, as holiday hours are granted on an accrual basis. Details may be found in the applicable HR Policy.

Retirement Plans

401(k) Plan

You will be eligible to participate in the Lowe's 401(k) plan 6 months after your original date of hire. You may defer from 1% to 50% of your eligible compensation, on a pre-tax basis, not to exceed the IRS limit on the amount you may contribute. In addition, Lowe's provides a Company Match of 100% of the first 3% that you contribute, 50% on contributions of 4% or 5%, and 25% on contributions of 6%.

Benefit Restoration Plan

You will be eligible to participate in the Benefit Restoration Plan. The purpose of this Plan is to provide benefits to those participants in the Lowe's 401(k) Plan whose benefits under such plan are restricted because of various limitations.

Cash Deferral Plan

You will be eligible to participate in the Cash Deferral Plan, which is a nonqualified plan that provides participants an opportunity to defer receipt of income, earnings accumulated on deferred income, and the corresponding federal & state income tax obligations until a future date.

Health Insurance

You will be eligible to participate in a Lowe's health plan on the first day of the month following 30 days of continuous employment. There are four health plan options available. Enrollment is available only during your first 30 days of full-time employment, unless you have been allowed a special enrollment timeframe or during the annual enrollment period.

Additional Benefits

In addition to the benefits detailed above you are also eligible to participate in the following:

- * Dental Plan
- * Vision Plan
- * Flexible Spending Accounts Plan
- * Health Savings Account
- * Basic Sick Pay Plan
- * Short Term Disability Insurance Plan
- * Long Term Disability Plan
- * Basic Term Life Insurance Plan (1 times base salary)
- * Supplemental Term Life Insurance Plan (up to 8 times base salary)
- * Dependent Term Life Insurance Plan
- * Accidental Death and Dismemberment Plan
- * Critical Illness Plan
- * Accident Plan
- * Fixed Indemnity Plan
- * Prepaid Legal Plan
- * Business Travel Accident Plan
- * Employee Discount
- * Lowe's Stock Purchase Plan
- * Auto/Home Insurance
- * Tuition Reimbursement

Executive Physical Program

The Company has a vested interest in the good health of its senior executive team. To that end, we ask that you receive an annual executive physical examination through the Carolina Healthcare System or Novant Health & Wellness. As an

eligible employee, you are required to participate in the program each fiscal year. Annual reporting of the participation of eligible executives is presented to the Compensation Committee of the Board of Directors.

When you utilize the executive physical services provided by the Company, 100% of the fees are direct billed to, and paid by, Lowe's. There is no need to file the expenses with any insurance company, and you incur no out of pocket costs. In addition, the costs of the program are not taxable income to you.

An executive physical differs from a health care visit you receive for the treatment of a specific disease or illness. All the medical information is completely confidential and will only be shared between you and your physician. The purpose of a periodic executive physical is to:

- Screen for diseases
- Assess risk of future medical problems
- Encourage healthy lifestyles
- Update vaccinations
- Maintain a relationship with a doctor in the event of illness or disease

Executive Tax Preparation and Financial Planning Program

The Company will reimburse up to \$12,000 per fiscal year for your use of a CPA, attorney or a financial planner to maximize the value of your Lowe's total compensation package and/or in the preparation of your tax returns. The Company has negotiated rates with The Ayco Company, L.P. and Wells Fargo Executive Financial Planning Services and has provided these firms with detailed information on the Company's executive compensation and benefit programs. You may select from one of these firms or retain your own financial and/or tax planner.

If you use the services of The Ayco Company or Wells Fargo, these firms will direct bill Lowe's for your financial planning expenses, up to the \$12,000 fiscal year maximum. If you use the services of your own CPA or attorney, you'll need to pay your service provider directly and submit your request for reimbursement, along with a paid receipt for the planning and/or tax preparation and filing services, to Kristie Shugart, Director Welfare Benefits within 31 days from the date of the service.

Tax and financial planning service benefits paid on your behalf, or reimbursed to you, are taxable income to you, and are not eligible for any tax gross-up. Eligible tax and financial planning services include:

- Review of current legislative developments and their effect on your tax filing status
- Planning with capital gains and losses
- Alternative Minimum Tax implications
- Postponing taxable income
- Taking advantage of deductions
- Tax-wise planning for educational costs
- Tax planning for your home
- Planning for retirement
- Estate planning
- Preparation and filing of your Federal and state income tax returns as required on at least an annual basis

Severance

You are eligible to participate in the benefits available to a "Tier One Officer" in the Lowe's Companies, Inc. Severance Plan for Senior Officers, Effective as of August 16, 2018 (the "Senior Officer Severance Plan").

Change-in-Control Agreement

You are eligible to participate in the benefits provided in a Change-in-Control Agreement (Tier 1) with substantially similar terms as the form attached hereto as Exhibit A (the "Change-in-Control Agreement") to be executed by you and the Company on or promptly following your start date.

Eligibility for Employment

You agree that the above offer is based solely on the promises herein and that this offer letter along with any exhibits thereto, and the Change-in-Control Agreement as well as the Senior Officer Severance Plan, contains all the promises and representations made to you, and you acknowledge that there are no other representations upon which you rely in

accepting employment with the company. The terms of this offer are contingent upon the execution and return of the attached agreement titled "Agreement to Arbitrate Disputes" with your signed offer letter.

By signing this document, you acknowledge employment with Lowe's is governed by the "Employment At Will" doctrine and is terminable at the will of either party, with or without cause, at any time and for any reason. This policy cannot be modified except in writing, signed by the Chief Executive Officer of Lowe's.

If you have any questions about your offer, please reach out to me. Congratulations on the next chapter of your career at Lowe's!

Best Regards,

/s/ Marvin Ellison

Marvin Ellison
Chief Executive Officer and President
Lowe's Companies, Inc

ACCEPTANCE OR DECLINATION OF OFFER OF EMPLOYMENT

I accept Lowe's offer with the terms and conditions of employment as described herein.

I decline Lowe's offer with the terms and conditions of employment as described herein.

Reason for Declination: _____

David Denton

(Print)

(Sales ID Number)

/s/ David Denton

(Signature)

08/20/2018
(Date)

LOWE'S COMPANIES, INC.
Agreement to Arbitrate Disputes

In exchange for the mutual promises in this Agreement, your employment by Lowe's Home Centers, LLC and its successors or assigns (hereinafter "Lowe's"), which you hereby accept, you and Lowe's agree that any controversy between you and Lowe's (including agents of Lowe's and any of Lowe's predecessors, including but not limited to Lowe's Home Centers, Inc. and Lowe's HIW, Inc.) arising out of your employment or the termination of your employment shall be settled by binding arbitration,(at the insistence of either you or Lowe's, conducted by a single arbitrator under the current applicable rules, procedures and protocols of JAMS, Inc. ("JAMS") or the American Arbitration Association ("AAA"), as may be amended from time to time. The most current version of the JAMS and AAA rules are currently available at: <http://www.jamsadr.com> and <http://www.adr.org>, respectively. Lowe's also can provide you with hard copies of the JAMS and AAA rules upon request. Notwithstanding these rules, all parties to the arbitration shall have the right to file a dispositive motion, and shall not be required to seek permission from the arbitrator to do so. Should the AAA and JAMS decline to administer the arbitration for any reason, the parties will select an arbitrator using the procedures employed by the AAA, who will employ the AAA Rules. In this event, the list of potential arbitrators for selection must include only individuals who are attorneys with at least 10 years of experience in employment law.

THIS AGREEMENT TO ARBITRATE DISPUTES MEANS THAT, EXCEPT AS PROVIDED HEREIN, THERE WILL BE NO COURT OR JURY TRIAL OF DISPUTES BETWEEN YOU AND LOWE'S WHICH ARISE OUT OF YOUR EMPLOYMENT OR THE TERMINATION OF YOUR EMPLOYMENT. You and Lowe's agree, however, that only a court of competent jurisdiction may interpret this Agreement to Arbitrate Disputes and resolve challenges to its validity and enforceability, including but not limited to the Class Action Waiver and Representative Waiver discussed below. The arbitrator shall have no jurisdiction or power to make such determinations.

This Agreement to Arbitrate Disputes is intended to be broad and to cover, to the extent otherwise permitted by law, all such disputes between you and Lowe's including but not limited to those arising out of federal and state statutes and local ordinances, such as: Title VII of the Civil Rights Act of 1964, as amended; the Civil Rights Act of 1866; the Sarbanes-Oxley Act of 2002; the Equal Pay Act; the Fair Labor Standards Act; the Pregnancy Discrimination Act; the Family Medical Leave Act; the Americans with Disabilities Act; the Fair Credit Reporting Act; and any similar federal, state and local laws. However, this provision is not applicable to (1) your rights under Workers' Compensation Law, which are governed under the special provisions of that law, or (2) your rights under the Employee Retirement Income Security Act (ERISA). This Agreement also does not preclude you from filing a claim or charge with a federal, state or local administrative agency, such as the Equal Employment Opportunity Commission, the National Labor Relations Board, or similar state or local agencies.

The parties will select a mutually agreeable arbitration location.

If you initiate arbitration, you will be responsible for paying a filing fee of \$150, which is equal to or less than the fee you would have to pay if you filed a complaint in federal court. The arbitrator will have the authority to waive this filing fee if you can prove financial hardship. Lowe's will bear the remainder of the arbitration filing fees and the fees and expenses of the arbitrator.

CLASS ACTION WAIVER. To the extent permissible by law, there shall be no right or authority for any dispute to be arbitrated as a class action or collective action ("Class Action Waiver"). THIS MEANS THAT ALL DISPUTES BETWEEN YOU AND LOWE'S ARISING OUT OF YOUR EMPLOYMENT OR THE TERMINATION OF YOUR EMPLOYMENT SHALL PROCEED IN ARBITRATION SOLELY ON AN INDIVIDUAL BASIS, AND THAT THE ARBITRATOR'S AUTHORITY TO RESOLVE ANY DISPUTE AND TO MAKE WRITTEN AWARDS WILL BE LIMITED TO YOUR INDIVIDUAL CLAIMS.

REPRESENTATIVE ACTION WAIVER. To the extent permissible by law, there shall be no right or authority for any dispute to be arbitrated as a representative action or as a private attorney general action, including but not limited to claims brought pursuant to the Private Attorney General Act of 2004, Cal. Lab. Code § 2698, et seq. ("Representative Action Waiver"). THIS MEANS THAT YOU MAY NOT SEEK RELIEF ON BEHALF OF ANY OTHER PARTIES IN ARBITRATION, INCLUDING BUT NOT LIMITED TO SIMILARLY AGGRIEVED EMPLOYEES. THE ARBITRATOR'S AUTHORITY TO RESOLVE ANY DISPUTE AND TO MAKE WRITTEN AWARDS WILL BE LIMITED TO YOUR INDIVIDUAL CLAIMS.

If any part of this Agreement to Arbitrate Disputes is found by a court of competent jurisdiction to be unenforceable, the court shall reform the Agreement to the extent necessary to cure the unenforceable part(s), and the parties will arbitrate their dispute(s) without reference to or reliance upon the unenforceable part(s). However, if a court of competent jurisdiction finds the Class Action Waiver and/or Representative Action Waiver unenforceable for any reason, then the unenforceable waiver provision shall be severable from this Agreement, and any claims covered by any deemed

unenforceable waiver provision may only be litigated in a court of competent jurisdiction, but the remainder of the agreement shall be binding and enforceable.

You and Lowe's agree that this Agreement to Arbitrate Disputes shall apply to all positions you may hold as an employee of Lowe's.

To the extent you and Lowe's previously agreed to arbitrate disputes, this Agreement modifies and supplements that agreement. If any term or provision in this Agreement conflicts with any prior agreement to arbitrate disputes, the terms of this Agreement shall control. If any term or provision in this Agreement is found to be unenforceable for any reason, then the remainder of this Agreement shall be binding and enforceable, as noted above. However, if this entire Agreement is found to be unenforceable, then the previous agreement to arbitrate disputes shall control.

BY ACCEPTING EMPLOYMENT WITH LOWE'S AND ACCEPTING THIS AGREEMENT, YOU ACKNOWLEDGE THAT YOU HAVE READ AND UNDERSTAND THE ABOVE PROVISIONS AND AFFIRMATIVELY AGREE TO BE BOUND BY THE TERMS OF THIS AGREEMENT TO ARBITRATE DISPUTES.

LOWE'S COMPANIES, INC.

EMPLOYEE

/s/ Marvin Ellison

/s/ David Denton

(Signature)

(Signature)

Marvin Ellison

David Denton

(Print Name)

(Print Name)

LOWE'S COMPANIES, INC.
Confidentiality and Non-Competition Agreement

This Agreement dated August 8, 2018 between Lowe's Companies, Inc. and **David Denton** ("Employee") provides as follows:

1. Definitions.

- a. "Lowe's" means Lowe's Companies, Inc. and any and all of its current or future parents, subsidiaries, affiliated companies, divisions, and any successor thereto, and individual retail stores.
- b. "Competitor" means any business: (i) with total annual sales of at least five hundred million dollars (\$500 million USD) with retail locations or distribution facilities in any US State or territory; and (ii) that provides goods and/or services to customers in the United States, through retail or electronic means (internet, mobile application, etc.), that are the same as, substantially similar to, or otherwise in competition with the Company products or services. The term "Competitor" shall specifically include, but not be limited to, the following entities: The Home Depot, Inc.; Sears Holdings, Inc.; Costco Wholesale Corporation; Wal-Mart, Inc.; Menard, Inc.; Amazon.com, Inc.; Best Buy, Inc.; Ace Hardware Corp.; Tractor Supply Co.; Lumber Liquidators Holdings, Inc.; Wayfair, LLC; Jet.com, Inc.; and True Value Company.
- c. "Termination Date" means the date that Employee ceases to be employed by Lowe's for any reason other than death.

2. Consideration.

- a. As consideration for entering into this Agreement, Lowe's agrees to make employee eligible to participate in the "Management Bonus Incentive Award" pursuant to the Lowe's Companies, Inc. 2016 Annual Incentive Plan, as amended or as may be subsequently amended from time to time, as well as any successor plan(s).
- b. Employee acknowledges that eligibility for the Management Bonus Incentive Award constitutes good, valuable and sufficient consideration for Employee's entering into this Agreement and Employee's performance under this Agreement.
- c. Employee acknowledges and agrees that this Agreement is entered into in conjunction with Employee's employment with Lowe's in order to protect Lowe's legitimate business interests and customer relations.

3. Confidential Information.

- a. During Employee's employment with Lowe's, Employee may learn (and during any previous employment with Lowe's has already learned), information that is confidential to Lowe's ("Confidential Information"). Such Confidential Information includes, but is not limited to: trade secrets; acquisition, merger, or business development plans or strategies; plans for opening, closing, expanding, or relocating stores; distribution information; purchasing and product information; advertising and promotional programs and plans; research or developmental projects; financial or statistical data; sales and account information; customer information, including, but not limited to, demographic information and information relating to customer product preference; sales and marketing plans and strategies; pricing strategies and reports; legal documents and records; inventions, techniques, designs, processes, and machinery; 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 includes any such information that Employee may prepare or create during Employee's employment with Lowe's, as well as such information that has been or may be prepared or created by others and provided or communicated to Employee.
- b. Employee agrees that Employee will not 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, and will not use any Confidential Information in any way, except as required by Employee's duties with Lowe's or by law, unless Employee first obtains written consent of an officer of Lowe's. Employee acknowledges that, if Employee becomes employed by, or works as a consultant or contractor for, a Competitor of Lowe's, disclosure of Confidential Information is inevitable.
- c. Employee acknowledges and agrees that Employee's duties and obligations under this Section 3 will continue for as long as such Confidential Information remains confidential to Lowe's, including after the Termination Date. Employee further acknowledges and agrees that any breach of this Section 3 would be a material breach of this Agreement.

4. Covenant Not to Compete.

- a. The Company 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 Environment Business"). The Company Home Environment Business requires a complex sourcing and supply network, multi-channel distribution and delivery systems, innovative information technology resources, and a robust infrastructure support organization. Employee recognizes and acknowledges that the Company operates over 1,800 retail locations in all 50 states and the District of Columbia, and has significant internet-based sales to customers spread across the United States. Furthermore, Employee acknowledges that the Company has a legitimate and reasonable business interest in maintaining its competitive position in a dynamic industry and that restricting Employee for a reasonable period from performing work for, or providing services to an enterprise which engages in business activities which are in competition with the Company and would likely cause damage to the Company's business would not unreasonably restrict Employee from engaging in work or business activities. Employee further acknowledges that, in Employee's position with the Company, Employee was provided access to or helped develop business information proprietary to the Company and that Employee would inevitably disclose or otherwise utilize such information if Employee were to work for, or provide services to a Competing Enterprise as defined herein during the non-competition period.

- (i) **Non-Competition Period.** Employee agrees that for the later of (1) a period of twenty-four (24) months following the Date of Separation of Service or (2) a period from the Date of Separation of Service through the last date of vesting for any non-vested equity granted Employee under the Company's Long Term Incentive Plan or similar plan (the "Non-Competition Period"), Employee will not directly or indirectly provide or perform services for a Competing Enterprise, as defined herein, whether as an employee, consultant, agent, contractor, officer, director or any other capacity. Employee acknowledges that the Non-Competition Period is reasonable in duration under the terms herein.
- b. **Non-Interference.** For the two (2) year period beginning on the Date of Separation from Service, Employee shall not directly or indirectly (i) solicit or induce any officer, director, regional vice president, district manager, co-manager, store manager, regional human resource manager or regional loss prevention manager of the Company to terminate his or her employment with the Company or (ii) solicit, contact or attempt to influence any vendor or supplier of the Company to limit, curtail, cancel or terminate any business it transacts with the Company.

5. Lowe's Property.

- a. Due to Employee's employment with Lowe's, Employee may have or may gain access to or control over various kinds of documents and other materials that concern the business of Lowe's. Such documents and materials include but are not limited to policy or procedure statements, correspondence, memoranda, plans, proposals, customer profiles or demographic reports, marketing and sales documents, financial or legal documents or records, reports, drawings, inventory, products, designs, and equipment.
- b. Employee understands and agrees that all such documents and materials, as well as the information contained therein, are and will at all times remain the property of Lowe's.
- c. Employee will not use any property of Lowe's, including but not limited to the documents, materials and information described in subsection 5.a. above, for Employee's personal gain or in any manner that might be adverse to the interests of Lowe's. Employee agrees that Employee will not remove any such property of Lowe's (including any copies of any documents) from the premises of Lowe's except as Lowe's permits. On or before the Termination Date, Employee will return to Lowe's all such Lowe's property (including any copies of documents) which Employee removed or caused or allowed to be removed from the premises of Lowe's. Employee will not, at any time thereafter, and except as specifically and expressly authorized by Lowe's, use any Lowe's property.

6. Successors and Assigns.

- a. Employee acknowledges and agrees that Employee may not assign or transfer any of the obligations imposed under this Agreement. The obligations of this Agreement will be binding upon Employee and Employee's heirs, assigns, executors, administrators, and legal representatives.
- b. This Agreement will inure to the benefit of and be binding on any successors or assigns of Lowe's.

7. Construction and Enforcement of Agreement.

- a. Employee acknowledges that Lowe's has a legitimate business interest in preventing Employee from taking any actions in violation of the covenants provided in Sections 3, 4 and 5 of this Agreement. Employee further acknowledges that Lowe's would be irreparably harmed if Employee violates any of these covenants or if any of these covenants are not specifically enforced. Accordingly, Employee stipulates that Lowe's will be entitled to (i) injunctive relief for the purpose of restraining Employee from violating those covenants (and no bond or other security will be required in connection therewith); (ii)

specific performance of those covenants; and (iii) recover its reasonable attorneys' fees and costs incurred to enforce the covenants, in addition to any other relief to which Lowe's may be entitled. In the event that such an injunction is entered, the periods established in Sections 4 and 5 will begin on the date of the injunction, rather than on the Termination Date.

- b. This Agreement contains the complete agreement between Lowe's and Employee with respect to the provisions contained herein.
- c. This Agreement may be modified or waived only by a writing signed by both Lowe's and Employee.
- d. Any waiver of a breach of this Agreement will not constitute a waiver of any future breach, whether of a similar or dissimilar nature.
- e. Employee understands and agrees that each provision of this Agreement is a separate and independent clause, and if any clause should be found unenforceable, that will not affect the enforceability of any of the other clauses herein. In the event that any of the provisions of this Agreement should ever be deemed to exceed the time, geographic area, or activity limitations permitted by applicable law, Lowe's and Employee agree that such provisions must be and are reformed to the maximum time, geographic area and activity limitations permitted by the applicable law, and expressly authorize a court having jurisdiction to reform the provisions to the maximum time, geographic area and activity limitations permitted by applicable law.
- f. This Agreement is deemed entered into in the State of North Carolina and will be governed by, and interpreted in accordance with, the laws of the State of North Carolina other than its choice of law provisions. Any dispute arising between the parties related to or involving this Agreement will be litigated in a court in the State of North Carolina and Employee agrees that Employee is subject to the jurisdiction of the courts of the State of North Carolina for purposes of the interpretation and/or enforcement of this Agreement.
- g. Employee acknowledges that Employee has read this entire Agreement, fully understands its terms, and has had ample time to consider its terms. Employee is satisfied with the terms of this Agreement and agrees that its terms are binding upon Employee and Employee's heirs, assigns, executors, administrators and legal representatives.

LOWE'S COMPANIES, INC.

EMPLOYEE

/s/ Marvin Ellison

/s/ David Denton

(Signature)

(Signature)

Marvin Ellison

David Denton

(Print Name)

(Print Name)

RESTRICTED STOCK AWARD AGREEMENT

Non-transferable

GRANT TO

(" Grantee ")

by Lowe's Companies, Inc. (the "Company") of

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

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

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

Percentage of Shares

100%

Date of Vesting

Third Anniversary of Date of Grant

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

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

LOWE'S COMPANIES, INC.

By: _____

Date of Grant: _____

Accepted by Grantee: _____

TERMS AND CONDITIONS

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

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

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

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

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

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

- (a) On the Date of Vesting specified on Page 1;
 - (b) On the date of termination of Grantee’s employment with the Company and its Subsidiaries by reason of Grantee’s death or Disability; or
 - (c) On the date of termination of Grantee’s employment with the Company and its Subsidiaries by the Company without Cause or by Grantee’s resignation for Good Reason, in either case within twelve (12) months after the occurrence of a Change in Control.
4. Delivery of Shares. The Shares will be registered in the name of Grantee as of the Date of Grant and will be held by the Company during the Non-transferable Period in certificated or uncertificated form. If a certificate for Non-transferable Shares is issued during the Non-transferable Period, such certificate shall be registered in the name of Grantee and shall bear a legend in substantially the following form (in addition to any legend required under applicable state securities laws):

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

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

5. Voting and Dividend Rights. Grantee, as beneficial owner of the Shares, shall have full voting and dividend rights with respect to the Shares during and after the Vesting Period and Non-transferable Period. If Grantee forfeits any rights Grantee may have under this Agreement, Grantee shall no longer have any rights as a shareholder with respect to the Shares or any interest therein and Grantee shall no longer be entitled to receive dividends on such Shares. In the event that for any reason Grantee shall have received dividends upon such Shares after such forfeiture, Grantee shall repay to the Company an amount equal to such dividends.
6. Competing Activity. If Grantee engages in any Competing Activity during Grantee’s employment with the Company or a Subsidiary or within 2 years after the termination of Grantee’s employment with the Company and its Subsidiaries for any reason, (i) Grantee shall forfeit all of Grantee’s right, title and interest in and to any Unvested Shares or Non-transferable Shares as of the time of the Grantee’s engaging in such Competing Activity and such Shares shall revert to the Company immediately following such event of forfeiture, and (ii) Grantee shall remit, upon demand by the Company, the “Repayment Amount” (as defined in the following sentence), with respect to any Shares that were granted to Grantee under the terms of the Plan.

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

For purposes of this Agreement, Grantee will be deemed to be engaged in a “Competing Activity” if Grantee, directly or indirectly, owns, manages, operates, controls, is employed by, or participates in as a 5% or greater shareholder, partner, member or joint venturer, in a Competing Enterprise, or engages in, as an independent contractor or otherwise, a Competing Enterprise for himself or on behalf of another person or entity. A “Competing Enterprise” is any business engaged in any market which is a part of the Home Environment 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 Environment 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.; Menard, Inc.; Amazon.com; Best Buy, Inc.; Ace Hardware Corp.; Tractor Supply Co.; Lumber Liquidators Holdings, Inc.; Wayfair.com; Jet.com; and True Value Company.

The Company and its affiliated entities comprise an international, omni-channel provider of goods and services for building, expanding, enhancing, customizing, maintaining, innovating, connecting, and outfitting consumers’ living spaces (“Home Environment Business”). The Company operates retail locations and support facilities and offers products and services to consumers in all 50 states and the District of Columbia. The Company’s Home Environment Business requires a complex sourcing and supply network, multi-channel distribution and delivery systems, innovative information technology resources, and a robust infrastructure support organization. Grantee recognizes and acknowledges that the

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

Nothing contained in this Section 6 shall be interpreted as or deemed to constitute a waiver of, or diminish or be in lieu of, any other rights that the Company or a Subsidiary may possess as a result of Grantee's misconduct or direct or indirect involvement with a business competing with the business of the Company or a Subsidiary.

7. No Solicitation. Grantee agrees that for a period of 2 years following the Grantee's Termination Date, Grantee will not interfere directly or indirectly with any of the Company's relationships with its existing or potential employees, suppliers, customers, or developers.
8. Injunctive Relief. Grantee agrees that the provisions herein are important to and of material consideration to the Company and that the Company considers that monetary damages alone are an inadequate remedy to the Company for any breach of the provisions hereof. Grantee further stipulates that, upon any material breach by Grantee of the provisions herein the Company shall be entitled to injunctive relief against Grantee from a court having personal jurisdiction of Employee. This section shall not be deemed to limit the legal and equitable remedies available to the Company or to limit the nature and extent of any claim by the Company for damages caused by Grantee for breach of this Agreement.
9. No Right of Continued Employment. Nothing in this Agreement shall interfere with or limit in any way the right of the Company or any Subsidiary to terminate Grantee's employment at any time, nor confer upon Grantee any right to continue in the employ of the Company or any Subsidiary.
10. Payment of Taxes.
 - (a) Upon issuance of the Shares hereunder, Grantee may make an election to be taxed upon such award under Section 83(b) of the Code. To effect such election, Grantee may file an appropriate election with Internal Revenue Service within thirty (30) days after award of the Shares and otherwise in accordance with applicable Treasury Regulations.
 - (b) At the end of the Vesting Period, the Company will automatically withhold a number of Shares having a fair market value equal to an amount up to the maximum statutory rate to satisfy federal, state, local and foreign taxes (including Grantee's FICA obligation), *unless* Grantee notifies the Company thirty (30) days prior to the expiration and termination of the Vesting Period that he or she will satisfy his or her tax withholding obligations in cash.
 - (c) In the event Grantee chooses to satisfy Grantee's tax withholding obligations in cash *and* complies with the above notification requirement, Grantee will, no later than the date as of which any amount related to the Shares first becomes includable in Grantee's gross taxable income for federal income tax purposes, pay to the Company, or make other arrangements satisfactory to the Committee regarding payment of, any federal, state and local taxes of any kind (including Grantee's FICA obligation) required by law to be withheld with respect to such amount.

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

11. Amendment. The Committee may amend or terminate this Agreement without the consent of Grantee; provided, however, that such amendment or termination shall not, without Grantee's consent, reduce or

diminish the value of this award determined as if it had been fully vested (i.e., as if all restrictions on the Shares hereunder had expired) on the date of such amendment or termination.

12. Plan Controls. The terms contained in the Plan, including without limitation the antidilution adjustment provisions, are incorporated into and made a part of this Agreement, and this Agreement shall be governed by and construed in accordance with the Plan. In the event of any actual or alleged conflict between the provisions of the Plan and the provisions of this Agreement, the provisions of the Plan shall be controlling and determinative.
13. Successors. This Agreement shall be binding upon any successor of the Company, in accordance with the terms of this Agreement and the Plan.
14. Severability. If any one or more of the provisions contained in this Agreement are invalid, illegal or unenforceable, the other provisions of this Agreement will be construed and enforced as if the invalid, illegal or unenforceable provision had never been included.
15. Notice. Notices and communications under this Agreement must be in writing and either personally delivered or sent by registered or certified United States mail, return receipt requested, postage prepaid. Notices to the Company must be addressed to:

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

Attn: Stock Plan Administration

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

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

PERFORMANCE SHARE UNIT
AWARD AGREEMENT

Non-transferable

GRANT TO

 (“ Grantee ”)

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

(the “ Performance Share Units ”)

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

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

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

LOWE’S COMPANIES, Inc.

By:

Date of Grant:

Accepted by Grantee:

TERMS AND CONDITIONS

1. Grant of Performance Share Units. The Company hereby grants Performance Share Units (the “ Performance Share Units ”), subject to the terms and conditions set forth in the Plan and in this Agreement. The actual number of Performance Share Units earned by the Grantee shall be based on the Company’s achievement of the Performance Objectives as described

in Sections 2 and 3 for the three fiscal year period beginning ____ and ending ____ (the “ Performance Period ”). Capitalized terms used herein and not otherwise defined shall have the meanings assigned to such terms in the Plan.

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

- (a) the Company’s Average Return on Non-Cash Average Assets (“ RONCAA ”) for the Performance Period; and
- (b) the total shareholder return (“ TSR”) with respect to the Company’s Common Stock for the Performance Period relative to the median TSR of the companies comprising the S&P 500 Index at the beginning of the Performance Period.

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

“ RONCAA ” for a fiscal year is determined by dividing:

- (a) the Company’s earnings before interest and taxes for such fiscal year, by
- (b) the average of the Company’s non-cash assets as of the beginning and as of the end of such fiscal year.

For this purpose, non-cash assets means total assets less cash, cash equivalents and short term investments.

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

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

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

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

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

The percentage of RONCAA Performance Share Units earned for Average RONCAA between ___% and ___% or between ___% and ___% shall be determined by linear interpolation.

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

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

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

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

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

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

- (d) Change in Control Prior to Distribution Date. In the event a change in control of the Company (as defined in Section 409A of the Internal Revenue Code) occurs before the Distribution Date, the Performance Share Units shall be earned in accordance with Sections 2 and 3 based on the achievement of the Performance Objectives through the end of the fiscal year quarter ending immediately prior to such change in control. Shares of Common Stock for each whole Performance Share Unit earned shall be distributed to the Grantee as soon as administratively practicable, but in no event later than 30 days following such change in control.
5. No Stockholder Rights. The Performance Share Units shall not entitle the Grantee to any voting, dividend or other rights as a stockholder of the Company until shares of Common Stock are distributed to Grantee in accordance with Section 4.
6. Competing Activity. If Grantee engages in any Competing Activity during Grantee’s employment with the Company or a Subsidiary within two years after the termination of Grantee’s employment with the Company or its Subsidiaries for any reason, (a) Grantee shall forfeit all of Grantee’s right, title and interest in and to any Performance Share Units as of the time of the Grantee’s engaging in such Competing Activity and such Performance Share Units shall revert to the Company immediately following such event of forfeiture, and (b) Grantee shall remit, upon demand by the Company, the “Repayment Amount” with respect to any shares of Common Stock that were granted to Grantee as payment of Performance Share Units under the terms of the Plan. The “Repayment Amount” is the aggregate Fair Market Value of the Common Stock underlying the Performance Share Units at the time of delivery to Grantee. The Repayment Amount shall be payable in cash (which shall include a certified check or bank check), by the tender of shares of Common Stock or by a combination of cash and Common Stock; provided that, regardless of the Fair Market Value of such shares at the time of tender, the tender of the shares shall satisfy the obligation to pay the Repayment Amount for the same number of shares of Common Stock delivered to the Company.

For purposes of this Agreement, Grantee will be deemed to be engaged in a “Competing Activity” if Grantee, directly or indirectly, owns, manages, operates, controls, is employed by, or participates in as a 5% or greater shareholder, partner, member or joint venturer, in a Competing Enterprise, or engages in, as an independent contractor or otherwise, a Competing Enterprise for himself or on behalf of another person or entity. A “Competing Enterprise” is any business engaged in any market which is a part of the Home Environment 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 Environment 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.; Menard, Inc.; Amazon.com; Best Buy, Inc.; Ace Hardware Corp.; Tractor Supply Co.; Lumber Liquidators Holdings, Inc.; Wayfair.com; Jet.com; and True Value Company.

The Company and its affiliated entities comprise an international, omni-channel provider of goods and services for building, expanding, enhancing, customizing, maintaining, innovating, connecting, and outfitting consumers' living spaces (" Home Environment Business "). The Company operates retail locations and support facilities and offers products and services to consumers in all 50 states and the District of Columbia. The Company's Home Environment Business requires a complex sourcing and supply network, multi-channel distribution and delivery systems, innovative information technology resources, and a robust infrastructure support organization. Grantee recognizes and acknowledges that the Company has a legitimate business interest in maintaining its competitive position in a dynamic industry and that restricting Grantee for a reasonable period from performing work for, providing services to, or owning more than a 5% interest in an enterprise which engages in business activities which are in competition with the Company is reasonable and appropriate. Grantee further acknowledges that the Company's business would likely be damaged by Grantee's engaging in competitive work activity during the non-competition period detailed above. Grantee agrees that in Grantee's position with the Company, Grantee was provided access to or helped develop business information proprietary to the Company and that Grantee would inevitably disclose or otherwise utilize such information if Grantee were to work for, provide services to, or own a substantial interest in a Competing Activity during the non-competition period.

Nothing contained in this Section 6 shall be interpreted as or deemed to constitute a waiver of, or diminish or be in lieu of, any other rights that the Company or a Subsidiary may possess as a result of Grantee's misconduct or direct or indirect involvement with a business competing with the business of the Company or a Subsidiary.

7. No Solicitation. Grantee agrees that for a period of 2 years following the Grantee's Termination Date, Grantee will not interfere directly or indirectly with any of the Company's relationships with its existing or potential employees, suppliers, customers, or developers.
 8. Injunctive Relief. Grantee agrees that the provisions herein are important to and of material consideration to the Company and that the Company considers that monetary damages alone are an inadequate remedy to the Company for any breach of the provisions hereof. Grantee further stipulates that, upon any material breach by Grantee of the provisions herein the Company shall be entitled to injunctive relief against Grantee from a court having personal jurisdiction of Employee. This section shall not be deemed to limit the legal and equitable remedies available to the Company or to limit the nature and extent of any claim by the Company for damages caused by Grantee for breach of this Agreement.
 9. No Right of Continued Employment. Nothing in this Agreement shall interfere with or limit in any way the right of the Company or any Subsidiary to terminate Grantee's employment at any time, nor confer upon Grantee any right to continue in the employ of the Company or any Subsidiary.
 10. Payment of Taxes.
 - (a) The Company will automatically withhold a number of shares of Common Stock or Units (as the case may be) having a fair market value equal to an amount up to the maximum statutory rate to satisfy federal, state, local and foreign taxes (including
-

Grantee's FICA obligation), *unless* Grantee notifies the Company thirty (30) days prior to the date such withholding is required that he or she will satisfy his or her tax withholding obligations in cash.

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

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

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

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

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

16. 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.
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Each of the Parties to this Agreement consents to submit to the personal jurisdiction and venue of the North Carolina Superior Court in any action or proceeding arising out of or relating to this Agreement and specifically waives any right to attempt to deny or defeat personal jurisdiction of the North Carolina Superior Court by motion or request for leave from any such court. Each of the Parties further waives any right to seek change of venue from the North Carolina Superior Court due to inconvenient forum or other similar justification and will pay to the other Parties the costs associated with responding to or otherwise opposing any motion or request for such relief.

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

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

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

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

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

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

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

2. **Vesting and Exercise Period in the Event of Death or Disability** . In the event (a) Participant dies while employed by the Company or a Subsidiary or (b) Participant's employment with the Company or a Subsidiary

is terminated due to Participant's Disability, this Option shall become vested and exercisable for all of the number of shares of Common Stock subject to the Option, reduced by the number of shares for which the Option was previously exercised. In such case, Participant's vested Options may be exercised by Participant, or, in the case of Participant's death, by Participant's estate, or the person or persons to whom Participant's rights under this Option shall pass by will or the laws of descent and distribution, during the remainder of the period preceding the Expiration Date.

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

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

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

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

(b) Competing Activity. If Participant engages in any Competing Activity during Participant's employment with the Company or a Subsidiary or within 2 years after the termination of Participant's employment with the Company and its Subsidiaries for any reason (the "Non-Competition Period"), (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 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. Participant agrees that for a period of 2 years following the Participant's Termination Date Employee will not interfere directly or indirectly with any of the Company's relationships with its existing or potential employees, suppliers, customers, or developers.

(d) 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 after-tax proceeds received by Participant upon the exercise of any Option granted under the terms of the Plan. The Repayment Amount shall be payable in cash (which shall include a certified check or bank check), by the tender of shares of Common Stock or by a combination of cash and Common Stock; provided that, regardless of the Fair Market Value of such shares at the time of tender, the tender of the shares shall satisfy the obligation to pay the Repayment Amount for the same number of shares of Common Stock delivered to the Company.

(e) 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

Environment 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 Environment 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.; Menard, Inc.; Amazon.com; Best Buy, Inc.; Ace Hardware Corp.; Tractor Supply Co.; Lumber Liquidators Holdings, Inc.; Wayfair.com; Jet.com; and True Value Company.

The Company and its Subsidiaries comprise an international, omni-channel provider of goods and services for building, expanding, enhancing, customizing, maintaining, innovating, connecting, and outfitting consumers' living spaces (" Home Environment Business "). The Company operates retail locations and support facilities and offers products and services to consumers in all 50 states and the District of Columbia. The Company's Home Environment 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 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 Activity during the non-competition period.

(f) 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 Employee. 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.

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

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

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

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

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

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

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

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

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

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

Exhibit A

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

Attention: Stock Plan Administration

RE: Exercise of Stock Option

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

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

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

Date of Grant: _____
Number of Options to exercise: _____

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

Amount of check: \$ _____

Signature	Date	Sales ID
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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.

CHANGE IN CONTROL AGREEMENT

THIS CHANGE IN CONTROL AGREEMENT (this “Agreement”) is made and entered into as of the ____ day of _____, 20__, by and between LOWE’S COMPANIES, INC., a North Carolina corporation (the “Company”), and _____ (“Executive”).

WHEREAS, the Company desires to enter into this Agreement to (i) assure that the Company will have the continued dedication of Executive, notwithstanding the possibility, threat or occurrence of a Change in Control (as defined below) of the Company, (ii) diminish the inevitable distraction of Executive by virtue of the personal uncertainties and risks created by a pending or threatened Change in Control, (iii) encourage Executive’s full attention and dedication to the Company currently and in the event of any threatened or pending Change in Control, and (iv) provide Executive with compensation and benefits arrangements upon a Change in Control which ensure that the compensation and benefits expectations of Executive will be satisfied and which are competitive with those of other corporations,

NOW THEREFORE, in order to accomplish these objectives, the Company and Executive agree as follows:

1. Effective Date. The “Effective Date” shall mean the first date on which a Change in Control (as defined in Section 2) occurs. Anything in this Agreement to the contrary notwithstanding, if a Change in Control occurs and if Executive’s employment with the Company is terminated prior to the date on which the Change in Control occurs, and if it is reasonably demonstrated by Executive that such termination of employment (i) was at the request of a third party who has taken steps reasonably calculated to effect a Change in Control or (ii) otherwise arose in connection with or anticipation of a Change in Control, then for all purposes of this Agreement the “Effective Date” shall mean the date immediately prior to the date of such termination of employment.

2. Change in Control. For the purposes of this Agreement, a “Change in Control” shall mean:

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

(b) any person becomes a “beneficial owner” (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 25% or more of the combined voting power of the Company’s then outstanding securities eligible to vote for the election of the Board (the

“Company Voting Securities”); provided, however, that the event described in this subparagraph (b) shall not be deemed to be a Change in Control of the Company by virtue of any of the following acquisitions: (i) an acquisition directly by or from the Company or any affiliated companies; (ii) an acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any affiliated companies, (iii) an acquisition by an underwriter temporarily holding securities pursuant to an offering of such securities, (iv) an acquisition pursuant to a Non-Qualifying Transaction (as defined in subparagraph (c) below); or (v) an acquisition by a person solely for purposes of distribution to its equity holders; or

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

3. Employment Period. The Company hereby agrees to continue Executive in its employ, and Executive hereby agrees to remain in the employ of the Company subject to the terms and conditions of this Agreement, for the period commencing on the Effective Date and ending on the second anniversary of such date (the “Employment Period”).

4. Terms of Employment.

(a) Position and Duties.

(i) During the Employment Period, (A) Executive’s position (including status, offices, titles and reporting requirements), authority, duties and responsibilities shall be at least commensurate in all material respects with the most significant of those held, exercised and assigned at any time during the 120-day period immediately preceding (and including) the Effective Date and (B) Executive’s services shall be performed at the location where Executive was employed immediately preceding the Effective Date or any office or location less than 35 miles from such location.

(ii) During the Employment Period, and excluding any periods of vacation and sick leave to which Executive is entitled, Executive agrees to devote reasonable attention and time during normal business hours to the business and affairs of the Company and, to the extent necessary to discharge the responsibilities assigned to Executive hereunder, to use Executive's reasonable best efforts to perform faithfully and efficiently such responsibilities. During the Employment Period it shall not be a violation of this Agreement for Executive to (A) serve on corporate, civic or charitable boards or committees, (B) deliver lectures, fulfill speaking engagements or teach at educational institutions and (C) manage personal investments, so long as such activities do not materially interfere with the performance of Executive's responsibilities as an employee of the Company in accordance with this Agreement. It is expressly understood and agreed that to the extent that any such activities have been conducted by Executive prior to the Effective Date, the continued conduct of such activities (or the conduct of activities similar in nature and scope thereto) subsequent to the Effective Date shall not thereafter be deemed to interfere with the performance of Executive's responsibilities to the Company.

(b) Compensation.

(i) Base Salary. During the Employment Period, Executive shall receive an annual base salary (" Annual Base Salary "), which shall be paid at a monthly rate, at least equal to 12 times the highest monthly base salary paid or payable, including any base salary which has been earned but deferred, to Executive by the Company and its affiliated companies in respect of the 12-month period immediately preceding the month in which the Effective Date occurs. During the Employment Period, the Annual Base Salary shall be reviewed no more than 12 months after the last salary increase awarded to Executive prior to the Effective Date and thereafter at least annually. Any increase in Annual Base Salary shall not serve to limit or reduce any other obligation to Executive under this Agreement. Annual Base Salary shall not be reduced after any such increase and the term Annual Base Salary as utilized in this Agreement shall refer to Annual Base Salary as so increased. As used in this Agreement, the term " affiliated companies " shall include any company controlled by, controlling or under common control with the Company.

(ii) Annual Bonus. In addition to Annual Base Salary, Executive shall be awarded, for each fiscal year ending during the Employment Period, an annual bonus opportunity (the " Annual Bonus ") at least as favorable as that to which Executive would have been entitled under the annual bonus plan of the Company in effect for the last year prior to the Effective Date (annualized in the event that Executive was not employed by the Company for the whole of such fiscal year). Each such Annual Bonus shall be paid in a single lump sum in cash at a time determined by the Company but in no event later than 2-½ months after the end of the fiscal year for which the Annual Bonus is awarded, unless Executive shall elect to defer the receipt of such Annual Bonus.

(iii) Incentive, Savings and Retirement Plans. During the Employment Period, Executive shall be entitled to participate in all incentive, savings and retirement plans, practices, policies and programs applicable generally to other peer executives of the Company and its affiliated companies (" Peer Executives ").

(iv) Welfare Benefit Plans. During the Employment Period, Executive and/or Executive's family, as the case may be, shall be eligible for participation in and shall receive all benefits under the welfare benefit plans, practices, policies and programs provided by the Company and its affiliated companies (including, without limitation, medical, prescription drug, dental, disability, employee life, group life, accidental death and travel accident insurance plans and programs) (" Welfare Plans ") to the extent applicable generally to Peer Executives.

(v) Expenses. During the Employment Period, Executive shall be entitled to receive prompt reimbursement for all reasonable expenses incurred by Executive in accordance with the policies, practices and procedures of the Company and its affiliated companies to the extent applicable generally to Peer Executives.

(vi) Fringe Benefits. During the Employment Period, Executive shall be entitled to fringe benefits in accordance with the plans, practices, programs and policies of the Company and its affiliated companies with respect to Peer Executives.

5. Separation from Service.

(a) Death, Retirement or Disability. Executive's employment shall terminate automatically upon Executive's death or Retirement (pursuant to the definition of Retirement set forth below) during the Employment Period. For purposes of this Agreement, "Retirement" shall mean Executive's voluntary separation from service on or after the later of (i) 90 days after Executive has provided written notice to the Company's corporate secretary of Executive's decision to retire, or (ii) Executive's attainment of age 60 (but shall not include Executive's voluntary termination after Executive has been given notice that he may be terminated for Cause). If the Company determines in good faith that the Disability of Executive has occurred during the Employment Period (pursuant to the definition of Disability set forth below), it may give to Executive written notice in accordance with Section 12(b) of this Agreement of its intention to terminate Executive's employment. In such event, Executive shall separate from service with the Company effective on the 30th day after receipt of such notice by Executive (the "Disability Effective Date"), provided that, within the 30 days after such receipt, Executive shall not have returned to full-time performance of Executive's duties to the reasonable expectations of the Company. For purposes of this Agreement, "Disability" shall mean any illness or other physical or mental condition of Executive that renders Executive incapable of performing Executive's customary and usual duties for the Company, or any medically determinable illness or other physical or mental condition resulting from a bodily injury, disease or mental disorder which, in either case, has lasted or can reasonably be expected to last for at least 180 days out of a period of 365 consecutive days. The Board may require such medical or other evidence as it deems necessary to judge the nature and permanency of Executive's condition.

(b) With or Without Cause. The Company may terminate Executive's employment during the Employment Period with or without Cause. For purposes of this Agreement, "Cause" shall mean:

(i) the willful and continued failure of Executive to perform substantially Executive's duties with the Company (other than any such failure resulting from incapacity due to physical or mental illness and specifically excluding any failure by Executive, after reasonable efforts, to meet performance expectations), after a written demand for substantial performance is delivered to Executive by the Board or the Chief Executive Officer of the Company which specifically identifies the manner in which the Board or Chief Executive Officer believes that Executive has not substantially performed Executive's duties, or

(ii) the willful engaging by Executive in illegal conduct or gross misconduct which is materially and demonstrably injurious to the Company.

For purposes of the definition of Cause, no act or failure to act, on the part of Executive, shall be considered "willful" unless it is done, or omitted to be done, by Executive in bad faith or without reasonable belief that Executive's action or omission was in the best interests of the Company. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or upon the instructions of the Chief

Executive Officer or a senior officer of the Company or based upon the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by Executive in good faith and in the best interests of the Company. The cessation of employment of Executive shall not be deemed to be for Cause unless and until there shall have been delivered to Executive a copy of a resolution duly adopted by the affirmative vote of not less than a majority of the entire membership of the Board at a meeting of the Board called and held for such purpose (after reasonable notice is provided to Executive and Executive is given an opportunity, together with counsel, to be heard before the Board), finding that, in the good faith opinion of the Board, Executive is guilty of the conduct described in subparagraph (i) or (ii) above, and specifying the particulars thereof in detail.

(c) Good Reason. Executive's employment may be terminated by Executive for Good Reason subject to Executive providing a Notice of Termination (as defined below) to the Company within 90 days of the initial existence of the condition giving rise to Good Reason and the Company failing to remedy such condition within 30 days following receipt of such Notice of Termination. For purposes of this Agreement, "Good Reason" shall mean:

(i) the assignment to Executive of any duties inconsistent in any material respect with Executive's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as contemplated by Section 4(a) of this Agreement, or any other action by the Company which results in a material diminution in such position, authority, duties or responsibilities, excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by Executive;

(ii) any failure by the Company to comply with any of the provisions of Section 4(b) of this Agreement, other than an isolated, insubstantial and inadvertent failure not occurring in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by Executive;

(iii) the failure by the Company (A) to continue in effect any compensation plan in which Executive participates as of the Effective Date that is material to Executive's total compensation, unless an equitable arrangement (embodied in an ongoing substitute or alternative plan) has been made with respect to such plan, or (B) to continue Executive's participation therein (or in such substitute or alternative plan) on a basis not materially less favorable, both in terms of the amount of benefits provided and the level of Executive's participation relative to Peer Executives;

(iv) the Company's requiring Executive, without his consent, to be based at any office or location more than 35 miles from the office or location at which Executive was based on the date immediately prior to the Effective Date, or to travel on Company business to a substantially greater extent than required immediately prior to the Effective Date;

(v) any purported termination by the Company of Executive's employment otherwise than as expressly permitted by this Agreement; or

(vi) any failure by the Company to comply with and satisfy Section 11(c) of this Agreement.

(d) Notice of Termination. Any termination by the Company with or without Cause or without Cause (other than in the case of Disability), or by Executive for Good Reason, shall be communicated by Notice of Termination to the other party hereto given in accordance with Section 12(b) of this Agreement. For purposes of this Agreement, a "Notice of Termination" means a written notice which (i) indicates the

specific termination provision in this Agreement relied upon, (ii) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated, (iii) with respect to a termination by the Company, if the Date of Separation from Service (as defined below) is other than the date of receipt of such notice, specifies the termination date (which date shall be not more than 30 days after the giving of such notice), and (iv) with respect to a termination by Executive, the Date of Separation of Service is 30 days after the giving of such notice. If a dispute exists concerning the provisions of this Agreement that apply to Executive's termination of employment (other than a determination of "Cause" which shall be made as provided in Section 5(b)), the parties shall pursue the resolution of such dispute with reasonable diligence. Within 5 days of such a resolution, any party owing any payments pursuant to the provisions of this Agreement shall make all such payments together with interest accrued thereon at the rate provided in Section 1274(b)(2)(B) of the Internal Revenue Code of 1986 (the "Code"). The failure by either party to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Good Reason or Cause shall not waive any right of such party hereunder or preclude such party from asserting such fact or circumstance in enforcing such party's rights hereunder.

(e) Date of Separation from Service. "Date of Separation from Service" means (i) if Executive's employment is terminated for any reason other than death, Retirement or Disability, the date specified in the Notice of Termination, and (ii) if Executive's employment is terminated by reason of death, Retirement or Disability, the Date of Separation from Service shall be the date of death or Retirement of Executive or the Disability Effective Date, as the case may be, provided in each such case, Executive's termination of employment also constitutes a separation from service under Section 409A of the Code.

6. Obligations of the Company upon Separation from Service.

(a) Good Reason; Other Than for Cause, Death or Disability. If, during the Employment Period, the Company shall terminate Executive's employment other than for Cause or Executive's death or Disability or Executive shall separate from service for Good Reason, then in consideration for services rendered by Executive prior to the Date of Separation from Service:

(i) the Company shall pay to Executive in a lump sum in cash within 30 days after the Date of Separation from Service the aggregate of the following amounts:

(A) the sum of (1) Executive's Annual Base Salary through the Date of Separation from Service to the extent not theretofore paid, and (2) any accrued vacation pay to the extent not theretofore paid (the sum of the amounts described in clauses (1) and (2) shall be hereinafter referred to as the "Accrued Obligations"); and

(B) the amount equal to the present value of the continuation of Executive's Base Salary for a period of 2.99 years after the Date of Separation from Service; such present value to be determined by applying a discount rate equal to 120 percent of the applicable federal rate provided in Section 1274(d) of the Code, compounded semi-annually (the "Discount Rate"); and

(C) the amount equal to the present value of 2.99 times the greater of (1) Executive's annual bonus for the year prior to the year in which the Change in Control occurred (the "Prior Year"), or (2) Executive's target annual bonus for the year in which the Change in Control occurred (the "Current Year"); such present value to be determined by applying the Discount Rate and assuming two equal annual payments on each of the first and second anniversaries of the Date of Separation from Service; and

(D) the amount equal to the present value of 2.99 times the annual cost to the Company and Executive of participation in the Welfare Plans described in Section 4(b)(iv) of this Agreement with respect to either the Prior Year or the Current Year, whichever year in which such annual cost was higher; such present value to be determined by applying the Discount Rate and assuming 36 monthly payments beginning on the Date of Separation from Service; and

(ii) to the extent not theretofore paid or provided, the Company shall timely pay or provide to Executive any other amounts or benefits required to be paid or provided or which Executive is eligible to receive under any plan, program, policy or practice or contract or agreement of the Company and its affiliated companies (such other amounts and benefits shall be hereinafter referred to as the “ Other Benefits ”) at the time and in the manner provided in the documentation establishing or describing such Other Benefits.

(b) Death, Retirement or Disability. If Executive’s employment is terminated by reason of Executive’s death, Retirement or Disability during the Employment Period, this Agreement shall terminate without further obligations to Executive or Executive’s legal representatives under this Agreement, other than for payment of Accrued Obligations and the timely payment or provision of Other Benefits. Accrued Obligations shall be paid to Executive or Executive’s estate, as applicable, in a lump sum in cash within 30 days of the Date of Separation from Service. Other Benefits shall be paid at the time and in the manner provided in the documentation establishing or describing such Other Benefits. With respect to the provision of Other Benefits, the term Other Benefits as utilized in this Section 6(b) shall include without limitation, and Executive or Executive’s estate and/or beneficiaries shall be entitled to receive, death, retirement or disability benefits then applicable to Executive.

(c) Cause: Other than for Good Reason. If Executive’s employment shall be terminated for Cause, or if Executive voluntarily separates from service during the Employment Period, excluding a separation from service for Good Reason, this Agreement shall terminate without further obligations to Executive, other than for Accrued Obligations and the timely payment or provision of Other Benefits. In such case, all Accrued Obligations shall be paid to Executive in a lump sum in cash within 30 days of the Date of Separation from Service. Other Benefits shall be paid at the time and in the manner provided in the documentation establishing or describing such Other Benefits.

(d) Special Rule for Specified Employees. Notwithstanding anything in this Agreement to the contrary, if Executive is a specified employee as of the Date of Separation from Service, then to the extent, and only to the extent, necessary to comply with Code Section 409A: (i) if any payment or distribution is payable hereunder in a lump sum, Executive’s right to receive payment or distribution will be delayed until the earlier of Executive’s death or the 7th month following the Date of Separation from Service, and (ii) if any payment, distribution or benefit is payable or provided hereunder over time, the amount of such payment, distribution or benefit that would otherwise be payable or provided during the 6 month period immediately following the Date of Separation from Service will be accumulated, and Executive’s right to receive such accumulated payment, distribution or benefit will be delayed until the earlier of Executive’s death or the seventh month following the Date of Separation from Service and paid or provided on the earlier of such dates, without interest, and the normal payment or distribution schedule for any remaining payments, distributions or benefits will commence. For purposes of this Agreement, Executive shall be a “ specified executive ” during the 12 month period beginning April 1 each year if the Executive met the requirements of Section 416(i)(1)(A)(i), (ii) or (iii) of the Code (applied in accordance with the regulations thereunder and disregarding Section 416(i)(5) of the Code) at any time during the 12 month period ending on the December 31 immediately preceding the Date of Separation from Service.

(e) 280G Provisions. Notwithstanding any other provision of this Agreement or any other plan, arrangement, or agreement to the contrary, if any of the payments or benefits provided or to be provided by the Company to the Executive or for the Executive's benefit pursuant to the terms of this Agreement or otherwise ("Covered Payments") constitute parachute payments ("Parachute Payments") within the meaning of Section 280G of the Code and would, but for this Section 6(e), be subject to the excise tax imposed under Section 4999 of the Code (or any successor provision thereto) or any similar tax imposed by state or local law or any interest or penalties with respect to such taxes (collectively, the "Excise Tax"), then the Covered Payments shall be payable either (i) in full or (ii) after reduction to the minimum extent necessary to ensure that no portion of the Covered Payments is subject to the Excise Tax, whichever of the foregoing (i) or (ii) results in the Executive's receipt on an after-tax basis of the greatest amount of benefits after taking into account the applicable federal, state, local and foreign income, employment and excise taxes (including the Excise Tax), notwithstanding that all or some portion of such benefits may be taxable under the Excise Tax.

Unless the Company and Executive otherwise agree in writing, any determination required under this Section 6(e) shall be made in writing in good faith by a nationally recognized accounting firm (the "Accountants"). In the event of a reduction in Covered Payments hereunder, the reduction of the total payments shall apply as follows, unless otherwise agreed in writing and such agreement is in compliance with Section 409A of the Code: (i) first, any cash severance payments due under this Agreement shall be reduced and (ii) second, any acceleration of vesting of any equity shall be deferred with the tranche that would vest last (without any such acceleration) first deferred. For purposes of making the calculations required by this Section 6(e), the Accountants may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of the Code, and other applicable legal authority. The Company and Executive shall furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make a determination under this Section 6(e). The Company shall bear all costs the Accountants may reasonably incur in connection with any calculations contemplated by this Section 6(e).

If notwithstanding any reduction described in this Section 6(e), the Internal Revenue Service ("IRS") determines that Executive is liable for the Excise Tax as a result of the receipt of the Covered Payments, then Executive shall be obligated to pay back to the Company, within thirty (30) days after a final IRS determination or in the event that Executive challenges the final IRS determination, a final judicial determination a portion of such amounts equal to the "Repayment Amount." The Repayment Amount shall be the smallest such amount, if any, as shall be required to be paid to the Company so that Executive's net after-tax proceeds with respect to any payment of the Covered Payments (after taking into account the payment of the Excise Tax and all other applicable taxes imposed on the Covered Payments) shall be maximized. The Repayment Amount with respect to the payment of Covered Payments shall be zero if a Repayment Amount of more than zero would not result in Executive's net after-tax proceeds with respect to the payment of the Covered Payments being maximized. If the Excise Tax is not eliminated pursuant to this paragraph, Executive shall pay the Excise Tax. Notwithstanding any other provision of this Section 6(e), if (1) there is a reduction in the payment of Covered Payments as described in this Section 6(e), (2) the IRS later determines that Executive is liable for the Excise Tax, the payment of which would result in the maximization of Executive's net after-tax proceeds (calculated as if the Covered Payments had not previously been reduced), and (3) Executive pays the Excise Tax, then the Company shall pay to Executive those Covered Payments which were reduced pursuant to this Section 6(e) contemporaneously or as soon as administratively possible after Executive pays the Excise Tax so that Executive's net after-tax proceeds with respect to the payment of Covered Payments are maximized.

7. Non-exclusivity of Rights. Nothing in this Agreement shall prevent or limit Executive's continuing or future participation in any plan, program, policy or practice provided by the Company or any

of its affiliated companies and for which Executive may qualify, nor, subject to Section 12(f), shall anything herein limit or otherwise affect such rights as Executive may have under any contract or agreement with the Company or any of its affiliated companies. Amounts which are vested benefits or which Executive is otherwise entitled to receive under any plan, policy, practice or program of or any contract or agreement with the Company or any of its affiliated companies at or subsequent to the Date of Separation from Service shall be payable in accordance with such plan, policy, practice or program or contract or agreement except as explicitly modified by this Agreement.

8. Full Settlement; Cost of Enforcement. The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against Executive or others. In no event shall Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to Executive under any of the provisions of this Agreement and such amounts shall not be reduced whether or not Executive obtains other employment. The Company agrees to pay as incurred, to the full extent permitted by law, all legal fees and expenses which Executive may reasonably incur as a result of any contest (regardless of the outcome thereof) by the Company, Executive or others of the validity or enforceability of, or liability under, any provision of this Agreement or any guarantee of performance thereof (including as a result of any contest by Executive about the amount of any payment pursuant to this Agreement).

9. Obligations of the Executive.

(a) Non-Compete. The Company 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 Environment Business"). The Company Home Environment Business requires a complex sourcing and supply network, multi-channel distribution and delivery systems, innovative information technology resources, and a robust infrastructure support organization. Executive recognizes and acknowledges that the Company operates over 1,800 retail locations in all 50 states and the District of Columbia, and has significant internet-based sales to customers spread across the United States. Furthermore, Executive acknowledges that the Company has a legitimate and reasonable business interest in maintaining its competitive position in a dynamic industry and that restricting Executive for a reasonable period from performing work for, or providing services to an enterprise which engages in business activities which are in competition with the Company and would likely cause damage to the Company's business would not unreasonably restrict Executive from engaging in work or business activities. Executive further acknowledges that, in Executive's position with the Company, Executive was provided access to or helped develop business information proprietary to the Company and that Executive would inevitably disclose or otherwise utilize such information if Executive were to work for, or provide services to a Competing Enterprise as defined below during the non-competition period.

(i) Non-Competition Period. Executive agrees that for the later of (1) a period of twenty-four (24) months following the Date of Separation of Service or (2) a period from the Date of Separation of Service through the last date of vesting for any non-vested equity granted Executive under the Company's Long Term Incentive Plan or similar plan (the "Non-Competition Period"), Executive will not directly or indirectly provide or perform services for a Competing Enterprise, as defined below, whether as an employee, consultant, agent, contractor, officer, director or any other capacity. Executive acknowledges that the Non-Competition Period is reasonable in duration under the terms herein.

(ii) Competing Enterprise. Executive acknowledges and agrees that a "Competing Enterprise" is defined as any business: (i) with total annual sales of at least five hundred million dollars (\$500

million USD) with retail locations or distribution facilities in any US State or territory; and (ii) that provides goods and/or services to customers in the United States, through retail or electronic means (internet, mobile application, etc.), that are the same as, substantially similar to, or otherwise in competition with the Company products or services. The term "Competing Business" shall specifically include, but not be limited to, the following entities: The Home Depot, Inc.; Sears Holdings, Inc.; Costco Wholesale Corporation; Wal-Mart Stores, Inc.; Menard, Inc.; Amazon.com, Inc.; Best Buy, Inc.; Ace Hardware Corp.; Tractor Supply Co.; Lumber Liquidators Holdings, Inc.; Wayfair, LLC; Jet.com, Inc.; and True Value Company.

(iii) Access to Proprietary Information. Executive acknowledges that in Executive's position with the Company, Executive was exposed to, and played a crucial role in, 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.

(b) Non-Interference. For the two (2) year period beginning on the Date of Separation from Service, the Executive shall not directly or indirectly (i) solicit or induce any officer, director, regional vice president, district manager, co-manager, store manager, regional human resource manager or regional loss prevention manager of the Company to terminate his or her employment with the Company or (ii) solicit, contact or attempt to influence any vendor or supplier of the Company to limit, curtail, cancel or terminate any business it transacts with the Company.

(c) Confidential Information. The Executive shall hold in a fiduciary capacity for the benefit of the Company all trade secrets, confidential information, and knowledge or data relating to the Company and its businesses, which were obtained by the Executive during the Executive's employment by the Company. The Executive shall not, without the prior written consent of the Company or as may otherwise be required by law or legal process, communicate or divulge any such trade secrets, information, knowledge or data to anyone other than the Company and those designated by the Company.

(d) Whistleblower Protection. Notwithstanding anything herein to the contrary, nothing in this Agreement shall (i) prohibit Executive from making reports of possible violations of federal law or regulation to any governmental agency or entity in accordance with the provisions of and rules promulgated under Section 21F of the Securities Exchange Act of 1934, as amended, or Section 806 of the Sarbanes-Oxley Act of 2002, or of any other whistleblower protection provisions of federal law or regulation, or (ii) require notification or prior approval by the Company of any such report; provided that, Executive is not authorized to disclose communications with counsel that were made for the purpose of receiving legal advice or that contain legal advice or that are protected by the attorney work product or similar privilege. Furthermore, Executive shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of 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, in each case, solely for the purpose of reporting or investigating a suspected violation of law or (2) in a complaint or other document filed in a lawsuit or proceeding, if such filings are made under seal.

10. Enforcement. Executive agrees that in the event of a breach or threatened breach of Executive's obligations under Section 9 of this Agreement, Executive hereby consents and agrees that the Company 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 the event of a breach of Executive's obligations under Section 9 of this Agreement, and in addition to any other legal or equitable relief that the Company may be entitled to, Executive agrees that the Company will be entitled to monetary damages equal to the value of any payments made under Section 6(a)(i)(B) - (D) of this Agreement. Executive agrees that in the event a court of competent jurisdiction determines Executive's obligations under Section 9 of this Agreement are more restrictive than necessary to protect the Company's legitimate business interests, such court may reduce the scope of the restriction(s), or sever and remove the unenforceable provision(s), to the extent necessary to make the restriction(s) enforceable.

11. Successors.

(a) This Agreement is personal to Executive and without the prior written consent of the Company shall not be assignable by Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by Executive's legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns.

(c) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

12. Miscellaneous.

(a) This Agreement shall be governed by and construed in accordance with the laws of the State of North Carolina, without reference to principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. This Agreement may not be amended or modified otherwise than by a written agreement executed by the parties hereto or their respective successors and legal representatives.

(b) All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to Executive:

At the Executive's address of record on file with the Company

If to the Company:

Lowe's Companies, Inc.
1000 Lowe's Boulevard
 Mooresville, North Carolina 28117
Attention: General Counsel

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

(c) The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(d) The Company may withhold from any amounts payable under this Agreement such Federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(e) Executive's or the Company's failure to insist upon strict compliance with any provision of this Agreement or the failure to assert any right Executive or the Company may have hereunder, including, without limitation, the right of Executive to terminate employment for Good Reason pursuant to Section 5(c) of this Agreement, shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

(f) Executive and the Company acknowledge that, except as may otherwise be provided under any other written agreement between Executive and the Company, the employment of Executive by the Company is "at will" and prior to the Effective Date, Executive's employment and/or this Agreement may be terminated by either Executive or the Company at any time prior to the Effective Date, in which case Executive shall have no further rights under this Agreement. From and after the Effective Date this Agreement shall supersede any other agreement between the parties with respect to the subject matter hereof.

IN WITNESS WHEREOF, Executive has hereunto set Executive's hand and, pursuant to the authorization from its Board of Directors, the Company has caused these presents to be executed in its name on its behalf, all as of the day and year first above written.

EXECUTIVE

LOWE'S COMPANIES, INC.

By: _____

Name: Jennifer L. Weber

Title: Chief Human Resources Officer

CHANGE IN CONTROL AGREEMENT

THIS CHANGE IN CONTROL AGREEMENT (this “Agreement”) is made and entered into as of the ____ day of _____, 20__, by and between LOWE’S COMPANIES, INC., a North Carolina corporation (the “Company”), and _____ (“Executive”).

WHEREAS, the Company desires to enter into this Agreement to (i) assure that the Company will have the continued dedication of Executive, notwithstanding the possibility, threat or occurrence of a Change in Control (as defined below) of the Company, (ii) diminish the inevitable distraction of Executive by virtue of the personal uncertainties and risks created by a pending or threatened Change in Control, (iii) encourage Executive’s full attention and dedication to the Company currently and in the event of any threatened or pending Change in Control, and (iv) provide Executive with compensation and benefits arrangements upon a Change in Control which ensure that the compensation and benefits expectations of Executive will be satisfied and which are competitive with those of other corporations,

NOW THEREFORE, in order to accomplish these objectives, the Company and Executive agree as follows:

1. Effective Date. The “Effective Date” shall mean the first date on which a Change in Control (as defined in Section 2) occurs. Anything in this Agreement to the contrary notwithstanding, if a Change in Control occurs and if Executive’s employment with the Company is terminated prior to the date on which the Change in Control occurs, and if it is reasonably demonstrated by Executive that such termination of employment (i) was at the request of a third party who has taken steps reasonably calculated to effect a Change in Control or (ii) otherwise arose in connection with or anticipation of a Change in Control, then for all purposes of this Agreement the “Effective Date” shall mean the date immediately prior to the date of such termination of employment.

2. Change in Control. For the purposes of this Agreement, a “Change in Control” shall mean:

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

(b) any person becomes a “beneficial owner” (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 25% or more of the combined voting power of the Company’s then outstanding securities eligible to vote for the election of the Board (the “Company Voting Securities”); provided, however, that the event described in this subparagraph (b) shall

not be deemed to be a Change in Control of the Company by virtue of any of the following acquisitions: (i) an acquisition directly by or from the Company or any affiliated companies; (ii) an acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any affiliated companies, (iii) an acquisition by an underwriter temporarily holding securities pursuant to an offering of such securities, (iv) an acquisition pursuant to a Non-Qualifying Transaction (as defined in subparagraph (c) below); or (v) an acquisition by a person solely for purposes of distribution to its equity holders; or

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

3. Employment Period. The Company hereby agrees to continue Executive in its employ, and Executive hereby agrees to remain in the employ of the Company subject to the terms and conditions of this Agreement, for the period commencing on the Effective Date and ending on the second anniversary of such date (the "Employment Period").

4. Terms of Employment.

(a) Position and Duties.

(i) During the Employment Period, (A) Executive's position (including status, offices, titles and reporting requirements), authority, duties and responsibilities shall be at least commensurate in all material respects with the most significant of those held, exercised and assigned at any time during the 120-day period immediately preceding (and including) the Effective Date and (B) Executive's services shall be performed at the location where Executive was employed immediately preceding the Effective Date or any office or location less than 35 miles from such location.

(ii) During the Employment Period, and excluding any periods of vacation and sick leave to which Executive is entitled, Executive agrees to devote reasonable attention and time during

normal business hours to the business and affairs of the Company and, to the extent necessary to discharge the responsibilities assigned to Executive hereunder, to use Executive's reasonable best efforts to perform faithfully and efficiently such responsibilities. During the Employment Period it shall not be a violation of this Agreement for Executive to (A) serve on corporate, civic or charitable boards or committees, (B) deliver lectures, fulfill speaking engagements or teach at educational institutions and (C) manage personal investments, so long as such activities do not materially interfere with the performance of Executive's responsibilities as an employee of the Company in accordance with this Agreement. It is expressly understood and agreed that to the extent that any such activities have been conducted by Executive prior to the Effective Date, the continued conduct of such activities (or the conduct of activities similar in nature and scope thereto) subsequent to the Effective Date shall not thereafter be deemed to interfere with the performance of Executive's responsibilities to the Company.

(b) Compensation.

(i) Base Salary. During the Employment Period, Executive shall receive an annual base salary (" Annual Base Salary "), which shall be paid at a monthly rate, at least equal to 12 times the highest monthly base salary paid or payable, including any base salary which has been earned but deferred, to Executive by the Company and its affiliated companies in respect of the 12-month period immediately preceding the month in which the Effective Date occurs. During the Employment Period, the Annual Base Salary shall be reviewed no more than 12 months after the last salary increase awarded to Executive prior to the Effective Date and thereafter at least annually. Any increase in Annual Base Salary shall not serve to limit or reduce any other obligation to Executive under this Agreement. Annual Base Salary shall not be reduced after any such increase and the term Annual Base Salary as utilized in this Agreement shall refer to Annual Base Salary as so increased. As used in this Agreement, the term " affiliated companies " shall include any company controlled by, controlling or under common control with the Company.

(ii) Annual Bonus. In addition to Annual Base Salary, Executive shall be awarded, for each fiscal year ending during the Employment Period, an annual bonus opportunity (the " Annual Bonus ") at least as favorable as that to which Executive would have been entitled under the annual bonus plan of the Company in effect for the last year prior to the Effective Date (annualized in the event that Executive was not employed by the Company for the whole of such fiscal year). Each such Annual Bonus shall be paid in a single lump sum in cash at a time determined by the Company but in no event later than 2-½ months after the end of the fiscal year for which the Annual Bonus is awarded, unless Executive shall elect to defer the receipt of such Annual Bonus.

(iii) Incentive, Savings and Retirement Plans. During the Employment Period, Executive shall be entitled to participate in all incentive, savings and retirement plans, practices, policies and programs applicable generally to other peer executives of the Company and its affiliated companies (" Peer Executives ").

(iv) Welfare Benefit Plans. During the Employment Period, Executive and/or Executive's family, as the case may be, shall be eligible for participation in and shall receive all benefits under the welfare benefit plans, practices, policies and programs provided by the Company and its affiliated companies (including, without limitation, medical, prescription drug, dental, disability, employee life, group life, accidental death and travel accident insurance plans and programs) (" Welfare Plans ") to the extent applicable generally to Peer Executives.

(v) Expenses. During the Employment Period, Executive shall be entitled to receive prompt reimbursement for all reasonable expenses incurred by Executive in accordance with the

policies, practices and procedures of the Company and its affiliated companies to the extent applicable generally to Peer Executives.

(vi) Fringe Benefits. During the Employment Period, Executive shall be entitled to fringe benefits in accordance with the plans, practices, programs and policies of the Company and its affiliated companies with respect to Peer Executives.

5. Separation from Service.

(a) Death, Retirement or Disability. Executive's employment shall terminate automatically upon Executive's death or Retirement (pursuant to the definition of Retirement set forth below) during the Employment Period. For purposes of this Agreement, "Retirement" shall mean Executive's voluntary separation from service on or after the later of (i) 90 days after Executive has provided written notice to the Company's corporate secretary of Executive's decision to retire, or (ii) Executive's attainment of age 60 (but shall not include Executive's voluntary termination after Executive has been given notice that he may be terminated for Cause). If the Company determines in good faith that the Disability of Executive has occurred during the Employment Period (pursuant to the definition of Disability set forth below), it may give to Executive written notice in accordance with Section 12(b) of this Agreement of its intention to terminate Executive's employment. In such event, Executive shall separate from service with the Company effective on the 30th day after receipt of such notice by Executive (the "Disability Effective Date"), provided that, within the 30 days after such receipt, Executive shall not have returned to full-time performance of Executive's duties to the reasonable expectations of the Company. For purposes of this Agreement, "Disability" shall mean any illness or other physical or mental condition of Executive that renders Executive incapable of performing Executive's customary and usual duties for the Company, or any medically determinable illness or other physical or mental condition resulting from a bodily injury, disease or mental disorder which, in either case, has lasted or can reasonably be expected to last for at least 180 days out of a period of 365 consecutive days. The Board may require such medical or other evidence as it deems necessary to judge the nature and permanency of Executive's condition.

(b) With or Without Cause. The Company may terminate Executive's employment during the Employment Period with or without Cause. For purposes of this Agreement, "Cause" shall mean:

(i) the willful and continued failure of Executive to perform substantially Executive's duties with the Company (other than any such failure resulting from incapacity due to physical or mental illness and specifically excluding any failure by Executive, after reasonable efforts, to meet performance expectations), after a written demand for substantial performance is delivered to Executive by the Board or the Chief Executive Officer of the Company which specifically identifies the manner in which the Board or Chief Executive Officer believes that Executive has not substantially performed Executive's duties, or

(ii) the willful engaging by Executive in illegal conduct or gross misconduct which is materially and demonstrably injurious to the Company.

For purposes of the definition of Cause, no act or failure to act, on the part of Executive, shall be considered "willful" unless it is done, or omitted to be done, by Executive in bad faith or without reasonable belief that Executive's action or omission was in the best interests of the Company. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or upon the instructions of the Chief Executive Officer or a senior officer of the Company or based upon the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by Executive in good faith and in the best interests of the Company. The cessation of employment of Executive shall not be deemed to be for Cause

unless and until there shall have been delivered to Executive a copy of a resolution duly adopted by the affirmative vote of not less than a majority of the entire membership of the Board at a meeting of the Board called and held for such purpose (after reasonable notice is provided to Executive and Executive is given an opportunity, together with counsel, to be heard before the Board), finding that, in the good faith opinion of the Board, Executive is guilty of the conduct described in subparagraph (i) or (ii) above, and specifying the particulars thereof in detail.

(c) Good Reason. Executive's employment may be terminated by Executive for Good Reason subject to Executive providing a Notice of Termination (as defined below) to the Company within 90 days of the initial existence of the condition giving rise to Good Reason and the Company failing to remedy such condition within 30 days following receipt of such Notice of Termination. For purposes of this Agreement, "Good Reason" shall mean:

(i) the assignment to Executive of any duties inconsistent in any material respect with Executive's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as contemplated by Section 4(a) of this Agreement, or any other action by the Company which results in a material diminution in such position, authority, duties or responsibilities, excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by Executive;

(ii) any failure by the Company to comply with any of the provisions of Section 4(b) of this Agreement, other than an isolated, insubstantial and inadvertent failure not occurring in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by Executive;

(iii) the failure by the Company (A) to continue in effect any compensation plan in which Executive participates as of the Effective Date that is material to Executive's total compensation, unless an equitable arrangement (embodied in an ongoing substitute or alternative plan) has been made with respect to such plan, or (B) to continue Executive's participation therein (or in such substitute or alternative plan) on a basis not materially less favorable, both in terms of the amount of benefits provided and the level of Executive's participation relative to Peer Executives;

(iv) the Company's requiring Executive, without his consent, to be based at any office or location more than 35 miles from the office or location at which Executive was based on the date immediately prior to the Effective Date, or to travel on Company business to a substantially greater extent than required immediately prior to the Effective Date;

(v) any purported termination by the Company of Executive's employment otherwise than as expressly permitted by this Agreement; or

(vi) any failure by the Company to comply with and satisfy Section 11(c) of this Agreement.

(d) Notice of Termination. Any termination by the Company with or without Cause or without Cause (other than in the case of Disability), or by Executive for Good Reason, shall be communicated by Notice of Termination to the other party hereto given in accordance with Section 12(b) of this Agreement. For purposes of this Agreement, a "Notice of Termination" means a written notice which (i) indicates the specific termination provision in this Agreement relied upon, (ii) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated, (iii) with respect to a termination by the Company, if the Date of Separation from Service (as defined below) is other than the date of receipt of such notice, specifies the

termination date (which date shall be not more than 30 days after the giving of such notice), and (iv) with respect to a termination by Executive, the Date of Separation of Service is 30 days after the giving of such notice. If a dispute exists concerning the provisions of this Agreement that apply to Executive's termination of employment (other than a determination of "Cause" which shall be made as provided in Section 5(b)), the parties shall pursue the resolution of such dispute with reasonable diligence. Within 5 days of such a resolution, any party owing any payments pursuant to the provisions of this Agreement shall make all such payments together with interest accrued thereon at the rate provided in Section 1274(b)(2)(B) of the Internal Revenue Code of 1986 (the "Code"). The failure by either party to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Good Reason or Cause shall not waive any right of such party hereunder or preclude such party from asserting such fact or circumstance in enforcing such party's rights hereunder.

(e) Date of Separation from Service. "Date of Separation from Service" means (i) if Executive's employment is terminated for any reason other than death, Retirement or Disability, the date specified in the Notice of Termination, and (ii) if Executive's employment is terminated by reason of death, Retirement or Disability, the Date of Separation from Service shall be the date of death or Retirement of Executive or the Disability Effective Date, as the case may be, provided in each such case, Executive's termination of employment also constitutes a separation from service under Section 409A of the Code.

6. Obligations of the Company upon Separation from Service.

(a) Good Reason; Other Than for Cause, Death or Disability. If, during the Employment Period, the Company shall terminate Executive's employment other than for Cause or Executive's death or Disability or Executive shall separate from service for Good Reason, then in consideration for services rendered by Executive prior to the Date of Separation from Service:

(i) the Company shall pay to Executive in a lump sum in cash within 30 days after the Date of Separation from Service the aggregate of the following amounts:

(A) the sum of (1) Executive's Annual Base Salary through the Date of Separation from Service to the extent not theretofore paid, and (2) any accrued vacation pay to the extent not theretofore paid (the sum of the amounts described in clauses (1) and (2) shall be hereinafter referred to as the "Accrued Obligations"); and

(B) the amount equal to the present value of the continuation of Executive's Base Salary for a period of two (2) years after the Date of Separation from Service; such present value to be determined by applying a discount rate equal to 120 percent of the applicable federal rate provided in Section 1274(d) of the Code, compounded semi-annually (the "Discount Rate"); and

(C) the amount equal to the present value of two (2) times the greater of (1) Executive's annual bonus for the year prior to the year in which the Change in Control occurred (the "Prior Year"), or (2) Executive's target annual bonus for the year in which the Change in Control occurred (the "Current Year"); such present value to be determined by applying the Discount Rate and assuming two equal annual payments on each of the first and second anniversaries of the Date of Separation from Service; and

(D) the amount equal to the present value of two (2) times the annual cost to the Company and Executive of participation in the Welfare Plans described in Section 4(b)(iv) of this Agreement with respect to either the Prior Year or the Current Year, whichever year in which such annual

cost was higher; such present value to be determined by applying the Discount Rate and assuming 24 monthly payments beginning on the Date of Separation from Service; and

(ii) to the extent not theretofore paid or provided, the Company shall timely pay or provide to Executive any other amounts or benefits required to be paid or provided or which Executive is eligible to receive under any plan, program, policy or practice or contract or agreement of the Company and its affiliated companies (such other amounts and benefits shall be hereinafter referred to as the “Other Benefits”) at the time and in the manner provided in the documentation establishing or describing such Other Benefits.

(b) Death, Retirement or Disability. If Executive’s employment is terminated by reason of Executive’s death, Retirement or Disability during the Employment Period, this Agreement shall terminate without further obligations to Executive or Executive’s legal representatives under this Agreement, other than for payment of Accrued Obligations and the timely payment or provision of Other Benefits. Accrued Obligations shall be paid to Executive or Executive’s estate, as applicable, in a lump sum in cash within 30 days of the Date of Separation from Service. Other Benefits shall be paid at the time and in the manner provided in the documentation establishing or describing such Other Benefits. With respect to the provision of Other Benefits, the term Other Benefits as utilized in this Section 6(b) shall include without limitation, and Executive or Executive’s estate and/or beneficiaries shall be entitled to receive, death, retirement or disability benefits then applicable to Executive.

(c) Cause; Other than for Good Reason. If Executive’s employment shall be terminated for Cause, or if Executive voluntarily separates from service during the Employment Period, excluding a separation from service for Good Reason, this Agreement shall terminate without further obligations to Executive, other than for Accrued Obligations and the timely payment or provision of Other Benefits. In such case, all Accrued Obligations shall be paid to Executive in a lump sum in cash within 30 days of the Date of Separation from Service. Other Benefits shall be paid at the time and in the manner provided in the documentation establishing or describing such Other Benefits.

(d) Special Rule for Specified Employees. Notwithstanding anything in this Agreement to the contrary, if Executive is a specified employee as of the Date of Separation from Service, then to the extent, and only to the extent, necessary to comply with Code Section 409A: (i) if any payment or distribution is payable hereunder in a lump sum, Executive’s right to receive payment or distribution will be delayed until the earlier of Executive’s death or the 7th month following the Date of Separation from Service, and (ii) if any payment, distribution or benefit is payable or provided hereunder over time, the amount of such payment, distribution or benefit that would otherwise be payable or provided during the 6 month period immediately following the Date of Separation from Service will be accumulated, and Executive’s right to receive such accumulated payment, distribution or benefit will be delayed until the earlier of Executive’s death or the seventh month following the Date of Separation from Service and paid or provided on the earlier of such dates, without interest, and the normal payment or distribution schedule for any remaining payments, distributions or benefits will commence. For purposes of this Agreement, Executive shall be a “specified executive” during the 12 month period beginning April 1 each year if the Executive met the requirements of Section 416(i)(1)(A)(i), (ii) or (iii) of the Code (applied in accordance with the regulations thereunder and disregarding Section 416(i)(5) of the Code) at any time during the 12 month period ending on the December 31 immediately preceding the Date of Separation from Service.

(e) 280G Provisions. Notwithstanding any other provision of this Agreement or any other plan, arrangement, or agreement to the contrary, if any of the payments or benefits provided or to be provided by the Company to the Executive or for the Executive’s benefit pursuant to the terms of this Agreement or otherwise (“Covered Payments”) constitute parachute payments (“Parachute Payments”) within the meaning

of Section 280G of the Code and would, but for this Section 6(e), be subject to the excise tax imposed under Section 4999 of the Code (or any successor provision thereto) or any similar tax imposed by state or local law or any interest or penalties with respect to such taxes (collectively, the "Excise Tax"), then the Covered Payments shall be payable either (i) in full or (ii) after reduction to the minimum extent necessary to ensure that no portion of the Covered Payments is subject to the Excise Tax, whichever of the foregoing (i) or (ii) results in the Executive's receipt on an after-tax basis of the greatest amount of benefits after taking into account the applicable federal, state, local and foreign income, employment and excise taxes (including the Excise Tax), notwithstanding that all or some portion of such benefits may be taxable under the Excise Tax.

Unless the Company and Executive otherwise agree in writing, any determination required under this Section 6(e) shall be made in writing in good faith by a nationally recognized accounting firm (the "Accountants"). In the event of a reduction in Covered Payments hereunder, the reduction of the total payments shall apply as follows, unless otherwise agreed in writing and such agreement is in compliance with Section 409A of the Code: (i) first, any cash severance payments due under this Agreement shall be reduced and (ii) second, any acceleration of vesting of any equity shall be deferred with the tranche that would vest last (without any such acceleration) first deferred. For purposes of making the calculations required by this Section 6(e), the Accountants may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of the Code, and other applicable legal authority. The Company and Executive shall furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make a determination under this Section 6(e). The Company shall bear all costs the Accountants may reasonably incur in connection with any calculations contemplated by this Section 6(e).

If notwithstanding any reduction described in this Section 6(e), the Internal Revenue Service ("IRS") determines that Executive is liable for the Excise Tax as a result of the receipt of the Covered Payments, then Executive shall be obligated to pay back to the Company, within thirty (30) days after a final IRS determination or in the event that Executive challenges the final IRS determination, a final judicial determination a portion of such amounts equal to the "Repayment Amount." The Repayment Amount shall be the smallest such amount, if any, as shall be required to be paid to the Company so that Executive's net after-tax proceeds with respect to any payment of the Covered Payments (after taking into account the payment of the Excise Tax and all other applicable taxes imposed on the Covered Payments) shall be maximized. The Repayment Amount with respect to the payment of Covered Payments shall be zero if a Repayment Amount of more than zero would not result in Executive's net after-tax proceeds with respect to the payment of the Covered Payments being maximized. If the Excise Tax is not eliminated pursuant to this paragraph, Executive shall pay the Excise Tax. Notwithstanding any other provision of this Section 6(e), if (1) there is a reduction in the payment of Covered Payments as described in this Section 6(e), (2) the IRS later determines that Executive is liable for the Excise Tax, the payment of which would result in the maximization of Executive's net after-tax proceeds (calculated as if the Covered Payments had not previously been reduced), and (3) Executive pays the Excise Tax, then the Company shall pay to Executive those Covered Payments which were reduced pursuant to this Section 6(e) contemporaneously or as soon as administratively possible after Executive pays the Excise Tax so that Executive's net after-tax proceeds with respect to the payment of Covered Payments are maximized.

7. Non-exclusivity of Rights. Nothing in this Agreement shall prevent or limit Executive's continuing or future participation in any plan, program, policy or practice provided by the Company or any of its affiliated companies and for which Executive may qualify, nor, subject to Section 12(f), shall anything herein limit or otherwise affect such rights as Executive may have under any contract or agreement with the Company or any of its affiliated companies. Amounts which are vested benefits or which Executive is otherwise entitled to receive under any plan, policy, practice or program of or any contract or agreement with

the Company or any of its affiliated companies at or subsequent to the Date of Separation from Service shall be payable in accordance with such plan, policy, practice or program or contract or agreement except as explicitly modified by this Agreement.

8. Full Settlement; Cost of Enforcement. The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against Executive or others. In no event shall Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to Executive under any of the provisions of this Agreement and such amounts shall not be reduced whether or not Executive obtains other employment. The Company agrees to pay as incurred, to the full extent permitted by law, all legal fees and expenses which Executive may reasonably incur as a result of any contest (regardless of the outcome thereof) by the Company, Executive or others of the validity or enforceability of, or liability under, any provision of this Agreement or any guarantee of performance thereof (including as a result of any contest by Executive about the amount of any payment pursuant to this Agreement).

9. Obligations of the Executive.

(a) Non-Compete. The Company 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 Environment Business"). The Company Home Environment Business requires a complex sourcing and supply network, multi-channel distribution and delivery systems, innovative information technology resources, and a robust infrastructure support organization. Executive recognizes and acknowledges that the Company operates over 1,800 retail locations in all 50 states and the District of Columbia, and has significant internet-based sales to customers spread across the United States. Furthermore, Executive acknowledges that the Company has a legitimate and reasonable business interest in maintaining its competitive position in a dynamic industry and that restricting Executive for a reasonable period from performing work for, or providing services to an enterprise which engages in business activities which are in competition with the Company and would likely cause damage to the Company's business would not unreasonably restrict Executive from engaging in work or business activities. Executive further acknowledges that, in Executive's position with the Company, Executive was provided access to or helped develop business information proprietary to the Company and that Executive would inevitably disclose or otherwise utilize such information if Executive were to work for, or provide services to a Competing Enterprise as defined below during the non-competition period.

(i) Non-Competition Period. Executive agrees that for the later of (1) a period of twenty-four (24) months following the Date of Separation of Service or (2) a period from the Date of Separation of Service through the last date of vesting for any non-vested equity granted Executive under the Company's Long Term Incentive Plan or similar plan (the "Non-Competition Period"), Executive will not directly or indirectly provide or perform services for a Competing Enterprise, as defined below, whether as an employee, consultant, agent, contractor, officer, director or any other capacity. Executive acknowledges that the Non-Competition Period is reasonable in duration under the terms herein.

(ii) Competing Enterprise. Executive acknowledges and agrees that a "Competing Enterprise" is defined as any business: (i) with total annual sales of at least five hundred million dollars (\$500 million USD) with retail locations or distribution facilities in any US State or territory; and (ii) that provides goods and/or services to customers in the United States, through retail or electronic means (internet, mobile application, etc.), that are the same as, substantially similar to, or otherwise in competition with the Company products or services. The term "Competing Business" shall specifically include, but not be limited to, the following entities: The Home Depot, Inc.; Sears Holdings, Inc.; Costco Wholesale Corporation; Wal-Mart

Stores, Inc.; Menard, Inc.; Amazon.com, Inc.; Best Buy, Inc.; Ace Hardware Corp.; Tractor Supply Co.; Lumber Liquidators Holdings, Inc.; Wayfair, LLC; Jet.com, Inc.; and True Value Company.

(iii) Access to Proprietary Information. Executive acknowledges that in Executive's position

(iv) with the Company, Executive was exposed to, and played a crucial role in, 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.

(b) Non-Interference. For the two (2) year period beginning on the Date of Separation from Service, the Executive shall not directly or indirectly (i) solicit or induce any officer, director, regional vice president, district manager, co-manager, store manager, regional human resource manager or regional loss prevention manager of the Company to terminate his or her employment with the Company or (ii) solicit, contact or attempt to influence any vendor or supplier of the Company to limit, curtail, cancel or terminate any business it transacts with the Company.

(c) Confidential Information. The Executive shall hold in a fiduciary capacity for the benefit of the Company all trade secrets, confidential information, and knowledge or data relating to the Company and its businesses, which were obtained by the Executive during the Executive's employment by the Company. The Executive shall not, without the prior written consent of the Company or as may otherwise be required by law or legal process, communicate or divulge any such trade secrets, information, knowledge or data to anyone other than the Company and those designated by the Company.

(d) Whistleblower Protection. Notwithstanding anything herein to the contrary, nothing in this Agreement shall (i) prohibit Executive from making reports of possible violations of federal law or regulation to any governmental agency or entity in accordance with the provisions of and rules promulgated under Section 21F of the Securities Exchange Act of 1934, as amended, or Section 806 of the Sarbanes-Oxley Act of 2002, or of any other whistleblower protection provisions of federal law or regulation, or (ii) require notification or prior approval by the Company of any such report; provided that, Executive is not authorized to disclose communications with counsel that were made for the purpose of receiving legal advice or that contain legal advice or that are protected by the attorney work product or similar privilege. Furthermore, Executive shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of 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, in each case, solely for the purpose of reporting or investigating a suspected violation of law or (2) in a complaint or other document filed in a lawsuit or proceeding, if such filings are made under seal.

10. Enforcement. Executive agrees that in the event of a breach or threatened breach of Executive's obligations under Section 9 of this Agreement, Executive hereby consents and agrees that the Company 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 the event of a breach of Executive's obligations under Section 9 of this Agreement, and in addition to any other legal or equitable relief that the Company may be entitled to, Executive agrees that the Company will

be entitled to monetary damages equal to the value of any payments made under Section 6(a)(i)(B) - (D) of this Agreement. Executive agrees that in the event a court of competent jurisdiction determines Executive's obligations under Section 9 of this Agreement are more restrictive than necessary to protect the Company's legitimate business interests, such court may reduce the scope of the restriction(s), or sever and remove the unenforceable provision(s), to the extent necessary to make the restriction(s) enforceable.

11. Successors.

(a) This Agreement is personal to Executive and without the prior written consent of the Company shall not be assignable by Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by Executive's legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns.

(c) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

12. Miscellaneous.

(a) This Agreement shall be governed by and construed in accordance with the laws of the State of North Carolina, without reference to principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. This Agreement may not be amended or modified otherwise than by a written agreement executed by the parties hereto or their respective successors and legal representatives.

(b) All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to Executive:

At the Executive's address of record on file with the Company

If to the Company:

Lowe's Companies, Inc.
1000 Lowe's Boulevard
 Mooresville, North Carolina 28117
Attention: General Counsel

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

(c) The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(d) The Company may withhold from any amounts payable under this Agreement such Federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(e) Executive's or the Company's failure to insist upon strict compliance with any provision of this Agreement or the failure to assert any right Executive or the Company may have hereunder, including, without limitation, the right of Executive to terminate employment for Good Reason pursuant to Section 5(c) of this Agreement, shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

(f) Executive and the Company acknowledge that, except as may otherwise be provided under any other written agreement between Executive and the Company, the employment of Executive by the Company is "at will" and prior to the Effective Date, Executive's employment and/or this Agreement may be terminated by either Executive or the Company at any time prior to the Effective Date, in which case Executive shall have no further rights under this Agreement. From and after the Effective Date this Agreement shall supersede any other agreement between the parties with respect to the subject matter hereof.

IN WITNESS WHEREOF, Executive has hereunto set Executive's hand and, pursuant to the authorization from its Board of Directors, the Company has caused these presents to be executed in its name on its behalf, all as of the day and year first above written.

EXECUTIVE

LOWE'S COMPANIES, INC.

By: _____
Name: _____
Title: _____

LOWE'S COMPANIES, INC.

SEVERANCE PLAN FOR SENIOR OFFICERS

Lowe's Companies, Inc. ("Lowe's") has adopted the Lowe's Companies, Inc. Severance Plan for Senior Officers (the "Plan") as set forth below, in order to provide transitional income and benefits to eligible employees whose employment is terminated in connection with severance events described in this Plan. This Plan is effective as of August 16, 2018 (the "Effective Date") and applies to terminations occurring on and after the Effective Date and prior to a Change in Control (as defined herein).

The Plan is intended to constitute an employee welfare benefit plan under ERISA (as defined below) and shall be interpreted and administered accordingly. This document is intended to be both the plan document and summary plan description ("SPD") for the Plan, and reflects the terms of the Plan in effect as of August 16, 2018. If the Plan is amended, copies of the amendment and an updated version of the SPD can be obtained from the Plan Administrator.

Article 1 – Definitions

As used in the Plan, the following words and phrases and any derivatives thereof will have the meanings set forth below unless the context clearly indicates otherwise.

- 1.1 "Annual Compensation" shall mean the sum of (i) the Eligible Employee's annual base salary (determined immediately prior to the Qualified Termination), and (ii) the Eligible Employee's target annual bonus with respect to the fiscal year in which the Qualified Termination occurs.
- 1.2 "Board" shall mean the Board of Directors of Lowe's.
- 1.3 "Cause" shall mean (i) the Eligible Employee's failure to attempt in good faith to perform the Eligible Employee's duties (other than as a result of physical or mental illness or injury), which failure is not corrected within thirty (30) days following written notice to the Eligible Employee from the Company; (ii) the Eligible Employee's willful misconduct or gross negligence in connection with the performance of the Eligible Employee's duties as an employee or, if applicable, as a member of the Board, which is or could reasonably be expected to be injurious to the Company or any of its affiliates (whether financially, reputationally or otherwise); (iii) a breach by the Eligible Employee of the Eligible Employee's fiduciary duty or duty of loyalty to the Company or any of its affiliates; (iv) the willful performance by the Eligible Employee of any act or acts of dishonesty in connection with or relating to the Company's or any of its affiliates' business or the willful misappropriation (or willful attempted misappropriation) of any of the Company's or any of its affiliates' funds or property; (v) the Eligible Employee's indictment or plea of guilty or nolo contendere to any felony or crime involving moral turpitude; (vi) a material breach of any of the Eligible Employee's obligations under any agreement entered into between

the Eligible Employee and the Company or any of its affiliates, which material breach is not corrected within thirty (30) days following written notice to the Eligible Employee from the Company; or (vii) the Eligible Employee's material breach of the Company's policies or procedures, which breach causes or could reasonably be expected to cause material harm to the Company or its business reputation or to be injurious to the Company or any of its affiliates (whether financially, reputationally or otherwise), which material breach is not corrected within thirty (30) days following written notice to the Eligible Employee from the Company.

The determination as to whether Cause has occurred shall be made by the Company in its sole discretion and, in such case, the Company also may, but shall not be required to, specify the date such Cause occurred (including by determining that a prior termination of employment was for Cause).

- 1.4 “ **Change in Control** ” shall mean (i) individuals who, as of the date of the Effective Date, constitute the Board (the “ Incumbent Directors ”) cease for any reason to constitute at least a majority of the Board, provided that any person becoming a director after the Effective Date and whose election or nomination for election was approved by a vote of at least a majority of the Incumbent Directors then on the Board (either by a specific vote or by approval of Lowe's proxy statement in which such person is named as a nominee for director, without written objection to such nomination) shall be an Incumbent Director; provided, however, that no individual initially elected or nominated as a director of Lowe's as a result of an actual or threatened election contest (as described in Rule 14a-11 under the Exchange Act (“ Election Contest ”) or other actual or threatened solicitation of proxies or consents by or on behalf of any “person” (as such term is defined in Section 3(a)(9) of the Exchange Act and as used in Section 13(d)(3) and 14(d)(2) of the Exchange Act) other than the Board (“ Proxy Contest ”), including by reason of any agreement intended to avoid or settle any Election Contest or Proxy Contest, shall be deemed an Incumbent Director (unless specifically deemed to be an Incumbent Director by a vote of at least a majority of the Incumbent Directors then on the Board); (ii) any person becomes a “beneficial owner” (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of Lowe's securities representing 25% or more of the combined voting power of Lowe's then outstanding securities eligible to vote for the election of the Board (the “ Lowe's Voting Securities ”); provided, however, that the event described in this subparagraph (ii) shall not be deemed to be a Change in Control by virtue of any of the following acquisitions: (a) an acquisition directly by or from Lowe's or any affiliated companies; (b) an acquisition by any employee benefit plan (or related trust) sponsored or maintained by Lowe's or any affiliated companies, (c) an acquisition by an underwriter temporarily holding securities pursuant to an offering of such securities, (d) an acquisition pursuant to a Non-Qualifying Transaction (as defined in subparagraph (iii) below) or (e) an acquisition by a person solely for purposes of distribution to its equity holders; or (iii) the consummation of a reorganization, merger, consolidation, statutory share exchange or similar form of corporate transaction involving Lowe's that requires the approval of the Lowe's shareholders, whether for such transaction or the issuance of securities in the transaction (a “ Reorganization ”), or the sale or other disposition of all or substantially all of Lowe's assets to an entity that is not an affiliate of

Lowe's (a "Sale"), unless immediately following such Reorganization or Sale: (a) more than 60% of the total voting power of (A) the corporation resulting from such Reorganization or the corporation which has acquired all or substantially all of the assets of Lowe's (in either case, the "Surviving Corporation"), or (B) if applicable, the ultimate parent corporation that directly or indirectly has beneficial ownership of 100% of the voting securities eligible to elect directors of the Surviving Corporation (the "Parent Corporation"), is represented by the Lowe's Voting Securities that were outstanding immediately prior to such Reorganization or Sale (or, if applicable, is represented by shares into which such Lowe's Voting Securities were converted pursuant to such Reorganization or Sale), and such voting power among the holders thereof is in substantially the same proportion as the voting power of such Lowe's Voting Securities among the holders thereof immediately prior to the Reorganization or Sale, (b) no person (other than (A) Lowe's, (B) any employee benefit plan (or related trust) sponsored or maintained by the Surviving Corporation or the Parent Corporation, or (C) a person who immediately prior to the Reorganization or Sale was the beneficial owner of 25% or more of the outstanding Lowe's Voting Securities) is the beneficial owner, directly or indirectly, of 25% or more of the total voting power of the outstanding voting securities eligible to elect directors of the Parent Corporation (or, if there is no Parent Corporation, the Surviving Corporation), and (c) at least a majority of the members of the board of directors of the Parent Corporation (or, if there is no Parent Corporation, the Surviving Corporation) following the consummation of the Reorganization or Sale were Incumbent Directors at the time of the Board's approval of the execution of the initial agreement providing for such Reorganization or Sale (any Reorganization or Sale which satisfies all of the criteria specified in (a), (b) and (c) above shall be deemed to be a "Non-Qualifying Transaction").

- 1.5 "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time, and the regulations and rulings issued thereunder.
- 1.6 "Committee" shall mean the Compensation Committee of the Board or its successor committee.
- 1.7 "Company" shall mean Lowe's or the Participating Employer, as applicable.
- 1.8 "Eligible Employee" shall mean a Tier 1 Officer or a Tier 2 Officer.
- 1.9 "ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended, and the regulations and rulings issued thereunder.
- 1.10 "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended from time to time, or any successor thereto, and the applicable rules and regulations thereunder.
- 1.11 "Lowe's" shall mean Lowe's Companies, Inc., a North Carolina corporation, and any successor thereto.
- 1.12 "Notice" shall mean a written notice of termination without Cause and identifying the Termination Date provided to an Eligible Employee by the Company.

- 1.13 “ **Participating Employer** ” shall mean each Subsidiary designated by the Plan Administrator as a Participating Employer.
- 1.14 “ **Plan** ” shall mean the Lowe’s Companies, Inc. Severance Plan for Senior Officers, as set forth in this document and as it may be amended from time to time in accordance with Article 4.2.
- 1.15 “ **Plan Administrator** ” shall mean the Committee or its delegate.
- 1.16 “ **Qualified Termination** ” shall mean with respect to each Eligible Employee, the termination of such Eligible Employee’s employment with the Company by the Company without Cause, provided that transferring an Eligible Employee’s employment, at the direction of Lowe’s or a Participating Employer, as applicable, from Lowe’s to a Participating Employer, from a Participating Employer to Lowe’s, or from one Participating Employer to another Participating Employer shall not constitute a Qualified Termination.
- 1.17 “ **Severance Benefits** ” shall mean the benefits described in Article 3.
- 1.18 “ **Severance Multiple** ” shall mean, in connection with a Qualified Termination: (i) with respect to Tier 1 Officers, two (2); and (ii) with respect to Tier 2 Officers, one (1).
- 1.19 “ **Severance Period** ” shall mean, in connection with a Qualified Termination: (i) with respect to Tier 1 Officers, twenty-four (24) months; and (ii) with respect to Tier 2 Officers, twelve (12) months.
- 1.20 “ **Spouse** ” shall mean the person legally married to an Eligible Employee at the time of his or her incurring a Qualified Termination, determined in accordance with the local law where the Eligible Employee resides. For purposes of the Plan, a domestic partner will also be treated as the Eligible Employee’s surviving Spouse, if an Affidavit of Domestic Partnership was on file with the Company on the date of death.
- 1.21 “ **Subsidiary** ” means a corporation, company or other entity in which Lowe’s has a direct or indirect ownership or other equity interest.
- 1.22 “ **Termination Date** ” shall mean for each Eligible Employee, the official last date at work established by the Company.
- 1.23 “ **Tier 1 Officer** ” shall mean an employee of Lowe’s or a Participating Employer who is designated by the Plan Administrator from time to time as a “Tier 1 Officer.”
- 1.24 “ **Tier 2 Officer** ” shall mean an employee of Lowe’s or a Participating Employer who is designated by the Plan Administrator from time to time as a “Tier 2 Officer.”

Article 2 – Eligibility

- 2.1 Eligibility to Participate. All Eligible Employees will be eligible to participate in the Plan and receive the Severance Benefits subject to the terms and conditions of the Plan.

2.2 Termination of Participation. An individual's participation in the Plan will cease when he or she ceases to be an Eligible Employee or if he or she incurs a Qualified Termination and he or she has received all Severance Benefits due under the Plan as a result of such Qualified Termination.

Article 3 – Benefits

3.1 Entitlement to Benefits.

- (a) *General*. Benefits are payable under this Plan to Eligible Employees who have a Qualified Termination prior to a Change in Control and who satisfy the requirements of this Article 3.
- (b) *Right to Establish Termination Date*. The Company shall have the right to establish a projected Termination Date for an Eligible Employee. The Eligible Employee must remain in active employment with the Company and continue to satisfactorily perform all the duties of his or her position until his or her actual Termination Date in order to be eligible for Severance Benefits unless the Company determines otherwise. Notwithstanding receipt of a Notice, an Eligible Employee will not be entitled to Severance Benefits if he or she takes action or fails to take action prior to the Termination Date that would prevent his or her termination from being a Qualified Termination or that would result in a loss of Severance Benefits under Article 3.3.
- (c) *Release Agreement*. An Eligible Employee who otherwise satisfies the requirements of this Article 3 will be eligible for Severance Benefits described in Article 3.2 only if he or she executes and returns to the Company within such time period as the Company may require a release of claims and restrictive covenants agreement in the form provided by the Company (the “**Release Agreement**”), and does not revoke any portion of the Release Agreement prior to all provisions of the Release Agreement becoming effective (with respect to an Eligible Employee, the time the Release Agreement becomes fully effective, the “**Effective Time**”).
- (d) *No Severance Benefits*. An Eligible Employee will not be entitled to any benefits whatsoever under this Plan if he or she:
 - (i) Experiences a termination of employment other than a Qualified Termination;
 - (ii) Experiences a Qualified Termination on or after a Change in Control;
 - (iii) Fails to continue in active employment with the Company and to satisfactorily perform all duties of his or her position until the actual Termination Date established for such Eligible Employee by the Company unless the Company determines otherwise; or

(iv) Does not validly execute the Release Agreement or the Effective Time does not occur.

3.2 Severance Benefits. Subject to the other provisions of this Article 3, each Eligible Employee who has a Qualified Termination and executes and does not revoke the Release Agreement prior to the Effective Time will be eligible for the following Severance Benefits at the Effective Time:

- (a) An amount equal to the product of the Eligible Employee's Severance Multiple and the Eligible Employee's Annual Compensation, to be paid in equal installments in accordance with the Company's normal payroll practices starting on the first payroll period following the Effective Time and continuing until the expiration of the Eligible Employee's Severance Period.
- (b) For the period beginning on the Termination Date and ending on the earlier of the expiration of the Severance Period and the date the Eligible Employee becomes covered under another employer's health care plan, the Eligible Employee and his or her 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 under the Consolidated Omnibus Budget Reconciliation Act of 1985 (" **COBRA** "), and after which time the Eligible Employee may elect to participate in continuation of coverage pursuant to COBRA for the remaining required coverage period, during which remaining required coverage period the Eligible Employee shall be responsible for the full cost of any continued coverage elected under COBRA. Notwithstanding anything to the contrary in the Plan, if the Company's providing health care coverage continuation under this Article 3.2(b) would violate the nondiscrimination rules applicable to non-grandfathered plans, or would result in the imposition of penalties under the Patient Protection and Affordable Care Act of 2010 or the related regulations and guidance promulgated thereunder (" **PPACA** "), the Company shall have the right to amend this Article 3.2(b) in a manner it determines, in its sole discretion, to comply with the nondiscrimination rules applicable to non-grandfathered plans or to comply with the PPACA.
- (c) Assistance for a period of up to one (1) year from the Termination Date in the 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 for by the Company.

3.3 Termination and Reduction of Severance Benefits.

- (a) If a former Eligible Employee of the Company breaches any term of the Release Agreement or, following the former Eligible Employee's Termination Date, the Company determines that the Eligible Employee's employment could have been

terminated for Cause as of the Termination Date, he or she shall forfeit any unpaid Severance Benefits and shall be required to repay to the Company any paid or provided Severance Benefits, as described in the Release Agreement.

- (b) With respect to Tier 1 Officers only, the Severance Benefits provided under Article 3.2(a) shall be reduced, in whole or in part, by all other salary, bonus, consulting fees or other cash compensation received by or payable to a Tier 1 Officer for services rendered in any capacity to any third party during the Tier 1 Officer's Severance Period with the exception of any compensation received for service on a board of directors on the Termination Date or other similar arrangement that existed on the Termination Date.
- (c) Each Eligible Employee agrees to notify the Company within three (3) business days of obtaining other employment during the Severance Period. Such notification to the Company shall include, (i) with respect to former Tier 1 Officers, the former Tier 1 Officer's salary in the new position, when employment will commence, the amount of any signing bonus, when health insurance with the new employer will commence, and any other information necessary for the Company to calculate any reduction or termination in Severance Benefits under this Plan, and (ii) with respect to each other former Eligible Employee, when health insurance with the new employer will commence.

3.4 Death Before Payment. If an Eligible Employee who satisfies the requirements for benefits under this Article 3 dies after the Effective Time but before he or she receives payment of the entire amount due him or her under this Plan, the Company will pay the remaining Severance Benefits to his or her surviving Spouse, if any, or if there is no surviving Spouse, to his or her estate, in a lump sum as if the Eligible Employee had survived. All lump sum payments described in this Article 3.4 shall be made no later than March 15 of the calendar year following the calendar year in which the death occurs.

3.5 Withholding and Deductions. The Company will make deductions from each payment of Severance Benefits as required by applicable law. The Company will have the right to make deductions from Severance Benefits to satisfy any indebtedness that a former Eligible Employee has to the Company or any of its affiliates as of his or her Termination Date, but a decision by the Company not to reduce Severance Benefits to satisfy such indebtedness shall not constitute a waiver of its claim for such recovery of said indebtedness.

3.6 No Duplication. If the Plan Administrator determines, in its sole discretion, that all or a portion of the benefit payable or previously paid to an Eligible Employee under any other plan, program, employment contract or other agreement with the Company or a Subsidiary (other than payments made under any such plan that is intended to be tax exempt under Code Section 401(a)) is intended to provide severance, salary continuation or other benefits duplicative of the benefits provided under this Plan, the Plan Administrator shall have the right to reduce the Severance Benefits otherwise payable under this Plan to the extent deemed necessary to eliminate any unintended duplication of benefits.

- 3.7 Offset of Legally Required Payments. Regardless of the amount of an Eligible Employee's Severance Benefits under the Plan, such benefits will be reduced by any payments required to be paid by the Company to the Eligible Employee under any federal or state law, including without limitation the Worker Adjustment Retraining Notification Act of 1988, as amended (except unemployment benefits payable in accordance with state law and payment for accrued but unused vacation).
- 3.8 Effect of Federal Excise Tax. Notwithstanding any other provision of the Plan or any other plan, arrangement, or agreement to the contrary, if any of the payments or benefits provided or to be provided by the Company to the Eligible Employee or for the Eligible Employee's benefit pursuant to the terms of the Plan or otherwise (" **Covered Payments** ") constitute parachute payments (" **Parachute Payments** ") within the meaning of Code Section 280G and would, but for this Article 3.8, be subject to the excise tax imposed under Code Section 4999 (or any successor provision thereto) or any similar tax imposed by state or local law or any interest or penalties with respect to such taxes (collectively, the " **Excise Tax** "), then the Covered Payments shall be payable either (i) in full or (ii) after reduction to the minimum extent necessary to ensure that no portion of the Covered Payments is subject to the Excise Tax, whichever of the foregoing (i) or (ii) results in the Eligible Employee's receipt on an after-tax basis of the greatest amount of benefits after taking into account the applicable federal, state, local and foreign income, employment and excise taxes (including the Excise Tax), notwithstanding that all or some portion of such benefits may be taxable under the Excise Tax.

Unless the Company and the Eligible Employee otherwise agree in writing, any determination required under this Article 3.8 shall be made in writing in good faith by a nationally recognized accounting firm (the " **Accountants** "). In the event of a reduction in Covered Payments hereunder, the reduction of the total payments shall be effected in compliance with Code Section 409A. For purposes of making the calculations required by this Article 3.8, the Accountants may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of the Code, and other applicable legal authority. The Company and the Eligible Employee shall furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make a determination under this Article 3.8. The Company shall bear all costs the Accountants may reasonably incur in connection with any calculations contemplated by this Article 3.8.

If notwithstanding any reduction described in this Article 3.8, the Internal Revenue Service (" **IRS** ") determines that an Eligible Employee is liable for the Excise Tax as a result of the receipt of the Covered Payments, then such Eligible Employee shall be obligated to pay back to the Company, within thirty (30) days after a final IRS determination or in the event that such Eligible Employee challenges the final IRS determination, a final judicial determination a portion of such amounts equal to the " **Repayment Amount** ." The Repayment Amount shall be the smallest such amount, if any, as shall be required to be paid to the Company so that the applicable Eligible Employee's net after-tax proceeds with respect to any payment of the Covered Payments (after taking into account the payment of the Excise

Tax and all other applicable taxes imposed on the Covered Payments) shall be maximized. The Repayment Amount with respect to the payment of Covered Payments shall be zero if a Repayment Amount of more than zero would not result in an Eligible Employee's net after-tax proceeds with respect to the payment of the Covered Payments being maximized. If the Excise Tax is not eliminated pursuant to this paragraph, the applicable Eligible Employee shall pay the Excise Tax. Notwithstanding any other provision of this Article 3.8, if (1) there is a reduction in the payment of Covered Payments as described in this Article 3.8, (2) the IRS later determines that an Eligible Employee is liable for the Excise Tax, the payment of which would result in the maximization of such Eligible Employee's net after-tax proceeds (calculated as if the Covered Payments had not previously been reduced), and (3) the Eligible Employee pays the Excise Tax, then the Company shall pay to the applicable Eligible Employee those Covered Payments which were reduced pursuant to this Article 3.8 contemporaneously or as soon as administratively possible after the Eligible Employee pays the Excise Tax so that the Eligible Employee's net after-tax proceeds with respect to the payment of Covered Payments are maximized.

Article 4 – Administration, Amendment And Termination

- 4.1 Administration. The Plan Administrator or its delegate has the exclusive responsibility and complete discretionary authority to control the operation, management and administration of this Plan, with all powers necessary to enable it properly to carry out those responsibilities, including but not limited to, the power to designate any individual as, and remove from any individual the designation of, "Tier 1 Officer" or "Tier 2 Officer," to construe this Plan, to determine eligibility for benefits, to settle disputed claims and to resolve all administrative, interpretive, operational, equitable and other questions that arise under this Plan. The decisions of the Plan Administrator on all matters will be final and binding on all interested parties. To the extent a discretionary power or responsibility under this Plan is expressly assigned to a person or persons by the Plan Administrator, that person or persons will have complete discretionary authority to carry out that power or responsibility and that person's decisions on all matters within the scope of that person's (or those persons') authority will be final and binding on all interested parties.
- 4.2 Amendment and Termination of the Plan. The Plan may be amended or terminated by the Board at any time; provided, however, that, other than as specified in Article 3.2(b), no termination or amendment of the Plan may reduce the Severance Benefits payable under the Plan to an Eligible Employee if the Eligible Employee's termination of employment with the Company has occurred prior to such termination of the Plan or amendment of its provisions.

Article 5 – Source of Benefit Payments

- 5.1 Unfunded Obligation. The obligations of the Company to provide any benefits under this Plan shall be unfunded and unsecured. All Severance Benefits shall be paid solely from the general assets of the Company.

Article 6 – Miscellaneous

- 6.1 ERISA. The Company intends that this Plan constitute a “welfare plan” under ERISA and any ambiguities in this Plan shall be construed to affect that intent.
- 6.2 Severability. If any provision of this Plan shall be held illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining provisions of this Plan, and this Plan shall be construed and enforced as if said illegal and invalid provision had never been included herein.
- 6.3 409A Compliance. Notwithstanding anything herein to the contrary, if this Plan is determined to be subject to Code Section 409A, then this Plan shall be administered such that it complies, at all times, with the requirements of Code Section 409A. The Plan Administrator has the sole discretion to interpret the terms of the Plan and to administer the Plan in such a manner that Code Section 409A is satisfied with respect to any Severance Benefits payable hereunder to the extent it is determined that Code Section 409A applies to the Plan. If the Company (or, if applicable, the successor thereto) determines that all or a portion of the Severance Benefits constitute “deferred compensation” under Code Section 409A and that the Eligible Employee is a “specified employee” of the Company or any successor entity thereto, as applicable, as such term is defined in Code Section 409A(a)(2)(B)(i), then, solely to the extent necessary to avoid the incurrence of the adverse personal tax consequences under Code Section 409A, the timing of the applicable payments shall be delayed until the first payroll date following the six-month anniversary of the Eligible Employee’s “separation from service” (as defined under Code Section 409A) and the Company (or the successor entity thereto, as applicable) shall (A) pay to the Eligible Employee a lump sum amount equal to the sum of the payments that the Eligible Employee would otherwise have received during such six-month period had no such delay been imposed and (B) commence paying the balance of the payments in accordance with the applicable payment schedule set forth in the Plan. For purposes of Code Section 409A, each installment payment provided under the Plan shall be treated as a separate payment. To the extent required by Code Section 409A, any payments to be made to an Eligible Employee upon his or her termination of employment shall only be made upon such Eligible Employee’s separation from service. The Company does not make any representations that the payments and benefits provided under the Plan comply with Code Section 409A and in no event shall the Company be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by the Eligible Employee on account of noncompliance with Code Section 409A. All in-kind benefits provided under this Plan or otherwise to the Eligible Employee shall be provided in accordance with the requirements of Code Section 409A to the extent that such in-kind benefits are subject to Code Section 409A. With regard to any provision herein that provides for in-kind benefits, except as permitted by Code Section 409A, the right to in-kind benefits shall not be subject to liquidation or exchange for another benefit, and the amount of in-kind benefits provided during any taxable year shall not affect the in-kind benefits to be provided in any other taxable year.

- 6.4 Construction. This Plan shall be construed in accordance with ERISA and to the extent ERISA does not preempt state law, with the laws of the State of North Carolina (without giving effect to conflict of law provisions). Headings and subheadings have been added only for convenience of reference and shall have no substantive effect whatsoever. All references to articles shall be to articles of this Plan unless otherwise stated. The masculine pronoun includes the feminine. All references to the singular shall include the plural and all references to the plural shall include the singular.
- 6.5 Nonalienation. No benefit or payment under this Plan shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, levy or charge, and any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, levy upon or charge the same shall be void.
- 6.6 No Employment Rights. Coverage under the Plan will not give any individual the right to be retained in the employment of Lowe's or a Subsidiary, or upon termination any right or interest in the Plan except as provided in the Plan.
- 6.7 No Enlargement of Rights. No person will have any right to or interest in any benefit except as specifically provided in the Plan. The legal status of each Eligible Employee or beneficiary who has a claim to Severance Benefits will be that of a general unsecured creditor of the Company.
- 6.8 Claims Procedures.
- (a) *Submitting a Claim*. If an Eligible Employee has any complaint or claim concerning any aspect of the operation or administration of the Plan, he or she must submit the claim to the Plan Administrator or another person designated by the Plan Administrator. Claims must be submitted in writing (or by such other means as may be permitted by the Plan Administrator) and should include a statement of the relief requested and the reasons the relief should be granted. Claims must be submitted within one (1) year of a claimant's Termination Date. Claimants should include any documentary or other evidence which they believe support the claim.
- (b) *Notification of Denial*. If a claim is denied in whole or in part, the Plan Administrator (or other decision-maker) will send written notice of the decision within ninety (90) days of the date the claim was received. This 90-day period may be extended for an additional ninety (90) days (or other period permitted by ERISA) by written notice from the Plan Administrator (or other decision-maker). If such an extension is necessary, the claimant will be notified prior to the expiration of the initial determination period of the extension, the reasons for the extension and a date by which the Plan Administrator (or other decision-maker) expects to make a decision. Except as otherwise required by ERISA or other applicable law, if the claim is denied in whole or in part, the Plan Administrator (or other decision-maker) shall provide a written notice to the claimant setting for the following:
- (i) The specific reason or reasons for denial;

- (ii) Reference to specific Plan provisions on which the denial is based;
 - (iii) A description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary;
 - (iv) An explanation of the Plan's review procedures and time limits applicable to such procedures, including a statement of the claimant's right to bring a civil action under ERISA following an adverse benefit determination on review; and
 - (v) Any other or different information required by ERISA or other applicable law or regulations.
- (c) *Claims Review Process* . If a claim is denied in whole or in part or if the claimant receives no response to the claim (which such lack of response shall be deemed to be a denial), the claimant may appeal the denial to the Plan Administrator (or other person designated by the Plan Administrator) in writing within sixty (60) days of receipt of written notice of denial or sixty (60) days of the expiration of the 90-day response period without a response. In pursuing the appeal, the claimant should submit all evidence and arguments in favor of the claim in writing. To the extent required by law, the claimant (or his or her authorized representative) shall be permitted to (i) submit written comments, documents, records, and other information relating to the claim and (ii) receive, upon request and free of charge, copies of, and reasonable access to, all documents, records, and other Plan information relevant to the claim. The review will take into account all comments, documents, records and other information submitted by the claimant relating to the claim, without regard to whether such information was submitted or considered in the initial denial. If the Plan Administrator (or other decision-maker) deems it appropriate, a hearing on the claim may be held.
- (d) *Decision on Review* . Except as otherwise required by ERISA, the Plan Administrator (or other decision-maker) will make a decision on review within sixty (60) days of receipt of the request for review, unless special circumstances require an extension of time. If such an extension is required, a decision will be rendered as soon as possible, but not later than 120 days after receipt of the request for review, and the Plan Administrator (or other decision-maker) will furnish written notice of the extension to the claimant before the end of the original 60-day period stating the reasons for the extension and a date by when the Plan Administrator (or other decision-maker) expects to make a decision. The decision on review will be made in writing and will include:
- (i) The specific reason or reasons for the decision;
 - (ii) Specific references to Plan provisions on which the decision is based;

- (iii) A statement that the claimant is entitled to receive, upon request and free of charge, copies of, and reasonable access to, all documents, records and other information relevant to the claim;
 - (iv) A statement describing any voluntary appeal procedures offered by the Plan and the claimant's right to receive information about such procedures;
 - (v) A statement of the claimant's right to bring an action under Section 502(a) of ERISA; and
 - (vi) Any other or different information required by ERISA or other law or regulations.
- (e) *Finality of Interpretations, Determinations and Decisions* . All interpretations, determinations and decisions of the Plan Administrator or other decision-maker with respect to any Plan claim shall be final and conclusive and binding on all interested parties. No legal action to recover benefits under this Plan may be commenced without prior exhaustion of this administrative claim and review procedure, and no legal action to recover benefits under this Plan may be commenced later than two years from the date of the decision on review (or if the claim is deemed denied for any reason, two years from the date that the deemed denial occurred).

Article 7 – ERISA Information About the Plan

- 7.1 Name of Plan . The full name of the Plan is the Lowe's Companies, Inc. Severance Plan for Senior Officers.
- 7.2 Plan Identification No. _____.
- 7.3 Plan Sponsor . Lowe's Companies, Inc., 1000 Lowe's Boulevard, Mooresville, NC 28117.
- 7.4 Employer Identification Number (EIN) for Plan Sponsor . 56-0578072.
- 7.5 Type of Plan . The Plan is an employee welfare benefit plan as defined in ERISA Section 3(1) and a severance pay plan as defined in 29 C.F.R. § 2510.3-2(b).
- 7.6 Type of Administration . Self-administration by plan sponsor.
- 7.7 Funding . The Plan is funded solely by the plan sponsor and the Participating Employers. Benefits under the Plan are paid as needed for the general assets of the plan sponsor and the Participating Employers.
- 7.8 Claims Administration . Lowe's Companies, Inc.
Attn: Vice President, Total Rewards
1000 Lowe's Boulevard
Mooresville, NC 28117
Telephone (704) 758-7000.

7.9 Plan Administration. Lowe's Companies, Inc.
Attn: Vice President, Total Rewards
1000 Lowe's Boulevard
 Mooresville, NC 28117
Telephone (704) 758-7000.

7.10 Agent for Service of Process. General Counsel
Lowe's Companies, Inc.
1000 Lowe's Boulevard
 Mooresville, NC 28117
Telephone (704) 758-7000.

7.11 Plan Year. The Plan Year is the calendar year.

Statement of ERISA Rights

The following statement is required by federal law and regulation.

All participants in the Lowe's Companies, Inc. Severance Plan for Senior Officers are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA). ERISA provides that all plan participants shall be entitled to:

Receive Information about the Plan and Benefits

Specifically, ERISA entitles all plan participants to:

Examine, without charge, at the plan administrator's office and at other specified locations, such as work sites, all documents governing the plan, including insurance contracts and a copy of the latest annual report (Form 5500 Series) filed by the plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.

Obtain, upon written request to the plan administrator, copies of documents governing the operation of the plan, including insurance contracts and copies of the latest annual report (Form 5500 Series) and updated summary plan description. The administrator may make a reasonable charge for the copies.

Receive a summary of the plan's annual financial report. The plan administrator is required by law to furnish each participant with a copy of this summary annual report.

Prudent Actions by Plan Fiduciaries

In addition to creating rights for plan participants, ERISA imposes duties upon the people who are responsible for the operation of the employee benefit plans. The people who operate the plan, called fiduciaries of the plans, have a duty to do so prudently and in the interest of plan

participants and beneficiaries. No one, including your employer, or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a welfare benefit or exercising your rights under ERISA.

Enforce Your Rights

If your claim for a welfare benefit is denied or ignored, in whole or in part, you have a right to know why this was done and have the right to obtain copies of documents relating to the decision, without charge, and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of plan documents or the latest annual report from the plan and do not receive them within 30 days, you may file suit in a federal court. In such a case, the court may require the plan administrator to provide the materials and pay you up to \$110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the administrator. If you have a claim for benefits that is denied or ignored, in whole or in part, you may file suit in a state or federal court. In addition, if you disagree with the plan's decision or lack thereof concerning the qualified status of a domestic relations order or a medical child support order, you may file suit in federal court. If it should happen that plan fiduciaries misuse the plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a federal court. The court will decide who should pay court costs and legal fees. If you are successful the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

Assistance with Your Questions

If you have any questions about your plan, you should contact the plan administrator. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the plan administrator, you should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210.

You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

Executed effective this 16th day of August, 2018.

LOWE'S COMPANIES, INC.

/s/ Jennifer L. Weber

Name: Jennifer L. Weber

Title: Executive Vice President, Human Resources

RETIREMENT AGREEMENT

THIS RETIREMENT AGREEMENT (this “Agreement”), is made and entered into as of the 18th day of June, 2018, by and between LOWE’S COMPANIES, INC., a North Carolina corporation (the “Company”), and ROBERT A. NIBLOCK (the “Executive”).

WITNESSETH:

WHEREAS, the Executive is employed as the President and Chief Executive Officer and serves as the Chairman of the Board of Directors of the Company; and

WHEREAS, the Company and the Executive have negotiated and agreed upon the terms of this Agreement providing for his retirement as an employee and director of the Company and for the ongoing obligations of the parties following the Executive’s retirement.

NOW, THEREFORE, the parties hereby agree as follows:

1. Continued Service; Retirement. The Executive shall continue to serve as the President and Chief Executive Officer and as Chairman of the Board of Directors of the Company until July 2, 2018 (the “Retirement Date”). Upon the Retirement Date, the Executive’s resignation as President and Chief Executive Officer and a director and Chairman of the Board of Directors of the Company shall be effective, and he shall retire and relinquish all positions and responsibilities with the Company and its subsidiaries and affiliates.

2. Obligations of the Company.

(a) Salary and Benefits. For his service to the Company through the Retirement Date, the Executive shall continue to receive his current annual base salary and participate in all of the Company’s incentive compensation and benefit plans and fringe benefit and perquisite programs and shall receive any and all payments and benefits earned thereunder up to and through the Retirement Date. Not in limitation of the immediately preceding sentence, the Company shall pay to the Executive a pro rata portion of the Executive’s annual incentive for the fiscal year in which the Retirement Date occurs based on the portion of the fiscal year the Executive worked through the Retirement Date and the Company’s actual performance through the end of that year, such pro-rated annual incentive to be paid to the Executive on the same date on which annual incentives are paid to other Company executives for such fiscal year.

(b) Unvested Equity Compensation Awards. The Executive’s retirement in accordance with the terms and provisions of this Agreement shall constitute retirement with “the approval of the Board” for purposes of the grant agreements evidencing all unvested nonqualified stock option, restricted stock and performance share unit awards held by the Executive.

(c) Administrative Support. The Company shall provide the Executive secretarial and administrative support at the same level provided to him immediately prior to the Retirement Date for the eighteen (18) month period commencing on the Retirement Date.

(d) Indemnification; Liability Insurance. The Company agrees that if the Executive is made a party, or is threatened to be made a party, to any action, suit or proceeding, whether civil, criminal, administrative or investigative (a “Proceeding”), by reason of the fact the Executive was a director, officer or employee of the Company or was serving at the request of the Company as director, officer, member, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, the Executive shall be indemnified and held harmless by the Company to the fullest extent permitted or

authorized by the Company's articles of incorporation and bylaws and such indemnification shall continue to the Executive even though the Executive has ceased to be a director, member, employee or agent of the Company or other entity and shall inure to the benefit of the Executive's heirs, executors and administrators. The Company shall advance to the Executive all reasonable costs and expenses incurred by the Executive in connection with a Proceeding within twenty (20) days after receipt by the Company of a written request for such advance. Such request, however, must include an undertaking by the Executive to repay the amount of such advance if it shall ultimately be determined the Executive is not entitled to be indemnified against such costs and expenses. The Company further agrees to continue and maintain a directors' and officers' liability insurance policy covering the Executive to the same extent as the Company's directors and officers are covered until such time as suits against the Executive are no longer permitted by law.

3. Obligations of the Executive .

(a) Release . Not earlier than the Retirement Date, and not later than twenty-one (21) days after the Retirement Date (the "Restricted Period"), the Executive will execute and deliver to the Company the general release (the "Release") in the form attached hereto as Exhibit A. The Executive shall have a period of seven (7) days after executing the Release to revoke the Release by providing written notice of revocation given to the Company.

(b) Restrictive Covenants . For a period of twenty-four (24) months following the Retirement Date, the Executive will not:

- (i) directly or indirectly provide or perform any services for a "Competing Enterprise" (as defined below), whether as an employee, consultant, agent, contractor, officer, director or any other capacity; or
- (ii) interfere directly or indirectly with any of the Company's relationships with its existing or potential employees, suppliers, customers or developers.

For purposes of this Agreement, the term "Competing Enterprise" means any business: (A) with total annual sales of at least five hundred million dollars (\$500 million USD) with retail locations or distribution facilities in any state or territory of the United States; and (B) that provides goods or services to customers in the United States, through retail or electronic means (internet, mobile application, etc.), that are the same as, substantially similar to, or otherwise in competition with the Company's products or services, and such term shall include, but not be limited to, the following entities: The Home Depot, Inc.; Sears Holdings, Inc.; Costco Wholesale Corporation; Wal-Mart Stores, Inc.; Menard, Inc.; Amazon.com, Inc.; Best Buy, Inc.; Ace Hardware Corp.; Tractor Supply Co.; Lumber Liquidators Holdings, Inc.; Wayfair, LLC; Jet.com, Inc.; and True Value Company.

(c) Confidential Information . The Executive shall not without limitation in time, disclose to others or use, whether directly or indirectly, any Confidential Information (as hereinafter defined). For purposes of this Agreement, the term "Confidential Information" shall mean information about the Company, its subsidiaries and affiliates or any of their respective clients or customers that was learned by the Executive in the course of his employment by the Company, including (without limitation) any proprietary knowledge, trade secrets, data, formulae, information and client and customer lists and all papers, resumes, and records (including computer records) of the documents containing such Confidential Information, but excludes information (i) which is in the public domain through no unauthorized act or omission of Executive; or (ii) which becomes available to the Executive on a non-confidential basis from a source other than the Company without breach of such source's confidentiality or non-disclosure obligations to the Company. Pursuant to the Defend Trade Secrets Act of 2016 (18 U.S.C. § 1833(b)), the Executive will not be held criminally or civilly liable under any federal or state trade

secret law for the disclosure of a trade secret of the Company that (i) is made (A) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney and (B) solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding. If the Executive files a lawsuit for retaliation by the Company for reporting a suspected violation of law, the Executive may disclose the trade secret to the Executive's attorney and use the trade secret information in the court proceeding, if the Executive (i) files any document containing the trade secret under seal, and (ii) does not disclose the trade secret, except pursuant to court order. Nothing in this Agreement, is intended to conflict with 18 U.S.C. §1833(b) or create liability for disclosures of trade secrets that are expressly allowed by such section. Notwithstanding any provision in any agreement between the Executive and the Company, the Executive may disclose any confidential or non-public information (i) to report possible violations of federal law or regulation to any governmental agency or entity, including but not limited to the Department of Justice, the Securities and Exchange Commission, the United States Congress and any agency Inspector General, or make other disclosures that are protected under the whistleblower provisions of federal law or regulation or (ii) as required by law or order by a court; provided, however, the Executive agrees to notify the Company in advance if the Executive is required to provide information or testimony in connection with any action brought by a nongovernmental or non-regulatory person or entity.

(d) Continuing Cooperation. Until the expiration of the applicable statutes of limitations, the Executive agrees to provide continuing cooperation to the Company in the defense of any asserted or unasserted claims, charges or lawsuits pending against it. Such cooperation shall include, but not be limited to, providing the Company with information, affidavits, deposition testimony or testimony as a witness in any forum. The Executive shall be reimbursed for any reasonable, third-party out of pocket expenses incurred at the Company's request in connection with providing such continuing cooperation .

(e) Enforcement. The Company and the Executive agree that, in the event of the breach or a threatened breach by Executive of any of the provisions of this Section, the Company would suffer irreparable harm and money damages would be an inadequate remedy therefor, and in addition and supplementary to other rights and remedies existing in its favor, the Company shall be entitled to specific performance or injunctive or other equitable relief from a court of competent jurisdiction in order to enforce or prevent any violations of the provisions of this Section hereof. In addition, in the event of an alleged breach or violation by Executive of this Section, (i) the Restricted Period shall be tolled until such breach or violation has been duly cured, and (ii) the Company shall be entitled to recover from the Executive all profit, remuneration or other consideration the Executive gains from breaching the covenant and damages that the Company suffers as a result of the breach.

4. Tax Withholding and Reporting. The Company shall be entitled to withhold from the benefits and payments described herein all income and employment taxes required to be withheld by applicable law.

5. Governing Law; Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of North Carolina. Any claim arising out of or relating to this Agreement shall be instituted in the federal or state courts in the State of North Carolina, and the Executive and the Company hereby consent to the personal and exclusive jurisdiction and venue of such court(s).

6. Entire Agreement. This Agreement constitutes the entire agreement between the parties pertaining to the subject matter contained herein and supersedes any and all prior and contemporaneous agreements, representations, promises, inducements and understandings of the parties. This written

Agreement cannot be varied, contradicted or supplemented by evidence of any prior or contemporaneous oral or written agreements. Moreover, this written Agreement may not be later modified except by a further writing signed by a duly authorized officer of the Company and the Executive.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

LOWE’S COMPANIES, INC.

By: /s/ Ross W. McCanless

/s/ Robert A. Niblock
Robert A. Niblock

GENERAL RELEASE AGREEMENT

1. General Release. In consideration of the benefits provided to the undersigned (the “Executive”) pursuant to that certain Retirement Agreement dated June 18, 2018 by and between LOWE’S COMPANIES, INC. a North Carolina corporation (the “Company”), and the Executive (the “Retirement Agreement”), the Executive hereby irrevocably and unconditionally releases, acquits and forever discharges the Company, as well as each of the Company’s officers, directors, employees, parents, subsidiaries, or related entities and agents (the Company and the Company 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 the Executive’s employment with the Company or the termination of the Executive’s employment with the Company, including, without limitation, all claims asserted or that could be asserted by the Executive against any of the Releasees 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 Age Discrimination in Employment Act, 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, which the Executive now has, owns, or holds, or claims to have, own, or hold, or which the 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.

2. Claims Not Released. This General Release Agreement’s general release provisions exclude the Executive’s rights or claims (a) to accrued or vested benefits under an employee benefit plan or program maintained by the Releasees, (b) for indemnification and insurance as provided for in Section 2(d) of the Retirement Agreement or (c) that may arise after the date of execution of this General Release Agreement, including, but not limited to, claims that may arise under an employee benefit plan or program maintained by the Releasees. Neither does this General Release Agreement interfere with the 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 or to file a complaint under the Older Workers Benefit Protection Act, 29 U.S.C. § 626(f), challenging the validity of this General Release Agreement. However, if the Executive files such a charge, he shall be entitled to no monies, pay, compensation or relief of any type from the Releasees as a result of the charge.

3. Execution and Revocation of Release. The Executive must execute this General Release Agreement, and deliver it to the Company, not earlier than the “Retirement Date” (as defined in the Retirement Agreement) and not later than twenty-one (21) days after the Retirement Date. The Executive may revoke this General Release Agreement at any time during the seven (7) days following the date of his execution of this General Release Agreement. The executed General Release Agreement and any notice of revocation shall be provided to the Chief Legal Officer of the Company by personal delivery or certified mail, return receipt requested, to Lowe’s Companies, Inc., 1000 Lowe’s Boulevard, Mooresville, NC 28117.

IN WITNESS WHEREOF, the Executive has executed this General Release Agreement as of the 2nd day of July, 2018.

/s/ Robert A. Niblock

Robert A. Niblock

RETENTION AGREEMENT

THIS RETENTION AGREEMENT ("*Agreement*"), dated as of July 9, 2018, (the "Effective Date") by and between **Lowe's Companies, Inc., a North Carolina Corporation** (together with its subsidiaries and affiliates, the "*Company*" or "*Lowe's*") and **Mike P. McDermott** ("*Employee*"), and together with the Company, the "*Parties*"),

WITNESSETH:

WHEREAS, the Company desires to retain the employment of Employee during a transition period, and Employee desires to be employed by the Company under the terms and conditions set forth in this Agreement.

NOW, THEREFORE, as an inducement for and in consideration of Employee remaining in the Company's employ through a Retention Period as detailed herein, the Parties agree as follows:

Section 1. Employment At Will. Employee's employment with the Company is "at will" and may be terminated by Employee or the Company at any time and for any reason, subject to the provisions of Sections 3 and 4 below.

Section 2. Position and Duties.

(a) Employee shall continue to serve as an executive of the Company, leading the Merchandizing organization from the Effective Date of this Agreement, until November 6, 2018 (the "Retention Period"). In such position, Employee shall have such authorities, responsibilities and duties customarily exercised by a person holding such position and shall continue to report to the Chief Executive Officer (the "CEO"). During the Retention Period, Employee will be directed by the CEO and will continue at his current rate of compensation and salary grade.

(b) Employee shall devote Employee's full business time, attention and best efforts to the business affairs of the Company and in support of the Company (except during vacations or illness) and will not engage in outside business activities, whether or not such activity is pursued for gain, profit or other pecuniary advantage unless written approval of such activity (and the amount thereof) is obtained from the Company's CEO.

Section 3. Retention Consideration

(a) Should Employee remain actively and continuously employed by the Company from the effective date through the Retention Period, performing his duties to the reasonable expectations of the Company, Employee will be offered a severance payment which includes the following monetary terms:

- i. Severance in the gross amount of 18 months of salary at Employee's last rate of pay (minus applicable withholdings), payable in 12 equal installments; and,
-

- ii. Eligibility for participation in the Company's annual incentive award ("Bonus") program on a *pro rata* basis, under the terms of the Bonus program.

To be eligible to receive the offer of severance, Employee will be required to execute and not revoke a Release of Claims provided by the Company. A copy of the Release of Claims in the form Employee will be required to execute and not revoke in order to be eligible for the severance offer and Bonus eligibility is attached hereto and incorporated herein as Exhibit A.

Section 4. Retention Period. The Retention Period shall begin as of the Effective Date of this Agreement and shall continue for not more than one hundred twenty (120) days - through November 6, 2018. Employee's employment with the Company shall not continue after the conclusion of the Retention Period except by written agreement signed by the CEO of the Company.

Section 5. Termination of Employment.

(a) If the Company terminates Employee's employment without cause at any time prior to the conclusion of the Retention Period, Employee shall be entitled to continued salary and benefits through the conclusion of the Retention Period.

(b) If the Company terminates Employee for "Cause" (as defined below) then from and after the effective date of such termination, the Company shall have no further obligation to pay any salary to Employee, to allow Employee to participate in any annual incentive or bonus program, or to offer Employee any severance payment as detailed above.

"Cause" shall mean: (A) Employee's breach of Employee's obligations under this Agreement; (B) Employee's negligence in the performance or intentional non-performance of Employee's material duties to the Company; (C) Employee's breach of the Company's policies or procedures which causes or is reasonably expected to cause material harm to the Company; (D) Employee's commission of a felony or a crime of moral turpitude; (E) Employee's commission of an act involving dishonesty, fraud, perjury or embezzlement involving the Company; (F) Employee's violation of the laws or rules and regulations to which the business of the Company is subject; (G) Employee's disparagement of Company leadership; (H) Employee's breach of any other Agreement with the Company; or (I) Employee's use of alcohol or drugs in violation of the Company's written policies or procedures.

Section 6. Miscellaneous.

(a) Waiver. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in a writing signed by Employee and an officer of the Company (other than Employee) duly authorized by the CEO to execute such amendment, waiver or discharge.

(b) Successors and Assigns. Employee may not assign Employee's rights or interests under this Agreement. This Agreement shall be binding on and inure to the benefit of the successors and assigns of the Company.

(c) ARBITRATION. EXCEPT FOR CLAIMS FOR INJUNCTIVE RELIEF, PREJUDGMENT OR EQUITABLE REMEDIES, WORKER'S COMPENSATION CLAIMS AND OTHER LEGAL CLAIMS NOT SUBJECT TO BINDING ARBITRATION, ANY AND ALL CLAIMS, DISPUTES OR CONTROVERSIES ARISING OUT OF OR RELATING TO THIS AGREEMENT (INCLUDING, BUT

NOT LIMITED TO EMPLOYEE'S CESSATION OF EMPLOYMENT WITH COMPANY) SHALL BE SETTLED EXCLUSIVELY BY FINAL AND BINDING ARBITRATION BEFORE A NEUTRAL SINGLE ARBITRATOR OF THE AMERICAN ARBITRATION ASSOCIATION ("AAA") PURSUANT TO AAA'S EMPLOYMENT ARBITRATION RULES. ANY ARBITRATION SHALL TAKE PLACE IN OR REASONABLY NEARBY IREDELL COUNTY, NORTH CAROLINA.

(d) GOVERNING LAW; CONSENT TO JURISDICTION. THIS AGREEMENT WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NORTH CAROLINA, WITHOUT GIVING EFFECT TO ANY CHOICE OF LAW OR CONFLICTING PROVISION OR RULE (WHETHER OF THE STATE OF NORTH CAROLINA OR ANY OTHER JURISDICTION) THAT WOULD CAUSE THE LAWS OF ANY JURISDICTION OTHER THAN THE STATE OF NORTH CAROLINA TO BE APPLIED. IN FURTHERANCE OF THE FOREGOING, THE INTERNAL LAW OF THE STATE OF NORTH CAROLINA WILL CONTROL THE INTERPRETATION AND CONSTRUCTION OF THIS AGREEMENT, EVEN IF UNDER SUCH JURISDICTION'S CHOICE OF LAW OR CONFLICT OF LAW ANALYSIS, THE SUBSTANTIVE LAW OF SOME OTHER JURISDICTION WOULD ORDINARILY APPLY. THE PARTIES AGREE THAT ANY COURT ACTION ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT OR EMPLOYEE'S EMPLOYMENT WILL BE HEARD BY A COURT OF COMPETENT JURISDICTION IN IREDELL COUNTY, NORTH CAROLINA.

(e) Entire Agreement. This Agreement sets forth the entire agreement of the Parties in respect of the subject matter contained herein and supersedes all prior agreements, promises, covenants, arrangements, communications, representations or warranties, whether oral or written in respect of the subject matter contained herein.

(f) Withholding Taxes. The Company shall be entitled to withhold from any payment(s) due to Employee hereunder any amounts required to be withheld by applicable tax laws or regulations.

(g) Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

(h) Notice. For the purpose of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given if delivered personally, by overnight courier service, or mailed by registered mail, return receipt requested, postage prepaid, addressed to the respective addresses set forth below, or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon receipt; provided, however, that (i) notices sent by personal delivery or overnight courier shall be deemed given when delivered; and (ii) notices sent by registered mail shall be deemed given three days after the date of deposit in the mail.

If to Employee, to such address as shall most currently appear on the records of the Company.

If to the Company, to: Chief Legal Officer
Lowe's Companies, Inc.
1000 Lowe's Blvd.
 Mooresville, NC 28117

* * *

BOTH PARTIES HAVE READ AND UNDERSTAND SECTION 6(c), WHICH DISCUSSES ARBITRATION. THE PARTIES UNDERSTAND THAT BY SIGNING THIS AGREEMENT, THEY AGREE TO SUBMIT FUTURE CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT, EMPLOYEE'S CESSATION OF EMPLOYMENT, OR THE INTERPRETATION, VALIDITY, CONSTRUCTION, PERFORMANCE, BREACH, OR TERMINATION OF THIS AGREEMENT, TO BINDING ARBITRATION WHICH, EXCEPT AS PROVIDED IN SECTION 6(c), APPLIES TO THE RESOLUTION OF ALL DISPUTES BETWEEN THE PARTIES RELATING TO THE SUBJECT MATTER AND TERMS OF THIS AGREEMENT.

IN WITNESS WHEREOF , the parties have hereunto set their hands and seals the day and year first above written.

LOWE'S COMPANIES, INC.

Mike P. McDermott

By: /s/ Jennifer L. Weber
Name: /s/ Jennifer L. Weber
Title: EVP, Human Resources
Date: July 18, 2018

/s/ Mike P. McDermott

Date: July 18, 2018
Witness: /s/ Lynette Goodwin

Exhibit A

RELEASE AND SEPARATION AGREEMENT

THIS RELEASE AND SEPARATION AGREEMENT (“Agreement”) is made and entered into this the ___ day of _____ 2018, by and between LOWE’S COMPANIES, INC., a North Carolina corporation, its subsidiaries and affiliates (hereinafter referred to as “Lowe’s” or “the Company”), and Mike P. McDermott (“Employee”).

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

1. Termination of Employment. Employee agrees that Employee’s employment with Lowe’s was terminated effective November 6, 2018 (“Termination Date”).

2. Consideration: In consideration of the release of Lowe’s by Employee, Lowe’s agrees to pay Employee Severance Pay, minus applicable withholdings (the “Consideration”) in the gross amount of \$1,087,500.00 to be paid in twelve (12) equal continuous installments of \$90,625.00 on the tenth day of each month or on the next business day if the tenth day is a Saturday, Sunday, or federal holiday (“Payment Due Dates”). Each installment of the Consideration shall be paid in a lump sum minus applicable withholdings, so long as Employee does not revoke the release of ADEA claims as described in Paragraphs 4 and 7(e) of this Agreement.

Employee acknowledges that ninety percent (90%) of the payment identified as the Severance Pay is consideration specifically identified as the consideration for Employee’s release of claims under the Age Discrimination and Employment Act (“ADEA”) as provided in the Older Workers Benefit Protection Act (“OWBPA”). The release of these claims is described more fully in this agreement. Ten percent (10%) of the Severance Pay is specifically identified as the consideration for Employee’s release of non-ADEA claims and other obligations of the Employee detailed herein. Should Employee revoke the release of ADEA claims as described in Paragraphs 4 and 7(e) of this Agreement, Employee will receive twelve (12) equal continuous installments of \$9,062.50 on the Payment Due Dates and forfeit all other payments and other benefits described herein.

(a) Outplacement Assistance: As further consideration for Employee’s release, the Company will make outplacement services available to Employee through a provider chosen by the Company. Such services will not be offered prior to Employee’s execution of the Agreement and any applicable revocation period. The services provided by the vendor and the duration thereof will be at the Company’s discretion.

(b) Annual Incentive Award Eligibility: As additional consideration for Employee’s release, the Company will allow Employee to remain eligible to participate in the 2018 Management Bonus Plan, on a *pro rata* basis. In the event that the performance criteria are met as determined by the Compensation Committee of the Board of Directors, Employee will receive payment at the time bonus payments are made to other participants in the Management Bonus Plan. Employee’s gross bonus payment will be determined based on the performance criteria previously communicated to Employee. Such gross payment will then be calculated on a percentage basis determined by the number of days Employee was employed by the Company during Lowe’s 2018 fiscal year, divided by 365. If Employee revokes Employee’s release of ADEA claims as provided for in Paragraph 4 of this Agreement, eligibility to participate in the Management Bonus Plan or any other annual incentive award program is forfeited.

(c) Installment Payments. If Employee does not timely revoke the Agreement as specified in paragraphs 4 and 7(e), the Employee’s Individual Severance Amount shall be paid in installments as

specified above. If Employee violates this Agreement, as determined by the Company in its reasonable discretion, Employee forfeits any remaining payments of the Employee's Individual Severance Amount. The first installment of the Employee's Individual Severance Amount shall be made on the first Payment Due Date occurring no less than 45 days after the Termination Date, provided that this Agreement has been fully executed and Employee has not revoked the Agreement as described in paragraph 7(e). Subsequent installment payments will be made on the subsequent Payment Due Dates as specified in the Individual Consideration Calculation.

3. No Further Compensation. Employee agrees that the foregoing Consideration shall constitute the entire amount of monetary consideration to which Employee is entitled under this Agreement, that Employee has been paid all compensation owed to Employee during Employee's employment, that Employee is not entitled to any further monetary consideration whatsoever from the Company, that Employee will assume payment of any attorney fees or costs that Employee has incurred in connection with negotiating this Agreement or otherwise related to Employee's employment or separation from employment with Lowe's, and that Employee 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 Employee's execution of this Agreement.

4. Right to Revoke Agreement. **Following Employee's execution and delivery of this Agreement to Lowe's, Employee shall have a 7-day period in which to revoke his release of claims under the Age Discrimination in Employment Act ("ADEA"), as provided in the Older Worker Benefit Protection Act (OWBPA). During this 7-day period, Employee shall exercise this right by delivering written notice of Employee's revocation as specified in paragraph 7(e) below. Lowe's shall not have the right to revoke this Agreement during the 7-day period. In the event that Employee revokes his release of ADEA claims, the remaining terms of this Agreement will remain effective and binding. Following revocation, Employee will be paid 10% of the Severance Amount, in 12 monthly payments.**

5. Confidentiality. Employee acknowledges that, during Employee's employment with Lowe's, Employee 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.

Employee 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 (other than any governmental agency or entity relating to any possible violation of any law or regulation) without first obtaining the written consent of Lowe's. Employee acknowledges and agrees that the duties and obligations under this paragraph 5 will continue for as long as such Confidential Information remains confidential to Lowe's. Employee further acknowledges and agrees that any breach of this paragraph 5 would be a material breach of this Agreement.

6. General Release. Employee covenants and agrees that Employee 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, subsidiaries 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 Employee's employment with Lowe's or the termination of Employee'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 Employee 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 Age Discrimination in Employment Act, Title VII of the Civil Rights Act of 1964, the Equal Pay Act, the Americans with Disabilities Act, the Fair Labor Standards Act, the Employee 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, the Dodd-Frank Act, the Sarbanes-Oxley Act, 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 Employee now has, owns, or holds, or claims to have, own, or hold, or which Employee 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, Employee specifically does not release any right to or claim for payment of 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 Employee Stock Ownership Plan or Lowe's Companies Employee Stock Purchase Plan - Stock Options for Everyone, and, further, no release is given with respect to any claim upon which a whistleblower award may be based.

7. Release Of Claims Under The Age Discrimination In Employment Act. EMPLOYEE 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, Employee acknowledges and agrees to the following:

(a) Employee is not waiving any rights or claims under the Age Discrimination in Employment Act of 1967, as amended, 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) Employee acknowledges that Employee 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 Employee already was entitled.

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

(d) Employee understands that Employee is being provided with a period of 21 days to consider the terms of this release. In the event Employee decides to execute this Agreement in fewer than 21 days (but nevertheless on or after the Termination Date), Employee has done so with the express understanding that Employee has been given and declined the opportunity to consider this release for 21 days. Employee acknowledges that Employee'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 time period.

(e) Employee further understands that Employee may revoke his release of claims under the ADEA at any time during the 7 days following the date of execution of this Agreement. Notice shall be provided to the Chief Legal Officer 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. Employee has read carefully and fully understands all of the provisions and effects of this Agreement, and Employee knowingly and voluntarily chooses to enter into all of the terms set forth in this Agreement.

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

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

(h) Employee is, through this Agreement, releasing the Company from any and all Claims Employee may have against the Company relating to Employee's employment and the termination thereof, including claims arising under the Age Discrimination in Employment Act and the Older Workers Benefit Protection Act. Employee's initials below, following this Paragraph of the Agreement, evidence Employee's understanding and voluntary waiver of all Claims against the Company, including, but not limited to, those pursuant to the Age Discrimination in Employment Act and the Older Workers Benefit Protection Act.

Initials: _____

8. Covenant Not to Sue.

(a) Employee shall 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, Employee shall not authorize or assist any other party to institute a claim, lawsuit, or complaint against any Releasee.

(b) This Agreement does not interfere with Employee's right to file a charge with or participate in an investigation or proceeding conducted by the Equal Employment Opportunity Commission ("EEOC") or the Securities and Exchange Commission ("SEC") or to file a complaint under the Older Workers' Benefit Protection Act, 29 U.S.C. § 626(f), challenging the validity of this Agreement.

(c) Employee represents and warrants that Employee 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 Employee under this agreement is the sole relief Employee is entitled to for the claims released and waived in this agreement. Thus, Employee will not be entitled to recover, and must waive all monetary benefits or recovery, against the Releasees in connection with an EEOC, state, or local agency charge or a representative or class action lawsuit regardless of who brings the charge or lawsuit, except that Employee does not waive any right Employee may have to an award paid by the SEC.

(e) Employee further agrees that if at any time hereafter Employee 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 8(b) above-then a) Employee agrees that Employee will not attack and shall be estopped from attacking the legal validity or sufficiency of this agreement; and b) Employee 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 Employee or on Employee's behalf, Employee will use Employee's best efforts to cause it immediately to be withdrawn and dismissed with prejudice.

Initials: _____

9. No Assignment Of Rights Under Agreement; Indemnification. Employee 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 Employee 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, Employee 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.

10. No Improper Actions or Omissions. Employee represents and warrants that Employee has no knowledge of any improper or illegal actions, misstatements or omissions by the Company, is not aware of any facts or evidence that could give rise to such a claim, nor does Employee 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. Employee further represents and warrants that Employee has fulfilled Employee's duties to the Company to the best of Employee's abilities and in a reasonable and prudent manner, and that Employee has not knowingly engaged, directly or indirectly, in any actions or omissions that could be perceived as improper or unlawful, nor has Employee failed to report any such actions or omissions to the Company.

Employee affirms that Employee has no information concerning any conduct involving the Company that Employee has any reason to believe may be unlawful or that involves any false claims to the United States. Employee promises to cooperate fully in any investigation the Company undertakes into matters that occurred during Employee's employment with the Company. Employee understands that nothing in this Agreement prevents Employee 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, Employee hereby irrevocably assigns to the U.S. government any right Employee 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 Employee does not assign any award paid by the SEC to which Employee may be entitled.

11. Payment by Lowe's. Employee acknowledges that, from the gross amount of the Consideration, Lowe's shall withhold all amounts required by appropriate taxing authorities, and that Lowe's shall issue the appropriate W-2 form or other appropriate tax forms to Employee. The Company will make payment of the Consideration via Direct Deposit to the Employee's account as previously designated by Employee.

Employee expressly acknowledges that the Company has made no representations to Employee regarding the tax consequences of the Consideration received pursuant to this Agreement, and that the amount likely will be considered to be taxable income and subject to disclosure to the appropriate

taxing authorities. Employee agrees that Employee 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 Consideration. Employee agrees that in the event it should be subsequently determined that withholding or payment of taxes on any amounts received by Employee under this Agreement, or any part thereof, should have been made, Employee 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.

12. Consultation with Attorney. Employee acknowledges and agrees that Employee 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.

13. Injunctive Relief. Lowe's and Employee 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 thereof. Employee further stipulates that, upon any material breach by Employee of the provisions herein Lowe's shall be entitled to injunctive relief against Employee from a court having personal jurisdiction of Employee. 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 Employee for breach of this Agreement.

14. Non-Compete 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 Environment Business"). Lowe's Home Environment Business requires a complex sourcing and supply network, multi-channel distribution and delivery systems, innovative information technology resources, and a robust infrastructure support organization. Employee recognizes and acknowledges that Lowe's operates over 1,800 retail locations in all 50 states and the District of Columbia, and has significant internet-based sales to customers spread across the United States. Furthermore, Employee acknowledges that the Company has a legitimate and reasonable business interest in maintaining its competitive position in a dynamic industry and that restricting employee for a reasonable period from performing work for, or providing services to an enterprise which engages in business activities which are in competition with Lowe's would likely cause damage to Lowe's business. Employee further acknowledges that, in Employee's position with Lowe's, Employee was provided access to or helped develop business information proprietary to Lowe's and that Employee would inevitably disclose or otherwise utilize such information if Employee were to work for, or provide services to a Competing Enterprise as defined below during the non-competition period.

(a) Non-Competition Period: Employee agrees that for a period of twenty-four (24) months following the termination date (the "Non-Competition Period"), Employee will not directly or indirectly provide or perform services similar to those that Employee provided or performed for the Company for a Competing Enterprise, as defined below, whether as an employee, consultant, agent, contractor, officer, director or any other capacity.

(b) Competing Enterprise: Employee acknowledges and agrees that a "Competing Enterprise" is defined as any business: (i) with total annual sales of at least five hundred million dollars (\$500 million USD) with retail locations or distribution facilities in any US State or territory; and (ii) that provides goods and/or services to customers in the United States, through retail or electronic means (internet, mobile application, etc.), that are the same as, substantially similar to, or otherwise in competition with Lowe's products or services. The term "Competing Business" shall specifically include, but not be limited to, the

following entities: The Home Depot, Inc.; Walmart, Inc.; Target Corp.; Sears Holdings, Inc.; Menard, Inc.; Amazon.com, Inc.; Best Buy, Inc.; Ace Hardware Corp.; Tractor Supply Co.; Lumber Liquidators Holdings, Inc.; Wayfair, LLC; Jet.com, Inc.; and, True Value Company.

(c) Access to Proprietary Information: Employee acknowledges that in Employee's position with Lowe's, Employee was exposed to, and played a crucial role in, 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, Employee 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.

(d) Enforcement: Employee agrees that in the event of a breach or threatened breach of this Non-Compete section, Employee hereby consents and agrees that Lowe's 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 the event of a breach of the Non-Compete provision, and in addition to any other legal or equitable relief that Lowe's may be entitled to, Employee agrees that Lowe's will be entitled to monetary damages equal to the Consideration referenced in paragraph 2. Employee agrees that in the event a court of competent jurisdiction determines the Non-competition Period or activities prohibited herein are more restrictive than necessary to protect Lowe's legitimate business interests, such court may reduce the scope of the restriction, or sever and remove the unenforceable provision, to the extent necessary to make the restriction enforceable.

15. No Future Employment with Lowe's. By this Agreement, the parties seek an unequivocal, complete and final dissolution of their relationship, and in furtherance of this objective, Employee agrees that Employee will not now or at any time in the future seek reinstatement or reemployment with Lowe's, as a contractor or vendor for Lowe's, or on the premises of Lowe's. Employee acknowledges that should Employee apply for employment or otherwise become employed by Lowe's the fact of this Agreement shall serve as the sole, legitimate, non-discriminatory and non-retaliatory reason for the termination of such employment. Employee further acknowledges that should Employee become employed by Lowe's, this Agreement requires that Employee notify Lowe's of such employment immediately.

16. Non-Interference/No Solicitation. Employee agrees that for a period of 2 years following the Termination Date, Employee will not interfere directly or indirectly with any of Lowe's relationships with its existing or potential employees, suppliers, customers, or developers. The Company agrees that it will not intentionally impair Employee's present or future employment relationships.

17. Further Continuing Duties. Employee shall fully cooperate with the Company in its defense or prosecution of litigation, administrative charges or hearings and related matters with respect to issues arising during Employee's tenure with the Company, as may be required by the Company in connection with any formal or informal state and/or federal administrative, governmental or judicial matter or investigation by or of the Company. Employee agrees that the consideration paid under this agreement shall compensate Employee for Employee's time spent in connection with these matters, and Employee shall be entitled only to reasonable costs (for meals, travel, lodging, etc.) incurred in connection therewith.

18. Non-Disparagement. Employee 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. This paragraph 18 does not restrict or qualify the Employee's ability to provide information to or cooperate with the SEC regarding actual or potential claims against Releasees.

19. No Encouragement of Claims Against The Company. Except as may be required by court order or subpoena, Employee represents and warrants that Employee will not volunteer testimony or cooperation to any other individual or entity with respect to actual or potential claims against the Releasees, and Employee will not, directly or indirectly, encourage any individual or entity to assert any claim against the Releasees. Employee agrees that Employee will notify counsel for Lowe's in writing within 5 calendar days of being contacted by any individual or entity seeking Employee's cooperation in this regard. This provision is not meant to preclude Employee from testifying truthfully pursuant to a proper subpoena issued by a court of competent jurisdiction, nor is it intended to preclude Employee 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 Employee's ability to provide information to or cooperate with the SEC regarding actual or potential claims against Releasees, nor does this provision obligate Employee to notify Lowe's in the event the SEC contacts Employee seeking Employee's cooperation.

20. Return of Company Property, Company Computers, Network and Data. Employee represents and warrants that Employee has returned or will return within 7 days of Employee's execution of this Agreement, any and all property, information, data or documents belonging to the Company, including any copies or summaries currently in Employee's possession, custody, or control, regardless of location. Employee acknowledges that Employee 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.

Employee represents and warrants that Employee has complied with Lowe's IT policies at all times during Employee's employment. Employee agrees that Employee has not and will not: access any Company computer system, equipment, data, website, application or program (collectively, "Computer Service") without authorization; access or use a computer system to obtain or cause the disruption or degradation of any Company Computer Service; deny or cause the denial of any Company Computer Service to an authorized user; tamper with, take, alter, or damage any Company Computer Service. Employee acknowledges that accessing, tampering with or disrupting Company's Computer Services may constitute criminal activity under Federal and State law, including the Computer Fraud and Abuse Act and the Stored Communications Act.

21. Default and Notice. In the event Lowe's fails to make any payment due under the provisions of this Agreement, Employee 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 default. 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 Chief Legal Officer, a position held currently by Ross W. McCanless, at the following address:

Chief Legal Officer
Lowe's Companies, Inc.
1000 Lowe's Boulevard
 Mooresville, NC 28117

22. Compliance with Section 409A.

(a) For purposes of any payments to be made or benefits to be provided under this Agreement upon termination of employment to which Section 409A of the Internal Revenue Code (“Section 409A”) applies, the Termination Date shall have the same meaning as “separation from service” under Section 409A (and any regulations thereunder).

(b) In the event Employee is a “specified employee” within the meaning of Section 409A (as determined by the Company or its delegate), any payments hereunder subject to Section 409A that are payable upon the Employee’s termination of employment shall not be paid or provided until the expiration of the 6-month period following the Termination Date. Any payments that are delayed by virtue of this subparagraph shall (i) be paid in one payment at the conclusion of the 6-month delay period and (ii) include interest on such amounts (calculated using a reasonable rate of interest determined by the Company) for the period that payment was delayed.

(c) Any required reimbursements to which Section 409A applies shall be paid to the Employee no later than the last day of the calendar year following the year in which the underlying expense was incurred by Employee and the amount of expenses eligible for reimbursement or in-kind benefits provided during any year may (to the extent required under Section 409A or any regulations thereunder) not affect the expenses so eligible in any other year.

(d) For any amount that is to be paid in two or more installments, each installment shall, to the extent Section 409A is applicable, be treated as a separate payment.

(e) To the extent applicable, this Agreement is intended to comply with the distribution and other requirements under Section 409A of the Internal Revenue Code. For any payments or reimbursements to be made (or in-kind benefits to be provided) under this Agreement that are subject to Section 409A, the Agreement shall, to the maximum extent possible, be interpreted and applied consistent with Section 409A (and any regulations thereunder).

23. 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.

24. Electronic Records. You agree 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 parties.

25. Whole Agreement, Amendment and Severability. This Agreement, Employee’s Individualized Consideration Calculation, and any addendum referenced herein, contain 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. Employee 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.

26. Governing Law; Venue. The interpretation and enforcement of this Agreement shall be governed by the internal laws and judicial decisions of the State of North Carolina, without regard to any principles of conflicts of laws.

Each of the parties to this Agreement consents to submit to the personal jurisdiction and venue of the North Carolina Superior Court in Iredell 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 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 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.

Signature Page Follows

IN WITNESS WHEREOF , the parties have hereunto set their hands and seals the day and year first above written.

LOWE'S COMPANIES, INC.

Mike P. McDermott

By: _____
Name: _____
Title: _____
Date: _____

Date: _____
Witness: _____

Individual Consideration Calculation

Employee Name: Mike P. McDermott

Individual Severance Pay Amount: \$1,087,500.00 to be paid in twelve (12) equal continuous installments of \$90,625.00 on the tenth day of each month or on the next business day if the tenth day is a Saturday, Sunday, or federal holiday (“Payment Due Dates”).

Lowe's Companies, Inc.
Statement re Computation of Ratio of Earnings to Fixed Charges
In Millions, Except Ratio Data

	Six Months Ended		Fiscal Years Ended				
	August 3, 2018	August 4, 2017	February 2, 2018	February 3, 2017	January 29, 2016 ⁴	January 30, 2015	January 31, 2014
Earnings:							
Earnings Before Income Taxes	\$ 3,315	\$ 3,158	\$ 5,489	\$ 5,201	\$ 4,419	\$ 4,276	\$ 3,673
Fixed Charges	434	431	870	847	720	677	623
Capitalized Interest ¹	4	3	7	8	9	9	8
Adjusted Earnings	\$ 3,753	\$ 3,592	\$ 6,366	\$ 6,056	\$ 5,148	\$ 4,962	\$ 4,304
Fixed Charges:							
Interest Expense ²	\$ 328	\$ 330	\$ 657	\$ 659	\$ 559	\$ 525	\$ 478
Rental Expense ³	106	101	213	188	161	152	145
Total Fixed Charges	\$ 434	\$ 431	\$ 870	\$ 847	\$ 720	\$ 677	\$ 623
Ratio of Earnings to Fixed Charges							
	8.6	8.3	7.3	7.2	7.1	7.3	6.9

¹ Includes the net of subtractions for interest capitalized and additions for amortization of previously-capitalized interest.

² Interest accrued on uncertain tax positions is excluded from Interest Expense in the computation of Fixed Charges.

³ The portion of rental expense that is representative of the interest factor in these rentals.

⁴ Earnings for the fiscal year ended January 29, 2016 included a \$530 million non-cash impairment charge related to the equity method investment in the Australia joint venture with Woolworths Limited. Excluding this charge from the calculation would result in a ratio of earnings to fixed charges of 7.9 for the fiscal year ended January 29, 2016.

September 4, 2018

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 and six -month periods ended August 3, 2018 and August 4, 2017 and have issued our report dated September 4, 2018 . 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 quarter ended August 3, 2018 , is incorporated by reference in the following Registration Statements:

Description	Registration Statement Number
Form S-3 ASR	
Lowe's Stock Advantage Direct Stock Purchase Plan	333-220388
Debt Securities, Preferred Stock, Common Stock	333-226983
Form S-8	
Lowe's 401(k) Plan	33-29772
Lowe's Companies, Inc. 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	333-143266; 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 Statement 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 August 3, 2018 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.

September 4, 2018

Date

/s/ Marvin R. Ellison

Marvin R. Ellison
President and Chief Executive Officer

CERTIFICATION

I, Marshall A. Croom, certify that:

- (1) I have reviewed this Quarterly Report on Form 10-Q for the quarter ended August 3, 2018 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.

September 4, 2018

Date

/s/ Marshall A. Croom

Marshall A. Croom
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 August 3, 2018, 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
September 4, 2018

**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 August 3, 2018, as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Marshall A. Croom, 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/ Marshall A. Croom
Marshall A. Croom
Chief Financial Officer
September 4, 2018