

**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 July 31, 2020

or

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

For the transition period from _____ to _____

Commission File Number 1-7898



LOWE'S COMPANIES, INC.

(Exact name of registrant as specified in its charter)

North Carolina

(State or other jurisdiction of incorporation or organization)

56-0578072

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

1000 Lowe's Blvd.

Mooresville, North Carolina

(Address of principal executive offices)

28117

(Zip Code)

Registrant's telephone number, including area code

(704) 758-1000

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

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

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

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

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

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

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

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

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

CLASS

OUTSTANDING AT 8/24/2020

Common Stock, \$0.50 par value

755,736,046

LOWE'S COMPANIES, INC.

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FORWARD-LOOKING STATEMENTS

This Form 10-Q includes “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Statements including words such as “believe”, “expect”, “anticipate”, “plan”, “desire”, “project”, “estimate”, “intend”, “will”, “should”, “could”, “would”, “may”, “strategy”, “potential”, “opportunity”, “outlook”, “guidance”, and similar expressions are forward-looking statements. Forward-looking statements involve, among other things, expectations, projections, and assumptions about future financial and operating results, objectives, business outlook, priorities, sales growth, shareholder value, capital expenditures, cash flows, the housing market, the home improvement industry, demand for products and services, share repurchases, Lowe’s strategic initiatives, including those relating to acquisitions and dispositions and the impact of such transactions on our strategic and operational plans and financial results. Such statements involve risks and uncertainties and we can give no assurance that they 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, changes in commodity prices, changes or threatened changes in tariffs, outbreak of public health crises, such as the COVID-19 pandemic, availability and cost of goods from suppliers, changes in our management and key personnel, and other factors that can negatively affect our customers.

Investors and others should carefully consider the foregoing factors and other uncertainties, risks and potential events including, but not limited to, those described in “Item 1A - Risk Factors” in our most recent Annual Report on Form 10-K and as may be updated from time to time in Item 1A in our quarterly reports on Form 10-Q or other subsequent filings with the SEC, and in “Item 7 - Management’s Discussion and Analysis of Financial Condition and Results of Operations - Critical Accounting Policies and Estimates” of this report on Form 10-Q. All such forward-looking statements speak only as of the date they are made, and we do not undertake any obligation to update these statements other than as required by law.

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

In Millions, Except Par Value Data

	July 31, 2020	August 2, 2019	January 31, 2020
Assets			
Current assets:			
Cash and cash equivalents	\$ 11,641	\$ 1,796	\$ 716
Short-term investments	1,085	275	160
Merchandise inventory – net	13,831	13,730	13,179
Other current assets	1,160	995	1,263
Total current assets	27,717	16,796	15,318
Property, less accumulated depreciation	18,612	18,203	18,669
Operating lease right-of-use assets	3,798	3,967	3,891
Long-term investments	326	179	372
Deferred income taxes – net	267	512	216
Other assets	1,043	1,038	1,005
Total assets	\$ 51,763	\$ 40,695	\$ 39,471
Liabilities and shareholders' equity			
Current liabilities:			
Short-term borrowings	\$ 1,000	\$ —	\$ 1,941
Current maturities of long-term debt	609	1,009	597
Current operating lease liabilities	520	492	501
Accounts payable	12,916	9,499	7,659
Accrued compensation and employee benefits	1,139	717	684
Deferred revenue	1,715	1,324	1,219
Other current liabilities	3,471	2,794	2,581
Total current liabilities	21,370	15,835	15,182
Long-term debt, excluding current maturities	20,197	16,538	16,768
Noncurrent operating lease liabilities	3,859	4,055	3,943
Deferred revenue – extended protection plans	981	868	894
Other liabilities	1,000	759	712
Total liabilities	47,407	38,055	37,499
Shareholders' equity:			
Preferred stock, \$5 par value: Authorized – 5.0 million shares; Issued and outstanding – none	—	—	—
Common stock, \$0.50 par value: Authorized – 5.6 billion shares; Issued and outstanding – 756 million, 776 million, and 763 million shares, respectively	378	388	381
Capital in excess of par value	129	—	—
Retained earnings	4,134	2,439	1,727
Accumulated other comprehensive loss	(285)	(187)	(136)
Total shareholders' equity	4,356	2,640	1,972
Total liabilities and shareholders' equity	\$ 51,763	\$ 40,695	\$ 39,471

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

Lowe's Companies, Inc.
Consolidated Statements of Earnings (Unaudited)
 In Millions, Except Per Share and Percentage Data

	Three Months Ended				Six Months Ended			
	July 31, 2020		August 2, 2019		July 31, 2020		August 2, 2019	
	Amount	% Sales	Amount	% Sales	Amount	% Sales	Amount	% Sales
Current Earnings								
Net sales	\$ 27,302	100.00 %	\$ 20,992	100.00 %	\$ 46,977	100.00 %	\$ 38,733	100.00 %
Cost of sales	17,998	65.92	14,252	67.89	31,161	66.33	26,412	68.19
Gross margin	9,304	34.08	6,740	32.11	15,816	33.67	12,321	31.81
Expenses:								
Selling, general and administrative	5,020	18.39	4,048	19.29	9,215	19.62	7,909	20.42
Depreciation and amortization	327	1.20	311	1.48	653	1.39	614	1.58
Operating income	3,957	14.49	2,381	11.34	5,948	12.66	3,798	9.81
Interest – net	219	0.80	169	0.80	423	0.90	331	0.86
Pre-tax earnings	3,738	13.69	2,212	10.54	5,525	11.76	3,467	8.95
Income tax provision	910	3.33	536	2.56	1,360	2.89	745	1.92
Net earnings	\$ 2,828	10.36 %	\$ 1,676	7.98 %	\$ 4,165	8.87 %	\$ 2,722	7.03 %
Weighted average common shares outstanding – basic	752		781		754		788	
Basic earnings per common share	\$ 3.74		\$ 2.14		\$ 5.50		\$ 3.44	
Weighted average common shares outstanding – diluted	753		781		755		789	
Diluted earnings per common share	\$ 3.74		\$ 2.14		\$ 5.50		\$ 3.44	

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			
	July 31, 2020		August 2, 2019		July 31, 2020		August 2, 2019	
	Amount	% Sales	Amount	% Sales	Amount	% Sales	Amount	% Sales
Net earnings	\$ 2,828	10.36 %	\$ 1,676	7.98 %	\$ 4,165	8.87 %	\$ 2,722	7.03 %
Foreign currency translation adjustments – net of tax	114	0.41	69	0.33	(45)	(0.10)	36	0.09
Cash flow hedges – net of tax	(5)	(0.02)	—	—	(108)	(0.23)	(16)	(0.04)
Other	(1)	—	—	—	4	0.01	2	—
Other comprehensive income/(loss)	108	0.39	69	0.33	(149)	(0.32)	22	0.05
Comprehensive income	\$ 2,936	10.75 %	\$ 1,745	8.31 %	\$ 4,016	8.55 %	\$ 2,744	7.08 %

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

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

	Three Months Ended July 31, 2020						
	Common Stock		Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders' Equity	
	Shares	Amount					
Balance May 1, 2020	755	\$ 377	\$ 10	\$ 1,722	\$ (393)	\$ 1,716	
Net earnings	—	—	—	2,828	—	2,828	
Other comprehensive income	—	—	—	—	108	108	
Cash dividends declared, \$0.55 per share	—	—	—	(416)	—	(416)	
Share-based payment expense	—	—	41	—	—	41	
Issuance of common stock under share-based payment plans	1	1	78	—	—	79	
Balance July 31, 2020	756	\$ 378	\$ 129	\$ 4,134	\$ (285)	\$ 4,356	

	Six Months Ended July 31, 2020						
	Common Stock		Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders' Equity	
	Shares	Amount					
Balance January 31, 2020	763	\$ 381	\$ —	\$ 1,727	\$ (136)	\$ 1,972	
Net earnings	—	—	—	4,165	—	4,165	
Other comprehensive loss	—	—	—	—	(149)	(149)	
Cash dividends declared, \$1.10 per share	—	—	—	(831)	—	(831)	
Share-based payment expense	—	—	64	—	—	64	
Repurchases of common stock	(10)	(5)	(15)	(927)	—	(947)	
Issuance of common stock under share-based payment plans	3	2	80	—	—	82	
Balance July 31, 2020	756	\$ 378	\$ 129	\$ 4,134	\$ (285)	\$ 4,356	

Three Months Ended August 2, 2019								
	Common Stock		Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders' Equity		
	Shares	Amount						
Balance May 3, 2019	795	\$ 397	\$ —	\$ 3,095	\$ (256)	\$ 3,236		
Net earnings	—	—	—	1,676	—	1,676		
Other comprehensive income	—	—	—	—	69	69		
Cash dividends declared, \$0.55 per share	—	—	—	(428)	—	(428)		
Share-based payment expense	—	—	13	—	—	13		
Repurchases of common stock	(20)	(9)	(51)	(1,904)	—	(1,964)		
Issuance of common stock under share-based payment plans	1	—	38	—	—	38		
Balance August 2, 2019	776	\$ 388	\$ —	\$ 2,439	\$ (187)	\$ 2,640		

Six Months Ended August 2, 2019								
	Common Stock		Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders' Equity		
	Shares	Amount						
Balance February 1, 2019	801	\$ 401	\$ —	\$ 3,452	\$ (209)	\$ 3,644		
Cumulative effect of accounting change	—	—	—	(263)	—	(263)		
Net earnings	—	—	—	2,722	—	2,722		
Other comprehensive income	—	—	—	—	22	22		
Cash dividends declared, \$1.03 per share	—	—	—	(810)	—	(810)		
Share-based payment expense	—	—	52	—	—	52		
Repurchases of common stock	(28)	(14)	(121)	(2,662)	—	(2,797)		
Issuance of common stock under share-based payment plans	3	1	69	—	—	70		
Balance August 2, 2019	776	\$ 388	\$ —	\$ 2,439	\$ (187)	\$ 2,640		

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

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

	Six Months Ended	
	July 31, 2020	August 2, 2019
Cash flows from operating activities:		
Net earnings	\$ 4,165	\$ 2,722
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	747	684
Noncash lease expense	234	228
Deferred income taxes	(14)	(121)
Loss on property and other assets – net	80	38
Share-based payment expense	64	51
Changes in operating assets and liabilities:		
Merchandise inventory – net	(674)	(1,153)
Other operating assets	66	(104)
Accounts payable	5,259	1,202
Other operating liabilities	1,825	36
Net cash provided by operating activities	11,752	3,583
Cash flows from investing activities:		
Purchases of investments	(1,132)	(245)
Proceeds from sale/maturity of investments	260	272
Capital expenditures	(710)	(526)
Proceeds from sale of property and other long-term assets	46	42
Other – net	(24)	(1)
Net cash used in investing activities	(1,560)	(458)
Cash flows from financing activities:		
Net change in commercial paper	(941)	(722)
Net proceeds from issuance of debt	3,961	2,972
Repayment of long-term debt	(568)	(629)
Proceeds from issuance of common stock under share-based payment plans	83	72
Cash dividend payments	(836)	(767)
Repurchases of common stock	(966)	(2,770)
Other – net	(4)	(7)
Net cash provided by (used in) financing activities	729	(1,851)
Effect of exchange rate changes on cash	4	(1)
Net increase in cash and cash equivalents, including cash classified within current assets held for sale	10,925	1,273
Less: Net decrease in cash classified within current assets held for sale	—	12
Net increase in cash and cash equivalents	10,925	1,285
Cash and cash equivalents, beginning of period	716	511
Cash and cash equivalents, end of period	\$ 11,641	\$ 1,796

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 condensed consolidated financial statements (unaudited) and notes to the condensed consolidated financial statements (unaudited) are presented in accordance with the rules and regulations of the Securities and Exchange Commission and do not include all the disclosures normally required in annual consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The condensed consolidated financial statements (unaudited), in the opinion of management, contain all normal recurring adjustments necessary to present fairly the financial position as of July 31, 2020, and August 2, 2019, the results of operations, comprehensive income, and shareholders' equity for the three and six months ended July 31, 2020, and August 2, 2019, and cash flows for the six months ended July 31, 2020, and August 2, 2019. The January 31, 2020 consolidated balance sheet was derived from the audited financial statements.

These interim condensed consolidated financial statements (unaudited) should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Lowe's Companies, Inc. (the Company) Annual Report on Form 10-K for the fiscal year ended January 31, 2020 (the Annual Report). The financial results for the interim periods may not be indicative of the financial results for the entire fiscal year.

Impacts of COVID-19

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. In response to the COVID-19 pandemic, federal, state and local governments put in place travel restrictions, quarantines, "shelter-in-place" orders, and various other restrictive measures in an attempt to control the spread of the disease. Such restrictions or orders have resulted in, and continue to result in, business closures, work stoppages, slowdowns and delays, among other effects that impact the Company's operations, as well as customer demand and the operations of our suppliers.

At the onset of the pandemic, the Company implemented a number of measures to facilitate a safer store environment and to provide support for its associates, customers and community. During the first quarter, the Company expanded associate benefits in response to COVID-19 to provide additional paid time off, special payments to hourly associates, temporary wage increases and other benefits. During the second quarter of 2020, the Company provided additional bonus payments to hourly associates, in addition to continued enhanced cleaning protocols and charitable contributions. These actions resulted in \$428 million and \$740 million of expense included in selling, general and administrative (SG&A) expense in the consolidated statements of earnings for the three and six months ended July 31, 2020, respectively.

Also in response to COVID-19, the Company took proactive steps to further enhance its liquidity position by suspending its share repurchase program, increasing the capacity of its revolving credit facilities and the associated commercial paper program, as well as issuing senior notes in March 2020. See [Note 5](#) and [Note 6](#) for further discussion.

The Company continues to evaluate the carrying amounts of its long-lived assets whenever certain events or changes in circumstances indicate that the carrying amounts may not be recoverable, including potential market impacts from the COVID-19 pandemic. The Company performed its quarterly assessment of long-lived assets and did not record any material long-lived asset impairments.

In addition, the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act), which was enacted on March 27, 2020, includes measures to assist companies in response to the COVID-19 pandemic. In accordance with the CARES Act, the Company has deferred the payment of qualifying employer payroll taxes which are required to be paid over two years, with half to be paid by December 31, 2021 and the other half by December 31, 2022. As of July 31, 2020, the Company deferred \$251 million of qualifying employer payroll taxes which is included in other liabilities in the consolidated balance sheets and included in cash flows from other operating liabilities in the consolidated statements of cash flows.

Reclassifications

Certain prior period amounts have been reclassified to conform to current period presentation, including the addition of cash flow hedges – net of tax on the consolidated statements of comprehensive income, and the inclusion of goodwill within other assets on the consolidated balance sheets.

Accounting Pronouncements Not Yet Adopted

In March 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-04, *Reference Rate Reform (Topic 848): Facilitation of Effects of Reference Rate Reform on Financial Reporting*. The ASU provides practical expedients for contract modification accounting related to the transition away from the London Interbank Offered Rate (LIBOR) and other interbank offering rates to alternative reference rates. The expedients are applicable to contract modifications made and hedging relationships entered into on or before December 31, 2022. The Company intends to leverage the expedient when needed for reference rate transition. The Company continues to evaluate this standard update, and does not expect a material impact to the Company's financial statements or disclosures.

Recent accounting pronouncements pending adoption not discussed in this Form 10-Q or in the 2019 Form 10-K are either not applicable to the Company or are not expected to have a material impact on the Company.

Note 2: Revenue - Net sales consists primarily of revenue, net of sales tax, associated with contracts with customers for the sale of goods and services in amounts that reflect consideration the Company is entitled to in exchange for those goods and services.

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

(In millions)	Three Months Ended		Six Months Ended	
	July 31, 2020	August 2, 2019	July 31, 2020	August 2, 2019
Products	\$ 26,359	\$ 19,976	\$ 45,380	\$ 36,877
Services	508	591	907	1,144
Other	435	425	690	712
Net sales	\$ 27,302	\$ 20,992	\$ 46,977	\$ 38,733

A provision for anticipated merchandise returns is provided through a reduction of sales and cost of sales in the period that the related sales are recorded. The merchandise return reserve is presented on a gross basis, with a separate asset and liability included in the consolidated balance sheets. Anticipated sales returns reflected in other current liabilities were \$272 million at July 31, 2020, and \$232 million at August 2, 2019. The associated right of return assets reflected in other current assets were \$173 million at July 31, 2020, and \$152 million at August 2, 2019.

Deferred revenue - retail

Deferred revenues associated with amounts received for which customers have not taken possession of the merchandise or for which installation has not yet been completed were \$1.3 billion at July 31, 2020, and \$875 million at August 2, 2019. The majority of revenue for goods and services is recognized in the quarter following revenue deferral.

Deferred revenue - stored-value cards

The deferred revenues associated with outstanding stored-value cards (gift cards and returned merchandise credits) were \$433 million and \$449 million at July 31, 2020, and August 2, 2019, respectively, and these amounts are included in deferred revenue on the consolidated balance sheets. Amounts recognized as breakage were insignificant for the three and six months ended July 31, 2020, and August 2, 2019.

Deferred revenue - extended protection plans

The deferred revenues from separately priced extended protection plans were \$981 million and \$868 million at July 31, 2020, and August 2, 2019, respectively. Revenue recognized into sales were \$101 million and \$208 million for the three and six months ended July 31, 2020, respectively, and \$101 million and \$200 million for the three and six months ended August 2, 2019, respectively. Incremental direct acquisition costs associated with the sale of extended protection plans for contracts greater than one year are also deferred and recognized as expense on a straight-line basis over the respective contract term and were insignificant at July 31, 2020, and August 2, 2019.

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 in cost of sales when incurred and totaled \$42 million and \$78 million for the three and six months ended July 31, 2020, respectively, and \$48 million and \$96 million for the three and six months ended August 2, 2019, 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			
	July 31, 2020		August 2, 2019		July 31, 2020		August 2, 2019	
	Net Sales	%	Net Sales	%	Net Sales	%	Net Sales	%
Hardlines ¹	\$ 10,091	37 %	\$ 7,188	34 %	\$ 16,524	35 %	\$ 12,743	33 %
Home Décor ²	8,681	32	7,036	33	15,613	33	13,372	34
Building Products ³	7,971	29	6,206	30	13,920	30	11,605	30
Other	559	2	562	3	920	2	1,013	3
Total	\$ 27,302	100 %	\$ 20,992	100 %	\$ 46,977	100 %	\$ 38,733	100 %

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

¹ Hardlines includes the following product categories: Hardware, Lawn & Garden, Seasonal & Outdoor Living, and Tools

² Home Décor includes the following product categories: Appliances, Decor, Flooring, Kitchens & Bath, and Paint

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

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

(In millions)	Three Months Ended		Six Months Ended	
	July 31, 2020	August 2, 2019	July 31, 2020	August 2, 2019
United States	\$ 25,561	\$ 19,447	\$ 44,321	\$ 36,094
International	1,741	1,545	2,656	2,639
Net Sales	\$ 27,302	\$ 20,992	\$ 46,977	\$ 38,733

Note 3: Investments - Available-for-sale debt securities are recorded at fair value, and unrealized gains and losses are recorded, net of tax, as a component of accumulated other comprehensive loss. Net unrealized gains on available-for-sale debt securities as of July 31, 2020, August 2, 2019, and January 31, 2020, were not material. Refer to [Note 4](#) for the fair value of the Company's available-for-sale debt securities by investment type.

Held-to-maturity securities are U.S. Treasury bills which the Company has the ability and intent to hold until maturity and are stated at amortized cost. Gross unrecognized holding gains and losses on the Company's held-to-maturity securities were not material for the periods ended July 31, 2020, August 2, 2019, and January 31, 2020.

The Company's investments are as follows:

(In millions)	July 31, 2020	August 2, 2019	January 31, 2020
Short-term investments:			
Available-for-sale debt securities	\$ 435	275	\$ 160
Held-to-maturity securities	650	—	—
Total short-term investments	\$ 1,085	\$ 275	\$ 160
Long-term investments:			
Available-for-sale debt securities	\$ 326	179	\$ 372
Total long-term investments	\$ 326	\$ 179	\$ 372

The maturities of available-for-sale and held-to-maturity securities at July 31, 2020, are as follows:

(In millions)	Available-for-Sale		Held-to-Maturity
	Cost Basis	Fair Value	
Due in one year or less	\$ 433	\$ 435	\$ 650
Due after one year through five years	319	326	—
Total	\$ 752	\$ 761	\$ 650

Restricted Investments

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 \$260 million at July 31, 2020, \$275 million at August 2, 2019, and \$160 million at January 31, 2020.

Restricted balances included in long-term investments were \$326 million at July 31, 2020, \$179 million at August 2, 2019, and \$372 million at January 31, 2020.

Note 4: Fair Value Measurements - Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The authoritative guidance for fair value measurements establishes a three-level hierarchy, which encourages an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of the hierarchy are defined as follows:

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

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

The following table presents the Company's financial assets and liabilities measured at fair value on a recurring basis as of July 31, 2020, August 2, 2019, and January 31, 2020.

(In millions)	Measurement Level	Fair Value Measurements at		
		July 31, 2020	August 2, 2019	January 31, 2020
Assets:				
Short-term investments:				
Available-for-sale debt securities				
Certificates of deposit	Level 1	\$ 175	\$ —	\$ —
U.S. Treasury notes	Level 1	104	—	13
Money market funds	Level 1	98	241	105
Corporate debt securities	Level 2	35	12	23
Agency securities	Level 2	23	22	19
Total short-term investments		\$ 435	\$ 275	\$ 160
Long-term investments:				
Available-for-sale debt securities				
U.S. Treasury notes	Level 1	\$ 250	\$ 67	\$ 280
Corporate debt securities	Level 2	61	75	62
Agency securities	Level 2	15	37	30
Total long-term investments		\$ 326	\$ 179	\$ 372
Liabilities:				
Other current liabilities:				
Derivative instruments				
Forward interest rate swaps	Level 2	\$ 20	\$ —	\$ 11
Total other current liabilities		\$ 20	\$ —	\$ 11
Other liabilities:				
Derivative instruments				
Forward interest rate swaps	Level 2	\$ 21	\$ —	\$ —
Total other liabilities		\$ 21	\$ —	\$ —

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 July 31, 2020, and August 2, 2019, the Company had no material measurements of assets and liabilities at fair value on a nonrecurring basis subsequent to their initial recognition.

Other Fair Value Disclosures

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

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

(In millions)	July 31, 2020		August 2, 2019		January 31, 2020	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Unsecured notes (Level 1)	\$ 20,109	\$ 24,998	\$ 17,093	\$ 18,213	\$ 16,648	\$ 18,808
Mortgage notes (Level 2)	5	5	6	6	5	6
Long-term debt (excluding finance lease obligations)	\$ 20,114	\$ 25,003	\$ 17,099	\$ 18,219	\$ 16,653	\$ 18,814

Note 5: Short-Term Borrowings - In March 2020, the Company entered into a \$1.02 billion five-year unsecured revolving credit agreement (the 2020 Credit Agreement) with a syndicate of banks. In connection with the 2020 Credit Agreement, the Company refinanced the 364-Day Credit Agreement (2019 Credit Agreement), dated as of September 9, 2019, and terminated any commitments under the 2019 Credit Agreement as of March 23, 2020. Borrowings under the 2020 Credit Agreement will bear interest calculated according to a Base Rate or a Eurocurrency Rate plus an applicable margin. The 2020 Credit Agreement contains customary representations, warranties and covenants for a transaction of this type. The Company was in compliance with those financial covenants at July 31, 2020.

The 2020 Credit Agreement, along with the \$1.98 billion five year unsecured second amended and restated credit agreement (Second Amended and Restated Credit Agreement) entered into in September 2018, supports the Company's commercial paper program. The amounts available to be drawn under the 2020 Credit Agreement and the Second Amended and Restated Credit Agreement are reduced by the amount of borrowings under the commercial paper program. As of July 31, 2020, and August 2, 2019, there were no outstanding borrowings under the 2020 Credit Agreement, Second Amended and Restated Credit Agreement, or the Company's commercial paper program. Total combined availability under the 2020 Credit Agreement and the Second Amended and Restated Credit Agreement was \$3.0 billion as of July 31, 2020.

As of July 31, 2020, the Company held a \$1.0 billion unsecured 364-day term loan facility (Term Loan) entered in January 2020 that matures in December 2020. The weighted average interest rate of outstanding borrowings on the Term Loan was 1.42% as of July 31, 2020.

Note 6: Long-Term Debt - On March 26, 2020, the Company issued \$4.0 billion of unsecured fixed rate notes as follows:

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

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

The indenture governing the notes contains a provision that allows the Company to redeem these notes at any time, in whole or in part, at specified redemption prices, plus accrued and unpaid interest, if any, up to, but excluding, the date of redemption. The indenture also contains a provision that allows the holders of the notes to require the Company to repurchase all or any part of their notes if a change of control triggering event occurs. If elected under the change of control provisions, the repurchase of the notes will occur at a purchase price of 101% of the principal amount, plus accrued and unpaid interest, if any, on such notes up to, but excluding, the date of purchase. The indenture governing the notes does not limit the aggregate principal amount of debt securities that the Company may issue and does not require the Company to maintain specified financial ratios or levels of net worth or liquidity.

Note 7: Derivative Instruments - The Company utilizes derivative financial instruments to hedge its exposure to changes in benchmark interest rates on forecasted debt issuances. The Company held forward interest rate swap agreements with notional amounts totaling \$638 million at July 31, 2020, and \$770 million at January 31, 2020. The Company did not hold forward interest rate swap agreements at August 2, 2019. See [Note 4](#) for the gross fair values of the Company's outstanding derivative financial instruments and corresponding fair value classifications. The cash flows related to forward interest rate swap agreements are included within operating activities in the accompanying consolidated statements of cash flows.

The Company accounts for these contracts as cash flow hedges, thus the effective portion of gains and losses resulting from changes in fair value are recognized in other comprehensive income/(loss), net of tax effects, in the consolidated statements of comprehensive income and is recognized in earnings when the underlying hedged transaction impacts the consolidated statements of earnings. A summary of the gain/(loss) on forward interest rate swap derivatives designated as cash flow hedges recorded in other comprehensive loss and earnings for the three and six months ended July 31, 2020, and August 2, 2019, including its line item in the financial statements, is as follows:

(In millions)	Three Months Ended		Six Months Ended	
	July 31, 2020	August 2, 2019	July 31, 2020	August 2, 2019
Other comprehensive income/(loss)				
Cash flow hedges – net of tax benefit of \$1 million, \$0 million, \$35 million, \$6 million, respectively	\$ (3)	\$ —	\$ (107)	\$ (16)
Net earnings				
Interest – net	\$ 3	\$ —	\$ 4	\$ 1

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. As of July 31, 2020, the Company had \$8.7 billion remaining in its share repurchase program. Due to the uncertainty caused by the COVID-19 pandemic, the Company suspended its share repurchases during the first quarter of fiscal 2020.

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

In addition, during the six months ended July 31, 2020, the Company repurchased shares of its common stock through the open market totaling 4.0 million shares, for a cost of \$440 million. There were no shares repurchased through the open market during the three months ended July 31, 2020.

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 July 31, 2020, and August 2, 2019, were as follows:

(In millions)	Three Months Ended			
	July 31, 2020		August 2, 2019	
	Shares	Cost	Shares	Cost ¹
Share repurchase program	—	\$ —	19.6	\$ 1,964
Total share repurchases	—	\$ —	19.6	\$ 1,964

¹ Reduction of \$1.9 billion was recorded to retained earnings, after capital in excess of par value was depleted, for the three months ended August 2, 2019.

(In millions)	Six Months Ended			
	July 31, 2020		August 2, 2019	
	Shares	Cost ¹	Shares	Cost ¹
Share repurchase program	9.5	\$ 940	27.6	\$ 2,783
Shares withheld from employees	0.1	7	0.1	13
Total share repurchases	9.6	\$ 947	27.7	\$ 2,796

¹ Reductions of \$927 million and \$2.7 billion were recorded to retained earnings, after capital in excess of par value was depleted, for the six months ended July 31, 2020, and August 2, 2019, respectively.

Note 9: Earnings Per Share - The Company calculates basic and diluted earnings per common share using the two-class method. The following table reconciles earnings per common share for the three and six months ended July 31, 2020, and August 2, 2019:

(In millions, except per share data)	Three Months Ended		Six Months Ended	
	July 31, 2020	August 2, 2019	July 31, 2020	August 2, 2019
Basic earnings per common share:				
Net earnings	\$ 2,828	\$ 1,676	\$ 4,165	\$ 2,722
Less: Net earnings allocable to participating securities	(12)	(6)	(16)	(9)
Net earnings allocable to common shares, basic	\$ 2,816	\$ 1,670	\$ 4,149	\$ 2,713
Weighted-average common shares outstanding	752	781	754	788
Basic earnings per common share	\$ 3.74	\$ 2.14	\$ 5.50	\$ 3.44
Diluted earnings per common share:				
Net earnings	\$ 2,828	\$ 1,676	\$ 4,165	\$ 2,722
Less: Net earnings allocable to participating securities	(12)	(6)	(16)	(9)
Net earnings allocable to common shares, diluted	\$ 2,816	\$ 1,670	\$ 4,149	\$ 2,713
Weighted-average common shares outstanding	752	781	754	788
Dilutive effect of non-participating share-based awards	1	—	1	1
Weighted-average common shares, as adjusted	753	781	755	789
Diluted earnings per common share	\$ 3.74	\$ 2.14	\$ 5.50	\$ 3.44

Anti-dilutive stock options to purchase shares of common stock for the three months ended July 31, 2020, were insignificant. Stock options to purchase 0.7 million shares of common stock were anti-dilutive for the six months ended July 31, 2020. Stock options to purchase 1.0 million and 0.8 million shares of common stock were anti-dilutive for the three and six months ended August 2, 2019, respectively.

Note 10: Income Taxes - The Company's effective income tax rates were 24.4% and 24.6% for the three and six months ended July 31, 2020, respectively, and 24.2% and 21.5% for the three and six months ended August 2, 2019. The increase in the effective tax rate for the six months ended July 31, 2020, is primarily due to a favorable tax benefit recorded during the first quarter of 2019 associated with the planned exit of the Mexico retail operations.

Note 11: Supplemental Disclosure

Net interest expense is comprised of the following:

(In millions)	Three Months Ended		Six Months Ended	
	July 31, 2020	August 2, 2019	July 31, 2020	August 2, 2019
Long-term debt	\$ 211	\$ 173	\$ 398	\$ 327
Finance lease obligations	8	7	17	14
Short-term borrowings	2	—	12	6
Interest income	(8)	(12)	(12)	(19)
Interest capitalized	—	—	—	(1)
Interest on tax uncertainties	—	(1)	—	(2)
Other	6	2	8	6
Interest – net	\$ 219	\$ 169	\$ 423	\$ 331

Supplemental disclosures of cash flow information:

(In millions)	Six Months Ended	
	July 31, 2020	August 2, 2019
Cash paid for interest, net of amount capitalized	\$ 369	\$ 311
Cash paid for income taxes – net	\$ 670	\$ 612
Non-cash investing and financing activities:		
Leased assets obtained in exchange for new finance lease liabilities	\$ 53	\$ 31
Leased assets obtained in exchange for new operating lease liabilities	\$ 193	\$ 317
Cash dividends declared but not paid	\$ 416	\$ 428

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 July 31, 2020 and August 2, 2019, the related consolidated statements of earnings, comprehensive income, and shareholders' equity for the fiscal three-month and six-month periods ended July 31, 2020 and August 2, 2019, and of cash flows for the fiscal six-month periods ended July 31, 2020 and August 2, 2019, and the related notes (collectively referred to as the "interim financial information"). Based on our reviews, we are not aware of any material modifications that should be made to the accompanying interim financial information for it to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheet of the Company as of January 31, 2020, and the related consolidated statements of earnings, comprehensive income, shareholders' equity, and cash flows for the fiscal year then ended (not presented herein); and in our report dated March 23, 2020, we expressed an unqualified opinion on those consolidated financial statements and included an explanatory paragraph regarding the adoption of Financial Accounting Standards Board Accounting Standards Update 2016-02, *Leases (Topic 842)*. In our opinion, the information set forth in the accompanying consolidated balance sheet as of January 31, 2020, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

Basis for Review Results

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

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

/s/ DELOITTE & TOUCHE LLP

Charlotte, North Carolina
August 26, 2020

Item 2.

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

This discussion and analysis summarizes the significant factors affecting our consolidated operating results, liquidity and capital resources during the three and six months ended July 31, 2020, and August 2, 2019. This discussion and analysis should be read in conjunction with the consolidated financial statements and notes to the consolidated financial statements that are included in our Annual Report on Form 10-K for the fiscal year ended January 31, 2020 (the Annual Report), as well as the consolidated financial statements (unaudited) and notes to the consolidated financial statements (unaudited) contained in this report. Unless otherwise specified, all comparisons made are to the corresponding period of 2019. This discussion and analysis is presented in six sections:

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

EXECUTIVE OVERVIEW

Performance Overview

Net sales in the second quarter of 2020 increased 30.1% to \$27.3 billion compared to net sales of \$21.0 billion in the second quarter of 2019. The increase in total sales was primarily driven by an increase in comparable store sales. Net earnings in the second quarter of 2020 increased 68.8% to \$2.8 billion compared to net earnings of \$1.7 billion in the second quarter of 2019. Diluted earnings per common share increased 74.9% in the second quarter of 2020 to \$3.74 from \$2.14 in the second quarter of 2019. Excluding the impact of operating costs related to the Canada restructuring, adjusted diluted earnings per common share increased 74.4% to \$3.75 in the second quarter of 2020 from adjusted diluted earnings per common share of \$2.15 in the second quarter of 2019 (see the discussion of [non-GAAP financial measures](#)).

For the first six months of 2020, cash flows from operating activities were approximately \$11.8 billion, while \$710 million was used for capital expenditures. We remain committed to returning capital to our shareholders through our dividend program and paid \$416 million in dividends during the second quarter of 2020.

We experienced unprecedented customer demand during the second quarter of 2020 largely due to a consumer mindset that remains heavily focused on the home during the COVID-19 pandemic. Our modernization efforts over the last 18 months to implement our retail fundamentals strategy created the technology and operational platforms needed to meet these demand levels and grow our business during these challenging times. Comparable sales increased by 34.2% with broad-based growth across all channels, product categories and geographies. All 15 U.S. regions generated positive comparable sales of at least 30%, while our Canadian region's comparable sales exceeded 20%.

During the second quarter, we completed the re-platforming of Lowes.com to the cloud which enabled us to improve site functionality to achieve triple-digit online sales growth during the quarter. With a focus on enhancing our omnichannel capabilities, we launched "mobile check-in" for curbside pickup in early July and added an internal order picking app to improve our associate's speed and accuracy in fulfilling orders. We also completed the rollout of our touchscreen point of sale system at checkouts across all our stores.

COVID-19 Response

Our top priority in navigating the COVID-19 pandemic continues to be protecting the health and well-being of our associates and customers through a safe store environment. In addition to the safety measures we implemented in the first quarter to support social distancing and enhance cleaning procedures, we added additional safety measures in the second quarter by requiring all front-line associates to wear masks and adopting a nationwide standard for all customers to wear masks. We are also committed to providing financial assistance to our hourly associates and communities which was demonstrated through an incremental total investment during the second quarter of \$461 million in support of our hourly associates, communities, and store safety initiatives. This support included two bonus payments in July and August for our hourly front-line associates totaling \$228 million, bringing our combined COVID-related financial support for associates to \$562 million year-to-date. In

support of our communities, we have contributed \$101 million in community pandemic relief, including grants to support minority-owned and rural small businesses.

Supply Chain

Due to strong customer demand during the second quarter and the impacts of COVID-19 on production, certain product categories have experienced delays in replenishment. Those categories primarily impacted are Seasonal & Outdoor Living, Appliances, and Lumber. Despite the supply pressure, our supply chain teams, partnering with our vendors, were able to continue to flow considerable product volume to the stores and delivery nodes during the quarter.

Looking Forward

In the second half of 2020, we plan to continue reinvesting in our business to elevate our product offering, simplify our store environment and improve our service offering to support long-term growth. We are beginning a merchandising reset across our store portfolio to better align our product adjacencies to customer shopping patterns, especially for our Pro customers. This reset is forecasted to be completed in the current fiscal year for the majority of stores and is expected to improve bay productivity and better support sales. In addition, we will continue to invest in advancing our supply chain infrastructure to further our omnichannel capabilities and position the Company for future growth. Over the next 18 months, we are currently planning to open 50 cross-dock delivery terminals, seven bulk distribution centers, and four e-commerce fulfillment centers.

While we remain optimistic about our performance, we have limited visibility into future business trends in this unprecedented operating environment. This results in an unusually wide range of potential business outcomes and as such, we cannot be certain of the volume or duration of customer demand or potential supply chain constraints in future periods.

OPERATIONS

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

	Three Months Ended		Basis Point Increase / (Decrease) in Percentage of Net Sales from Prior Period	Percentage Increase / (Decrease) in Dollar Amounts from Prior Period
	July 31, 2020	August 2, 2019	2020 vs. 2019	2020 vs. 2019
Net sales	100.00 %	100.00 %	N/A	30.1 %
Gross margin	34.08	32.11	197	38.0
Expenses:				
Selling, general and administrative	18.39	19.29	(90)	24.0
Depreciation and amortization	1.20	1.48	(28)	5.0
Operating income	14.49	11.34	315	66.2
Interest – net	0.80	0.80	—	29.2
Pre-tax earnings	13.69	10.54	315	69.0
Income tax provision	3.33	2.56	77	69.8
Net earnings	10.36 %	7.98 %	238	68.8 %

	Six Months Ended		Basis Point Increase / (Decrease) in Percentage of Net Sales from Prior Period	Percentage Increase / (Decrease) in Dollar Amounts from Prior Period
	July 31, 2020	August 2, 2019	2020 vs. 2019	2020 vs. 2019
Net sales	100.00 %	100.00 %	N/A	21.3 %
Gross margin	33.67	31.81	186	28.4
Expenses:				
Selling, general and administrative	19.62	20.42	(80)	16.5
Depreciation and amortization	1.39	1.58	(19)	6.4
Operating income	12.66	9.81	285	56.6
Interest – net	0.90	0.86	4	27.7
Pre-tax earnings	11.76	8.95	281	59.4
Income tax provision	2.89	1.92	97	82.6
Net earnings	8.87 %	7.03 %	184	53.0 %

The following table sets forth key metrics utilized by management in assessing business performance. This table should be read in conjunction with the following discussion and analysis and the consolidated financial statements (unaudited), including the related notes to the consolidated financial statements (unaudited).

Beginning on February 1, 2020, the Company changed the basis in which it presents the comparable sales metric. The current metric is presented on a transacted basis when tender is accepted from a customer. Prior to this change, the Company's comparable sales metric was based on when control of the good or service passed to the customer, which included timing impacts of deferred sales. These timing impacts have historically had an insignificant impact on annual comparable sales. The purpose of the change was to align the metric with how the Lowe's management team evaluates the business throughout the year and views performance relative to peers. For the three and six months ended July 31, 2020, the impact of excluding deferred sales increased the comparable sales metric by 291 basis points and 125 basis points, respectively. For the three and six months ended August 2, 2019, the impact of excluding deferred sales decreased the comparable sales metric by 38 basis points and 34 basis points, respectively. The comparable sales metric for the three and six months ended August 2, 2019, has been recast to conform to the current year presentation.

Other Metrics	Three Months Ended		Six Months Ended	
	July 31, 2020	August 2, 2019	July 31, 2020	August 2, 2019
Comparable sales increase ¹	34.2 %	2.0 %	23.6 %	2.5 %
Total customer transactions (in millions)	330	269	563	499
Average ticket ²	\$ 82.79	\$ 77.97	\$ 83.45	\$ 77.61
At end of period:				
Number of stores	1,968	2,003		
Sales floor square feet (in millions)	208	209		
Average store size selling square feet (in thousands) ³	106	104		
Net earnings to average debt and equity ⁴	20.7 %	10.0 %		
Return on invested capital ⁴	23.3 %	12.3 %		

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. Comparable sales include online sales, which positively impacted second quarter fiscal 2020 comparable sales by approximately 650 basis points and year-to-date fiscal 2020 comparable sales by approximately 545 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 thousand square feet of retail selling space.

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

Non-GAAP Financial Measures

Adjusted Diluted Earnings Per Share

Adjusted diluted earnings per share is considered a non-GAAP financial measure. The Company believes this non-GAAP financial measure provides useful insight for analysts and investors in evaluating what management considers the Company's core financial performance. Adjusted diluted earnings per share excludes the impact of certain discrete items, as further described below, not contemplated in the Company's original business outlooks for the second quarter of fiscal 2020 and fiscal 2019. Unless otherwise noted, the income tax effect of these adjustments is calculated using the marginal rates for the respective periods.

Fiscal 2020 Impacts

- Beginning in the third quarter of fiscal 2019, the Company began a strategic review of its Canadian operations, and in the fourth quarter of fiscal 2019, the Company announced additional actions to improve future performance and profitability of its Canadian operations. As a result of this review and related actions, during the three months ended July 31, 2020, the Company recognized \$10 million of pre-tax operating costs related to remaining inventory write-downs and store closing costs (Canada restructuring).

Fiscal 2019 Impacts

- Prior to the beginning of fiscal 2019, the Company announced its intention to exit its Mexico retail operations and had planned to sell the operating business. During the three months ended August 2, 2019, the Company recognized a net loss of \$12 million in pre-tax operating losses associated with the exit and ongoing wind-down of the Mexico retail operations (Mexico adjustments).

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

	Three Months Ended					
	July 31, 2020			August 2, 2019		
	Pre-Tax Earnings	Tax	Net Earnings	Pre-Tax Earnings	Tax	Net Earnings
Diluted earnings per share, as reported			\$ 3.74			\$ 2.14
Non-GAAP adjustments – per share impacts						
Canada restructuring	0.01	—	0.01	—	—	—
Mexico adjustments	—	—	—	0.02	(0.01)	0.01
Adjusted diluted earnings per share			\$ 3.75			\$ 2.15

Return on Invested Capital

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

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

(In millions, except percentage data)	For the Periods Ended	
	July 31, 2020	August 2, 2019
Calculation of Return on Invested Capital		
Numerator		
Net Earnings	\$ 5,724	\$ 2,527
Plus:		
Interest expense – net	783	643
Operating lease interest	182	197
Provision for income taxes	1,957	1,018
Lease adjusted net operating profit	8,646	4,385
Less:		
Income tax adjustment ¹	2,203	1,258
Lease adjusted net operating profit after tax	\$ 6,443	\$ 3,127
Denominator		
Average debt and equity ²	\$ 27,637	\$ 25,395
Net earnings to average debt and equity	20.7 %	10.0 %
Return on invested capital	23.3 %	12.3 %

¹ Income tax adjustment is defined as net operating profit multiplied by the effective tax rate, which was 25.5% and 28.7% for the periods ended July 31, 2020, and August 2, 2019, respectively.

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

Results of Operations

Net Sales – Net sales in the second quarter of 2020 increased 30.1% to \$27.3 billion. The increase in total sales was primarily driven by comparable store sales growth. Comparable sales increased 34.2% over the same period, driven by a 22.6% increase in comparable customer transactions and a 11.6% increase in comparable average ticket.

During the second quarter of 2020, we experienced comparable sales increases in all 15 product categories with broad-based strength in performance across both do-it-yourself (DIY) and Pro customers. Comparable sales were above the Company average in Lumber, Lawn & Garden, Tools, Paint, and Seasonal & Outdoor Living. During the quarter, we saw very strong demand for DIY areas as consumers focused on the home given the increased time spent there, and wallet share shift away from other expendable activities. This included core repair and maintenance categories, as well as incremental projects to improve the function of their homes. Despite supply pressure, Lumber experienced strong performance across all subdivisions driven by DIY projects and growth in Pro sales. COVID-19 preparation in cleaning and core spring categories was a key driver in Lawn & Garden. Tools and Paint experienced a significant increase in volume as consumers spent time on DIY friendly home projects and improvements. Geographically, all 15 U.S. regions and the Canadian region experienced positive comparable sales in excess of 20%.

Net sales increased 21.3% to \$47.0 billion for the first six months of 2020 compared to 2019. The increase in total sales was driven primarily by an increase in comparable store sales. Comparable sales increased 23.6% over the same period, primarily driven by a 13.0% increase in customer transactions and a 10.6% increase in comparable average ticket.

Gross Margin – For the second quarter of 2020, gross margin as a percentage of sales increased 197 basis points. The gross margin increase for the quarter is driven by approximately 140 basis points of total rate improvement, driven by benefits from our improved pricing and promotional strategy, and 60 basis points due to a favorable product mix as demand was stronger in higher margin categories.

Gross margin as a percentage of sales increased 186 basis points in the first six months of 2020 compared to 2019. Gross margin was positively impacted by approximately 120 basis points of total rate improvement and 45 basis points due to a favorable product mix as demand was stronger in higher margin categories.

SG&A – For the second quarter of 2020, SG&A expense leveraged 90 basis points as a percentage of sales compared to the second quarter of 2019. This is primarily driven by approximately 110 basis points of leverage in retail operating salaries due to increased sales and improved operating efficiencies, 40 basis points of leverage in employee benefits resulting from lower insurance claims due to COVID-19 deferral of elective medical care, 40 basis points of occupancy leverage due to higher sales volume compared to fixed occupancy costs, and 35 basis points of leverage in advertising expense. These were partially offset by 155 basis points of deleverage due to COVID-19 related expenses, including two hourly front-line employee bonuses, emergency paid leave, charitable contributions, increased cleaning costs and other safety-related programs.

SG&A expense as a percentage of sales leveraged 80 basis points in the first six months of 2020 compared to 2019. This was primarily driven by 115 basis points of leverage in retail operating salaries, 35 basis points of leverage in advertising, and 25 basis points of leverage in employee insurance. These were partially offset by 100 basis points of deleverage due to COVID-19 related compensation.

Depreciation and Amortization – Depreciation and amortization leveraged 28 basis points for the second quarter of 2020 compared to the prior year primarily due to an increase in sales during the period. Property, less accumulated depreciation, increased to \$18.6 billion at July 31, 2020, compared to \$18.2 billion at August 2, 2019. As of July 31, 2020, and August 2, 2019, we owned 84% and 83% of our stores, respectively, which included stores on leased land.

Depreciation and amortization leveraged 19 basis points for the first six months of 2020 compared to 2019 primarily due to the same factors that impacted depreciation and amortization for the second quarter.

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

Interest expense for the first six months of 2020 increased primarily due to the same factors that impacted interest expense for the second quarter.

Income Tax Provision – Our effective income tax rates were 24.4% and 24.2% for the three months ended July 31, 2020, and August 2, 2019, respectively.

Our effective income tax rates were 24.6% and 21.5% for the six months ended July 31, 2020, and August 2, 2019, respectively. The increase in the effective tax rate for the first six months is primarily due to a favorable tax benefit recorded during the first quarter of 2019 associated with a change in approach to pursue a sale of the Mexico operations through liquidation.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Sources of Liquidity

Significant customer demand and operating performance year-to-date drove a substantial increase in cash flows from operations. These increases, supplemented with our short-term and long-term borrowings, have provided ample liquidity to fund our operations while allowing us to make strategic investments in our omnichannel capabilities to support long-term growth and return excess cash to shareholders in the form of dividends. Due to the uncertainty caused by the COVID-19 pandemic, we also suspended our share repurchases during the first quarter of fiscal 2020. As of July 31, 2020, we held \$11.6 billion of cash and cash equivalents, as well as \$3 billion in undrawn capacity on our revolving credit facilities.

Cash Flows Provided by Operating Activities

(In millions)	Six Months Ended	
	July 31, 2020	August 2, 2019
Net cash provided by operating activities	\$ 11,752	\$ 3,583

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 July 31, 2020, versus the six months ended August 2, 2019, was driven primarily by higher net earnings and changes in working capital. Accounts payable increased for the first six months of 2020 by \$5.3 billion, compared to an increase for the first six months of 2019 of \$1.2 billion, driving an additional \$4.1 billion in operating cash flows for the first six months of fiscal 2020, primarily due to significant inventory purchases in 2020 due to high customer demand as compared to 2019. Other operating liabilities increased \$1.8 billion for the first six months of 2020 compared to an increase of \$36 million in the first six months of 2019. The increase in other operating liabilities in the current year is primarily driven by increases in deferred revenue and income taxes payable related to higher sales in the current year, increased accrued compensation and employee benefits driven by higher bonus attainment as well as additional COVID-related accrued bonuses for employees, and increased accrued payroll taxes due to the deferral of the employer portion of social security tax in accordance with the CARES Act. Inventory decreased operating cash flow for the first six months of 2020 by approximately \$670 million, compared to a decrease of approximately \$1.2 billion for the first six months of 2019, primarily due to an earlier spring inventory build in 2020 compared to 2019.

Cash Flows Used in Investing Activities

(In millions)	Six Months Ended	
	July 31, 2020	August 2, 2019
Net cash used in investing activities	\$ (1,560)	\$ (458)

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

Capital expenditures

Our capital expenditures generally consist of investments in our strategic initiatives to enhance our ability to serve customers, improve existing stores, and support expansion plans. The following table provides our capital expenditures for the six months ended July 31, 2020, and August 2, 2019:

(In millions)	Six Months Ended	
	July 31, 2020	August 2, 2019
Existing store investments ¹	\$ 587	\$ 369
Strategic initiatives ²	78	86
New stores, new corporate facilities and international ³	45	71
Total capital expenditures	\$ 710	\$ 526

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

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

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

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

Cash Flows Provided by Financing Activities

(In millions)	Six Months Ended	
	July 31, 2020	August 2, 2019
Net cash provided by (used in) financing activities	\$ 729	\$ (1,851)

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

Short-term Borrowing Facilities

In January 2020, we entered into a \$1.0 billion unsecured 364-day term loan facility (the Term Loan), which has a maturity date of December 31, 2020. Outstanding borrowings under the Term Loan were \$1.0 billion, with an interest rate of 1.42%, as of July 31, 2020.

In March 2020, we entered into a \$1.02 billion five year unsecured revolving credit agreement (the 2020 Credit Agreement) with a syndicate of banks. In addition, we have a \$1.98 billion five year unsecured revolving second amended and restated credit agreement (the Second Amended and Restated Credit Agreement) with a syndicate of banks. Subject to obtaining commitments from the lenders and satisfying other conditions specified in the 2020 Credit Agreement and the Second Amended and Restated Credit Agreement, the Company may increase the combined aggregate availability of both agreements by an additional \$520 million.

The 2020 Credit Agreement and the Second Amended and Restated Credit Agreement support our commercial paper program. The amount available to be drawn under the 2020 Credit Agreement and the Second Amended and Restated Credit Agreement is reduced by the amount of borrowings under our commercial paper program. There were no outstanding borrowings under the Company's commercial paper program, the 2020 Credit Agreement, or the Second Amended and Restated Credit Agreement as of July 31, 2020, and August 2, 2019. Total combined availability under the 2020 Credit Agreement and the Second Amended and Restated Credit Agreement as of July 31, 2020, was \$3.0 billion.

The following table includes additional information related to our short-term borrowings for the six months ended July 31, 2020, and August 2, 2019:

(In millions, except for interest rate data)	Six Months Ended	
	July 31, 2020	August 2, 2019
Net change in commercial paper	\$ (941)	\$ (722)
Maximum commercial paper outstanding at any month-end	\$ 1,858	\$ 1,189
Short-term borrowings outstanding at quarter-end	\$ 1,000	\$ —
Weighted-average interest rate of short-term borrowings outstanding	1.42 %	— %

The 2020 Credit Agreement and the Second Amended and Restated Credit Agreement contains customary representations, warranties, and covenants. We were in compliance with those covenants at July 31, 2020.

Long-Term Debt

The following table includes additional information related to the Company's long-term debt for the six months ended July 31, 2020, and August 2, 2019:

(In millions)	Six Months Ended	
	July 31, 2020	August 2, 2019
Net proceeds from issuance of debt	\$ 3,961	\$ 2,972
Repayment of long-term debt	\$ (568)	\$ (629)

During the six months ended July 31, 2020, we issued \$4.0 billion of unsecured notes to finance current year maturities and for other general corporate purposes. During the six months ended July 31, 2020, we also paid \$500 million to retire scheduled debts at maturity.

Share Repurchases

We have an ongoing share repurchase program, authorized by the Company's Board of Directors, that is executed through purchases made from time to time either in the open market or through private off-market transactions. We also withhold shares from employees to satisfy tax withholding liabilities. Shares repurchased are retired and returned to authorized and unissued status. Due to the uncertainty caused by the COVID-19 pandemic, we suspended our share repurchases during the first quarter of fiscal 2020. 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 July 31, 2020, and August 2, 2019:

(In millions, except per share data)	Six Months Ended	
	July 31, 2020	August 2, 2019
Total amount paid for share repurchases	\$ 966	\$ 2,770
Total number of shares repurchased	9.8	27.4
Average price paid per share	\$ 98.78	\$ 100.98

As of July 31, 2020, we had \$8.7 billion remaining available under our share repurchase program with no expiration date.

Dividends

Dividends are paid in the quarter immediately following the quarter in which they are declared. Dividends paid per share increased from \$0.96 per share for the six months ended August 2, 2019, to \$1.10 per share for the six months ended July 31, 2020.

Capital Resources

We expect to continue to have access to the capital markets on both a short-term and long-term basis 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 August 26, 2020, which we are disclosing to enhance understanding of our sources of liquidity and the effect of our ratings on our cost of funds. Our debt ratings have enabled, and should continue to enable, us to refinance our debt as it becomes due at favorable rates in capital markets. Our commercial paper and senior debt ratings may be subject to revision or withdrawal at any time by the assigning rating organization, and each rating should be evaluated independently of any other rating.

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

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

OFF-BALANCE SHEET ARRANGEMENTS

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

CONTRACTUAL OBLIGATIONS AND COMMERCIAL COMMITMENTS

In March 2020, we issued \$4.0 billion of unsecured notes in the ordinary course of business and used a portion of the net proceeds from the sale of the notes for the repayment of \$500 million aggregate principal amount due April 2020. The table below summarizes our contractual obligations relating to long-term debt, excluding operating and finance lease obligations, at July 31, 2020. The unsecured notes issued in the first quarter of fiscal 2020 are further described in [Note 6](#) to the consolidated financial statements included herein.

(In millions)	Total	Payments Due by Period			
		Less Than 1 Year	1-3 Years	4-5 Years	After 5 Years
Long-term debt (principal amounts, excluding discounts and debt issuance costs)	\$ 20,313	\$ 525	\$ 1,268	\$ 1,701	\$ 16,819
Long-term debt (interest payments)	13,729	853	1,594	1,523	9,759
Total	\$ 34,042	\$ 1,378	\$ 2,862	\$ 3,224	\$ 26,578

As of July 31, 2020, there were no other material changes to our contractual obligations and commercial commitments outside the ordinary course of business since the end of 2019. Refer to the Annual Report on Form 10-K for additional information regarding our contractual obligations and commercial commitments.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

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

Item 3. - Quantitative and Qualitative Disclosures about Market Risk

The Company is exposed to certain market risks, including changes in foreign currency exchange rates related to our international operations, interest rates, and commodity prices. The Company’s market risks have not changed materially from that disclosed in the Annual Report for the fiscal year ended January 31, 2020.

Item 4. - Controls and Procedures

The Company’s management, with the participation of the Chief Executive Officer and the Chief Financial Officer, has evaluated the effectiveness of the Company’s “disclosure controls and procedures,” (as such term is defined in Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the Exchange Act)). Based upon their evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that, as of July 31, 2020, the Company’s disclosure controls and procedures were effective for the purpose of ensuring that the information required to be disclosed in the reports that the Company files or submits under the Exchange Act with the SEC (1) is recorded, processed, summarized, and reported within the time periods specified in the SEC’s rules and forms, and (2) is accumulated and communicated to the Company’s management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

In addition, no change in the Company’s internal control over financial reporting occurred during the quarter ended July 31, 2020, that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting. Although most of our corporate employees are working remotely due to the COVID-19 global health crisis, we have

not experienced a material impact to our internal control over financial reporting. We continue to monitor the pandemic and its effects on the design and operating effectiveness of our internal controls.

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

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

Item 1A. - Risk Factors

In addition to the other information set forth in this Quarterly Report, you should carefully consider the risk factors described in Part I, “Item 1A. Risk Factors” in our Annual Report filed with the SEC on March 23, 2020, and as updated in Item 1A in our first quarter report on Form 10-Q filed with the SEC on May 28, 2020, which could materially affect our business, financial condition and/or operating results.

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 2020:

	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 2, 2020 - May 29, 2020	252	\$ 112.98	—	\$ 8,717,610,699
May 30, 2020 - July 3, 2020	10	104.46	—	8,717,610,699
July 4, 2020 - July 31, 2020	108	144.39	—	8,717,610,699
As of July 31, 2020	370	\$ 121.92	—	\$ 8,717,610,699

¹ The total number of shares repurchased are 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 December 12, 2018, the Company’s Board of Directors authorized an additional \$10.0 billion share repurchase program with no expiration, which was announced on the same day.

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 May 29, 2020.	8-K	001-07898	3.1	June 2, 2020
10.1	Lowe’s Companies, Inc. Severance Plan for Senior Officers as amended and restated May 29, 2020. * ‡				
15.1	Deloitte & Touche LLP Letter re Unaudited Interim Financial Information. ‡				
31.1	Certification of Principal Executive Officer Pursuant to Rule 13a-14(a)/15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. ‡				
31.2	Certification of Principal Financial Officer Pursuant to Rule 13a-14(a)/15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. ‡				
32.1	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. †				
32.2	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. †				
99.1	Tenth Amendment to the Lowe’s 401(k) Plan, effective as of June 16, 2020 (filed to include this amendment as an exhibit to the Registration Statement on Form S-8, Registration No. 033-29772. ‡				
101.INS	XBRL Instance Document. ‡				
101.SCH	XBRL Taxonomy Extension Schema Document. ‡				
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document. ‡				
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document. ‡				
101.LAB	XBRL Taxonomy Extension Label Linkbase Document. ‡				
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document. ‡				
104	Cover Page Interactive Data File (formatted as Inline XBRL document and included in Exhibit 101). ‡				

* 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)

August 26, 2020

Date

By: /s/ David M. Denton

David M. Denton
Executive Vice President, Chief Financial Officer

LOWE'S COMPANIES, INC.

SEVERANCE PLAN FOR SENIOR OFFICERS

Lowe's Companies, Inc. ("Lowe's") adopted the Lowe's Companies, Inc. Severance Plan for Senior Officers (the "Plan") on August 16, 2018 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 amended and restated Plan is effective as of May 29, 2020 (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 May 29, 2020. If this restated Plan is further 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
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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) 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 the Eligible Employee for services rendered in any capacity to any third party during the Eligible Employee'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 the Eligible Employee'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.
- 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 Board delegates to the Plan Administrator authority to amend or terminate the Plan at any time and for any reason; 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. 513.
- 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 29th day of May, 2020.

LOWE'S COMPANIES, INC.

/s/ Ross W. McCanless

Name: Ross W. McCanless

Title: Executive Vice President, General Counsel and Corporate Secretary

August 26, 2020

The Board of Directors and Stockholders of Lowe's Companies, Inc.

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

We are aware that our report dated August 26, 2020, on our review of the interim financial information of Lowe's Companies, Inc. and subsidiaries appearing in this Quarterly Report on Form 10-Q for the quarter ended July 31, 2020, is incorporated by reference in the following Registration Statements:

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

/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 July 31, 2020 of Lowe's Companies, Inc. (the Registrant);
- (2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
- (4) The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
- (5) The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

August 26, 2020

Date

/s/ Marvin R. Ellison

Marvin R. Ellison
President and Chief Executive Officer

CERTIFICATION

I, David M. Denton, certify that:

- (1) I have reviewed this Quarterly Report on Form 10-Q for the quarter ended July 31, 2020 of Lowe's Companies, Inc. (the Registrant);
- (2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
- (4) The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
- (5) The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

August 26, 2020

Date

/s/ David M. Denton

David M. Denton
Executive Vice President, Chief Financial Officer

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

In connection with the Quarterly Report on Form 10-Q of Lowe's Companies, Inc. (the Company) for the period ended July 31, 2020, as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Marvin R. Ellison, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

/s/ Marvin R. Ellison
Marvin R. Ellison
President and Chief Executive Officer
August 26, 2020

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

In connection with the Quarterly Report on Form 10-Q of Lowe's Companies, Inc. (the Company) for the period ended July 31, 2020, as filed with the Securities and Exchange Commission on the date hereof (the Report), I, David M. Denton, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

/s/ David M. Denton

David M. Denton

Executive Vice President, Chief Financial Officer

August 26, 2020

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

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

WITNESSETH:

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

WHEREAS, in connection with the closure of Orchard Supply Company (the majority of assets of which were owned by the Company), the Orchard Supply Hardware Retirement Savings Plan was terminated effective December 31, 2018, and remaining assets of the Orchard Supply Hardware Retirement Savings Plan will be transferred to the Plan; and

WHEREAS, the Company desires to amend the Plan to accept direct rollover contributions from Roth elective deferral accounts in the Orchard Supply Hardware Retirement Savings Plan;

WHEREAS, under Section 15 of the Plan, the Company may amend the Plan in whole or in part at any time;

NOW, THEREFORE, the Company hereby amends the Plan effective as of June 16, 2020 as follows:

1. The definition of "Account" in Section 2 is amended to state as follows:

The separate record maintained for each Participant to reflect all allocations and distributions with respect to the Participant under the Plan. Each Participant may have a Salary Deferral Account, a Matching Account, an ESOP Diversification Account, an ESOP Account, a Rollover Account, a Roth Rollover Account, or any other Account or sub-account established by the Committee from time to time. See Section 6.

2. The definition of "Rollover Account" in Section 2 is amended to state as follows:

The Account which reflects any interest attributable to a direct rollover made on behalf of an Employee pursuant to Section 4(i), other than a Roth rollover described in Section 4(i)(i)(A).

3. The following new definition shall be added to Section 2:

"Roth Rollover Account" The Account which reflects any interest attributable to a direct rollover of an Employee's Roth contributions made on behalf of an Employee pursuant to Section 4(i)(i)(A) of the Plan.

4. Section 4(i)(i) is amended to state as follows:

- (i) The Plan will accept a direct rollover of a distribution made to the Plan on behalf of such an Employee from (A) a qualified plan described in Section 401(a) or 403(a) of the Code, including after-tax employee contributions and, with respect to the Orchard Supply Hardware Retirement Savings Plan only (EIN: 46-3015337, PN: 001), Roth contributions (provided such rollover would not be includible in gross income for the taxable year paid under the rules of Code Section 402(c)), (B) an annuity contract described in Section 403(b) of the Code, excluding after-tax employee contributions, or (C) an eligible plan under Section 457(b) of the Code that is maintained by a state, political subdivision of a state, or an agency or instrumentality of a state or political subdivision of a state.

5. The last paragraph of Section 4 is amended to state as follows:

Any rollover contributions to the Plan by or on behalf of such an Employee, other than a direct rollover of an Employee's Roth contributions pursuant to Section 4(i)(i)(A), shall be credited to a separate Rollover Account for the Employee and shall be invested and administered as directed by the Employee. A direct rollover on behalf of such an Employee of Roth contributions pursuant to Section 4(i)(i)(A) shall be credited to a separate Roth Rollover Account for the Employee and shall be invested and administered as directed by the Employee. Rollover contributions made to the Plan by or on behalf of an Employee will not constitute Annual Additions under Section 6(b) of the Plan. An Employee will at all times have a 100% vested (nonforfeitable) interest in the balance in his Rollover Account and Roth Rollover Account.

6. The first sentence of Section 5 is amended to state:

Trust Assets under the Plan attributable to Salary Deferral Accounts, Rollover Accounts, Roth Rollover Accounts, Matching Accounts, ESOP Diversification Accounts and ESOP Accounts shall be invested by the Trustee as directed by Participants in the investment funds (and options) available under the Plan as set forth below.

7. Section 8(c)(2) is amended to state:

The amounts of Contributions (or amounts described in Section 4(i) regarding rollover contributions (including Roth rollover contributions)) and net income (or loss) allocated to his Accounts for the period for which the statement has been prepared.

8. Section 9(d) is amended to state:

(d) Automatic Cashout and Mandatory Rollover. If a terminated Participant's vested Capital Accumulation (excluding any amount in any Rollover Account or Roth Rollover Account) does not exceed Five Thousand Dollars

(\$5,000), the Participant's vested Capital Accumulation shall be distributed in accordance with this paragraph (d). If a terminated Participant's vested Capital Accumulation (including any amount in any Rollover Account or Roth Rollover Account) does not exceed One Thousand Dollars (\$1,000), unless the Participant elects to have such distribution paid directly to an "eligible retirement plan" in a direct rollover as provided in Section 9(g), the Participant's vested Capital Accumulation shall be distributed to the Participant or the Participant's Beneficiary as soon as administratively practicable following the Participant's separation from Service. If the distribution of a terminated Participant's vested Capital Accumulation is subject to this paragraph and, including any amount in any Rollover Account or Roth Rollover Account, exceeds One Thousand Dollars (\$1,000), unless the Participant elects to receive the distribution directly, the Participant's vested Capital Accumulation shall be distributed in a direct rollover to an individual retirement plan designated by the Participant, or if the Participant fails to make such designation, by the Committee.

9. The first sentence of Section 9(f) is amended to state:

If a Participant's Capital Accumulation (excluding any amount in any Rollover Account or Roth Rollover Account) exceeds \$5,000, his Capital Accumulation shall not be distributed to him before he attains age 62 without his consent.

10. The last sentence of Section 9(g) is amended to state:

The portion of a Participant's Capital Accumulation distribution consisting of after-tax contributions which are not includible in income shall be eligible for a direct rollover to an individual retirement account or annuity described in Section 408(a) or (b) of the Code, to a qualified defined contribution plan described in Section 401(a) or 403(a) of the Code, to a defined benefit plan described in Section 401(a) or 403(a) of the Code or to an annuity contract described in Code Section 403(b); provided that the account or plan agrees to account separately for amounts so transferred, including separately accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not so includible in gross income. If applicable, the portion of a Participant's Capital Accumulation distribution consisting of Roth rollover contributions shall be eligible for the same rollover options described above for after-tax contributions, but only to the extent the receiving plan permits designated Roth accounts (and Roth rollovers) and, with respect to rollovers to an individual retirement account, such distribution shall be eligible for a direct rollover to a Roth individual retirement account described in Section 408A(b) (instead of Section 408(a)).

11. The first paragraph of Section 10(a) is amended to state:

A Participant who is still employed by Lowe's shall be entitled to request a hardship withdrawal of all or a portion of his Salary Deferral Account (including Catch-Up Contribution amounts therein), Rollover Account, Roth Rollover Account, and ESOP Diversification Account; provided however, that any

earnings attributable to his Salary Deferral Account may not be withdrawn, and the minimum hardship withdrawal permissible shall be \$1,000. An application for a withdrawal by a Participant may be made through any electronic medium designated by the Committee. The Committee or TPA shall approve a request for a withdrawal and its actions thereon shall be final. A Participant's hardship withdrawal will be made from his Accounts in the following order: (1) the balance of any Rollover Account (or Roth Rollover Account, if applicable); (2) the balance of his ESOP Diversification Account; and (3) the balance of the Salary Deferral Account (which includes Catch-Up Contributions, if any). A withdrawal made under this Section 10(a) shall not be considered an "eligible rollover distribution" (as described in Section 9(g) of the Plan and defined in Section 402(c)(4) of the Code).

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

IN WITNESS WHEREOF, the Company has caused this Amendment Number Ten to be executed by its duly authorized officer this 16th day of June, 2020.

LOWE'S COMPANIES, INC.

By: /s/ David R. Green
David R. Green
Vice President – Tax
Chair, Lowe's Administrative Committee