

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 November 2, 2018

or

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

For the transition period from _____ to _____

Commission File Number 1-7898



LOWE'S COMPANIES, INC.

(Exact name of registrant as specified in its charter)

North Carolina

(State or other jurisdiction of incorporation or organization)

56-0578072

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

1000 Lowe's Blvd., Mooresville, NC

(Address of principal executive offices)

28117

(Zip Code)

Registrant's telephone number, including area code

(704) 758-1000

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

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

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

Large accelerated filer

Non-accelerated filer

Accelerated filer

Smaller reporting company

Emerging growth company

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

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

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

CLASS

OUTSTANDING AT 11/30/2018

Common Stock, \$0.50 par value

802,957,007

LOWE'S COMPANIES, INC.

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

In Millions, Except Par Value Data

	(Unaudited) November 2, 2018	(Unaudited) November 3, 2017	February 2, 2018
Assets			
Current assets:			
Cash and cash equivalents	\$ 1,668	\$ 743	\$ 588
Short-term investments	208	85	102
Merchandise inventory - net	12,365	12,393	11,393
Other current assets	897	788	689
Total current assets	15,138	14,009	12,772
Property, less accumulated depreciation	18,923	19,818	19,721
Long-term investments	290	370	408
Deferred income taxes - net	285	347	168
Goodwill	1,272	1,327	1,307
Other assets	805	912	915
Total assets	\$ 36,713	\$ 36,783	\$ 35,291
Liabilities and shareholders' equity			
Current liabilities:			
Short-term borrowings	\$ —	\$ 171	\$ 1,137
Current maturities of long-term debt	1,117	297	294
Accounts payable	9,283	8,903	6,590
Accrued compensation and employee benefits	806	808	747
Deferred revenue	1,356	1,404	1,378
Other current liabilities	2,507	2,155	1,950
Total current liabilities	15,069	13,738	12,096
Long-term debt, excluding current maturities	14,460	15,570	15,564
Deferred revenue - extended protection plans	827	794	803
Other liabilities	963	939	955
Total liabilities	31,319	31,041	29,418
Shareholders' equity:			
Preferred stock - \$5 par value, none issued	—	—	—
Common stock - \$0.50 par value;			
Shares issued and outstanding			
November 2, 2018	806		
November 3, 2017	831		
February 2, 2018	830	415	415
Capital in excess of par value	—	—	22
Retained earnings	5,156	5,289	5,425
Accumulated other comprehensive income/(loss)	(165)	38	11
Total shareholders' equity	5,394	5,742	5,873
Total liabilities and shareholders' equity	\$ 36,713	\$ 36,783	\$ 35,291

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

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

In Millions, Except Per Share and Percentage Data

Current Earnings	Three Months Ended				Nine Months Ended			
	November 2, 2018		November 3, 2017		November 2, 2018		November 3, 2017	
	Amount	% Sales	Amount	% Sales	Amount	% Sales	Amount	% Sales
Net sales	\$ 17,415	100.00	\$ 16,770	100.00	\$ 55,662	100.00	\$ 53,125	100.00
Cost of sales	11,755	67.50	11,057	65.93	36,791	66.10	34,942	65.77
Gross margin	5,660	32.50	5,713	34.07	18,871	33.90	18,183	34.23
Expenses:								
Selling, general and administrative	4,270	24.51	3,808	22.71	13,147	23.62	11,615	21.87
Depreciation and amortization	433	2.49	358	2.13	1,138	2.04	1,080	2.03
Operating income	957	5.50	1,547	9.23	4,586	8.24	5,488	10.33
Interest - net	153	0.88	160	0.96	467	0.84	479	0.91
Loss on extinguishment of debt	—	—	—	—	—	—	464	0.87
Pre-tax earnings	804	4.62	1,387	8.27	4,119	7.40	4,545	8.55
Income tax provision	175	1.01	515	3.07	981	1.76	1,652	3.10
Net earnings	\$ 629	3.61	\$ 872	5.20	\$ 3,138	5.64	\$ 2,893	5.45
Weighted average common shares outstanding - basic	806		831		815		843	
Basic earnings per common share	\$ 0.78		\$ 1.05		\$ 3.84		\$ 3.42	
Weighted average common shares outstanding - diluted	807		832		816		844	
Diluted earnings per common share	\$ 0.78		\$ 1.05		\$ 3.83		\$ 3.42	
Cash dividends per share	\$ 0.48		\$ 0.41		\$ 1.37		\$ 1.17	
Retained Earnings								
Balance at beginning of period	\$ 5,517		\$ 5,253		\$ 5,425		\$ 6,241	
Cumulative effect of accounting change	—		—		33		—	
Net earnings	629		872		3,138		2,893	
Cash dividends declared	(387)		(341)		(1,115)		(984)	
Share repurchases	(603)		(495)		(2,325)		(2,861)	
Balance at end of period	\$ 5,156		\$ 5,289		\$ 5,156		\$ 5,289	

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				Nine Months Ended			
	November 2, 2018		November 3, 2017		November 2, 2018		November 3, 2017	
	Amount	% Sales	Amount	% Sales	Amount	% Sales	Amount	% Sales
Net earnings	\$ 629	3.61	\$ 872	5.20	\$ 3,138	5.64	\$ 2,893	5.45
Foreign currency translation adjustments - net of tax	(21)	(0.13)	173	1.03	(176)	(0.32)	278	0.52
Net unrealized investment loss - net of tax	(1)	—	—	—	(1)	—	—	—
Other comprehensive income/(loss)	(22)	(0.13)	173	1.03	(177)	(0.32)	278	0.52
Comprehensive income	\$ 607	3.48	\$ 1,045	6.23	\$ 2,961	5.32	\$ 3,171	5.97

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

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

	Nine Months Ended	
	November 2, 2018	November 3, 2017
Cash flows from operating activities:		
Net earnings	\$ 3,138	\$ 2,893
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	1,206	1,148
Deferred income taxes	(139)	(118)
Loss on property and other assets - net	400	21
Loss on extinguishment of debt	—	464
(Gain) loss on cost method and equity method investments	6	(86)
Share-based payment expense	79	78
Changes in operating assets and liabilities:		
Merchandise inventory - net	(1,030)	(1,783)
Other operating assets	(94)	186
Accounts payable	2,708	2,251
Other operating liabilities	524	318
Net cash provided by operating activities	6,798	5,372
Cash flows from investing activities:		
Purchases of investments	(1,298)	(680)
Proceeds from sale/maturity of investments	1,309	870
Capital expenditures	(846)	(787)
Proceeds from sale of property and other long-term assets	50	21
Acquisition of business - net	—	(509)
Other - net	(3)	13
Net cash used in investing activities	(788)	(1,072)
Cash flows from financing activities:		
Net change in short-term borrowings	(1,137)	(340)
Net proceeds from issuance of long-term debt	—	2,968
Repayment of long-term debt	(288)	(2,836)
Proceeds from issuance of common stock under share-based payment plans	73	87
Cash dividend payments	(1,068)	(947)
Repurchase of common stock	(2,498)	(3,054)
Other - net	(3)	(8)
Net cash used in financing activities	(4,921)	(4,130)
Effect of exchange rate changes on cash	(9)	15
Net increase in cash and cash equivalents	1,080	185
Cash and cash equivalents, beginning of period	588	558
Cash and cash equivalents, end of period	\$ 1,668	\$ 743

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

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

Note 1 : Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements (unaudited) and notes to the consolidated financial statements (unaudited) are presented in accordance with the rules and regulations of the Securities and Exchange Commission and do not include all the disclosures normally required in annual consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). During the first quarter of fiscal year 2018, the Company conformed the financial reporting calendar of a subsidiary, which did not have a significant effect on the consolidated financial statements. The consolidated financial statements (unaudited), in the opinion of management, contain all adjustments necessary to present fairly the financial position as of November 2, 2018, and November 3, 2017, and the results of operations and comprehensive income for the three and nine months ended November 2, 2018, and November 3, 2017, and cash flows for the nine months ended November 2, 2018 and November 3, 2017.

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

Accounting Pronouncements Recently Adopted

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

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

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

Consolidated Statement of Earnings (in millions)	Three Months Ended November 2, 2018		
	As Reported	Under Historical Guidance	Impact of Adopting ASU 2014-09
Net sales	\$ 17,415	\$ 17,176	\$ 239
Cost of sales	11,755	11,777	(22)
Gross margin	5,660	5,399	261
Selling, general and administrative	4,270	4,009	261
Operating income	957	957	—
Pre-tax earnings	804	804	—
Net earnings	629	629	—

Consolidated Statement of Earnings (in millions)	Nine Months Ended November 2, 2018		
	As Reported	Under Historical Guidance	Impact of Adopting ASU 2014-09
Net sales	\$ 55,662	\$ 55,150	\$ 512
Cost of sales	36,791	36,849	(58)
Gross margin	18,871	18,301	570
Selling, general and administrative	13,147	12,578	569
Operating income	4,586	4,585	1
Pre-tax earnings	4,119	4,118	1
Net earnings	3,138	3,137	1

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

Consolidated Balance Sheet (in millions)	Balance at November 2, 2018		
	As Reported	Under Historical Guidance	Impact of Adopting ASU 2014-09
Assets			
Other current assets	\$ 897	\$ 746	\$ 151
Liabilities			
Accounts payable	9,283	9,272	11
Deferred revenue	1,356	1,433	(77)
Other current liabilities	2,507	2,339	168

Accounting Pronouncements Not Yet Adopted

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

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for those leases previously classified as operating leases. In July 2018, the FASB issued ASU 2018-11, which allows a transition election to not restate comparative periods for the effects of applying the new standard. This transition election permits entities to change the date of initial application of the standard to the beginning of the year of adoption and to recognize the effects of applying Topic 842 as a cumulative-effect adjustment to the opening balance of retained earnings. Certain qualitative and quantitative disclosures are also required. The Company will adopt this ASU and related amendments on February 2, 2019. The Company also expects to elect the optional transition approach and recognize the cumulative impact of adoption in the opening balance of retained earnings to beginning fiscal year 2019. Management is implementing a new lease software to assist in complying with the ASU. The Company is currently evaluating the impact of adopting Topic 842 on its consolidated financial statements but expects the ASU to have a material impact on its consolidated balance sheet, as a result of the requirement to recognize right-of-use assets and lease liabilities for operating leases. The Company does not expect a material impact to the Company's Consolidated Statements of Current and Retained Earnings or Consolidated Statements of Cash Flows.

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

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

(In millions)	Three Months Ended		Nine Months Ended	
	November 2, 2018	November 3, 2017	November 2, 2018	November 3, 2017
Products	\$ 16,293	\$ 15,903	\$ 52,527	\$ 50,720
Services	665	657	1,999	1,915
Other	457	210	1,136	490
Net sales	\$ 17,415	\$ 16,770	\$ 55,662	\$ 53,125

Revenue from products primarily relates to in-store and online merchandise purchases, which are recognized at the point in time when the customer obtains control of the merchandise, which is at the time of in-store purchase or delivery of the product to the customer. A provision for anticipated merchandise returns is provided through a reduction of sales and cost of sales in the period that the related sales are recorded. Under ASU 2014-09, the merchandise return reserve is presented on a gross basis, with a separate asset and liability included in the consolidated balance sheets as of reporting periods after February 2, 2018. Reporting periods prior to the adoption of ASU 2014-09 reflect merchandise return reserves on a net basis. As of November 2, 2018, anticipated sales returns of \$229 million are reflected in other current liabilities, and the associated right of return assets of \$151 million are reflected in other current assets. As of November 3, 2017, the merchandise return reserve, net of the associated asset, was \$85 million reflected in other current liabilities.

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

Deferred revenue is presented for merchandise that has not yet transferred control to the customer and for services that have not yet been provided, but for which tender has been accepted. Deferred revenue is recognized in sales either at a point in time when the customer obtains control of merchandise through pickup or delivery, or over time as services are provided to the customer. Deferred revenues associated with amounts received for which customers have not taken possession of the merchandise or for which installation has not yet been completed were \$945 million at November 2, 2018 and \$952 million at November 3, 2017. The majority of revenue for goods and services is recognized in the quarter following revenue deferral.

Stored-value cards

In addition, the Company defers revenues from stored-value cards, which include gift cards and returned merchandise credits, and recognizes revenue into sales when the cards are redeemed. The liability associated with outstanding stored-value cards was \$411 million and \$452 million at November 2, 2018, and November 3, 2017, respectively, and these amounts are included in deferred revenue on the consolidated balance sheets. Upon adoption of ASU 2014-09, the Company recognizes income from unredeemed stored-value cards in proportion to the pattern of rights exercised by the customer. Amounts recognized as breakage were insignificant for the three and nine months ended November 2, 2018 and November 3, 2017.

Extended protection plans

The Company also defers revenues for its separately-priced extended protection plan contracts, which is a Lowe's-branded program for which the Company is ultimately self-insured. The Company recognizes revenue from extended protection plan sales on a straight-line basis over the respective contract term. Extended protection plan contract terms primarily range from one to five years from the date of purchase or the end of the manufacturer's warranty, as applicable. Deferred revenue from extended protection plans recognized into sales were \$97 million and \$293 million for the three and nine months ended November 2, 2018, respectively, and \$92 million and \$273 million for the three and nine months ended November 3, 2017, respectively. Incremental direct acquisition costs associated with the sale of extended protection plans are also deferred and recognized as expense on a straight-line basis over the respective contract term and were insignificant at November 2, 2018 and November 3, 2017, respectively. The Company's extended protection plan deferred costs are included in other assets (noncurrent) on the consolidated balance sheets. All other costs, such as costs of services performed under the contract, general and administrative expenses, and advertising expenses are expensed as incurred.

The liability for extended protection plan claims incurred is included in other current liabilities on the consolidated balance sheets and was not material in any of the periods presented. Expenses for claims are recognized when incurred and totaled \$47 million and \$141 million for the three and nine months ended November 2, 2018, respectively, and \$43 million and \$119 million for the three and nine months ended November 3, 2017, respectively.

Disaggregation of Revenues

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

(In millions)	Three Months Ended				Nine Months Ended			
	November 2, 2018		November 3, 2017		November 2, 2018		November 3, 2017	
	Total Sales	%	Total Sales	%	Total Sales	%	Total Sales	%
Building & Maintenance ¹	\$ 7,322	42	\$ 7,202	43	\$ 22,042	40	\$ 21,069	40
Home Décor ²	6,959	40	6,874	41	21,207	37	20,688	39
Seasonal ³	2,570	15	2,382	15	10,964	20	10,573	20
Other	564	3	312	1	1,449	3	795	1
Total	\$ 17,415	100	\$ 16,770	100	\$ 55,662	100	\$ 53,125	100

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

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

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

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

(In millions)	Three Months Ended		Nine Months Ended	
	November 2, 2018	November 3, 2017	November 2, 2018	November 3, 2017
United States	\$ 15,991	\$ 15,279	\$ 51,319	\$ 49,102
International	1,424	1,491	4,343	4,023
Net Sales	\$ 17,415	\$ 16,770	\$ 55,662	\$ 53,125

Practical Expedients

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

Note 3 : Acquisitions - On June 23, 2017, the Company completed its acquisition of Maintenance Supply Headquarters, a leading distributor of maintenance, repair and operations (MRO) products serving the multifamily housing industry. The acquisition is expected to enable the Company to deepen and broaden its relationship with Pro customers and better serve their needs. The aggregate cash purchase price of this acquisition was \$513 million and is included in the investing section of the

consolidated statements of cash flows, net of cash acquired. Acquisition-related costs were expensed as incurred and were not significant.

The following table summarizes the aggregate purchase price allocation:

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

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

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

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

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

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

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

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

(In millions)	Measurement Level	Fair Value Measurements at		
		November 2, 2018	November 3, 2017	February 2, 2018
Short-term investments:				
Available-for-sale securities				
Money market funds	Level 1	\$ 181	\$ 70	\$ 86
Certificates of deposit	Level 1	17	15	16
Agency securities	Level 2	10	—	—
Total short-term investments		\$ 208	\$ 85	\$ 102
Long-term investments:				
Available-for-sale securities				
Corporate debt securities	Level 2	\$ 224	\$ —	\$ —
Agency securities	Level 2	66	—	—
Municipal floating rate obligations	Level 2	—	368	407
Certificates of deposit	Level 1	—	2	1
Total long-term investments		\$ 290	\$ 370	\$ 408

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

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

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

During the three and nine months ended November 2, 2018, the Company's only significant assets or liabilities measured at fair value on a nonrecurring basis subsequent to their initial recognition were certain long-lived assets. During the three and nine months ended November 3, 2017, the Company had no significant measurements of assets and liabilities at fair value on a nonrecurring basis subsequent to their initial recognition.

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

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

general, the selected market participants represented a group of other retailers with a location footprint similar in size to the Company's.

As part of a strategic reassessment of Orchard Supply Hardware (Orchard), during the three months ended August 3, 2018, it was determined to be more likely than not the assets of Orchard would be sold or otherwise disposed of significantly before the end of their previously estimated useful lives, and therefore, these assets experienced a triggering event and were evaluated for recoverability. Operating locations evaluated for recoverability included all Orchard stores, as well as a distribution facility that services the Orchard stores and a corporate facility. Based on this evaluation of Orchard, certain long-lived assets, including tangible and intangible assets, were written down to their fair value of \$284 million resulting in impairment charges of \$206 million. These non-cash impairment charges are included in selling, general and administrative expense in the accompanying consolidated statements of current and retained earnings.

During the three months ended November 2, 2018, the company committed to closing 20 U.S. home improvement stores and 31 locations in Canada, including 27 stores, as well as exiting certain immaterial non-core activities within its U.S. home improvement business. As a result of these decisions, the related assets experienced a triggering event and were evaluated for recoverability. Based on this evaluation, certain long-lived assets were written down to their fair value of \$81 million resulting in impairment charges of \$99 million, with \$90 million associated with the location closures and \$9 million associated with the exit of non-core activities. These non-cash impairment charges are included in selling, general and administrative expense in the accompanying consolidated statements of current and retained earnings.

In addition, as part of the Company's strategic reassessment process, during the three months ended November 2, 2018, it was determined to be more likely than not the assets of the Mexico retail operations would be sold or otherwise disposed of significantly before the end of their previously estimated useful lives, and therefore, these assets experienced a triggering event and were evaluated for recoverability. Operating locations evaluated for recoverability included all 13 stores in Mexico, as well as a corporate facility. Based on this evaluation of the Mexico retail operations, certain long-lived assets were written down to their fair value of \$107 million resulting in impairment charges of \$22 million. These non-cash impairment charges are included in selling, general and administrative expense in the accompanying consolidated statements of current and retained earnings.

See Note 8 for additional information regarding the Company's decisions to exit its Orchard operations and certain U.S. and Canada locations during the third quarter as part of the Company's ongoing strategic reassessment of the business.

The following table presents the Company's non-financial assets measured at estimated fair value on a nonrecurring basis and the resulting long-lived asset impairment losses included in earnings. Because assets subject to long-lived asset impairment are not measured at fair value on a recurring basis, certain fair value measurements presented in the table may reflect values at earlier measurement dates and may no longer represent the fair values at November 2, 2018.

(In millions)	Fair Value Measurements		Impairment Losses	
	November 2, 2018		Three Months Ended November 2, 2018	Nine Months Ended November 2, 2018
Assets-held-for-use:				
Operating locations	\$	473	\$ (112)	\$ (329)
Total	\$	473	\$ (112)	\$ (329)

Fair Value of Financial Instruments

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

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

(In millions)	November 2, 2018		November 3, 2017		February 2, 2018	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Unsecured notes (Level 1)	\$ 14,718	\$ 14,430	\$ 14,958	\$ 15,974	\$ 14,961	\$ 15,608
Mortgage notes (Level 2)	6	6	7	7	6	7
Long-term debt (excluding capitalized lease obligations)	\$ 14,724	\$ 14,436	\$ 14,965	\$ 15,981	\$ 14,967	\$ 15,615

Note 6 : Restricted Investment Balances - Short-term and long-term investments include restricted balances pledged as collateral primarily for the Company's extended protection plan program. Restricted balances included in short-term investments were \$191 million at November 2, 2018 , \$70 million at November 3, 2017 , and \$86 million at February 2, 2018 .

Restricted balances included in long-term investments were \$255 million at November 2, 2018 , \$332 million at November 3, 2017 , and \$381 million at February 2, 2018 .

Note 7 : Property - Property is shown net of accumulated depreciation of \$17.7 billion at November 2, 2018 , \$17.1 billion at November 3, 2017 , and \$17.2 billion at February 2, 2018 .

Note 8 : Exit Activities - During the second quarter of fiscal year 2018, the Company initiated a strategic reassessment of its business to drive increased focus on its core home improvement operations. As a result of this reassessment, the Company has decided to exit certain activities and close certain locations as further described below.

Orchard Supply Hardware (Orchard)

On August 17, 2018, the Company approved plans to exit its Orchard operations by closing all 99 Orchard stores, which are located in California, Oregon and Florida, as well as the distribution facility that services the Orchard stores, and the Orchard corporate office. To facilitate an orderly wind-down, the Company has partnered with Hilco Merchant Services to help manage the store closing sales process and provide a seamless experience for customers. All stores are expected to be closed before the end of the Company's 2018 fiscal year (February 1, 2019).

During the second quarter ended August 3, 2018, the Company recorded \$230 million of pre-tax charges associated with its Orchard operations. This included \$206 million of impairment of certain long-lived assets, including tangible and intangible assets, due to the determination it was more likely than not the assets of Orchard would be sold or otherwise disposed of significantly before the end of their previously estimated useful lives (see Note 5 to the consolidated financial statements) and \$24 million related primarily to three store projects that were discontinued during the quarter. During the third quarter ended November 2, 2018, the Company recorded \$123 million of pre-tax charges related to the exit of its Orchard operations, including accelerated depreciation and amortization of \$103 million, severance costs of \$11 million, and costs associated with lease obligations of \$9 million. The Company expects additional pre-tax charges associated with the exit of Orchard during the fourth quarter of fiscal 2018, of \$270 to \$350 million, primarily associated with lease obligation costs.

Other Store Closings and Exit of Certain Non-Core Activities

On October 31, 2018, the Company committed to closing 20 U.S. home improvement stores and 31 locations in Canada, including 27 stores. The store closings are estimated to be completed by the end of fiscal 2018. In addition, the Company concurrently decided to no longer pursue a new store project that was in process. As a result of these decisions, during the third quarter ended November 2, 2018, the Company recorded \$121 million of pre-tax charges, including \$90 million of impairment of certain long-lived assets (see Note 5 to the consolidated financial statements), severance costs of \$21 million, and discontinued project costs of \$10 million. The Company expects additional pre-tax charges associated with these closings during the fourth quarter of fiscal 2018, of \$190 to \$230 million, primarily associated with lease obligation costs and accelerated depreciation.

In addition, during the third quarter ended November 2, 2018, the Company decided to pursue an exit of certain immaterial non-core activities within its U.S. home improvement business. As a result of these decisions, during the third quarter ended November 2, 2018, the Company recorded \$14 million of pre-tax charges, including long-lived asset impairments of \$9 million (see Note 5 to the consolidated financial statements), and the write-down of inventory to net realizable value of \$5 million.

Mexico Retail Operations

On November 9, 2018, subsequent to the end of the Company's third quarter of fiscal 2018, management and the board of directors decided to pursue an exit of the Company's Mexico retail operations consisting of 13 stores, and the Company is exploring exit alternatives. During the third quarter ended November 2, 2018, the Company recorded \$22 million of pre-tax charges associated with long-lived asset impairment due to the determination it was more likely than not the assets of the Mexico retail operations would be sold or otherwise disposed of significantly before the end of their previously estimated useful lives (see Note 5 to the consolidated financial statements). The amounts, nature and timing of any additional charges associated with the intended exit of the Mexico retail operations will depend on the plan executed and cannot be reasonably estimated.

A summary of the significant components of charges associated with the exit activities discussed above, are as follows:

(In millions)	Costs Incurred	
	Three Months Ended November 2, 2018	Nine Months Ended November 2, 2018
Long-lived asset impairments	\$ 121	\$ 327
Accelerated depreciation and amortization	103	103
Severance costs	32	32
Discontinued project write-offs	10	34
Lease obligation costs for closed locations	9	9
Inventory adjustments to net realizable value	5	5
Total	\$ 280	\$ 510

All estimated amounts are subject to change until finalized. Expenses associated with long-lived asset impairment, discontinued projects, severance, and lease obligations, are included in selling, general and administrative expense in the consolidated statement of current and retained earnings. Inventory adjustments to net realizable value are included in cost of sales in the consolidated statement of current and retained earnings.

Note 9 : Short-Term Borrowings - In September 2018, the Company entered into a \$1.75 billion five year unsecured revolving second amended and restated credit agreement (the Second Amended and Restated Credit Agreement) with a syndicate of banks. The Second Amended and Restated Credit Agreement amends and restates the Company's amended and restated credit agreement, dated November 23, 2016 (the Amended and Restated Credit Agreement), to among other things (i) extend the maturity date of the revolving credit facility to September 2023 and (ii) modify the revolving commitments of the existing lenders. The Company may request borrowings under the Second Amended and Restated Credit Agreement that are denominated in U.S. Dollar, Euro, Sterling, Canadian Dollar and other currencies approved by the administrative agent and the lenders. Borrowings under the Second Amended and Restated Credit Agreement will bear interest calculated according to a Base Rate or a Eurocurrency Rate, plus an applicable margin.

Subject to obtaining commitments from the lenders and satisfying other conditions specified in the Second Amended and Restated Credit Agreement, the Company may increase the aggregate availability by an additional \$500 million. The Second Amended and Restated Credit Agreement contains customary representations, warranties, and covenants for a transaction of this type. The Company was in compliance with those covenants at November 2, 2018.

In September 2018, the Company entered into a \$250 million unsecured 364-day credit agreement (the 364-Day Credit Agreement) with a syndicate of banks. The Company may request borrowings under the 364-Day Credit Agreement that are denominated in U.S. Dollar, Euro, Sterling, Canadian Dollar and other currencies approved by the administrative agent and the lenders. The Company must repay the aggregate principal amount of loans outstanding under the 364-Day Credit Agreement on the termination date in effect at such time (currently September 9, 2019). The Company may elect to convert all of the loans outstanding under the 364-Day Credit Agreement on the termination date into a term loan which the Company shall repay in full on the first anniversary date of the termination date. Borrowings under the 364-Day Credit Agreement will bear interest calculated according to a Base Rate or a Eurocurrency Rate plus an applicable margin. The 364-Day Credit Agreement contains customary representations, warranties and covenants for a transaction of this type. The Company was in compliance with those covenants at November 2, 2018.

The Second Amended and Restated Credit Agreement and the 364-Day Credit Agreement both support our commercial paper program. The amount available to be drawn under the Second Amended and Restated Credit Agreement and the 364-Day

Credit Agreement is reduced by the amount of borrowings under our commercial paper program. There were no outstanding borrowings under the Second Amended and Restated Credit Agreement, the 364-Day Credit Agreement, or our commercial paper program as of November 2, 2018. As of November 3, 2017, there were \$171 million of outstanding borrowings under the commercial paper program with a weighted average interest rate of 1.37% and no outstanding borrowings or letters of credit under the Amended and Restated Credit Agreement.

Note 10 : Shareholders' Equity - The Company has a share repurchase program that is executed through purchases made from time to time either in the open market, which may be made under pre-set trading plans meeting the requirements of Rule 10b5-1(c) of the Securities Exchange Act of 1934, or through private off-market transactions. Shares purchased under the repurchase program are retired and returned to authorized and unissued status. On January 26, 2018, the Company's Board of Directors authorized a \$5.0 billion share repurchase program with no expiration, which was announced on the same day. As of November 2, 2018, the Company had \$4.5 billion remaining in its share repurchase program.

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

In August 2018, the Company entered into an ASR agreement with a third-party financial institution to repurchase \$310 million of the Company's common stock. At inception, pursuant to the agreement, the Company paid \$310 million to the financial institution using cash on hand, and took delivery of 2.5 million shares. The Company finalized the transaction and received an additional 0.3 million shares prior to the end of the third quarter.

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

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

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

During the three and nine months ended November 2, 2018, the Company repurchased shares of its common stock through the open market totaling 2.9 million and 17.5 million shares, respectively, for a cost of \$310 million and \$1.6 billion, respectively.

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

Shares repurchased for the three and nine months ended November 2, 2018 and November 3, 2017 were as follows:

	Three Months Ended			
	November 2, 2018		November 3, 2017	
(In millions)	Shares	Cost ¹	Shares	Cost ¹
Share repurchase program	5.7	\$ 620	6.4	\$ 500
Shares withheld from employees	0.2	25	0.4	27
Total share repurchases	5.9	\$ 645	6.8	\$ 527

¹ Reductions of \$603 million and \$495 million were recorded to retained earnings, after capital in excess of par value was depleted, for the three months ended November 2, 2018 and November 3, 2017, respectively.

(In millions)	Nine Months Ended			
	November 2, 2018		November 3, 2017	
	Shares	Cost ²	Shares	Cost ²
Share repurchase program	25.9	\$ 2,470	37.5	\$ 3,000
Shares withheld from employees	0.3	38	0.5	41
Total share repurchases	26.2	\$ 2,508	38.0	\$ 3,041

² Reductions of \$2.3 billion and \$2.9 billion were recorded to retained earnings, after capital in excess of par value was depleted, for the nine months ended November 2, 2018 and November 3, 2017, respectively.

Note 11 : Earnings Per Share - The Company calculates basic and diluted earnings per common share using the two-class method. Under the two-class method, net earnings are allocated to each class of common stock and participating security as if all of the net earnings for the period had been distributed. The Company's participating securities consist of share-based payment awards that contain a non-forfeitable right to receive dividends and, therefore, are considered to participate in undistributed earnings with common shareholders.

Basic earnings per common share excludes dilution and is calculated by dividing net earnings allocable to common shares by the weighted-average number of common shares outstanding for the period. Diluted earnings per common share is calculated by dividing net earnings allocable to common shares by the weighted-average number of common shares as of the balance sheet date, as adjusted for the potential dilutive effect of non-participating share-based awards. The following table reconciles earnings per common share for the three and nine months ended November 2, 2018 and November 3, 2017 :

(In millions, except per share data)	Three Months Ended		Nine Months Ended	
	November 2, 2018	November 3, 2017	November 2, 2018	November 3, 2017
Basic earnings per common share:				
Net earnings	\$ 629	\$ 872	\$ 3,138	\$ 2,893
Less: Net earnings allocable to participating securities	(1)	(2)	(10)	(10)
Net earnings allocable to common shares, basic	628	\$ 870	\$ 3,128	\$ 2,883
Weighted-average common shares outstanding	806	831	815	843
Basic earnings per common share	\$ 0.78	\$ 1.05	\$ 3.84	\$ 3.42
Diluted earnings per common share:				
Net earnings	\$ 629	\$ 872	\$ 3,138	\$ 2,893
Less: Net earnings allocable to participating securities	(1)	(2)	(10)	(10)
Net earnings allocable to common shares, diluted	\$ 628	\$ 870	\$ 3,128	\$ 2,883
Weighted-average common shares outstanding	806	831	815	843
Dilutive effect of non-participating share-based awards	1	1	1	1
Weighted-average common shares, as adjusted	807	832	816	844
Diluted earnings per common share	\$ 0.78	\$ 1.05	\$ 3.83	\$ 3.42

Stock options to purchase 0.2 million and 0.4 million shares of common stock were anti-dilutive for the three and nine months ended November 2, 2018, respectively. Stock options to purchase 1.0 million shares of common stock were anti-dilutive for the three and nine months ended November 3, 2017, respectively.

Note 12 : Income Taxes - The Company's effective income tax rates were 21.8% and 23.8% for the three and nine months ended November 2, 2018, respectively, and 37.1% and 36.3% for the three and nine months ended November 3, 2017, respectively. The lower effective income tax rate for the three and nine months ended November 2, 2018 was primarily due to

the enactment of the Tax Cuts and Jobs Act (Tax Act) during fiscal 2017, which lowered the corporate federal income tax rate from 35% to 21%.

Based on the Company's interpretation of the Tax Act, the Company made reasonable estimates to record provisional adjustments during the fourth quarter of fiscal 2017. However, the final impact may differ due to subsequent legislative action, changes in interpretations and assumptions, as well as the issuance of additional guidance from the Internal Revenue Service and state taxing authorities. We have not made any measurement-period adjustments related to these items during the nine months ended November 2, 2018, because we have not finalized the following items: the earnings and profits of the relevant subsidiaries, deemed repatriation of deferred foreign income, and prior year deferred tax activity. The Company will continue to evaluate the Tax Act and gather additional information within the measurement period allowed, which will be completed no later than the fourth quarter of fiscal 2018.

Note 13 : Supplemental Disclosure

Net interest expense is comprised of the following:

(In millions)	Three Months Ended		Nine Months Ended	
	November 2, 2018	November 3, 2017	November 2, 2018	November 3, 2017
Long-term debt	\$ 145	\$ 146	\$ 437	\$ 438
Capitalized lease obligations	15	14	44	41
Interest income	(9)	(2)	(21)	(10)
Interest capitalized	—	(2)	(2)	(4)
Interest on tax uncertainties	—	—	—	(1)
Other	2	4	9	15
Interest - net	\$ 153	\$ 160	\$ 467	\$ 479

Supplemental disclosures of cash flow information:

(In millions)	Nine Months Ended	
	November 2, 2018	November 3, 2017
Cash paid for interest, net of amount capitalized	\$ 555	\$ 610
Cash paid for income taxes - net	\$ 1,069	\$ 1,322
Non-cash investing and financing activities:		
Non-cash property acquisitions, including assets acquired under capital lease	\$ 42	\$ 91
Cash dividends declared but not paid	\$ 387	\$ 341

Note 14 : Subsequent Events - As part of a strategic reassessment, on November 9, 2018, subsequent to the end of the Company's third quarter of fiscal 2018, management and the board of directors decided to pursue an exit of the Company's Mexico retail operations consisting of 13 stores, and the Company is exploring exit alternatives. The amounts, nature and timing of any future charges associated with the intended exit of the Mexico retail operations will depend on the plan executed and cannot be reasonably estimated. As of November 2, 2018, the total net book value of the Company's Mexico retail operation is \$294 million, including a cumulative translation adjustment of \$100 million.

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 November 2, 2018 and November 3, 2017, the related consolidated statements of current and retained earnings and comprehensive income for the fiscal three-month and nine-month periods ended November 2, 2018 and November 3, 2017, and of cash flows for the nine-month periods ended November 2, 2018 and November 3, 2017, and the related notes (collectively referred to as the "interim financial information"). Based on our reviews, we are not aware of any material modifications that should be made to the accompanying interim financial information for it to be in conformity with accounting principles generally accepted in the United States of America.

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

Basis for Review Results

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

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

/s/ DELOITTE & TOUCHE LLP

Charlotte, North Carolina
December 5, 2018

Item 2.

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

This discussion and analysis summarizes the significant factors affecting our consolidated operating results, liquidity and capital resources during the three and nine months ended November 2, 2018, and November 3, 2017. This discussion and analysis should be read in conjunction with the consolidated financial statements and notes to the consolidated financial statements that are included in our Annual Report on Form 10-K for the fiscal year ended February 2, 2018 (the Annual Report), as well as the consolidated financial statements (unaudited) and notes to the consolidated financial statements (unaudited) contained in this report. Unless otherwise specified, all comparisons made are to the corresponding period of 2017. This discussion and analysis is presented in six sections:

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

EXECUTIVE OVERVIEW

Our top priority during the quarter was taking necessary steps to build a sustainable foundation to position the Company for long-term success through a continued strategic reassessment of our business. As part of this, early in the third quarter of 2018, the Company committed to exit its Orchard Supply Hardware (Orchard) operations and plans to have all stores closed before the end of the Company's 2018 fiscal year (February 1, 2019). In addition, during the third quarter, we committed to close 20 underperforming stores across the U.S. and 31 locations in Canada, including 27 stores and 4 other Canadian locations. We expect these store closings to be completed by the end of the 2018 fiscal year as well. We also made the decision during the quarter to pursue an exit of certain non-core activities within our U.S. home improvement business, specifically Alacrity Renovation Services and Iris Smart Home, and intend to complete these exits before fiscal year-end. In addition, based on the strategic reassessment during the quarter, management and the board of directors decided on November 9, 2018, to pursue an exit of the Company's Mexico retail operations consisting of 13 stores. As a result of these assessments and decisions, the Company recorded \$280 million of pre-tax charges during the third quarter of 2018, primarily related to long-lived asset impairments, accelerated depreciation and amortization, severance and lease obligations. The Company expects additional pre-tax charges associated with these decisions during the fourth quarter of fiscal 2018, of \$460 to \$580 million, primarily associated with lease obligation costs and accelerated depreciation and amortization.

Impacted by the charges associated with the strategic actions discussed above, net earnings for the third quarter of 2018 decreased 27.9% to \$629 million. Diluted earnings per common share decreased 25.7% in the third quarter of 2018 to \$0.78 from \$1.05 in the third quarter of the prior year. The pre-tax charges totaling \$280 million decreased diluted earnings per share by \$ 0.26. Excluding the impact of these items, adjusted diluted earnings per common share decreased 1.0% to \$1.04 in the third quarter of 2018 from adjusted diluted earnings per common share of \$1.05 in the same period of the prior year (see discussion of non-GAAP financial measures beginning on page 22).

Net sales for the third quarter of 2018 increased by 3.8% to \$17.4 billion, and comparable sales increased 1.5%. During the quarter, 11 of 14 U.S. regions generated comparable sales increases with the Tampa, Florida and Houston, Texas markets experiencing the weakest comparable sales, primarily due to comparisons to prior year Hurricanes Harvey and Irma. Seven of 11 product categories generated positive comparable sales with particular strength in Seasonal & Outdoor Living, Appliances, Lawn & Garden, Kitchens, and Rough Plumbing & Electrical. While we drove strong traffic to our stores during the quarter, we continued to experience challenges with out-of-stocks, reset execution, and assortments in certain categories, which put pressure on our ability to turn those visits into transactions. We experienced pressure in Millwork, Paint, Fashion Fixtures, and Flooring, primarily due to reset execution.

With the substantial completion of our strategic reassessment of the business, we can now intensify our attention on improving execution in our retail stores and online. With our new leadership team, we have begun to design and implement store operations and merchandising strategies to address some of the issues we experienced during the third quarter, such as reset execution and out-of-stocks, and have developed plans to drive sustainable improvements. This is reflective of our priority of building a foundation for sustainable long-term success.

Although interest rates have ticked up and housing turnover has been pressured, the home improvement backdrop remains strong, driven by robust real residential investment and home price appreciation which continues to encourage homeowners to engage in discretionary projects. Consumer confidence continues to hover at high levels as consumers remain upbeat about their employment and income prospects, suggesting that we should see continued gains in consumer spending supported by stronger real disposable personal income growth. In addition, we operate in a fragmented \$900 billion marketplace and believe we have a compelling opportunity to improve our performance and increase our market share as we address certain process and system issues.

OPERATIONS

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

	Three Months Ended		Basis Point Increase / (Decrease) in Percentage of Net Sales from Prior Period	Percentage Increase / (Decrease) in Dollar Amounts from Prior Period
	November 2, 2018	November 3, 2017	2018 vs. 2017	2018 vs. 2017
	Net sales	100.00%	100.00%	N/A
Gross margin	32.50	34.07	(157)	(0.9)
Expenses:				
Selling, general and administrative	24.51	22.71	180	12.1
Depreciation and amortization	2.49	2.13	36	21.0
Operating income	5.50	9.23	(373)	(38.1)
Interest - net	0.88	0.96	(8)	(4.3)
Pre-tax earnings	4.62	8.27	(365)	(42.0)
Income tax provision	1.01	3.07	(206)	(66.0)
Net earnings	3.61%	5.20%	(159)	(27.9)%

	Nine Months Ended		Basis Point Increase / (Decrease) in Percentage of Net Sales from Prior Period	Percentage Increase / (Decrease) in Dollar Amounts from Prior Period
	November 2, 2018	November 3, 2017	2018 vs. 2017	2018 vs. 2017
	Net sales	100.00%	100.00%	N/A
Gross margin	33.90	34.23	(33)	3.8
Expenses:				
Selling, general and administrative	23.62	21.87	175	13.2
Depreciation and amortization	2.04	2.03	1	5.4
Operating income	8.24	10.33	(209)	(16.4)
Interest - net	0.84	0.91	(7)	(2.7)
Loss on extinguishment of debt	—	0.87	(87)	(100.0)
Pre-tax earnings	7.40	8.55	(115)	(9.4)
Income tax provision	1.76	3.10	(134)	(40.6)
Net earnings	5.64%	5.45%	19	8.5 %

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

Other Metrics	Three Months Ended		Nine Months Ended	
	November 2, 2018	November 3, 2017	November 2, 2018	November 3, 2017
Comparable sales increase ¹	1.5%	5.7%	2.6%	4.0%
Total customer transactions (in millions)	229	231	738	742
Average ticket ²	\$ 75.89	\$ 72.63	\$ 75.47	\$ 71.59
At end of period:				
Number of stores	2,133	2,144		
Sales floor square feet (in millions)	215	214		
Average store size selling square feet (in thousands) ³	101	100		
Return on invested capital ⁴	19.0%	19.5%		

¹ A comparable location is defined as a location that has been open longer than 13 months. A location that is identified for relocation is no longer considered comparable in the month of its relocation. The relocated location must then remain open longer than 13 months to be considered comparable. A location we have decided to close is no longer considered comparable as of the beginning of the month in which we announce its closing. Acquired locations are included in the comparable sales calculation beginning in the first full month following the first anniversary of the date of the acquisition. Comparable sales include online sales, which positively impacted third quarter fiscal 2018 comparable sales by approximately 60 basis points and fiscal 2018 comparable sales by approximately 85 basis points. The comparable store sales calculation included in the preceding table was calculated using comparable 13-week and 39-week periods.

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

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

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

Non-GAAP Financial Measures

Adjusted Diluted Earnings Per Share

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

During the nine months ended November 3, 2017, the Company recognized the following pre-tax charges:

- In the first quarter of 2017, the Company recognized a \$464 million loss on extinguishment of debt in connection with a \$1.6 billion cash tender offer.
- In the second quarter of 2017, the Company recognized a \$96 million gain from the sale of the Company's interest in its Australian joint venture. This gain had no impact on the Company's income tax provision due to the reduction of a previously established deferred tax valuation allowance.

During the nine months ended November 2, 2018, the Company recognized the following pre-tax charges resulting from its strategic reassessment of the business:

- In the second quarter of 2018, the Company recognized \$230 million of pre-tax charges, consisting of long-lived asset impairments and discontinued projects, associated with Orchard. In addition, during the third quarter of 2018, the Company recorded \$123 million of pre-tax charges, consisting of accelerated depreciation and amortization, severance, and lease obligations related to the decision to close all Orchard locations (Orchard Supply Hardware charges).

- In the third quarter of 2018, the Company recognized \$121 million of pre-tax charges, consisting of long-lived asset impairment and severance associated with the decision to close 20 U.S. stores and 31 stores and other locations in Canada (U.S. and Canada closing charges).
- In the third quarter of 2018, the Company recognized \$22 million of pre-tax charges, consisting of long-lived asset impairments, associated with its Mexico retail operations (Mexico impairment charge).
- In the third quarter of 2018, the Company recognized \$14 million of pre-tax charges associated with the exit of certain immaterial non-core activities within its U.S. home improvement business (Non-core activities charges).

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

	Three Months Ended					
	November 2, 2018			November 3, 2017		
	Pre-Tax Earnings	Tax	Net Earnings	Pre-Tax Earnings	Tax	Net Earnings
Diluted earnings per share, as reported			\$ 0.78			\$ 1.05
Non-GAAP adjustments - per share impacts						
Orchard Supply Hardware charges	0.15	(0.03)	0.12	—	—	—
U.S. and Canada closing charges	0.15	(0.04)	0.11	—	—	—
Mexico impairment charge	0.02	—	0.02	—	—	—
Non-core activities charges	0.02	(0.01)	\$ 0.01	—	—	\$ —
Adjusted diluted earnings per share			\$ 1.04			\$ 1.05

	Nine Months Ended					
	November 2, 2018			November 3, 2017		
	Pre-Tax Earnings	Tax	Net Earnings	Pre-Tax Earnings	Tax	Net Earnings
Diluted earnings per share, as reported			\$ 3.83			\$ 3.42
Non-GAAP adjustments - per share impacts						
Orchard Supply Hardware charges	0.44	(0.11)	0.33	—	—	—
U.S. and Canada closing charges	0.15	(0.04)	0.11	—	—	—
Mexico impairment charge	0.02	—	0.02	—	—	—
Non-core activities charges	0.02	(0.01)	0.01	—	—	—
Gain on sale of interest in Australian joint venture	—	—	—	(0.11)	—	(0.11)
Loss on extinguishment of debt	—	—	—	0.54	(0.21)	0.33
Adjusted diluted earnings per share			\$ 4.30			\$ 3.64

Return on Invested Capital

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

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

(In millions, except percentage data)	For the Periods Ended	
	November 2, 2018	November 3, 2017
Calculation of Return on Invested Capital		
Numerator		
Net earnings	\$ 3,692	\$ 3,556
Plus:		
Interest expense - net	620	639
Loss on extinguishment of debt	—	464
Provision for income taxes	1,371	2,099
Net operating profit	5,683	6,758
Less:		
Income tax adjustment ¹	1,539	2,509
Net operating profit after tax	\$ 4,144	\$ 4,249
Denominator		
Average debt and equity ²	\$ 21,764	\$ 21,806
Return on invested capital	19.0%	19.5%

¹ Income tax adjustment is defined as net operating profit multiplied by the effective tax rate, which was 27.1% and 37.1% for the periods ended November 2, 2018 and November 3, 2017, respectively.

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

Results of Operations

Net Sales – Net sales in the third quarter of 2018 increased 3.8% to \$17.4 billion. Comparable sales increased 1.5% over the same period, driven by a 2.3% increase in comparable average ticket and a 0.8% decrease in comparable customer transactions. The adoption of the revenue recognition accounting standard ASU 2014-09 contributed 1.4% to sales growth, primarily due to the reclassification of profit sharing income associated with the proprietary credit program from SG&A to sales. New stores also contributed to sales growth during the third quarter.

During the third quarter of 2018, we experienced comparable sales increases in seven of 11 product categories. Comparable sales were above the company average in Seasonal & Outdoor Living, Appliances, Lawn & Garden, Kitchens, and Rough Plumbing & Electrical. We experienced low-digit negative comparable sales in Flooring, Fashion Fixtures, Paint, and Millwork primarily due to inventory out-of-stocks, poor reset execution, and assortment misalignment. We achieved comparable sales in Seasonal & Outdoor Living driven by strong demand for grills and lawn mowers, as well as strong demand from inventory rationalization activity. In addition, Seasonal & Outdoor Living benefited from hurricane related demand for generators, air conditioners, and dehumidifiers. Strong brand and service advantages in Appliances, as well as Labor Day and Columbus Day holiday events, drove strong comparable sales during the quarter. Strong comparable sales in Lawn & Garden were the result of capitalizing on the extended growing season and fall preparation activity in our grass seed, fall fertilizer, live goods, and watering programs. Strength in organization and shelving, as well as cabinets and countertops, drove strong comparable sales in Kitchens. We achieved strong comparable sales in Rough Plumbing & Electrical driven by demand from the Pro customer.

Net sales increased 4.8% to \$55.7 billion for the first nine months of 2018 compared to 2017. Comparable sales increased 2.6% over the same period, primarily driven by a 3.8% increase in comparable average ticket and a 1.2% decrease in customer transactions. The adoption of the revenue recognition standard ASU 2014-09 represented 1.0% of the sales growth. New stores and the addition of Maintenance Supply Headquarters also contributed to sales growth during the first nine months of 2018.

Gross Margin – For the third quarter of 2018, gross margin decreased 157 basis points as a percentage of sales. Gross margin was negatively impacted by approximately 180 basis points by our inventory rationalization efforts to eliminate less productive SKUs and reduce clutter in our stores. We also experienced approximately 35 basis points of deleverage from reset-related clearance activity and 25 basis points from the wind-down of the Orchard operations. In addition, we experienced approximately 10 basis points of deleverage due to product mix shifts. This was partially offset by approximately 107 basis points due to the adoption of the revenue recognition accounting standard ASU 2014-09, which primarily resulted in a reclassification of profit sharing income associated with the proprietary credit program from SG&A to sales.

Gross margin as a percentage of sales decreased 33 basis points in the first nine months of 2018 compared to 2017. Gross margin was negatively impacted by approximately 60 basis points due to our efforts to rationalize inventory, as well as approximately 15 basis points of deleverage from reset-related clearance activity. Additionally, we experienced 15 basis points of deleverage due to mix of products sold. This was partially offset by approximately 72 basis points due to the adoption of the revenue recognition accounting standard ASU 2014-09.

SG&A – For the third quarter of 2018, SG&A expense deleveraged 180 basis points as a percentage of sales compared to the third quarter of 2017. This was primarily driven by 118 basis points of deleverage due to the adoption of the revenue recognition accounting standard ASU 2014-09, which primarily resulted in the reclassification of profit sharing income associated with the proprietary credit program from SG&A to sales. In addition, we experienced 105 basis points of deleverage due to long-lived asset impairments, severance and lease obligation costs associated with the Company's strategic reassessment previously discussed. These were partially offset by 20 basis points of leverage in incentive compensation due to lower attainment levels and 15 basis points of leverage in employee insurance.

SG&A expense as a percentage of sales deleveraged 175 basis points in the first nine months of 2018 compared to 2017. This was driven primarily by 81 basis points of deleverage due to the adoption of the revenue recognition accounting standard ASU 2014-09, 75 basis points of deleverage due to the Company's strategic reassessment, 18 basis points of deleverage due primarily to the prior year sale of our interest in the Australian joint venture, 11 basis points of deleverage in customer delivery to meet increased demand in Appliances, and 11 basis points of deleverage in external labor. These were partially offset by 18 basis points of leverage in employee insurance.

Depreciation and Amortization – Depreciation and amortization deleveraged 36 basis points for the third quarter of 2018 compared to the prior year primarily due to accelerated depreciation related to the exit of Orchard. Property, less accumulated depreciation, decreased to \$18.9 billion at November 2, 2018, compared to \$19.8 billion at November 3, 2017. As of November 2, 2018 and November 3, 2017, we owned 80% and 78% of our stores, respectively, which included stores on leased land.

Depreciation and amortization deleveraged 1 basis point for the first nine months of 2018 compared to 2017 primarily due to accelerated depreciation related to the exit of Orchard partially offset by assets becoming fully depreciated.

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

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

Income Tax Provision – Our effective income tax rates were 21.8% and 37.1% for the three months ended November 2, 2018 and November 3, 2017, respectively. The decrease in the effective income tax rate is primarily due to the enactment of the Tax Act, effective January 1, 2018, which lowered the federal tax rate from 35% to 21%.

Our effective income tax rates were 23.8% and 36.3% for the nine months ended November 2, 2018 and November 3, 2017, respectively. The decrease in the effective tax rate is due to the same factor that impacted the effective income tax rate in the third quarter.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES**Sources of Liquidity**

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

Cash Flows Provided by Operating Activities

(In millions)	Nine Months Ended	
	November 2, 2018	November 3, 2017
Net cash provided by operating activities	\$ 6,798	\$ 5,372

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 nine months ended November 2, 2018, versus the nine months ended November 3, 2017, was driven primarily by changes in operating assets and liabilities and an increase in net earnings adjusted for non-cash expenses.

Cash Flows Used in Investing Activities

(In millions)	Nine Months Ended	
	November 2, 2018	November 3, 2017
Net cash used in investing activities	\$ (788)	\$ (1,072)

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

Capital expenditures

Our capital expenditures generally consist of investments in our strategic initiatives to enhance our ability to serve customers, existing stores, and expansion plans. The following table provides our capital expenditures for the nine months ended November 2, 2018, and November 3, 2017:

(In millions)	Nine Months Ended	
	November 2, 2018	November 3, 2017
Existing store investments ¹	\$ 324	\$ 220
Strategic initiatives ²	69	216
New stores	453	351
Total capital expenditures	\$ 846	\$ 787

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

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

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

Business Acquisitions

During the second quarter of 2017, we paid \$505 million, inclusive of cash acquired and \$4 million of deferred components, to acquire Maintenance Supply Headquarters, which is expected to enable us to deepen and broaden our relationship with the Pro

customer and better serve their needs. See Note 3 to the consolidated financial statements included herein for additional information regarding our business acquisitions.

Cash Flows Used in Financing Activities

(In millions)	Nine Months Ended	
	November 2, 2018	November 3, 2017
Net cash used in financing activities	\$ (4,921)	\$ (4,130)

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

Short-term Borrowing Facilities

In September 2018, the Company entered into a \$1.75 billion five year unsecured revolving second amended and restated credit agreement (the “Second Amended and Restated Credit Agreement”) with a syndicate of banks. The Second Amended and Restated Credit Agreement amends and restates the Company’s amended and restated credit agreement, dated November 23, 2016 (the Amended and Restated Credit Agreement), to among other things (i) extend the maturity date of the revolving credit facility to September 2023 and (ii) modify the revolving commitments of the existing lenders. In September 2018, the Company entered into a \$250 million unsecured 364-day credit agreement (the 364-Day Credit Agreement) with a syndicate of banks. The Company may request borrowings under the 364-Day Credit Agreement that are denominated in U.S. Dollar, Euro, Sterling, Canadian Dollar and other currencies approved by the administrative agent and the lenders. The Company must repay the aggregate principal amount of loans outstanding under the 364-Day Credit Agreement on the termination date in effect at such time (currently September 9, 2019). The Company may elect to convert all of the loans outstanding under the 364-Day Credit Agreement on the termination date into a term loan which the Company shall repay in full on the first anniversary date of the termination date. The Second Amended and Restated Credit Agreement and the 364-Day Credit Agreement both support our commercial paper program. The amount available to be drawn under the Second Amended and Restated Credit Agreement and the 364-Day Credit Agreement is reduced by the amount of borrowings under our commercial paper program. All of our short-term borrowings during the nine months ended November 2, 2018, and November 3, 2017, were under the commercial paper program. The following table includes additional information related to our short-term borrowings for the nine months ended November 2, 2018, and November 3, 2017:

(In millions, except for interest rate data)	Nine Months Ended	
	November 2, 2018	November 3, 2017
Net change in short-term borrowings	\$ (1,137)	\$ (340)
Amount outstanding at quarter-end	\$ —	\$ 171
Maximum amount outstanding at any month-end	\$ 892	\$ 878
Weighted-average interest rate of short-term borrowings outstanding	—%	1.37%

The Second Amended and Restated Credit Agreement and the 364-Day Credit Agreement contains customary representations, warranties, and covenants. We were in compliance with those covenants at November 2, 2018. Subject to obtaining commitments from the lenders and satisfying other conditions specified in the Second Amended and Restated Credit Agreement, the Company may increase the aggregate availability by an additional \$500 million.

Long-term Debt

The following table includes additional information related to the Company’s long-term debt for the nine months ended November 2, 2018, and November 3, 2017:

(In millions)	Nine Months Ended	
	November 2, 2018	November 3, 2017
Net proceeds from issuance of long-term debt	\$ —	\$ 2,968
Repayment of long-term debt	\$ (288)	\$ (2,836)

During the nine months ended November 2, 2018, we paid \$250 million to retire scheduled debts at maturity.

During the nine months ended November 3, 2017, we paid approximately \$2.0 billion to purchase \$1.6 billion of our higher coupon notes prior to maturity in connection with a cash tender offer. We issued \$3.0 billion of unsecured notes to fund the tender offer, finance current year maturities, and for other general corporate purposes, which included share repurchases, capital expenditures, strategic investments, and working capital needs.

Share Repurchases

We have an ongoing share repurchase program, authorized by the Company's Board of Directors, that is executed through purchases made from time to time either in the open market or through private off-market transactions. We also withhold shares from employees to satisfy tax withholding liabilities. Shares repurchased are retired and returned to authorized and unissued status. The following table provides, on a settlement date basis, the total number of shares repurchased, average price paid per share, and the total amount paid for share repurchases for the nine months ended November 2, 2018, and November 3, 2017:

(In millions, except per share data)	Nine Months Ended	
	November 2, 2018	November 3, 2017
Total amount paid for share repurchases	\$ 2,498	\$ 3,054
Total number of shares repurchased	26.1	38.1
Average price paid per share	\$ 95.67	\$ 80.05

As of November 2, 2018, we had \$4.5 billion remaining available under our share repurchase program with no expiration date. We expect to repurchase shares totaling \$3.0 billion in 2018 (including the amount repurchased during the first nine months of fiscal year 2018). See Note 10 to the consolidated financial statements included herein for additional information regarding share repurchases.

Dividends

Our dividend payment dates are established such that dividends are paid in the quarter immediately following the quarter in which they are declared. The following table provides additional information related to our dividend payments for the nine months ended November 2, 2018, and November 3, 2017:

(In millions, except per share data)	Nine Months Ended	
	November 2, 2018	November 3, 2017
Total cash dividend payments	\$ 1,068	\$ 947
Dividends paid per share	\$ 1.30	\$ 1.11

Capital Resources

We expect to continue to have access to the capital markets on both short-term and long-term bases when needed for liquidity purposes by issuing commercial paper or new long-term debt. The availability and the borrowing costs of these funds could be adversely affected, however, by a downgrade of our debt ratings or a deterioration of certain financial ratios. The table below reflects our debt ratings by Standard & Poor's (S&P) and Moody's as of December 5, 2018, which we are disclosing to enhance understanding of our sources of liquidity and the effect of our ratings on our cost of funds. Our debt ratings have enabled, and should continue to enable, us to refinance our debt as it becomes due at favorable rates in capital markets. Our commercial paper and senior debt ratings may be subject to revision or withdrawal at any time by the assigning rating organization, and each rating should be evaluated independently of any other rating.

Debt Ratings	S&P	Moody's
Commercial Paper	A-2	P-2
Senior Debt	A-	A3
Senior Debt Outlook	Stable	Stable

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

OFF-BALANCE SHEET ARRANGEMENTS

Other than in connection with executing operating leases, we do not have any off-balance sheet financing that has, or is reasonably likely to have, a material, current or future effect on our financial condition, cash flows, results of operations, liquidity, capital expenditures or capital resources.

CONTRACTUAL OBLIGATIONS AND COMMERCIAL COMMITMENTS

As of November 2, 2018, there were no material changes to our contractual obligations and commercial commitments outside the ordinary course of business since the end of 2017. Refer to the Annual Report on Form 10-K for additional information regarding our contractual obligations and commercial commitments.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our significant accounting policies are described in Note 1 to the consolidated financial statements presented in the Annual Report. Our critical accounting policies and estimates are described in “Item 7 - Management’s Discussion and Analysis of Financial Condition and Results of Operations” in the Annual Report. Our significant and critical accounting policies have not changed significantly since the filing of the Annual Report. However, given the estimates made this quarter regarding the evaluation of long-lived asset impairment, we have elected to provide additional disclosure related to our critical accounting policy for long-lived asset impairment.

Long-Lived Asset Impairment

Description

We review the carrying amounts of locations whenever certain events or changes in circumstances indicate that the carrying amounts may not be recoverable. When evaluating locations for impairment, our asset group is at an individual location level, as that is the lowest level for which cash flows are identifiable. Cash flows for individual locations do not include an allocation of corporate overhead.

We evaluate locations for triggering events relating to long-lived asset impairment on a quarterly basis to determine when a location’s assets may not be recoverable. For operating locations, our primary indicator that assets may not be recoverable is consistently negative cash flow for a 12-month period for those locations that have been open in the same location for a sufficient period of time to allow for meaningful analysis of ongoing operating results. Management also monitors other factors when evaluating operating locations for impairment, including individual locations’ execution of their operating plans and local market conditions, including incursion, which is the opening of either other Lowe’s locations or those of a direct competitor within the same market. We also consider there to be a triggering event when there is a current expectation that it is more likely than not that a given location will be closed significantly before the end of its previously estimated useful life.

A potential impairment has occurred if projected future undiscounted cash flows expected to result from the use and eventual disposition of the location’s assets are less than the carrying amount of the assets. When determining the stream of projected future cash flows associated with an individual operating location, management makes assumptions, incorporating local market conditions, about key store variables including sales growth rates, gross margin and controllable expenses, such as store payroll and occupancy expense, as well as asset residual values or lease rates. An impairment loss is recognized when the carrying amount of the operating location is not recoverable and exceeds its fair value.

We use an income approach to determine the fair value of our individual operating locations, which requires discounting projected future cash flows. This involves making assumptions regarding both a location’s future cash flows, as described above, and an appropriate discount rate to determine the present value of those future cash flows. We discount our cash flow estimates at a rate commensurate with the risk that selected market participants would assign to the cash flows. The selected market participants represent a group of other retailers with a market footprint similar in size to ours.

We use a market approach to determine the fair value of our individual locations identified for closure. This involves making assumptions regarding the estimated selling prices or estimated lease rates by obtaining information from property brokers or appraisers in the specific markets being evaluated. The information includes comparable sales of similar assets and assumptions about demand in the market for purchase or lease of these assets.

Judgments and uncertainties involved in the estimate

Our impairment evaluations require us to apply judgment in determining whether a triggering event has occurred, including the evaluation of whether it is more likely than not that a location will be closed significantly before the end of its previously estimated useful life. Our impairment loss calculations require us to apply judgment in estimating expected future cash flows, including estimated sales, margin and controllable expenses, and assumptions about market performance for operating locations and estimated selling prices or lease rates for locations identified for closure. We also apply judgment in estimating asset fair values, including the selection of an appropriate discount rate for fair values determined using an income approach.

Effect if actual results differ from assumptions

During the first nine months of 2018, the Company recorded impairment charges totaling \$329 million within selling, general and administrative expenses in the consolidated statements of current and retained earnings. We have not made any material changes in the methodology used to estimate the future cash flows of operating locations or locations identified for closure during the past three fiscal years. If the actual results are not consistent with the assumptions and judgments we have made in determining whether it is more likely than not that a location will be closed significantly before the end of its useful life or in estimating future cash flows and determining asset fair values, our actual impairment losses could vary positively or negatively from our estimated impairment losses. In the event that our estimates vary from actual results, we may record additional impairment losses, which could be material to our results of operations.

FORWARD-LOOKING STATEMENTS

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

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

integrate or divest personnel, labor models, financial, IT and other systems successfully; disruption of our ongoing business and distraction of management; hiring additional management and other critical personnel; increasing or decreasing the scope, geographic diversity, and complexity of our operations; significant integration or disposition costs or unknown liabilities; and failure to realize the expected benefits of the transaction. For more information about these and other risks and uncertainties that we are exposed to, you should read “Item 1A - Risk Factors” and “Item 7 - Management’s Discussion and Analysis of Financial Condition and Results of Operations - Critical Accounting Policies and Estimates” included in our most recent Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission (the SEC) and the description of material changes thereto, if any, included in our Quarterly Reports on Form 10-Q or subsequent filings with the SEC.

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

Item 3. - Quantitative and Qualitative Disclosures about Market Risk

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

Item 4. - Controls and Procedures

The Company’s management, with the participation of the Chief Executive Officer and the Chief Financial Officer, has evaluated the effectiveness of the Company’s “disclosure controls and procedures,” (as such term is defined in Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the Exchange Act)). Based upon their evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that, as of November 2, 2018, the Company’s disclosure controls and procedures were effective for the purpose of ensuring that the information required to be disclosed in the reports that the Company files or submits under the Exchange Act with the SEC (1) is recorded, processed, summarized, and reported within the time periods specified in the SEC’s rules and forms, and (2) is accumulated and communicated to the Company’s management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

In addition, no change in the Company’s internal control over financial reporting occurred during the quarter ended November 2, 2018, that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting.

Part II – OTHER INFORMATION

Item 1. - Legal Proceedings

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

Item 1A. - Risk Factors

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

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

On May 20, 2018, the Board of Directors of the Company appointed Marvin R. Ellison as President and Chief Executive Officer and Richard R. Dreiling as Chairman of the Board of Directors, in each case, effective as of July 2, 2018. On July 2, 2018, Mr. Ellison assumed the office of President and Chief Executive Officer and joined the Board of Directors, and Mr. Dreiling became Chairman of the Board of Directors. Mr. Ellison and Mr. Dreiling succeeded Robert A. Niblock, who retired as Chairman, President and Chief Executive Officer of the Company and member of the Board of Directors effective July 2, 2018. On June 4, 2018, we announced that Marshall A. Croom plans to retire from the Company, effective October 5, 2018, and on August 22, 2018, we named David M. Denton as Executive Vice President, Chief Financial Officer, which appointment became effective on November 19, 2018. On October 2, 2018, the Board of Directors of the Company appointed Tiffany L. Mason as Interim Chief Financial Officer, in addition to her duties as Senior Vice President, Corporate Finance and Treasurer, effective from October 5, 2018 until Mr. Denton joined the Company on November 19, 2018. On October 5, 2018, Marshall A. Croom retired as Chief Financial Officer of the Company. In addition, on July 9, 2018, we announced the implementation of a new leadership structure and named William P. Boltz as Executive Vice President, Merchandising effective August 15, 2018. On July 20, 2018, we named Joseph M. MacFarland III as Executive Vice President, Stores effective August 15, 2018. On August 7, 2018, we named Donald E. Frieson as Executive Vice President, Supply Chain effective August 8, 2018. On November 2, 2018, the Company announced the appointment of Seemantini Godbole as Chief Information Officer, effective November 12, 2018. Such leadership transitions can be inherently difficult to manage, and an inadequate transition may cause disruption to our business, including to our relationships with our customers, suppliers, vendors and employees. It may also make it more difficult to hire and retain key employees.

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

The following table sets forth information with respect to purchases of the Company's common stock made during the third quarter of fiscal 2018 :

	Total Number of Shares Purchased ¹	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs ²	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs ²
August 4, 2018 - August 31, 2018 ³	3,305,025	\$ 109.02	3,304,298	\$ 4,696,523,850
September 1, 2018 - October 5, 2018	1,658,249	112.96	1,441,668	4,570,177,217
October 6, 2018 - November 2, 2018 ³	963,730	100.69	962,300	4,473,280,600
As of November 2, 2018	5,927,004	\$ 108.77	5,708,266	\$ 4,473,280,600

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

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

³ In August 2018, the Company entered into an Accelerated Share Repurchase (ASR) agreement with a third-party financial institution to repurchase \$310 million of the Company's common stock. Pursuant to the agreement, the Company paid \$310 million to the financial institution and received an initial delivery of 2.5 million shares. In October 2018, prior to the end of the third quarter, the Company finalized the transaction and received an additional 0.3 million shares. The average price paid per share in settlement of the ASR agreement included in the table above was determined with reference to the volume-weighted average price of the Company's common stock over the term of the ASR agreement. See Note 10 to the consolidated financial statements included herein for additional information regarding share repurchases.

Item 6. - Exhibits

Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	File No.	Exhibit	Filing Date
3.1	Restated Charter of Lowe's Companies, Inc.	10-Q	001-07898	3.1	September 1, 2009
3.2	Bylaws of Lowe's Companies, Inc., as amended and restated August 17, 2018.	8-K	001-07898	3.1	August 22, 2018
10.1	Offer Letter between Lowe's Companies, Inc. and David M. Denton entered into on August 20, 2018.*	10-Q	001-07898	10.3	September 4, 2018
10.2	Lowe's Companies, Inc. Severance Plan for Senior Officers effective August 16, 2018.*	10-Q	001-07898	10.9	September 4, 2018
10.3	Second Amended and Restated Credit Agreement, dated as of September 10, 2018, by and among Lowe's Companies, Inc., Bank of America, N.A., as administrative agent and a letter of credit issuer, U.S. Bank National Association, as syndication agent and a letter of credit issuer, Citibank, N.A., Goldman Sachs Bank USA, JPMorgan Chase Bank, N.A. and Wells Fargo Bank, National Association, as co-documentation agents, and the other lenders party thereto.	8-K	001-07898	10.1	September 12, 2018
10.4	364-Day Credit Agreement, dated as of September 10, 2018, by and among Lowe's Companies, Inc., Bank of America, N.A., as administrative agent, U.S. Bank National Association, as syndication agent Citibank, N.A., Goldman Sachs Bank USA, JPMorgan Chase Bank, N.A. and Wells Fargo Bank, National Association, as co-documentation agents, and the other lenders party thereto.	8-K	001-07898	10.2	September 12, 2018
10.5	Retirement Agreement between Lowe's Companies, Inc. and Marshall A. Croom entered into on September 27, 2018.*‡				
10.6	Form of Lowe's Companies, Inc. Director Indemnification Agreement.*‡				
15.1	Deloitte & Touche LLP Letter re Unaudited Interim Financial Information.‡				
31.1	Certification of Principal Executive Officer Pursuant to Rule 13a-14(a)/15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.‡				
31.2	Certification of Principal Financial Officer Pursuant to Rule 13a-14(a)/15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.‡				
32.1	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.‡				

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

101.INS XBRL Instance Document.‡

101.SCH XBRL Taxonomy Extension Schema Document.‡

101.CAL XBRL Taxonomy Extension Calculation Linkbase Document.‡

101.DEF XBRL Taxonomy Extension Definition Linkbase Document.‡

101.LAB XBRL Taxonomy Extension Label Linkbase Document.‡

101.PRE XBRL Taxonomy Extension Presentation Linkbase Document.‡

* Indicates a management contract or compensatory plan or arrangement.

‡ Filed herewith.

† Furnished herewith.

SIGNATURE

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

LOWE'S COMPANIES, INC.

(Registrant)

December 6, 2018

Date

By: /s/ Matthew V. Hollifield

Matthew V. Hollifield
Senior Vice President and Chief Accounting Officer

RETIREMENT AGREEMENT

THIS RETIREMENT AGREEMENT (this "Agreement"), is made and entered into as of the 27th day of September, 2018, by and between LOWE'S COMPANIES, INC., a North Carolina corporation (the "Company"), and Marshall A. Croom (the "Executive").

WITNESSETH:

WHEREAS , the Executive is employed as the Chief Financial Officer of the Company; and

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

NOW, THEREFORE , the parties hereby agree as follows:

1. Continued Service; Retirement. The Executive shall continue to serve as the Chief Financial Officer of the Company until October 5, 2018 or such earlier date as the Company may determine. The Executive shall remain an employee of the Company until October 5, 2018 (the "Retirement Date"). Upon the Retirement Date, the Executive shall retire and relinquish all positions and responsibilities with the Company and its subsidiaries and affiliates.

2. Obligations of the Company.

(a) **Salary and Benefits** . For his service to the Company through the Retirement Date, the Executive shall continue to receive his current annual base salary and participate in all of the Company's incentive compensation and benefit plans and fringe benefit and perquisite programs and shall receive any and all payments and benefits earned thereunder up to and through the Retirement Date. Nothing in this Agreement shall limit Executive's participation in the Lowe's Management Bonus Plan (the "Bonus Plan"). Should Executive qualify for a bonus payment under the terms of the Bonus Plan, such payment (if any) will be made in accordance with the provisions of the Bonus Plan.

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

(c) **Indemnification; Liability Insurance** . The Company agrees that if the Executive is made a party, or is threatened to be made a party, to any action, suit or proceeding, whether civil, criminal, administrative or investigative (a "Proceeding"), by reason of the fact the Executive was a director, officer or employee of the Company or was serving at the request of the Company as director, officer, member, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, the Executive shall be indemnified and held harmless by the Company to the fullest extent permitted or authorized by the Company's articles of incorporation and bylaws and such indemnification shall continue to the Executive even though the Executive has ceased to be a director, member, employee or agent of the Company or other entity and shall inure to the benefit of the Executive's heirs, executors and administrators. The Company shall advance to the Executive all reasonable costs and expenses incurred by the Executive in connection with a Proceeding within twenty (20) days after receipt by the Company of a written request for such advance. Such request, however, must include an undertaking by the Executive to repay the amount of such advance if it shall ultimately be determined the Executive is not entitled to be indemnified against such costs and expenses. The Company further agrees to continue and maintain a directors' and officers' liability insurance policy covering the Executive to the same extent as the Company's directors and officers are covered until such time as suits against the Executive are no longer permitted by law.

3. Obligations of the Executive .

(a) **Release** . Not earlier than the Retirement Date, and not later than twenty-one (21) days after the Retirement Date (the "Restricted Period"), the Executive will execute and deliver to the Company the general release (the "Release") in the form attached hereto as Exhibit A. The Executive shall have a

period of seven (7) days after executing the Release to revoke the Release by providing written notice of revocation to the Company.

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

(i) directly or indirectly provide or perform any services for a "Competing Enterprise" (as defined below), whether as an employee, consultant, agent, contractor, officer, director or any other capacity; or

(ii) interfere directly or indirectly with any of the Company's relationships with its existing or potential employees, suppliers, customers or developers.

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

(c) **Confidential Information** . The Executive shall not without limitation in time, disclose to others or use, whether directly or indirectly, any Confidential Information (as hereinafter defined). For purposes of this Agreement, the term "Confidential Information" shall mean information about the Company, its subsidiaries and affiliates or any of their respective clients or customers that was learned by the Executive in the course of his employment by the Company, including (without limitation) any proprietary knowledge, trade secrets, data, formulae, information and client and customer lists and all papers, resumes, and records (including computer records) of the documents containing such Confidential

Information, but excludes information (i) which is in the public domain through no unauthorized act or omission of Executive; or (ii) which becomes available to the Executive on a non-confidential basis from a source other than the Company without breach of such source's confidentiality or non-disclosure obligations to the Company. Pursuant to the Defend Trade Secrets Act of 2016 (18 U.S.C. § 1833(b)), the Executive will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret of the Company that (i) is made (A) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney and (B) solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding.

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

(d) **Continuing Cooperation** . Executive agrees to provide continuing cooperation to the Company in the defense of any asserted or unasserted claims, charges or lawsuits pending against it.

Such cooperation shall include, but not be limited to, providing the Company with information, affidavits, deposition testimony or testimony as a witness in any forum. The Executive shall be reimbursed for any reasonable, third-party out of pocket expenses incurred at the Company's request in connection with providing such continuing cooperation.

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

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

5. Governing Law; Venue . The interpretation and enforcement of this Agreement shall be governed by the internal laws and judicial decisions of the State of North Carolina, without regard to any principles of conflicts of laws. Each of the Parties to this Agreement consents to submit to the personal jurisdiction and venue of the North Carolina Superior Court in Iredell County, North Carolina in any action or proceeding arising out of or relating to this Agreement and specifically waives any right to attempt to deny or defeat personal jurisdiction of the North Carolina Superior Court by motion or request for leave from any such court. Each of the Parties further waives any right to seek change of venue due to inconvenient forum or other similar justification and will pay to the other Parties the costs associated

with responding to or otherwise opposing any motion or request for such relief.

6. Entire Agreement. This Agreement and the Release constitute the entire agreement between the parties pertaining to the subject matter contained herein and in the Release and supersede any and all prior and contemporaneous agreements, representations, promises, inducements and understandings of the parties. This written Agreement cannot be varied, contradicted or supplemented by evidence of any prior or contemporaneous oral or written agreements. Moreover, this written Agreement may not be later modified except by a further writing signed by a duly authorized officer of the Company and the Executive.

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

LOWE'S COMPANIES, INC.

Marshall A. Croom

By: /s/ Ross. W. McCanless

/s/ Marshall A. Croom

Name: Ross W. McCanless

Title: EVP, General Counsel and Corporate Secretary

Date: 9/27/2018

Date: 9/20/2018

Exhibit A to Retirement Agreement

RELEASE AND SEPARATION AGREEMENT

THIS RELEASE AND SEPARATION AGREEMENT (“Agreement”), is made and entered into this the 16th day of October, 2018 by and between LOWE’S COMPANIES, INC., a North Carolina corporation, its parents, subsidiaries and affiliates (hereinafter referred to as “Lowe’s” or “the Company”) and Marshall A. Croom (“Employee”).

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

1. **Termination of Employment**. Employee agrees that Employee’s employment with Lowe’s was terminated effective October 5, 2018 by way of Employee’s voluntary resignation (“Termination Date”).

2. **Retirement Treatment for Certain Equity**. As consideration for Employee’s release of Lowe’s, the Company has permitted Employee continued post-termination vesting of certain equity awards granted Employee during employment in accordance with the terms of that certain Retirement Agreement between Employee and Lowe’s, dated September 27, 2018 (the “Retirement Agreement”). Employee acknowledges that absent Employee’s release, the Company would not be required to consider Employee’s request and that Employee would forfeit the rights to certain equity awards under the terms of the respective grant agreements associated with each grant award.

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

4. **Confidentiality**. Employee acknowledges that, during Employee’s employment with Lowe’s, Employee learned information that is confidential to Lowe’s (“Confidential Information”). Such Confidential Information includes, but is not limited to: trade secrets; plans for opening, closing, expanding, or relocating stores; distribution, replenishment, logistics and information technology strategies and information; purchasing and product information; advertising and promotional programs and plans; financial or statistical data; sales and account information; customer information; sales and marketing plans and strategies; pricing strategies and reports; product cost information; personnel information; and any other information of a similar nature that is not known or made available to the public or to Lowe’s competitors, which, if misused or disclosed, could adversely affect the business of Lowe’s.

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

Employee agrees that the terms and conditions of this Agreement shall be strictly confidential and shall not be disclosed to any person or persons at any time, unless a party is legally compelled to do so. Excepted from this confidentiality provision are the attorneys, accountants, and/or tax advisors for Employee and those required by law to be given such information, and then only such terms as may be necessary. Employee agrees that actual damages will be sustained by Lowe's by reason of a breach of this paragraph providing for confidentiality of this Agreement, and that injunctive relief is appropriate in the event of a breach of this provision of the Agreement.

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

5. General Release. Employee covenants and agrees that Employee hereby irrevocably and unconditionally releases, acquits and forever discharges Lowe's, as well as each of Lowe's officers, directors, employees, parents, subsidiaries, or related entities and agents (Lowe's and Lowe's officers, directors, employees, parents, subsidiaries, related entities, and agents being collectively referred to herein as the "Releasees"), or any of them, from any and all charges, complaints, claims, liabilities, obligations, promises, demands, costs, losses, debts, and expenses (including attorney fees and costs actually incurred), of any nature whatsoever, in law or equity, arising out of Employee's employment with Lowe's or the termination of Employee's employment with Lowe's (other than any claim arising out of the breach by Lowe's of the terms of this Agreement), including, without limitation, all claims asserted or that could be asserted by Employee against Lowe's in any litigation arising in federal, state, or municipal court asserting any claim arising from any alleged violation by the Releasees of any federal, state, or local statutes, ordinances, or common law, including, but not limited to, the Age Discrimination in Employment Act, Title VII of the Civil Rights Act of 1964, the Equal Pay Act, the Americans with Disabilities Act, the Fair Labor Standards Act, the Employee Retirement Income Security Act of 1974, the Rehabilitation Act of 1973, the Civil Rights Act of 1991, the Family and Medical Leave Act, the Civil Rights Act of 1866, the North Carolina Retaliatory Employment Discrimination Act, the North Carolina Persons with Disabilities Protection Act, and any other employment discrimination laws, as well as any other claims based on constitutional, statutory, common law, or regulatory grounds, as well as any claims based on theories of retaliation, wrongful or constructive discharge, breach of contract or implied covenant, fraud, misrepresentation, intentional and/or negligent infliction of emotional distress, or defamation ("Claim" or "Claims"), which Employee now has, owns, or holds, or claims to have, own, or hold, or which Employee had, owned, or held, or claimed to have, own or hold at any time before execution of this Agreement, against any or all of the Releasees. Notwithstanding the foregoing, however, Employee specifically does not release any right to or claim for payment of any and all vested and nonforfeitable benefits, payments, or stock rights, including all rights, if any, under the Lowe's 401(k) Plan, Lowe's Companies Benefit Restoration Plan, Lowe's Companies Cash Deferral Plan, Lowe's Companies

Employee Stock Ownership Plan or Lowe's Companies Employee Stock Purchase Plan – Stock Options for Everyone. Employee specifically does not release any rights under the Retirement Agreement.

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

a. Employee is not waiving any rights or claims under the Age Discrimination in Employment Act of 1967, as amended, that may arise after this Agreement is executed, or any rights or claims to test the knowing and voluntary nature of this Agreement under the Older Workers Benefit Protection Act, as amended.

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

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

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

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

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

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

h. With the express exceptions set forth herein, Employee is, through this Agreement, releasing the Company from any and all Claims Employee may have against the Company relating to Employee's employment and the termination thereof, including claims arising under the Age Discrimination in Employment Act and the Older Workers Benefit Protection Act.
Employee's initials

below, following this Paragraph of the Agreement, evidence Employee's understanding and voluntary waiver of all Claims against the Company, including, but not limited to, those pursuant to the Age Discrimination in Employment Act and the Older Workers Benefit Protection Act.

7. **Covenant Not to Sue** .

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

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

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

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

e. **Employee further agrees that if at any time hereafter Employee shall file or join in any suit or assert any claim against the Releasees relating to any matter released—for any purpose other than those listed in 7(b) above—then a) Employee agrees that Employee will not attack and shall be estopped from attacking the legal validity or sufficiency of this agreement; and b) Employee shall reimburse Lowe's for its reasonable attorneys' fees and costs incurred in connection with the defense of such suit or claim. If such an action, complaint, claim, or charge has been initiated or filed by Employee or on Employee's behalf, Employee will use Employee's best efforts to cause it immediately to be withdrawn and dismissed with prejudice.**

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

9. **No Improper Actions or Omissions** . Employee represents and warrants that Employee has no knowledge of any improper or illegal actions, misstatements or omissions by the Company, is not aware of any facts or evidence that could give rise to such a claim, nor does Employee know of any basis on which any third party or governmental entity could assert such a claim. The previous sentence expressly

includes, but is not limited to, any and all conduct that potentially could give rise to claims or liability under the Securities Exchange Act of 1934 (“Exchange Act”), Sarbanes-Oxley Act of 2002 or the Dodd-Frank Wall Street Reform and Consumer Protection Act. Employee further represents and warrants that Employee has fulfilled Employee’s duties to the Company to the best of Employee’s abilities and in a reasonable and prudent manner, and that Employee has not knowingly engaged, directly or indirectly, in any actions or omissions that could be perceived as improper or unlawful, nor has Employee failed to report any such actions or omissions to the Company.

Employee affirms that Employee has no information concerning any conduct involving the Company that Employee has any reason to believe may be unlawful or that involves any false claims to the United States. Employee promises to cooperate fully in any investigation the Company undertakes into matters that occurred during Employee’s employment with the Company. Employee understands that nothing in this Agreement prevents Employee from cooperating with any government investigation, making a truthful statement or complaint to law enforcement or a government agency, testifying under oath to law enforcement or a government agency, or from complying with a properly-served and lawfully issued subpoena or similar order issued by a government agency or court of competent jurisdiction. In addition, to the fullest extent permitted by law, Employee hereby irrevocably assigns to the U.S. government any right Employee might have to any proceeds or awards in connection with any false claims proceedings against the Company or any affiliated entity arising under the False Claims Act, any state false claims statute, or any other federal, state or municipal law, statute or regulation providing for recovery to whistleblowers, except that Employee does not assign any award paid by the SEC to which Employee may be entitled.

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

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

12. Non-Compete. Lowe’s and its affiliated entities comprise an international, omni-channel provider of goods and services for building, expanding, enhancing, customizing, maintaining, innovating, connecting, and outfitting its customers’ living spaces (“Home Environment Business”). Lowe’s Home Environment Business requires a complex sourcing and supply network, multi-channel distribution and delivery systems, innovative information technology resources, and a robust infrastructure support organization. Employee recognizes and acknowledges that Lowe’s operates over 1,800 retail locations in all 50 states and the District of Columbia, and has significant internet-based sales to customers spread across the United States. Furthermore, Employee acknowledges that the Company has a legitimate and reasonable business interest in maintaining its competitive position in a dynamic industry and that restricting employee for a reasonable period from performing work for, or providing services to an enterprise which engages in business activities which are in competition with Lowe’s and would likely cause damage to Lowe’s business would not unreasonably restrict Employee from engaging in work or business activities. Employee further acknowledges that, in Employee’s position with Lowe’s, Employee

was provided access to or helped develop business information proprietary to Lowe's and that Employee would inevitably disclose or otherwise utilize such information if Employee were to work for, or provide services to a Competing Enterprise as defined below during the non-competition period.

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

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

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

d. Enforcement. Employee agrees that in the event of a breach or threatened breach of this Non-Compete section, Employee hereby consents and agrees that (i) Lowe's shall be entitled to, in addition to other available remedies, equitable relief (by injunction, restraining order, or other similar remedy) against such breach or threatened breach from a court of competent jurisdiction without the necessity of showing actual damages and without the necessity of posting a bond or other security, (ii) Lowe's shall be entitled to recover from Employee all profit, remuneration or other consideration Employee gains from the breach or threatened breach of the covenant and damages that Lowe's suffers as a result of the breach or threatened breach and (iii) the Non-Competition Period shall be tolled until such breach has been duly cured. In the event of a breach of the Non-Compete provision or any other restrictive covenant herein, and in addition to any other legal or equitable relief that Lowe's may be entitled to, Employee agrees that he will be required to immediately forfeit any and all outstanding equity awards and that Lowe's will be entitled to monetary damages as determined by the Court. Employee agrees that in the event a court of competent jurisdiction determines the Non-Competition Period or activities prohibited herein are more restrictive than necessary to protect Lowe's legitimate business interests, such court may reduce the scope of the restriction, or sever and remove the unenforceable provision, to the extent necessary

to make the restriction enforceable.

13. Non-Interference/No Solicitation. Employee agrees that for a period of 2 years following the Termination Date or the duration of the Non-Competition Period (whichever is longer), Employee will not interfere directly or indirectly with any of Lowe's relationships with its existing or potential employees, suppliers, customers, or developers. The Company agrees that it will not intentionally impair Employee's present or future employment relationships provided such relationships are not in violation of the provisions herein.

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

15. Non-Disparagement. Employee agrees to refrain from making negative, derogatory, and/or defamatory statements, whether verbal or written, about the Releasees, and from being a party to any such statements. This includes criticism of the Company or its management philosophies, direction, or values.

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

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

18. Default and Notice. In the event Lowe's fails to make any payment due under the provisions of this Agreement, Employee shall give written notice of such failure to Lowe's, and Lowe's shall have

a period of 20 business days from receipt of such notice in which to cure such failure. For purposes of this Agreement, unless otherwise specified in this Agreement, all notices to Lowe's shall be in writing and either hand delivered or sent by Certified Mail, Return Receipt Requested to Lowe's General Counsel at the following address:

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

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

20. Electronic Records. You agree that Lowe's, in its sole discretion, may convert this Agreement into an electronic record and that in the event of any dispute involving this Agreement, a copy of such electronic record may serve as the exclusive original. The parties consent to and recognize the validity, enforceability and admissibility of any electronic record or any electronic signature created in connection with this Agreement or the relationship contemplated by it. An electronic record of this Agreement and any electronic signature made in connection with this Agreement shall be deemed to have been signed by hand by the relevant parties.

21. Compliance with Section 409A.

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

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

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

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

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

Signature Page Follows

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

LOWE'S COMPANIES, INC.

Marshall A. Croom

By: /s/ Ross. W. McCanless

By: /s/ Marshall A. Croom

Name: Ross W. McCanless

Title: EVP, General Counsel and
Corporate Secretary

Date: October 26, 2018

Date: October 10, 2018

INDEMNITY AGREEMENT

THIS INDEMNITY AGREEMENT (this “ Agreement ”) is made as of _____, 2018, by and between Lowe’s Companies, Inc., a North Carolina corporation (the “ Company ”), and _____ (“ Indemnitee ”).

RECITALS

WHEREAS , the Board of Directors of the Company (the “ Board ”) has determined that, in order to attract and retain qualified individuals, the Company will attempt to maintain, at its sole expense, liability insurance to protect persons serving the Company and its subsidiaries from certain liabilities.

WHEREAS , the By-Laws of the Company (the “ By-laws ”) require it to indemnify officers and directors of the Company in certain circumstances, which provisions do not purport to be exclusive, and Indemnitee may also be entitled to indemnification pursuant to applicable provisions of the North Carolina Business Corporation Act (“ NCBCA ”).

WHEREAS , it is reasonable, prudent and necessary for the Company contractually to obligate itself to indemnify and hold harmless and to advance expenses on behalf of such persons to the fullest extent permitted by applicable law so that they will serve or continue to serve the Company free from undue concern that they will not be so protected against liabilities.

WHEREAS , this Agreement supplements the By-Laws and any resolutions adopted pursuant thereto, shall not be deemed a substitute therefor, nor to diminish or abrogate any rights of Indemnitee thereunder, and is intended to provide Indemnitee benefits pursuant to express contract rights (to be enforceable irrespective of, among other things, any amendment to the By-Laws, the Company’s Articles of Incorporation (the “ Articles ”), any change in the composition of the Board or any change in control or business combination transaction relating to the Company).

NOW, THEREFORE , in consideration of the premises and the covenants contained herein, the Company and Indemnitee do hereby covenant and agree as follows:

TERMS AND CONDITIONS

1. Services to the Company . Indemnitee agrees to serve or to continue to serve as an officer or director of the Company for so long as Indemnitee is duly elected or appointed or until Indemnitee tenders his resignation and such resignation is accepted. Nothing contained in this Agreement shall be construed as giving Indemnitee any right to be retained in the employ of the Company or any of its Subsidiaries.

2. Definitions . As used in this Agreement:

(a) “ Agent ” shall mean any individual who is or was a director, officer, or employee of the Company or a Subsidiary of the Company or other individual authorized by the Company to act for the Company, to include such individual serving in such capacity as a director, officer, employee, fiduciary or other official of another corporation, partnership, limited liability company, joint

venture, trust or other Enterprise at the request of, for the convenience of, or to represent the interests of, the Company or a Subsidiary of the Company.

(b) “ Beneficial Owner ” and “ Beneficial Ownership ” shall have the meanings set forth in Rule 13d-3 under the Exchange Act as in effect on the date hereof.

(c) A “ Change in Control ” shall be deemed to occur upon the earliest to occur after the date of this Agreement of any of the following events:

(i) Acquisition of Stock by Third Party. Any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 15% or more of the combined voting power of the Company’s then outstanding securities entitled to vote generally in the election of directors, unless (1) the change in the relative Beneficial Ownership of the Company’s securities by any Person results solely from a reduction in the aggregate number of outstanding shares of securities entitled to vote generally in the election of directors, or (2) such acquisition was approved in advance by the Continuing Directors and such acquisition would not constitute a Change in Control under clause (iii) of this definition;

(ii) Change in Board of Directors. Individuals who, as of the date hereof, constitute the Board, and any new director whose election by the Board or nomination for election by the Company’s shareholders was approved by a vote of at least two thirds of the directors then still in office who were directors on the date hereof or whose nomination for election was previously so approved (collectively, the “ Continuing Directors ”), cease for any reason to constitute at least a majority of the members of the Board;

(iii) Corporate Transactions. The effective date of a reorganization, merger or consolidation of the Company (a “ Business Combination ”), in each case, unless, immediately following such Business Combination: (1) all or substantially all of the Persons who were the Beneficial Owners of securities entitled to vote generally in the election of directors immediately prior to such Business Combination beneficially own, directly or indirectly, more than 51% of the combined voting power of the then outstanding securities of the Company entitled to vote generally in the election of directors resulting from such Business Combination (including a corporation which, as a result of such transaction, owns the Company or all or substantially all of the Company’s assets either directly or through one or more Subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination, of the securities entitled to vote generally in the election of directors; (2) no Person (excluding any corporation resulting from such Business Combination) is the Beneficial Owner, directly or indirectly, of 15% or more of the combined voting power of the then outstanding securities entitled to vote generally in the election of directors of such corporation except to the extent that such ownership existed prior to such Business Combination; and (3) at least a majority of the Board of Directors of the corporation resulting from such Business Combination were Continuing Directors at the time of the execution of the initial agreement, or of the action of the Board of Directors, providing for such Business Combination;

(iv) Liquidation. The approval by the shareholders of the Company of a complete liquidation of the Company or an agreement or series of agreements for the sale or disposition

by the Company of all or substantially all of the Company's assets (or, if such approval is not required, the decision by the Board to proceed with such a liquidation, sale, or disposition in one transaction or a series of related transactions); or

(v) Other Events. There occurs any other event of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or a response to any similar item on any similar schedule or form) promulgated under the Exchange Act, whether or not the Company is then subject to such reporting requirement.

(d) "Corporate Status" shall mean the status of an individual who is or was a director, officer, trustee, general partner, managing member, fiduciary, employee or Agent of the Company or of any other Enterprise which such individual is or was serving at the request of the Company.

(e) "Disinterested Director" shall mean a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification is sought by Indemnitee.

(f) "Enterprise" shall mean the Company and any other corporation, constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger to which the Company (or any of its wholly-owned subsidiaries) is a party, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise of which Indemnitee is or was serving at the request of the Company as a director, officer, trustee, general partner, managing member, fiduciary, employee or Agent.

(g) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

(h) "Expenses" shall include all direct and indirect costs, fees and expenses of any type or nature whatsoever, including all attorneys' fees and costs, retainers, court costs, transcript costs, fees of experts, witness fees, travel expenses, fees of private investigators and professional advisors, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, fax transmission charges, secretarial services and all other disbursements, obligations or expenses in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in, settlement or appeal of, or otherwise participating in, a Proceeding, including reasonable compensation for time spent by Indemnitee for which he or she is not otherwise compensated by the Company or any third party. Expenses also shall include Expenses incurred in connection with any appeal resulting from any Proceeding, including the principal, premium, security for, and other costs relating to any cost bond or other appeal bond or its equivalent. Expenses shall not include amounts paid in settlement by Indemnitee or the amount of judgments or Fines against Indemnitee.

(i) "Fines" shall include any excise tax assessed on Indemnitee with respect to any employee benefit plan; references to "serving at the request of the Company" shall include any service as a director, officer, employee, Agent or fiduciary of the Company which imposes duties on, or involves services by, such director, officer, employee, Agent or fiduciary with respect to an employee benefit plan, its participants or beneficiaries; and if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in the best interests of the participants and beneficiaries of an employee benefit plan, Indemnitee shall be deemed to have acted in a manner "not opposed to the best interests of the Company" as referred to in this Agreement.

(j) “ Independent Counsel ” shall mean a law firm or a member of a law firm with significant experience in matters of corporation law and neither presently is, nor in the past five years has been, retained to represent: (i) the Company or Indemnitee in any matter material to either such party (other than with respect to matters concerning Indemnitee under this Agreement, or of other indemnitees under similar indemnification agreements); or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee’s rights under this Agreement.

(k) “ Person ” shall have the meaning as set forth in Sections 13(d) and 14(d) of the Exchange Act as in effect on the date hereof; provided, however, that “ Person ” shall exclude: (i) the Company; (ii) any Subsidiary of the Company; (iii) any employment benefit plan of the Company or of a Subsidiary of the Company or of any corporation owned, directly or indirectly, by the shareholders of the Company in substantially the same proportions as their ownership of stock of the Company; and (iv) any trustee or other fiduciary holding securities under an employee benefit plan of the Company or of a Subsidiary of the Company or of a corporation owned directly or indirectly by the shareholders of the Company in substantially the same proportions as their ownership of stock of the Company.

(l) “ Proceeding ” shall include any threatened, pending or completed action, suit, arbitration, mediation, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought in the right of the Company or otherwise and whether of a civil (including intentional or unintentional tort claims), criminal, administrative or investigative nature, in which Indemnitee was, is, will or might be involved as a party or otherwise by reason of the fact that Indemnitee is or was a director, officer, employee or Agent of the Company, by reason of any action (or failure to act) taken by him or of any action (or failure to act) on his part while acting as a director, officer, employee or Agent of the Company, or by reason of the fact that he is or was serving at the request of the Company as a director, officer, trustee, general partner, managing member, fiduciary, employee or Agent of any other Enterprise, in each case whether or not serving in such capacity at the time any liability or expense is incurred for which indemnification, reimbursement or advancement of expenses can be provided under this Agreement.

(m) “ Subsidiary, ” with respect to any Person, shall mean any corporation or other entity of which a majority of the voting power of the voting equity securities or equity interest is owned, directly or indirectly, by that Person.

(n) In connection with any merger or consolidation, references to the “ Company ” shall include not only the resulting or surviving company, but also any constituent company or constituent of a constituent company, which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, employees or Agents. The intent of this provision is that a person who is or was a director of such constituent company after the date hereof or is or was serving at the request of such constituent company as a director, officer, employee, trustee or Agent of another company, partnership, joint venture, trust, employee benefit plan or other Enterprise after the date hereof, shall stand in the same position under this Agreement with respect to the

resulting or surviving company as the person would have under this Agreement with respect to such constituent company if its separate existence had continued.

3. Indemnity in Third-Party Proceedings . The Company shall indemnify and hold harmless Indemnitee in accordance with the provisions of this Section if Indemnitee was, is, or is threatened to be made, a party to or a participant (as a witness or otherwise) in any Proceeding, other than a Proceeding by or in the right of the Company to procure a judgment in its favor. Indemnitee shall be indemnified and held harmless against all Expenses, judgments, liabilities, Fines, penalties and amounts paid in settlement (including all interest, assessments and other charges paid or payable in connection with or in respect of such Expenses, judgments, Fines, penalties and amounts paid in settlement) actually and reasonably incurred by Indemnitee or on his behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner he reasonably believed to be, in the case of conduct in his official capacity with the Company, in the Company's best interests and in all other cases, not opposed to the Company's best interests and, in the case of a criminal Proceeding, he had no reasonable cause to believe that his conduct was unlawful.

4. Indemnity in Proceedings by or in the Right of the Company . The Company shall indemnify and hold harmless Indemnitee in accordance with the provisions of this Section if Indemnitee was, is, or is threatened to be made, a party to or a participant (as a witness or otherwise) in any Proceeding by or in the right of the Company to procure a judgment in its favor. Pursuant to this Section, Indemnitee shall be indemnified and held harmless against all Expenses actually and reasonably incurred by him or on his behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner he reasonably believed to be, in the case of conduct in his official capacity with the Company, in the Company's best interests and in all other cases, not opposed to the Company's best interests. No indemnification for Expenses shall be made under this Section in respect of any claim, issue or matter as to which Indemnitee shall have been finally adjudged by a court to be liable to the Company, unless and only to the extent that any court in which the Proceeding was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnification and to be held harmless.

5. Indemnification for Expenses of a Party Who is Wholly or Partly Successful . Notwithstanding any other provision of this Agreement other than Section 9, if Indemnitee is a party to (or a participant in) and is successful, on the merits or otherwise, in any Proceeding or in defense of any claim, issue or matter therein, in whole or in part, the Company shall indemnify and hold harmless Indemnitee against all Expenses actually and reasonably incurred by him in connection therewith. If Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Company shall indemnify and hold harmless Indemnitee against all Expenses actually and reasonably incurred by him or on his behalf in connection with each successfully resolved claim, issue or matter. For purposes of this Section and without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter.

6. Indemnification for Expenses of a Witness . Notwithstanding any other provision of this Agreement other than Section 9, if Indemnitee is, by reason of his Corporate Status, a witness

in any Proceeding to which Indemnatee is not a party, then the Company shall indemnify and hold harmless Indemnatee against all Expenses actually and reasonably incurred by him or on his behalf in connection therewith.

7. Additional Indemnification . In addition to, and separate and apart from indemnification provided by any other provision in this Agreement or by applicable law, the Company hereby agrees to indemnify and hold harmless Indemnatee against all Expenses, judgments, liabilities, Fines, penalties and amounts paid in settlement (including all interest, assessments and other charges paid or payable in connection with or in respect of such Expenses, judgments, Fines, penalties and amounts paid in settlement) in any Proceeding (including without limitation a proceeding brought by or on behalf of the Company itself) arising out of Indemnatee's Corporate Status or Indemnatee's activities in a Corporate Status to the extent such activities were at the time taken known or believed by Indemnatee not to be clearly in conflict with the best interests of the Company.

8. Contribution in the Event of Joint Liability .

(a) To the fullest extent permissible under applicable law, if the indemnification rights provided for in this Agreement are unavailable to Indemnatee, in whole or in part, for any reason whatsoever, the Company, in lieu of indemnifying and holding harmless Indemnatee, shall pay, in the first instance, the entire amount incurred by Indemnatee or on his behalf, whether for judgments, liabilities, Fines, penalties, amounts paid or to be paid in settlement and/or for Expenses, in connection with any Proceeding without requiring Indemnatee to contribute thereto, in such proportion as is deemed fair and reasonable in light of all the circumstances in order to reflect (i) the relative benefits received by the Company and Indemnatee as a result of the event(s) and/or transaction(s) giving rise thereto and/or (ii) the relative fault of the Company (and its directors, officers, employees and agents) and Indemnatee in connection with such event(s) and/or transaction(s). The determination of the proportion to be contributed by the Company to Indemnatee shall be made in the same manner as determinations are made pursuant to Section 12. The Company hereby waives and relinquishes any right of contribution it may have at any time against Indemnatee.

(b) The Company shall not enter into any settlement of any Proceeding in which the Company is jointly liable with Indemnatee (or would be if joined in such Proceeding) unless such settlement provides for a full and final release of all claims asserted against Indemnatee.

(c) The Company hereby agrees to indemnify and hold harmless Indemnatee from any claims for contribution which may be brought by any other officer, director or employee of the Company who may be jointly liable with Indemnatee.

9. Exclusions. Notwithstanding any provision in this Agreement, the Company shall not be obligated under this Agreement to make any payment:

(a) in connection with any claim made against Indemnatee for which payment has actually been received by or on behalf of Indemnatee under any insurance policy or other indemnity provision, except with respect to any excess beyond the amount actually received under any insurance policy, contract, agreement, other indemnity provision or otherwise;

(b) in connection with any claim made against Indemnatee for an accounting of profits made from the purchase and sale (or sale and purchase) by Indemnatee of securities of the Company within

the meaning of Section 16(b) of the Exchange Act or similar provisions of state statutory law or common law;

(c) in connection with a Proceeding by or in the right of the Company in which the Indemnitee was adjudged liable to the Company;

(d) in connection with any Proceeding charging improper personal benefit to the Indemnitee, whether or not involving action in his official capacity, in which he was adjudged liable on the basis that personal benefit was improperly received by him;

(e) in connection with any claim initiated by Indemnitee without the prior written consent or authorization of the Board, provided that this exclusion shall not apply with respect to any claim brought by Indemnitee to enforce any provision of this Agreement, whether by claim, cross claim, or counterclaim in a legal proceeding, arbitration or otherwise where Indemnitee has been successful on the merits or otherwise with respect to such claim;

(f) in connection with proceedings or claims involving the enforcement of the provisions of any employment, severance or compensation plan or agreement that Indemnitee may be a party to, or beneficiary of, with the Company or any of its subsidiaries; or

(g) in connection with any claim or any part thereof arising out of acts or omissions for which applicable law prohibits indemnification.

10. Advances of Expenses; Defense of Claim .

(a) Notwithstanding any provision of this Agreement to the contrary, and to the fullest extent permitted by applicable law, the Company shall advance the Expenses incurred by Indemnitee (or reasonably expected by Indemnitee to be incurred by Indemnitee within three months) in connection with any Proceeding within ten days after the receipt by the Company of a statement or statements requesting such advances from time to time, whether prior to or after final disposition of any Proceeding. Advances shall be unsecured and interest free. Advances shall include all reasonable Expenses incurred in pursuing a Proceeding to enforce this right of advancement, including Expenses incurred preparing and forwarding statements to the Company to support the advances claimed. Indemnitee shall qualify for advances, to the fullest extent permitted by applicable law, solely upon the execution and delivery to the Company of a written undertaking providing that Indemnitee undertakes to repay the advances unless it is ultimately determined that Indemnitee is entitled to be indemnified by the Company for such Expenses under the provisions of this Agreement, the Articles, the By-Laws, applicable law or otherwise.

(b) The Company shall be entitled to participate in the Proceeding at its own expense.

(c) The Company shall not settle any action, claim or Proceeding (in whole or in part) that would impose any Expense, judgment, fine, penalty or limitation on Indemnitee without Indemnitee's prior written consent.

(d) Indemnitee shall promptly repay, without interest, any amounts actually advanced to Indemnitee that, at the final disposition of a Proceeding to which an advance provided for in this Section 10 related, were in excess of amounts paid or payable by Indemnitee in respect of Expenses relating to, arising out of or resulting from such Proceeding.

11. Procedure for Notification and Application .

(a) Indemnitee agrees to notify promptly the Company in writing upon being served with any summons, citation, subpoena, complaint, indictment, information or other document relating to any Proceeding or matter that may be subject to indemnification rights or advancement of Expenses hereunder. The failure of Indemnitee to so notify the Company shall not relieve the Company of any obligation which it may have to Indemnitee under this Agreement or otherwise.

(b) Indemnitee may deliver to the Company a written application to indemnify and hold harmless Indemnitee in accordance with this Agreement. Such application may be delivered from time to time and at such time as Indemnitee deems appropriate in his sole discretion. Following such a written application for indemnification by Indemnitee, Indemnitee's entitlement to indemnification shall be determined according to Section 12(a) hereof.

12. Procedure upon Application for Indemnification .

(a) A determination with respect to Indemnitee's entitlement to indemnification shall be made: (i) if no Change in Control has occurred, (1) by the Board by a majority vote of a quorum consisting of Disinterested Directors; or (2) if a quorum cannot be obtained under clause (1), by majority vote of a committee duly designated by the Board (in which designated directors who are not Disinterested Directors may participate), consisting solely of two or more Disinterested Directors; (3) by Independent Counsel (A) selected by the Board or its committee in the manner prescribed in clauses (1) or (2); or (B) if a quorum of the Board cannot be obtained under clause (1) and a committee cannot be designated under clause (2), selected by majority vote of the Board (in which selection directors who are not Disinterested Directors parties may participate); or (4) by the shareholders, but shares owned by or voted under the control of directors who are not Disinterested Directors may not be voted; and (ii) if a Change in Control has occurred, at the election of the Indemnitee, either (1) in accordance with Section 12(a)(i) or (2) by Independent Counsel selected by the Indemnitee. Unless the determination is made by Independent Counsel, the Company promptly will advise Indemnitee in writing with respect to any determination that Indemnitee is or is not entitled to indemnification, including a description of any reason or basis for which indemnification has been denied. If it is so determined that Indemnitee is entitled to indemnification, payment to Indemnitee shall be made within ten days after such determination. Indemnitee shall reasonably cooperate with the Person or Persons making such determination with respect to Indemnitee's entitlement to indemnification, including providing to such Person or Persons upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to such determination. Any Expenses (including attorneys' fees and disbursements) incurred by Indemnitee in so cooperating with the person, persons or entity making such determination shall be borne by the Company (irrespective of the determination as to Indemnitee's entitlement to indemnification), and the Company hereby indemnifies and agrees to hold Indemnitee harmless therefrom.

(b) If the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 12(a) hereof, then the party who selects the Independent Counsel pursuant thereto shall give written notice to the other party advising it of the identity of the Independent Counsel so selected and certifying that the Independent Counsel so selected meets the requirements of "Independent Counsel." In either event, Indemnitee or the Company, as the case

may be, may, within ten days after such written notice of selection shall have been received, deliver to the Company or to Indemnitee, as the case may be, a written objection to such selection; provided, however, that such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of “Independent Counsel,” and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person so selected shall act as Independent Counsel. If such written objection is so made and substantiated, the Independent Counsel so selected may not serve as Independent Counsel unless and until such objection is withdrawn or a court of competent jurisdiction has determined that such objection is without merit. If, within 20 days after submission by Indemnitee of a written request for indemnification pursuant to Section 11(a) hereof, no Independent Counsel shall have been selected and not objected to, either the Company or Indemnitee may petition the a court of competent jurisdiction for resolution of any objection which shall have been made by the Company or Indemnitee to the other’s selection of Independent Counsel and/or for the appointment as Independent Counsel of a person selected by such court, and the person with respect to whom all objections are so resolved or the person so appointed shall act as Independent Counsel under Section 12(a) hereof. Upon the due commencement of any judicial proceeding or arbitration pursuant to Section 14(a) hereof, Independent Counsel shall be discharged and relieved of any further responsibility in such capacity (subject to the applicable standards of professional conduct then prevailing).

(c) The Company agrees to pay the reasonable fees and expenses of Independent Counsel and to fully indemnify and hold harmless such Independent Counsel against any and all Expenses, claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto.

(d) If the Company disputes a portion of the amounts for which indemnification is requested, the undisputed portion shall be paid and only the disputed portion withheld pending resolution of any such dispute.

13. Presumptions and Effect of Certain Proceedings .

(a) In making a determination with respect to entitlement to indemnification hereunder, the Person or Persons making such determination shall presume that Indemnitee is entitled to indemnification under this Agreement if Indemnitee has submitted a request for indemnification in accordance with Section 11(b) hereof, and the Company shall have the burden of proof to overcome that presumption in connection with the making by any Person or Persons of any determination contrary to that presumption. Neither the failure of the Company (including by its directors or Independent Counsel) to have made a determination prior to the commencement of any action pursuant to this Agreement that indemnification is proper in the circumstances because Indemnitee has met the applicable standard of conduct, nor an actual determination by the Company (including by its directors or Independent Counsel) that Indemnitee has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that Indemnitee has not met the applicable standard of conduct.

(b) If the Person or Persons empowered or selected under Section 12 hereof to determine whether Indemnitee is entitled to indemnification shall not have made a determination within 30 days after receipt by the Company of the request therefor, the requisite determination of entitlement to indemnification shall be deemed to have been made and Indemnitee shall be entitled to such

indemnification, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification; or (ii) a final judicial determination that any or all such indemnification is expressly prohibited under applicable law; provided, however, that such 30-day period may be extended for a reasonable time, not to exceed an additional 15 days, if the person, persons or entity making the determination with respect to entitlement to indemnification in good faith requires such additional time for the obtaining or evaluating of documentation and/or information relating thereto.

(c) The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, or upon a plea of *nolo contendere* or its equivalent, shall not (except as otherwise expressly provided in this Agreement) of itself adversely affect the right of Indemnitee to indemnification or create a presumption that Indemnitee did not act in good faith and in a manner he reasonably believed to be, in the case of conduct in his official capacity with the Company, that his conduct was in its best interests and in all other cases, that his conduct was at least not opposed to its best interests or, with respect to any criminal Proceeding, that Indemnitee had reasonable cause to believe that his conduct was unlawful.

(d) For purposes of any determination of good faith, Indemnitee shall be deemed to have acted in good faith if Indemnitee's action is based on the records or books of account of the Enterprise, including financial statements, or on information supplied to Indemnitee by the directors or officers of the Enterprise in the course of their duties, or on the advice of legal counsel for the Enterprise, its Board, any committee of the Board or any director, or on information or records given or reports made to the Enterprise, its Board, any committee of the Board or any director, by an independent certified public accountant or by an appraiser or other expert selected by the Enterprise, its Board, any committee of the Board or any director. The provisions of this Section 13(d) shall not be deemed to be exclusive or to limit in any way the other circumstances in which Indemnitee may be deemed or found to have met the applicable standard of conduct set forth in this Agreement.

(e) The knowledge and/or actions, or failure to act, of any other director, officer, trustee, partner, managing member, fiduciary, Agent or employee of the Enterprise shall not be imputed to Indemnitee for purposes of determining the right to indemnification under this Agreement.

14. Remedies of Indemnitee .

(a) If (i) a determination is made pursuant to Section 12 hereof that Indemnitee is not entitled to indemnification under this Agreement; (ii) advancement of Expenses, to the fullest extent permitted by applicable law, is not timely made pursuant to Section 10 hereof; (iii) no determination of entitlement to indemnification shall have been made pursuant to Section 12(a) hereof within 30 days after receipt by the Company of the request for indemnification; (iv) payment of indemnification is not made pursuant to Section 5, 6, 7 or the last sentence of Section 12(a) hereof within ten days after receipt by the Company of a written request therefor; (v) a contribution payment is not made in a timely manner pursuant to Section 8 hereof; (vi) payment of indemnification pursuant to Section 3 or 4 hereof is not made within ten days after a determination has been made that Indemnitee is entitled to indemnification; or (vii) payment to Indemnitee pursuant to this Agreement or otherwise is not made within ten days after receipt by the Company of a written request therefor, then Indemnitee shall be entitled to an adjudication by any court of competent

jurisdiction to such indemnification, contribution or advancement rights. Alternatively, Indemnitee, at his option, may seek an award in arbitration to be conducted by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association. Except as set forth herein, the provisions of North Carolina law (without regard to its conflict of laws rules) shall apply to any such arbitration. The Company shall not oppose Indemnitee's right to seek any such adjudication or award in arbitration.

(b) Upon the occurrence or non-occurrence of any of the events set forth in Section 14(a) hereof, any judicial proceeding or arbitration commenced pursuant to this Section shall be conducted in all respects as a *de novo* trial, or arbitration, on the merits and Indemnitee shall not be prejudiced by reason of that adverse determination. In any judicial proceeding or arbitration commenced pursuant to this Section, Indemnitee shall be presumed to be entitled to be indemnified and held harmless and to receive advances of Expenses under this Agreement and the Company shall have the burden of proving Indemnitee is not entitled to be indemnified and held harmless and to receive advances of Expenses, as the case may be, and the Company may not refer to or introduce into evidence any determination pursuant to Section 12(a) hereof adverse to Indemnitee for any purpose. If Indemnitee commences a judicial proceeding or arbitration pursuant to this Section, then Indemnitee shall not be required to reimburse the Company for any advances pursuant to Section 10 hereof until a final determination is made with respect to Indemnitee's entitlement to indemnification (as to which all rights of appeal have been exhausted or lapsed).

(c) If a determination shall have been made pursuant to Section 12(a) hereof that Indemnitee is entitled to payment, then the Company shall be bound by such determination in any judicial proceeding or arbitration commenced pursuant to this Section, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification; or (ii) a prohibition of such indemnification under applicable law.

(d) The Company shall be precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Section that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court or before any such arbitrator that the Company is bound by all the provisions of this Agreement.

(e) The Company shall indemnify and hold harmless Indemnitee to the fullest extent permitted by law against all Expenses and, if requested by Indemnitee, shall (within ten days after the Company's receipt of such written request) pay to Indemnitee, to the fullest extent permitted by applicable law, all such Expenses that are incurred by Indemnitee in connection with any judicial proceeding or arbitration brought by Indemnitee (i) in connection with, to enforce his rights under, or to recover damages for breach of, this Agreement or any other indemnification, advancement or contribution agreement or provision of the Articles or By-Laws now or hereafter in effect; or (ii) for recovery or advances under any insurance policy maintained by any person for the benefit of Indemnitee, regardless of the outcome and whether Indemnitee ultimately is determined to be entitled to such indemnification, advancement, contribution or insurance recovery, as the case may be (unless such judicial proceeding or arbitration was not brought by Indemnitee in good faith).

(f) Interest shall be paid by the Company to Indemnitee at the legal rate under North Carolina law for amounts which the Company indemnifies or is obliged to indemnify for the period commencing with the date on which Indemnitee pays such amounts for which he or she

requested indemnification, contribution, reimbursement or advancement of any Expenses and ending with the date on which such payment is made to or on behalf of Indemnitee by the Company.

15. Security . Notwithstanding anything herein to the contrary, to the extent requested by Indemnitee and approved by the Board, the Company may at any time and from time to time provide security to Indemnitee for the Company's obligations hereunder through an irrevocable bank line of credit, funded trust or other collateral. Any such security, once provided to Indemnitee, may not be revoked or released without the prior written consent of Indemnitee.

16. Non-Exclusivity; Survival; Insurance; Subrogation .

(a) The rights of Indemnitee as provided by this Agreement (i) shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the Articles or By-Laws, any agreement, a vote of shareholders or a resolution of directors, or otherwise; and (ii) shall be enforced and this Agreement shall be interpreted independently of and without reference to or limitation or constraint (whether procedural, substantive or otherwise) by any other such rights to which Indemnitee may at any time be entitled. No amendment, alteration or repeal of this Agreement or of any provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any action taken or omitted by Indemnitee in a Corporate Status prior to such amendment, alteration or repeal. To the extent that a change in applicable law, whether by statute or judicial decision, permits greater indemnification rights or advancement of Expenses than would be afforded currently under the Articles, or the By-Laws or this Agreement, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change. To the extent that a change in North Carolina law, whether by statute or judicial decision, narrows or limits indemnification or advancement of Expenses that are afforded currently under the Articles, the By-Laws or this Agreement, it is the intent of the parties hereto that such change, except to the extent required by applicable law, shall have no effect on this Agreement or the parties' rights and obligations hereunder. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy.

(b) The NCBCA, the Articles and the By-Laws permit the Company to purchase and maintain insurance or furnish similar protection or make other arrangements including, but not limited to, providing a trust fund, letter of credit, or surety bond ("Indemnification Arrangements") on behalf of Indemnitee against any liability asserted against him or incurred by or on behalf of him or in such capacity as a director, officer, employee or Agent of the Company or any Enterprise, or arising out of a Corporate Status, whether or not the Company would have the power to indemnify him against such liability under the provisions of this Agreement or under the NCBCA, as it may then be in effect. The purchase, establishment, and maintenance of any such Indemnification Arrangement shall not in any way limit or affect the rights and obligations of the Company or of Indemnitee under this Agreement except as expressly provided herein, and the execution and delivery of this Agreement by the Company and Indemnitee shall not in any way limit or affect the rights and obligations of the Company or the other party or parties thereto under any such Indemnification Arrangement.

(c) The Company shall maintain directors' and officers' insurance policies providing coverage to Indemnitee for Expenses during the time period Indemnitee serves the Company in a Corporate Status, and for a period of no less than six years following the conclusion of such service. If, at the time the Company receives notice from any source of a Proceeding as to which Indemnitee is a party or a participant (as a witness or otherwise), and the Company has directors' and officers' insurance policies in effect, the Company shall give prompt notice of such Proceeding to the insurers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of Indemnitee, all amounts payable as a result of such Proceeding in accordance with the terms of such policies. The obligation of the Company to indemnify Indemnitee under this Agreement shall be secondary to such policies, and all such policies shall be primary to the Company's obligations hereunder, subject to any applicable retention. Except as provided in any directors' and officers' insurance policies maintained by the Company, in no event shall this Agreement provide (by operation or law or otherwise) any insurance company any right to subrogation to Indemnitee's rights hereunder. Except as provided in any directors' and officers' insurance policies maintained by the Company, in no event shall any insurance company acquire (by subrogation, assignment or otherwise) any right to pursue Indemnitee's rights hereunder.

(d) In the event of any payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

(e) The Company's obligation to indemnify and hold harmless and to advance Expenses hereunder to Indemnitee who is or was serving at the request of the Company as a director, officer, trustee, partner, managing member, fiduciary, employee or Agent of any other Enterprise shall be reduced by any amount Indemnitee has actually received as indemnification payments or advancement of Expenses from such Enterprise. Notwithstanding any other provision of this Agreement to the contrary, (i) Indemnitee shall have no obligation to reduce, offset, allocate, pursue or apportion any indemnification, advancement, contribution or insurance coverage among multiple parties possessing such duties to Indemnitee prior to the Company's satisfaction and performance of all its obligations under this Agreement; and (ii) the Company shall perform fully its obligations under this Agreement without regard to whether Indemnitee holds, may pursue or has pursued any indemnification, advancement, contribution or insurance coverage rights against any person or entity other than the Company.

17. Term . All agreements and obligations of the Company contained herein shall continue during the period Indemnitee serves as a director or officer of the Company or as a director, officer, trustee, partner, managing member, fiduciary, employee or Agent of any other corporation, partnership, joint venture, trust, employee benefit plan or other Enterprise which Indemnitee serves at the request of the Company and shall continue thereafter so long as Indemnitee may be subject to any possible Proceeding (including any rights of appeal thereto and any Proceeding commenced by Indemnitee pursuant to Section 14 hereof) by reason of his Corporate Status, whether or not he is acting in any such capacity at the time any liability or expense is incurred for which indemnification can be provided under this Agreement.

18. Severability . If any provision of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Agreement (including each portion of any Section, paragraph or sentence of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and shall remain enforceable to the fullest extent permitted by law; (b) such provision shall be deemed reformed to the extent necessary to conform to applicable law and to give the maximum effect to the intent of the parties hereto; and (c) to the fullest extent possible, the provisions of this Agreement (including each portion of any Section, paragraph or sentence of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested thereby.

19. Enforcement and Binding Effect .

(a) The Company expressly confirms and agrees that it has entered into this Agreement and assumed the obligations imposed on it hereby in order to encourage Indemnitee to serve and/or continue to serve as a director, officer or key employee of the Company, and the Company acknowledges that Indemnitee is relying upon this Agreement in serving as a director, officer or key employee of the Company.

(b) Without limiting any of the rights of Indemnitee under the Articles or By-Laws as they may be amended from time to time, and except as provided in Section 17(a) hereof, this Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral, written and implied, between the parties hereto with respect to the subject matter hereof.

(c) The rights provided by or granted Indemnitee pursuant to this Agreement shall apply to Indemnitee's service as an officer, director, employee or Agent of the Company prior to the date of this Agreement, as well as service on or after the date of this Agreement.

(d) The rights provided by or granted pursuant to this Agreement shall be binding upon and be enforceable by the parties hereto and their respective successors and assigns (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business or assets of the Company), shall continue as to an Indemnitee who has ceased to be a director, officer, employee or Agent of the Company or of any other Enterprise, and shall inure to the benefit of Indemnitee and his or her spouse, assigns, estate, heirs, devisees, executors and administrators and other legal representatives.

(e) The Company shall require and cause any successor (whether direct or indirect by purchase, merger, consolidation or otherwise) to all, substantially all or a substantial part, of the business and/or assets of the Company, by written agreement in form and substance satisfactory to Indemnitee, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.

(f) The Company and Indemnitee agree herein that a monetary remedy for breach of this Agreement, at some later date, may be inadequate, impracticable and difficult of proof, and further agree that such breach may cause Indemnitee irreparable harm. Accordingly, the parties hereto agree that Indemnitee may enforce this Agreement by seeking, among other things, injunctive relief

and/or specific performance hereof, without any necessity of showing actual damage or irreparable harm and that by seeking injunctive relief and/or specific performance, Indemnitee shall not be precluded from seeking or obtaining any other relief to which he may be entitled. The Company and Indemnitee further agree that Indemnitee shall be entitled to such specific performance and injunctive relief, including temporary restraining orders, preliminary injunctions and permanent injunctions, without the necessity of posting bonds or other undertaking in connection therewith. The Company acknowledges that in the absence of a waiver, a bond or undertaking may be required of Indemnitee by the court, and the Company hereby waives any such requirement of such a bond or undertaking.

20. Modification and Waiver . No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions of this Agreement nor shall any waiver constitute a continuing waiver.

21. Notices . All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed to have been duly given (i) if delivered by hand and receipted for by the party to whom said notice or other communication shall have been directed; or (ii) mailed by certified or registered mail with postage prepaid, on the third business day after the date on which it is so mailed:

(a) If to Indemnitee, at the address indicated on the signature page of this Agreement, or such other address as Indemnitee shall provide in writing to the Company.

(b) If to the Company, to:

Lowe's Companies, Inc.
1000 Lowe's Blvd.
 Mooresville, NC 28117
Attention: General Counsel

or to any other address as may have been furnished to Indemnitee in writing by the Company.

22. Applicable Law . This Agreement and the legal relations among the parties shall be governed by, and construed and enforced in accordance with, the laws of the State of North Carolina, without regard to its conflict of laws rules.

23. Counterparts . This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same Agreement. Only one such counterpart signed by the party against whom enforceability is sought needs to be produced to evidence the existence of this Agreement.

24. Miscellaneous . Use of the masculine pronoun shall be deemed to include usage of the feminine pronoun where appropriate. The headings of the paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

25. Period of Limitations . No legal action shall be brought and no cause of action shall be asserted by or in the right of the Company against Indemnitee, Indemnitee's spouse, heirs, executors or personal or legal representatives after the expiration of two years from the date of

accrual of such cause of action, and any claim or cause of action of the Company shall be extinguished and deemed released unless asserted by the timely filing of a legal action within such two-year period; provided, however, that if any shorter period of limitations is otherwise applicable to any such cause of action such shorter period shall govern.

26. Further Assurances . If for the validation of any of the provisions in this Agreement any act, resolution, approval or other procedure is required, the Company undertakes to cause such act, resolution, approval or other procedure to be affected or adopted in a manner that will enable the Company to fulfill its obligations under this Agreement.

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

LOWE'S COMPANIES, INC.

By: _____

Name:

Title:

Address: _____

December 5, 2018

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

We have reviewed, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the unaudited consolidated interim financial information of Lowe's Companies, Inc. and subsidiaries for the fiscal three-month and nine -month periods ended November 2, 2018 and November 3, 2017 and have issued our report dated December 5, 2018. As indicated in such report, because we did not perform an audit, we expressed no opinion on that information.

We are aware that our report referred to above, which is included in your Quarterly Report on Form 10-Q for the quarter ended November 2, 2018 , is incorporated by reference in the following Registration Statements:

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

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

/s/ DELOITTE & TOUCHE LLP

Charlotte, North Carolina

CERTIFICATION

I, Marvin R. Ellison, certify that:

- (1) I have reviewed this Quarterly Report on Form 10-Q for the quarter ended November 2, 2018 of Lowe's Companies, Inc. (the Registrant);
- (2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
- (4) The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
- (5) The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

December 6, 2018

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 November 2, 2018 of Lowe's Companies, Inc. (the Registrant);
- (2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
- (4) The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
- (5) The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

December 6, 2018

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 November 2, 2018, as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Marvin R. Ellison, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

/s/ Marvin R. Ellison

Marvin R. Ellison
President and Chief Executive Officer
December 6, 2018

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

In connection with the Quarterly Report on Form 10-Q of Lowe's Companies, Inc. (the Company) for the period ended November 2, 2018, 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

December 6, 2018