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

FORM 10-Q

(Mark One)

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

For the quarterly period ended August 2, 2019

or

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

For the transition period from ______ to ______

Commission File Number 1-7898

LOWE'S COMPANIES, INC.

(Exact name of registrant as specified in its charter)

North Carolina	**56-0578072**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1000 Lowe's Blvd.	
Mooresville, North Carolina	**28117**
(Address of principal executive offices)	(Zip Code)
Registrant's telephone number, including area code	**(704) 758-1000**

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

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

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

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

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

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

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

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

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

CLASS	OUTSTANDING AT 8/30/2019
Common Stock, $0.50 par value	771,798,638

LOWE'S COMPANIES, INC.

- TABLE OF CONTENTS -

PART I - Financial Information		**Page No.**
Item 1.	Financial Statements	
	Consolidated Balance Sheets — August 2, 2019 (Unaudited), August 3, 2018 (Unaudited) and February 1, 2019	3
	Consolidated Statements of Current and Retained Earnings (Unaudited) — Three and six months ended August 2, 2019 and August 3, 2018	4
	Consolidated Statements of Comprehensive Income (Unaudited) — Three and six months ended August 2, 2019 and August 3, 2018	4
	Consolidated Statements of Shareholders' Equity (Unaudited) — Three and six months ended August 2, 2019 and August 3, 2018	5
	Consolidated Statements of Cash Flows (Unaudited) — Six months ended August 2, 2019 and August 3, 2018	7
	Notes to Consolidated Financial Statements (Unaudited)	8
	Report of Independent Registered Public Accounting Firm	20
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	21
Item 3.	Quantitative and Qualitative Disclosures about Market Risk	31
Item 4.	Controls and Procedures	31
PART II - Other Information		
Item 1.	Legal Proceedings	32
Item 1A.	Risk Factors	32
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	32
Item 6.	Exhibits	33
	Signature	34

Part I - FINANCIAL INFORMATION

Item 1. Financial Statements

Lowe's Companies, Inc.
Consolidated Balance Sheets
In Millions, Except Par Value Data

		(Unaudited) August 2, 2019	(Unaudited) August 3, 2018	February 1, 2019
Assets				
Current assets:				
Cash and cash equivalents		$ 1,796	$ 2,251	$ 511
Short-term investments		275	391	218
Merchandise inventory - net		13,730	11,885	12,561
Other current assets		995	956	938
Total current assets		**16,796**	**15,483**	**14,228**
Property, less accumulated depreciation		18,203	19,172	18,432
Operating lease right-of-use assets		3,967	—	—
Long-term investments		179	87	256
Deferred income taxes - net		512	249	294
Goodwill		303	1,271	303
Other assets		735	843	995
Total assets		**$ 40,695**	**$ 37,105**	**$ 34,508**
Liabilities and shareholders' equity				
Current liabilities:				
Short-term borrowings		$ —	$ —	$ 722
Current maturities of long-term debt		1,009	894	1,110
Current operating lease liabilities		492	—	—
Accounts payable		9,499	8,984	8,279
Accrued compensation and employee benefits		717	671	662
Deferred revenue		1,324	1,449	1,299
Other current liabilities		2,794	2,583	2,425
Total current liabilities		**15,835**	**14,581**	**14,497**
Long-term debt, excluding current maturities		16,538	14,937	14,391
Noncurrent operating lease liabilities		4,055	—	—
Deferred revenue - extended protection plans		868	828	827
Other liabilities		759	978	1,149
Total liabilities		**38,055**	**31,324**	**30,864**
Shareholders' equity:				
Preferred stock - $5 par value, none issued		—	—	—
Common stock - $0.50 par value;				
Shares issued and outstanding				
August 2, 2019	776			
August 3, 2018	811			
February 1, 2019	801	388	406	401
Capital in excess of par value		—	—	—
Retained earnings		2,439	5,517	3,452
Accumulated other comprehensive loss		(187)	(142)	(209)
Total shareholders' equity		**2,640**	**5,781**	**3,644**
Total liabilities and shareholders' equity		**$ 40,695**	**$ 37,105**	**$ 34,508**

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

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

	Three Months Ended				Six Months Ended			
	August 2, 2019		August 3, 2018		August 2, 2019		August 3, 2018	
Current Earnings	Amount	% Sales	Amount	% Sales	Amount	% Sales	Amount	% Sales
Net sales	**$ 20,992**	**100.00**	**$ 20,888**	**100.00**	**$ 38,733**	**100.00**	**$ 38,247**	**100.00**
Cost of sales	14,252	67.89	14,003	67.04	26,412	68.19	25,615	66.97
Gross margin	**6,740**	**32.11**	**6,885**	**32.96**	**12,321**	**31.81**	**12,632**	**33.03**
Expenses:								
Selling, general and administrative	4,048	19.29	4,386	20.99	7,909	20.42	8,319	21.75
Depreciation and amortization	311	1.48	336	1.61	614	1.58	685	1.79
Operating income	**2,381**	**11.34**	**2,163**	**10.36**	**3,798**	**9.81**	**3,628**	**9.49**
Interest - net	169	0.80	153	0.74	331	0.86	313	0.82
Pre-tax earnings	**2,212**	**10.54**	**2,010**	**9.62**	**3,467**	**8.95**	**3,315**	**8.67**
Income tax provision	536	2.56	490	2.34	745	1.92	806	2.11
Net earnings	**$ 1,676**	**7.98**	**$ 1,520**	**7.28**	**$ 2,722**	**7.03**	**$ 2,509**	**6.56**
Weighted average common shares outstanding - basic	781		813		788		819	
Basic earnings per common share	**$ 2.14**		**$ 1.86**		**$ 3.44**		**$ 3.05**	
Weighted average common shares outstanding - diluted	781		814		789		820	
Diluted earnings per common share	**$ 2.14**		**$ 1.86**		**$ 3.44**		**$ 3.05**	
Cash dividends per share	**$ 0.55**		**$ 0.48**		**$ 1.03**		**$ 0.89**	
Retained Earnings								
Balance at beginning of period	$ 3,095		$ 5,405		$ 3,452		$ 5,425	
Cumulative effect of accounting change	—		—		(263)		33	
Net earnings	1,676		1,520		2,722		2,509	
Cash dividends declared	(428)		(390)		(810)		(728)	
Share repurchases	(1,904)		(1,018)		(2,662)		(1,722)	
Balance at end of period	$ 2,439		$ 5,517		$ 2,439		$ 5,517	

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

Lowe's Companies, Inc.
Consolidated Statements of Comprehensive Income (Unaudited)
In Millions, Except Percentage Data

	Three Months Ended				Six Months Ended			
	August 2, 2019		August 3, 2018		August 2, 2019		August 3, 2018	
	Amount	% Sales	Amount	% Sales	Amount	% Sales	Amount	% Sales
Net earnings	**$ 1,676**	**7.98**	**$ 1,520**	**7.28**	**$ 2,722**	**7.03**	**$ 2,509**	**6.56**
Foreign currency translation adjustments - net of tax	69	0.33	(70)	(0.34)	36	0.09	(154)	(0.40)
Other	—	—	—	—	(14)	(0.04)	—	—
Other comprehensive income/(loss)	**69**	**0.33**	**(70)**	**(0.34)**	**22**	**0.05**	**(154)**	**(0.40)**
Comprehensive income	**$ 1,745**	**8.31**	**$ 1,450**	**6.94**	**$ 2,744**	**7.08**	**$ 2,355**	**6.16**

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

Lowe's Companies, Inc.
Consolidated Statements of Changes in Shareholders' Equity (Unaudited)
In Millions, Except Per Share Data

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

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

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

Lowe's Companies, Inc.
Consolidated Statements of Changes in Shareholders' Equity (Unaudited)
In Millions, Except Per Share Data

	Three Months Ended August 3, 2018					
	Common Stock					
	Shares	Amount	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Income/(Loss)	Total Shareholders' Equity
Balance May 4, 2018	**822**	**$ 411**	**$ —**	**$ 5,405**	**$ (71)**	**$ 5,745**
Net earnings				1,520		1,520
Other comprehensive loss					(71)	(71)
Cash dividends declared, $0.48 per share				(390)		(390)
Share-based payment expense			40			40
Repurchase of common stock	(11)	(5)	(82)	(1,018)		(1,105)
Issuance of common stock under share-based payment plans	—	—	42			42
Balance August 3, 2018	**811**	**$ 406**	**$ —**	**$ 5,517**	**$ (142)**	**$ 5,781**

	Six Months Ended August 3, 2018					
	Common Stock					
	Shares	Amount	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Income/(Loss)	Total Shareholders' Equity
Balance February 2, 2018	**830**	**$ 415**	**$ 22**	**$ 5,425**	**$ 11**	**$ 5,873**
Cumulative effect of accounting change				33		33
Net earnings				2,509		2,509
Other comprehensive loss					(153)	(153)
Cash dividends declared, $0.89 per share				(728)		(728)
Share-based payment expense			61			61
Repurchase of common stock	(20)	(10)	(132)	(1,722)		(1,864)
Issuance of common stock under share-based payment plans	1	1	49			50
Balance August 3, 2018	**811**	**$ 406**	**—**	**$ 5,517**	**$ (142)**	**$ 5,781**

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

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

	Six Months Ended	
	August 2, 2019	**August 3, 2018**
Cash flows from operating activities:		
Net earnings	$ 2,722	$ 2,509
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	684	751
Noncash lease expense	228	—
Deferred income taxes	(121)	(75)
Loss on property and other assets - net	38	261
Loss on cost method and equity method investments	12	3
Share-based payment expense	51	62
Changes in operating assets and liabilities:		
Merchandise inventory - net	(1,153)	(549)
Other operating assets	(116)	(140)
Accounts payable	1,202	2,408
Other operating liabilities	36	557
Net cash provided by operating activities	**3,583**	**5,787**
Cash flows from investing activities:		
Purchases of investments	(245)	(980)
Proceeds from sale/maturity of investments	272	1,012
Capital expenditures	(526)	(543)
Proceeds from sale of property and other long-term assets	42	30
Other - net	(1)	1
Net cash used in investing activities	**(458)**	**(480)**
Cash flows from financing activities:		
Net change in short-term borrowings	(722)	(1,137)
Net proceeds from issuance of long-term debt	2,972	—
Repayment of long-term debt	(629)	(24)
Proceeds from issuance of common stock under share-based payment plans	72	50
Cash dividend payments	(767)	(678)
Repurchase of common stock	(2,770)	(1,846)
Other - net	(7)	(2)
Net cash used in financing activities	**(1,851)**	**(3,637)**
Effect of exchange rate changes on cash	**(1)**	**(7)**
Net increase in cash and cash equivalents, including cash classified within current assets held for sale	1,273	1,663
Less: Net decrease in cash classified within current assets held for sale	12	—
Net increase in cash and cash equivalents	1,285	1,663
Cash and cash equivalents, beginning of period	511	588
Cash and cash equivalents, end of period	**$ 1,796**	**$ 2,251**

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

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

Note 1: Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements (unaudited) and notes to the consolidated financial statements (unaudited) are presented in accordance with the rules and regulations of the Securities and Exchange Commission and do not include all the disclosures normally required in annual consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The consolidated financial statements (unaudited), in the opinion of management, contain all adjustments necessary to present fairly the financial position as of August 2, 2019, and August 3, 2018, the results of operations and comprehensive income for the three and six months ended August 2, 2019, and August 3, 2018, and cash flows for the six months ended August 2, 2019 and August 3, 2018.

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

Reclassifications

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

Accounting Pronouncements Recently Adopted

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

Accounting Pronouncements Not Yet Adopted

Recent accounting pronouncements pending adoption not discussed in this Form 10-Q or in the 2018 Form 10-K are either not applicable to the Company or are not expected to have a material impact on the Company.

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

The Company believes including these expenses in cost of sales is preferable, as it better aligns these costs with the related revenue in the gross profit calculation and is consistent with the practices of other retailers. This change in accounting principle has been applied retrospectively, and the consolidated statements of earnings reflect the effect of this accounting principle change in all years presented. This reclassification had no impact on operating income, net earnings or diluted earnings per share. The consolidated balance sheets, the consolidated statements of comprehensive income, consolidated statements of shareholders' equity, and the consolidated statements of cash flows were not impacted by this accounting principle change.

The consolidated statements of earnings for the three and six months ended August 3, 2018 have been adjusted to reflect this change in accounting principle. The impact of the adjustment for the three months ended August 3, 2018 was an increase of $314 million to cost of sales and a corresponding decrease to SG&A expense of $304 million and depreciation and amortization expense of $10 million. The impact of the adjustment for the six months ended August 3, 2018 was an increase of $579 million to cost of sales and a corresponding decrease to SG&A expense for $559 million and depreciation and amortization expense of $20 million.

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

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

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

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

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

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

Leases (In millions)	**Classification**		**August 2, 2019**
Assets			
Operating lease assets	Operating lease right-of-use assets	$	3,967
Finance lease assets	Property, less accumulated depreciation [1]		303
Total lease assets			**4,270**
Liabilities			
Current			
Operating	Current operating lease liabilities		492
Finance	Current maturities of long-term debt		35
Noncurrent			
Operating	Noncurrent operating lease liabilities		4,055
Finance	Long-term debt, excluding current maturities		382
Total lease liabilities		**$**	**4,964**

[1] *Finance lease assets are recorded net of accumulated amortization of $17 million as of August 2, 2019.*

The table below presents the lease costs for finance and operating leases for the three and six months ended August 2, 2019:

Lease Cost (In millions)		**Three Months Ended August 2, 2019**		**Six Months Ended August 2, 2019**
Finance lease cost				
Amortization of leased assets	$	9	$	17
Interest on lease liabilities		7		14
Operating lease cost [1]		176		339
Total lease cost	$	192	$	370

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

The future minimum rental payments required under operating and finance lease obligations as of August 2, 2019 having initial or remaining non-cancelable lease terms in excess of one year are summarized as follows:

Maturity of lease liabilities (In millions)		**Operating Leases** [1]		**Finance Leases** [2]		**Total**
2019	$	289	$	27	$	316
2020		675		61		736
2021		654		60		714
2022		659		63		722
2023		570		58		628
After 2023		3,010		321		3,331
Total lease payments		**5,857**		**590**		**6,447**
Less: interest [3]		(1,310)		(173)		(1,483)
Present value of lease liabilities [4]	**$**	**4,547**	**$**	**417**	**$**	**4,964**

[1] *Operating lease payments include $275 million related to options to extend lease terms that are reasonably certain of being exercised and exclude $294 million of minimum lease payments for leases signed but not yet commenced.*
[2] *Finance lease payments include $19 million related to options to extend lease terms that are reasonably certain of being exercised and exclude $329 million of minimum lease payments for leases signed but not yet commenced.*
[3] *Calculated using the lease-specific incremental borrowing rate.*
[4] *Includes the current portion of $492 million for operating leases and $35 million for finance leases.*

Lease Term and Discount Rate	August 2, 2019
Weighted-average remaining lease term (years)	
Operating leases	10.45
Finance leases	10.80
Weighted-average discount rate	
Operating leases	4.23%
Finance leases	7.38%

Other Information (In millions)		Six Months Ended August 2, 2019
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows used for operating leases	$	432
Operating cash flows used for finance leases		14
Financing cash flows used for finance leases		27
Leased assets obtained in exchange for new finance lease liabilities		31
Leased assets obtained in exchange for new operating lease liabilities		317

Prior Period Disclosures

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

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

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

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

	Three Months Ended		Six Months Ended	
(In millions)	**August 2, 2019**	**August 3, 2018**	**August 2, 2019**	**August 3, 2018**
Products	$ 19,976	$ 19,735	$ 36,877	$ 36,235
Services	591	709	1,144	1,333
Other	425	444	712	679
Net sales	**$ 20,992**	**$ 20,888**	**$ 38,733**	**$ 38,247**

Revenue from products primarily relates to in-store and online merchandise purchases, which are recognized at the point in time when the customer obtains control of the merchandise, which is at the time of in-store purchase or delivery of the product to the customer. A provision for anticipated merchandise returns is provided through a reduction of sales and cost of sales in the period that the related sales are recorded. The merchandise return reserve is presented on a gross basis, with a separate asset and liability included in the consolidated balance sheets. Anticipated sales returns reflected in other current liabilities were $232 million at August 2, 2019 and $228 million at August 3, 2018. The associated right of return assets reflected in other current assets were $152 million at August 2, 2019 and $147 million at August 3, 2018.

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

Deferred revenue is presented for merchandise that has not yet transferred control to the customer and for services that have not yet been provided, but for which tender has been accepted. Deferred revenue is recognized in sales either at a point in time when the customer obtains control of merchandise through pickup or delivery, or over time as services are provided to the customer. Deferred revenues associated with amounts received for which customers have not taken possession of the merchandise or for which installation has not yet been completed were $875 million at August 2, 2019 and $1.0 billion at August 3, 2018. 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 $449 million and $419 million at August 2, 2019, and August 3, 2018, respectively, and these amounts are included in deferred revenue on the consolidated balance sheets. The Company recognizes income from unredeemed stored-value cards in proportion to the pattern of rights exercised by the customer. Amounts recognized as breakage were insignificant for the three and six months ended August 2, 2019 and August 3, 2018.

Extended protection plans

The Company also defers revenues for its separately-priced extended protection plan contracts, which is a Lowe’s-branded program for which the Company is ultimately self-insured. The Company recognizes revenue from extended protection plan sales on a straight-line basis over the respective contract term. Extended protection plan contract terms primarily range from one to five years from the date of purchase or the end of the manufacturer’s warranty, as applicable. Deferred revenue from extended protection plans recognized into sales were $101 million and $200 million for the three and six months ended August 2, 2019, respectively, and $101 million and $196 million for the three and six months ended August 3, 2018, 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 August 2, 2019 and August 3, 2018, respectively. The Company’s extended protection plan deferred costs are included in other assets (noncurrent) on the consolidated balance sheets. All other costs, such as costs of services performed under the contract, general and administrative expenses, and advertising expenses are expensed as incurred.

The liability for extended protection plan claims incurred is included in other current liabilities on the consolidated balance sheets and was not material in any of the periods presented. Expenses for claims are recognized when incurred and totaled $48 million and $96 million for the three and six months ended August 2, 2019, respectively, and $48 million and $94 million for the three and six months ended August 3, 2018, respectively.

Disaggregation of Revenues

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

	Three Months Ended				Six Months Ended			
	August 2, 2019		August 3, 2018		August 2, 2019		August 3, 2018	
(In millions)	Total Sales	%	Total Sales	%	Total Sales	%	Total Sales	%
Hardlines [1]	$ 7,153	34	$ 6,925	33	$ 12,682	33	$ 12,053	32
Home Décor [2]	6,938	33	6,750	32	13,211	34	12,951	34
Building Products [3]	6,376	30	6,445	31	11,900	31	11,968	31
Other	525	3	768	4	940	2	1,275	3
Total	**$ 20,992**	**100**	**$ 20,888**	**100**	**$ 38,733**	**100**	**$ 38,247**	**100**

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

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

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

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

	Three Months Ended		Six Months Ended	
(In millions)	August 2, 2019	August 3, 2018	August 2, 2019	August 3, 2018
United States	$ 19,447	$ 19,156	$ 36,094	$ 35,328
International	1,545	1,732	2,639	2,919
Net Sales	**$ 20,992**	**$ 20,888**	**$ 38,733**	**$ 38,247**

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

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

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

The following table presents the Company's financial assets measured at fair value on a recurring basis as of August 2, 2019, August 3, 2018, and February 1, 2019. The fair values of these instruments approximated amortized costs.

		Fair Value Measurements at		
(In millions)	Measurement Level	August 2, 2019	August 3, 2018	February 1, 2019
Short-term investments:				
Available-for-sale securities				
Money market funds	Level 1	$ 241	$ 374	$ 207
Agency securities	Level 2	22	—	10
Corporate debt securities	Level 2	12	—	1
Certificates of deposit	Level 1	—	17	—
Total short-term investments		**$ 275**	**$ 391**	**$ 218**
Long-term investments:				
Available-for-sale securities				
Corporate debt securities	Level 2	$ 75	$ 80	$ 191
U.S. Treasury securities	Level 1	67	—	—
Agency securities	Level 2	37	7	65
Total long-term investments		**$ 179**	**$ 87**	**$ 256**

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

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

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

During the three and six months ended August 2, 2019, the Company had no significant measurements of assets and liabilities at fair value on a nonrecurring basis subsequent to their initial recognition. During the three and six months ended August 3, 2018, the Company's only significant assets or liabilities measured at fair value on a nonrecurring basis subsequent to their initial recognition were certain long-lived assets.

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 serviced 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.

See Note 8 for additional information regarding the Company's decision to exit its Orchard operations subsequent to the end of the second quarter of fiscal 2018 on August 17, 2018.

Fair Value of Financial Instruments

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

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

	August 2, 2019		August 3, 2018		February 1, 2019	
(In millions)	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Unsecured notes (Level 1)	$ 17,093	$ 18,213	$ 14,966	$ 15,233	$ 14,721	$ 14,473
Mortgage notes (Level 2)	6	6	6	6	6	6
Long-term debt (excluding capitalized lease obligations)	**$ 17,099**	**$ 18,219**	**$ 14,972**	**$ 15,239**	**$ 14,727**	**$ 14,479**

Note 6: Restricted Investment Balances - Short-term and long-term investments include restricted balances pledged as collateral primarily for the Company's extended protection plan program. Restricted balances included in short-term investments were $275 million at August 2, 2019, $374 million at August 3, 2018, and $218 million at February 1, 2019.

Restricted balances included in long-term investments were $179 million at August 2, 2019, $74 million at August 3, 2018, and $256 million at February 1, 2019.

Note 7: Property and Accumulated Depreciation - Property is shown net of accumulated depreciation of $17.4 billion at August 2, 2019, $17.5 billion at August 3, 2018, and $17.4 billion at February 1, 2019. The Company recognized depreciation expense, inclusive of amounts presented in cost of sales and depreciation and amortization, of $325 million and $643 million for the three and six months ended August 2, 2019 and $355 million and $723 million for the three and six months ended August 3, 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 decided to exit certain activities and close certain locations as further described below.

Orchard Supply Hardware (Orchard)

On August 17, 2018, subsequent to the end of the second quarter of fiscal year 2018, the Company approved plans to exit its Orchard operations by closing all 99 Orchard stores, which were located in California, Oregon and Florida, as well as the distribution facility that serviced the Orchard stores, and the Orchard corporate office. To facilitate an orderly wind-down, the Company partnered with Hilco Merchant Services to help manage the store closing sales process and provide a seamless experience for customers. All facilities were closed by the end of fiscal year 2018.

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 that quarter.

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

	Costs Incurred	
(In millions)	Three Months Ended August 3, 2018	Six Months Ended August 3, 2018
Long-lived asset impairments	$ 206	$ 206
Discontinued project write-offs	24	24
Total	**$ 230**	**$ 230**

Expenses associated with long-lived asset impairment and discontinued projects are included in selling, general and administrative expense in the consolidated statement of current and retained earnings.

Note 9: Long-Term Debt - During the first quarter of fiscal 2019, the Company issued $3.0 billion of unsecured notes as follows:

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

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

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

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. On December 12, 2018, the Company's Board of Directors authorized an additional $10.0 billion share repurchase program with no expiration, which was announced on the same day. As of August 2, 2019, the Company had $11.2 billion remaining in its share repurchase program.

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

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

In May 2019, the Company entered into a variable notional ASR agreement with a third-party financial institution to repurchase $990 million to $1.4 billion of the Company's common stock. At inception, pursuant to the agreement, the Company paid $1.4 billion to the financial institution using cash on hand and took delivery of 8.9 million shares. The Company finalized the transaction and received an additional 1.0 million shares and a $420 million cash payment from the third-party financial institution prior to the end of the second quarter. The cash payment received is equal to the difference between the $1.4 billion payment made at inception and the final notional amount of $990 million.

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

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

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

In addition, during the three and six months ended August 2, 2019, the Company repurchased shares of its common stock through the open market totaling 9.7 million and 14.2 million shares, respectively, for a cost of $974 million and $1.4 billion, respectively.

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

Shares repurchased for the three and six months ended August 2, 2019 and August 3, 2018 were as follows:

	Three Months Ended			
	August 2, 2019		August 3, 2018	
(In millions)	Shares	Cost [1]	Shares	Cost [1]
Share repurchase program	19.6	$ 1,964	11.4	$ 1,100
Shares withheld from employees	—	—	0.1	6
Total share repurchases	**19.6**	**$ 1,964**	**11.5**	**$ 1,106**

[1] *Reductions of $1.9 billion and $1.0 billion were recorded to retained earnings, after capital in excess of par value was depleted, for the three months ended August 2, 2019 and August 3, 2018, respectively.*

	Six Months Ended			
	August 2, 2019		August 3, 2018	
(In millions)	Shares	Cost [2]	Shares	Cost [2]
Share repurchase program	27.6	$ 2,783	20.1	$ 1,850
Shares withheld from employees	0.1	13	0.2	13
Total share repurchases	**27.7**	**$ 2,796**	**20.3**	**$ 1,863**

[2] *Reductions of $2.7 billion and $1.7 billion were recorded to retained earnings, after capital in excess of par value was depleted, for the six months ended August 2, 2019 and August 3, 2018, 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 nonforfeitable right to receive dividends and, therefore, are considered to participate in undistributed earnings with common shareholders.

Basic earnings per common share excludes dilution and is calculated by dividing net earnings allocable to common shares by the weighted-average number of common shares outstanding for the period. Diluted earnings per common share is calculated by dividing net earnings allocable to common shares by the weighted-average number of common shares as of the balance sheet date, as adjusted for the potential dilutive effect of non-participating share-based awards. The following table reconciles earnings per common share for the three and six months ended August 2, 2019 and August 3, 2018:

	Three Months Ended		Six Months Ended	
(In millions, except per share data)	August 2, 2019	August 3, 2018	August 2, 2019	August 3, 2018
Basic earnings per common share:				
Net earnings	$ 1,676	$ 1,520	$ 2,722	$ 2,509
Less: Net earnings allocable to participating securities	(6)	(5)	(9)	(9)
Net earnings allocable to common shares, basic	**$ 1,670**	**$ 1,515**	**$ 2,713**	**$ 2,500**
Weighted-average common shares outstanding	**781**	**813**	**788**	**819**
Basic earnings per common share	**$ 2.14**	**$ 1.86**	**$ 3.44**	**$ 3.05**
Diluted earnings per common share:				
Net earnings	$ 1,676	$ 1,520	$ 2,722	$ 2,509
Less: Net earnings allocable to participating securities	(6)	(5)	(9)	(9)
Net earnings allocable to common shares, diluted	**$ 1,670**	**$ 1,515**	**$ 2,713**	**$ 2,500**
Weighted-average common shares outstanding	781	813	788	819
Dilutive effect of non-participating share-based awards	—	1	1	1
Weighted-average common shares, as adjusted	**781**	**814**	**789**	**820**
Diluted earnings per common share	**$ 2.14**	**$ 1.86**	**$ 3.44**	**$ 3.05**

Stock options to purchase 1.0 million and 0.8 million shares of common stock were anti-dilutive for the three and six months ended August 2, 2019, respectively. Stock options to purchase 0.5 million and 0.7 million shares of common stock were anti-dilutive for the three and six months ended August 3, 2018, respectively.

Note 12: Income Taxes - The Company's effective income tax rates were 24.2% and 21.5% for the three and six months ended August 2, 2019, respectively, and 24.4% and 24.3% for the three and six months ended August 3, 2018, respectively. The lower effective income tax rate for the six months ended August 2, 2019 is primarily due to a favorable tax benefit recorded during the first quarter associated with the planned exit of the Mexico retail operations. In fiscal 2018, the Company announced its intention to exit its Mexico retail operations and had planned to sell the operating business. However, in the first quarter of 2019, after an extensive market evaluation, the decision was made to instead sell the assets of the business through liquidation, which results in a more favorable tax treatment.

Note 13: Supplemental Disclosure

Net interest expense is comprised of the following:

	Three Months Ended		Six Months Ended	
(In millions)	**August 2, 2019**	**August 3, 2018**	**August 2, 2019**	**August 3, 2018**
Long-term debt	$ 173	$ 146	$ 327	$ 291
Finance lease obligations	7	—	14	—
Capitalized lease obligations	—	15	—	30
Interest income	(12)	(9)	(19)	(12)
Interest capitalized	—	(1)	(1)	(2)
Interest on tax uncertainties	(1)	—	(2)	—
Other	2	2	12	6
Interest - net	**$ 169**	**$ 153**	**$ 331**	**$ 313**

Supplemental disclosures of cash flow information:

	Six Months Ended	
(In millions)	**August 2, 2019**	**August 3, 2018**
Cash paid for interest, net of amount capitalized[1]	$ 311	$ 322
Cash paid for income taxes - net	$ 612	$ 762
Non-cash investing and financing activities:		
Non-cash property acquisitions, including assets acquired under capital lease [1]	$ 86	$ 14
Cash dividends declared but not paid	$ 428	$ 390

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

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

Results of Review of Interim Financial Information

We have reviewed the accompanying consolidated balance sheets of Lowe’s Companies, Inc. and subsidiaries (the “Company”) as of August 2, 2019 and August 3, 2018, the related consolidated statements of current and retained earnings, comprehensive income, and shareholders’ equity for the fiscal three-month and six-month periods ended August 2, 2019 and August 3, 2018, and of cash flows for the six-month periods ended August 2, 2019 and August 3, 2018, and the related notes (collectively referred to as the “interim financial information”). Based on our reviews, we are not aware of any material modifications that should be made to the accompanying interim financial information for it to be in conformity with accounting principles generally accepted in the United States of America.

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

Basis for Review Results

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

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

/s/ DELOITTE & TOUCHE LLP

Charlotte, North Carolina
September 3, 2019

Item 2.

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

This discussion and analysis summarizes the significant factors affecting our consolidated operating results, liquidity and capital resources during the three and six months ended August 2, 2019, and August 3, 2018. This discussion and analysis should be read in conjunction with the consolidated financial statements and notes to the consolidated financial statements that are included in our Annual Report on Form 10-K for the fiscal year ended February 1, 2019 (the Annual Report), as well as the consolidated financial statements (unaudited) and notes to the consolidated financial statements (unaudited) contained in this report. Unless otherwise specified, all comparisons made are to the corresponding period of 2018. This discussion and analysis is presented in six sections:

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

EXECUTIVE OVERVIEW

Net sales and net earnings increased for the second quarter of 2019 by 0.5% to $21.0 billion and 10.2% to $1.7 billion, respectively. Diluted earnings per common share increased 14.9% in the second quarter of 2019 to $2.14 from $1.86 in the second quarter of 2018. During the second quarter of 2019, the Company incurred $14 million of pre-tax operating costs and a $3 million tax benefit associated with the wind-down of our Mexico retail operations. In the second quarter of 2018, the Company recorded $230 million of non-cash pre-tax charges related to long-lived asset impairments and discontinued projects associated with the strategic reassessment of Orchard Supply Hardware (Orchard), which decreased diluted earnings per share by $0.21 for the second quarter of 2018. Excluding the impact of these items, adjusted diluted earnings per common share increased 3.9% to $2.15 in the second quarter of 2019 from adjusted diluted earnings per common share of $2.07 in the second quarter of 2018 (see discussion of non-GAAP financial measures beginning on page 23).

For the first six months of 2019, cash flows from operating activities were approximately $3.6 billion, while $526 million was used for capital expenditures. Continuing to deliver on our commitment to return excess cash to shareholders, during the second quarter of 2019, we paid $382 million in dividends and repurchased $2.0 billion of common stock through our share repurchase program.

During the second quarter of 2019, we capitalized on continued Spring demand and executed successful Memorial Day, Father's Day, and Independence Day events. We experienced comparable sales increase of 2.3% and broad-based growth with all 15 U.S. regions generating positive comparable sales despite weather challenges early in the quarter and lumber deflation. Nine of 13 product categories generated positive comparable sales with particular strength in Paint, Tools, Appliances, Décor, Hardware, Millwork, and Seasonal & Outdoor Living. Weather was challenging early in the quarter; however, as the weather improved, we saw sequential improvement through the quarter.

Our overall performance in the second quarter demonstrates continued momentum executing our retail fundamentals framework. We continue to make steady, deliberate progress to better serve customers, position our business for long-term success, and improve results that have historically performed below the Company average. Our focus on the Pro customer, particularly investments in job lot quantities and our improved service model, led to strong performance in the quarter. In addition, we took steps during the quarter to begin modernizing and transforming our Lowes.com website to improve agility and the customer experience, which we believe are critical to growing our online presence. We also announced plans to open a new global technology center in 2021 that will house additional technology professionals in Charlotte and underscores our commitment to becoming a best-in-class, omni-channel retailer.

While we are pleased with actions taken during the quarter to improve gross margin, we have additional work to modernize our systems and pricing tools. Therefore, over the next year, we plan to deploy a new price management system that we hope will enable us to systematically analyze, prioritize and implement retail changes more timely and will provide merchants more visibility to pricing actions. We also will focus on integrating the Boomerang retail analytics platform, which we acquired this quarter and previously announced, into our core retail business. This platform is expected to strengthen strategic, data-driven pricing and merchandising assortment decisions across the business.

In addition, we also saw growth in our inventory in the first half of fiscal 2019 over the prior year, driven by strategic investments in the first half of the year to drive sales, such as earlier seasonal load-in, resets, increases in presentation minimums, and investments in job lot quantities. In the second half of fiscal year 2019, we expect to focus on reducing inventory in certain areas by rolling out predictable delivery and improving on our demand planning. We believe these measures will help us strategically manage down inventory while protecting our in-stock position and margin.

OPERATIONS

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

	Three Months Ended		Basis Point Increase / (Decrease) in Percentage of Net Sales from Prior Period[1]	Percentage Increase / (Decrease) in Dollar Amounts from Prior Period[1]
	August 2, 2019	**August 3, 2018**	**2019 vs. 2018**	**2019 vs. 2018**
Net sales	**100.00%**	**100.00%**	**N/A**	**0.5 %**
Gross margin	**32.11**	**32.96**	**(85)**	**(2.1)**
Expenses:				
Selling, general and administrative	19.29	20.99	(170)	(7.7)
Depreciation and amortization	1.48	1.61	(13)	(7.2)
Operating income	**11.34**	**10.36**	**98**	**10.1**
Interest - net	0.80	0.74	6	10.6
Pre-tax earnings	**10.54**	**9.62**	**92**	**10.1**
Income tax provision	2.56	2.34	22	9.5
Net earnings	**7.98%**	**7.28%**	**70**	**10.2 %**

	Six Months Ended		Basis Point Increase / (Decrease) in Percentage of Net Sales from Prior Period[1]	Percentage Increase / (Decrease) in Dollar Amounts from Prior Period[1]
	August 2, 2019	**August 3, 2018**	**2019 vs. 2018**	**2019 vs. 2018**
Net sales	**100.00%**	**100.00%**	**N/A**	**1.3 %**
Gross margin	**31.81**	**33.03**	**(122)**	**(2.5)**
Expenses:				
Selling, general and administrative	20.42	21.75	(133)	(4.9)
Depreciation and amortization	1.58	1.79	(21)	(10.4)
Operating income	**9.81**	**9.49**	**32**	**4.7**
Interest - net	0.86	0.82	4	5.8
Pre-tax earnings	**8.95**	**8.67**	**28**	**4.6**
Income tax provision	1.92	2.11	(19)	(7.6)
Net earnings	**7.03%**	**6.56%**	**47**	**8.5 %**

[1] *In the fourth quarter of fiscal 2018, we changed our method of accounting for shipping and handling costs from the Company's stores, distribution centers, and other locations to customers. Under this new accounting principle, shipping and handling costs related to the delivery of products from the Company to customers are included in costs of sales, whereas they were previously included in selling, general, and administrative expense, and depreciation and amortization. Amounts*

presented for the three and six months ended August 3, 2018 reflect adjusted amounts in accordance with this accounting principle change.

	Three Months Ended		Six Months Ended	
Other Metrics	**August 2, 2019**	**August 3, 2018**	**August 2, 2019**	**August 3, 2018**
Comparable sales increase [1]	2.3%	5.2%	2.9%	3.0%
Total customer transactions (in millions)	269	277	499	508
Average ticket [2]	$ 77.97	$ 75.53	$ 77.61	$ 75.28
At end of period:				
Number of stores	2,003	2,155		
Sales floor square feet (in millions)	209	215		
Average store size selling square feet (in thousands) [3]	104	100		
Net earnings to average debt and equity [4]	10.0%	15.2%		
Return on invested capital [4]	12.3%	17.4%		

[1] *A comparable location is defined as a location that has been open longer than 13 months. A location that is identified for relocation is no longer considered comparable in the month of its relocation. The relocated location must then remain open longer than 13 months to be considered comparable. A location we have decided to close is no longer considered comparable as of the beginning of the month in which we announce its closing. Acquired locations are included in the comparable sales calculation beginning in the first full month following the first anniversary of the date of the acquisition. Comparable sales include online sales, which positively impacted second quarter fiscal 2019 comparable sales by approximately 25 basis points and year-to-date fiscal 2019 comparable sales by approximately 50 basis points. The comparable store sales calculation included in the preceding table was calculated using comparable 13-week and 26-week periods.*

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

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

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

Non-GAAP Financial Measures

Adjusted Diluted Earnings Per Share

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

The Company previously announced its intention to exit its Mexico retail operations. During the three months ended August 2, 2019, the Company recognized a net loss of $12 million or net $0.01 per share impact associated with losses, net of tax, for the period associated with the wind-down of the Mexico operations (Mexico adjustments).

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

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

	Three Months Ended					
	August 2, 2019			August 3, 2018		
	Pre-Tax Earnings	Tax	Net Earnings	Pre-Tax Earnings	Tax	Net Earnings
Diluted earnings per share, as reported			**$ 2.14**			**$ 1.86**
Non-GAAP adjustments - per share impacts						
Mexico adjustments	0.02	(0.01)	0.01	—	—	—
Orchard Supply Hardware charges	—	—	—	0.28	(0.07)	0.21
Adjusted diluted earnings per share			**$ 2.15**			**$ 2.07**

Return on Invested Capital

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

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

	For the Periods Ended	
(In millions, except percentage data)	August 2, 2019	August 3, 2018
Calculation of Return on Invested Capital		
Numerator		
Net Earnings	$ 2,527	$ 3,935
Plus:		
Interest expense - net	643	627
Operating lease interest	197	212
Provision for income taxes	1,018	1,711
Lease adjusted net operating profit	4,385	6,485
Less:		
Income tax adjustment [1]	1,258	1,966
Lease adjusted net operating profit after tax	$ 3,127	$ 4,519
Denominator		
Average debt and equity [2]	$ 25,395	$ 25,906
Net earnings to average debt and equity	**10.0%**	**15.2%**
Return on invested capital	**12.3%**	**17.4%**

[1] *Income tax adjustment is defined as net operating profit multiplied by the effective tax rate, which was 28.70% and 30.30% for the periods ended August 2, 2019 and August 3, 2018, respectively.*

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

Results of Operations

Net Sales – Net sales in the second quarter of 2019 increased 0.5% to $21.0 billion. The increase in total sales was driven primarily by an increase in comparable sales, partially offset by the closure of Orchard, as well as other closed locations. Comparable sales increased 2.3% over the same period, driven by a 2.0% increase in comparable average ticket and a 0.3% increase in comparable customer transactions. Orchard stores and other closed locations negatively impacted total sales 1.6% for the quarter.

During the second quarter of 2019, we experienced comparable sales increases in nine of 13 product categories. Comparable sales were above the company average in Paint, Tools, Appliances, Decor, Hardware, Millwork, and Seasonal & Outdoor Living. We achieved strong comparable sales in Paint with strength in both interior and exterior paint products due to our improved service model, in-stock position, and compelling offers. Performance in Tools was driven by strength in power tools, tool storage, and mechanics tools as a result of our CRAFTSMAN® reset, as well as key programs, such as Dewalt® power tools, and innovative and new product offerings. We achieved strong comparable sales in Appliances due to our top brands and breadth of assortment. Décor experienced mid-single digit comparable sales, with double digit comparable sales in Blinds and Shades, driven by job lot quantity investments and improved product offerings in both our private and national brands. We experienced negative comparable sales in Lighting, Kitchens & Bath, Lumber & Building Materials, and Flooring primarily due to the elimination of the Project Specialists Interior position, price increases to offset tariff pressure in Lighting, and commodity lumber price deflation.

Net sales increased 1.3% to $38.7 billion for the first six months of 2019 compared to 2018. The increase in total sales was driven primarily by an increase in comparable sales, partially offset by the closure of Orchard, as well as other closed locations. Comparable sales increased 2.9% over the same period, primarily driven by a 1.7% increase in comparable average ticket and a 1.2% decrease in customer transactions. Orchard stores and other closed locations negatively impacted total sales 1.5% for the year.

Gross Margin – For the second quarter of 2019, gross margin as a percentage of sales decreased 85 basis points. Gross margin was negatively impacted by approximately 50 basis points of rate pressure in the quarter. We also experienced approximately 15 basis points of deleverage from increased distribution and delivery costs primarily associated with new supply chain facilities added to our network, coupled with ongoing increases in transportation costs and customer deliveries. Product mix shifts and inventory shrink each negatively impacted gross margin by 10 basis points in the quarter.

Gross margin as a percentage of sales decreased 122 basis points in the first six months of 2019 compared to 2018. Gross margin was negatively impacted by approximately 65 basis points of rate pressure. Increased distribution and delivery costs due to new supply chain facilities and increases in transportation costs and customer deliveries also led to 30 basis points of gross margin deleverage. Product mix shifts negatively impacted gross margin by 15 basis points. In addition, inventory shrink and increases in anticipated write-offs of inventory each led to 5 basis points of gross margin deleverage.

SG&A – For the second quarter of 2019, SG&A expense leveraged 170 basis points as a percentage of sales compared to the second quarter of 2018. This is primarily driven by 110 basis points of leverage due to long-lived asset impairments and discontinued projects associated with the Company’s strategic reassessment of Orchard in the prior year, and 50 basis points of leverage in retail operating salaries.

SG&A expense as a percentage of sales leveraged 133 basis points in the first six months of 2019 compared to 2018. This was primarily driven by 64 basis points of leverage in retail operating salaries, 60 basis points of leverage associated with long-lived asset impairments and discontinued projects associated with the Company’s strategic reassessment of Orchard in the prior year, 21 basis points of leverage from lease terminations and lease assignments primarily associated with the prior year’s store closing activities, and 16 basis points of leverage in advertising due to improved advertising efficiency. These were partially offset by 14 basis points of deleverage related to severance costs, and 13 basis points of deleverage in incentive compensation.

Depreciation and Amortization – Depreciation and amortization leveraged 13 basis points for the second quarter of 2019 compared to the prior year primarily due to store closures in 2018, and assets becoming fully depreciated. Property, less accumulated depreciation, decreased to $18.2 billion at August 2, 2019, compared to $19.2 billion at August 3, 2018. As of August 2, 2019 and August 3, 2018, we owned 83% and 79% of our stores, respectively, which included stores on leased land.

Depreciation and amortization leveraged 21 basis point for the first six months of 2019 compared to 2018 primarily due to the same factors that impacted depreciation and amortization for the second quarter.

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

Interest expense for the first six months of 2019 increased primarily as a result of the issuance of $3.0 billion unsecured notes in April 2019, partially offset by a decrease in expense associated with the adoption of ASU 2016-02, *Leases (Topic 842)*, in the first quarter of 2019 and by an increase in interest income over the prior year due to higher average interest rates associated with the Company’s cash balances.

Income Tax Provision – Our effective income tax rates were 24.2% and 24.4% for the three months ended August 2, 2019 and August 3, 2018, respectively.

Our effective income tax rates were 21.5% and 24.3% for the six months ended August 2, 2019 and August 3, 2018, respectively. The decrease in the effective tax rate is primarily due to a favorable tax benefit recorded during the first quarter of 2019 associated with the planned exit of the Mexico retail operations. In fiscal 2018, the Company announced its intention to exit its Mexico retail operations and had planned to sell the operating business. However, in the first quarter of 2019, after an extensive market evaluation, the decision was made to sell the assets of the business through liquidation, which results in a more favorable tax treatment.

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

	Six Months Ended	
(In millions)	August 2, 2019	August 3, 2018
Net cash provided by operating activities	$ 3,583	$ 5,787

Cash flows from operating activities continued to provide the primary source of our liquidity. The decrease in net cash provided by operating activities for the six months ended August 2, 2019, versus the six months ended August 3, 2018, was driven primarily by changes in working capital, driven by accounts payable and inventory, which increased operating cash flow for the first six months of 2018 by approximately $1.9 billion, compared to an increase of approximately $50 million for the first six months of 2019.

In the first six months of 2018, the increase in accounts payable exceeded the increase in inventory, driving approximately $1.9 billion of operating cash flow, primarily due to later Spring inventory build in fiscal 2018. In the first six months of 2019, inventory and accounts payable increased at a commensurate rate, resulting in positive impact to cash flow of approximately $50 million, driven by earlier purchases of inventory in preparation for the 2019 Spring season.

Cash Flows Used in Investing Activities

	Six Months Ended	
(In millions)	August 2, 2019	August 3, 2018
Net cash used in investing activities	$ (458)	$ (480)

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

Capital expenditures

Our capital expenditures generally consist of investments in our strategic initiatives to enhance our ability to serve customers, existing stores, and expansion plans. The following table provides our capital expenditures for the six months ended August 2, 2019, and August 3, 2018:

	Six Months Ended	
(In millions)	August 2, 2019	August 3, 2018
Existing store investments [1]	$ 369	$ 276
Strategic initiatives [2]	86	103
New stores and international [3]	71	164
Total capital expenditures	**$ 526**	**$ 543**

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

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

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

Our 2019 capital expenditures forecast is approximately $1.6 billion.

Cash Flows Used in Financing Activities

	Six Months Ended	
(In millions)	August 2, 2019	August 3, 2018
Net cash used in financing activities	$ (1,851)	$ (3,637)

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.

Long-Term Debt

The following table includes additional information related to the Company's long-term debt for the six months ended August 2, 2019, and August 3, 2018:

	Six Months Ended	
(In millions)	August 2, 2019	August 3, 2018
Net proceeds from issuance of long-term debt	$ 2,972	$ —
Repayment of long-term debt	$ (629)	$ (24)

During the six months ended August 2, 2019, we issued $3.0 billion of unsecured notes to finance current year maturities and for other general corporate purposes. During the six months ended August 2, 2019, we also paid $600 million to retire scheduled debts at maturity.

Short-term Borrowing Facilities

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

In addition, we have an unsecured 364-day credit agreement (the 364-Day Credit Agreement) with a syndicate of banks which provides for borrowings up to $250 million. The Company may request borrowings under the 364-Day Credit Agreement that are denominated in U.S. Dollar, Euro, Sterling, Canadian Dollar and other currencies approved by the administrative agent and the lenders. The Company must repay the aggregate principal amount of loans outstanding under the 364-Day Credit

Agreement on the termination date in effect at such time (currently September 9, 2019). The Company may elect to convert all of the loans outstanding under the 364-Day Credit Agreement on the termination date into a term loan which the Company shall repay in full on the first anniversary date of the termination date.

The Second Amended and Restated Credit Agreement and the 364-Day Credit Agreement both support our commercial paper program. The amount available to be drawn under the Second Amended and Restated Credit Agreement and the 364-Day Credit Agreement is reduced by the amount of borrowings under our commercial paper program. There were no outstanding borrowings under the Second Amended and Restated Credit Agreement or the 364-Day Credit Agreement as of August 2, 2019. There were no outstanding borrowings under the Amended and Restated Credit Agreement as of August 3, 2018. The following table includes additional information related to our short-term borrowings for the six months ended August 2, 2019, and August 3, 2018:

	Six Months Ended	
(In millions, except for interest rate data)	August 2, 2019	August 3, 2018
Net change in short-term borrowings	$ (722)	$ (1,137)
Amount outstanding at quarter-end	$ —	$ —
Maximum amount outstanding at any month-end	$ 1,189	$ 892
Weighted-average interest rate of short-term borrowings outstanding	—%	—%

The Second Amended and Restated Credit Agreement and the 364-Day Credit Agreement contains customary representations, warranties, and covenants. We were in compliance with those covenants at August 2, 2019.

Share Repurchases

We have an ongoing share repurchase program, authorized by the Company's Board of Directors, that is executed through purchases made from time to time either in the open market or through private off-market transactions. We also withhold shares from employees to satisfy tax withholding liabilities. Shares repurchased are retired and returned to authorized and unissued status. The following table provides, on a settlement date basis, the total number of shares repurchased, average price paid per share, and the total amount paid for share repurchases for the six months ended August 2, 2019, and August 3, 2018:

	Six Months Ended	
(In millions, except per share data)	August 2, 2019	August 3, 2018
Total amount paid for share repurchases	$ 2,770	$ 1,846
Total number of shares repurchased	27.4	20.1
Average price paid per share	$ 100.98	$ 91.80

As of August 2, 2019, we had $11.2 billion remaining available under our share repurchase program with no expiration date. We expect to repurchase shares totaling $4.0 billion in 2019 (including the amount repurchased during the first six months of fiscal year 2019). 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 six months ended August 2, 2019, and August 3, 2018:

	Six Months Ended	
(In millions, except per share data)	August 2, 2019	August 3, 2018
Total cash dividend payments	$ 767	$ 678
Dividends paid per share	$ 0.96	$ 0.82

Capital Resources

We expect to continue to have access to the capital markets on both short-term and long-term bases when needed for liquidity purposes by issuing commercial paper or new long-term debt. The availability and the borrowing costs of these funds could be adversely affected, however, by a downgrade of our debt ratings or a deterioration of certain financial ratios. The table below reflects our debt ratings by Standard & Poor's (S&P) and Moody's as of September 3, 2019, which we are disclosing to enhance understanding of our sources of liquidity and the effect of our ratings on our cost of funds. Our debt ratings have enabled, and should continue to enable, us to refinance our debt as it becomes due at favorable rates in capital markets. Our commercial paper and senior debt ratings may be subject to revision or withdrawal at any time by the assigning rating organization, and each rating should be evaluated independently of any other rating. The lowering of our credit ratings in the fourth quarter of fiscal 2018 did not have a material impact on our access to liquidity or interest costs.

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

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

OFF-BALANCE SHEET ARRANGEMENTS

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

CONTRACTUAL OBLIGATIONS AND COMMERCIAL COMMITMENTS

During the first quarter of 2019, we issued $3.0 billion of unsecured notes in the ordinary course of business and used the net proceeds from the sale of the Notes for the repayment of $600 million aggregate principal amount due April 2019 and intend to use for the repayment of our $450 million aggregate principal amount due September 2019. The table below summarizes our contractual obligations relating to long-term debt, excluding operating and finance lease obligations, at August 2, 2019. Interest payments included in the table below are calculated based upon the rates in effect at August 2, 2019. The unsecured notes are further described in Note 9 to the consolidated financial statements included herein.

		Payments Due by Period			
		Less Than	1-3	4-5	After 5
(In millions)	Total	1 Year	Years	Years	Years
Long-term debt (principal amounts, excluding discounts and debt issuance costs)	$ 17,263	$ 950	$ 1,776	518	$ 14,019
Long-term debt (interest payments)	11,444	725	1,366	1,260	8,093
Total	**$ 28,707**	**$ 1,675**	**$ 3,142**	**$ 1,778**	**$ 22,112**

As of August 2, 2019, other than changes related to the adoption of the new lease accounting standard as described in Note 1 and Note 3 to the consolidated financial statements, there were no other material changes to our contractual obligations and commercial commitments outside the ordinary course of business since the end of 2018. Refer to the Annual Report on Form 10-K for additional information regarding our contractual obligations and commercial commitments.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

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

FORWARD-LOOKING STATEMENTS

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

A wide variety of potential risks, uncertainties and other factors could materially affect our ability to achieve the results either expressed or implied by these forward-looking statements including, but not limited to, changes in general economic conditions, such as the rate of unemployment, interest rate and currency fluctuations, fuel and other energy costs, slower growth in personal income, changes in consumer spending, changes in the rate of housing turnover, the availability of consumer credit and of mortgage financing, inflation or deflation of commodity prices, recently enacted or proposed tariffs, any disruptions caused by our recent management and key personnel changes, and other factors that can negatively affect our customers, as well as our ability to: (i) respond to adverse trends in the housing industry, a reduced rate of growth in household formation, and slower rates of growth in housing renovation and repair activity, as well as uneven recovery in commercial building activity; (ii) secure, develop, and otherwise implement new technologies and processes necessary to realize the benefits of our strategic initiatives focused on omni-channel sales and marketing presence and enhance our efficiency and otherwise successfully execute on our strategy and implement our strategic initiatives, including acquisitions, dispositions and the closing of certain stores and facilities; (iii) attract, train, and retain highly-qualified associates; (iv) manage our business effectively as we adapt our operating model to meet the changing expectations of our customers; (v) maintain, improve, upgrade and protect our critical information systems from system outages, data security breaches, ransomware and other cyber threats; (vi) respond to fluctuations in the prices and availability of services, supplies, and products; (vii) respond to the growth and impact of competition; (viii) address changes in existing or new laws or regulations that affect consumer credit, employment/labor, trade, product safety, transportation/logistics, energy costs, health care, tax, environmental issues or privacy and data protection; (ix) positively and effectively manage our public image and reputation and respond appropriately to unanticipated failures to maintain a high level of product and service quality that could result in a negative impact on customer confidence and adversely affect sales; and (x) effectively manage our relationships with selected suppliers of brand name products and key vendors and service providers, including third-party installers. In addition, we could experience impairment losses and other charges if either the actual results of our operating stores are not consistent with the assumptions and judgments we have made in estimating future cash flows and determining asset fair values, or we are required to reduce the carrying amount of our investment in certain unconsolidated entities. With respect to acquisitions and dispositions, potential risks include the effect of such transactions on Lowe’s and the target company’s or operating business’s strategic relationships, operating results and businesses generally; our ability to integrate or divest personnel, labor models, financial, IT and other systems successfully; disruption of our ongoing business and distraction of management; hiring additional management and other critical personnel; increasing or decreasing the scope, geographic diversity, and complexity of our operations; significant integration or disposition costs or unknown liabilities; and failure to realize the expected benefits of the transaction. For more information about these and other risks and uncertainties that we are exposed to, you should read “Item 1A - Risk Factors” and “Item 7 - Management’s Discussion and Analysis of Financial Condition and Results of Operations - Critical Accounting Policies and Estimates” included in our most recent Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission (the SEC) and the description of material changes thereto, if any, included in our Quarterly Reports on Form 10-Q or subsequent filings with the SEC.

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

Item 3. - Quantitative and Qualitative Disclosures about Market Risk

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

Item 4. - Controls and Procedures

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

In addition, no change in the Company’s internal control over financial reporting occurred during the quarter ended August 2, 2019, that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting.

Part II – OTHER INFORMATION

Item 1. - Legal Proceedings

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

In May 2019, the Company received a letter from the California South Coast Air Quality Management District ("SCAQMD") regarding allegations that the Company sold denatured alcohol since 2015 in a manner that is not compliant with applicable rules. The Company is currently in discussions with SCAQMD. Although the Company cannot predict the outcome of this matter, the Company does not expect the outcome to have a material adverse effect on its consolidated financial condition, results of operations, or cash flows.

Item 1A. - Risk Factors

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

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

Issuer Purchases of Equity Securities

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

	Total Number of Shares Purchased [1]	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs [2]	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs [2]
May 4, 2019 - May 31, 2019 [3]	12,470,754	$ 100.00	12,470,432	$ 11,773,389,723
June 1, 2019 - July 5, 2019	2,911,440	98.35	2,909,200	11,487,266,056
July 6, 2019 - August 2, 2019 [3]	4,196,472	102.70	4,195,776	11,162,266,108
As of August 2, 2019	**19,578,666**	**$ 100.34**	**19,575,408**	**$ 11,162,266,108**

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

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

[3] *In May 2019, the Company entered into a variable notional Accelerated Share Repurchase (ASR) agreement with a third-party financial institution to repurchase between $990 million and $1.4 billion of the Company's common stock. At inception, pursuant to the agreement, the Company paid $1.4 billion to the financial institution and received an initial delivery of 8.9 million shares. In August, prior to the end of the second quarter, the Company finalized the transaction for $990 million and received an additional 1.0 million shares and a $420 million cash payment from the financial institution, which is equal to the difference between the $1.4 billion payment made at inception and the final notional amount. The average price paid per share in settlement of the ASR agreement included in the table above was determined with reference to the volume-weighted average price of the Company's common stock over the term of the ASR agreement. See Note 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 January 25, 2019.	8-K	001-07898	3.1	January 28, 2019
10.1	Form of Lowe’s Companies, Inc. Deferred Stock Unit Agreement for Outside Directors.*‡				
15.1	Deloitte & Touche LLP Letter re Unaudited Interim Financial Information.‡				
31.1	Certification of Principal Executive Officer Pursuant to Rule 13a-14(a)/15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.‡				
31.2	Certification of Principal Financial Officer Pursuant to Rule 13a-14(a)/15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.‡				
32.1	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.†				
32.2	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.†				
101.INS	XBRL Instance Document.‡				
101.SCH	XBRL Taxonomy Extension Schema Document.‡				
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.‡				
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.‡				
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.‡				
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.‡				

* Indicates a management contract or compensatory plan or arrangement.
‡ Filed herewith.
† Furnished herewith.

SIGNATURE

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

LOWE'S COMPANIES, INC.
(Registrant)

September 3, 2019	By: /s/ Matthew V. Hollifield
Date	Matthew V. Hollifield Senior Vice President and Chief Accounting Officer

Exhibit 10.1

DEFERRED STOCK UNIT AGREEMENT
FOR OUTSIDE DIRECTORS

Non-transferable

G R A N T T O

(Name)
(the "Grantee")

by Lowe's Companies, Inc. of units representing the right to receive

(Number of Units)

shares of its Common Stock, $0.50 par value

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

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

LOWE'S COMPANIES, INC.

By: ______________________________________
Ross W. McCanless
Executive Vice President, General Counsel and Corporate Secretary

Award Date: **(Date)**

Accepted by Grantee: __________________________
Name

TERMS AND CONDITIONS

1. Grant of Units. Lowe's Companies, Inc. (the "Company") hereby grants to the Grantee named on Page 1 hereof ("Grantee"), subject to the restrictions and the other terms and conditions set forth in the Lowe's Companies, Inc. 2006 Long Term Incentive Plan, as amended and restated (the "Plan") and in this award agreement (this "Agreement"), deferred stock units (the "Units") representing the right to receive the number of shares indicated on Page 1 hereof of the Company's Common Stock (the "Shares"). Capitalized terms used herein and not otherwise defined shall have the meanings assigned to such terms in the Plan.

2. Vesting of Units. All Units granted pursuant to this Agreement shall be immediately one hundred percent (100%) vested in the Grantee on the Award Date.

3. Deferral Account; Dividend Units. The Units shall be credited to a bookkeeping account in the name of the Grantee on the books and records of the Company (the "Deferral Account"). Within thirty (30) days after the payment date of any cash dividend with respect to shares of Common Stock of the Company, the Grantee's Deferral Account shall be credited with the number of additional Units determined by dividing (a) the product of the total number of Units credited to the Grantee's Deferral Account as of the record date for such dividend multiplied by the per share amount of the dividend by (b) the Fair Market Value of a share of Common Stock on such record date (the "Dividend Units"). Dividend Units shall be immediately one hundred percent (100%) vested in the Grantee when credited to the Grantee's Deferral Account.

4. Receipt of Shares. The Company will issue the Shares, plus any additional shares of Common Stock of the Company represented by Dividend Units credited to the Grantee's Deferral Account, to the Grantee, or in the event of the Grantee's death to the Grantee's estate, as soon as practicable following the Grantee's termination of service as a member of the Board of Directors of the Company. The form of payment shall be one share of the Company's Common Stock for each Unit credited to the Grantee's Deferral Account and cash for any fractional Unit. Distribution shall be made in a single sum payment of shares and cash.

5. Limitation of Rights. The Units and Dividend Units do not confer to Grantee any rights of a shareholder of the Company unless and until shares of Common Stock of the Company are in fact issued to the Grantee in connection herewith.

6. Restrictions on Transfer and Pledge. No right or interest of the Grantee in the Units and Dividend Units may be pledged, encumbered, or hypothecated to or in favor of any party other than the Company or an affiliate, or shall be subject to any lien, obligation, or liability of Grantee to any other party other than the Company or an affiliate.

7. Plan Controls. The terms contained in the Plan (including without limitation provisions regarding changes in capital structure of the Company) are incorporated into and made a part of this Agreement and this Agreement shall be governed by and construed in accordance with the Plan. In the event of any actual or alleged conflict between the provisions of the Plan and the provisions of this Agreement, the provisions of the Plan shall be controlling and determinative.

8. Successors. This Agreement shall be binding upon any successor of the Company, in accordance with the terms of this Agreement and the Plan.

9. Severability. If any one or more of the provisions contained in this Agreement are invalid, illegal or unenforceable, the other provisions of this Agreement will be construed and enforced as if the invalid, illegal or unenforceable provision had never been included.

10. Notice. Notices and communications under this Agreement must be in writing and either personally delivered or sent by registered or certified United States mail, return receipt requested, postage prepaid. Notices to the Company must be addressed to:

    Lowe's Companies, Inc.
    1000 Lowes Boulevard
    Mooresville, NC 28117
    Attn: Executive Vice President, General Counsel and Corporate Secretary

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

Exhibit 15.1

September 3, 2019

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

We have reviewed, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the unaudited consolidated interim financial information of Lowe’s Companies, Inc. and subsidiaries for the fiscal three-month and six-month periods ended August 2, 2019 and August 3, 2018 and have issued our report dated September 3, 2019. As indicated in such report, because we did not perform an audit, we expressed no opinion on that information.

We are aware that our report referred to above, which is included in your Quarterly Report on Form 10-Q for the fiscal quarter ended August 2, 2019, is incorporated by reference in the following Registration Statements:

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

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

/s/ DELOITTE & TOUCHE LLP

Charlotte, North Carolina

Exhibit 31.1

CERTIFICATION

I, Marvin R. Ellison, certify that:

(1) I have reviewed this Quarterly Report on Form 10-Q for the quarter ended August 2, 2019 of Lowe's Companies, Inc. (the Registrant);

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

(4) The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

(5) The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

September 3, 2019	/s/ Marvin R. Ellison
Date	Marvin R. Ellison President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, David M. Denton, certify that:

(1) I have reviewed this Quarterly Report on Form 10-Q for the quarter ended August 2, 2019 of Lowe's Companies, Inc. (the Registrant);

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

(4) The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

(5) The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

September 3, 2019	/s/ David M. Denton
Date	David M. Denton Executive Vice President, Chief Financial Officer

Exhibit 32.1

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

In connection with the Quarterly Report on Form 10-Q of Lowe's Companies, Inc. (the Company) for the period ended August 2, 2019, as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Marvin R. Ellison, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Marvin R. Ellison
Marvin R. Ellison
President and Chief Executive Officer
September 3, 2019

Exhibit 32.2

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

In connection with the Quarterly Report on Form 10-Q of Lowe's Companies, Inc. (the Company) for the period ended August 2, 2019, as filed with the Securities and Exchange Commission on the date hereof (the Report), I, David M. Denton, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ David M. Denton
David M. Denton
Executive Vice President, Chief Financial Officer
September 3, 2019