

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 10-Q

(Mark One)

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

For the quarterly period ended July 29, 2022

or

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 1-7898



**LOWE'S COMPANIES, INC.**

(Exact name of registrant as specified in its charter)

**North Carolina**

(State or other jurisdiction of incorporation or organization)

**56-0578072**

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

**1000 Lowes Blvd., Mooresville, North Carolina**

(Address of principal executive offices)

**28117**

(Zip Code)

Registrant's telephone number, including area code:

**(704) 758-1000**

Former name, former address and former fiscal year, if changed since last report: **Not Applicable**

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

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

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

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

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

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

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

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

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

CLASS	OUTSTANDING AT 8/23/2022
Common Stock, \$0.50 par value	620,700,567

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LOWE'S COMPANIES, INC.

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## FORWARD-LOOKING STATEMENTS

This Form 10-Q includes “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Statements including words such as “believe”, “expect”, “anticipate”, “plan”, “desire”, “project”, “estimate”, “intend”, “will”, “should”, “could”, “would”, “may”, “strategy”, “potential”, “opportunity”, “outlook”, “scenario”, “guidance”, and similar expressions are forward-looking statements. Forward-looking statements involve, among other things, expectations, projections, and assumptions about future financial and operating results, objectives, business outlook, priorities, sales growth, shareholder value, capital expenditures, cash flows, the housing market, the home improvement industry, demand for products and services, share repurchases, Lowe’s strategic initiatives, including those relating to acquisitions and dispositions and the impact of such transactions on our strategic and operational plans and financial results. Such statements involve risks and uncertainties and we can give no assurance that they will prove to be correct. Actual results may differ materially from those expressed or implied in such statements.

A wide variety of potential risks, uncertainties, and other factors could materially affect our ability to achieve the results either expressed or implied by these forward-looking statements including, but not limited to, changes in general economic conditions, such as volatility and/or lack of liquidity from time to time in U.S. and world financial markets and the consequent reduced availability and/or higher cost of borrowing to Lowe’s and its customers, slower rates of growth in real disposable personal income that could affect the rate of growth in consumer spending, inflation and its impacts on discretionary spending and on our costs, shortages, and other disruptions in the labor supply, interest rate and currency fluctuations, home price appreciation or decreasing housing turnover, the availability of consumer credit and of mortgage financing, trade policy changes or additional tariffs, outbreaks of pandemics, fluctuations in fuel and energy costs, inflation or deflation of commodity prices, natural disasters, armed conflicts, acts of both domestic and international terrorism, and other factors that can negatively affect our customers.

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

# Part I - FINANCIAL INFORMATION

## Item 1. Financial Statements

### Lowe's Companies, Inc.

#### Consolidated Statements of Earnings (Unaudited)

In Millions, Except Per Share and Percentage Data

	Three Months Ended				Six Months Ended			
	July 29, 2022		July 30, 2021		July 29, 2022		July 30, 2021	
	Amount	% Sales	Amount	% Sales	Amount	% Sales	Amount	% Sales
<b>Current Earnings</b>								
<b>Net sales</b>	\$ 27,476	100.00 %	\$ 27,570	100.00 %	\$ 51,135	100.00 %	\$ 51,993	100.00 %
Cost of sales	18,343	66.76	18,258	66.22	33,952	66.40	34,551	66.45
<b>Gross margin</b>	<b>9,133</b>	<b>33.24</b>	<b>9,312</b>	<b>33.78</b>	<b>17,183</b>	<b>33.60</b>	<b>17,442</b>	<b>33.55</b>
Expenses:								
Selling, general and administrative	4,455	16.22	4,693	17.02	8,758	17.12	9,187	17.67
Depreciation and amortization	449	1.63	409	1.49	894	1.75	800	1.54
<b>Operating income</b>	<b>4,229</b>	<b>15.39</b>	<b>4,210</b>	<b>15.27</b>	<b>7,531</b>	<b>14.73</b>	<b>7,455</b>	<b>14.34</b>
Interest – net	264	0.96	216	0.78	507	0.99	427	0.82
<b>Pre-tax earnings</b>	<b>3,965</b>	<b>14.43</b>	<b>3,994</b>	<b>14.49</b>	<b>7,024</b>	<b>13.74</b>	<b>7,028</b>	<b>13.52</b>
Income tax provision	973	3.54	976	3.54	1,699	3.33	1,688	3.25
<b>Net earnings</b>	<b>\$ 2,992</b>	<b>10.89 %</b>	<b>\$ 3,018</b>	<b>10.95 %</b>	<b>\$ 5,325</b>	<b>10.41 %</b>	<b>\$ 5,340</b>	<b>10.27 %</b>
Weighted average common shares outstanding – basic	638		705		649		711	
<b>Basic earnings per common share</b>	<b>\$ 4.68</b>		<b>\$ 4.27</b>		<b>\$ 8.18</b>		<b>\$ 7.48</b>	
Weighted average common shares outstanding – diluted	639		707		651		713	
<b>Diluted earnings per common share</b>	<b>\$ 4.67</b>		<b>\$ 4.25</b>		<b>\$ 8.16</b>		<b>\$ 7.46</b>	

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

### Lowe's Companies, Inc.

#### Consolidated Statements of Comprehensive Income (Unaudited)

In Millions, Except Percentage Data

	Three Months Ended				Six Months Ended			
	July 29, 2022		July 30, 2021		July 29, 2022		July 30, 2021	
	Amount	% Sales	Amount	% Sales	Amount	% Sales	Amount	% Sales
<b>Net earnings</b>	<b>\$ 2,992</b>	<b>10.89 %</b>	<b>\$ 3,018</b>	<b>10.95 %</b>	<b>\$ 5,325</b>	<b>10.41 %</b>	<b>\$ 5,340</b>	<b>10.27 %</b>
Foreign currency translation adjustments – net of tax	12	0.05	(44)	(0.17)	(5)	(0.02)	58	0.11
Cash flow hedges – net of tax	(38)	(0.14)	(9)	(0.03)	181	0.36	15	0.03
Other	(1)	—	(1)	—	(3)	0.01	(2)	—
<b>Other comprehensive (loss)/income</b>	<b>(27)</b>	<b>(0.09)</b>	<b>(54)</b>	<b>(0.20)</b>	<b>173</b>	<b>0.35</b>	<b>71</b>	<b>0.14</b>
<b>Comprehensive income</b>	<b>\$ 2,965</b>	<b>10.80 %</b>	<b>\$ 2,964</b>	<b>10.75 %</b>	<b>\$ 5,498</b>	<b>10.76 %</b>	<b>\$ 5,411</b>	<b>10.41 %</b>

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



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

	July 29, 2022	July 30, 2021	January 28, 2022
<b>Assets</b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$ 1,482	\$ 4,835	\$ 1,133
Short-term investments	450	1,420	271
Merchandise inventory – net	19,329	17,322	17,605
Other current assets	1,406	1,506	1,051
<b>Total current assets</b>	<b>22,667</b>	<b>25,083</b>	<b>20,060</b>
Property, less accumulated depreciation	18,713	19,031	19,071
Operating lease right-of-use assets	4,158	3,820	4,108
Long-term investments	56	225	199
Deferred income taxes – net	104	221	164
Other assets	1,027	1,024	1,038
<b>Total assets</b>	<b>\$ 46,725</b>	<b>\$ 49,404</b>	<b>\$ 44,640</b>
<b>Liabilities and shareholders' deficit</b>			
<b>Current liabilities:</b>			
Short-term borrowings	\$ —	\$ 1,000	\$ —
Current maturities of long-term debt	121	1,344	868
Current operating lease liabilities	652	557	636
Accounts payable	12,631	12,011	11,354
Accrued compensation and employee benefits	1,227	1,331	1,561
Deferred revenue	1,968	2,041	1,914
Other current liabilities	3,767	3,380	3,335
<b>Total current liabilities</b>	<b>20,366</b>	<b>21,664</b>	<b>19,668</b>
Long-term debt, excluding current maturities	28,763	21,967	23,859
Noncurrent operating lease liabilities	4,069	3,841	4,021
Deferred revenue – Lowe's protection plans	1,169	1,097	1,127
Other liabilities	800	1,010	781
<b>Total liabilities</b>	<b>55,167</b>	<b>49,579</b>	<b>49,456</b>
<b>Shareholders' deficit:</b>			
Preferred stock, \$5 par value: Authorized – 5.0 million shares; Issued and outstanding – none	—	—	—
Common stock, \$0.50 par value: Authorized – 5.6 billion shares; Issued and outstanding – 631 million, 699 million, and 670 million shares, respectively	316	350	335
Capital in excess of par value	—	—	—
Accumulated deficit	(8,895)	(460)	(5,115)
Accumulated other comprehensive income/(loss)	137	(65)	(36)
<b>Total shareholders' deficit</b>	<b>(8,442)</b>	<b>(175)</b>	<b>(4,816)</b>
<b>Total liabilities and shareholders' deficit</b>	<b>\$ 46,725</b>	<b>\$ 49,404</b>	<b>\$ 44,640</b>

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

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

In Millions

Three Months Ended July 29, 2022								
	Common Stock		Capital in Excess of Par Value	Accumulated Deficit	Accumulated Other Comprehensive Income	Total		
	Shares	Amount						
<b>Balance April 29, 2022</b>	<b>652</b>	<b>\$ 326</b>	<b>\$ —</b>	<b>\$ (7,367)</b>	<b>\$ 164</b>	<b>\$ (6,877)</b>		
Net earnings	—	—	—	2,992	—	2,992		
Other comprehensive loss	—	—	—	—	(27)	(27)		
Cash dividends declared, \$1.05 per share	—	—	—	(666)	—	(666)		
Share-based payment expense	—	—	65	—	—	65		
Repurchases of common stock	(22)	(11)	(137)	(3,854)	—	(4,002)		
Issuance of common stock under share-based payment plans	1	1	72	—	—	73		
<b>Balance July 29, 2022</b>	<b>631</b>	<b>\$ 316</b>	<b>\$ —</b>	<b>\$ (8,895)</b>	<b>\$ 137</b>	<b>\$ (8,442)</b>		

  

Six Months Ended July 29, 2022								
	Common Stock		Capital in Excess of Par Value	Accumulated Deficit	Accumulated Other Comprehensive (Loss)/Income	Total		
	Shares	Amount						
<b>Balance January 28, 2022</b>	<b>670</b>	<b>\$ 335</b>	<b>\$ —</b>	<b>\$ (5,115)</b>	<b>\$ (36)</b>	<b>\$ (4,816)</b>		
Net earnings	—	—	—	5,325	—	5,325		
Other comprehensive income	—	—	—	—	173	173		
Cash dividends declared, \$1.85 per share	—	—	—	(1,190)	—	(1,190)		
Share-based payment expense	—	—	110	—	—	110		
Repurchases of common stock	(41)	(20)	(183)	(7,915)	—	(8,118)		
Issuance of common stock under share-based payment plans	2	1	73	—	—	74		
<b>Balance July 29, 2022</b>	<b>631</b>	<b>\$ 316</b>	<b>\$ —</b>	<b>\$ (8,895)</b>	<b>\$ 137</b>	<b>\$ (8,442)</b>		



### Three Months Ended July 30, 2021

	Common Stock		Capital in Excess of Par Value	Retained Earnings/(Accumulated Deficit)	Accumulated Other Comprehensive Loss	Total
	Shares	Amount				
<b>Balance April 30, 2021</b>	<b>715</b>	<b>\$ 358</b>	<b>\$ —</b>	<b>\$ 98</b>	<b>\$ (11)</b>	<b>\$ 445</b>
Net earnings	—	—	—	3,018	—	3,018
Other comprehensive loss	—	—	—	—	(54)	(54)
Cash dividends declared, \$0.80 per share	—	—	—	(563)	—	(563)
Share-based payment expense	—	—	63	—	—	63
Repurchases of common stock	(16)	(8)	(117)	(3,013)	—	(3,138)
Issuance of common stock under share-based payment plans	—	—	54	—	—	54
<b>Balance July 30, 2021</b>	<b>699</b>	<b>\$ 350</b>	<b>\$ —</b>	<b>\$ (460)</b>	<b>\$ (65)</b>	<b>\$ (175)</b>

### Six Months Ended July 30, 2021

	Common Stock		Capital in Excess of Par Value	Retained Earnings/(Accumulated Deficit)	Accumulated Other Comprehensive Loss	Total
	Shares	Amount				
<b>Balance January 29, 2021</b>	<b>731</b>	<b>\$ 366</b>	<b>\$ 90</b>	<b>\$ 1,117</b>	<b>\$ (136)</b>	<b>\$ 1,437</b>
Net earnings	—	—	—	5,340	—	5,340
Other comprehensive income	—	—	—	—	71	71
Cash dividends declared, \$1.40 per share	—	—	—	(993)	—	(993)
Share-based payment expense	—	—	113	—	—	113
Repurchase of common stock	(33)	(17)	(265)	(5,924)	—	(6,206)
Issuance of common stock under share-based payment plans	1	1	62	—	—	63
<b>Balance July 30, 2021</b>	<b>699</b>	<b>\$ 350</b>	<b>\$ —</b>	<b>\$ (460)</b>	<b>\$ (65)</b>	<b>\$ (175)</b>

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



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

	Six Months Ended	
	July 29, 2022	July 30, 2021
<b>Cash flows from operating activities:</b>		
Net earnings	\$ 5,325	\$ 5,340
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	1,007	907
Noncash lease expense	273	252
Deferred income taxes	—	110
Loss on property and other assets – net	32	1
Share-based payment expense	110	115
Changes in operating assets and liabilities:		
Merchandise inventory – net	(1,728)	(1,096)
Other operating assets	(120)	(203)
Accounts payable	1,279	1,115
Deferred revenue	97	511
Other operating liabilities	(263)	(139)
<b>Net cash provided by operating activities</b>	<b>6,012</b>	<b>6,913</b>
<b>Cash flows from investing activities:</b>		
Purchases of investments	(330)	(1,635)
Proceeds from sale/maturity of investments	290	692
Capital expenditures	(687)	(846)
Proceeds from sale of property and other long-term assets	19	78
Other – net	(1)	(134)
<b>Net cash used in investing activities</b>	<b>(709)</b>	<b>(1,845)</b>
<b>Cash flows from financing activities:</b>		
Net proceeds from issuance of debt	4,964	2,988
Repayment of debt	(799)	(568)
Proceeds from issuance of common stock under share-based payment plans	72	63
Cash dividend payments	(1,061)	(870)
Repurchases of common stock	(8,128)	(6,174)
Other – net	(2)	(366)
<b>Net cash used in financing activities</b>	<b>(4,954)</b>	<b>(4,927)</b>
<b>Effect of exchange rate changes on cash</b>	<b>—</b>	<b>4</b>
Net increase in cash and cash equivalents	349	145
Cash and cash equivalents, beginning of period	1,133	4,690
<b>Cash and cash equivalents, end of period</b>	<b>\$ 1,482</b>	<b>\$ 4,835</b>

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



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

**Note 1: Summary of Significant Accounting Policies**

*Basis of Presentation*

The accompanying condensed consolidated financial statements (unaudited) and notes to the condensed consolidated financial statements (unaudited) are presented in accordance with the rules and regulations of the Securities and Exchange Commission and do not include all the disclosures normally required in annual consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The condensed consolidated financial statements (unaudited), in the opinion of management, contain all normal recurring adjustments necessary to present fairly the consolidated balance sheets as of July 29, 2022, and July 30, 2021, and the statements of earnings, comprehensive income, and shareholders' deficit for the three and six months ended July 29, 2022, and July 30, 2021, and cash flows for the six months ended July 29, 2022, and July 30, 2021. The January 28, 2022 consolidated balance sheet was derived from the audited financial statements.

These interim condensed consolidated financial statements (unaudited) should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Lowe's Companies, Inc. (the Company) Annual Report on Form 10-K for the fiscal year ended January 28, 2022 (the Annual Report). The financial results for the interim periods may not be indicative of the financial results for the entire fiscal year.

*Accounting Pronouncements Not Yet Adopted*

Recent accounting pronouncements pending adoption not discussed in this Form 10-Q or in the 2021 Form 10-K are either not applicable to the Company or are not expected to have a material impact on the Company.

**Note 2: Revenue**

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

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

(In millions)	Three Months Ended		Six Months Ended	
	July 29, 2022	July 30, 2021	July 29, 2022	July 30, 2021
Products	\$ 26,477	\$ 26,365	\$ 49,360	\$ 49,887
Services	588	629	1,125	1,209
Other	411	576	650	897
<b>Net sales</b>	<b>\$ 27,476</b>	<b>\$ 27,570</b>	<b>\$ 51,135</b>	<b>\$ 51,993</b>

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. The balances and classification within the consolidated balance sheets for anticipated sales returns and the associated right of return assets are as follows:

(In millions)	Classification	July 29, 2022	July 30, 2021	January 28, 2022
Anticipated sales returns	Other current liabilities	\$ 302	\$ 303	\$ 245
Right of return assets	Other current assets	183	194	151

*Deferred revenue - retail and stored-value cards*

Retail deferred revenue consists of amounts received for which customers have not yet taken possession of the merchandise or for which installation has not yet been completed. The majority of revenue for goods and services is recognized in the quarter following revenue deferral. Stored-value cards deferred revenue includes outstanding stored-value cards such as gift cards and

returned merchandise credits that have not yet been redeemed. Deferred revenue for retail and stored-value cards are as follows:

(In millions)		July 29, 2022		July 30, 2021		January 28, 2022
Retail deferred revenue	\$	1,397	\$	1,538	\$	1,285
Stored-value cards deferred revenue		571		503		629
<b>Deferred revenue</b>	<b>\$</b>	<b>1,968</b>	<b>\$</b>	<b>2,041</b>	<b>\$</b>	<b>1,914</b>

#### Deferred revenue - Lowe's protection plans

The Company defers revenues for its separately-priced long-term extended protection plan contracts (Lowe's protection plans) and recognizes revenue on a straight-line basis over the respective contract term. Expenses for claims are recognized in cost of sales when incurred.

(In millions)		July 29, 2022		July 30, 2021		January 28, 2022
Deferred revenue - Lowe's protection plans	\$	1,169	\$	1,097	\$	1,127

(In millions)	Three Months Ended		Six Months Ended	
	July 29, 2022	July 30, 2021	July 29, 2022	July 30, 2021
Lowe's protection plans deferred revenue recognized into sales	\$ 129	\$ 120	\$ 256	\$ 237
Lowe's protection plans claim expenses	48	44	93	97

#### Disaggregation of Revenues

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

(In millions)	Three Months Ended				Six Months Ended			
	July 29, 2022		July 30, 2021		July 29, 2022		July 30, 2021	
	Net Sales	%	Net Sales	%	Net Sales	%	Net Sales	%
Home Décor <sup>1</sup>	\$ 9,073	33.0 %	\$ 9,159	33.2 %	\$ 17,372	34.0 %	\$ 17,466	33.6 %
Building Products <sup>2</sup>	8,890	32.4	9,040	32.8	15,585	30.5	16,790	32.3
Hardlines <sup>3</sup>	8,810	32.1	8,690	31.5	16,981	33.2	16,632	32.0
Other	703	2.5	681	2.5	1,197	2.3	1,105	2.1
<b>Total</b>	<b>\$ 27,476</b>	<b>100.0 %</b>	<b>\$ 27,570</b>	<b>100.0 %</b>	<b>\$ 51,135</b>	<b>100.0 %</b>	<b>\$ 51,993</b>	<b>100.0 %</b>

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

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

<sup>2</sup> Building Products includes the following product categories: Building Materials, Electrical, Lighting, Lumber, Millwork, and Rough Plumbing

<sup>3</sup> Hardlines includes the following product categories: Hardware, Lawn & Garden, Seasonal & Outdoor Living, and Tools

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

(In millions)	Three Months Ended		Six Months Ended	
	July 29, 2022	July 30, 2021	July 29, 2022	July 30, 2021
United States	\$ 25,817	\$ 25,655	\$ 48,243	\$ 48,587
Canada	1,659	1,915	2,892	3,406
<b>Net Sales</b>	<b>\$ 27,476</b>	<b>\$ 27,570</b>	<b>\$ 51,135</b>	<b>\$ 51,993</b>



### Note 3: Restricted Investments

Short-term and long-term investments include restricted balances pledged as collateral primarily for the Lowe's protection plans program and are as follows:

(In millions)	July 29, 2022	July 30, 2021	January 28, 2022
Short-term restricted investments	\$ 450	\$ 520	\$ 271
Long-term restricted investments	56	225	199
<b>Total restricted investments</b>	<b>\$ 506</b>	<b>\$ 745</b>	<b>\$ 470</b>

### Note 4: Fair Value Measurements

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

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

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

The following table presents the Company's financial assets and liabilities measured at fair value on a recurring basis as of July 29, 2022, July 30, 2021, and January 28, 2022:

(In millions)	Classification	Measurement Level	Fair Value Measurements at		
			July 29, 2022	July 30, 2021	January 28, 2022
Available-for-sale debt securities:					
U.S. Treasury securities	Short-term investments	Level 1	\$ 214	\$ 139	\$ 75
Money market funds	Short-term investments	Level 1	119	131	120
Corporate debt securities	Short-term investments	Level 2	54	50	8
Commercial paper	Short-term investments	Level 2	35	117	30
Foreign government debt securities	Short-term investments	Level 2	14	10	14
Municipal obligations	Short-term investments	Level 2	10	—	10
Certificates of deposit	Short-term investments	Level 1	4	959	14
Agency securities	Short-term investments	Level 2	—	14	—
U.S. Treasury securities	Long-term investments	Level 1	31	148	132
Corporate debt securities	Long-term investments	Level 2	23	49	50
Municipal obligations	Long-term investments	Level 2	2	13	3
Foreign government debt securities	Long-term investments	Level 2	—	15	14
Derivative instruments:					
Forward interest rate swaps	Other current assets	Level 2	\$ 216	\$ —	\$ 66
Fixed-to-floating interest rate swaps	Other assets	Level 2	—	3	—
Forward interest rate swaps	Other assets	Level 2	—	2	48
Forward interest rate swaps	Other current liabilities	Level 2	—	3	—
Fixed-to-floating interest rate swaps	Other liabilities	Level 2	56	—	21

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

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

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

During the three and six months ended July 29, 2022, and July 30, 2021, the Company had no material measurements of assets and liabilities at fair value on a nonrecurring basis subsequent to their initial recognition.

#### *Other Fair Value Disclosures*

The Company's financial assets and liabilities not measured at fair value on a recurring basis include cash and cash equivalents, accounts receivable, short-term borrowings, accounts payable, and long-term debt and are reflected in the financial statements at cost. With the exception of long-term debt, cost approximates fair value for these items due to their short-term nature. As further described in [Note 6](#), certain long-term debt is associated with a fair value hedge and the changes in fair value of the hedged debt is included in the carrying value of long-term debt on the consolidated balance sheets. The fair values of the Company's unsecured notes were estimated using quoted market prices. The fair values of the Company's mortgage notes were estimated using discounted cash flow analyses, based on the future cash outflows associated with these arrangements and discounted using the applicable incremental borrowing rate.

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

(In millions)	July 29, 2022		July 30, 2021		January 28, 2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Unsecured notes (Level 1)	\$ 28,237	\$ 26,586	\$ 22,592	\$ 25,705	\$ 24,056	\$ 25,425
Mortgage notes (Level 2)	4	5	5	5	5	5
<b>Long-term debt (excluding finance lease obligations)</b>	<b>\$ 28,241</b>	<b>\$ 26,591</b>	<b>\$ 22,597</b>	<b>\$ 25,710</b>	<b>\$ 24,061</b>	<b>\$ 25,430</b>

#### **Note 5: Debt**

##### *Commercial Paper Program*

The Company's commercial paper program is supported by the \$2.0 billion five-year unsecured revolving credit agreement entered into in March 2020, and amended in December 2021, (2020 Credit Agreement) and the \$2.0 billion five-year unsecured third amended and restated credit agreement (Third Amended and Restated Credit Agreement) entered into in December 2021. The amounts available to be drawn under the 2020 Credit Agreement and the Third Amended and Restated Credit Agreement are reduced by the amount of borrowings under the commercial paper program. As of July 29, 2022, July 30, 2021, and January 28, 2022, there were no outstanding borrowings under the Company's commercial paper program, the 2020 Credit Agreement, or the Third Amended and Restated Credit Agreement. Total combined availability under the 2020 Credit Agreement and the Third Amended and Restated Credit Agreement was \$4.0 billion as of July 29, 2022.

##### *Other Short-Term Borrowings*

In April 2021, the Company entered into a \$1.0 billion unsecured 364-day term loan facility (2021 Term Loan), which was scheduled to mature in April 2022, but was repaid early in January 2022. There was \$1.0 billion in outstanding borrowings under the 2021 Term Loan as of July 30, 2021, with an interest rate of 0.79%.



## Long-Term Debt

On March 24, 2022, the Company issued \$5.0 billion of unsecured fixed rate notes (March 2022 Notes) as follows:

Principal Amount (in millions)	Maturity Date	Interest Rate	Discount (in millions)
\$ 750	April 2027	3.350%	\$ 3
\$ 1,500	April 2032	3.750%	\$ 7
\$ 1,500	April 2052	4.250%	\$ 14
\$ 1,250	April 2062	4.450%	\$ 12

Interest on the March 2022 Notes is payable semiannually in arrears in April and October of each year until maturity.

The indenture governing the March 2022 Notes contains a provision that allows the Company to redeem these notes at any time, in whole or in part, at specified redemption prices, plus accrued and unpaid interest, if any, up to, but excluding, the date of redemption. The indenture also contains a provision that allows the holders of the notes to require the Company to repurchase all or any part of their notes if a change of control triggering event occurs. If elected under the change of control provisions, the repurchase of the notes will occur at a purchase price of 101% of the principal amount, plus accrued and unpaid interest, if any, on such notes up to, but excluding, the date of purchase. The indenture governing the March 2022 Notes does not limit the aggregate principal amount of debt securities that the Company may issue and does not require the Company to maintain specified financial ratios or levels of net worth or liquidity.

## Note 6: Derivative Instruments

The Company utilizes forward interest rate swap agreements to hedge its exposure to changes in benchmark interest rates on forecasted debt issuances. The Company also utilizes fixed-to-floating interest rate swap agreements as fair value hedges on certain debt. The notional amounts for the Company's material derivative instruments are as follows:

(In millions)	July 29, 2022	July 30, 2021	January 28, 2022
<b>Cash flow hedges:</b>			
Forward interest rate swap agreement notional amounts	\$ 2,065	\$ 1,975	\$ 2,560
<b>Fair value hedges:</b>			
Fixed-to-floating interest rate swap agreement notional amounts	\$ 850	\$ 450	\$ 850

See [Note 4](#) for the gross fair values of the Company's outstanding derivative financial instruments and corresponding fair value classifications. The cash flows related to settlement of the Company's hedging derivative financial instruments are classified in the consolidated statements of cash flows based on the nature of the underlying hedged items.

The Company accounts for the forward interest rate swap contracts as cash flow hedges, thus the effective portion of gains and losses resulting from changes in fair value are recognized in other comprehensive (loss)/income, net of tax effects, in the consolidated statements of comprehensive income and is amortized to interest expense over the term of the respective debt. In connection with the issuance of our March 2022 Notes, we settled forward interest rate swap contracts with a combined notional amount of \$1.5 billion and received a payment of \$143 million. The (loss)/gain from forward interest rate swap agreements, both settled and outstanding, designated as cash flow hedges recorded in other comprehensive (loss)/income and earnings for the three and six months ended July 29, 2022, and July 30, 2021, including its line item in the financial statements, is as follows:

(In millions)	Three Months Ended		Six Months Ended	
	July 29, 2022	July 30, 2021	July 29, 2022	July 30, 2021
<b>Other comprehensive (loss)/income:</b>				
Cash flow hedges – net of tax benefit/(expense) of \$12 million, \$5 million, (\$61) million, and (\$4) million, respectively	\$ (34)	\$ (16)	\$ 184	\$ 12
<b>Net earnings:</b>				
Interest – net	\$ —	\$ (3)	\$ (1)	\$ (5)

The Company accounts for the fixed-to-floating interest rate swap agreements as fair value hedges using the shortcut method of accounting under which the hedges are assumed to be perfectly effective. Thus, the change in fair value of the derivative instruments offsets the change in fair value on the hedged debt, and there is no net impact in the consolidated statements of earnings from the fair value of the derivatives.

## Note 7: Shareholders' Deficit

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 returned to authorized and unissued status. As of July 29, 2022, the Company had \$11.7 billion remaining in its share repurchase program.

In February 2022, the Company entered into an Accelerated Share Repurchase (ASR) agreement with a third-party financial institution to repurchase \$750 million of the Company's common stock. In addition, in May 2022, the Company entered into an ASR agreement with a third-party financial institution to repurchase \$1.8 billion of the Company's common stock. The terms of the ASR agreements entered into during the six months ended July 29, 2022, are as follows (in millions):

Agreement Execution Date	Agreement Settlement Date	ASR Agreement Amount	Initial Shares Delivered at Inception	Additional Shares Delivered at Settlement	Total Shares Delivered
Q1 2022	Q1 2022	\$ 750	2.8	0.6	3.4
Q2 2022	Q2 2022	1,750	7.5	2.1	9.6

In addition, the Company repurchased shares of its common stock through the open market as follows:

(In millions)	Three Months Ended July 29, 2022		Six Months Ended July 29, 2022	
	Shares	Cost	Shares	Cost
Open market share repurchases	11.9	\$ 2,250	27.1	\$ 5,500

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.

Total shares repurchased for the three and six months ended July 29, 2022, and July 30, 2021, were as follows:

(In millions)	Three Months Ended			
	July 29, 2022		July 30, 2021	
	Shares	Cost	Shares	Cost
Share repurchase program	21.5	\$ 4,000	16.4	\$ 3,132
Shares withheld from employees	0.1	2	—	7
<b>Total share repurchases</b>	<b>21.6</b>	<b>\$ 4,002</b>	<b>16.4</b>	<b>\$ 3,139</b>

(In millions)	Six Months Ended			
	July 29, 2022		July 30, 2021	
	Shares	Cost	Shares	Cost
Share repurchase program	40.1	\$ 8,000	32.8	\$ 6,132
Shares withheld from employees	0.6	119	0.4	74
<b>Total share repurchases</b>	<b>40.7</b>	<b>\$ 8,119</b>	<b>33.2</b>	<b>\$ 6,206</b>

## Note 8: Earnings Per Share

The Company calculates basic and diluted earnings per common share using the two-class method. The following table reconciles earnings per common share for the three and six months ended July 29, 2022, and July 30, 2021:

(In millions, except per share data)	Three Months Ended		Six Months Ended	
	July 29, 2022	July 30, 2021	July 29, 2022	July 30, 2021
<b>Basic earnings per common share:</b>				
Net earnings	\$ 2,992	\$ 3,018	\$ 5,325	\$ 5,340
Less: Net earnings allocable to participating securities	(9)	(11)	(17)	(22)
<b>Net earnings allocable to common shares, basic</b>	<b>\$ 2,983</b>	<b>\$ 3,007</b>	<b>\$ 5,308</b>	<b>\$ 5,318</b>
<b>Weighted-average common shares outstanding</b>	<b>638</b>	<b>705</b>	<b>649</b>	<b>711</b>
<b>Basic earnings per common share</b>	<b>\$ 4.68</b>	<b>\$ 4.27</b>	<b>\$ 8.18</b>	<b>\$ 7.48</b>
<b>Diluted earnings per common share:</b>				
Net earnings	\$ 2,992	\$ 3,018	\$ 5,325	\$ 5,340
Less: Net earnings allocable to participating securities	(9)	(11)	(17)	(22)
<b>Net earnings allocable to common shares, diluted</b>	<b>\$ 2,983</b>	<b>\$ 3,007</b>	<b>\$ 5,308</b>	<b>\$ 5,318</b>
Weighted-average common shares outstanding	638	705	649	711
Dilutive effect of non-participating share-based awards	1	2	2	2
<b>Weighted-average common shares, as adjusted</b>	<b>639</b>	<b>707</b>	<b>651</b>	<b>713</b>
<b>Diluted earnings per common share</b>	<b>\$ 4.67</b>	<b>\$ 4.25</b>	<b>\$ 8.16</b>	<b>\$ 7.46</b>
Anti-dilutive securities excluded from diluted weighted-average common shares	1.3	0.3	0.5	0.3

## Note 9: Supplemental Disclosure

Net interest expense is comprised of the following:

(In millions)	Three Months Ended		Six Months Ended	
	July 29, 2022	July 30, 2021	July 29, 2022	July 30, 2021
Long-term debt	\$ 257	\$ 205	\$ 487	\$ 406
Lease obligations	7	8	14	15
Short-term borrowings	—	1	1	1
Interest income	(5)	(3)	(7)	(7)
Interest capitalized	(1)	(1)	(2)	(1)
Interest on tax uncertainties	—	(1)	3	(1)
Other	6	7	11	14
<b>Interest – net</b>	<b>\$ 264</b>	<b>\$ 216</b>	<b>\$ 507</b>	<b>\$ 427</b>

Supplemental disclosures of cash flow information:

(In millions)	Six Months Ended	
	July 29, 2022	July 30, 2021
Cash paid for interest, net of amount capitalized	\$ 436	\$ 437
Cash paid for income taxes – net	1,415	1,546
<b>Non-cash investing and financing activities:</b>		
Leased assets obtained in exchange for new finance lease liabilities	\$ 32	\$ 97
Leased assets obtained in exchange for new operating lease liabilities <sup>1</sup>	328	224
Cash dividends declared but not paid	666	563

<sup>1</sup> Excludes \$734 million of leases signed but not yet commenced as of July 29, 2022.



## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

### Results of Review of Interim Financial Information

We have reviewed the accompanying consolidated balance sheets of Lowe's Companies, Inc. and subsidiaries (the "Company") as of July 29, 2022, and July 30, 2021, the related consolidated statements of earnings, comprehensive income, and shareholders' deficit for the fiscal three-month and six-month periods ended July 29, 2022, and July 30, 2021, and cash flows for the fiscal six-month periods ended July 29, 2022, and July 30, 2021, and the related notes (collectively referred to as the "interim financial information"). Based on our reviews, we are not aware of any material modifications that should be made to the accompanying interim financial information for it to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheet of the Company as of January 28, 2022, and the related consolidated statements of earnings, comprehensive income, shareholders' deficit, and cash flows for the fiscal year then ended (not presented herein); and in our report dated March 21, 2022, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated balance sheet as of January 28, 2022, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

### Basis for Review Results

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

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

/s/ DELOITTE & TOUCHE LLP

Charlotte, North Carolina  
August 25, 2022



**Item 2.****MANAGEMENT'S DISCUSSION AND ANALYSIS OF  
FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

This discussion and analysis summarizes the significant factors affecting our consolidated operating results, liquidity and capital resources during the three and six months ended July 29, 2022, and July 30, 2021. This discussion and analysis should be read in conjunction with the consolidated financial statements and notes to the consolidated financial statements that are included in our Annual Report on Form 10-K for the fiscal year ended January 28, 2022 (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 2021. This discussion and analysis is presented in four sections:

- [Executive Overview](#)
- [Operations](#)
- [Financial Condition, Liquidity and Capital Resources](#)
- [Critical Accounting Policies and Estimates](#)

**EXECUTIVE OVERVIEW**

Net sales in the second quarter of 2022 decreased 0.3% to \$27.5 billion compared to net sales of \$27.6 billion in the second quarter of 2021. The decrease in total sales was driven by a decrease in comparable sales. Net earnings in the second quarter of 2022 was \$3.0 billion, which was in line with prior year results. Diluted earnings per common share increased 9.9% to \$4.67 in the second quarter of 2022 from \$4.25 in the second quarter of 2021.

For the first six months of 2022, cash flows from operating activities were approximately \$6.0 billion, while \$687 million was used for capital expenditures. Continuing to deliver on our commitment to return excess cash to shareholders, we repurchased \$4.0 billion of common stock and paid \$524 million in dividends during the three months ended July 29, 2022.

During the second quarter of 2022, comparable sales declined 0.3% with eight of 15 product categories generating positive comparable sales. In the quarter, we experienced broad-based demand from our Pro customers with positive comp sales in our core Pro categories, led by Rough Plumbing and Building Materials. We are pleased with the momentum with our Pro loyalty program, MVPs Pro Rewards and Partnership Program™, which was launched in the first quarter of 2022. In addition to Pro customer demand, our positive comp sales also reflect unit price increases due to cost inflation. Despite our gains with the Pro customer, Do-It-Yourself (DIY) customer demand was adversely impacted by a short spring season due to unseasonable weather and cycling unprecedented demand in certain discretionary categories that occurred over the past two years.

During the quarter, we continued to execute on our Perpetual Productivity Improvement (PPI) initiatives driving operating margin improvement despite demand pressures. We expect these initiatives and our investments in the business to deliver operating margin productivity and drive meaningful long-term shareholder value going forward.

**OPERATIONS**

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

	Three Months Ended		Basis Point	Percentage
	July 29, 2022	July 30, 2021	Increase/(Decrease) in Percentage of Net Sales from Prior Period	Increase/(Decrease) in Dollar Amounts from Prior Period
			2022 vs. 2021	2022 vs. 2021
<b>Net sales</b>	<b>100.00 %</b>	<b>100.00 %</b>	<b>N/A</b>	<b>(0.3)%</b>
<b>Gross margin</b>	<b>33.24</b>	<b>33.78</b>	<b>(54)</b>	<b>(1.9)</b>
Expenses:				
Selling, general and administrative	16.22	17.02	(80)	(5.1)
Depreciation and amortization	1.63	1.49	14	9.6
<b>Operating income</b>	<b>15.39</b>	<b>15.27</b>	<b>12</b>	<b>0.4</b>
Interest – net	0.96	0.78	18	22.2
<b>Pre-tax earnings</b>	<b>14.43</b>	<b>14.49</b>	<b>(6)</b>	<b>(0.7)</b>
Income tax provision	3.54	3.54	—	(0.3)
<b>Net earnings</b>	<b>10.89 %</b>	<b>10.95 %</b>	<b>(6)</b>	<b>(0.9)%</b>

	Six Months Ended		Basis Point	Percentage
	July 29, 2022	July 30, 2021	Increase/(Decrease) in Percentage of Net Sales from Prior Period	Increase/(Decrease) in Dollar Amounts from Prior Period
			2022 vs. 2021	2022 vs. 2021
<b>Net sales</b>	<b>100.00 %</b>	<b>100.00 %</b>	<b>N/A</b>	<b>(1.6)%</b>
<b>Gross margin</b>	<b>33.60</b>	<b>33.55</b>	<b>5</b>	<b>(1.5)</b>
Expenses:				
Selling, general and administrative	17.12	17.67	(55)	(4.7)
Depreciation and amortization	1.75	1.54	21	11.7
<b>Operating income</b>	<b>14.73</b>	<b>14.34</b>	<b>39</b>	<b>1.0</b>
Interest – net	0.99	0.82	17	18.8
<b>Pre-tax earnings</b>	<b>13.74</b>	<b>13.52</b>	<b>22</b>	<b>(0.1)</b>
Income tax provision	3.33	3.25	8	0.6
<b>Net earnings</b>	<b>10.41 %</b>	<b>10.27 %</b>	<b>14</b>	<b>(0.3)%</b>

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

During the three months ended July 29, 2022, the Company adjusted its comparable sales metric to exclude days affected by national outages with its third-party credit and debit processor. Excluding these days, and the corresponding prior period days, increased comparable sales by approximately 30 basis points and 10 basis points for the three and six months ended July 29, 2022, respectively. The comparable sales metric for the three and six months ended July 30, 2021 was not impacted by similar outages and was not adjusted.

Other Metrics	Three Months Ended		Six Months Ended	
	July 29, 2022	July 30, 2021	July 29, 2022	July 30, 2021
Comparable sales (decrease)/increase <sup>1</sup>	(0.3)%	(1.6)%	(2.1)%	9.8 %
Total customer transactions (in millions)	268	287	494	548
Average ticket <sup>2</sup>	\$ 102.45	\$ 95.97	\$ 103.41	\$ 94.91
<b>At end of period:</b>				
Number of stores	1,969	1,973		
Sales floor square feet (in millions)	208	208		
Average store size selling square feet (in thousands) <sup>3</sup>	106	105		
Net earnings to average debt and shareholders' (deficit)/equity <sup>4</sup>	31.4 %	23.7 %		
Return on invested capital <sup>4</sup>	34.5 %	29.1 %		

<sup>1</sup> A comparable location is defined as a retail 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 decide to close is no longer considered comparable as of the beginning of the month in which we announce its closing. Comparable sales are presented on a transacted basis when tender is accepted from a customer. Comparable sales include online sales, which impacted second quarter fiscal 2022 and fiscal 2021 comparable sales by approximately 55 basis points and 70 basis points, respectively, and year-to-date fiscal 2022 and fiscal 2021 comparable sales by approximately 25 basis points and 170 basis points, respectively. The comparable store sales calculation included in the preceding table was calculated using comparable 13-week and 26-week periods.

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

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

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

## Non-GAAP Financial Measures

### Return on Invested Capital

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

We define ROIC as the 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 shareholders' (deficit)/equity. Lease adjusted NOPAT is a non-GAAP financial measure, and net earnings is considered to be the most comparable GAAP financial measure. The calculation of ROIC, together with a reconciliation of net earnings to Lease adjusted NOPAT, is as follows:

(In millions, except percentage data)	For the Periods Ended	
	July 29, 2022	July 30, 2021
<b>Calculation of Return on Invested Capital</b>		
<b>Numerator</b>		
Net Earnings	\$ 8,427	\$ 7,009
Plus:		
Interest expense – net	966	852
Loss on extinguishment of debt	—	1,060
Operating lease interest	159	165
Provision for income taxes	2,776	2,233
Lease adjusted net operating profit	12,328	11,319
Less:		
Income tax adjustment <sup>1</sup>	3,055	2,735
Lease adjusted net operating profit after tax	\$ 9,273	\$ 8,584
<b>Denominator</b>		
Average debt and shareholders' (deficit)/equity <sup>2</sup>	\$ 26,849	\$ 29,537
<b>Net earnings to average debt and shareholders' (deficit)/equity</b>	<b>31.4 %</b>	<b>23.7 %</b>
<b>Return on invested capital</b>	<b>34.5 %</b>	<b>29.1 %</b>

<sup>1</sup> Income tax adjustment is defined as lease adjusted net operating profit multiplied by the effective tax rate, which was 24.8% and 24.2% for the periods ended July 29, 2022, and July 30, 2021, respectively.

<sup>2</sup> Average debt and shareholders' (deficit)/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 shareholders' (deficit)/equity.

## Results of Operations

**Net Sales** – Net sales in the second quarter of 2022 decreased 0.3% to \$27.5 billion. The decrease in total sales was primarily driven by comparable sales decline. Comparable sales declined 0.3% over the same period, driven by a 6.4% decrease in comparable customer transactions, partially offset by a 6.1% increase in comparable average ticket.

During the second quarter of 2022, we experienced comparable sales increases in eight of 15 product categories, led by Rough Plumbing, Building Materials, and Paint. Strength in these categories reflects robust Pro customer demand, as well as unit price increases due to cost inflation. We experienced the lowest comparable sales in Lighting, Tools, and Lumber in the quarter. DIY customer spending in certain discretionary categories decreased due to cycling unprecedented demand over the past two years when certain consumers received three rounds of government stimulus payments. Lumber decline was primarily due to cycling high commodity prices in the prior year. Geographically, eight of 15 U.S. regions experienced positive comparable sales, while our Canadian operations lagged the U.S. primarily due to lower Lumber sales as the Canadian business is more heavily weighted towards Lumber.

Net sales decreased 1.6% to \$51.1 billion for the first six months of 2022 compared to 2021. Comparable sales declined 2.1% over the same period, driven by a 9.2% decrease in comparable customer transactions, partially offset by a 7.1% increase in comparable average ticket.

**Gross Margin** – For the second quarter of 2022, gross margin as a percentage of sales decreased 54 basis points. The gross margin decrease for the quarter is driven by approximately 35 basis points of deleverage in product margin rate, 35 basis points of deleverage from distribution costs, 10 basis points of deleverage from inventory shrink, primarily due to live-goods damaged by unseasonable weather, partially offset by 30 basis points of favorable product mix. Product margin rate was pressured early in the quarter by a reduction in Lumber prices. These pressures were largely mitigated by data-driven pricing and product cost management strategies across other product categories.

Gross margin as a percentage of sales increased five basis points in the first six months of 2022 compared to 2021. Gross margin was positively impacted by approximately 25 basis points of favorable product mix and 15 basis points of total rate improvement due to continued improvements in managing product costs and disciplined pricing strategies. These favorable

impacts are partially offset by approximately 25 basis points of distribution costs and 10 basis points of deleverage from inventory damages.

*SG&A* – For the second quarter of 2022, SG&A expense leveraged 80 basis points as a percentage of sales compared to the second quarter of 2021. This was primarily driven by improved labor productivity, partially offset by wage pressure and an incremental bonus to our hourly front-line associates.

SG&A expense as a percentage of sales leveraged 55 basis points in the first six months of 2022 compared to 2021 primarily due to the same factors that impacted SG&A for the second quarter.

*Depreciation and Amortization* – Depreciation and amortization deleveraged 14 basis points as a percentage of sales for the second quarter of 2022 compared to 2021 due to ongoing capital investments in technology, store environment, and store equipment.

Depreciation and amortization deleveraged 21 basis points as a percentage of sales for the first six months of 2022 compared to 2021 primarily due to the same factors that impacted depreciation and amortization for the second quarter.

*Interest – Net* – Interest expense for the second quarter of 2022 deleveraged 18 basis points primarily due to interest expense related to the issuance of unsecured notes in September 2021 and March 2022, partially offset by scheduled payoff of notes at maturity.

Interest expense for the first six months of 2022 deleveraged 17 basis points primarily due to the same factors that impacted interest expense for the second quarter.

*Income Tax Provision* – Our effective income tax rates were 24.5% and 24.4% for the three months ended July 29, 2022 and July 30, 2021, respectively, and 24.2% and 24.0% for the six months ended July 29, 2022 and July 30, 2021, respectively.

## FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

### Sources of Liquidity

Cash flows from operations, combined with our continued access to capital markets on both a short-term and long-term basis, as needed, remain adequate to fund our operations, make strategic investments to support long-term growth, and return excess cash to shareholders in the form of dividends and share repurchases. We believe these sources of liquidity will continue to support our business for the next twelve months. As of July 29, 2022, we held \$1.5 billion of cash and cash equivalents, as well as \$4.0 billion in undrawn capacity on our revolving credit facilities.

### Cash Flows Provided by Operating Activities

(In millions)	Six Months Ended	
	July 29, 2022	July 30, 2021
Net cash provided by operating activities	\$ 6,012	\$ 6,913

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 July 29, 2022, compared to the six months ended July 30, 2021, was driven primarily by changes in working capital. Inventory decreased operating cash flows for the first six months of 2022 by approximately \$1.7 billion compared to a decrease of approximately \$1.1 billion for the first six months of 2021. The increase in inventory is primarily due to product cost and freight inflation compared to the prior year, as well as slightly lower inventory turns year-over-year. Deferred revenue increased operating cash flows by \$97 million for the first six months of 2022, compared to an increase of \$511 million for the first six months of 2021. The decline in operating cash flow due to deferred revenue compared to the prior year is primarily due to lower sales volume, as well as an operational focus on customer fulfillment.

### Cash Flows Used in Investing Activities

(In millions)	Six Months Ended	
	July 29, 2022	July 30, 2021
Net cash used in investing activities	\$ (709)	\$ (1,845)

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

#### Capital expenditures

Our capital expenditures generally consist of investments in our strategic initiatives to enhance our ability to serve customers, improve existing stores, and support expansion plans. The following table provides our capital expenditures for the six months ended July 29, 2022, and July 30, 2021:

(In millions)	Six Months Ended	
	July 29, 2022	July 30, 2021
Core business investments <sup>1</sup>	\$ 495	\$ 655
Strategic initiatives <sup>2</sup>	103	114
New stores, new corporate facilities and international <sup>3</sup>	89	77
<b>Total capital expenditures</b>	<b>\$ 687</b>	<b>\$ 846</b>

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

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

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

Our fiscal year 2022 outlook for capital expenditures is up to \$2.0 billion.

### Cash Flows Used in Financing Activities

(In millions)	Six Months Ended	
	July 29, 2022	July 30, 2021
Net cash used in financing activities	\$ (4,954)	\$ (4,927)

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

#### Total Debt

During the six months ended July 29, 2022, we issued \$5.0 billion of unsecured notes, the proceeds of which were designated for general corporate purposes. During the six months ended July 29, 2022, we also paid \$750 million due to the scheduled payoff of notes at maturity.

Our commercial paper program is supported by the 2020 Credit Agreement and the Third Amended and Restated Credit Agreement. The amount available to be drawn under the 2020 Credit Agreement and the Third Amended and Restated Credit Agreement is reduced by the amount of borrowings under our commercial paper program. There were no outstanding borrowings under the Company's commercial paper program, the 2020 Credit Agreement, or the Third Amended and Restated Credit Agreement as of July 29, 2022, and July 30, 2021. Total combined availability under the 2020 Credit Agreement and the Third Amended and Restated Credit Agreement as of July 29, 2022 was \$4.0 billion.

The 2020 Credit Agreement and the Third Amended and Restated Credit Agreement contain customary representations, warranties, and covenants. We were in compliance with those covenants at July 29, 2022.



The following table includes additional information related to our debt for the six months ended July 29, 2022, and July 30, 2021:

(In millions)	Six Months Ended	
	July 29, 2022	July 30, 2021
Net proceeds from issuance of debt	\$ 4,964	\$ 2,988
Repayment of debt	(799)	(568)
Maximum commercial paper outstanding at any period	1,361	400
Short-term borrowings outstanding at quarter-end	—	1,000
Weighted-average interest rate of short-term borrowings outstanding	— %	0.79 %

### 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 cash used to repurchase shares for the six months ended July 29, 2022, and July 30, 2021:

(In millions, except per share data)	Six Months Ended	
	July 29, 2022	July 30, 2021
Total amount paid for share repurchases	\$ 8,128	\$ 6,174
Total number of shares repurchased	40.7	33.1
Average price paid per share	\$ 199.61	\$ 186.73

As of July 29, 2022, we had \$11.7 billion remaining available under our share repurchase program with no expiration date. We expect to repurchase shares totaling approximately \$12.0 billion in 2022 (including the amount repurchased during the first six months of fiscal year 2022).

### Dividends

Dividends are paid in the quarter immediately following the quarter in which they are declared. Dividends paid per share increased from \$1.20 per share for the six months ended July 30, 2021, to \$1.60 per share for the six months ended July 29, 2022.

### Capital Resources

We expect to continue to have access to the capital markets on both a short-term and long-term basis when needed for liquidity purposes by issuing commercial paper or new long-term debt. The availability and the borrowing costs of these funds could be adversely affected, however, by a downgrade of our debt ratings or a deterioration of certain financial ratios. The table below reflects our debt ratings by Standard & Poor's (S&P) and Moody's as of August 25, 2022, which we are disclosing to enhance understanding of our sources of liquidity and the effect of our ratings on our cost of funds. Our debt ratings have enabled, and should continue to enable, us to refinance our debt as it becomes due at favorable rates in capital markets. Our commercial paper and senior debt ratings may be subject to revision or withdrawal at any time by the assigning rating organization, and each rating should be evaluated independently of any other rating.

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

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



## 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 and estimates have not changed significantly since the filing of the Annual Report.

### Item 3. - Quantitative and Qualitative Disclosures about Market Risk

The Company is exposed to certain market risks, including changes in foreign currency exchange rates related to our international operations, interest rates, and commodity prices. The Company’s market risks have not changed materially from those disclosed in the Annual Report for the fiscal year ended January 28, 2022.

### Item 4. - Controls and Procedures

The Company’s management, with the participation of the Chief Executive Officer and the Chief Financial Officer, has evaluated the effectiveness of the Company’s “disclosure controls and procedures,” (as such term is defined in Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the Exchange Act)). Based upon their evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that, as of July 29, 2022, the Company’s disclosure controls and procedures were effective for the purpose of ensuring that the information required to be disclosed in the reports that the Company files or submits under the Exchange Act with the SEC (1) is recorded, processed, summarized, and reported within the time periods specified in the SEC’s rules and forms, and (2) is accumulated and communicated to the Company’s management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

In addition, no change in the Company’s internal control over financial reporting occurred during the quarter ended July 29, 2022, 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. SEC rules establish a threshold of \$300,000 for purposes of disclosing environmental proceedings involving a governmental authority. The Company maintains liability insurance for certain risks that are subject to certain self-insurance limits.

The U.S. Attorney’s Office for the Central District of California and the U.S. Environmental Protection Agency’s Region 9 Office are conducting an investigation with respect to whether the Company and independent contractors who performed installations under the Company’s third-party installer program complied with applicable recordkeeping requirements and lead-safe practices under the Toxic Substances Control Act, the Environmental Protection Agency’s Lead Renovation, Repair and Painting Rules, and with an Environmental Protection Agency civil consent decree that the Company entered into in 2014 in the context of projects in homes constructed before 1978.

### 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 our Annual Report filed with the SEC on March 21, 2022.

### 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 on a trade date basis made during the three months ended July 29, 2022:

	Total Number of Shares Purchased <sup>1</sup>	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs <sup>2</sup>	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs <sup>2</sup>
April 30, 2022 - May 27, 2022 <sup>3</sup>	13,391,751	\$ 186.95	13,391,328	\$ 12,828,171,013
May 28, 2022 - July 1, 2022	3,315,243	183.24	3,300,614	12,223,284,350
July 2, 2022 - July 29, 2022 <sup>3</sup>	4,843,883	184.01	4,843,262	11,727,396,196
<b>As of July 29, 2022</b>	<b>21,550,877</b>	<b>\$ 185.72</b>	<b>21,535,204</b>	<b>\$ 11,727,396,196</b>

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

<sup>2</sup> On December 15, 2021, the Company announced that its Board of Directors authorized \$13.0 billion of share repurchases under the program, in addition to the \$15.0 billion of share repurchases authorized by the Board of Directors in December 2020, with no expiration.

<sup>3</sup> In May 2022, the Company entered into an Accelerated Share Repurchase (ASR) agreement with a third-party financial institution to repurchase the Company’s common stock. At inception, pursuant to the agreement, the Company paid \$1.8 billion to the financial institution and received an initial delivery of 7.5 million shares. In July, prior to the end of the second quarter, the Company finalized the transaction and received an additional 2.1 million shares. The average price paid per share in settlement of the ASR agreement included in the table above was determined with reference to the volume-weighted average price of the Company’s common stock over the term of the ASR agreement. See [Note 7](#) to the consolidated financial statements included herein for additional information regarding share repurchases.

**Item 6. - Exhibits**

Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	File No.	Exhibit	Filing Date
3.1	<a href="#">Restated Charter of Lowe's Companies, Inc.</a>	10-Q	001-07898	3.1	September 1, 2009
3.2	<a href="#">Bylaws of Lowe's Companies, Inc., as amended and restated March 18, 2022.</a>	8-K	001-07898	3.1	March 23, 2022
10.1	<a href="#">Lowe's Companies, Inc. 2006 Long Term Incentive Plan, as amended and restated effective May 27, 2022.*</a>	8-K	001-07898	10.1	June 2, 2022
10.2	<a href="#">Form of Lowe's Companies, Inc. Deferred Stock Unit Agreement for Nonemployee Directors.*†</a>				
10.3	<a href="#">Lowe's Companies, Inc. Severance Plan for Senior Officers as amended and restated May 26, 2022.*‡</a>				
15.1	<a href="#">Deloitte &amp; Touche LLP Letter re Unaudited Interim Financial Information.‡</a>				
31.1	<a href="#">Certification of Principal Executive Officer Pursuant to Rule 13a-14(a)/15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.‡</a>				
31.2	<a href="#">Certification of Principal Financial Officer Pursuant to Rule 13a-14(a)/15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.‡</a>				
32.1	<a href="#">Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.‡</a>				
32.2	<a href="#">Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.‡</a>				
101.INS	Inline XBRL Instance Document – the XBRL Instance Document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.‡				
101.SCH	Inline XBRL Taxonomy Extension Schema Document.‡				
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.‡				
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.‡				
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.‡				
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.‡				
104	Cover Page Interactive Data File (formatted as Inline XBRL document and included in Exhibit 101).‡				

\* Indicates a management contract or compensatory plan or arrangement.

‡ Filed herewith.

† Furnished herewith.



**SIGNATURE**

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

LOWE'S COMPANIES, INC.  
(Registrant)

August 25, 2022  
Date

By: /s/ Dan C. Griggs, Jr.  
Dan C. Griggs, Jr.  
Senior Vice President, Tax and Chief Accounting Officer



DEFERRED STOCK UNIT AGREEMENT  
FOR NONEMPLOYEE DIRECTORS

*Non-transferable*

G R A N T T O

\_\_\_\_\_  
(the "Grantee")

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

\_\_\_\_\_  
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.

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

Percentage of Units

Date of Vesting

100%

The earlier of the first anniversary of the Date of Grant and the day immediately preceding the [ ] Annual Meeting of Shareholders

Notwithstanding the vesting of the Units on the Date of Vesting set forth above or as otherwise provided in Section 2 of the Terms and Conditions, the Grantee's rights in and to Shares shall be subject to Sections 4 and 5 of the Terms and Conditions.

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

LOWE'S COMPANIES, INC.

By: \_\_\_\_\_

Date of Grant:

Accepted by Grantee: \_\_\_\_\_

## 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. As of the Date of Grant, the Units shall be "Unvested Units" and fully forfeitable. Unvested Units shall fully vest and cease to be forfeitable, and become "Vested Units," as of the earliest to occur of the following:
  - (a) The Date of Vesting as specified on Page 1 hereof;
  - (b) The date Grantee's service to the Board of Directors of the Company is terminated by reason of Grantee's death or Disability; or
  - (c) The date Grantee retires or otherwise terminates service on the Board of Directors if approved by the Committee in its sole discretion (with Grantee, if a member of such Committee, abstaining from such determination).

If Grantee's service to the Board of Directors of the Company terminates for any reason prior to the Unvested Units becoming Vested Units in accordance with this Section 2, Grantee shall forfeit all of Grantee's right, title and interest in and to the Unvested Units as of the date of Grantee's termination of service, and no Shares shall be issuable with respect to such Unvested Units.
3. Deferral Account; Dividend Units. Vested 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 in addition shall be credited with the number of Units determined by dividing (a) the product of the total number of Unvested Units held by the Grantee plus the 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 all of the Shares represented by Vested Units 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.
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 pursuant to Section 4.
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.

## LOWE'S COMPANIES, INC.

## SEVERANCE PLAN FOR SENIOR OFFICERS

Lowe's Companies, Inc. ("**Lowe's**") adopted the Lowe's Companies, Inc. Severance Plan for Senior Officers (the "**Plan**") on August 16, 2018 in order to provide transitional income and benefits to eligible employees whose employment is terminated in connection with severance events described in this Plan. This amended and restated Plan is effective as of May 26, 2022 (the "**Effective Date**") and applies to terminations occurring on and after the Effective Date and prior to a Change in Control (as defined herein).

The Plan is intended to constitute an employee welfare benefit plan under ERISA (as defined below) and shall be interpreted and administered accordingly. This document is intended to be both the plan document and summary plan description ("**SPD**") for the Plan, and reflects the terms of the Plan in effect as of May 26, 2022. If this restated Plan is further amended, copies of the amendment and an updated version of the SPD can be obtained from the Plan Administrator.

**Article 1 – Definitions**

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

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



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

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

- 1.4 **"Change in Control"** shall mean (i) individuals who, as of the date of the Effective Date, constitute the Board (the "Incumbent Directors") cease for any reason to constitute at least a majority of the Board, provided that any person becoming a director after the Effective Date and whose election or nomination for election was approved by a vote of at least a majority of the Incumbent Directors then on the Board (either by a specific vote or by approval of Lowe's proxy statement in which such person is named as a nominee for director, without written objection to such nomination) shall be an Incumbent Director; provided, however, that no individual initially elected or nominated as a director of Lowe's as a result of an actual or threatened election contest (as described in Rule 14a-11 under the Exchange Act ("Election Contest") or other actual or threatened solicitation of proxies or consents by or on behalf of any "person" (as such term is defined in Section 3(a)(9) of the Exchange Act and as used in Section 13(d)(3) and 14(d)(2) of the Exchange Act) other than the Board ("Proxy Contest"), including by reason of any agreement intended to avoid or settle any Election Contest or Proxy Contest, shall be deemed an Incumbent Director (unless specifically deemed to be an Incumbent Director by a vote of at least a majority of the Incumbent Directors then on the Board); (ii) any person becomes a "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of Lowe's securities representing 25% or more of the combined voting power of Lowe's then outstanding securities eligible to vote for the election of the Board (the "Lowe's Voting Securities"); provided, however, that the event described in this subparagraph (ii) shall not be deemed to be a Change in Control by virtue of any of the following acquisitions: (a) an acquisition directly by or from Lowe's or any affiliated companies; (b) an acquisition by any employee benefit plan (or related trust) sponsored or maintained by Lowe's or any affiliated companies, (c) an acquisition by an underwriter temporarily holding securities pursuant to an offering of such securities, (d) an acquisition pursuant to a Non-Qualifying Transaction (as defined in subparagraph (iii) below) or (e) an acquisition by a person solely for purposes of distribution to its equity holders; or (iii) the consummation of a reorganization, merger, consolidation, statutory share exchange or similar form of corporate transaction involving Lowe's that requires the approval of the Lowe's shareholders, whether for such transaction or the issuance of securities in the transaction (a "Reorganization"), or the sale or other disposition of all or substantially all of Lowe's assets to an entity that is not an affiliate of Lowe's (a "Sale"), unless immediately following such Reorganization or Sale: (a) more than 60% of the total voting power of (A) the corporation resulting from such Reorganization or the corporation which has acquired all or substantially all of the assets of Lowe's (in either case, the "Surviving Corporation"), or (B) if applicable, the ultimate parent corporation that directly or indirectly has beneficial

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

- 1.5 “**Code**” shall mean the Internal Revenue Code of 1986, as amended from time to time, and the regulations and rulings issued thereunder.
- 1.6 “**Committee**” shall mean the Compensation Committee of the Board or its successor committee.
- 1.7 “**Company**” shall mean Lowe’s or the Participating Employer, as applicable.
- 1.8 “**Eligible Employee**” shall mean a Tier 1 Officer or a Tier 2 Officer.
- 1.9 “**ERISA**” shall mean the Employee Retirement Income Security Act of 1974, as amended, and the regulations and rulings issued thereunder.
- 1.10 “**Exchange Act**” shall mean the Securities Exchange Act of 1934, as amended from time to time, or any successor thereto, and the applicable rules and regulations thereunder.
- 1.11 “**Lowe’s**” shall mean Lowe’s Companies, Inc., a North Carolina corporation, and any successor thereto.
- 1.12 “**Notice**” shall mean a written notice of termination without Cause and identifying the Termination Date provided to an Eligible Employee by the Company.
- 1.13 “**Participating Employer**” shall mean each Subsidiary designated by the Plan Administrator as a Participating Employer.
- 1.14 “**Plan**” shall mean the Lowe’s Companies, Inc. Severance Plan for Senior Officers, as set forth in this document and as it may be amended from time to time in accordance with Article 4.2.

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

## Article 2 – Eligibility

- 2.1 Eligibility to Participate. All Eligible Employees will be eligible to participate in the Plan and receive the Severance Benefits subject to the terms and conditions of the Plan.
- 2.2 Termination of Participation. An individual’s participation in the Plan will cease when he or she ceases to be an Eligible Employee or if he or she incurs a Qualified Termination and he or she has received all Severance Benefits due under the Plan as a result of such Qualified Termination.

## Article 3 – Benefits

### 3.1 Entitlement to Benefits.

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

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

- (a) An amount equal to the product of the Eligible Employee's Severance Multiple and the Eligible Employee's Annual Compensation, to be paid in equal installments in accordance with the Company's normal payroll practices starting on the first payroll period following the Effective Time and continuing until the expiration of the Eligible Employee's Severance Period.
- (b) For the period beginning on the Termination Date and ending on the earlier of twelve (12) months following the Termination Date and the date the Eligible Employee becomes covered under another employer's health care plan, the Eligible Employee and his or her eligible dependents shall be entitled to continue participation in the employee health care plan maintained by the Company upon the same terms and conditions in effect from time to time for active employees of the Company as determined in good faith by the Company which period of coverage shall be considered to be part of, and shall run concurrent with, the period of continued coverage required to be offered under the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA"), and after which time the Eligible Employee may elect to participate in continuation of coverage pursuant to COBRA for the remaining required coverage period, during which remaining required coverage period the Eligible Employee shall be responsible for the full cost of any continued coverage elected under COBRA. Notwithstanding anything to the contrary in the Plan, if the Company's providing health care coverage continuation under this Article 3.2(b) would violate the nondiscrimination rules applicable to non-grandfathered plans, or would result in the imposition of penalties under the Patient Protection and Affordable Care Act of 2010 or the related regulations and guidance promulgated thereunder ("PPACA"), the Company shall have the right to amend this Article 3.2(b) in a manner it determines, in its sole discretion, to comply with the nondiscrimination rules applicable to non-grandfathered plans or to comply with the PPACA.
- (c) Assistance for a period of up to one (1) year from the Termination Date in the search for new employment through direct payment by the Company of the professional fees for the services incurred in the normal course of a job search with an outplacement organization arranged for by the Company.

### 3.3 Termination and Reduction of Severance Benefits.

- (a) If a former Eligible Employee of the Company breaches any term of the Release Agreement or, following the former Eligible Employee's Termination Date, the Company determines that the Eligible Employee's employment could have been terminated for Cause as of the Termination Date, he or she shall forfeit any unpaid Severance Benefits and shall be required to repay to the Company any paid or provided Severance Benefits, as described in the Release Agreement.

- (b) The Severance Benefits provided under Article 3.2(a) shall be reduced, in whole or in part, by all other salary, bonus, consulting fees or other cash compensation received by or payable to the Eligible Employee for services rendered in any capacity to any third party during the Eligible Employee's Severance Period with the exception of any compensation received for service on a board of directors on the Termination Date or other similar arrangement that existed on the Termination Date.
  - (c) Each Eligible Employee agrees to notify the Company within three (3) business days of obtaining other employment during the Severance Period. Such notification to the Company shall include the Eligible Employee's salary in the new position, when employment will commence, the amount of any signing bonus, when health insurance with the new employer will commence, and any other information necessary for the Company to calculate any reduction or termination in Severance Benefits under this Plan.
- 3.4 Death Before Payment. If an Eligible Employee who satisfies the requirements for benefits under this Article 3 dies after the Effective Time but before he or she receives payment of the entire amount due him or her under this Plan, the Company will pay the remaining Severance Benefits to his or her surviving Spouse, if any, or if there is no surviving Spouse, to his or her estate, in a lump sum as if the Eligible Employee had survived. All lump sum payments described in this Article 3.4 shall be made no later than March 15 of the calendar year following the calendar year in which the death occurs.
- 3.5 Withholding and Deductions. The Company will make deductions from each payment of Severance Benefits as required by applicable law. The Company will have the right to make deductions from Severance Benefits to satisfy any indebtedness that a former Eligible Employee has to the Company or any of its affiliates as of his or her Termination Date, but a decision by the Company not to reduce Severance Benefits to satisfy such indebtedness shall not constitute a waiver of its claim for such recovery of said indebtedness.
- 3.6 No Duplication. If the Plan Administrator determines, in its sole discretion, that all or a portion of the benefit payable or previously paid to an Eligible Employee under any other plan, program, employment contract or other agreement with the Company or a Subsidiary (other than payments made under any such plan that is intended to be tax exempt under Code Section 401(a)) is intended to provide severance, salary continuation or other benefits duplicative of the benefits provided under this Plan, the Plan Administrator shall have the right to reduce the Severance Benefits otherwise payable under this Plan to the extent deemed necessary to eliminate any unintended duplication of benefits.
- 3.7 Offset of Legally Required Payments. Regardless of the amount of an Eligible Employee's Severance Benefits under the Plan, such benefits will be reduced by any payments required to be paid by the Company to the Eligible Employee under any federal or state law, including without limitation the Worker Adjustment Retraining Notification Act of 1988, as amended (except unemployment benefits payable in accordance with state law and payment for accrued but unused vacation).

3.8 Effect of Federal Excise Tax. Notwithstanding any other provision of the Plan or any other plan, arrangement, or agreement to the contrary, if any of the payments or benefits provided or to be provided by the Company to the Eligible Employee or for the Eligible Employee's benefit pursuant to the terms of the Plan or otherwise ("**Covered Payments**") constitute parachute payments ("**Parachute Payments**") within the meaning of Code Section 280G and would, but for this Article 3.8, be subject to the excise tax imposed under Code Section 4999 (or any successor provision thereto) or any similar tax imposed by state or local law or any interest or penalties with respect to such taxes (collectively, the "Excise Tax"), then the Covered Payments shall be payable either (i) in full or (ii) after reduction to the minimum extent necessary to ensure that no portion of the Covered Payments is subject to the Excise Tax, whichever of the foregoing (i) or (ii) results in the Eligible Employee's receipt on an after-tax basis of the greatest amount of benefits after taking into account the applicable federal, state, local and foreign income, employment and excise taxes (including the Excise Tax), notwithstanding that all or some portion of such benefits may be taxable under the Excise Tax.

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

If notwithstanding any reduction described in this Article 3.8, the Internal Revenue Service ("**IRS**") determines that an Eligible Employee is liable for the Excise Tax as a result of the receipt of the Covered Payments, then such Eligible Employee shall be obligated to pay back to the Company, within thirty (30) days after a final IRS determination or in the event that such Eligible Employee challenges the final IRS determination, a final judicial determination a portion of such amounts equal to the "**Repayment Amount**." The Repayment Amount shall be the smallest such amount, if any, as shall be required to be paid to the Company so that the applicable Eligible Employee's net after-tax proceeds with respect to any payment of the Covered Payments (after taking into account the payment of the Excise Tax and all other applicable taxes imposed on the Covered Payments) shall be maximized. The Repayment Amount with respect to the payment of Covered Payments shall be zero if a Repayment Amount of more than zero would not result in an Eligible Employee's net after-tax proceeds with respect to the payment of the Covered Payments being maximized. If the Excise Tax is not eliminated pursuant to this paragraph, the applicable Eligible Employee shall pay the Excise Tax. Notwithstanding any other provision of this Article 3.8, if (1) there is a reduction in the payment of Covered Payments as described in this Article 3.8, (2) the IRS later determines that an Eligible Employee is liable for the Excise Tax, the payment of which would result in the maximization of such Eligible Employee's net after-tax proceeds (calculated as if the Covered Payments had not

previously been reduced), and (3) the Eligible Employee pays the Excise Tax, then the Company shall pay to the applicable Eligible Employee those Covered Payments which were reduced pursuant to this Article 3.8 contemporaneously or as soon as administratively possible after the Eligible Employee pays the Excise Tax so that the Eligible Employee's net after-tax proceeds with respect to the payment of Covered Payments are maximized.

#### **Article 4 – Administration, Amendment And Termination**

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

#### **Article 5 – Source of Benefit Payments**

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

#### **Article 6 – Miscellaneous**

- 6.1 ERISA. The Company intends that this Plan constitute a "welfare plan" under ERISA and any ambiguities in this Plan shall be construed to affect that intent.
- 6.2 Severability. If any provision of this Plan shall be held illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining provisions of this Plan, and this Plan shall be construed and enforced as if said illegal and invalid provision had never been included herein.
- 6.3 409A Compliance. Notwithstanding anything herein to the contrary, if this Plan is determined to be subject to Code Section 409A, then this Plan shall be administered such that it complies, at all times, with the requirements of Code Section 409A. The Plan



Administrator has the sole discretion to interpret the terms of the Plan and to administer the Plan in such a manner that Code Section 409A is satisfied with respect to any Severance Benefits payable hereunder to the extent it is determined that Code Section 409A applies to the Plan. If the Company (or, if applicable, the successor thereto) determines that all or a portion of the Severance Benefits constitute “deferred compensation” under Code Section 409A and that the Eligible Employee is a “specified employee” of the Company or any successor entity thereto, as applicable, as such term is defined in Code Section 409A(a)(2)(B)(i), then, solely to the extent necessary to avoid the incurrence of the adverse personal tax consequences under Code Section 409A, the timing of the applicable payments shall be delayed until the first payroll date following the six-month anniversary of the Eligible Employee’s “separation from service” (as defined under Code Section 409A) and the Company (or the successor entity thereto, as applicable) shall (A) pay to the Eligible Employee a lump sum amount equal to the sum of the payments that the Eligible Employee would otherwise have received during such six-month period had no such delay been imposed and (B) commence paying the balance of the payments in accordance with the applicable payment schedule set forth in the Plan. For purposes of Code Section 409A, each installment payment provided under the Plan shall be treated as a separate payment. To the extent required by Code Section 409A, any payments to be made to an Eligible Employee upon his or her termination of employment shall only be made upon such Eligible Employee’s separation from service. The Company does not make any representations that the payments and benefits provided under the Plan comply with Code Section 409A and in no event shall the Company be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by the Eligible Employee on account of noncompliance with Code Section 409A. All in-kind benefits provided under this Plan or otherwise to the Eligible Employee shall be provided in accordance with the requirements of Code Section 409A to the extent that such in-kind benefits are subject to Code Section 409A. With regard to any provision herein that provides for in-kind benefits, except as permitted by Code Section 409A, the right to in-kind benefits shall not be subject to liquidation or exchange for another benefit, and the amount of in-kind benefits provided during any taxable year shall not affect the in-kind benefits to be provided in any other taxable year.

- 6.4 Construction. This Plan shall be construed in accordance with ERISA and to the extent ERISA does not preempt state law, with the laws of the State of North Carolina (without giving effect to conflict of law provisions). Headings and subheadings have been added only for convenience of reference and shall have no substantive effect whatsoever. All references to articles shall be to articles of this Plan unless otherwise stated. The masculine pronoun includes the feminine. All references to the singular shall include the plural and all references to the plural shall include the singular.
- 6.5 Nonalienation. No benefit or payment under this Plan shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, levy or charge, and any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, levy upon or charge the same shall be void.
- 6.6 No Employment Rights. Coverage under the Plan will not give any individual the right to be retained in the employment of Lowe’s or a Subsidiary, or upon termination any right or interest in the Plan except as provided in the Plan.

6.7 No Enlargement of Rights. No person will have any right to or interest in any benefit except as specifically provided in the Plan. The legal status of each Eligible Employee or beneficiary who has a claim to Severance Benefits will be that of a general unsecured creditor of the Company.

6.8 Claims Procedures.

- (a) *Submitting a Claim.* If an Eligible Employee has any complaint or claim concerning any aspect of the operation or administration of the Plan, he or she must submit the claim to the Plan Administrator or another person designated by the Plan Administrator. Claims must be submitted in writing (or by such other means as may be permitted by the Plan Administrator) and should include a statement of the relief requested and the reasons the relief should be granted. Claims must be submitted within one (1) year of a claimant's Termination Date. Claimants should include any documentary or other evidence which they believe support the claim.
- (b) *Notification of Denial.* If a claim is denied in whole or in part, the Plan Administrator (or other decision-maker) will send written notice of the decision within ninety (90) days of the date the claim was received. This 90-day period may be extended for an additional ninety (90) days (or other period permitted by ERISA) by written notice from the Plan Administrator (or other decision-maker). If such an extension is necessary, the claimant will be notified prior to the expiration of the initial determination period of the extension, the reasons for the extension and a date by which the Plan Administrator (or other decision-maker) expects to make a decision. Except as otherwise required by ERISA or other applicable law, if the claim is denied in whole or in part, the Plan Administrator (or other decision-maker) shall provide a written notice to the claimant setting for the following:
  - (i) The specific reason or reasons for denial;
  - (ii) Reference to specific Plan provisions on which the denial is based;
  - (iii) A description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary;
  - (iv) An explanation of the Plan's review procedures and time limits applicable to such procedures, including a statement of the claimant's right to bring a civil action under ERISA following an adverse benefit determination on review; and
  - (v) Any other or different information required by ERISA or other applicable law or regulations.
- (c) *Claims Review Process.* If a claim is denied in whole or in part or if the claimant receives no response to the claim (which such lack of response shall be deemed to be a denial), the claimant may appeal the denial to the Plan Administrator (or other person designated by the Plan Administrator) in writing within sixty (60) days of

receipt of written notice of denial or sixty (60) days of the expiration of the 90-day response period without a response. In pursuing the appeal, the claimant should submit all evidence and arguments in favor of the claim in writing. To the extent required by law, the claimant (or his or her authorized representative) shall be permitted to (i) submit written comments, documents, records, and other information relating to the claim and (ii) receive, upon request and free of charge, copies of, and reasonable access to, all documents, records, and other Plan information relevant to the claim. The review will take into account all comments, documents, records and other information submitted by the claimant relating to the claim, without regard to whether such information was submitted or considered in the initial denial. If the Plan Administrator (or other decision-maker) deems it appropriate, a hearing on the claim may be held.

- (d) *Decision on Review.* Except as otherwise required by ERISA, the Plan Administrator (or other decision-maker) will make a decision on review within sixty (60) days of receipt of the request for review, unless special circumstances require an extension of time. If such an extension is required, a decision will be rendered as soon as possible, but not later than 120 days after receipt of the request for review, and the Plan Administrator (or other decision-maker) will furnish written notice of the extension to the claimant before the end of the original 60-day period stating the reasons for the extension and a date by when the Plan Administrator (or other decision-maker) expects to make a decision. The decision on review will be made in writing and will include:
- (i) The specific reason or reasons for the decision;
  - (ii) Specific references to Plan provisions on which the decision is based;
  - (iii) A statement that the claimant is entitled to receive, upon request and free of charge, copies of, and reasonable access to, all documents, records and other information relevant to the claim;
  - (iv) A statement describing any voluntary appeal procedures offered by the Plan and the claimant's right to receive information about such procedures;
  - (v) A statement of the claimant's right to bring an action under Section 502(a) of ERISA; and
  - (vi) Any other or different information required by ERISA or other law or regulations.
- (e) *Finality of Interpretations, Determinations and Decisions.* All interpretations, determinations and decisions of the Plan Administrator or other decision-maker with respect to any Plan claim shall be final and conclusive and binding on all interested parties. No legal action to recover benefits under this Plan may be commenced without prior exhaustion of this administrative claim and review procedure, and no legal action to recover benefits under this Plan may be commenced later than two years from the date of the decision on review (or if the

claim is deemed denied for any reason, two years from the date that the deemed denial occurred).

#### **Article 7 – ERISA Information About the Plan**

- 7.1 Name of Plan. The full name of the Plan is the Lowe's Companies, Inc. Severance Plan for Senior Officers.
- 7.2 Plan Identification No. 513.
- 7.3 Plan Sponsor. Lowe's Companies, Inc., 1000 Lowe's Boulevard, Mooresville, NC 28117.
- 7.4 Employer Identification Number (EIN) for Plan Sponsor. 56-0578072.
- 7.5 Type of Plan. The Plan is an employee welfare benefit plan as defined in ERISA Section 3(1) and a severance pay plan as defined in 29 C.F.R. § 2510.3-2(b).
- 7.6 Type of Administration. Self-administration by plan sponsor.
- 7.7 Funding. The Plan is funded solely by the plan sponsor and the Participating Employers. Benefits under the Plan are paid as needed for the general assets of the plan sponsor and the Participating Employers.
- 7.8 Claims Administration. Lowe's Companies, Inc.  
Attn: Vice President, Total Rewards  
1000 Lowe's Boulevard  
Mooresville, NC 28117  
Telephone (704) 758-7000.
- 7.9 Plan Administration. Lowe's Companies, Inc.  
Attn: Vice President, Total Rewards  
1000 Lowe's Boulevard  
Mooresville, NC 28117  
Telephone (704) 758-7000.
- 7.10 Agent for Service of Process. General Counsel  
Lowe's Companies, Inc.  
1000 Lowe's Boulevard  
Mooresville, NC 28117  
Telephone (704) 758-7000.
- 7.11 Plan Year. The Plan Year is the calendar year.

#### **Statement of ERISA Rights**

**The following statement is required by federal law and regulation.**

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

### **Receive Information about the Plan and Benefits**

Specifically, ERISA entitles all plan participants to:

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

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

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

### **Prudent Actions by Plan Fiduciaries**

In addition to creating rights for plan participants, ERISA imposes duties upon the people who are responsible for the operation of the employee benefit plans. The people who operate the plan, called fiduciaries of the plans, have a duty to do so prudently and in the interest of plan participants and beneficiaries. No one, including your employer, or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a welfare benefit or exercising your rights under ERISA.

### **Enforce Your Rights**

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

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

pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

### **Assistance with Your Questions**

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

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

Executed effective this 26th day of May, 2022.

LOWE'S COMPANIES, INC.

/s/ Ross W. McCanless

Name: Ross W. McCanless

Title: Executive Vice President, General Counsel  
and Corporate Secretary

August 25, 2022

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

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

We are aware that our report dated August 25, 2022, on our review of the interim financial information of Lowe's Companies, Inc. and subsidiaries appearing in this Quarterly Report on Form 10-Q for the quarter ended July 29, 2022, is incorporated by reference in the following Registration Statements:

Description	Registration Statement Number
<b>Form S-3 ASR</b>	
Lowe's Stock Advantage Direct Stock Purchase Plan	333-248600
Debt Securities, Preferred Stock, Common Stock	333-258108
<b>Form S-8</b>	
Lowe's 401(k) Plan	033-29772
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, Inc. 2020 Employee Stock Purchase Plan	333-249586

/s/ DELOITTE & TOUCHE LLP

Charlotte, North Carolina

## CERTIFICATION

I, Marvin R. Ellison, certify that:

- (1) I have reviewed this Quarterly Report on Form 10-Q for the quarter ended July 29, 2022 of Lowe's Companies, Inc. (the Registrant);
- (2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
- (4) The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
- (5) The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

August 25, 2022

Date

/s/ Marvin R. Ellison

Marvin R. Ellison  
Chairman, President and Chief Executive Officer



## CERTIFICATION

I, Brandon J. Sink, certify that:

- (1) I have reviewed this Quarterly Report on Form 10-Q for the quarter ended July 29, 2022 of Lowe's Companies, Inc. (the Registrant);
- (2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
- (4) The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
- (5) The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

August 25, 2022

Date

/s/ Brandon J. Sink

Brandon J. Sink  
Executive Vice President, Chief Financial Officer

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

In connection with the Quarterly Report on Form 10-Q of Lowe's Companies, Inc. (the Company) for the period ended July 29, 2022, 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

Chairman, President and Chief Executive Officer

August 25, 2022

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

In connection with the Quarterly Report on Form 10-Q of Lowe's Companies, Inc. (the Company) for the period ended July 29, 2022, as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Brandon J. Sink, 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/ Brandon J. Sink

Brandon J. Sink

Executive Vice President, Chief Financial Officer

August 25, 2022