

LOWES COMPANIES INC
Form DEF 14A
April 11, 2016
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a)
of the Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to § 240.14a-12

LOWE S COMPANIES, INC.
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

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(1) Title of each class of securities to which transaction applies:

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(1) Amount Previously Paid:

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April 11, 2016

Dear Fellow Shareholders:

On behalf of the Board of Directors and the management of Lowe's Companies, Inc., I am pleased to invite you to attend our 2016 Annual Meeting of Shareholders to be held at 10:00 a.m., Eastern Time, on Friday, May 27, 2016 at the Ballantyne Hotel, 10000 Ballantyne Commons Parkway, Charlotte, North Carolina 28277. Details regarding admission to the meeting and the business to be conducted are described in the accompanying Notice of 2016 Annual Meeting of Shareholders and Proxy Statement.

Your vote is important. Regardless of whether you plan to attend the meeting, I strongly encourage you to vote as soon as possible to ensure that your shares are represented at the meeting. The accompanying Proxy Statement explains more about voting. Please read it carefully.

Sincerely,

Robert A. Niblock

Chairman of the Board, President

and Chief Executive Officer

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Lowes Notice of Annual Meeting and Proxy Statement

LOWE S COMPANIES, INC.

1000 Lowes Boulevard

Mooresville, North Carolina 28117

(704) 758-1000

Notice of 2016 Annual Meeting of Shareholders

April 11, 2016

The 2016 Annual Meeting of Shareholders (the Annual Meeting) of Lowes Companies, Inc. (the Company) will be held at 10:00 a.m., Eastern Time, on Friday, May 27, 2016 at the Ballantyne Hotel, 10000 Ballantyne Commons Parkway, Charlotte, North Carolina 28277, for the purpose of voting on the following matters:

1. To elect the 11 persons nominated by the Board of Directors for election as directors;
2. To approve the Lowes Companies, Inc. 2016 Annual Incentive Plan;
3. To approve, on an advisory basis, the Company's named executive officer compensation in fiscal 2015;
4. To ratify the appointment of Deloitte & Touche LLP as the Company's independent registered public accounting firm for fiscal 2016;
5. To consider and vote upon two shareholder proposals, if properly presented; and
6. To transact such other business as may properly come before the Annual Meeting or any adjournment or postponement thereof.

The Board of Directors recommends a vote FOR items 1, 2, 3 and 4 and AGAINST the two shareholder proposals in item 5. The persons named as proxies will use their discretion to vote on other matters that may properly arise at the Annual Meeting.

Only shareholders of record as of the close of business on March 18, 2016 will be entitled to notice of, and to vote at, the Annual Meeting.

Your vote is important. Whether or not you plan to attend the Annual Meeting, you are encouraged to vote as soon as possible to ensure that your shares are represented at the meeting. If you received a printed copy of the proxy materials by mail, you may vote your shares by proxy using one of the following methods: (i) vote via the Internet; (ii) vote by telephone; or (iii) sign, date and return your proxy card in the postage-paid envelope provided. If you received only a Notice of Internet Availability of Proxy Materials by mail, you may vote your shares at the Internet

site address listed on your notice. If you hold your shares through an account with a bank, broker or similar organization, please follow the instructions you receive from the holder of record to vote your shares.

Ross W. McCanless

General Counsel, Secretary and

Chief Compliance Officer

**Important Notice Regarding the Availability of Proxy Materials
for the Annual Meeting of Shareholders To Be Held on May 27, 2016:**

The Notice of 2016 Annual Meeting of Shareholders, Proxy Statement and
2015 Annual Report to Shareholders are available at www.proxyvote.com.

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Lowes Notice of Annual Meeting and Proxy Statement

Proxy Summary

This summary includes certain financial and operational, governance and executive compensation highlights. This summary does not contain all of the information that you should consider, and you should read the entire Proxy Statement carefully before voting.

GOVERNANCE HIGHLIGHTS

Our Board of Directors is committed to sound and effective corporate governance practices. The following are highlights of our corporate governance practices:

Declassified Board

Independent Lead Director

10 of 11 Director Nominees are Independent

Majority Voting for Directors

Adoption of Proxy Access

Audit, Compensation and Governance Committees are comprised only of Independent Directors

Commitment to Sustainability and Public Policy Matters

Regular Executive Sessions of Non-Management Directors

Stock Ownership Guidelines for Executive Officers and Non-Employee Directors

Annual Board, Committee, CEO and Chairman Assessments

Active Board Oversight of Enterprise Risk Management

Active Board Engagement in Succession Planning of Executive Officers

Commitment to Board Refreshment

Enhanced Shareholder Engagement Program

EXECUTIVE COMPENSATION HIGHLIGHTS

Our executive compensation program is designed to link pay to the executives' advancement of Lowe's performance and business strategies and their performance for our shareholders. To that end, the primary objectives of our executive compensation program are to:

Attract and retain executives who have the requisite leadership skills to support the Company's strategic and long-term value creation objectives;

Maximize long-term shareholder value through alignment of executive and shareholder interests;

Align executive compensation with the Company's business strategies, including delivering differentiated customer experiences, ensuring seamless integration across all selling channels and driving returns on invested capital; and

Target executive total compensation at the market median with an opportunity to earn above market pay when the Company delivers results that exceed performance targets.

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Lowes Notice of Annual Meeting and Proxy Statement

Proxy Statement

The Board of Directors (the Board of Directors or the Board) of Lowes Companies, Inc. is providing these materials to you in connection with the 2016 Annual Meeting of Shareholders (the Annual Meeting). The Annual Meeting will be held at 10:00 a.m., Eastern Time, on Friday, May 27, 2016 at the Ballantyne Hotel, 10000 Ballantyne Commons Parkway, Charlotte, North Carolina 28277. References in this Proxy Statement to Lowes, the Company, we, us, our and similar terms refer to Lowes Companies, Inc.

General Information

Why am I receiving these materials?

You have received these materials because the Board is soliciting your proxy to vote your shares at the Annual Meeting. This Proxy Statement includes information that the Company is required to provide you under the Securities and Exchange Commission rules and regulations (the SEC rules) and is designed to assist you in voting your shares.

What is a proxy?

The Board of Directors is asking for your proxy. This means you authorize persons selected by the Company to vote your shares at the Annual Meeting in the way that you instruct. All shares represented by valid proxies received and not revoked before the Annual Meeting will be voted in accordance with the shareholder s specific voting instructions.

Why did I receive a one-page notice regarding Internet availability of proxy materials instead of a full set of proxy materials?

The SEC rules allow companies to choose the method for delivery of proxy materials to shareholders. For most shareholders, the Company has elected to mail a notice regarding the availability of proxy materials on the Internet (the Notice of Internet Availability of Proxy Materials or the Notice), rather than sending a full set of these materials in the mail. The Notice of Internet Availability of Proxy Materials, or a full set of the proxy materials (including the Proxy Statement and form of proxy), as applicable, was sent to shareholders beginning April 11, 2016, and the proxy materials were posted on the investor relations portion of the Company s website, www.Lowes.com/investor, and on the website referenced in the Notice on the same day. Utilizing this method of proxy delivery expedites receipt of proxy materials by the Company s shareholders and lowers the cost of the Annual Meeting. If you would like to receive a paper or e-mail copy of the proxy materials, you should follow the instructions in the Notice for requesting a copy.

What is included in these materials?

These materials include:

the Proxy Statement for the Annual Meeting; and

the 2015 Annual Report to Shareholders, which contains the Company's audited consolidated financial statements. If you received a printed copy of these materials by mail, these materials also include the proxy card or voting instruction form for the Annual Meeting.

What items will be voted on at the Annual Meeting?

There are six proposals scheduled to be voted on at the Annual Meeting:

the election of 11 directors;

the approval of the Lowe's Companies, Inc. 2016 Annual Incentive Plan;

the approval, on an advisory basis, of the Company's named executive officer compensation in fiscal 2015;

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Lowe's Notice of Annual Meeting and Proxy Statement

the ratification of the appointment of Deloitte & Touche LLP as the Company's independent registered public accounting firm for fiscal 2016;

a shareholder proposal requesting the Board of Directors issue an annual sustainability report; and

a shareholder proposal requesting the Board of Directors adopt, and present for shareholder approval, a proxy access bylaw.

The Board is not aware of any other matters to be brought before the Annual Meeting. If other matters are properly raised at the meeting, the proxy holders may vote any shares represented by proxy in their discretion.

What are the Board's voting recommendations?

The Board recommends that you vote your shares:

FOR the election of each of the director nominees named in this Proxy Statement to the Board;

FOR the approval of the Lowe's Companies, Inc. 2016 Annual Incentive Plan;

FOR the approval, on an advisory basis, of the Company's named executive officer compensation in fiscal 2015;

FOR the ratification of the appointment of Deloitte & Touche LLP as the Company's independent registered public accounting firm for fiscal 2016;

AGAINST the shareholder proposal requesting the Board of Directors issue an annual sustainability report; and

AGAINST the shareholder proposal requesting the Board of Directors adopt, and present for shareholder approval, a proxy access bylaw.

Who can attend the Annual Meeting?

Admission to the Annual Meeting is limited to:

shareholders of record as of the close of business on March 18, 2016;

holders of valid proxies for the Annual Meeting; and

invited guests.

Admission to the meeting will be on a first-come, first-served basis. Each shareholder may be asked to present valid photo identification, such as a driver's license or passport, and proof of stock ownership as of the record date for admittance.

When is the record date and who is entitled to vote?

The Board set March 18, 2016 as the record date. As of the record date, 898,060,161 shares of common stock, \$0.50 par value per share, of the Company (Common Stock) were issued and outstanding. Shareholders are entitled to one vote per share of Common Stock outstanding on the record date on any matter presented at the Annual Meeting.

What is a shareholder of record?

A shareholder of record or registered shareholder is a shareholder whose ownership of Common Stock is reflected directly on the books and records of the Company's transfer agent, Computershare Trust Company, N.A. If you hold Common Stock through an account with a bank, broker or similar organization, you are considered the beneficial owner of shares held in street name and are not a shareholder of record. For shares held in street name, the shareholder of record is your bank, broker or similar organization. The Company only has access to ownership records for the registered shares. If you are not a shareholder of record and you wish to attend the Annual Meeting, the Company will require additional documentation to evidence your stock ownership as of the record date, such as a copy of your brokerage account statement, a letter from your bank, broker or other nominee or a copy of your Notice or voting instruction form.

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How do I vote?

You may vote by proxy or in person at the Annual Meeting. If you received a printed copy of the proxy materials by mail, you may vote your shares by proxy using one of the following methods: (i) vote via the Internet; (ii) vote by telephone; or (iii) sign, date and return your proxy card in the postage-paid envelope provided. If you received only a Notice of Internet Availability of Proxy Materials by mail, you may vote your shares at the Internet site address listed on your Notice. If you hold your shares through an account with a bank, broker or similar organization, please follow the instructions you receive from the holder of record to vote your shares. Even if you plan to attend the Annual Meeting, you are encouraged to vote by proxy prior to the meeting. You can always change your vote as described in the following Q&A.

How can I revoke my proxy or change my vote?

You may revoke your proxy or change your vote as follows:

Shareholders of record. You may revoke your proxy or change your vote at any time prior to the taking of the vote at the Annual Meeting by (i) submitting a written notice of revocation to Ross W. McCanless, General Counsel, Secretary and Chief Compliance Officer, at Lowe's Companies, Inc., 1000 Lowe's Boulevard, Mooresville, North Carolina 28117; (ii) delivering a proxy bearing a later date using any of the voting methods described in the immediately preceding Q&A, including via the Internet or by telephone, and until the applicable deadline for each method specified in the accompanying proxy card or voting instruction form; or (iii) attending the Annual Meeting and voting in person. Attendance at the Annual Meeting will not cause your previously granted proxy to be revoked unless you specifically make that request or vote in person at the meeting. For all methods of voting, the last vote cast will supersede all previous votes.

Beneficial owners of shares held in street name. You may change or revoke your voting instructions by following the specific directions provided to you by the holder of record, or, if you have obtained a legal proxy from your bank, broker or other nominee, by attending the Annual Meeting and voting in person.

What happens if I vote by proxy and do not give specific voting instructions?

Shareholders of record. If you are a shareholder of record and you vote by proxy, via the Internet, by telephone or by signing, dating and returning a proxy card, without giving specific voting instructions, then the proxy holders will vote your shares in the manner recommended by the Board on all matters presented in this Proxy Statement and as the proxy holders may determine in their discretion for any other matters properly presented for a vote at the Annual Meeting.

Beneficial owners of shares held in street name. If you are a beneficial owner of shares held in street name and do not provide the organization that holds your shares with specific voting instructions, under the rules of various national and regional securities exchanges, the organization that holds your shares may generally vote on routine matters but cannot vote on non-routine matters. If the organization that holds your shares does not receive instructions from you on how to vote your shares on a non-routine matter, the organization that holds your shares will inform the inspector of election that it does not have the authority to vote on that matter with respect to your shares. This is referred to as a broker non-vote.

What is the voting requirement to approve each of the proposals?

Proposal 1: Election of Directors. In uncontested elections, directors are elected by the affirmative vote of a majority of the outstanding shares of the Company's voting securities voted at the meeting in person or by proxy, including those shares for which votes are cast as withheld. In the event that a director nominee fails to receive the required majority vote, the Board may decrease the number of directors, fill any vacancy, or take other appropriate action. If the number of nominees exceeds the number of directors to be elected, directors will be elected by a plurality of the votes cast by the holders of voting securities entitled to vote in the election.

Proposal 2: Approval of the Lowe's Companies, Inc. 2016 Annual Incentive Plan. Approval of the Lowe's Companies, Inc. 2016 Annual Incentive Plan requires the affirmative vote of a majority of the votes cast on the proposal at the Annual Meeting in person or by proxy.

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Proposal 3: Advisory Vote to Approve Named Executive Officer Compensation. Approval, on an advisory basis, of the Company's named executive officer compensation in fiscal 2015 requires the affirmative vote of a majority of the votes cast on the proposal at the Annual Meeting in person or by proxy. The results of the advisory vote will not be binding on the Company or the Board of Directors. The Compensation Committee of the Board will, however, review the voting result and take it into consideration when making future decisions regarding executive compensation.

Proposal 4: Ratification of the Appointment of Independent Registered Public Accounting Firm. Ratification of the appointment of Deloitte & Touche LLP as the Company's independent registered public accounting firm for fiscal 2016 requires the affirmative vote of a majority of the votes cast on the proposal at the Annual Meeting in person or by proxy.

Proposals 5 and 6: Shareholder Proposals. Approval of each of the shareholder proposals requires the affirmative vote of a majority of the votes cast on the proposal at the Annual Meeting in person or by proxy.

Other Items. Approval of any other matters requires the affirmative vote of a majority of the votes cast on the item at the Annual Meeting in person or by proxy.

What is the quorum for the Annual Meeting? How are withhold votes, abstentions and broker non-votes treated?

The presence, in person or by proxy, of the holders of a majority of the votes entitled to be cast by the holders of Common Stock is necessary for the transaction of business at the Annual Meeting. Your shares are counted as being present if you vote in person at the Annual Meeting, via the Internet, by telephone or by submitting a properly executed proxy card or voting instruction form by mail. Abstentions and broker non-votes are counted as present or represented for the purpose of determining a quorum for the Annual Meeting.

If your shares are held in street name and you do not instruct your broker on a timely basis on how to vote your shares, your brokerage firm, in its discretion, may either leave your shares unvoted or vote your shares on routine matters. The election of directors, the proposal to approve the Lowes Companies, Inc. 2016 Annual Incentive Plan, the advisory vote to approve the Company's named executive officer compensation in fiscal 2015 and the two shareholder proposals are non-routine matters. Consequently, without your voting instructions, your brokerage firm cannot vote your shares on these proposals. These unvoted shares, called broker non-votes, refer to shares held by brokers who have not received voting instructions from their clients and who do not have discretionary authority to vote on non-routine matters. The proposal to ratify the appointment of Deloitte & Touche LLP as the Company's independent registered public accounting firm for fiscal 2016 is considered a routine matter.

With respect to Proposal 1, the election of directors, only for and withhold votes may be cast, and abstentions and broker non-votes will have no effect on the outcome of this proposal.

With respect to Proposals 2, 3, 4, 5 and 6, the proposal to approve the Lowe's Companies, Inc. 2016 Annual Incentive Plan, the advisory vote to approve the Company's named executive officer compensation in fiscal 2015, the proposal to ratify the appointment of Deloitte & Touche LLP as the Company's independent registered public accounting firm for fiscal 2016 and the two shareholder proposals, abstentions and broker non-votes will not be counted as votes cast and, therefore, will not have any effect on the outcomes of these proposals.

Who pays for solicitation of proxies?

The Company is paying the cost of soliciting proxies and will reimburse brokerage firms and other custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses for sending proxy materials to shareholders and obtaining their proxies. In addition to soliciting the proxies by mail and the Internet, certain of the Company's directors, officers and employees, without compensation, may solicit proxies personally or by telephone, facsimile and e-mail. The Company has engaged Georgeson LLC to assist in distributing proxy materials and soliciting proxies for the Annual Meeting for a fee of approximately \$8,500 (plus handling fees).

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Where can I find the voting results of the Annual Meeting?

The Company will announce preliminary voting results at the Annual Meeting and publish final voting results in the Company's Quarterly Report on Form 10-Q for the first quarter of fiscal 2016 or in a Current Report on Form 8-K filed with the Securities and Exchange Commission (the "SEC") within four business days of the completion of the meeting.

Shareholder Engagement

GENERAL INFORMATION

Lowes recognizes the value of and is committed to engaging with our shareholders and soliciting their views and input. In fiscal 2015, members of Lowes management continued this long-standing practice of shareholder engagement, reinforcing our commitment to building long-term relationships with our shareholders. We conduct shareholder outreach throughout the year to ensure that we understand and consider the issues of importance to our shareholders and are able to address them appropriately. During fiscal 2015, we engaged with representatives of many of our top institutional shareholders to discuss our strategy, performance, governance practices, executive compensation and other matters. We report to our Governance Committee and Board about these meetings and provide feedback from our shareholders.

The following diagram provides an overview of Lowes shareholder engagement practice:

In connection with our engagement efforts in fiscal 2015, our shareholders have indicated that they would like more visibility to our shareholder engagement program and the responsiveness of the Board to our shareholders. We have taken that feedback and enhanced our Proxy Statement this year to provide more transparency to our shareholder engagement program.

In addition, we have made changes to our executive compensation program in response to the feedback received from shareholders following the 2015 Annual Meeting of Shareholders. See the "Shareholder Engagement" section beginning on page 29 for a summary of these changes.

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PROXY ACCESS

Our shareholders provided us with the following feedback when we contacted them to discuss proxy access:

Shareholders generally supported the concept of proxy access and encouraged us to adopt it;

Although shareholders did not have a consistent approach to the terms under which proxy access should be adopted, shareholders generally recommended that we review and follow proxy access bylaws recently adopted by other public companies; and

Shareholders generally recommended against adopting a proxy access bylaw that had excessively burdensome procedural hurdles or other restrictions.

Our Governance Committee made a recommendation on proxy access to our Board after reviewing the following:

The feedback from our shareholders;

The proxy voting guidelines of our major shareholders;

The voting policies of the major proxy advisory firms;

Proxy access bylaws adopted by other public companies;

Consultations with outside advisors; and

The availability of other methods by which shareholders can seek to influence the decisions of our Board. Our Board and our Governance Committee discussed proxy access at four separate meetings, and our Board amended the Company's Bylaws (the Bylaws) in March 2016 to implement proxy access. As amended, our Bylaws permit a shareholder, or a group of up to 20 shareholders, owning 3% or more of our outstanding Common Stock continuously for at least three years to nominate and include in our proxy materials director nominees constituting up to the greater

of (i) two or (ii) 20% of the number of directors in office as of the last day on which notice of proxy access director nominations may be delivered pursuant to and in accordance with the Company's Bylaws or, if such amount is not a whole number, the closest whole number below 20%, provided that the shareholder(s) and the nominee(s) satisfy the requirements in our Bylaws applicable for all director nominees.

Proposal 1: Election of Directors

We are asking our shareholders to vote on the election of the 11 persons nominated by the board of directors for election as directors.

The number of directors is currently fixed at 13. David W. Bernauer and Richard K. Lochridge, who both reached the Board's mandatory retirement age of 72 during their current terms, are retiring as directors immediately before the Annual Meeting and are not standing for re-election. Effective on the date of the Annual Meeting, the size of the Board will be reduced to 11 members. The Board thanks Mr. Bernauer, who has served since 2007, and Mr. Lochridge, who has served since 1998, for their commitment and service to the Company.

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[Lowes Notice of Annual Meeting and Proxy Statement](#)

The Board has nominated the 11 persons named in this section for election as directors at the Annual Meeting. If elected, each nominee will serve until his or her term expires at the 2017 Annual Meeting of Shareholders or until his or her successor is duly elected and qualified. Each nominee has agreed to be named in this Proxy Statement and to serve if elected.

All of the nominees are currently serving as directors. With the exception of Sandra B. Cochran, who was elected to the Board in January 2016, and Bertram L. Scott, who was elected to the Board in November 2015, all of the nominees were elected to the Board at the 2015 Annual Meeting of Shareholders. The Governance Committee identifies, considers and recommends director candidates to the Board who have expertise that would complement and enhance the current Board's skills and experience and reviews the existing time commitments of director candidates to ensure that they do not have any obligations that would conflict with the time commitments of a director of the Company. Generally, the Governance Committee identifies candidates through third-party search firms and, from time to time, through business and organizational contacts of the directors and management. The Governance Committee recommended Ms. Cochran and Mr. Scott for election to the Board of Directors in January 2016 and November 2015, respectively, after conducting a careful review of the composition of the Board and taking into account the assessment and recommendations of our current independent directors.

Although the Company knows of no reason why any of the nominees would not be able to serve, if any nominee is unavailable for election, the proxy holders intend to vote your shares for any substitute nominee proposed by the Board. At the Annual Meeting, proxies cannot be voted for a greater number of individuals than the 11 nominees named in this Proxy Statement.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR EACH OF THE 11 NOMINEES LISTED BELOW. UNLESS AUTHORITY TO VOTE IN THE ELECTION OF DIRECTORS IS WITHHELD, IT IS THE INTENTION OF THE PERSONS NAMED AS PROXIES TO VOTE FOR EACH OF THE 11 NOMINEES.

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[Lowe's Notice of Annual Meeting and Proxy Statement](#)

DIRECTOR NOMINEE SUMMARY

BOARD TENURE FOR 2016 NOMINEES

The Governance Committee, in consultation with the Chairman of the Board and Chief Executive Officer, reviews each director's continuation on the Board prior to his or her renomination to serve on the Board. The Governance Committee evaluates whether or not the director, based upon his or her skills, background, expertise and contribution to the Board, is in keeping with Lowe's present and future needs. After evaluation of a director, the Chairperson of the Governance Committee and the Chairman of the Board inform each director under consideration of the Committee's decision.

7

director nominees have been on the Board for **less than 5 years**

1

director nominee has been on the Board **for 5 years or more and less than 10 years**

3

Additionally, with the assistance of an independent search firm, the Governance Committee conducts targeted searches to identify well-qualified candidates who may have different skills or backgrounds needed for the Company to execute its strategic vision. If an independent search firm is used, the Governance Committee retains the search firm and approves payment of its fees.

director nominees have been on the Board **for 10 years or more**

BOARD DIVERSITY

The Board is committed to having diverse individuals from different backgrounds with varying perspectives, professional experience, education and skills serving as members of the Board. The Board believes that a diverse membership with a variety of perspectives and experiences is an important feature of a well-functioning board, and the composition of the Board reflects the Board's commitment to diversity.

3 director nominees are **women**

2 director nominees are **African-American**

1 director nominee is **Hispanic**

Total Number of Director Nominees: 11

BOARD CRITERIA

Candidates nominated for election or re-election to the Board should possess the following qualifications:

high personal and professional ethics, integrity, practical wisdom and mature judgment;

broad training and experience at the policy-making level in business, government, education or technology;

expertise that is useful to the Company and complementary to the background and experience of other Board members;

willingness to devote the required amount of time to carrying out duties and responsibilities of Board membership;

commitment to serve on the Board over a period of several years to develop knowledge about the Company's principal operations; and

willingness to represent the best interests of all shareholders and objectively appraise management performance.

When determining whether to recommend a director for re-election, the Governance Committee also considers the result of the Board self-evaluation and the director's attendance and overall engagement in Board activities.

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Mr. Alvarez is the Executive Chairman of Skylark Co., Ltd., a public Japanese holding company operating more than 3,000 restaurants. Mr. Alvarez served as President and Chief Operating Officer of McDonald's Corporation, which franchises and operates McDonald's restaurants in the global restaurant industry, from August 2006 until his retirement in December 2009. Previously, he served as President of McDonald's North America from January 2005 to August 2006 and as President of McDonald's USA from July 2004 to January 2005. Mr. Alvarez joined McDonald's in 1994 and held a variety of leadership positions during his tenure with the company, including Chief Operations Officer and President of the Central Division, both with McDonald's USA, and President of McDonald's Mexico. Before joining McDonald's, Mr. Alvarez served as both a Corporate Vice President and as Division Vice President Florida for Wendy's International, Inc. from 1990 to 1994. Prior to that, he was with Burger King Corporation from 1977 to 1989 where he held a variety of positions, including Managing Director of Burger King Spain, President of Burger King Canada and Regional Vice President for Florida Region.

Director Since: 2010**Age:** 60**Lowes Board Committees:**Audit, *Chair*

Executive

Governance

Specific Experience, Qualifications, Attributes and Skills Relevant to Lowes

Mr. Alvarez brings to Lowes Board almost 40 years of experience in the retail industry as well as extensive executive leadership experience in managing some of the world's best known brands. As a senior executive of the leading global foodservice retailer and other global restaurant businesses, Mr. Alvarez developed in-depth knowledge of consumer marketing, brand management, global expansion, multi-national operations and strategic planning. His background in these areas, along with his international perspective, is highly valuable to the Board as it continues to focus on the Company's global expansion.

Current Public Company

Directorships:

Dunkin Brands Group, Inc., *Lead Director*

Eli Lilly and Company

Realogy Holdings Corp.

Skylark Co., Ltd., *Executive Chairman*

ANGELA F. BRALY

Ms. Braly is the former Chair, President and Chief Executive Officer of WellPoint, Inc., a health benefits company, now known as Anthem, Inc. She served as Chair of the Board from March 2010 until August 2012 and President and Chief Executive Officer from June 2007 through August 2012. Prior to that, Ms. Braly served as Executive Vice President, General Counsel and Chief Public Affairs Officer of WellPoint from 2005 to 2007, and President and Chief Executive Officer of Blue Cross Blue Shield of Missouri from 2003 to 2005.

Director Since: 2013

Age: 54

Lowes Board Committees:

Audit

Governance

Specific Experience, Qualifications, Attributes and Skills Relevant to Lowes

As Chair and Chief Executive Officer of a publicly traded company, Ms. Braly developed strong executive leadership and strategic management skills while leading a Fortune 50 company in a highly regulated industry. Ms. Braly also brings extensive legal experience as a former partner of an NLJ 500 law firm and General Counsel of RightCHOICE Managed Care, Inc. and WellPoint, Inc. As Chief Public Affairs Officer for WellPoint, Ms. Braly was also responsible for the company's public policy development, government relations, legal affairs, corporate communications, marketing and social responsibility initiatives.

Current Public Company

Directorships:

Brookfield Asset Management, Inc.

The Procter & Gamble Company

Past Public Company

Directorships:

WellPoint, Inc.

SANDRA B. COCHRAN

Ms. Cochran has served as a director and as President and Chief Executive Officer of Cracker Barrel Old Country Store, Inc. since September 2011. Ms. Cochran joined Cracker Barrel in April 2009 as Executive Vice President and Chief Financial Officer and was named President and Chief Operating Officer in November 2010. She was previously Chief Executive Officer at book retailer Books-A-Million, Inc. from February 2004 to April 2009 and also served as that company's President from August 1999 to February 2004, Chief Financial Officer from September 1993 to August 1999 and Vice President of Finance from August 1992 to September 1993.

Director Since: 2016

Specific Experience, Qualifications, Attributes and Skills Relevant to Lowe's

Age: 57

Ms. Cochran brings to Lowe's Board over 20 years of retail experience as well as expertise in a number of critical areas, including marketing, particularly in the digital area, risk management and strategic planning. Ms. Cochran also has significant executive-level financial experience, which she developed while serving in multiple leadership finance positions, including Vice President, Corporate Finance at SunTrust Bank and Chief Financial Officer of both Cracker Barrel Old Country Store, Inc. and Books-A-Million, Inc. Her financial expertise will continue to be a tremendous asset as the Company transitions to an omni-channel home improvement company.

Lowe's Board Committees:

Compensation

Governance

Current Public Company

Directorships:

Cracker Barrel Old Country Store, Inc.

Dollar General Corporation

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LAURIE Z. DOUGLAS

Ms. Douglas has served as Senior Vice President, Chief Information Officer and Chief Security Officer of Publix Super Markets, Inc., an operator of retail food supermarkets in Florida, Georgia, Alabama, South Carolina, Tennessee and North Carolina, since 2006. Before joining Publix Super Markets, Ms. Douglas served as Senior Vice President and Chief Information Officer of FedEx Kinko's Office and Print Services, Inc. from 2004 to 2005. From 2003 to 2004, she was Senior Vice President and Chief Information Officer of Kinko's, Inc.

Director Since: 2015

Age: 52

Specific Experience, Qualifications, Attributes and Skills Relevant to Lowes

Lowes Board Committees:

Audit

Governance

As Chief Information Officer of several different retail enterprises, Ms. Douglas brings to Lowes Board many years of experience for driving the IT and data security vision for two Fortune 500 companies. She is a highly respected technology leader who has financial management responsibility for all IT investments and has provided direction to large teams of information technology associates, contractors and third-party partners. Ms. Douglas also has significant experience with developing and delivering innovative IT solutions that support business goals, position companies to secure a competitive advantage and enhance the shopping experience for customers.

RICHARD W. DREILING

Mr. Dreiling retired in June 2015 from Dollar General Corporation, the nation's largest small-box discount retailer, as Chief Executive Officer, a position he held since January 2008. Mr. Dreiling served as Chairman of Dollar General Corporation from December 2008 until January 2016 and as Senior Advisor

from June 2015 until January 2016. Before joining Dollar General, Mr. Dreiling served as Chief Executive Officer, President and a director of Duane Reade Holdings, Inc. and Duane Reade Inc., the largest drugstore chain in New York City, from November 2005 until January 2008, and as Chairman of Duane Reade from March 2007 until January 2008. Prior to that, Mr. Dreiling, beginning in March 2005, served as Executive Vice President Chief Operating Officer of Longs Drug Stores Corporation, an operator of a chain of retail drug stores on the West Coast and Hawaii, after having joined Longs in July 2003 as Executive Vice President and Chief Operations Officer. From 2000 to 2003, Mr. Dreiling served as Executive Vice President Marketing, Manufacturing and Distribution at Safeway, Inc., a food and drug retailer. Prior to that, Mr. Dreiling served from 1998 to 2000 as President of Vons, a southern California food and drug division of Safeway. Mr. Dreiling is former Chairman and was, until January 2016, a member of the board of directors of the Retail Industry Leaders Association (RILA), a trade association based in Arlington, Virginia for the retail industry that includes nine of the top 10 U.S. retailers among its members.

Director Since: 2012

Age: 62

Lowes Board Committees:

Compensation

Governance

Past Public Company

Directorships:

Dollar General Corporation

Specific Experience, Qualifications, Attributes and Skills Relevant to Lowes

Mr. Dreiling brings to Lowes Board over 40 years of retail industry experience at all operating levels and a unique perspective as a result of his experience progressing through the ranks within various retail companies. Over the course of his career, Mr. Dreiling has developed deep insight into all key areas of a retail business as a result of his experience overseeing the operations, marketing, manufacturing and distribution functions of a number of retail companies. Mr. Dreiling also has strong business development expertise in expanding the footprint and offerings provided by several retailers into new regions.

ROBERT L. JOHNSON

Mr. Johnson is the founder and Chairman of The RLJ Companies, which owns or holds interests in a diverse portfolio of companies in the banking, private equity, real estate, hospitality, professional sports, film production, gaming and automobile dealership industries. Prior to forming The RLJ Companies, he was founder and Chairman of Black Entertainment Television (BET), which was acquired in 2001 by Viacom Inc., a media-entertainment holding company. Mr. Johnson continued to serve as Chief Executive Officer of BET until 2006.

Director Since: 2005

Specific Experience, Qualifications, Attributes and Skills Relevant to Lowes

Age: 70

Lowes Board Committees:

Compensation

Governance

Current Public Company Directorships:

Elevate Credit, Inc.

KB Home

RLJ Entertainment, Inc.

RLJ Lodging Trust

Strayer Education, Inc.

As a successful business leader and entrepreneur, Mr. Johnson brings to Lowe's Board his experience in a number of critical areas, including mergers and acquisitions, real estate, brand development, multicultural marketing and customer experience design. Mr. Johnson also has extensive finance expertise, which he developed through his prior senior leadership roles and his interest in the various businesses operating in the banking and private equity industries held by The RLJ Companies. Mr. Johnson also brings significant government experience, which he obtained while serving in senior leadership positions in several highly regulated industries, including banking and television.

Table of Contents**Lowes** Notice of Annual Meeting and Proxy Statement**MARSHALL O. LARSEN**

Mr. Larsen retired in July 2012 as Chairman, President and Chief Executive Officer of Goodrich Corporation, a supplier of systems and services to the aerospace and defense industry. Mr. Larsen had served as Chairman of Goodrich since October 2003 and President and Chief Executive Officer, since February 2002 and April 2003, respectively. Prior to that, Mr. Larsen was Executive Vice President and President and Chief Operating Officer of the Aerospace division of Goodrich from 1995 to 2002. Mr. Larsen serves as Lowes lead independent director.

Director Since: 2004**Age:** 67**Lowes Board Committees:**

Compensation

Executive

Governance, *Chair***Current Public Company****Directorships:**

Air Lease Corporation

Becton, Dickinson and Company

United Technologies Corporation

Specific Experience, Qualifications, Attributes and Skills Relevant to Lowes

As Chairman, President and Chief Executive Officer of a publicly traded company, Mr. Larsen developed strong executive leadership and strategic management skills. Mr. Larsen also brings to Lowes Board over 30 years of domestic and international business experience, including expertise in a number of critical areas, such as technology, accounting and finance, retail sales and marketing. Mr. Larsen also has extensive financial expertise in cost management, value creation and resource allocation and in oversight of complex financial transactions developed during prior operations and leadership roles at Goodrich Corporation.

JAMES H. MORGAN

Mr. Morgan has served as Chairman of Covenant Capital LLC, an investment management firm, since February 2015, after previously serving in that capacity from 2001 to 2008. Mr. Morgan has also served as Chairman of Krispy Kreme Doughnuts, Inc., a leading branded specialty retailer and wholesaler of premium quality sweet treats and complementary products, since January 2005. He served as Executive Chairman of Krispy Kreme from June 2014 to January 2015, as Chief Executive Officer from January 2008 to June 2014 and as President from April 2012 to June 2014. Mr. Morgan also previously served as President of Krispy Kreme from January 2008 to November 2011. Mr. Morgan served as Vice Chairman of Krispy Kreme from March 2004 to January 2005. Previously, Mr. Morgan served as a consultant for Wachovia Securities, Inc., a securities and investment banking firm, from January 2000 to May 2001. From April 1999 to December 1999, Mr. Morgan was Chairman and Chief Executive Officer of Wachovia Securities, Inc. Mr. Morgan was employed by Interstate/Johnson Lane, an investment banking and brokerage firm, from 1990 to 1999 in various capacities, including as Chairman and Chief Executive Officer.

Director Since: 2015**Age:** 68**Lowes Board Committees:**

Audit

Governance

Current Public Company Directorships:Coca-Cola Bottling Co.
Consolidated

Krispy Kreme Doughnuts, Inc.

Specific Experience, Qualifications, Attributes and Skills Relevant to Lowes

As Chairman and Chief Executive Officer of both major public and private companies, Mr. Morgan has developed strong executive leadership and strategic management skills. Mr. Morgan also brings to Lowes Board more than 10 years of experience in the retail industry as well as valuable expertise and insights into the complex financial and operational issues facing large companies. As Chairman of Covenant Capital LLC and Chairman and Chief Executive Officer of Wachovia Securities, Inc. and Interstate/Johnson Lane, Mr. Morgan developed a deep understanding of financial functions as well as enterprise risk management.

ROBERT A. NIBLOCK

Mr. Niblock has served as Chairman and Chief Executive Officer of Lowe's since January 2005. In May 2011, he reassumed the title of President, after having served in that role from 2003 to 2006. Mr. Niblock joined Lowe's in 1993, and during his career with the Company, has served as Vice President and Treasurer, Senior Vice President Finance, and Executive Vice President and Chief Financial Officer. Before joining Lowe's, Mr. Niblock had a nine-year career with the accounting firm Ernst & Young LLP. Mr. Niblock is also Secretary, has been a member since 2004, and previously served as Chairman, of the Retail Industry Leaders Association (RILA).

Director Since: 2004

Age: 53

Lowe's Board Committees:

Executive, *Chair*

Current Public Company Directorships:

ConocoPhillips

Specific Experience, Qualifications, Attributes and Skills Relevant to Lowe's

Mr. Niblock has broad experience in the home improvement retail industry, having spent his career spanning over 20 years with Lowe's. He has held a number of different positions with the Company, gaining a deep understanding of Lowe's operations and its purpose and values and playing a significant role as architect of Lowe's strategic plans. With a background in accounting and over two decades of financial experience, including serving as Lowe's Chief Financial Officer, Mr. Niblock brings accounting and related financial management experience to Lowe's Board. Mr. Niblock also has extensive knowledge of international markets and international retailing in connection with his roles at Lowe's and as a director of an international oil and gas company.

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BERTRAM L. SCOTT

Mr. Scott has served as Senior Vice President of Population Health and Value Based Care at Novant Health, a leading healthcare provider, since 2015. Prior to that, Mr. Scott was President, Chief Executive Officer and a director of Affinity Health Plan, a provider of New York State-sponsored health coverage, from 2012 to 2014; President, U.S. Commercial of CIGNA Corporation, a global health services organization, from 2010 to 2011; Executive Vice President and Chief Institutional Development and Sales Officer of TIAA-CREF from 2000 to 2010; and President and Chief Executive Officer of TIAA-CREF Life Insurance Company from 2000 to 2007.

Director Since: 2015

Specific Experience, Qualifications, Attributes and Skills Relevant to Lowes

Age: 65

Mr. Scott has served in a variety of senior leadership positions in organizations that are in highly regulated industries and may be directly affected by governmental actions and socioeconomic trends and brings invaluable experience to Lowes Board in the areas of development and implementation of strategy, mergers and acquisitions and integration. Mr. Scott also brings significant experience and responsibility in the areas of sales and marketing in his roles as Executive Vice President and Chief Institutional Development and Sales Officer of TIAA-CREF and President and Chief Executive Officer of TIAA-CREF Life Insurance Company.

Lowes Board Committees:

Audit

Governance

Current Public Company

Directorships:

AXA Financial, Inc.

Becton, Dickinson and Company

ERIC C. WISEMAN

Mr. Wiseman has served as Chairman of V.F. Corporation, an apparel and footwear company, since August 2008, as Chief Executive Officer since January 2008, and as President since March 2006. Prior to that, he served as Chief Operating Officer of V.F. from March 2006 to January 2008. Mr. Wiseman joined V.F. in 1995 and has held a variety of leadership positions during his tenure with the company. Mr. Wiseman is also Treasurer and a member of the board of directors of the Retail Industry Leaders Association (RILA), and Chairman and a member of the Board of Visitors of the School of Business at Wake Forest University.

Director Since: 2011

Specific Experience, Qualifications, Attributes and Skills Relevant to Lowe's

Age: 60

As Chairman and Chief Executive Officer of a publicly traded company, Mr. Wiseman has developed valuable strategic management skills and brings to Lowe's Board valuable expertise and insights in a number of critical areas, including consumer marketing, brand management, multi-national operations and strategic planning. Mr. Wiseman is responsible for transforming V.F. into an industry leader by creating innovative marketing initiatives and building powerful brands and for creating an oversight system to guide the sustainability and responsibility efforts and goals for one of the largest apparel and footwear companies in the world.

Lowe's Board Committees:

- Compensation, *Chair*
- Executive
- Governance

Current Public Company Directorships:

- CIGNA Corporation
- V.F. Corporation

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Information About the Board of Directors and Committees of the Board

CORPORATE GOVERNANCE GUIDELINES AND CODE OF BUSINESS CONDUCT AND ETHICS

The Board of Directors has adopted Corporate Governance Guidelines setting forth guidelines and standards with respect to the role and composition of the Board, the functioning of the Board and its committees, the compensation of directors, succession planning and management development, the Board's and its committees' access to independent advisers and other matters. The Governance Committee of the Board of Directors regularly reviews and assesses corporate governance developments and recommends to the Board modifications to the Corporate Governance Guidelines as warranted. The Company has also adopted a Code of Business Conduct and Ethics for its directors, officers and employees. The Corporate Governance Guidelines and the Code of Business Conduct and Ethics are posted on the Company's website at www.Lowes.com/investor.

DIRECTOR INDEPENDENCE

The Company's Corporate Governance Guidelines provide that, in accordance with Lowes' long-standing policy, a majority of the members of the Board must qualify as independent directors. The rules and regulations of the New York Stock Exchange (the NYSE rules) provide that a director does not qualify as independent unless the board of directors affirmatively determines that the director has no material relationship with the company. The NYSE rules recommend that a board of directors consider all of the relevant facts and circumstances in determining the materiality of a director's relationship with a company. The Board has adopted Categorical Standards for Determination of Director Independence (the Categorical Standards), which incorporate the independence standards of the NYSE rules, to assist the Board in determining whether a particular relationship a director has with the Company is a material relationship that would impair the director's independence. The Categorical Standards establish thresholds at which directors' relationships with the Company are deemed to be not material and, therefore, shall not disqualify any director or nominee from being considered independent. A copy of the Categorical Standards is attached as Appendix A to this Proxy Statement.

In March 2016, the Board of Directors, with the assistance of the Governance Committee, conducted an evaluation of director independence based on the Categorical Standards. The Board considered all transactions, relationships or arrangements between each director (and his or her immediate family members and affiliates) and each of Lowes, its management and its independent registered public accounting firm in each of the most recent three completed fiscal years. They include the following, all of which were entered into by the Company in the ordinary course of business:

Raul Alvarez is a director and a less than 1% shareholder of Realogy Holdings Corp., which, in the past, has provided certain real estate services to Lowes. Mr. Alvarez is also a director and a less than 1% shareholder of Dunkin' Brands Group, Inc., which, through its franchises, is a vendor to Lowes for certain products.

Angela F. Braly is a director and a less than 1% shareholder of The Procter & Gamble Company, which is a vendor to Lowe's for various products. Ms. Braly is also a director and a less than 1% shareholder of Brookfield Asset Management, Inc., which is a vendor to Lowe's for certain services.

Sandra B. Cochran is a director and a less than 1% shareholder of Cracker Barrel Old Country Store, Inc., which is a vendor to Lowe's for restaurant services. Ms. Cochran is also a director and a less than 1% shareholder of Dollar General Corporation, which is a vendor to Lowe's for certain products.

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Laurie Z. Douglas is the Senior Vice President, Chief Information Officer and Chief Security Officer and a less than 1% shareholder of Publix Super Markets, Inc., which is a vendor to Lowes for certain products.

Richard W. Dreiling was Chairman and Senior Advisor until January 2016 and Chief Executive Officer until June 2015 of Dollar General Corporation, which is a vendor to Lowes for certain products.

Robert L. Johnson controlled and was an officer of the organization that owns the Charlotte Hornets NBA team (formerly known as the Charlotte Bobcats) until March 2010 when he sold majority interest of that organization to Michael Jordan and MJ Basketball Holdings, LLC. In 2015, Mr. Johnson sold his remaining minority interest in the organization that owns the Charlotte Hornets. The Company has a sponsorship agreement with the team that expires in June of this year, which provides marketing and advertising benefits for the Company. Mr. Johnson was a controlling shareholder of OppsPlace, an online jobs site targeting minority professionals and business owners, of which the Company was, until that organization's operations were discontinued in 2013, a subscriber.

Marshall O. Larsen is a director and a less than 1% shareholder of United Technologies Corporation, which, through several subsidiaries, is a vendor to Lowes for various products and services.

Richard K. Lochridge is a director and a less than 1% shareholder of Dover Corporation, which, through a subsidiary, is a vendor to Lowes for various products.

James H. Morgan is a director and a less than 1% shareholder of Coca-Cola Bottling Co. Consolidated, which, through several subsidiaries, is a vendor to Lowes for beverages. Mr. Morgan is also Chairman and a less than 1% shareholder of Krispy Kreme Doughnuts, Inc., which is a vendor to Lowes for various products.

Bertram L. Scott is the Senior Vice President of Population Health and Value Based Care at Novant Health, which provides healthcare services to Lowes employees.

Eric C. Wiseman is Chairman, President and Chief Executive Officer and a less than 1% shareholder of V.F. Corporation, which, through a subsidiary, is a vendor to Lowes for branded apparel. Mr. Wiseman is also a director and a less than 1% shareholder of CIGNA Corporation, which, through several subsidiaries, provides certain services to Lowes related to its health and welfare benefit plans.

In addition, the Board considered the amount of Lowe's discretionary charitable contributions in each of the most recent three completed fiscal years to charitable organizations where a director, or a member of his or her immediate family, serves as a director or trustee.

As a result of the evaluation of the transactions, relationships or arrangements that do exist or did exist within the most recent three completed fiscal years (except for Mr. Niblock's), the Board determined that they all fall well below the thresholds in the Categorical Standards. Consequently, the Board of Directors determined that each of Messrs. Alvarez, Bernauer, Dreiling, Johnson, Larsen, Lochridge, Morgan, Scott and Wiseman and Mss. Braly, Cochran and Douglas is an independent director under the Categorical Standards, the NYSE rules and the SEC rules. The Board also determined that each member of the Audit, Compensation and Governance Committees (see membership information below under Board Meetings, Committees of the Board and Board Leadership Structure) is independent, including that each member of the Audit Committee is independent as that term is defined under Rule 10A-3(b)(1)(ii) of the Securities Exchange Act of 1934, as amended (the Exchange Act). Robert A. Niblock, the Company's Chairman, President and Chief Executive Officer, is not independent due to his employment by the Company.

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COMPENSATION OF DIRECTORS

Annual Retainer Fees

Directors who are not employed by the Company are paid an annual retainer of \$80,000, and non-employee directors who serve as Governance Committee Chair receive an additional \$15,000 annually, \$20,000 annually in the case of the Compensation Committee Chair, or \$25,000 annually in the case of the Audit Committee Chair and the Lead Director. Directors who are employed by the Company (currently Mr. Niblock) receive no additional compensation for serving as directors. The annual retainer amount was last increased in 2011.

Stock Awards

Non-employee directors are eligible to receive grants of deferred stock units or options to purchase Common Stock at the first directors' meeting following the Annual Meeting of Shareholders each year (the Award Date). Beginning with the directors' meeting following the Annual Meeting of Shareholders held May 27, 2005, it has been the Board's policy to grant only deferred stock units. A deferred stock unit represents the right to receive one share of Common Stock. The annual grant of deferred stock units for each of the Company's non-employee directors is determined by taking the annual grant amount of \$150,000 and dividing it by the closing price of a share of Common Stock as reported on the New York Stock Exchange (the NYSE) on the Award Date, which amount is then rounded up to the next 100 units. The deferred stock units receive dividend equivalent credits, in the form of additional units, for any cash dividends subsequently paid with respect to Common Stock. All units credited to a director are fully vested and will be paid in the form of Common Stock after the termination of the director's service.

Deferral of Annual Retainer Fees

Each non-employee director may elect to defer receipt of all, but not less than all, of the annual retainer and any committee chair or Lead Director fees otherwise payable to the director in cash. Deferrals are credited to a bookkeeping account and account values are adjusted based on the investment measure selected by the director. One investment measure adjusts the account value based on interest calculated in the same manner and at the same rate as interest on amounts invested in the short-term interest fund option available to employees participating in the Lowe's 401(k) Plan, a tax-qualified, defined contribution plan sponsored by the Company. The other investment measure assumes that the deferrals are invested in Common Stock with reinvestment of all dividends. At the beginning of each fiscal year, a director participating in the plan makes an election to allocate the fees deferred for that year between the two investment measures in 25% multiples. Account balances may not be reallocated between the investment measures. Account balances are paid in cash in a single sum payment following the termination of a director's service.

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Fiscal 2015 Compensation

The following table shows the compensation paid to each non-employee director who served on the Board in fiscal 2015:

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$) ⁽¹⁾	Total (\$)
Raul Alvarez	105,000	153,956	258,956
David W. Bernauer	100,000	153,956	253,956
Leonard L. Berry⁽²⁾	40,000	0	40,000
Angela F. Braly	80,000	153,956	233,956
	0	0	0
Sandra B. Cochran⁽³⁾			

Laurie Z. Douglas⁽⁴⁾	60,000	153,956	213,956
Richard W. Dreiling	80,000	153,956	233,956
Dawn E. Hudson⁽⁵⁾	40,000	0	40,000
Robert L. Johnson	80,000	153,956	233,956
Marshall O. Larsen	115,000	153,956	268,956
Richard K. Lochridge	80,000	153,956	233,956
James H. Morgan	80,000	153,956	233,956
Bertram L. Scott⁽⁶⁾	20,000	0	20,000
Eric C. Wiseman	95,000	153,956	248,956

(1)The dollar amount shown for these stock awards represents the aggregate grant date fair value computed in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718 Compensation - Stock Compensation (FASB ASC Topic 718) for 2,200 deferred stock units granted to each

non-employee director in fiscal 2015. See Note 8, Accounting for Share-Based Payments, to the Company's consolidated financial statements in its Annual Report on Form 10-K for the fiscal year ended January 29, 2016 for additional information about the Company's accounting for share-based compensation arrangements, including the assumptions used for calculating the grant date value of the deferred stock units. These amounts do not correspond to the actual value that may be recognized by a director with respect to these awards when they are paid in the form of Common Stock after the termination of the director's service.

The following table shows the number of deferred stock units held by each non-employee director as of January 29, 2016:

Name	Deferred Stock Units (#)
Raul Alvarez	21,251
David W. Bernauer	42,940
Leonard L. Berry	0
Angela F. Braly	5,494
Sandra B. Cochran	0
Laurie Z. Douglas	2,218
	14,962

Richard W. Dreiling

Dawn E. Hudson	0
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Robert L. Johnson	50,867
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Marshall O. Larsen	50,867
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Richard K. Lochridge	50,867
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James H. Morgan	2,218
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Bertram L. Scott	0
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Eric C. Wiseman	14,962
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(2) Mr. Berry retired from the Board on May 29, 2015.

(3) Ms. Cochran was elected to the Board on January 29, 2016.

(4) Ms. Douglas was elected to the Board on May 29, 2015.

(5) Ms. Hudson retired from the Board on May 29, 2015.

(6) Mr. Scott was elected to the Board on November 13, 2015.

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Director Stock Ownership Guidelines

To ensure that non-employee directors become and remain meaningfully invested in Common Stock, non-employee directors are required to own shares of Common Stock having a market value equal to five times the annual retainer fee payable to them. A non-employee director must meet the stock ownership requirement within five years of becoming a member of the Board. In addition to shares owned by non-employee directors, the full value of deferred stock units are counted for purposes of determining a director's compliance with the stock ownership requirement.

BOARD MEETINGS, COMMITTEES OF THE BOARD AND BOARD LEADERSHIP STRUCTURE

Attendance at Board and Committee Meetings

During fiscal 2015, the Board of Directors held five meetings. Each incumbent director attended 75% or more of the aggregate number of meetings of the Board and committees of the Board on which the director served during fiscal 2015.

Executive Sessions of the Non-Management Directors

The non-management directors, all of whom are independent, meet in executive session at each of the regularly scheduled Board meetings and as necessary at other Board meetings. The Company's Lead Director presides over these executive sessions and, in the Lead Director's absence, the non-management directors will select another non-management director present to preside.

Annual Meetings of Lowes Shareholders

Directors are expected to attend the Annual Meeting of Shareholders. All 10 of the Company's directors in office at the time attended last year's Annual Meeting of Shareholders.

Annual Evaluation of Board of Directors and Committees

The Board of Directors evaluates the performance of the Board, the committees of the Board and individual directors on an annual basis. The data to evaluate the quality and impact of an individual director's service is gathered by having each director complete a questionnaire assessing the performance of all other directors and the committees of the Board in which the director completing the evaluation is a member. A third party collects these peer evaluations and, working through the Chair of the Governance Committee, provides each director with a summary of the results. The goal is to use the results of the assessment process to enhance the Board's functioning as a strategic partner with management as well as the Board's ability to carry out its traditional monitoring function.

Board Leadership Structure

Lowe's Board is responsible for ensuring that its leadership structure provides independent oversight of senior management and discusses the appropriate structure for Lowe's on an annual basis. When evaluating the optimal structure, the Board reviews a variety of criteria, including shareholder feedback, Lowe's strategic goals, the current operating and governance environment, the skill set of the independent directors, the dynamics of Lowe's Board, and the strengths and talents of Lowe's senior management at any given point in time. The Board does not believe that there is one leadership structure that is preferred and regularly discusses what the optimal leadership structure is for Lowe's at that time.

Lowe's Corporate Governance Guidelines permit the roles of Chairman and Chief Executive Officer to be filled by the same or different individuals. The Corporate Governance Guidelines further provide that if the Board determines the roles of Chairman and Chief Executive Officer shall not be separate, a Lead Director, who will be an independent director, will be elected by the independent directors annually at the meeting of the Board of Directors held in conjunction with the Annual Meeting of Shareholders. The duties of Lowe's Lead Director are consistent with the responsibilities held by lead directors at other public companies.

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The Governance Committee thoroughly analyzed the considerations noted above and, in May 2015, the independent directors determined that having a strong, independent Lead Director along with the strong leadership of a combined Chairman and Chief Executive Officer is in the best interest of Lowe's at this time. The independent directors believe that Mr. Niblock has exercised leadership that has generated strong operational performance; effectively led the Board and the Company during a challenging macroeconomic environment; has extensive knowledge of Lowe's and the home improvement retail industry; and has served as a highly effective bridge between the Board and management. Further, the independent directors believe that as the Company continues to develop its omni-channel capabilities, differentiate itself through better customer experiences and improve its product and service offering for the Pro customer, Lowe's is best served by having the leader and architect of the strategies as Chairman of the Board. Accordingly, Marshall A. Larsen currently holds the position of Lead Director and Robert A. Niblock currently holds the positions of Chairman of the Board, President and Chief Executive Officer of the Company.

Role of the Lead Director

The Company's Corporate Governance Guidelines provide that the Lead Director will:

- preside at all meetings of the Board at which the Chairman of the Board is not present, including executive sessions of the non-management directors;

- serve as a liaison between the Chairman and the independent directors;

- approve information sent to the Board;

- approve meeting agendas for the Board;

- approve meeting schedules to assure that there is sufficient time for discussion of all agenda items;

- have the authority to call meetings of the independent directors; and

- be available for consultation and direct communication with major shareholders upon request at the direction of the Chief Executive Officer.

The Lead Director also serves as the Chair of the Governance Committee of the Board of Directors, which functions as the Board's nominating committee as well, and is comprised entirely of independent directors.

In May 2015, Lowe's independent directors appointed Marshall A. Larsen to serve as Lead Director of the Company. As Chairman and Chief Executive Officer of a publicly traded company for more than eight years, Mr. Larsen developed strong executive leadership and strategic management skills. Mr. Larsen also brings to Lowe's Board over 30 years of domestic and international business experience, including expertise in a number of critical areas, such as technology, accounting and finance, retail sales and marketing. Beyond his responsibilities as set forth above, Mr. Larsen has also:

regularly met with the Chairman and Chief Executive Officer before, during and after Board meetings to discuss matters of concern;

led the Governance Committee in an annual performance review of the Chief Executive Officer and communicated the results to the Chief Executive Officer;

led the Board evaluation process and provided each continuing director with a review of his or her performance, as determined by the other directors; and

met with members of senior management, other than the Chairman and Chief Executive Officer, on a regular basis. The Board believes that having an independent Lead Director whose responsibilities closely parallel those of an independent Chairman ensures that the appropriate level of independent oversight is applied to all Board decisions.

In addition to requiring an independent Lead Director if the roles of Chairman and Chief Executive Officer are combined, Lowe's Board has implemented additional practices to ensure that there is independent oversight of management.

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Board Independence

10 director nominees are independent.

The Board is refreshed on a regular basis, and the average current tenure of the director nominees is less than five years.

7 director nominees joined Lowes Board within the last five years.

Oversight Practices

100% of all directors on the Audit, Compensation and Governance Committees are independent.

Non-management directors, all of whom are independent, meet in executive session at each of the regularly scheduled Board meetings and as necessary at other Board meetings.

Enhanced Board Recruitment

The Board is committed to having diverse individuals from different backgrounds with varying perspectives, professional experience, education and skills serving as members of the Board and believes that a diverse membership with a variety of perspectives and experiences is an important feature of a well-functioning board. Currently, our Board has the following characteristics:

8 director nominees are current or former Chief Executive Officers.

6 director nominees have retail experience.

6 director nominees have global experience.

9 director nominees sit on other public company boards.

3 director nominees are women.

2 director nominees are African-American.

1 director nominee is Hispanic.

Lowe's independent directors remain committed to evaluating Lowe's Board leadership structure at least annually. Under Lowe's Corporate Governance Guidelines, the Board can and will change its leadership structure if it determines that doing so is in the best interest of Lowe's shareholders.

Board's Role in the Risk Management Process

Management must take a wide variety of risks to enhance shareholder value. It is the Board of Directors' responsibility to ensure that management has established and adequately resourced processes for identifying and preparing the Company to manage those risks effectively. It is also the Board's responsibility to challenge management regularly to demonstrate that those processes are effective in operation.

Lowe's has adopted an enterprise risk management (ERM) framework for identifying, assessing and mitigating key risks. The Company's Chief Risk Officer, who reports directly to the Chairman, President and Chief Executive Officer, is responsible for implementing the Company's ERM framework. During the Board meeting held each November, the Chief Risk Officer presents to the Board a comprehensive review of the Company's ERM framework. His presentation includes an update on existing and any significant new risks that have been identified and assessed during the year and the strategies management has developed for managing them. During his presentation, the directors actively discuss with him and other members of management the risks that have been identified to gain a deeper understanding of the risks the Company faces and establish a mutual understanding between the Board and management regarding the Company's willingness to take risks and the strategies to be used to manage them.

The Company's Chief Risk Officer also presents updates on the Company's ERM processes and specific potential risks and trends at other meetings of the Board during the year. In addition, as necessary at the regularly scheduled Board meetings, the Chairman, President and Chief Executive Officer addresses matters of particular importance or concern to the Company, including any significant areas of risk requiring Board attention. In the course of reviewing the Company's strategic initiatives throughout the year, the Board considers the types and nature of risks associated with those initiatives, their potential impact on the Company and the steps that have or could be taken by management to mitigate them.

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Although the Board of Directors believes that oversight of the Company's ERM processes is a responsibility of the full Board, the Audit Committee of the Board addresses at each of its regular meetings risk oversight of the Company's major financial exposures and the steps management has taken to identify, assess, monitor, control, remediate and report such exposures. The Audit Committee also periodically reviews legal matters that may have a material adverse impact on the Company's financial statements, compliance with laws and any material reports received from regulatory agencies with the Company's General Counsel and Chief Compliance Officer. And finally, as noted in the Compensation Discussion and Analysis section of this Proxy Statement, the Compensation Committee annually reviews an audit and analysis of the risk associated with the Company's executive compensation program.

The Board believes that its oversight of the Company's ERM processes benefits from having one person serve as the Chairman of the Board and Chief Executive Officer. With his in-depth knowledge and understanding of the Company's operations, Mr. Niblock, as Chairman, President and Chief Executive Officer, is better able to bring key strategic and business issues and risks to the Board's attention than would a Non-Executive Chairman of the Board. The role of the Board's Audit Committee, which consists solely of independent directors, in the oversight of the Company's major financial exposures, preserves the benefit of independent risk oversight along with full Board responsibility and review.

Compensation Committee Advisors

The Compensation Committee has sole authority under its charter to retain compensation consultants and other advisors and to approve such consultants' and advisors' fees and retention terms. In May 2010, the Compensation Committee retained Farient Advisors LLC to act as its independent compensation consultant and to provide it with advice and support on executive compensation issues. The Compensation Committee has renewed this engagement each year since 2010. Since its engagement, the compensation consultant has assisted with peer group identification and benchmarking, design of the Company's executive compensation program and conduct of annual risk assessment related thereto, review of compensation-related disclosures and related services. A more detailed description of the services performed by the Compensation Committee's compensation consultant in fiscal 2015 is included in the Compensation Discussion and Analysis section of this Proxy Statement.

The Compensation Committee has reviewed and confirmed the independence of its compensation consultant. Neither the compensation consultant nor any of its affiliates provide any services to the Company except for services provided to the Compensation Committee. In addition to its compensation consultant, the Compensation Committee has reviewed the independence of outside counsel engaged by the Compensation Committee in advance of receiving advice from counsel.

Table of Contents**Lowes** Notice of Annual Meeting and Proxy Statement**How to Communicate with the Board of Directors and Non-Management Directors**

Shareholders and other interested parties can communicate directly with the Board of Directors by sending a written communication addressed to the Board or to any member individually in care of Lowes Companies, Inc., 1000 Lowes Boulevard, Mooresville, North Carolina 28117. Shareholders and other interested parties wishing to communicate with Mr. Larsen, as Lead Director, or with the non-management directors as a group may do so by sending a written communication addressed to Mr. Larsen, in care of Lowes Companies, Inc. at the above address. Any communication addressed to a director that is received at Lowes principal executive offices will be delivered or forwarded to the individual director as soon as practicable. Lowes will forward all communications received from its shareholders or other interested parties that are addressed simply to the Board of Directors to the Lead Director or to the chair of the committee of the Board of Directors whose purpose and function is most closely related to the subject matter of the communication. All such communications are promptly reviewed before being forwarded to the addressee. Lowes generally will not forward to directors a shareholder communication that it determines to be primarily commercial in nature, relates to an improper or irrelevant topic or requests general information about the Company.

Board Committees

The Board has four standing committees: the Audit Committee, the Compensation Committee, the Executive Committee and the Governance Committee. The Board may also establish other committees from time to time as it deems necessary. Committee members and committee chairs are appointed by the Board. The members of these committees are identified in the following table:

Name	Audit Committee	Compensation Committee	Executive Committee	Governance Committee
Raul Alvarez	Chair		X	X
David W. Bernauer	X			X

Angela F. Braly X X X

Sandra B. Cochran X X

Laurie Z. Douglas X X

Richard W. Dreiling X X

Robert L. Johnson X X

Marshall O. Larsen X X Chair

Richard K. Lochridge X X

James H. Morgan X X

Robert A. Niblock Chair

Bertram L. Scott X X

Chair X X

Eric C. Wiseman

Each of these committees, with the exception of the Executive Committee, acts pursuant to a written charter adopted by the Board of Directors. The Executive Committee operates in accordance with the Company's Bylaws and Corporate Governance Guidelines. A copy of each written committee charter and the Corporate Governance Guidelines are available on the Company's website at www.Lowes.com/investor.

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The following table provides information about the operation and key functions of each of the standing Board committees:

Committee	Key Functions and Additional Information	Number of Meetings in Fiscal 2015
Audit Committee	<p>Oversees the Company’s accounting and financial reporting processes, internal controls and internal audit functions.</p> <p>Reviews and discusses with management and the independent registered public accounting firm the annual and quarterly financial statements and earnings press releases.</p> <p>Reviews and discusses the Company’s major financial risk exposures and the steps management has taken to identify, assess, monitor, control, remediate and report such exposures.</p> <p>Reviews with the Company’s General Counsel and Chief Compliance Officer legal matters and the program of monitoring compliance with the Company’s Code of Business Conduct and Ethics.</p> <p>Reviews and pre-approves all audit and non-audit services proposed to be performed by the independent registered public accounting firm.</p> <p>Reports regularly to the Board.</p>	7

The Board has determined that Raul Alvarez, Chair of the Audit Committee, is an audit committee financial expert within the meaning of the SEC rules and that Mr. Alvarez is independent as that term is defined under Rule 10A-3(b)(1)(ii) of the Exchange Act and the NYSE rules.

Compensation Committee	Reviews and approves on an annual basis the corporate goals and objectives relevant to the compensation for the Chief Executive Officer, evaluates at least once a year the Chief Executive Officer's performance in light of these established goals and objectives and, based upon this evaluation, determines and approves the Chief Executive Officer's compensation, which it forwards to the Board for ratification by the independent directors.	5
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Reviews and approves the compensation for the other executive officers.

Makes recommendations to the Board with respect to incentive compensation and equity-based plans that are subject to Board approval.

Reviews and approves all annual incentive plans for executives and all awards to executives under multi-year incentive plans, including equity-based incentive arrangements authorized under the Company's equity incentive compensation plans.

Oversees regulatory compliance and risk regarding compensation matters.

Reports regularly to the Board.

Executive Committee	Has authority to exercise all powers of the Board of Directors, except those reserved to the Board of Directors by the North Carolina Business Corporation Act or the Company's Bylaws.	4
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Considers at least annually succession planning for the Chairman and Chief Executive Officer and provides a report on such succession planning to the Governance Committee on a regular basis.

Reviews and recommends to the Board for approval the form and amount of director compensation.

Reports regularly to the Board.

Governance Committee	Develops criteria for evaluation of potential candidates for the Board and its committees.	5
	Makes recommendations to the Board concerning committee appointments.	
	Makes recommendations to the Board with respect to determinations of director independence.	
	Identifies, evaluates and recommends director candidates to the Board.	
	Oversees annual evaluation of the Board and the committees of the Board and each individual director.	
	Develops and recommends to the Board the Corporate Governance Guidelines applicable to the Company.	
	Reviews and approves, ratifies or disapproves related person transactions.	
	Considers and recommends to the Board other actions relating to corporate governance.	
	Reports regularly to the Board.	

Table of Contents**Lowes** Notice of Annual Meeting and Proxy Statement**Security Ownership of Certain Beneficial Owners and Management**

The following table provides information about the beneficial ownership of Common Stock as of March 18, 2016, except as otherwise noted, by each person known by the Company to beneficially own more than 5% of the outstanding shares of Common Stock as well as each director, nominee for director, named executive officer and all directors and executive officers as a group. Except as otherwise indicated below, each of the persons named in the table has sole voting and investment power with respect to the securities indicated as beneficially owned by them, subject to community property laws where applicable. Unless otherwise indicated, the address for each of the beneficial owners is c/o Lowes Companies, Inc., 1000 Lowes Boulevard, Mooresville, North Carolina 28117.

Name or Number of Persons in Group	Number of Shares (#) ⁽¹⁾	Percent of Class
Raul Alvarez	21,338	*
Maureen K. Ausura	175,698	*
David W. Bernauer	53,116	*
Angela F. Braly	5,517	*

Sandra B. Cochran	1,500	*
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Rick D. Damron	218,901	*
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Laurie Z. Douglas	2,227	*
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Richard W. Dreiling	15,024	*
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Robert F. Hull, Jr.	575,251	*
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Robert L. Johnson	51,077	*
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Michael A. Jones	107,351	*
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Marshall O. Larsen	53,077	*
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Richard K. Lochridge	51,077	*
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James H. Morgan	2,227	*
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Robert A. Niblock	1,938,680	*
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Bertram L. Scott	0	
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Eric C. Wiseman	15,024	*
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Directors and Executive Officers as a Group (23 total)	3,460,750	*
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BlackRock, Inc.	59,262,739 ⁽²⁾	6.6%
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55 East 52nd Street

New York, New York 10055

The Vanguard Group, Inc.	58,977,659 ⁽³⁾	6.6%
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100 Vanguard Boulevard

Malvern, Pennsylvania 19355

T. Rowe Price Associates, Inc.	46,661,052 ⁽⁴⁾	5.2%
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100 E. Pratt Street

Baltimore, Maryland 21202

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*Represents holdings of less than 1%.

(1) Includes shares that may be acquired or issued within 60 days under the Company's stock option and award plans as set forth in the following table:

Name or Number of Persons in Group	Number of Shares
	(#)
Raul Alvarez	21,338
Maureen K. Ausura	100,666
David W. Bernauer	43,116
Angela F. Braly	5,517
	0

Sandra B. Cochran

Rick D. Damron	68,667
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Laurie Z. Douglas	2,227
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Richard W. Dreiling	15,024
----------------------------	--------

Robert F. Hull, Jr.	446,667
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Robert L. Johnson	51,077
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Michael A. Jones	59,000
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Marshall O. Larsen	51,077
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Richard K. Lochridge	51,077
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James H. Morgan	2,227
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1,249,667

Robert A. Niblock

Bertram L. Scott	0
Eric C. Wiseman	15,024
Directors and Executive Officers as a Group (23 total)	2,218,705

(2) Shares held at December 31, 2015, according to a Schedule 13G/A filed with the SEC on January 26, 2016 by BlackRock, Inc. (BlackRock). The Schedule 13G/A reports that BlackRock has sole voting power over 49,491,443 shares, shared voting power over no shares, sole investment power over all of such shares and shared investment power over no shares.

(3) Shares held at December 31, 2015, according to a Schedule 13G/A filed with the SEC on February 10, 2016 by The Vanguard Group, Inc. (Vanguard). The Schedule 13G/A reports that Vanguard has sole voting power over 1,716,254 shares, shared voting power over 95,600 shares, sole investment power over 57,149,668 shares and shared investment power over 1,827,991 shares.

(4) Shares held at December 31, 2015, according to a Schedule 13G/A filed with the SEC on February 11, 2016 by T. Rowe Price Associates, Inc. (T. Rowe). The Schedule 13G/A reports that T. Rowe has sole voting power over 16,092,812 shares, shared voting power over no shares, sole investment power over 46,627,152 shares and shared investment power over no shares.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires Lowe's directors, executive officers and persons who beneficially own more than 10% of Lowe's outstanding Common Stock (collectively, the reporting persons) to file with the SEC initial reports of their beneficial ownership and reports of changes in their beneficial ownership of Common Stock. Based solely on a review of such reports and written representations made by Lowe's directors and executive officers that no other reports were required, the Company believes that the reporting persons complied with all applicable filing requirements on a timely basis during fiscal 2015.

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Compensation Discussion and Analysis

This Compensation Discussion and Analysis (CD&A) explains the key elements of our executive compensation program and compensation decisions as they relate to the following named executive officers (NEOs) of the Company in the 2015 fiscal year:

Robert A. Niblock Chairman of the Board, President and Chief Executive Officer

Robert F. Hull, Jr. Chief Financial Officer

Rick D. Damron Chief Operating Officer

Michael A. Jones Chief Customer Officer

Maureen K. Ausura Chief Human Resources Officer*

*Ms. Ausura served as Chief Human Resources Officer until February 29, 2016 and retired from the Company, effective April 1, 2016.

Our CD&A is organized as follows:

I. Executive Summary

II. Compensation Philosophy and Elements

III. Compensation Decision-Making Process

IV. 2015 Compensation Actions

V. Changes to Executive Compensation Program for 2016

VI. Other Compensation Policies

VII. Compensation Tables

VIII. Compensation Committee Interlocks and Insider Participation

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Lowe's Notice of Annual Meeting and Proxy Statement

I. EXECUTIVE SUMMARY

**We have demonstrated a strong commitment to returning capital
to our shareholders and have had continued dividend growth since 1961.**

Shares repurchased under our**share repurchase program in the****last five years**

\$18.7 Billion

Dividends paid in the**last five years**

\$3.9 Billion

2015 increase in**annual dividend**

23%

Lowe's had another year of strong financial and operational achievements in fiscal 2015. We remained committed to our key priorities, allowing us to capitalize on opportunities within an improving economy, as we further pursued top line growth through differentiating ourselves with better customer experiences and improving our product and service offering for the Pro customer, while also driving productivity and profitability. In addition, we continued to enhance our omni-channel capabilities, providing not just the products, but also the services, information and advice to help our customers at every step of the home improvement journey and build a greater affinity for the Lowe's brand.

The CD&A includes disclosure of earnings before interest and taxes (EBIT), Adjusted EBIT and return on non-cash average assets (RONCAA). Each of these performance measures are non-GAAP financial performance measures and are further described in Appendix B to this Proxy Statement.

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2015 Executive Compensation

Lowes has a long-standing commitment to pay for performance that we implement by providing a significant portion of compensation through variable pay arrangements. These arrangements are designed to hold our executive officers accountable for business results and reward them for consistently strong financial performance and the creation of value for our shareholders.

Our 2015 executive compensation program consisted of the following elements:

Base salary

Annual cash incentive awards

Performance share units (PSUs)

Grants of stock options and time-vested restricted stock awards (RSAs)

Retirement and health benefits

Limited perquisites

Lowes mix is heavily performance-based with over two-thirds (67%) of the CEO s and over 60% of the other NEOs target compensation being linked to performance.

How Our Executive Compensation Is Tied to Performance

A significant portion of our executive compensation program is performance-based with a balanced focus on top- and bottom-line growth, efficiency and leadership effectiveness.

Annual Incentive Award: Payout is based on the Company's achievement of financial (EBIT and Sales) and strategic (Leadership Effectiveness and People Productivity) goals.

PSUs: Since 2014, payout is based on the Company's achievement of a three-year average RONCAA goal established at the beginning of the three-year performance period.

Stock Options: Value realized is based on the increase in the market value of Common Stock.

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Based on our performance through fiscal 2015 illustrated below, our executives received the following payouts of performance-based compensation:

Annual incentive awards paid out above target based on the overall above target performance in our financial and strategic measures, each weighted in accordance with the terms of awards.

PSUs paid out above target based on performance above target in our RONCAA and brand strength goals established at the beginning of the three-year period, each weighted in accordance with the terms of awards.

WHAT WE DO

Pay for Performance. Between 82% and 90% of total direct compensation opportunity (assuming target performance) for our NEOs was provided in the form of annual and long-term incentives.

Conduct an Annual Compensation Assessment. This annual assessment includes:

- Review of publicly-available, peer group data to analyze compensation and related company performance data and evaluate how our executives' compensation compares to that of execu