LOWES COMPANIES INC
Form DEF 14A
April 14, 2014
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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 (Amendment No.)

Filed by the Registrant x

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))**
x 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):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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¨ Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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LOWE S COMPANIES, INC.

Notice of

Annual Meeting

and

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Corporate Offices 1000 Lowe s Boulevard
Mooresville, North Carolina 28117

LOWE S

COMPANIES,

INC.

April 14, 2014

Dear Shareholder:

On behalf of the Board of Directors and the management of Lowe s Companies, Inc., it is my pleasure to invite you to attend the 2014 Annual Meeting of Shareholders (the Annual Meeting). The Annual Meeting will be held at 10:00 a.m., Eastern Time, on Friday, May 30, 2014 at the Ballantyne Hotel, 10000 Ballantyne Commons Parkway, Charlotte, North Carolina 28277. Directions to the Ballantyne Hotel are printed on the back of this Proxy Statement. Details regarding admission to the meeting and the business to be conducted are described in the accompanying Notice of Annual Meeting and Proxy Statement.

This year, we are pleased to again be using the Securities and Exchange Commission rule that allows companies to furnish their proxy materials over the Internet. As a result, we are mailing to most of our shareholders a Notice of Internet Availability of Proxy Materials instead of a paper copy of this Proxy Statement and our 2013 Annual Report to Shareholders. The Notice contains instructions on how to access those documents and vote online. The Notice also contains instructions on how each of those shareholders can receive a paper copy of our proxy materials, including this Proxy Statement, our 2013 Annual Report and a form of proxy card or voting instruction form. All shareholders who do not receive a Notice of Internet Availability, including shareholders who have previously requested to receive paper copies of proxy materials, will receive a paper copy of the proxy materials by mail unless they have previously requested delivery of proxy materials electronically. Continuing to employ this distribution process will conserve natural resources and reduce the costs of printing and distributing our proxy materials.

We will broadcast the Annual Meeting live on the Internet. To access the webcast, visit Lowe s website (*www.Lowes.com/investor*) where a link will be posted a few days before the meeting. A replay of the Annual Meeting will also be available as soon as practicable after the meeting concludes and will continue to be available for two weeks after the meeting.

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

Yours cordially,

Robert A. Niblock

Chairman of the Board, President

and Chief Executive Officer

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Notice of 2014 Annual Meeting of Shareholders of Lowe s Companies, Inc.

Time and Date:	10:00 a.m., Eastern Time, on Friday, May 30, 2014
Place:	Ballantyne Hotel, 10000 Ballantyne Commons Parkway, Charlotte, North Carolina 28277
Purpose:	1. To elect 11 directors for one-year terms; 2. To approve the Lowe s Companies, Inc. 2006 Long Term Incentive Plan, as amended and restated effective March 21, 2014; 3. To approve, on an advisory basis, the compensation paid to the Company s executive officers in fiscal 2013; 4. To ratify the appointment of Deloitte & Touche LLP as the Company s independent registered public accounting firm for fiscal 2014; 5. To consider and vote upon a shareholder proposal, if properly presented; and 6. To transact such other business as may properly come before the Annual Meeting or any adjournment or postponement thereof.
Record Date:	Only shareholders of record as of the close of business on March 28, 2014 will be entitled to notice of and to vote at the Annual Meeting or any adjournment or postponement thereof.
Attending in Person:	Only shareholders of record as of the close of business on March 28, 2014, their properly designated proxies and guests of the Company may attend the Annual Meeting. **See Attending In Person on page 4 of the Proxy Statement for important information about requirements for admittance and certain items, such as large bags and briefcases, and electronic devices, including mobile phones, cameras and recording devices, that you will not be allowed to bring into the Annual Meeting site.**
Voting:	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 hard 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) complete, 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.

By Order of the Board of Directors,

Gaither M. Keener, Jr.

Chief Legal Officer,

Chief Compliance Officer & Secretary

April 14, 2014

Important Notice Regarding the Availability of Proxy Materials

for the Annual Meeting of Shareholders to be Held on May 30, 2014.

The Notice of Annual Meeting and Proxy Statement and the 2013 Annual Report to Shareholders

are available at *www.proxyvote.com*.

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Lowe s Companies, Inc.

Proxy Statement

for

2014 Annual Meeting of Shareholders

May 30, 2014

GENERAL INFORMATION

This Proxy Statement is being furnished in connection with the solicitation by the Board of Directors (the Board of Directors or the Board) of Lowe s Companies, Inc. (Lowe s or the Company) of proxies to be voted at the 2014 Annual Meeting of Shareholders (the Annual Meeting). Th Annual Meeting will be held at 10:00 a.m., Eastern Time, on Friday, May 30, 2014 at the Ballantyne Hotel located at 10000 Ballantyne Commons Parkway, Charlotte, North Carolina 28277.

In accordance with rules and regulations adopted by the Securities and Exchange Commission (the SEC rules), instead of mailing a paper copy of its proxy materials to each shareholder, the Company is furnishing proxy materials to most of its shareholders on the Internet. If you received only a Notice of Internet Availability of Proxy Materials by mail, you will not receive a paper copy of the proxy materials unless you request a copy. Instead, the Notice of Internet Availability of Proxy Materials will instruct you how you may access and review the proxy materials over the Internet. The Notice will also instruct you as to how you may submit your proxy over the Internet. If you received only a Notice of Internet Availability of Proxy Materials by mail and would like to receive a paper or e-mail copy of the Company s proxy materials, you should follow the instructions in the Notice for requesting a copy.

On or about April 14, 2014, the Company will begin mailing to its shareholders the Proxy Statement, the accompanying proxy card or voting instruction form and the 2013 Annual Report to Shareholders, or a Notice of Internet Availability of Proxy Materials, as applicable.

Who May Vote

The Board has set March 28, 2014 as the record date. As of the record date, 1,018,776,409 shares of common stock, $0.50 par value per share, of the Company (the 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.

How To Vote

You may vote by proxy or in person at the Annual Meeting. If you received a hard 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) complete, 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. You may also request a paper or e-mail copy of the Company s proxy materials by visiting the Internet site address listed on your Notice, calling the toll-free number listed on your Notice or sending an e-mail to the e-mail address listed on your Notice. 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 below.

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How Proxies Work

The Board of Directors is asking for your proxy. This means you authorize Gaither M. Keener, Jr. and Robert F. Hull, Jr. (members of Lowe s management and shareholders of the Company) as proxyholders to vote your shares at the Annual Meeting in the manner you direct. 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. If you do not specify how you wish the proxyholders to vote your shares, then they will vote your shares in the manner recommended by the Board on all matters presented in this Proxy Statement and as the proxyholders may determine in their discretion for any other matters properly presented for a vote at the meeting.

If for any reason any of the nominees for election as director becomes unavailable for election, discretionary authority may be exercised by the proxyholders to vote for substitutes proposed by the Board of Directors.

You may receive more than one Notice of Internet Availability of Proxy Materials, more than one e-mail (if you have elected electronic delivery of proxy materials) or more than one paper copy of the proxy materials, including multiple copies of this Proxy Statement, multiple proxy cards or voting instruction forms and multiple copies of the 2013 Annual Report to Shareholders, depending on how you hold your shares. For example, if you are a shareholder of record and your shares are registered in more than one name, you may receive more than one Notice, more than one e-mail or more than one proxy card. If you hold your shares in more than one brokerage account, you may receive a separate Notice, a separate e-mail or a separate voting instruction form for each brokerage account in which you hold your shares. To vote all of your shares, you must vote separately as described above under How to Vote for each Notice, proxy card and/or voting instruction form or e-mail notification that you receive.

Quorum

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. If the persons present or represented by proxy at the meeting constitute the holders of less than a majority of the votes entitled to be cast, the meeting may be adjourned to a subsequent date for the purpose of obtaining a quorum.

Revoking Your Proxy or Changing Your Vote

If you are a shareholder 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 Lowe s Companies, Inc. c/o Secretary at 1000 Lowe s Boulevard, Mooresville, North Carolina 28117; (ii) delivering a proxy bearing a later date using any of the voting methods described above under How to Vote, including by phone or via the Internet, and until the applicable deadline for each method; 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.

If you hold your shares through an account with a bank, broker or similar organization, 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.

Votes Needed

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

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the required majority vote, the Board of Directors 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.

Other Proposals. Approval of the other proposals and any other matter properly brought before the Annual Meeting requires the affirmative vote of a majority of the votes cast on the applicable matter at the meeting in person or by proxy. The result of the vote on the proposal to approve the Company s executive compensation will not be binding on the Company or the Board of Directors. The Board of Directors will review the voting result and take it into consideration when making future decisions regarding executive compensation.

Withhold Votes, Abstentions and Broker Non-Votes

Abstentions and broker non-votes are counted as present or represented for purposes of determining the presence or absence of a quorum for the Annual Meeting. A broker non-vote occurs when a brokerage firm or other nominee holding shares for a beneficial owner votes on one proposal but does not vote on another proposal because, with respect to such other proposal, the nominee does not have discretionary voting power and has not received instructions from the beneficial owner. Shares held by a brokerage firm or other nominee that are not voted on any matter at the meeting are not included in determining whether a quorum is present.

Under the New York Stock Exchange rules and regulations (the NYSE rules), the proposal to ratify the appointment of Deloitte & Touche LLP as the Company s independent registered public accounting firm is considered a routine matter, which means that brokerage firms may vote in their discretion on this matter on behalf of clients who have not furnished voting instructions. However, the election of directors, the proposal to approve the Company s amended and restated 2006 Long Term Incentive Plan, the proposal to approve, on an advisory basis, the Company s executive compensation and the shareholder proposal are non-routine matters under the NYSE rules, which means brokerage firms that have not received voting instructions from their clients on these matters may not vote on these proposals.

With respect to Proposal One, 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 Two, Three, Four and Five, the approval of the Company s amended and restated 2006 Long Term Incentive Plan, the approval, on an advisory basis, of the Company s executive compensation, the ratification of the appointment of Deloitte & Touche LLP as the Company s independent registered public accounting firm, and the shareholder proposal, 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.

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. 2006 Long Term Incentive Plan, as amended and restated effective March 21, 2014;

FOR the approval, on an advisory basis, of the Company s executive compensation;

FOR the ratification of the appointment of Deloitte & Touche LLP as the Company s independent registered public accounting firm for fiscal 2014; and

AGAINST the shareholder proposal regarding report on impact of sustainability policy.

Voting Results

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 2014 or in a Current

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Report on Form 8-K filed with the Securities and Exchange Commission (SEC) within four business days of the completion of the Annual Meeting.

Attending In Person

Only shareholders of record as of the close of business on March 28, 2014, their properly designated proxies and guests of the Company may attend the Annual Meeting. You may be asked to present valid photo identification, such as a driver s license or passport, for admittance. If you are a shareholder of record or hold your shares through the Company s 401(k) Plan, Employee Stock Purchase Plan or Direct Stock Purchase Program, your ownership as of the record date will be verified against the list of shareholders of record or plan or purchase program participants on the record date prior to your admission to the Annual Meeting. If you are not a shareholder of record or a participant in one of the Company s plans or purchase programs, but hold your shares through a bank, broker or similar organization, you must provide proof of beneficial ownership as of the record date, such as your most recent account statement prior to March 28, 2014. If you do not provide photo identification and comply with the other procedures outlined above, you will not be admitted to the Annual Meeting.

For your safety and security, Lowe s will not allow any large bags, briefcases, packages or backpacks into the Annual Meeting site. All bags will be subject to search. Lowe s will also not allow electronic devices into the Annual Meeting. These include, but are not limited to, mobile phones, cameras, audio and video recorders, laptops and tablets. Lowe s encourages you to leave any such items at home or in your car. Lowe s will not be responsible for any items checked at the door.

Conduct of the Meeting

Pursuant to the Company s Amended and Restated Bylaws, the Chairman of the Board will act as chairman and preside over the Annual Meeting. The Chairman has broad authority to conduct the meeting in an orderly and timely manner. This authority includes making all rulings on matters of procedure at the Annual Meeting, including recognizing shareholders or proxies who wish to speak, determining the extent of discussion on each item of business and managing disruptions or disorderly conduct. In his discretion, the Chairman may also appoint the Company s Secretary or another officer of the Company as parliamentarian to rule on all questions of procedure at the Annual Meeting.

PROPOSAL ONE:

ELECTION OF DIRECTORS

The number of directors is currently fixed at 12. Peter C. Browning, who reached the Board s mandatory retirement age of 72 during his current term, is retiring as a director immediately before the Annual Meeting and is not standing for reelection. Accordingly, effective on the date of the Annual Meeting, the size of the Board will be reduced to 11 members. On the recommendation of the Governance Committee, the Board has nominated the 11 persons named below for election as directors at the Annual Meeting. If elected, each nominee will serve until his or her term expires at the 2015 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. Except for Angela F. Braly who was appointed to the Board in November 2013, all of the nominees were elected to the Board at the 2013 Annual Meeting of Shareholders. The Governance Committee recommended Ms. Braly for appointment to the Board of Directors in November 2013 after conducting a careful review of the composition of the Board and taking into account the assessment and recommendations of an independent search firm engaged by the Company that identified her as a potential candidate for service on the Board after conducting an extensive search process to identify persons from a diverse range of backgrounds with the requisite experience, qualifications, attributes and skills to become effective Board members.

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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. 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 proxyholders 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.

INFORMATION CONCERNING EXPERIENCE, QUALIFICATIONS,

ATTRIBUTES AND SKILLS OF THE NOMINEES

RAUL ALVAREZ *Director Since:* 2010

Age: 58

Mr. Alvarez is the Executive Chairman of the board of Skylark Co., Ltd., a privately-held 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. Mr. Alvarez currently serves on the boards of directors of Dunkin Brands Group, Inc., Eli Lilly and Company and Realogy Holdings Corp. Mr. Alvarez was a director of McDonald s Corporation and KeyCorp until 2009. He was also a member of the board of directors of the National Retail Federation Inc., the world s largest retail trade association, until 2010.

Experience, Qualifications, Attributes and Skills. Mr. Alvarez brings to the Board over 30 years of experience in the retail industry. 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.

DAVID W. BERNAUER *Director Since:* 2007

Age: 70

Mr. Bernauer, who has served as Lead Director of Lowe s since May 2010, served as the Non-Executive Chairman of the board of directors of Walgreen Co., the nation s largest drugstore chain with approximately 8,500 locations in 50 states, the District of Columbia, Guam and Puerto Rico, from January 2007 until his retirement in July 2007. From January 2002 until July 2006, he served as Chief Executive Officer of Walgreens, at which time he ceased to be Chief Executive Officer and served as Executive Chairman of the company until January 2007. Mr. Bernauer previously served as President and Chief Operating Officer of Walgreens and in various management positions, with increasing areas of responsibility, since joining Walgreens in 1966. Mr. Bernauer currently serves on the board of directors of NBTY, Inc., and was a director of Office Depot, Inc. until 2011.

Experience, Qualifications, Attributes and Skills. In addition to his strong leadership and broad business management skills developed as the Chief Executive Officer of the nation s largest drugstore chain, Mr. Bernauer brings more than 40 years of retail industry experience to Lowe s Board, including an in-depth

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knowledge of the challenges of managing an expanding store base, store operations, marketing, merchandising, finance and information technology.

LEONARD L. BERRY, PH.D. *Director Since:* 1998

Age: 71

Dr. Berry is a University Distinguished Professor of Marketing, Regents Professor and Presidential Professor for Teaching Excellence and holds the M.B. Zale Chair in Retailing and Marketing Leadership in the Mays Business School at Texas A&M University. Dr. Berry has been a Professor of Marketing at Texas A&M University since 1982. He is also the founder of the Center for Retailing Studies at Texas A&M University. An accomplished author, he has published numerous articles and a series of books on service management, marketing and quality. Dr. Berry currently serves on the boards of directors of Darden Restaurants, Inc. and Genesco Inc.

Experience, Qualifications, Attributes and Skills. Dr. Berry s extensive academic background in teaching and conducting research in marketing is a valuable asset to Lowe s Board in support of understanding customer expectations, improving service quality and building a strong services brand for Lowe s.

ANGELA F. BRALY *Director Since:* 2013

Age: 52

Ms. Braly is the former Chair of the Board, President and Chief Executive Officer of WellPoint, Inc., a health benefits company. 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. Ms. Braly currently serves on the board of directors of The Procter & Gamble Company. She was a director of WellPoint, Inc. until 2012.

Experience, Qualifications, Attributes and Skills. As Chair and Chief Executive Officer of a publicly traded company, Ms. Braly developed strong executive leadership and strategic management skills. Ms. Braly also brings to Lowe s Board valuable expertise and insights in a number of critical areas, including consumer marketing, communications and public relations.

RICHARD W. DREILING *Director Since:* 2012

Age: 60

Mr. Dreiling has served as Chief Executive Officer of Dollar General Corporation, the nation s largest small-box discount retailer, since January 2008, and Chairman of the board, since December 2008. 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 the board 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 also Chairman and 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.

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Experience, Qualifications, Attributes and Skills. Mr. Dreiling brings to Lowe s Board over 40 years of retail industry experience at all operating levels. Mr. Dreiling provides a unique perspective regarding the retail industry 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.

DAWN E. HUDSON *Director Since:* 2001

Age: 56

Ms. Hudson is Vice Chairman and Head of Consumer Practice of The Parthenon Group, an advisory firm focused on business strategy consulting. Ms. Hudson was the President and Chief Executive Officer of Pepsi-Cola North America, the refreshment beverage unit of PepsiCo, Inc. in the United States and Canada, until November 2007, where she served as President from May 2002 and Chief Executive Officer from March 2005. She also served as Chief Executive Officer of the PepsiCo Foodservice Division from March 2005 to November 2007. Prior to joining PepsiCo, Ms. Hudson spent 13 years in the marketing, advertising and branding strategy arena with leadership positions at major agencies such as D Arcy Masius Benton & Bowles and Omnicom. She currently serves on the boards of directors of The Interpublic Group of Companies, Inc. and NVIDIA Corporation. She was a director of P.F. Chang s China Bistro, Inc. and Allergan, Inc. until 2012 and March 2014, respectively. Ms. Hudson was also Chairman of the board of directors of the Ladies Professional Golf Association (LPGA) until 2010.

Experience, Qualifications, Attributes and Skills. Ms. Hudson brings to Lowe s Board extensive experience in executive leadership spanning consumer goods, foodservice and communication companies. In addition, as a former marketing executive, Ms. Hudson brings to Lowe s Board valuable expertise and insights in leveraging national brands, proprietary brand development and consumer behavior. Ms. Hudson also has broad governance experience gained through serving as a director of public companies for more than 10 years.

ROBERT L. JOHNSON *Director Since:* 2005

Age: 68

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 (including the NBA Charlotte Bobcats), 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. He currently serves on the boards of directors of KB Home and Strayer Education, Inc.

Experience, Qualifications, Attributes and Skills. As a successful business leader and entrepreneur, Mr. Johnson brings to Lowe s Board his experience in a number of critical areas, including real estate, finance, brand development, multicultural marketing and providing customer satisfaction.

MARSHALL O. LARSEN *Director Since:* 2004

Age: 65

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

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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. He currently serves on the boards of directors of Becton, Dickinson and Company, United Technologies Corporation and the Federal Reserve Bank of Richmond.

Experience, Qualifications, Attributes and Skills. As Chairman and Chief Executive Officer of a publicly traded company for nine years, Mr. Larsen developed strong executive leadership and strategic management skills. Mr. Larsen also brings to Lowe s Board 30 years of domestic and international business experience, including expertise in a number of critical areas, such as accounting and finance, retail sales and marketing.

RICHARD K. LOCHRIDGE *Director Since:* 1998

Age: 70

Mr. Lochridge is the founder and served as President of Lochridge & Company, Inc., a general management consulting firm, from 1986 until his retirement in September 2010. He currently serves on the boards of directors of Dover Corporation and PetSmart, Inc.

Experience, Qualifications, Attributes and Skills. Mr. Lochridge brings to Lowe s Board his more than 40 years of experience as a consultant working closely with senior management on operational and organizational strategies and challenges at leading companies across a broad range of industries, including a number of large retailers with international operations.

ROBERT A. NIBLOCK *Director Since:* 2004

Age: 51

Mr. Niblock has served as Chairman of the Board and Chief Executive Officer of Lowe s Companies, Inc., 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. He currently serves on the board of directors of ConocoPhillips. Mr. Niblock is also Secretary and has been a member, since 2003, and previously served as Chairman of the board of directors, of the Retail Industry Leaders Association (RILA).

Experience, Qualifications, Attributes and Skills. During his 21-year career with the Company, Mr. Niblock has held a number of different positions with the Company, gaining a deep understanding of Lowe s operations and its organizational culture and values. With a background in accounting, Mr. Niblock also brings accounting and related financial management experience to Lowe s Board.

Eric C. Wiseman *Director Since:* 2011

Age: 58

Mr. Wiseman has served as Chairman of V.F. Corporation, an apparel 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, including Executive Vice President, Global Brands and Vice President and Chairman, Sportswear and Outdoor Coalitions. Mr. Wiseman currently serves on the board of directors of CIGNA Corporation. 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.

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Experience, Qualifications, Attributes and Skills. As Chairman and Chief Executive Officer of a publicly traded company for more than five years, Mr. Wiseman has developed strong executive leadership and strategic management skills. Mr. Wiseman also 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.

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 Code of Business Conduct and Ethics are posted on the Company s website at *www.Lowes.com/investor*.

Director Independence

Lowe s Corporate Governance Guidelines provide that in accordance with the Company s long-standing policy, a majority of the members of the Board must qualify as independent directors. 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 (either directly or as a partner, shareholder or officer of an organization that has a relationship with the company). The NYSE rules require a board of directors to 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 (Categorical Standards) to assist the Board in making determinations of independence. A copy of these Categorical Standards is attached as Appendix A to this Proxy Statement.

In March 2013, the Board, with the assistance of the Governance Committee, evaluated the transactions, relationships or arrangements between each director (and his or her immediate family members and related interests) and the Company 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 provides certain real estate services to Lowe s.

- David W. Bernauer was a director until April 2011 and is a less than 1% shareholder of Office Depot, Inc. from which the Company purchases office equipment and supplies.

- 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.

- Robert L. Johnson controlled and was an officer of the organization that owns the Charlotte Bobcats NBA team until March 2010 when he sold majority interest of that organization to Michael Jordan and MJ Basketball Holdings, LLC. Mr. Johnson retains a minority interest in, but is no longer an officer of, the organization that owns the Charlotte Bobcats. The Company has a multi-year sponsorship agreement with the team that 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.

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

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

Eric C. Wiseman is Chairman, President and Chief Executive Officer and a less than 1% shareholder of V.F. Corporation, which, through a subsidiary, VF Imagewear, Inc., is a vendor to Lowe s 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 Lowe s related to its health and welfare benefit plans.

In addition, the Board considered the amount of the Company 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 this evaluation, the Board affirmatively determined that each director, other than Robert A. Niblock, and all of the members of the Audit Committee, Compensation Committee and Governance Committee, are independent within the Company s Categorical Standards, the NYSE rules and the SEC rules.

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 Chairman of the Governance Committee receive an additional $15,000 annually, or $20,000 annually in the case of the Compensation Committee Chairman, or $25,000 annually in the case of the Audit Committee Chairman. The Lead Director receives an additional retainer of $25,000 per year. Directors who are employed by the Company receive no additional compensation for serving as directors. The annual retainer amount was last increased in 2011.

Stock Awards. In May 2005, shareholders approved the Lowe s Companies, Inc. Amended and Restated Directors Stock Option and Deferred Stock Unit Plan (the Directors Plan), allowing the Board to elect to grant 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) to non-employee directors. 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 Lowe s Common Stock. The annual grant of deferred stock units for each of the Company s directors who is not employed by the Company is determined by taking the annual grant amount of $150,000 and dividing it by the closing price of a share of Lowe s Common Stock as reported on 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.

The Directors Plan expired by its terms in 2008. In May 2009, the Board of Directors recommended, and shareholders approved, amendments to the Lowe s Companies, Inc. 2006 Long Term Incentive Plan (the LTIP) that made the Company s non-employee directors eligible to participate in that plan. Under the amended and restated LTIP, the Board is continuing to grant deferred stock units following the Annual Meeting each year to non-employee directors. The annual grant is determined as it was previously under the Directors Plan, subject to change by the Board upon recommendation of the Executive Committee.

Deferral of Annual Retainer Fees. In 1994, the Board adopted the Lowe s Companies, Inc. Directors Deferred Compensation Plan. This plan allows each non-employee director to defer receipt of all, but not less than all, of the annual retainer and any committee chairman 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

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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 Lowe s Common Stock with reinvestment of all dividends. A director may allocate deferrals 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.

The following table shows the compensation paid to each non-employee director who served on the Board in fiscal 2013:

2013 Director Compensation Table

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)[1]	Total ($)
Raul Alvarez	$ 98,750	$ 151,596	$ 250,346
David W. Bernauer	$ 120,000	$ 151,596	$ 271,596
Leonard L. Berry	$ 80,000	$ 151,596	$ 231,596
Angela F. Braly[2]	$ 20,000	0	$ 20,000
Peter C. Browning	$ 92,500	$ 151,596	$ 244,096
Richard W. Dreiling	$ 80,000	$ 151,596	$ 231,596
Dawn E. Hudson	$ 80,000	$ 151,596	$ 231,596
Robert L. Johnson	$ 80,000	$ 151,596	$ 231,596
Marshall O. Larsen	$ 98,750	$ 151,596	$ 250,346
Richard K. Lochridge	$ 80,000	$ 151,596	$ 231,596
Eric C. Wiseman	$ 80,000	$ 151,596	$ 231,596

(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 3,600 deferred stock units granted to each director in fiscal 2013. See Note 10, Accounting for Share-Based Payment, to the Company s consolidated financial statements in its Annual Report on Form 10-K for the fiscal year ended January 31, 2014 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. As of January 31, 2014, each non-employee director, with the exception of Messrs. Alvarez, Bernauer, Dreiling and Wiseman and Ms. Braly, held 43,978 deferred stock units. As of January 31, 2014, Mr. Alvarez (who was first elected a director on August 20, 2010) held 15,272 deferred stock units, Mr. Bernauer (who was first elected a director on May 25, 2007) held 36,294 deferred stock units, Mr. Dreiling (who was first elected a director on January 27, 2012) and Mr. Wiseman (who was first elected a director on November 11, 2011) each held 9,177 deferred stock units and Ms. Braly (who was first elected a director on November 15, 2013) did not hold any deferred stock units.

(2) Ms. Braly was appointed to the Board on November 15, 2013.

Director Stock Ownership Guidelines. To ensure that non-employee directors become and remain meaningfully invested in Company stock, non-employee directors are required to own shares of Lowe s 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.

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Board Meetings, Committees of the Board and Board Leadership Structure

Attendance at Board and Committee Meetings. During fiscal 2013, the Board of Directors held six meetings. All incumbent directors attended 75% or more of the aggregate of all meetings of the Board and the committees on which they served.

Board Leadership Structure. Robert A. Niblock currently holds the positions of Chairman of the Board, President and Chief Executive Officer of the Company. The Corporate Governance Guidelines of the Company provide that if the Board determines the roles of Chief Executive Officer and Chairman 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. In May 2013, the Board reappointed David W. Bernauer to serve as Lead Director of the Company. The 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 Chairperson 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 addition, the Corporate Governance Guidelines of the Company provide that the Board will remain free to make a determination regarding whether the roles of Chairman and Chief Executive Officer should be separated or combined on the basis of criteria that the Board believes are in the best interests of the Company and in the manner it judges most appropriate for the Company at any given point in time. As part of this process, the Board periodically considers whether the roles of Chairman and Chief Executive Officer should be combined or separated based upon the Company s needs and the strengths and talents of its executives at any given point in time. Given the existence of an independent Lead Director and the scope of the Lead Director s responsibilities, as well as Lowe s overall governance profile, the Board has determined the roles of the Chairman and Chief Executive Officer shall not be separated.

The Board believes that the Company s current leadership structure with the combined Chairman/Chief Executive Officer leadership role promotes unified leadership and direction for the Company, which allows for a single, clear focus for management to execute the Company s strategy and business plans. The Board also 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.

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 the concept of enterprise risk management (ERM) using the framework issued in 2004 by the Committee of Sponsoring Organizations of the Treadway Commission. 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 processes. During the Board meeting held each November, he presents to the Board a comprehensive review of the Company s ERM processes. His presentation includes an update on 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, the Chairman, President and Chief Executive Officer addresses as necessary at the regularly scheduled Board meetings 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.

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 reviews periodically with the Company s Chief Legal Officer and Chief Compliance Officer 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. And finally, as noted in the Compensation Discussion and Analysis section of this Proxy Statement, the Compensation Committee s independent compensation consultant annually provides the Compensation Committee with an audit and analysis of the risk associated with the Company s executive compensation programs.

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 of fully 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.

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 may select another non-management director present to preside.

Attendance at Annual Meetings of Shareholders. Directors are expected to attend the Annual Meeting of Shareholders. With the exception of Peter C. Browning, all 11 of the Company s directors in office at the time attended last year s Annual Meeting of Shareholders.

Committees of the Board of Directors and their Charters. The Board has four standing committees: the Audit Committee, the Compensation Committee, the Executive Committee and the Governance Committee. Each of these Committees, other than 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*.

How to Communicate with the Board of Directors and Independent Directors. Interested persons wishing to communicate with the Board of Directors may do so by sending a written communication addressed to the Board or to any member individually in care of Lowe s Companies, Inc., 1000 Lowe s Boulevard, Mooresville, North Carolina 28117. Interested persons wishing to communicate with the independent directors as a group may do so by sending a written communication addressed to David W. Bernauer, as Lead Director, in care of Lowe s Companies, Inc., 1000 Lowe s Boulevard, Mooresville, North Carolina 28117. Any communication addressed to a director that is received at Lowe s principal executive offices will be delivered or forwarded to the individual director as soon as practicable. Lowe s will forward all communications received from its shareholders or other interested persons that are addressed simply to the Board of Directors to the Lead Director or to the chairman of the committee of the Board of Directors whose purpose and function is most closely related to the subject matter of the communication.

Audit Committee

Number of Members:	Six
Members:	Raul Alvarez (Chairman), David W. Bernauer, Leonard L. Berry, Angela F. Braly, Peter C. Browning and Richard W. Dreiling
Number of Meetings in Fiscal 2013:	Six
Purpose and Functions:	The primary purpose of the Audit Committee is to assist the Board of Directors in monitoring (A) the integrity of the Company s financial statements, (B) the Company s legal and regulatory compliance, (C) the Company s independent registered public accounting firm s qualifications and independence, (D) the performance of the Company s internal audit function and independent registered public accounting firm and (E) compliance by the Company with its established internal controls. In addition, the Audit Committee is responsible for preparing the Report of the Audit Committee included in this Proxy Statement. The Audit Committee is directly and solely responsible for the appointment, compensation, retention and oversight of the work of the Company s independent registered public accounting firm. In addition, the Audit Committee is solely responsible for pre-approving all engagements related to audit, review and attest reports required under the securities laws and all other engagements permissible under the Securities Exchange Act of 1934, as amended (the Exchange Act), for services to be performed for the Company by its independent registered public accounting firm, including the fees and terms applicable thereto. The Audit Committee is also responsible for reviewing and concurring with the Company s Chief Risk Officer in the appointment, appraisal, replacement, reassignment or dismissal of the Vice President of Internal Audit. The Audit Committee reviews the general scope of the Company s annual audit and the fees charged by the independent registered public accounting firm for audit services, audit-related services, tax services and all other services; reviews with the Company s Vice President of Internal Audit the staffing, training and development, and the work of the Internal Audit Department; reviews the Company s financial statements and the critical accounting policies and practices used by management; reviews audit results and other matters relating to the adequacy of the Company s internal controls; and reviews with the Company s Chief Legal Officer and Chief Compliance Officer legal matters and the program of monitoring compliance with the Company s Code of Business Conduct and Ethics. The Audit Committee has established procedures for the receipt, retention and treatment of complaints received regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding accounting or auditing matters. Each member of the Audit Committee is financially literate, as that term is

defined under the NYSE rules, and qualified to review and assess financial statements. The Board of Directors has determined that more than one member of the Audit Committee qualifies as an audit committee financial expert, as such term is defined by the SEC, and has designated Raul Alvarez, Chairman of the Audit Committee, as an audit committee financial expert. Each member of the Audit Committee has also been determined to be independent as that term is defined under Rule 10A-3(b)(1)(ii) of the Exchange Act, the Categorical Standards and the NYSE rules. The members of the Audit Committee annually review the Audit Committee Charter and conduct an annual performance evaluation of the Audit Committee performance with the assistance of the Governance Committee.

Compensation Committee

Number of Members:	Five
Members:	Marshall O. Larsen (Chairman), Dawn E. Hudson, Robert L. Johnson, Richard K. Lochridge and Eric C. Wiseman
Number of Meetings in Fiscal 2013:	Four
Purpose and Functions:	The primary purpose of the Compensation Committee is to discharge the responsibilities of the Board of Directors relating to compensation for the Company s executives. The Compensation Committee annually reviews and approves the corporate goals and objectives relevant to the compensation for the Chief Executive Officer, evaluates 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 annual compensation, which it forwards to the Board for ratification by the independent directors. The Compensation Committee also reviews and approves the compensation for all other executive officers of the Company, and reviews and approves all annual incentive plans for executives and all awards under multi-year incentive plans, including equity-based incentive arrangements authorized under the Company s equity incentive compensation plans. The Committee also makes recommendations to the Board with respect to incentive compensation and equity-based plans that are subject to Board approval.

The Compensation Committee has the authority to retain a compensation consultant to assist in the evaluation of executive officer compensation. Pursuant to this authority and after taking into consideration all factors relevant to such firm s independence from management, including, but not limited to, the specific factors set forth in the applicable NYSE rules, the Committee engaged Farient Advisors LLC as its independent compensation consultant for 2013.

The Compensation Committee is also responsible for reviewing and discussing with management the Company s Compensation Discussion and Analysis and recommending to the Board that the Compensation Discussion and Analysis be included in the Company s Annual Report and Proxy Statement. See Executive Officer Compensation Compensation Discussion and Analysis elsewhere in this Proxy Statement for a more detailed description of the Company s processes and procedures for the consideration and determination of executive compensation. In addition, the Compensation Committee is responsible for preparing the Compensation Committee Report included in this Proxy Statement.

The Compensation Committee conducts an annual performance evaluation of its performance with the assistance of the Governance Committee. Each member of the Compensation Committee has been determined to be independent in accordance with the requirements of Rule 10C-1(b) of the Exchange Act, within the meaning of the Categorical Standards and in accordance with the NYSE rules.

Executive Committee

Number of Members:	Four
Members:	Robert A. Niblock (Chairman), Raul Alvarez, David W. Bernauer and Marshall O. Larsen
Number of Meetings in Fiscal 2013:	Three
Purpose and Functions:	The Executive Committee is generally authorized to have and to exercise all powers of the Board, except those reserved to the Board of Directors by the North Carolina Business Corporation Act or the Company s Amended and Restated Bylaws. Under the Company s Corporate Governance Guidelines, the Executive Committee is responsible for considering at least annually succession planning for the Chairman and Chief Executive Officer and for providing a report on such succession planning to the Governance Committee on a regular basis. The Executive Committee is also given the responsibility under the Company s Corporate Governance Guidelines for recommending any changes in director compensation to the Board of Directors for approval.

Governance Committee

Number of Members:	Eleven
Members:	David W. Bernauer (Chairman), Raul Alvarez, Leonard L. Berry, Angela F. Braly, Peter C. Browning, Richard W. Dreiling, Dawn E. Hudson, Robert L. Johnson, Marshall O. Larsen, Richard K. Lochridge and Eric C. Wiseman
Number of Meetings in Fiscal 2013:	Five
Purpose and Functions:	The purpose of the Governance Committee, which functions both as a governance and as a nominating committee, is to (A) identify and recommend individuals to the Board for nomination as members of the Board and its committees consistent with the criteria approved by the Board, (B) develop and recommend to the Board the Corporate Governance Guidelines applicable to the Company, and (C) oversee the evaluation of the Board and management of the Company. The Governance Committee s nominating responsibilities include (1) developing criteria for evaluation of potential candidates for the Board and its committees, (2) screening and reviewing recommendations for nominees to the Board, (3) recommending to the Board the nominees for directors to be appointed by the Board to fill vacancies or to be elected at the next Annual Meeting of Shareholders, (4) assisting the Board in determining and monitoring whether or not each director and nominee is independent within the meaning of the Categorical Standards and applicable rules and laws, (5) recommending to the Board for its approval the membership and chairperson of each committee of the Board, and (6) assisting the Board in its annual performance evaluation of the Board and each of its committees.

The Governance Committee will consider nominees recommended by shareholders, and its process for doing so is no different than its process for screening and evaluating candidates suggested by directors, management of the Company or third parties. See Shareholder Proposals for the 2015 Annual Meeting elsewhere in this Proxy Statement for the timeframe for shareholders to provide notice of any nominations of persons for election to the Board of Directors. If mailed, such notice shall be deemed to have been given when received by the Secretary. A shareholder s notice must include certain information about the nominee and the shareholder submitting the nomination, including, (i) with respect to the nominee, the nominee s name, age, business and residential address, principal occupation or employment, the number of shares or other securities of the Company which are owned of record or beneficially by the nominee and any derivative positions held of record or beneficially by the nominee related to, or the value of which is derived in whole or in part from, the value of the Company s shares or other securities and whether and the extent to which any hedging or other transactions have been entered into by or on behalf of, or any other agreements, arrangements or understandings have been made, the effect or intent of which is to mitigate loss to, or to manage the risk or benefit from share price changes for, or to increase or decrease the voting power of, the nominee with respect to the Company s shares or other securities and (ii) with respect to the shareholder submitting the nomination, the name and address, as they appear on the Company s books, of that shareholder and any Shareholder Associated Person (as defined in the Company s Amended and Restated Bylaws, a copy of which is filed as an exhibit to the Company s Annual Report on Form 10-K) and the number of shares or other securities of the Company which are owned of record or beneficially by that shareholder or by any Shareholder Associated Person and any derivative positions held of record or beneficially by the shareholder or by any Shareholder Associated Person related to, or the value of which is derived in whole or in part from, the value of the Company s shares or other securities and whether and the extent to which any hedging or other transactions have been entered into by or on behalf of, or any other agreements, arrangements or understandings have been made, the effect or intent of which is to mitigate loss to, or to manage the risk or benefit from share price changes for, or to increase or decrease the voting power of, that shareholder or any Shareholder Associated Person with respect to the Company s shares or other securities. At the request of the Board of Directors, any person nominated by the Board for election as a director shall furnish to the Secretary of the Company that information required to be set forth in a shareholder s notice of nomination which pertains to the nominee. The chairman of the meeting shall, if the facts warrant, determine and declare to the meeting that a nomination was not made in accordance with the provisions prescribed by the Bylaws and, if the chairman should so determine, the chairman shall so declare to the meeting and the defective nomination shall be disregarded.

The Governance Committee is committed to having individuals from diverse backgrounds (inclusive of gender and race) with varying perspectives, professional experience, education and skills serving as directors. In identifying nominees for election and reelection to the Board, the Governance Committee considers persons from diverse backgrounds (inclusive of gender and race), with a variety of perspectives, professional experience, education and skills that possess the following qualifications as set forth in the Company s Corporate Governance Guidelines:

- broad training and experience in policy-making decisions in business, government, education or technology;

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

willingness to devote the amount of time necessary to carry out the duties and responsibilities of Board membership;

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

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

Prior to nominating persons for election or reelection to the Board each year, the Governance Committee reviews the composition of the Board, including the diversity (inclusive of gender and race), perspectives, professional experiences, education, skills and qualifications of its members.

The Governance Committee oversees the process by which the Board annually evaluates its performance. This process is multi-faceted and includes gathering and analyzing data to evaluate the performance of the Board, the committees of the Board and individual directors. 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 Chairman of the Governance Committee, provides each director with a summary of the results. The Committee s 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.

Under the Company s written policy for review, approval or ratification of transactions with related persons, the Governance Committee reviews all transactions, arrangements or relationships that are not pre-approved under the policy and could potentially be required to be reported under the SEC rules for disclosure of transactions with related persons and either approves, ratifies or disapproves of the Company s entry into them.

Each member of the Governance Committee has been determined to be independent within the meaning of the Categorical Standards and the NYSE rules. The Governance Committee annually reviews and evaluates its own performance.

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SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table provides information about the beneficial ownership of Common Stock as of March 28, 2014, except as otherwise noted, by each person that owned more than 5% of outstanding shares of Common Stock as of such date 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 beneficially owned by them as set forth opposite their name, subject to community property laws where applicable.

Name or Number of Persons in Group	Number of Shares (#)[1]	Percent of Class
Raul Alvarez	15,330	*
Maureen K. Ausura	246,124	*
David W. Bernauer	46,431	*
Leonard L. Berry	70,610	*
Angela F. Braly	0	
Gregory M. Bridgeford	920,399	*
Peter C. Browning	44,144	*
Rick D. Damron	207,909	*
Richard W. Dreiling	9,212	*
Dawn E. Hudson	44,144	*
Robert F. Hull, Jr.	542,610	*
Robert L. Johnson	44,144	*
Marshall O. Larsen	46,144	*
Richard K. Lochridge	44,144	*
Robert A. Niblock	2,028,461	*
Eric C. Wiseman	9,212	*
Directors and Executive Officers as a Group (19 total)	4,575,699	*
BlackRock, Inc. 40 East 52nd Street New York, NY 10022	62,269,983[2]	6.1%
The Vanguard Group, Inc. 100 Vanguard Boulevard Malvern, PA 19355	58,039,223[3]	5.7%
Wellington Management Company, LLP 280 Congress Street Boston, MA 02210	60,211,766[4]	5.9%

* 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 follows: Mr. Alvarez 15,330 shares; Ms. Ausura 143,000 shares; Mr. Bernauer 36,431 shares; Dr. Berry 44,144 shares; Mr. Bridgeford 441,667 shares; Mr. Browning 44,144 shares; Mr. Damron 39,000 shares; Mr. Dreiling 9,212 shares; Ms. Hudson 44,144 shares; Mr. Hull 334,001 shares; Mr. Johnson 44,144 shares; Mr. Larsen 44,144 shares; Mr. Lochridge 44,144 shares; Mr. Niblock 1,320,000 shares; Mr. Wiseman 9,212 shares; and all directors and executive officers as a group 2,685,050 shares.

(2) Shares held at December 31, 2013, according to a Schedule 13G/A filed on February 10, 2014 with the SEC. BlackRock, Inc. reported that it may be deemed to beneficially own 62,269,983 shares of the Company, with sole dispositive power over all of the shares and sole voting power as to 48,446,056 shares.

(3) Shares held at December 31, 2013, according to a Schedule 13G/A filed on February 12, 2014 with the SEC. The Vanguard Group, Inc. reported that it may be deemed to beneficially own 58,039,223 shares of the Company, with sole voting power as to 1,719,135 shares, sole dispositive power as to 56,432,564 shares and shared dispositive power as to 1,606,659 shares.

(4) Shares held at December 31, 2013, according to a Schedule 13G/A filed on February 14, 2014 with the SEC. Wellington Management Company, LLP (Wellington Management) reported that, in its capacity as

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investment adviser, it may be deemed to beneficially own 60,211,766 shares of the Company, with shared dispositive power over all of the shares and shared voting power as to 25,117,232 shares. The securities are owned of record by clients of Wellington Management, which have the right to receive, or the power to direct the receipt of, dividends from, or the proceeds from the sale of, such securities.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Based solely upon a review of Forms 3 and 4, and any amendments thereto, furnished to the Company pursuant to Rule 16a-3(e) of the Exchange Act during fiscal 2013, and Forms 5, and any amendments thereto, furnished to the Company with respect to fiscal 2013, and other written representations from certain reporting persons, the Company believes that all filing requirements under Section 16(a) applicable to its officers, directors and greater than 10% beneficial owners have been complied with during fiscal 2013 and prior fiscal years.

EXECUTIVE OFFICER COMPENSATION

Compensation Discussion and Analysis

This Compensation Discussion and Analysis provides a thorough description and analysis of the Company s executive compensation program. The Compensation Committee of the Board of Directors (the Committee) administers the program for all executive officers of the Company, including the executive officers named in the compensation disclosure tables that follow this Compensation Discussion and Analysis.

This section is organized as follows:

2013 Overview

Lowe s sales performance improved during 2013 as a result of the Company s focus on cross functional collaboration and consistent execution, along with delivering on its strategic initiatives which allowed the Company to more fully capitalize on market demand.

As of the end of fiscal 2013, Lowe s substantially completed its initiatives to enhance retail relevance which includes the Company s value improvement program, product differentiation and store labor investment. Value improvement has enhanced the Company s line designs making them more relevant to each of the markets it serves, resulting in better in-stock positions and simplifying the Company s deal structures allowing it to offer competitive prices every day.

Product differentiation has driven excitement in the Company s stores through better display techniques. Lowe s revised its end cap strategy which allowed the Company to showcase highly innovative products and significant values. Lowe s also revamped promotional spaces to better promote seasonally relevant, high value items to drive sales and improve the shopping experience.

During 2013, the Company also identified an opportunity to better serve customers and close more sales during peak weekday hours by increasing the assistance available to customers in its shopping aisles.

These efforts helped produce comparable sales for fiscal 2013 of 4.8%. In addition, during 2013, Lowe s shareholders enjoyed a 20% increase in the market value of the Company s Common Stock and a 12.9% increase in dividends per share paid to shareholders. As a result of Lowe s strong financial position and positive cash flows, the Company delivered on its commitment to return excess cash to shareholders. During 2013, Lowe s repurchased 86.7 million shares of stock for $3.7 billion and paid $377 million in dividends.

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The Committee did not make any material changes to the design of the executive compensation plans in 2013, because the plans operated consistently with their pay for performance philosophy. However, the Committee did approve a change in the timing of the annual time-vested restricted stock awards and non-qualified stock options from March to September each year, to better align with the Company s management talent review process. In recognition that the change would delay the equity grant to all participants, the Committee approved a special one-time grant of time-vested restricted stock, with a value equal to one-half of the annual long-term incentive value for each participant, including the named executive officers. The restricted stock vests on the third anniversary of the grant date. Annual performance-based share units continue to be granted in the first quarter of the fiscal year.

The Company delivered very solid performance during the fiscal year, exceeding the target levels established by the Committee, and the resulting annual incentives earned by the executive officers for 2013 were in line with these results. The value realized by the executive officers from the restricted share and non-qualified stock option awards granted to them on March 1, 2010 which vested in 2013 exceeded their target date award values due to the Company s 23.6% annualized total shareholder return during the three-year performance period. The performance share units granted on March 1, 2011 were forfeited on March 1, 2014 when the threshold average return on non-cash average assets and improvement in brand strength performance levels required for vesting of the performance share units were not achieved by the end of the three-year performance period.

2013 Say-on-Pay Advisory Vote

Approximately 95% of the shares voted at the 2013 Annual Meeting of Shareholders on a proposal to approve the Company s executive compensation program (the say-on-pay vote) were cast in favor of the proposal. The 95% approval rate was approximately the same percentage of shares voted in favor of the say-on-pay vote at the 2012 and 2011 Annual Meetings of Shareholders. In view of the sustained strong shareholder support of the Company s executive compensation, the Committee maintained the principal features and performance-based elements of the executive compensation program in 2013. For the Annual Meeting, the Company s shareholders will again have the opportunity to approve the Lowe s executive compensation program through the advisory say-on-pay vote included as Proposal Three in this Proxy Statement. The Company encourages its shareholders to review this section of the Proxy Statement prior to casting their advisory votes on this year s say-on-pay proposal.

Objectives

The Committee believes the executive compensation program should be based on a strong link between the creation of shareholder value and the compensation earned by the Company s executive officers. Therefore, the fundamental objectives of the program are to:

- Maximize long-term shareholder value;
- Align executive compensation with the Company s business strategies, including delivering differentiated customer experiences, ensuring seamless integration between all selling channels and driving returns on invested capital;
- Attract and retain executives who have the requisite leadership skills to support the Company s strategic and long-term value creation objectives;
- Provide compensation that is positioned commensurately with the Company s performance and the contributions made by executives toward that performance;
- Provide an opportunity for executives to acquire and hold meaningful amounts of Company stock; and
- Ensure the pay program does not promote inappropriate risk-taking.

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Compensation Process

Committee Structure

Members of the Committee are appointed by the Board of Directors. There are currently five members of the Committee, all of whom are independent, non-employee directors. Robert L. Johnson, a member of the Committee since May 2009, is an independent, non-employee director, but he is not considered an outside director under Section 162(m) of the Internal Revenue Code due to the sponsorship agreement between the Company and the Charlotte Bobcats NBA team described on page 9. For this reason, Mr. Johnson does not participate in any decisions with respect to performance-based compensation awarded under the Company s annual or long-term incentive plans.

Compensation Consultant

The Committee has directly engaged and regularly consults with Farient Advisors LLC (Farient) as its independent compensation consultant for ongoing executive compensation matters. Farient representatives participate in all Committee meetings. Farient advises the Committee on the design of the Company s annual and long-term incentive plans including the selection of the performance measures and the setting of performance goals.