

helping communities grow stronger

2003 SOCIAL RESPONSIBILITY REPORT



Lowe's doesn't just offer the tools to help you create your dream home. We're helping lay the foundation for a better place to live. As one of the world's leading retailers,

we realize everything we do impacts the people and environment around us. That's why we're committed to

helping communities grow stronger.

By investing in people and communities, promoting measures that protect the environment and providing opportunity in the workplace, Lowe's is raising the bar in every aspect of the way we conduct our business. To us, the best way to do business is by being a good neighbor.

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invigorating the economy

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protecting the environment

P A G E 8



providing opportunities

"Lowe's doesn't just offer high-quality products at everyday low prices. As we grow, we're making it more convenient for people to have the tools to protect their greatest single asset — their homes."

robert a. niblock, president, lowe's companies, inc.

invigorating the economy



For every new store, Lowe's awards a \$1,000 grant to a non-profit organization in that community. In 2003, Lowe's awarded a total of \$130,000 in "One Grand Grants."

Fiscal 2003 marked the most aggressive expansion in Lowe's history. While many companies pulled back on spending and downsized to survive, Lowe's thrived and helped local communities do the same. Lowe's invested more than **\$2 billion in 2003, built 130 new**

stores, created approximately 26,000 new jobs and helped continue to fuel the upward momentum of the economy.

For communities that we entered as a new neighbor, each new Lowe's store equaled **an average investment of \$18.5 million and created up to 175 new jobs*** — good-paying jobs, approximately 80 percent of which are full-time positions. With **average store sales of \$35 million**, communities were boosted by sales tax benefits, secondary jobs created by service providers to Lowe's stores and increased property values.

Lowe's expansion also brought the convenience of our services and everyday low prices to millions of Americans across the country. With interest rates held to 40-year lows, 2003 made the dream of homeownership a reality for many. Lowe's provided the tools to help people protect and enhance that investment.

Lowe's commitment to the communities we serve, our customers and our employees was also recognized in our being honored by FORTUNE® magazine as **"America's Most Admired Specialty Retailer" for a second consecutive year** (2003 & 2004). This prestigious ranking



judged companies on eight key attributes

including social responsibility, long-term investment value, employee talent, quality of products and services, innovation, use of assets, financial soundness and quality of management.

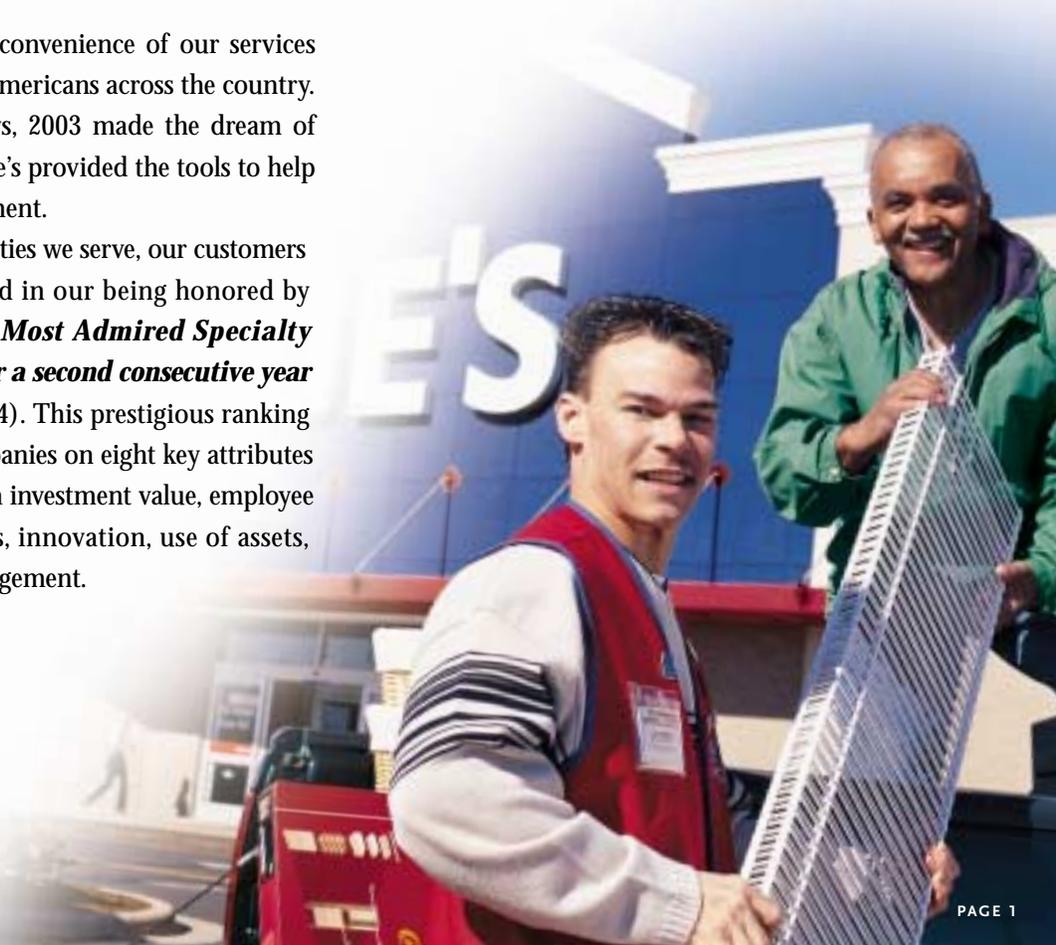
Investment Highlights For Fiscal Year 2003

\$2.2 billion
invested in new
and existing stores.

26,000
jobs created, with
147,000 total employees.

130
new stores, with a total of
952 stores in 45 states.

\$30.8 billion
in sales.
\$35 million average per store.



* Average figures for Lowe's prototype store with 116,000 sq/ft of retail sales space. The 94,000 sq/ft store prototype is an average investment of \$12 million and creates up to 120 jobs.



“Being a responsible corporate citizen is about more than writing a check. It’s about contributing our time and talent, as well as donating dollars and products.”

Larry d. stone, Lowe’s senior executive vice president – operations & chairman of Lowe’s charitable and educational foundation

contributing to communities

Lowe’s believes community involvement extends beyond the boundaries of our doors. That’s why Lowe’s contributes to organizations that have a positive impact on the community and support our charitable goals. In 2003, **Lowe’s and our partners**

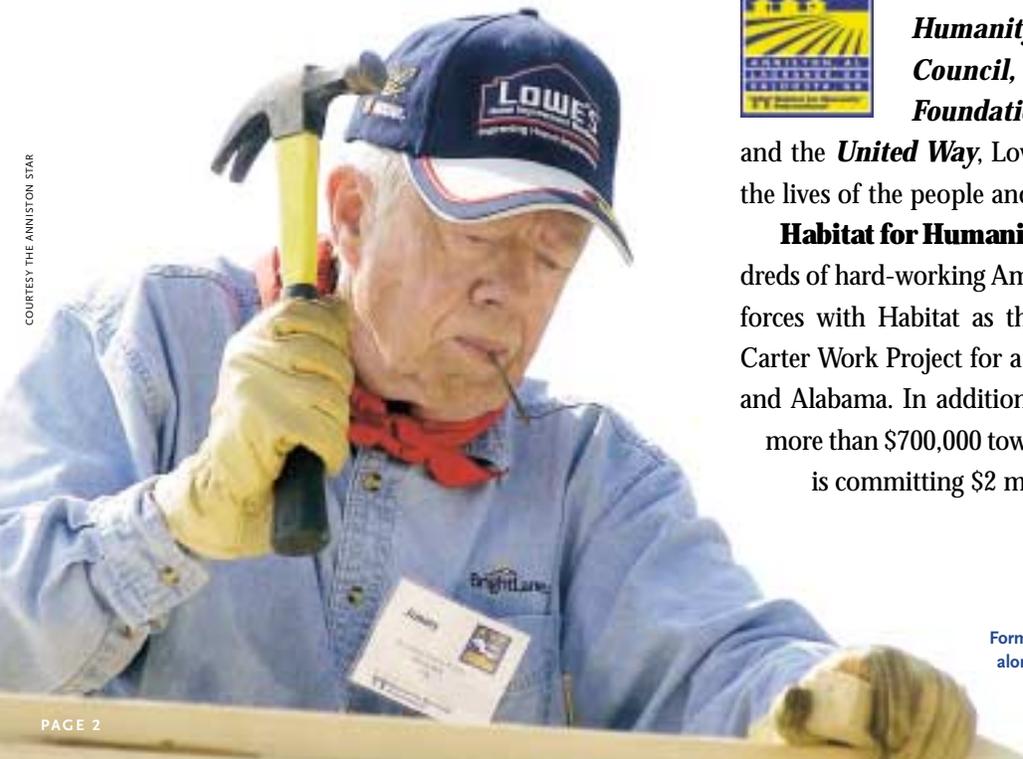
awarded more than \$17.5 million to non-profit organizations across the country.



Through organizations like **Habitat for Humanity, American Red Cross, Home Safety Council, Lowe’s Charitable and Educational Foundation, Lowe’s HEROES** employee volunteers

and the **United Way**, Lowe’s shares in a commitment to improving the lives of the people and neighborhoods where we live and work.

Habitat for Humanity makes homeownership a reality for hundreds of hard-working Americans. As a national partner, Lowe’s joined forces with Habitat as the co-premier sponsor of the 2003 Jimmy Carter Work Project for a one-week, 100-home blitz build in Georgia and Alabama. In addition, Lowe’s and our store affiliates have given more than \$700,000 towards Habitat projects since 2002. And Lowe’s is committing \$2 million towards Habitat projects in 2004.



Former President Jimmy Carter swings a hammer alongside Lowe’s volunteers at the Habitat 2003 Jimmy Carter Work Project in Anniston, Ala.



women build

In 2004, Lowe's is proud to take an even larger leadership role as the national underwriter of **Habitat for Humanity's Women Build** program. The program will build more than 100 Habitat homes across the country, kicking-off with women-only builds in 11 cities the week of Mother's Day.



PHOTOS: GENE DAILEY, AMERICAN RED CROSS



american red cross

Since 2000, Lowe's along with our customers and vendor partners, has contributed nearly \$6 million to Red Cross disaster preparedness and recovery efforts for 140 disasters in 23 states.

With **Racing for Relief**, Lowe's raised more than \$379,000 for victims of Hurricane Isabel and the California wildfires. The program included corporate contributions, an in-store customer donation matching program and a \$48 contribution for each lap Team 48 driver Jimmie Johnson completed at NASCAR races in Dover, Del. and Phoenix, Ariz.



In 2004, Lowe's, the Red Cross and Home Safety Council will help families prepare for disasters by encouraging adults and children to take the **"Pledge to Prepare"** online at pledgetoprep.com.



lowe's charitable and educational foundation

In 2003, Lowe's Charitable and Educational Foundation awarded more than \$2 million to causes supporting public education, community improvement projects and home safety initiatives. Those monies included ten-\$100,000 grants, six of which were used for public school projects. The Atlanta School System used its \$100,000 Lowe's grant to improve playgrounds and buy much-needed computers and lab equipment.

Additional grants of \$100,000 each were awarded to the Victory Junction Gang Camp, Our Towns Habitat for Humanity, the Hendrick Bone Marrow Program and other programs.

contributing to communities



Corporate campus in Mooresville, N.C.

As Lowe's opened the doors to a new corporate campus in Mooresville, N.C., we entered the community as a committed partner, **awarding a \$2.5 million challenge grant to help construct a YMCA in Mooresville and a \$2 million contribution for the Mooresville Library expansion.**

Lowe's also donated volunteers, time and money to numerous other organizations throughout the year including:

Indianapolis Parks Revitalization Project: Lowe's donated \$45,000 and 1,100 volunteer hours to beautify 19 public parks in Indianapolis as part of the Mayor's "Keep Indianapolis Beautiful" campaign. **Ohio Bicentennial:** Lowe's donated volunteers and \$50,000 to plant more than 1,200 trees at 25 public schools as part of Ohio's statewide bicentennial beautification program. **Nickelodeon® Holiday Room Makeovers:** Lowe's volunteers partnered with pediatric units at hospitals in Charlotte, Chicago, Denver, Fresno and Nashville to give a common room at each location a SpongeBob paint makeover. The lovable character also passed out holiday stockings filled with goodies courtesy of Lowe's and our vendors. **United Way:** In 2003, Lowe's and our employees raised more than \$2 million for the organization.



Lowe's is proud to support the Susan G. Komen Foundation in 2003 and 2004 on "Blooms of Hope." The Mother's Day promotion donates 10 percent of select flower sales to the Komen Foundation for efforts to raise breast cancer awareness.



information

For more information on the Home Safety Council, click on homesafetycouncil.org



home safety council

Each year, more than 20,000 people are killed and 13 million injured due to accidents in their homes. In response, Lowe's founded the Home Safety Council in 1993 with a vision of creating safer American homes. Now a separate, not-for-profit organization, Lowe's and our vendors have contributed \$36 million to HSC initiatives since 2000, including the **Great Safety Adventure** — a traveling, life-sized home that teaches children and their parents about home hazards.



lowe's heroes

Sponsored in part by the Home Safety Council, Lowe's HEROES is a store-wide, employee volunteer initiative focusing on safety in the home. In 2003, HEROES volunteers reached more than 500,000 homes nationwide with safety information, products and community service projects, like joining with area fire departments to distribute and install carbon monoxide detectors.



power of pride

Partnering with the United Service Organization (USO), Lowe's raised more than \$260,000 for 62,000 care packages for our military service men and women. Lowe's and our customers also helped show our spirit by signing banners in each of our stores and sending out one of the world's largest greeting cards. Traveling to 30 markets and five NASCAR races, more than 8,000 people shared personal messages of support to our military personnel.



“Lowe’s educates our customers on ways they can save money and the environment through products they buy for their homes. They can feel even better knowing we’re practicing what we’re teaching, with business practices that help conserve valuable natural resources.”

michael d. chenard, lowe’s director of environmental affairs

protecting the environment



Lowe’s Recycling Efforts In 2003

100,000+ tons
of cardboard.

1,000+ tons
of stretch wrap.

125,000+ tons
of pallets and wood waste.

Lowe.com

For more information go to
Lowe.com/energy, Lowe.com/h2o, or
Lowe.com/woodpolicy

Lowe’s recognizes everything we do affects the environment around us, and we’re committed to minimizing that impact. By increasing our **recycling efforts**, working with regional utilities on **promoting energy efficiency** and working with environmental groups on issues like **sustainable forest practices**, Lowe’s believes working to ensure the preservation of the environment for generations to come is not just good for business. For us, it’s the right thing to do.

That’s why we’re educating customers as we educate ourselves in being part of the solution. Lowe’s continually works to increase the availability of products that are environmentally friendly and energy efficient. We’re educating our staff through training, and our customers with free clinics and how-to information on issues like home sealing and environmentally friendly landscaping. Consumer tips are also

offered through our free **Energy and Water Solutions Guides**.



Our green power initiatives prompted the installation of a solar array to generate electricity for Lowe’s West Hills, Calif. store.

West Hills Solar Array: Lowe’s installed one of the largest commercial solar rooftop electric systems in the nation and one of the largest at any retail store in the country at our West Hills, Calif. store. The PowerLight solar generation system covers 37,500 square feet and produces enough electricity during the daytime to power more than 370 homes.

Flex Your Power: California honored Lowe’s with its Flex Your Power Award for our efforts to help reduce the state’s energy consumption through consumer education and in-store efficiencies.



green power initiatives

Lowe’s received the first ever “Tennessee Energy Leadership Award” and the Tennessee Valley Authority’s (TVA) “Green Power Switch® Leadership Award” as the largest customer of green power in the TVA region. Green power is energy produced by clean, renewable energy sources such as wind, solar and methane gas and Lowe’s is using it in more than 32 stores. Lowe’s was also the only retailer to sign on as a founding sponsor of a similar initiative in North Carolina — *NC GreenPower*.



energy star® retail partner of the year

Lowe's is proud to earn the highest citation available from the U.S. Environmental Protection Agency and Department of Energy as the ENERGY STAR® Retail Partner of the Year for a second consecutive year. Lowe's was selected for educating consumers on energy efficiency and conservation and for increasing the sale of ENERGY STAR qualified products by more than 30 percent in 2003.

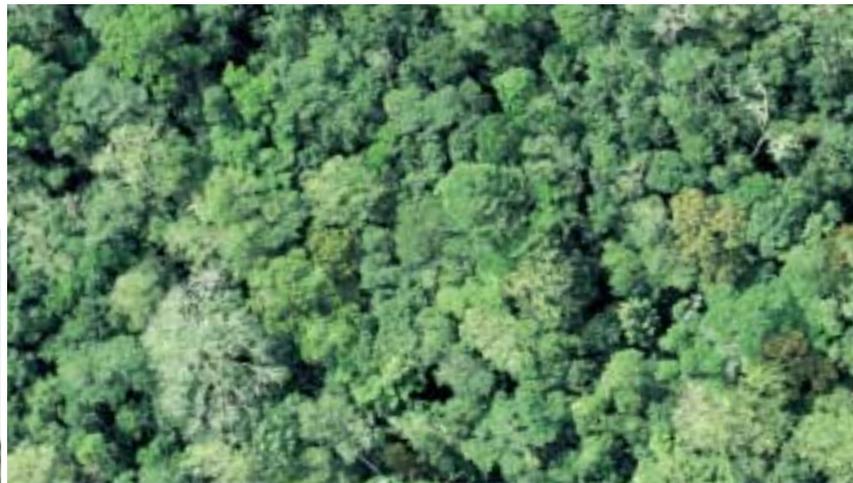


energy star® customer benefits

Lowe's sales of ENERGY STAR® qualified appliances resulted in our customers saving more than \$55 million in energy costs. As a result of those sales, the pollution prevented is the equivalent of planting nearly 117,000 acres of trees or removing more than 74,000 cars from the road.

national arbor day foundation

Lowe's is helping to make America "green" by partnering with the National Arbor Day Foundation. Lowe's Charitable and Educational Foundation purchased nearly 50,000 seedlings for use at our April 2004 free Build and Grow Clinics, where kids made a planter and were given a seedling to plant at home.



lowe's wood policy

Lowe's wood policy is still heralded by environmental groups as a leading policy in the protection of endangered forests and responsible wood sourcing. Lowe's continues to increase the use of recycled content paper in our printed advertising, and we've embarked on a paper reduction campaign that's dramatically reduced paper usage throughout the company.





Employee Denise Walker was called into active duty and served six months in Kuwait. Lowe's extended military leave benefits in 2003 to six-months differential pay for workers called into active duty.

“Our world is more diverse, and Lowe’s works to ensure that we create an environment that is welcoming and respectful of all people and all cultures — including our employees, our customers and our vendors.”

darryl k. henderson, lowe's vice president of corporate human resources and fairness programs

Building Success

Benefits

health, dental, vision and prescription drug benefits for full and part-time workers.

Retirement

discounted stock purchase program, 401(k) matching and performance bonuses.

Workplace

fairness programs, employee discounts and one of the nation's only companies to have an entirely smoke-free workplace.

providing opportunities

Lowe's Fairness Programs encompass all aspects of our workplace, making diversity and inclusion a natural part of the way we do business.



For employees, Lowe's promotes an atmosphere that allows our 147,000 employees the opportunity to excel regardless of race, sex, gender, ability, religion, marital status or sexual preference. Lowe's employees also regularly undergo training and education on issues concerning diversity, harassment and other workplace issues.

Customers are made to feel welcomed. Lowe's strives to meet the needs of our increasingly diverse customer base with our Spanish language website, multi-lingual signage in more than half of our stores, bilingual employees and the ability to translate 150 languages through the Language Line at our customer service desk.

Suppliers can be assured they encounter a fair environment when doing business with Lowe's. Lowe's is actively seeking out opportunities with women and minority-owned suppliers, and increased our business with these suppliers by more than 50 percent in 2003. Lowe's ethics policies include the refusal of all gifts from vendors, any goods produced by child or slave labor and Lowe's right to inspect the factory of any foreign-made product.



Lowe's.com

For more information go to Lowe's.com/diversity



Lowe's recognizes the unique talents of all our 147,000 employees. Lowe's received the 2003 Illinois Governor's Award for our hiring of disabled workers.

a letter from the Chairman & CEO and our President

In the 58 years Lowe's has been doing business, many things have changed. But not the principles of honesty, integrity, respect and fairness that our business was founded on and the 'Customers First' philosophy that continue to drive our business today. And as we grow, so does our commitment to helping those around us grow stronger.

As one of the nation's leading retailers, we assume the responsibility to take the lead — as an employer with our more than 147,000 employees; as a trusted source for products and services for the 10 million customers who visit our stores each week; as an active and contributing citizen in the communities where our more than 950 Lowe's stores are located today; and as a responsible steward of the environment.

We realize our greatest strength lies in the diversity and talents of our people, and we're committed to positioning them to succeed. We're giving to communities by creating jobs, boosting local economies with tax revenues and giving back to causes that positively impact the communities we serve. In 2003, that figure was more than \$17.5 million for charitable initiatives, and we're proud of even greater commitments we're making with Habitat for Humanity, the American Red Cross and Home Safety Council, in 2004.

We are also continuing to challenge ourselves and our customers by making even greater strides to minimize our impact on the environment and conserve valuable natural resources.

We realize the issues will grow more complex, and as they do, we resolve ourselves to do more, to be more, and to give more — as a company and as your neighbor.



robert l. tillman
chairman of the board &
chief executive officer



robert a. niblock
president

april 16, 2004

growing stronger* ...for investors

- > \$30.8 billion net sales
- > \$1.88 billion net earnings
- > 2003 and 2004 *fortune*[®] magazine's most admired specialty retailer
- > #50 – *fortune* 500
- > #9 – *business week* 50 best performing companies

...for customers

- > 952 stores in 45 states
- > over 40,000 products in stock
- > 500,000 products available by special order
- > 10% low price guarantee

...for employees

- > 147,000 employees
- > approximately 80% of jobs are full-time positions

...for our communities

- > \$17.5 million contributed to our communities
- > partners with *habitat for humanity*, *american red cross* and *home safety council*
- > *lowe's charitable and educational foundation*
- > *lowe's heroes* volunteers

...for the environment

- > *energy star*[®] retail partner of the year
- > honored for *green power* initiatives
- > lowe's wood policy

more information at
Lowe's.com

* fiscal year 2003



For more information visit Lowe.com.



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