

# Responsibility: How To

2006 SOCIAL RESPONSIBILITY REPORT





#### **Our Employees**

- More than 210,000 employees
- More than 25,000 new jobs created in 2006
- · Approximately 75 percent of jobs are full-time positions
- Comprehensive benefits offered to full- and part-time employees
- 401(k) matching and discounted stock purchase program
- Tuition reimbursement up to \$1,000 annually

#### **Our Milestones**

- More than 1,400 stores
- · 19th-largest employer in the United States
- · 14th-largest retailer in the world
- 8th-largest retailer in the United States

#### **Our Communities**

- Partner of Habitat for Humanity<sup>®</sup> International
- Underwriter of Habitat for Humanity's Women Build® program
- National Partner of American Red Cross
- More than \$15 million contributed by Lowe's Charitable and Educational Foundation in 2006

#### **Our Environment**

- Award-winning ENERGY STAR® partner for five consecutive years
- Ranks 20th among Fortune 500 companies purchasing green power
- For two consecutive years, donated \$1 million to The Nature Conservancy for projects dedicated to land conservation
- · Enacted industry-leading wood policy in 2000
- SmartWay® Transport Partner

For millions of customers each year, Lowe's is the "how-to" destination for home improvement ideas. We value that role, and we also strive to be the "how-to" corporation for social responsibility each and every day.



Since Lowe's began more than 60 years ago, we have held solidly to our commitment to customer service, even as we've increased our store count to more than 1,400 in 49 states. In 2006 alone, we added more than 25,000 employees to our team and announced plans to expand into Canada in 2007 and Mexico in 2009.

With growth inevitably comes change. But some things — important, defining characteristics — never change, such as our sense of responsibility and commitment to the communities where we've become neighbors.

What does it take to be a good neighbor? Does it mean simply doing the right thing? That's one goal, but we have many more. Throughout the following pages, we'll share some of the ways we strive to make good decisions that benefit people and the communities in which we do business.

We're proud of our commitment to our neighbors, our customers and our employees, and we hope you enjoy our look back at how we made 2006 one of our proudest years.

Sincerely,

Robert A. Niblock

Chairman and Chief Executive Officer



In 2006, Lowe's opened 155 new stores, creating more than 25,000 new jobs. We offer competitive pay and a comprehensive benefits package that includes medical, dental, vision and life insurance benefit options for full- and part-time employees, their spouses and their dependents. Retirement and other savings goals can be met through both a 401(k) plan, which includes an employer matching contribution, and a discounted stock purchase program.





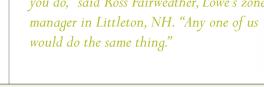
## HOW TO: Carried for a Lifetime.

We recognize that our most valuable asset is our employees, and we work hard to help them improve their skills. In 2006, Lowe's expanded its Tuition Reimbursement Program, so all full-time regular employees with at least one year of service are eligible for tuition and educational expense reimbursement up to \$1,000 annually.

In 2007, we will offer two new scholarships to high school graduates: the Lowe's Scholarship, available to the community; and the Carl Buchan Scholarship, named for Lowe's founder, for employees and their children.



"When someone needs help, it's just what you do," said Ross Fairweather, Lowe's zone manager in Littleton, NH. "Any one of us would do the same thing."





HOW TO: and for Your Own.

Since 1999, Lowe's Employee Relief Fund has assisted more than 4,000 employees with more than \$5 million in funds, and we match employee donations to the fund dollar for dollar.

In 2006, Yvonne Bowers, a Lowe's employee, was to receive a Habitat for Humanity home after the home she shared with her four daughters was devastated by fire. New homeowners must spend 250 hours of "sweat equity" on-site, but on her second day, Yvonne fell and was badly hurt. Her fellow Lowe's employees rallied, fulfilled her hours and, in turn, her dreams.



## HOW TO: TOTECT

the Planet.



## HOW TO: Energy, Reuse and Recycle!

In 2006, Lowe's began a nationwide pallet program to keep wooden pallets out of landfills. In one year, Lowe's stores and Regional Distribution Centers recycled more than 145,000 tons of pallets, more than 138,000 tons of cardboard and 20 tons of shrink wrap. Since 2004, solar panels have helped four California stores decrease overall energy use and cut power use by 10 percent — enough power to light more than 14,000 homes for an entire year.



Lowe's has been an award-winning ENERGY STAR® partner for five consecutive years. In fact, one month's sales of ENERGY STAR®-qualified appliances at Lowe's:

- Eliminate enough greenhouse gases to equal planting almost 4,000 acres of trees
- $\bullet$  Save customers about \$3.8 million off their energy bills compared with non-ENERGY STAR  $^{\circledast}$  qualified appliances
- Save enough energy to light more than 14,000 homes for a year

Actor Richard Karn, best known for his role as Al Borland on the hit sitcom *Home Improvement*, helped spark a 47 percent increase in batteries recycled at our stores in 2006. The Rechargeable Battery Recycling Program also helped protect the water supply by keeping more than 115,000 pounds of batteries out of landfills.



Lowe's Goal:

By 2010, we will

transport 90 percent

of our shipments

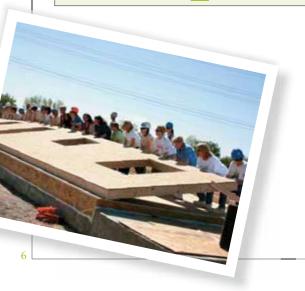
by SmartWay®

Transport Partners.



HOW TO:

22,000 Women to Raise the Roof – and Put Family First.





"Not only is Lowe's sponsorship of Habitat worthy of praise, so is the company's investment in women...by empowering women to help eliminate substandard housing."

- former Arkansas First Lady Janet Huckabee

Lowe's and governors' spouses have provided both motivation and muscle to frame walls and raise roofs as part of "First Families Building Homes Across America." Lowe's and Habitat for Humanity launched the two-year initiative to help increase awareness of the need for affordable housing in all 50 states and the District of Columbia. In 2006 alone, homes were built in 25 states.

Plus, Lowe's in-store "How-To" clinics empower women to become part of the housing solution by teaching them skills to contribute effectively at each work site. In 2006, Lowe's doubled its number of Women Build Clinics from 2005. As part of this program, 96 stores across the country gave women the know-how to build safe, affordable homes, resulting in more than 50 new homes.

# Momen Build®



a Blueprint for the Future.

Our commitment to Habitat for Humanity International has been rewarding and long lasting, supporting affordable housing and replacing despair with hope. In 2006, Lowe's donated more than \$5 million to Habitat builds. We also broke new ground on several Habitat homes that feature "green" and Universal Design elements—saving energy and preparing for a future that might hold any number of personal challenges.

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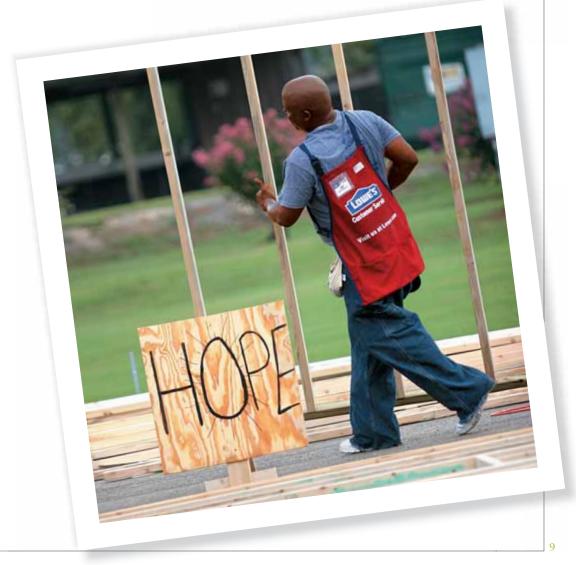
a Safe Home...or Eight in One Week.



Habitat for Humanity International's 2006 Home Builders Blitz initiative called on 1,000 construction professionals in 100 U.S. cities to volunteer to build 500 homes in one week. For our part, Lowe's employees worked alongside community volunteers to help build eight homes in Greenville, South Carolina. The result? Builders Blitz bliss! (And a few blisters.)

# How To: Those in Need – Beyond Their Moment of Need.

Our donation began with building materials needed to construct framing packages immediately after Hurricanes Katrina and Rita devastated the Gulf Coast. Today, Lowe's and our vendor partners are proud to have contributed more than \$3 million to Habitat for Humanity's Operation Home Delivery, a long-term Gulf Coast rebuilding plan.





As a national disaster relief partner with the American Red Cross, Lowe's made it easier for Red Cross chapters to respond to disasters, such as floods and tornados, with much-needed supplies from local stores. We also worked side-by-side with the Red Cross at hurricane fairs along the Gulf and East coasts. In 2006, Lowe's contributed more than \$500,000, including customer and employee donations.

## row

an Eye on the Horizon.

On the Gulf Coast, a change in the weather can mean a day at the beach or an evacuation order. In 2006, Lowe's Charitable and Educational Foundation donated weather stations to two middle schools in the Gulf Region to be used by students, the National Hurricane Center, the National Weather Service, private-sector meteorologists and the media. A third weather station is planned for 2007. The stations supplement the schools' science curriculum and provide invaluable information 24/7 that helps students learn more about weather patterns and enables the region to be ready when the skies threaten.

"While government dollars are replacing what we lost, we're so appreciative to Lowe's for helping enhance our technology beyond where it was before Katrina."

Dr. Kim Stasny, Superintendent, Bay St. Louis-Waveland School District

## HOW TO: Your Inner Hero.



When can a Lowe's red vest channel the powers of a red cape? When more than 300 Lowe's employee volunteers from 33 stores in Dallas and Fort Worth, Texas, band together to spend more than 7,000 hours to renovate 10 local Boys and Girls Clubs. Improvements ranged from painting and lighting to renovating an Olympic-sized pool.

Lowe's Heroes swooped in to help communities from coast to coast, improving homes for seniors, raising fire and construction safety awareness and enhancing local parks.









For the second year in a row, Atlanta Lowe's Heroes sprang into action to help the Decatur Preservation Alliance tend to a neighborhood desperate for attention. Homeowners, often elderly and all low-income, embraced the redvested employees who arrived to spruce up homes and, in many cases, bring them up to code.

"You're helping to enable the Vermont Youth Corps to realize its long-term goal of serving more of Vermont's youth — from kids-at-risk to young people who learn the value of conservation and stewardship of the environment."



Thomas Hark Founding President, Vermont Youth Conservation Corps

Lowe's commitment to the National Trust for Historic Preservation continued in 2006 with \$1 million in grants for the renovation of 10 historic public properties. From ship to shore, Lowe's contributions focused on keeping precious slices of American history vibrant for future generations to experience.

For example, the African Meeting House is a National Historic Landmark that had fallen into disrepair. The house sits on Beacon Hill in Boston, part of the Museum of Afro-American History and the oldest existing African Meeting House in the United States. In 2006, with Lowe's help, the house was restored to its 1855 appearance and, for the first time in 200 years, became fully accessible to visitors with limited mobility.



## How To: High Standards – and Exceed Them.

Lowe's has strict standards for the products we sell, and we provide clear guidelines for product quality and safety and social responsibility by manufacturers. To ensure compliance with these standards, each year LG Sourcing inspects hundreds of foreign factories that manufacture products Lowe's sells, and our global sourcing policies prohibit the use of child or prison labor in the production of materials we sell.

In addition, Lowe's Code of Business Conduct and Ethics prohibits conflicts of interest in our dealings with vendors.

#### HOW TO: Relationships.

At Lowe's, we work to create and preserve an inclusive culture where we value and leverage diversity each day. Organizations we support include the National Council of La Raza, the NAACP and the Urban League. In 2006, Lowe's contributed more than \$2.5 million to multicultural organizations and efforts. We're also proud to have purchased more than \$1 billion in merchandise and supplies from womanand minority-owned businesses.



# Support Your Local Economy.

As Lowe's opens stores, we also help to boost local economies with tax revenues and vendor relationships that, in some states, bring millions of additional dollars. Increased tax revenues mean safer streets, better public services and better lives for residents in communities we serve.



## ношто

Money into Mind Power.



In Florida, Lowe's contributed \$8 million to nonprofit scholarship funding organizations, enabling more than 2,200 kindergarten through 12th-grade low-income students to attend the schools that best meet their needs.

"We would like to thank Lowe's for giving hope and creating opportunities for our most valuable resource — our children."

> Step Up for Students, an Initiative of the Florida Corporate Tax Credit Scholarship Program



Lowe's Charitable and Educational Foundation (LCEF) awarded more than \$15 million in 2006 to diverse nonprofit organizations nationwide for community improvement projects and K-12 public school initiatives.

In Chicago, LCEF funded a \$120,000 grant to improve 18 public schools and 18 firehouses. Lowe's and the Chicago Fire Department teamed up to educate children about fire safety using the Home Safety Council's Great Safety Adventure, just two weeks after a local fire killed six children. The tragedy prompted a special safety seminar at the school the children had attended, and Lowe's worked with the Home Safety Council to provide packets of safety materials for the students to take home.

"Lowe's donation is an excellent example of benevolent capitalism. We will reap immediate and long-term benefits from the donation...Lowe's has provided concrete results, in a timely fashion."

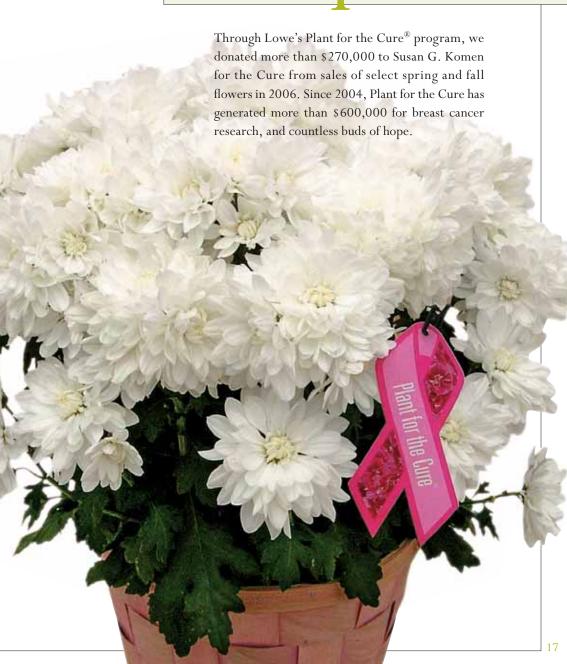
Michael Bendicsen, Principal Ivanhoe Elementary School Recipient of LCEF grant, 2006





Through LCEF's Annual Swing for Charity golf tournament, Lowe's and its vendors brought a special kind of outdoor classroom to the William E. Carter School in Massachusetts. The project was designed to accommodate the needs of the school's severely handicapped students. With the Sensory Garden Outdoor Classroom, students now practice their mobility skills by walking through the garden; enhance motor skills by planting flowers, picking berries and activating water features; and learn to associate colors with flowers.





## How TO: Lives through Education.

We believe children receive the best education when their parents get involved. In 2006, Lowe's Toolbox for Education program awarded \$5 million in grants to nearly 1,000 public schools nationwide to support projects initiated by parent groups.



(from left to right) North-Grand High School Principal Dr. Ayala, North-Grand High School students, North-Grand High School teacher Phil Cantor and Lowe's store manager, Doug Eckard.









## HOW TO: the Sun In.

In Denver, Colorado, Lowe's presented a \$100,000 Toolbox for Education grant to help beautify Del Pueble Elementary School. Employees helped replace flooring and provided new landscaping and skylights.





Carolina Courtyard Outdoor Classroom.

The School for the Future, in New York City, will use its \$20,000 Outdoor Classroom Grant to further develop its science education program, including this rooftop garden.

## HOW TO: 15 1 to Mother Nature.





For the second year, Lowe's Outdoor Classroom Grant Program along with National Geographic Explorer! magazine funded hands-on science projects outside traditional classrooms. Over the 2006-2007 school year, Lowe's awarded more than \$250,000 for curriculum-based projects, including outdoor laboratories, learning shelters and butterfly gardens.

Thanks to an Outdoor Classroom Grant, the future is now at New York City's School of the Future. A \$20,000 grant funded an innovative rooftop outdoor classroom with a new weather station, green panels and more. Students study topics ranging from growing fruits and vegetables to water run-off.

#### Lowe's Charitable and Educational Foundation 2006 Grants

13th Avenue School Newark, NJ

Alternative Education Academic & Career Transition School Indianapolis, IN

Anderson Heights Elementary School Anderson, CA

Appalachian State University Building Sciences Program Boone, NC

Austin High School Houston, TX

Austin Park Foundation Austin, TX

Avoyelles Council on Aging Marksville, LA

A.W. E. Bassette Elementary School *Hampton,VA* 

Barium Springs Homes for Children Barium Springs, NC

Bay St. Louis Waveland School District Bay St. Louis, MS

Beacon Elementary School Hilliard, OH

Belmont Charter School *Philadelphia*, *PA* 

Ben Milam Elementary School Harlingen, TX

Bethlehem Elementary School Bethlehem, CT

Bethune Academy Houston, TX

Boys & Girls Club of Greater Dallas Dallas, TX

Boys & Girls Club of Portage County Plover, WI

Brentwood High School Brentwood, NY

Brevard County Natural Resources Management Office Viera, FL

Brookland Elementary School *Brookland*, *AR* 

B.T. Wilson Sixth Grade School Kerrville, TX

Burke Alternative West *Morganton*, *NC* 

Campbell Elementary-Middle School Campbell, OH

Camp Fire USA Orange County Council Tustin, CA

Carl Sandburg Elementary Charleston, IL

Carlynton Junior-Senior High School Carnegie, PA

Carolina Arts Network Pembroke, NC

Challis High School Challis, ID

Charles W. McCrary Elementary School Asheboro, NC

Chavez High School FFA Houston, TX

Children First Fund Chicago, IL

Christian Fenger Academy Chicago, IL

City of DeKalb DeKalb, IL

City of Niles Niles, OH

City of Rocky Mount Rocky Mount, NC

City on a Hill Charter Public School Boston, MA

Conococheague Audubon Society Chambersburg, PA

Coralwood School Decatur, GA

Crestview Elementary School *Layton*, *UT* 

Dardenne Elementary School O'Fallon, MO

Decatur Preservation Alliance Decatur, GA

Del Pueblo Elementary School Denver, CO

De<br/>Zavala Elementary School Houston, TX

Dilworth Community Development Corporation Charlotte, NC

Discovery Elementary School Vernal, UT

Dr. Gilbert L. Porter Elementary *Miami*, *FL* 

Dr. Martin Luther King, Jr. School Cambridge, MA

Eastern NC School for the Deaf Wilson, NC

East Mountain High School Sandia Park, NM

Egg Harbor Township Middle School Egg Harbor Township, NJ

Fairhope Intermediate School Fairhope, AL

Fishcreek Elementary School Stow, OH

Flour Bluff Independent School District

Corpus Christi, TX

Fresno Parks, Recreation and Community Services Department Fresno, CA

Fruitland Park Elementary School Fruitland Park, FL

Gainesville Elementary School Gainesville, GA

Gault Elementary School Santa Cruz, CA

Granville High School Granville, OH

Gullett Elementary School *Austin*, TX

Habitat for Humanity International Americus, GA

Haleyville High School Haleyville, AL

Hall Fletcher Elementary School *Asheville, NC* 

HARCATUS Tri-County Community Action Organization Dennison, OH

Heartland Academy Dublin, GA

Heck/Quaw Elementary School Belgrade, MT

 $\label{thm:condition} Hendrick\ Marrow\ Foundation\ Charlotte,\ NC$ 

Henry Hudson Elementary School Rochester, NY

Highland Elementary School Lake Worth, FL

High School for Environmental Studies New York. NY

Hohokam Middle School *Tucson, AZ* 

Home Safety Council Washington, DC

 $\begin{aligned} & \text{Houston Independent} \\ & \text{School District} \\ & \textit{Houston}, TX \end{aligned}$ 

Ila Elementary School *Ila, GA* 

Inola High School Inola, OK

Ithica Elementary School Villa Rica, GA

Ivanhoe Elementary School Gary, IN

Jackpot Combined School Jackpot, NV

Jackson Middle School San Antonio, TX

Jefferson Parish Public School System Marrero, LA

Jimmie Johnson Foundation Charlotte, NC

John C. Calhoun Elementary School Calhoun Falls, SC

John D. Philbrick Elementary School Roslindale, MA John Young Middle School Mishawaka, IN

Jonesville Middle School Bowdon, GA

J.R. Harris Elementary School Houston, TX

Kennesaw High School Kennesaw, GA

Kennesaw Mountain High School Kennesaw, GA

Latino Community Center Milwaukee.WI

Lawtell Elementary School Opelousas, LA

Learning Gate Community School Lutz, FL

 $\begin{tabular}{l} Lexington Elementary School \\ \it Lexington, OK \end{tabular}$ 

Lincoln Elementary School Canon City, CO

M.C. Williams Middle School *Houston, TX* 

Meadowview Middle School Mount Airy, NC

 $\label{eq:middleton} \mbox{Middleton Elementary School} \\ \mbox{\it Woodbury, } \mbox{\it MN}$ 

In 2006; Lowe's funded 52 Habitat for Humanity builds nationwide!

## Lowe's Charitable and Educational Foundation 2006 Grants (continued)

Mooresville Library Mooresville, NC

Mooresville YMCA Charlotte, NC

Nitro Elementary School Nitro, WV

North Carolina Division of Forest Resources Raleigh, NC

North Carolina Zoological Society  $\it Asheboro, NC$ 

North-Grand High School Chicago, IL

Northlake Nature Center *Mandeville*, *LA* 

North Rock Creek/Korte Elementary School Independence, MO

Northside Elementary School Walterboro, SC

North Vernon Parks and Recreation North Vernon, IN

Northwest Georgia Educational Program Chickamauga, GA

Oakhurst Elementary School Charlotte, NC

Oakhurst Elementary School Decatur, GA

Old Wilkes, Inc. Wilkesboro, NC

Palomino Elementary School *Phoenix*, AZ

Pan American Soccer Association Dallas, TX

PANTHER Academy Paterson, NI

Para los Ninos Los Angeles, CA Park City Elementary School Park City, KY

Perris Valley Youth Association *Perris, CA* 

Perrymont Middle School Richmond, VA

Perspectives Charter School Chicago, IL

Plaquemine Parish Alternative School Belle Chasse, LA

Pleasant Union Elementary School Raleigh, NC

Portage Lakes Advisory Council Akron, OH

Portal Elementary School *Portal, GA* 

Portland Public Schools *Portland, OR* 

P.S. 56 – Lewis H. Latimer *Brooklyn*, *NY* 

Raleigh Road Elementary School Linden, NC

Ridglea Hills Elementary School Fort Worth, TX

Rochelle Township High School Rochelle, IL

Rockwood Elementary School Oklahoma City, OK

Roots and Wisdom Schenectady, NY

Ruby F. Carver Elementary School Richmond, VA

Rupert A. Nock Middle School Newburyport, MA

Saint Paul Open School Saint Paul, MN

School District of Philadelphia *Philadelphia*, *PA* 

School District of Pittsburgh Pittsburgh, PA

School of the Future *NewYork*. *NY* 

Sealy High School Sealy, TX

Shreve Island Elementary School Shreveport, LA

Smithson Valley Middle School Spring Branch, TX

South Topsail Elementary Hampstead, NC

Sparks Middle School c/o Hacienda La Puenta Unified School District *Hacienda Heights, CA* 

St. Louis Public Schools
St. Louis, MO

Sterling Public Schools Sterling, OK

Stoneview Elementary School *Lithonia, GA* 

Sunnyside Unified School District *Tucson*, AZ

Syracuse Northeast Community Center Syracuse, NY

Talladega Career/Technical Education Center Talladega, AL

Tangerine Progressive Organization for Youth Tangerine, FL

Teeland Middle School Wasilla, AK

Teens in Action for a Healthy Community *El Paso*, *TX* 

The Fund for Public Schools NewYork, NY

Historic Preservation
Washington, DC
The Nature Conservancy

The National Trust for

Arlington,VA
The William E. Carter School

Boston, MA
13th Avenue School

Newark, NJ
Toledo Early College High School
Toledo, OH

Truchas Services Center, Inc.
Truchas. NM

Urbandale Middle School Urbandale, IA

Van Winkle Elementary School Jackson, MS

District/EDC Daytona Beach, FL

Wayne County Schools Career Center Smithville, OH

Volusia County School

West Elementary School Jonesboro, AR

Western Placer Unified School District Lincoln, CA

Westwood Elementary School
West Jefferson, NC
Wheeling Middle School

Wheeling Middle School
Wheeling, WV
Whitewater High School

Fayetteville, GA
Wichita Public Schools
Wichita, KS

Wilcox Central High School Camden, AL

Wilkes Community College Wilkesboro, NC

Wilkes Vision 20/20 North Wilkesboro, NC

Woodmont Academy Southfield, MI Woodway Elementary School Waco, TX

YMCA of Jennings County North Vernon, IN YMCA of Topeka

MISCELLANEOUS GRANTS

Abilities! Albertson, NY

Topeka, KS

Acercamiento Hispano de Carolina del Sur Columbia, SC Congressional Black Caucus

Foundation
Washington, DC

Denver Indian Center, Inc Denver, CO

Greater Dallas Hispanic Chamber of Commerce Dallas, TX

 $\label{eq:community} \begin{array}{l} \text{Houston Community Services} \\ \textit{Houston}, TX \end{array}$ 

Houston Hispanic Chamber of Commerce Houston, TX

Japanese American Citizens League San Francisco, CA,

La Noticia Charlotte, NC NAACP

Baltimore, MD

National Council of La Raza
(NCLR)

Washington, DC

National Hispanic Leadership Institute Arlington, VA

Neighborhood Housing Services of Orange County Anaheim, CA

Organization of Chinese Americans *Washington*, *DC*Phoenix Indian Center, Inc.

Phoenix, AZ

Ser Jobs For Progress of The Texas
Gulf Coast, Inc.

The Urban League Urban United Indian Council

Houston, TX

Oklahoma City, OK

In 2006, Lowe's
funded 943 Toolbox
for Education grants
in 50 states, plus the
District of Columbia!

#### Let's Build Something Together

#### Apply for a Grant

#### Lowe's Charitable and Educational Foundation

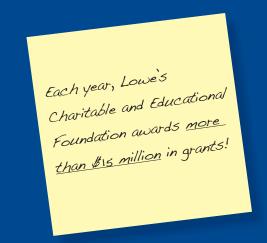
- Has contributed to grassroots community projects for more than 50 years
- Focuses on K-12 public schools and nonprofit, community-based organizations
- www.lowes.com/community

#### Lowe's Toolbox for Education

- Partners with parent groups to support parents' involvement in education
- Provides grants up to \$5,000 for public school improvement projects initiated by parent groups
- www.toolboxforeducation.com

#### Outdoor Classroom Grant Program

- LCEF and National Geographic Explorer! magazine work together to fund hands-on science projects outside the traditional classroom
- Curriculum-based projects range from outdoor laboratories to butterfly gardens
- www.lowes.com/outdoorclassroom



#### Work with Us

#### Lowe's Heroes

- Lowe's employees from local stores volunteer time to local community organizations
- Contact your local store for details

#### Habitat for Humanity

- National partner with Lowe's
- Underwrites Habitat's Women Build program
- Launched "First Families Building Homes Across America"
- www.lowes.com/habitat



For More Information Visit lowes.com