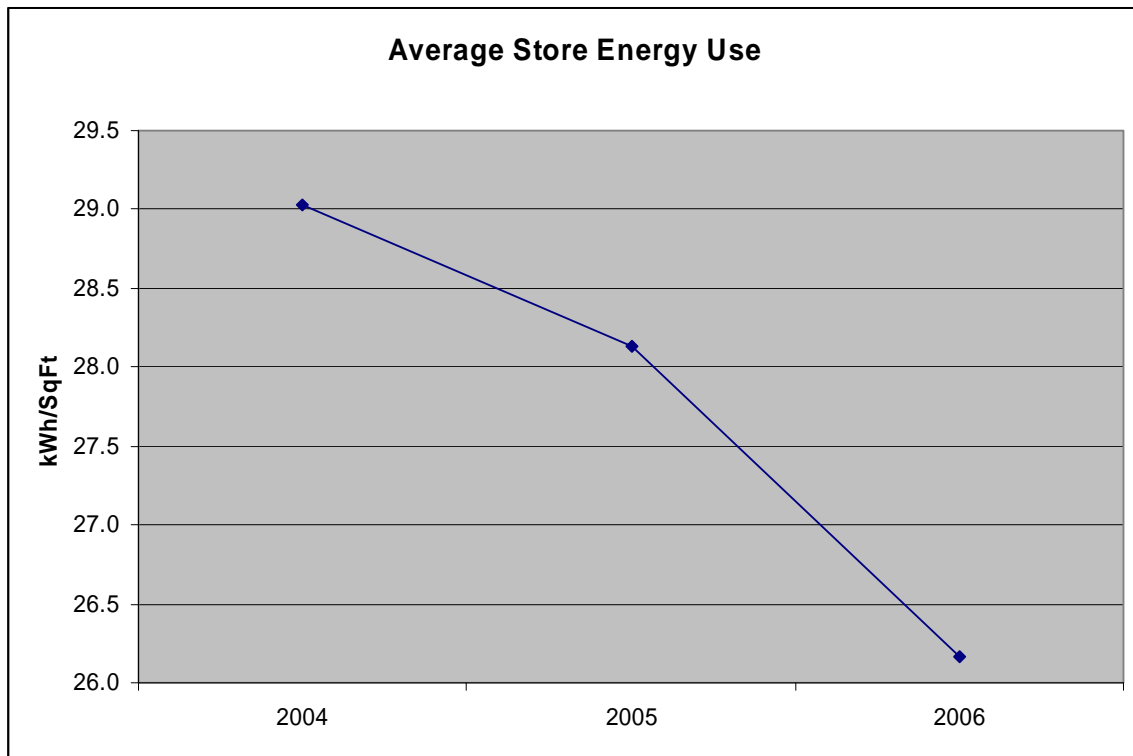


## Lowe's Energy Use Report

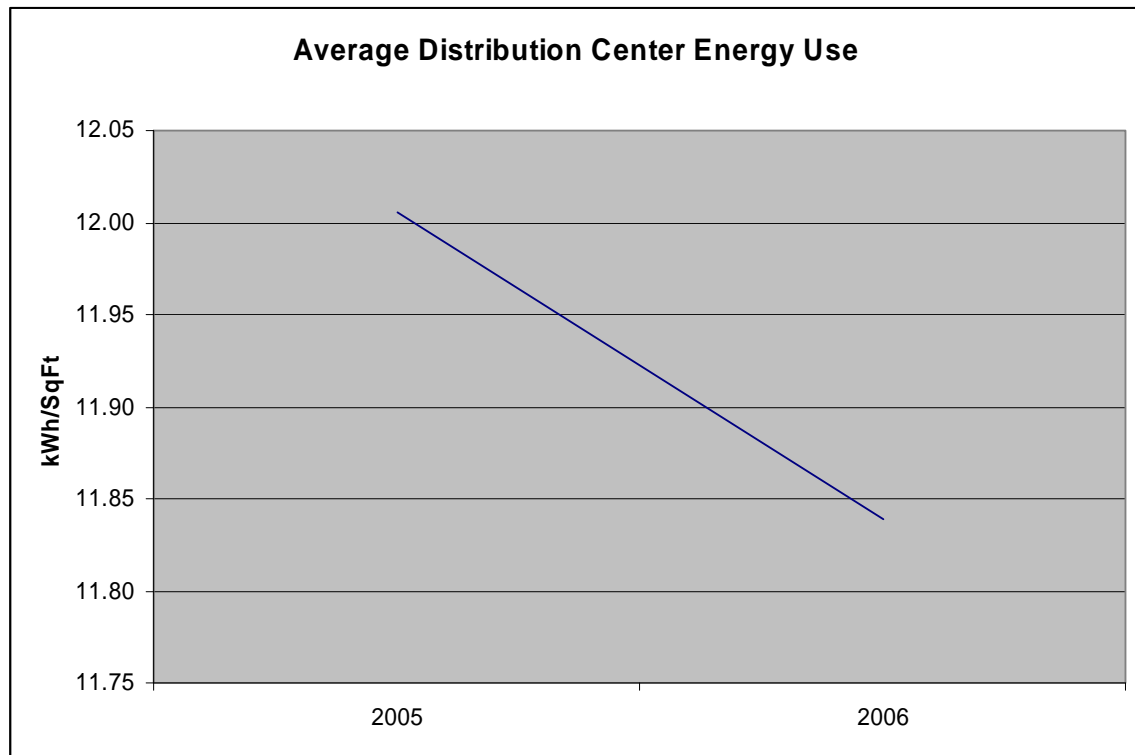
Efficiency is a hallmark of Lowe's across all aspects of our operations. We regularly examine how we operate and look for opportunities to improve. Energy conservation is one of those aspects that has had our attention for over five years. Reducing energy use at stores and distribution centers reduces operating costs and eases the load placed on power plants resulting in fewer emissions to the environment. For these reasons, Lowe's strives to reduce our stores' energy consumption through the use of new technology and improved practices.

### Facility Energy Use

Recent historical data from our energy management system indicates a demonstrated reduction in our energy use. Our stores' average kilowatt hours per square foot (kWh/SqFt), a measure of a building's energy efficiency, has decreased steadily from 2004 to 2006. On average, energy use per store has decreased an impressive 10% since 2004.



Our distribution network also shows a reduction in energy use from 2005 to 2006.



### **Green Power Purchasing**

Green power has been part of Lowe's energy portfolio since 2002 and we continue to include green power in our purchasing plans. Lowe's recently increased its purchases of green power to 86 million kilowatt-hours in 2007 and allocates those purchase to our entire store base.

Lowe's currently ranks 14<sup>th</sup> among Fortune 500 Green Power Partners and is the 6<sup>th</sup> largest green power purchaser among all retailers. We are committed to further increasing our green power purchases over the next several years.

### **Solar power generation**

Lowe's has rooftop photovoltaic energy generating systems on four stores in Southern California. In 2006, the four systems produced 3.1 million kWh of energy. That equates to a total savings of 976 tons of Carbon Dioxide, 524 tons of Nitrogen Oxide and 1,727 tons of Sulfur Oxide.

The combined energy generation for these four systems to date has been over 6.7 million kWh; enough power to light 14,000 homes for an entire year.

## **Energy Efficiency Policy**

Lowe's views energy efficiency measures in our facilities as one of the best opportunities to decrease operating costs as we develop new stores and retrofit existing stores.

One of the key systems employed to impact energy efficiency is our integrated energy management system. Centrally controlled in North Wilkesboro, North Carolina, this system allows our energy management team to remotely monitor our stores' energy use. Readings that exceed specifications are identified and investigated and corrections planned through national contracts.

## **Operation and maintenance program**

Lowe's employs a "Fresh Look" concept to existing stores to continually evaluate and periodically update building systems. This includes high efficiency HVAC replacements and improved maintenance practices, lighting retrofits to improve efficiency as well as illumination. Building roofs and doors are upgraded as needed to improve performance and efficiency.

Lowe's uses utility billing data and building management system trending and alarms to identify energy and water anomalies. High use conditions are quickly analyzed and maintenance services are dispatched to correct the condition and minimize energy and water waste.

## **Energy efficiency improvements**

Lowe's recognizes that energy costs represent a significant portion of our facility operating budgets. One of the most effective ways to reduce those costs is to incorporate energy efficiency into fundamental store design. By incrementally improving store design with an eye on energy efficiency, each new store has the potential to open with a more efficient profile as measured on a kilowatt hour per square foot basis.

### **HVAC**

Heating and air conditioning account for a significant portion of energy use. Therefore, only highly efficient rooftop HVAC units are installed on new stores and used to replace older units on existing stores as necessary. Lowe's has employed this policy since 2002.

### **Lighting**

Lowe's uses high-performance high-bay T8 fluorescent lighting in lieu of metal halide lighting. Since our store prototype began reflecting this change in 2003 and we began retrofitting existing stores with this system in 2005, approximately 50% of all stores now use this system. This has reduced our sales floor energy consumption over 40%.

## **SmartWay certified partners**

The SmartWay<sup>SM</sup> Transport Partnership is a voluntary collaboration between the U.S. Environmental Protection Agency (EPA) and the freight industry designed to increase energy efficiency while significantly reducing greenhouse gases and air pollution. SmartWay Transport Partners lead the way towards a cleaner, more efficient transportation future by adopting fuel-saving strategies that increase profits and reduce emissions. By 2012, this initiative aims to reduce between 33 - 66 million metric tons of carbon dioxide (CO<sub>2</sub>) emissions and up to 200,000 tons of nitrogen oxide (NO<sub>x</sub>) emissions per year. At the same time, the initiative will result in fuel savings of up to 150 million barrels of oil annually. There are three primary components of the program: creating partnerships with the transportation sector (carriers, shippers, transporters and government), reducing unnecessary engine idling and increasing the efficiency and use of rail and intermodal operations.

Lowe's has been a SmartWay partner since 2005, shortly after the EPA created the program. We recognize and value the opportunity to engage our shipping partners in a program to further reduce costs and emissions and SmartWay is the perfect vehicle to stimulate that partnership. In recognition of our leadership in conserving energy and lowering greenhouse gas emissions from our transportation and freight delivery system, EPA awarded Lowe's the 2007 SmartWay Environmental Excellence Award.

In 2006, roughly 75% of our truck shipments moved by SmartWay carriers. As EPA expands their program to include more participants, we intend to encourage our small to mid size carriers to participate. Our goal is to have 90% of our shipments through SmartWay carriers by 2010.