

in good conscience



community conscience

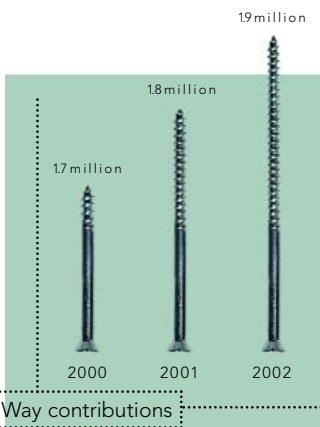
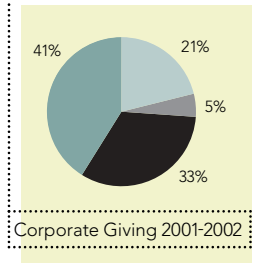
In ways big and small, we reach out to the communities where we live and work. Our philosophy is simple: support causes that have a positive impact and build on our corporate values. We do this through major community partners, the Lowe's Charitable and Educational Foundation, the Home Safety Council, and the Employee Relief Fund. Please refer to our web site for funding guidelines (Lowe's.com/community).

Major Partners Since joining with the American Red Cross in 1999, Lowe's and our customers have provided more than \$6 million for disaster support, responding to more than 100 hurricanes, floods and other catastrophes throughout the country. Lowe's store managers are often among the first to assist their communities when disaster occurs.

- Lowe's Customer Donation Program is often activated locally for the American Red Cross, with Lowe's matching a portion of the funds received
- Lowe's trucks deliver and distribute free supplies to affected neighborhoods
- Employees assist with clean-up and recovery efforts
- Store credit is issued immediately to the American Red Cross to purchase needed supplies

We know communities face serious needs even in times of calm. Every year, our United Way campaign raises millions, making us the only home improvement retailer recognized by the United Way of America as a National Corporate Leader.

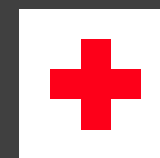
For 2003, Lowe's has joined forces with Habitat for Humanity as a premier sponsor of the Jimmy Carter Work Project. This initiative will build approximately 100 homes in three rural communities during one week in June. Lowe's will donate materials, provide volunteers, and hold store events in April and May to educate customers about Habitat and its mission. Lowe's has partnered with Whirlpool Corporation to sponsor this major nationwide event promoting safe, affordable housing.



Lowe's is teaming up with several organizations to help communities prepare for and recover from natural disasters. Together with the American Red Cross, we distribute free Severe Weather Guides, which include important safety tips, weather terminology, and vital information on preparing homes and creating disaster supplies kits. Lowe's also provides support for the Hurricane Intercept Research Team and HurricaneTrack.com, providing critical research and educating the public on the dangers of extreme weather situations and how to plot the path of approaching storms.



Download a copy of the Hurricane Guide at [Lowes.com/Hurricane](https://www.Lowes.com/Hurricane)



"Through membership in our Annual Disaster Giving Program, Lowe's helps the Red Cross provide meals, shelter, comfort and more to thousands of disaster victims across the country each year."

American Red Cross
[Redcross.org](https://www.Redcross.org)

Responding to 9/11

Like many others, Lowe's responded to the tragic events of September 11, 2001, the only way we knew how – by asking what we could do to help. That day, we pledged \$1 million to the American Red Cross and offered our stores as official cash donation sites.

Our employees contributed \$295,000, which Lowe's matched dollar-for-dollar, while our customers rallied more than \$1.49 million. Together with our vendors, critical tools and supplies were trucked to the American Red Cross, Federal Emergency Management Agency, National Guard, New York Police Department, and New York State Patrol.

In addition, we distributed more than 6 million free Power of Pride bumper stickers and donated \$1 to the American Red Cross for each magnetic American flag sold. Lowe's employees called to military duty and their families received extended benefits, including salary supplements, to ease the transition to military service.

\$2 million of donated supplies delivered

\$6 million contributed by Lowe's, employees, vendors and customers

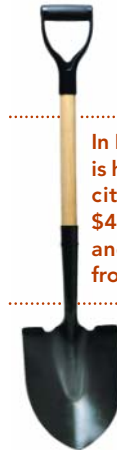
Lowe's Charitable and Educational Foundation From Lowe's gift cards to building materials, cash donations to ongoing commitments, last year the Foundation supported community projects in 25 states through grants ranging from \$1,000 to \$45,000. In all, more than \$537,000 benefited causes in the areas of community improvement, education and the environment.

In addition, each new store celebrates its grand opening by adopting a community organization, donating \$1,000, and following through with volunteer hours. Last year, Lowe's opened 123 new stores, and plans to open 130 in 2003.

As Lowe's completes a new corporate facility in Mooresville, N.C. this year, we're entering the community as a committed partner, already supporting local organizations. Lowe's has announced a \$2 million challenge grant to help construct the Mooresville YMCA and a \$2 million contribution to the Mooresville Library expansion.

Our scholarship program established in 2000 illustrates our commitment to education. So far, 49 students have received full tuition and fees to pursue careers in construction, plumbing, residential carpentry, and mechanical drafting and design.

Home Safety Council Each year, more than 20,000 people are killed and 13 million injured due to unintentional injuries in their homes. In response, Lowe's created the Lowe's Home Safety Council in 1993 to help make our customers' homes safer through education and action. The Board of Directors includes national safety-related organizations, manufacturers and individuals. In 2002, the LHSC transitioned to a separate, not-for-profit organization, the Home Safety Council, allowing more companies to participate in this important issue. Part of Lowe's ongoing commitment to the HSC is the **Lowe's Heroes** program. Teams of employee volunteers address a safety-themed project in their communities every year. Working with local non-profit agencies or government agencies, Lowe's Heroes provide families with life-saving information about senior and child safety, fire safety, disaster preparedness and home security. More than 93% of Lowe's stores participated in safety efforts in their communities.



In Indianapolis, Lowe's is helping revitalize 20 city parks, donating \$40,000 in supplies and volunteer labor from six area stores.



See how we are supporting the Power of Pride at Lowes.com/PowerOfPride



- In the past nine years, Lowe's and its vendors have committed \$30 million to the Home Safety Council, educating customers about how to prevent unintentional injuries in their homes
- 200,000 homes were touched by Lowe's Heroes in 2001; 180,000 benefited in 2002
- homesafetycouncil.org



More than \$500,000 to Employee Relief Fund since 1999. When tragedy strikes a Lowe's employee, help is as close as their Lowe's store. Whether it's a house fire or a hurricane, the Employee Relief Fund provides financial assistance. More than 100 employees received \$163,000 in assistance in 2002.



\$2000 in tools and equipment to repair used wheelchairs and distribute them to people in need, Hartford, Conn.

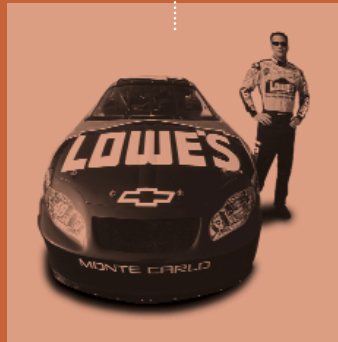


\$7000 to build a playground for handicapped children, Port Jefferson Station, N.Y.

In Birmingham, Ala., we donated materials for the fastest-built Habitat for Humanity house, which gave Bonnie Lilly a home, just in time for Christmas.



Racing for Relief: Lowe's will give the Red Cross \$48 for each lap completed during Racing for Relief month, with a bonus for making it into the winner's circle. Lowe's contributed approximately \$157,000 in the program's first two years.



\$5000 in tools and equipment to support community garden project that delivers fresh vegetables to homebound residents, Huntsville, Ala.



environmental responsibilities

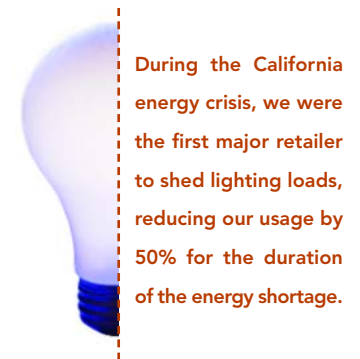
As Lowe's continues our aggressive expansion, we're keeping an eye on our environmental responsibilities and pursuing policies that minimize our impact. We're using our vast purchasing power to become a more responsible retailer, and partnering with conservation organizations and vendors to promote biodiversity and sustainability. We're actively seeking ways to make everyone, including customers, part of the solution.

ENERGY STAR® Retail Partner of the Year In 2002, our commitment to the ENERGY STAR program received national recognition from the Environmental Protection Agency (EPA) and the Department of Energy (DOE). The national award praises Lowe's Energy Solutions Guide with tips for consumers, in-store promotions, educated sales staff, increased product availability, national advertising and public relations, and specialized educational clinics. In addition, Lowe's grew sales of ENERGY STAR products 30% over 2001 and educated 100% of our store employees about the program's benefits.



During 2002, Lowe's stores participated in the ENERGY STAR Change a Light, Change the World campaign, promoting the use of energy-efficient lighting products. With Here's How clinics, a quarterly e-newsletter, links on Lowes.com, store signage, extensive employee training and a credit promotion on ENERGY STAR products, Lowe's reached millions of customers.

Low-impact Stores Lowe's builds new stores with innovative systems to increase energy efficiency, reduce water use and minimize overall environmental impact. For example, in key geographic areas, we incorporate cool roofs, using a white roofing membrane that reflects heat, saving electricity. Installing highly efficient HVAC units, using daylight rather than fluorescent lighting, and employing storm water for site irrigation also contribute to our environmentally-sensitive practices.



For more information on energy and water conservation, visit Lowes.com/Energy and Lowes.com/H2O

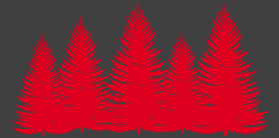
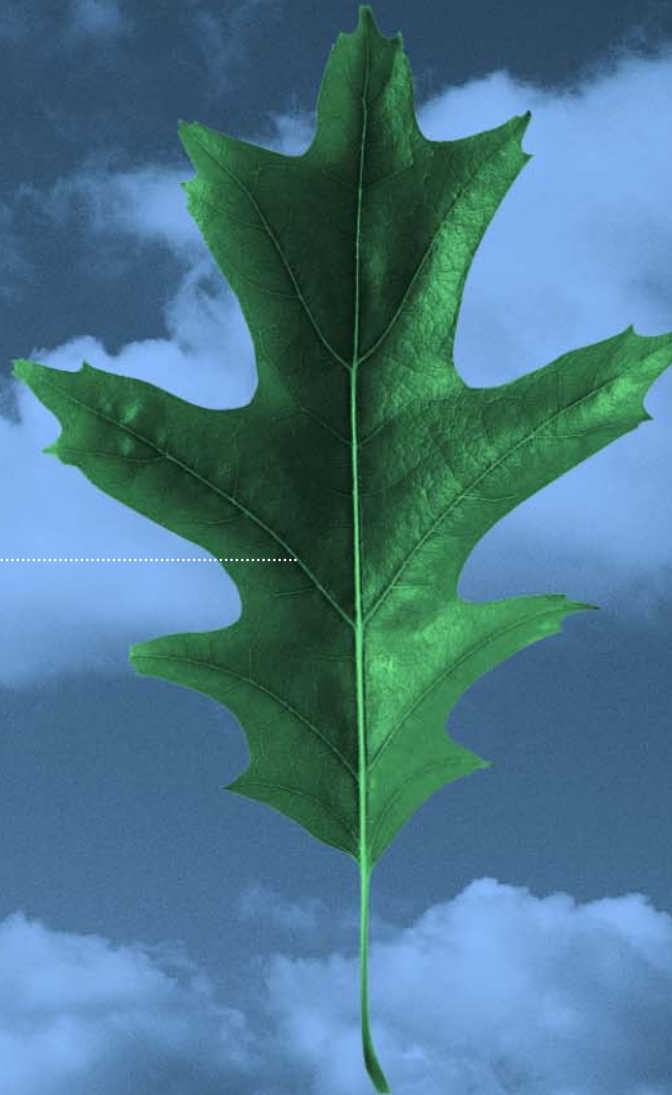




ENERGY STAR Lowe's is the nation's second largest appliance retailer, and we're taking every opportunity to educate consumers on the benefits of making energy-efficient purchases. We already carry a large number of ENERGY STAR qualified appliances, and in 2003, we're committed to increasing ENERGY STAR sales by 20 percent. By achieving this goal, we'll help customers prevent the production of nearly 1 million tons of air pollution, and save more than \$500 million in reduced energy costs over the life of the products.



See how we're educating our customers at Lowe.com/EnergyStarProducts



Sustainable Forestry So that the world's forests will remain for future generations, Lowe's goal is to ensure that all wood products sold in our stores originate from well-managed, non-endangered forests. We're working with internationally recognized conservation groups to guide our practices, making us a leading retailer with respect to our environmental impacts.

As part of our long-term commitment, we:

- Will aggressively phase out the purchase of wood products from endangered forests
- Work with vendors to encourage maintenance of natural forests and responsible forest practices
- Give preference to independently certified, well-managed forests
- Educate customers on efficient use of wood products, including wood reuse, recycling, and advanced framing techniques
- Sell quality recycled, engineered and alternative products, including decking, outdoor furniture and fencing products



Read more about our commitment at Lowe.com/WoodPolicy

In 2002, Lowe's received recognition from the Environmental Protection Agency for becoming the largest purchaser of Green Power Switch, a clean energy source from renewable resources. More than 30 stores in the Tennessee Valley Authority's service area are participating, using Green Power for nearly 3 percent of monthly use.

Number One in Energy Management Award Lowe's leads the retail sector in integrating energy management into overall business strategy, according to an

international investment and advisory firm. Innovest analyzes companies' performance on environmental, social, and strategic governance issues, and compared Lowe's performance to other major retailers.

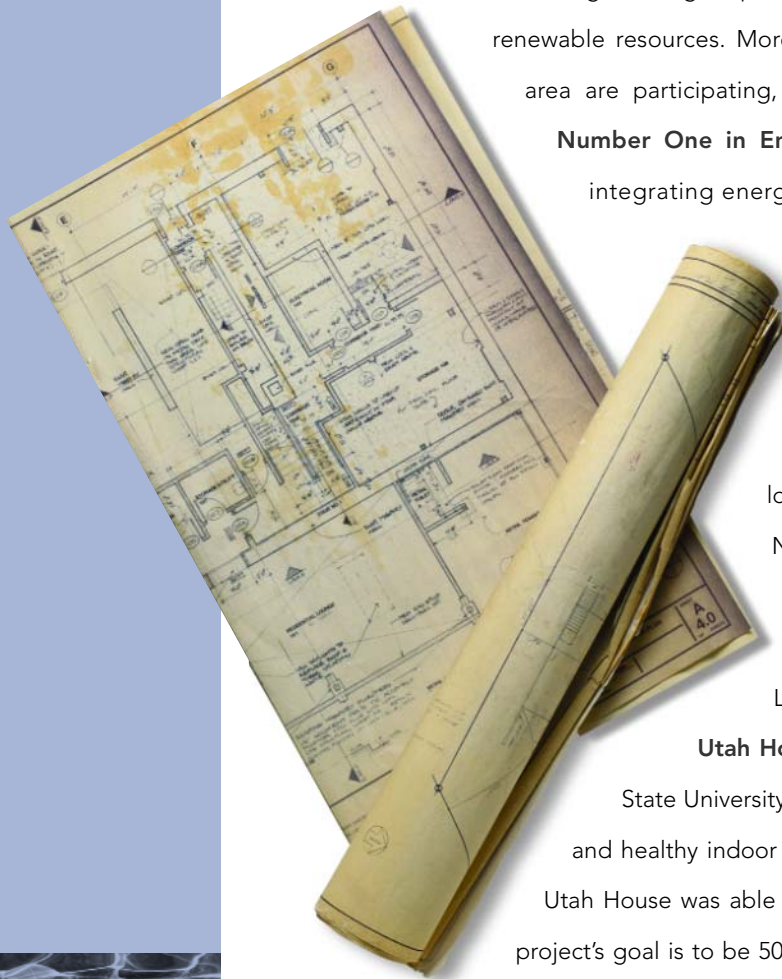
Mooreville, N.C. Customer Support Center: Conservation By Design

Construction of the new Mooreville campus is well underway, complete with a long list of environmentally sensitive design features including: Sun shading devices • Native plant landscaping • Limited site clearing • Tree save areas • High performance windows and glass • Energy-efficient mechanical systems, including heating, air, irrigation and plumbing • Occupancy sensors to control lighting

Lowe's plans to begin occupying the new facility in the Fall.

Utah House: Promoting Sustainable Building Practices Utah House is a project of Utah

State University, designed to educate the public about sustainability, energy and water efficiency, and healthy indoor environments. With a grant from Lowe's, Utah House was able to install ENERGY STAR appliances. The project's goal is to be 50% more energy efficient than an ordinary house of the same size, earning Utah House a Five ENERGY STAR rating. Now completed, the house hosts educational seminars and classes for builders, housing professionals, consumers, professors and children.



conscious diversity



“
*I'll now be
more aware
of what may be
important to others,
to be fair,
and not just neutral.*
”

The numbers alone are staggering: more than 130,000 employees, approximately nine million customers each week, and thousands of vendors. Through the Lowe's Fairness Programs, employees, customers and vendors benefit from our belief in maximizing the potential of each individual. For employees, that means respecting differences. For customers, it means feeling welcome in our stores. For suppliers, it means a relationship based on fairness.

Diversity Strategy For us, diversity goes well beyond differences in race and gender. Diversity is the full spectrum of human differences. Our ultimate goal is to offer everyone with the skills we require, and who meets our high performance standards, the opportunity to be successful working with Lowe's. Differences are to be respected, including age, disability, educational level, job function, family status, regional origin, socio-economic status, language, physical appearance, religion, sexual orientation, gender, race or ethnicity.

In 2002, nearly 1,600 Lowe's managers attended full-day diversity seminars, learning our vision, commitment, definitions, business rationale, objectives and accountability.

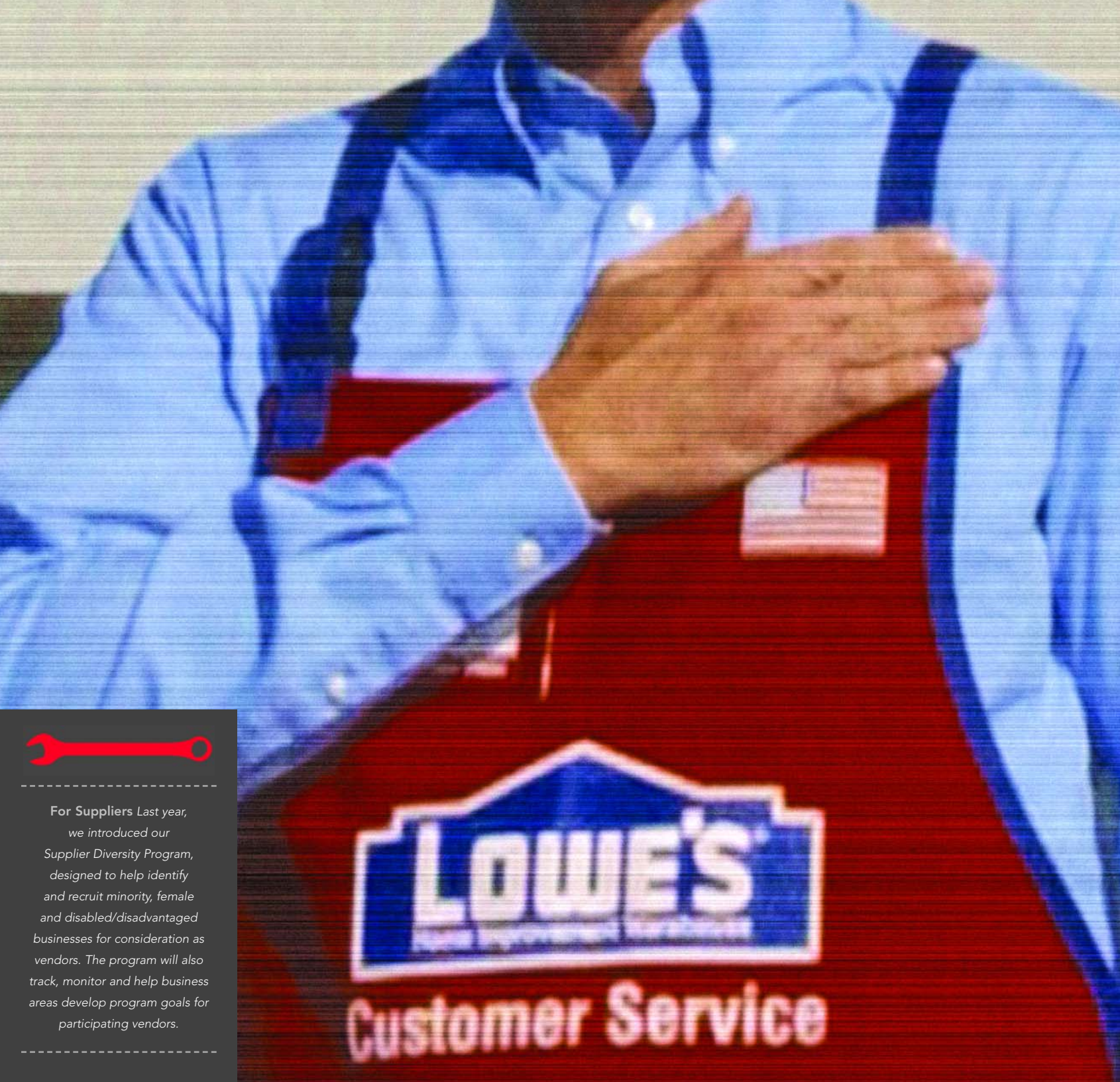
Under the Diversity Strategy, Lowe's Fairness Programs focus on four areas: applicants and employees; community outreach; minority/women suppliers; and customers. With a goal of establishing and maintaining policies, practices and strategies to foster a business environment of inclusion, fairness, respect, and productivity, the program is reaching every facet of our company.

And it's being recognized. DiversityInc.com, an online trade publication, ranked Lowe's on its "Top 50 Companies for Diversity in 2001" list, based on our strategic approach to diversity and inclusion as well as active support of our management and Board of Directors.



 Learn more about diversity at Lowe's.com/Diversity





FOR CUSTOMERS In October, Lowe's.com debuted a Spanish How-To section, featuring instructions for more than 600 DIY projects, making Lowe's the first home improvement retailer to make this service available to Spanish-speaking homeowners. Lowe's.com also features an online credit application for Spanish-speakers. For more information, visit our site at Lowe's.com/Spanish.



Lowe's also subscribes to the AT&T Language Line, a free translation resource for nearly 150 different languages. By dialing a toll-free number directly from one of our stores, customers can speak with an interpreter in less than a minute. In 2002, more than 1,100 customers took advantage of this service.



For Suppliers Last year, we introduced our Supplier Diversity Program, designed to help identify and recruit minority, female and disabled/disadvantaged businesses for consideration as vendors. The program will also track, monitor and help business areas develop program goals for participating vendors.

corporate mindset

Letter from Robert L. Tillman
Chairman and Chief Executive Officer

While it's true we're proud of our financial success, we're equally proud of how we conduct ourselves as one of the world's largest retailers. This coveted position carries with it a sense of responsibility to do business honestly, ethically and with compassion...to act in good conscience.

Every day, our employees make decisions that will affect their communities, the environment, their co-workers and customers, and our company. And every day, we ask them to make these decisions based on what they know is right. And they do.

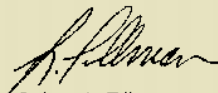
Recent events in the corporate world have only strengthened our resolve to do more, to help more, to give back more. In short, we want to be a beacon of good conduct and social responsibility.

Since our founding more than 57 years ago, community involvement has been a core value of this company. With more than 850 stores in 45 states, our store employees serve as local ambassadors, responding to natural disasters, providing charitable grants and more. We're also making an impact at a corporate level, and that commitment will only continue to grow.

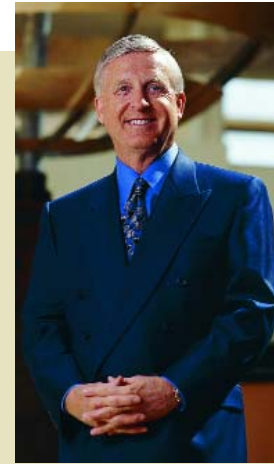
Act as a responsible environmental steward. This is our promise to the planet, and to all of us who live here. Environmental issues will only continue to grow more complex, and Lowe's is working diligently to anticipate these issues and leave a light footprint. We're educating consumers as we educate ourselves, resulting in greater awareness and greater potential for positive change.

As an employer of more than 130,000 people, we fully recognize our greatest strength lies in their diversity and talents. We're dedicated to creating a work environment that respects and honors those differences, building on them to forge a stronger company. We're fostering an environment of inclusiveness and fairness where employees are positioned to succeed.

As we push into 2003, we will strive to fulfill our promises to ourselves and to our communities, to leave the planet a little better than we found it, and to honor the great diversity of our people. In short, to act in good conscience.



Robert L. Tillman
Chairman and CEO
April 15, 2003, Wilkesboro, N.C.



chairman and CEO

