LOWES COMPANIES INC
Form DEF 14A
April 11, 2008

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

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 o

Check the appropriate box:

o Preliminary Proxy Statement

o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

x Definitive Proxy Statement

o Definitive Additional Materials

o 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.

o Fee computed on table below per Exchange Act Rules 14a-6(i)(4) 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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o Fee paid previously with preliminary materials:

o 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
Proxy Statement

2008

Important Notice Regarding the Availability of Proxy Materials for the Shareholders Meeting to Be Held on May 30, 2008 the Notice of Annual Meeting of Shareholders, Proxy Statement and Annual Report are available at *www.proxyvote.com.*

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Corporate Offices 1000 Lowe s Boulevard
Mooresville, North Carolina 28117

LOWE S COMPANIES, INC.

April 14, 2008

TO LOWE S SHAREHOLDERS:

It is my pleasure to invite you to our 2008 Annual Meeting to be held at the Ballantyne Resort, 10000 Ballantyne Commons Parkway, Charlotte, North Carolina, on Friday, May 30, 2008 at 10:00 a.m. Directions to the Ballantyne Resort are printed on the back of the Proxy Statement.

This year, we are pleased to be using the new U.S. Securities and Exchange Commission rule that allows companies to furnish their proxy materials over the Internet. As a result, we are mailing to many of our shareholders a Notice of Internet Availability of Proxy Materials instead of a paper copy of this Proxy Statement and our 2007 Annual Report. 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 2007 Annual Report and a proxy card. All shareholders who do not receive a Notice of Internet Availability will receive a paper copy of the proxy materials by mail. We believe that this new process will conserve natural resources and reduce the costs of printing and distributing our proxy materials.

We intend to broadcast the 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 beginning approximately three hours after the meeting concludes and will continue to be available for two weeks after the meeting.

The Notice of Annual Meeting of Shareholders and Proxy Statement are enclosed with this letter. The Proxy Statement tells you about the agenda and the procedures for the meeting. There are five items of business on this year s agenda, each as described in detail in the Proxy Statement. Your vote by proxy or in person at the meeting is important.

Yours cordially,

Robert A. Niblock
Chairman of the Board
and Chief Executive Officer

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

Date: May 30, 2008

Time: 10:00 a.m.

Place: Ballantyne Resort
10000 Ballantyne Commons Parkway
Charlotte, North Carolina

Purpose: 1. To elect three Class I directors to a term of three years.

2. To ratify the appointment of Deloitte & Touche LLP as the independent registered public accounting firm of the Company for the 2008 fiscal year.

3. To approve amendments to Lowe s Articles of Incorporation eliminating the classified structure of the Board of Directors.

4. To consider and vote upon two shareholder proposals set forth at pages 33 through 37 in the accompanying Proxy Statement.

5. To transact such other business as may be properly brought before the Annual Meeting of Shareholders.

Only shareholders of record at the close of business on March 28, 2008 will be entitled to notice of and to vote at the Annual Meeting of Shareholders or any postponement or adjournment thereof.

The Company s Proxy Statement is attached. Financial and other information is contained in the Company s Annual Report to Shareholders for the fiscal year ended February 1, 2008, which accompanies this Notice of Annual Meeting of Shareholders.

By Order of the Board of Directors,

Gaither M. Keener, Jr.
Senior Vice President,
General Counsel, Secretary &
Chief Compliance Officer

Mooresville, North Carolina
April 14, 2008

Your vote is important. Whether or not you plan to attend the meeting, we hope you will vote promptly.

If you received a paper copy of the proxy materials by mail, you may vote your shares by proxy by doing any one of the following:

Vote at the internet site address listed on your proxy card;
Call the toll-free number listed on your proxy card; or
Sign, date and return in the envelope provided the enclosed proxy card.

If you received only a Notice of Internet Availability of Proxy Materials by mail, you may vote your shares by proxy at the internet site address listed on your Notice. You may also request a paper copy of the Proxy Materials by visiting the internet site address listed on your Notice, or by calling the telephone number or sending an e-mail to the e-mail address listed on your Notice.

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Lowe s Companies, Inc.

Proxy Statement
for
Annual Meeting of Shareholders
May 30, 2008

GENERAL INFORMATION

This Proxy Statement is being furnished in connection with the solicitation by the Board of Directors (Board of Directors or Board) of Lowe s Companies, Inc. (Company or Lowe s) of proxies to be voted at the Annual Meeting Shareholders to be held at the Ballantyne Resort located at 10000 Ballantyne Commons Parkway, Charlotte, North Carolina on Friday, May 30, 2008 at 10:00 a.m.

In accordance with rules and regulations recently adopted by the Securities and Exchange Commission, instead of mailing a printed copy of our proxy materials to each shareholder of record, we are now furnishing proxy materials to our shareholders on the Internet. If you received only a Notice of Internet Availability of Proxy Materials by mail, you will not receive a printed 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 online all of the important information contained in the proxy materials. The Notice of Internet Availability of Proxy Materials 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 printed copy of our proxy materials, however, you should follow the instructions for requesting those materials included in the Notice.

The Notice of Internet Availability of Proxy Materials is first being sent to shareholders on or about April 14, 2008. This Proxy Statement and the enclosed form of proxy relating to the 2008 Annual Meeting are also first being made available to shareholders on or about April 14, 2008.

Outstanding Shares

On March 28, 2008, there were 1,461,815,744 shares of Company common stock (Common Stock) outstanding and entitled to vote. Shareholders are entitled to one vote for each share held on all matters to come before the meeting.

Who May Vote

Only shareholders of record at the close of business on March 28, 2008 are entitled to notice of and to vote at the meeting or any postponement or adjournment thereof.

How To Vote

You may vote by proxy or in person at the meeting. If you received a paper copy of the proxy materials by mail, you may vote your shares by proxy by doing any one of the following: vote at the Internet site address listed on your proxy card; call the toll-free number set forth on your proxy card; or mail your signed and dated proxy card to our tabulator in the envelope provided. If you received only a Notice of Internet Availability of Proxy Materials by mail, you may vote your shares online by proxy at the internet site address listed on your Notice. Even if you plan to attend the meeting, we recommend that you vote by proxy prior to the meeting. You can always change your vote as described below.

How Proxies Work

The Board of Directors is asking for your proxy. By giving us your proxy, you authorize the proxyholders (members of Lowe s management) to vote your shares at the meeting in the manner you direct. If you do not specify how you wish the proxyholders to vote your shares, they will vote your shares **FOR ALL** director nominees, **FOR** ratification of the appointment of Deloitte & Touche LLP as the Company s independent registered public accounting firm, **FOR** the proposal to amend Lowe s Articles of Incorporation eliminating the classified structure of the Board of Directors, and **AGAINST** each of the two shareholder proposals. The proxyholders also will vote shares according to their discretion on any other matter properly brought before the meeting.

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You may receive more than one proxy card depending on how you hold your shares. Generally, in order to vote all of your shares, you need to vote on the Internet site address set forth on your proxy card, call the toll-free number set forth on your proxy card, or sign, date and return all of your proxy cards. For example, if you hold shares through someone else, such as a stockbroker, you may get proxy materials from that person. Shares registered in your name directly are covered by a separate proxy card.

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.

Abstentions and shares held of record by a broker or its nominee (broker shares) that are voted on any matter are included in determining the number of votes present or represented at the meeting. Broker shares that are not voted on any matter at the meeting are not included in determining whether a quorum is present.

Under New York Stock Exchange (NYSE) rules, the proposals to elect directors, ratify the appointment of the independent registered public accounting firm and approve the proposed amendments to the Articles of Incorporation are considered discretionary items. This means that brokerage firms may vote in their discretion on these matters on behalf of clients who have not furnished voting instructions. The shareholder proposals are non-discretionary matters, which means that brokerage firms may not use their discretion to vote on such matters without express voting instructions from their customers.

Quorum

In order to carry out the business of the meeting, we must have a quorum. This means that at least a majority of the outstanding shares eligible to vote must be represented at the meeting, either by proxy or in person. Shares owned by the Company are not voted and do not count for this purpose.

Revoking Your Proxy

The shares represented by a proxy will be voted as directed unless the proxy is revoked. Any proxy may be revoked before it is exercised by filing with the Secretary of the Company an instrument revoking the proxy or a proxy bearing a later date. A proxy is also revoked if the person who executed the proxy is present at the meeting and elects to vote 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, including those shares for which votes are withheld. In the event that a director nominee fails to receive 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 continue to be elected by a plurality of the votes cast by the holders of voting securities entitled to vote in the election.

Approval of Amendments to Articles of Incorporation. Approval of the proposal to amend Lowe s Articles of Incorporation to eliminate the classified structure of the Board of Directors requires the affirmative vote of a majority of the outstanding shares of the Company s Common Stock.

Other Proposals. Approval of the other proposals and any other matter properly brought before the meeting requires the favorable vote of a majority of the votes cast on the applicable matter at the meeting in person or by proxy.

Our Voting Recommendation

Our Board of Directors recommends that you vote:

- **FOR** each of our nominees to the Board of Directors;
- **FOR** ratifying Deloitte & Touche LLP as our independent registered public accounting firm;
- **FOR** the proposal to approve amendments to Lowe s Articles of Incorporation eliminating the classified structure of the Board of Directors;

AGAINST the shareholder proposal regarding supermajority vote requirements; and

AGAINST the shareholder proposal regarding executive compensation plan.

Proxy cards that are timely signed, dated and returned but do not contain instructions on how you want to vote will be voted in accordance with our Board of Directors recommendations.

Voting Results

The preliminary voting results will be announced at the meeting. The final voting results will be published in our quarterly report on Form 10-Q for the second quarter of fiscal year 2008.

Attending In Person

Only shareholders, their designated proxies and guests of the Company may attend the meeting.

PROPOSAL ONE
ELECTION OF DIRECTORS

The number of directors is currently fixed at 11. The Articles of Incorporation of the Company divide the Board into three classes, designated Class I, Class II and Class III, with one class standing for election each year for a three-year term. The three nominees standing for election as Class I directors at the 2008 Annual Meeting of Shareholders are: Robert A. Ingram; Robert L. Johnson; and Richard K. Lochridge. If elected, each Class I nominee will serve until his term expires in 2011 or until a successor is duly elected and qualified.

All of the nominees are currently serving as directors. Unless authority to vote in the election of directors is withheld, it is the intention of the persons named as proxies to vote **FOR ALL** of the three nominees. If at the time of the meeting any of these nominees is unavailable for election as a director for any reason, which is not expected to occur, the proxyholders will vote for such substitute nominee or nominees, if any, as shall be designated by the Board of Directors.

INFORMATION CONCERNING THE NOMINEES

Nominees for Election as Class I Directors Term to Expire in 2011

Robert A. Ingram *Director Since*: 2001
Age: 65

Member of Compensation and Organization Committee and Governance Committee. Vice Chairman Pharmaceuticals, GlaxoSmithKline, a pharmaceutical research and development company, since January 2003. Chief Operating Officer and President, Pharmaceutical Operations of GlaxoSmithKline, January 2001-2002. Chief Executive Officer of Glaxo Wellcome plc, 1997-2000. Chairman of Glaxo Wellcome Inc. (Glaxo Wellcome plc s United States subsidiary), 1999-2000. Chairman, President and Chief Executive Officer of Glaxo Wellcome Inc., 1997-1999. He also serves on the boards of directors of Allergan, Inc.; Edwards Lifesciences Corporation; OSI Pharmaceuticals, Inc. (Chairman); Valeant Pharmaceuticals International (Lead Director); and Wachovia Corporation. Mr. Ingram is also a member of the board of advisors for the H. Lee Moffitt Cancer Center & Research Institute.

Robert L. Johnson *Director Since*: 2005
Age: 62

Member of Audit Committee and Governance Committee. Founder and Chairman of the RLJ Companies, which owns or holds interests in companies operating in professional sports (including the NBA Charlotte Bobcats), hospitality/restaurant, real estate, financial services, gaming and recording industries. Prior to forming the RLJ Companies, he was founder and chairman of Black Entertainment Television (BET), which was acquired in 2000 by Viacom Inc., a media-entertainment holding company. Mr. Johnson continued to serve as Chief Executive Officer of BET until 2005. He also serves on the board of directors of Strayer Education, Inc.

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Richard K. Lochridge *Director Since*: 1998
Age: 64

Member of Compensation and Organization Committee and Governance Committee. President, Lochridge & Company, Inc., a general management consulting firm, since 1986. He also serves on the boards of directors of Dover Corporation and PetSmart, Inc.

INFORMATION CONCERNING CONTINUING DIRECTORS

Class II Directors Term to Expire in 2009

Peter C. Browning *Director Since*: 1998
Age: 66

Member of Audit Committee and Governance Committee. Dean of the McColl Graduate School of Business at Queens University of Charlotte from March 2002 to May 2005. Non-Executive Chairman 2000-2006 and Lead Director since 2006, Nucor Corporation, a steel manufacturer. President and CEO of Sonoco Products Company, a manufacturer of industrial and consumer packaging products, 1998-2000. He also serves on the boards of directors of Acuity Brands, Inc.; EnPro Industries, Inc.; Nucor Corporation; The Phoenix Companies, Inc.; and Wachovia Corporation.

Marshall O. Larsen *Director Since*: 2004
Age: 59

Chairman of Compensation and Organization Committee and member of Executive Committee and Governance Committee. Chairman of Goodrich Corporation, a supplier of systems and services to the aerospace and defense industry, since October 2003, and President and Chief Executive Officer since February 2002 and April 2003, respectively. Chief Operating Officer of Goodrich Corporation from February 2002 to April 2003. Executive Vice President of Goodrich Corporation and President and Chief Operating Officer of Goodrich Aerospace Corporation, a subsidiary of Goodrich Corporation, 1995-2002. He also serves on the board of directors of Becton, Dickinson and Company.

Stephen F. Page *Director Since*: 2003
Age: 68

Chairman of Audit Committee and member of Executive Committee and Governance Committee. Served as Vice Chairman and Chief Financial Officer of United Technologies Corporation, manufacturer of high-technology products and services to the building systems and aerospace industries, from 2002 until his retirement in 2004. President and Chief Executive Officer of Otis Elevator Company, a subsidiary of United Technologies Corporation, from 1997 to 2002. He also serves on the boards of directors of Liberty Mutual Holding Company, Inc. and PACCAR Inc.

O. Temple Sloan, Jr. *Director Since*: 2004
Age: 69

Chairman of Governance Committee and member of Audit Committee and Executive Committee. Chairman and Chief Executive Officer of General Parts International, Inc., Raleigh, North Carolina, a distributor of automotive replacement parts. He also serves on the boards of directors of Bank of America Corporation (Lead Director), Golden Corral and Highwoods Properties, Inc., where he serves as Chairman of the Board.

Class III Directors   Term to Expire in 2010

David W. Bernauer *Director Since*: 2007
Age: 64

Member of Audit Committee and Governance Committee. Non-Executive Chairman of the board of directors of Walgreen Co., the nation s largest drugstore chain, from January 2007 until his retirement in July 2007. From January 2002 until July 2006, he served as Chief Executive Officer of Walgreen, at which time he stepped down from his executive duties with the company while remaining Chairman of the Board, a position he had held since January 2003. From 1999 to January 2002, he served as President and Chief Operating Officer of Walgreen. He has served in various management positions, with increasing areas of responsibility, at Walgreen since 1966. He also serves on the board of directors of Office Depot, Inc.

Leonard L. Berry *Director Since*: 1998
Age: 65

Member of Compensation and Organization Committee and Governance Committee. Distinguished Professor of Marketing, M.B. Zale Chair in Retailing and Marketing Leadership, and Professor of Humanities in Medicine, Texas A&M University, since 1982. He also serves on the boards of directors of Darden Restaurants, Inc. and Genesco Inc.

Dawn E. Hudson *Director Since*: 2001
Age: 50

Member of Compensation and Organization Committee and Governance Committee. President and Chief Executive Officer of Pepsi-Cola North America, a beverage maker and franchise company, from June 2002 to November 2007 and March 2005 to November 2007, respectively. Senior Vice President, Strategy and Marketing for Pepsi-Cola North America, 1997-2002. She also serves on the board of directors of Allergan, Inc.

Robert A. Niblock *Director Since*: 2004
Age: 45

Chairman of Executive Committee. Chairman of the Board and Chief Executive Officer of Lowe s Companies, Inc. since January 2005. President from March 2003 to December 2006. Executive Vice President and Chief Financial Officer, 2001-2003. Senior Vice President and Chief Financial Officer, 2000-2001.

INFORMATION ABOUT THE BOARD OF DIRECTORS AND COMMITTEES OF THE BOARD

Governance Guidelines and Code of Conduct

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 Governance Guidelines and Code of Conduct are posted on the Company s website at (*www.Lowes.com/investor*). Shareholders and other interested persons may obtain a written copy of the Governance Guidelines and Code of Conduct by contacting Gaither M. Keener, Jr., Senior Vice President, General Counsel, Secretary and Chief Compliance Officer, at Lowe s Companies, Inc., 1000 Lowe s Boulevard, Mooresville, North Carolina 28117.

Director Independence

Lowe s Corporate Governance Guidelines provide that in accordance with long-standing policy, a substantial majority of the members of the Company s Board of Directors must qualify as independent directors. For a director to be considered independent, the Board must determine that the director does not have any direct or indirect material relationship with the Company. As permitted by NYSE rules, 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.

The Governance Committee and the Board have 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:

Temple Sloan is a member of the board of directors of Bank of America Corporation, and Peter Browning and Robert Ingram are members of the board of directors of Wachovia Corporation. The Company has commercial banking and capital markets relationships with subsidiaries of both of these bank holding companies.

Temple Sloan is Chairman of the board of directors of Highwoods Properties, Inc., a real estate investment trust from which the Company leases a facility for a data center.

Stephen Page is a director of Liberty Mutual Holding Company, Inc. The Company purchases insurance from several of its subsidiaries covering various business risks. Subsidiaries of this company also administer Lowe s short-term disability plan for its employees and have recently begun administering the family and medical leave program for Lowe s employees.

Robert Johnson is a director and controlling shareholder of Urban Trust Bank, which the Company uses as a depositary bank. Mr. Johnson also controls and is an officer of the organization that owns the Charlotte Bobcats NBA team. The Company has a multi-year sponsorship agreement with the team.

Richard Lochridge is a director of Dover Corporation, which, through several subsidiaries, is a vendor to Lowe s for various products.

David Bernauer is a director of Office Depot, Inc. from which the Company purchases office equipment and supplies.

Peter Browning is a director of Acuity Brands, Inc. from which the Company purchases various lighting products.

In addition, with respect to Messrs. Johnson, Larsen, Ingram and Sloan, 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 each of them, or a member of their immediate family, serves as a director or trustee.

As a result of this evaluation, the Board has affirmatively determined, upon the recommendation of the Governance Committee, that currently each director, other than Robert Niblock, and all of the members of the Audit Committee, Compensation and Organization Committee, and Governance Committee, are independent within the Company s Categorical Standards and the NYSE rules, and, in the case of Audit Committee members, the separate Securities and Exchange Commission requirement, which provides that they may not accept directly or indirectly any consulting, advisory or other compensatory fee from the Company other than their compensation as directors.

Compensation of Directors

Annual Retainer Fees. Directors who are not employed by the Company are paid an annual retainer of $75,000, and non-employee directors who serve as a committee chairman receive an additional $15,000 annually, or $25,000 annually in the case of the Audit Committee Chairman, for serving in such position. Directors who are employed by the Company receive no additional compensation for serving as directors. The annual retainer amount was last increased in 2002.

Stock Awards. In May 2005, shareholders approved an amended and restated Director s Stock Option and Deferred Stock Unit 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 (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. Each 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 $115,000 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.

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 fees otherwise payable to the director in cash. Deferrals are credited to a bookkeeping account and account values are adjusted based on the investment measure selected by the director. One investment measure adjusts the account value based on the Wachovia Bank, N.A. prime rate plus 1%, adjusted each quarter. 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 summarizes the compensation paid to non-employee directors during fiscal year 2007:

Director Compensation Table
Fiscal Year 2007

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($) (1)	Options Awards ($) (2)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($) (3)	Total ($)
David W. Bernauer	56,250(4)	115,668	0	0	171,918
Leonard L. Berry	75,000	115,668	0	0	190,668
Peter C. Browning	75,000	115,668	0	0	190,668
Dawn E. Hudson	75,000	115,668	0	0	190,668
Robert A. Ingram	75,000	115,668	0	0	190,668
Robert L. Johnson	75,000	115,668	0	0	190,668
Marshall O. Larsen	90,000	115,668	0	7,105	212,773
Richard K. Lochridge	75,000	115,668	0	0	190,668
Stephen F. Page	100,000	115,668	0	0	215,668
O. Temple Sloan, Jr.	90,000	115,668	0	0	205,668

(1) The dollar amount shown for these stock awards represents the dollar amount recognized for financial statement reporting purposes with respect to fiscal year 2007 in compliance with Statement of Financial Accounting Standards No. 123 (revised 2004) Share-Based Payment (SFAS 123R) for 3,600 deferred stock units granted to each director in fiscal year 2007. These amounts reflect Lowe s accounting expense for these awards and 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. For information on the assumptions used to calculate the value of the deferred stock units awarded in fiscal year 2007, see Note 9, 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 February 1, 2008. As of February 1, 2008, each non-employee director, with the exception of Mr. Bernauer, held 10,554 deferred stock units. As of February 1, 2008, Mr. Bernauer (who was first elected a director on May 25, 2007) held 3,634 deferred stock units.

(2) As of February 1, 2008, non-employee directors held options, all of which are vested, to acquire shares of Lowe s Common Stock previously granted to them under the Lowe s Companies, Inc. Directors Stock Option Plan as shown in the table below.

Name	Total Outstanding (#)
David W. Bernauer	0
Leonard L. Berry	26,666
Peter C. Browning	32,000
Dawn E. Hudson	32,000
Robert A. Ingram	32,000
Robert L. Johnson	0
Marshall O. Larsen	8,000
Richard K. Lochridge	32,000
Stephen F. Page	8,000
O. Temple Sloan, Jr.	8,000

(3) Amount shown represents the above-market portion of interest credited on deferred annual retainer and committee chairman fees for Mr. Larsen, who has selected the investment measure that adjusts his account value based on the Wachovia Bank, N.A. prime rate plus 1%.

(4) Mr. Bernauer was first elected a director on May 25, 2007. The amount reported reflects fees earned for the period from May 25, 2007 through the end of the 2007 fiscal year.

Board Meetings and Committees of the Board

Attendance at Board and Committee Meetings. During fiscal year 2007, the Board of Directors held six meetings. All incumbent directors attended at least 75% of all meetings of the Board and the committees on which they served.

Executive Sessions of the Non-management Directors. The non-management directors, all of whom are independent, meet in regularly scheduled executive sessions. Mr. Sloan, Chairman of the Governance Committee, presides over these executive sessions and in his 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. All of the incumbent directors 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 and Organization 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 specific provisions of the Bylaws. A copy of each written committee charter is available on our website at (*www.Lowes.com/investor*). You may also obtain a copy of each written committee charter by contacting Gaither M. Keener, Jr., Senior Vice President, General Counsel, Secretary and Chief Compliance Officer, at Lowe s Companies, Inc., 1000 Lowe s Boulevard, Mooresville, North Carolina 28117.

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 O. Temple Sloan, Jr., as Chairman of the Governance Committee, 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 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:	Five
Members:	Stephen F. Page (Chairman), David W. Bernauer, Peter C. Browning, Robert L. Johnson and O. Temple Sloan, Jr.
Number of Meetings in Fiscal Year 2007:	Eight
Purpose and Functions:	The primary purpose of the Audit Committee is to assist the Board of Directors in monitoring (A) the integrity of the financial statements, (B) compliance by the Company with its established internal controls and applicable legal and regulatory requirements, (C) the performance of the Company s internal audit function and independent registered public accounting firm, and (D) the independent registered public accounting firms qualifications and independence. 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 responsible for the appointment, compensation 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, as well as any other engagements permissible under the Securities Exchange Act of 1934, as amended (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 approving the appointment, annual performance, replacement, reassignment or discharge 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 work of the Internal Audit Department; reviews financial statements and the accounting principles being applied thereto; and reviews audit results and other matters relating to internal control and 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 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 Securities and Exchange Commission (SEC), and has designated Stephen F. Page, Chairman of the Audit Committee, as an audit committee financial expert. Each member of the Audit Committee is also independent as that term is defined under Rule 10A-3(b)(l)(ii) of the Exchange Act, the Categorical Standards and the current listing standards of the NYSE. No changes have been made to the Audit Committee Charter previously approved by the Board of Directors, a copy of which is available on our website. 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 and Organization Committee

Number of Members:	Five
Members:	Marshall O. Larsen (Chairman), Leonard L. Berry, Dawn E. Hudson, Robert A. Ingram and Richard K. Lochridge

Number of Meetings in Fiscal Year 2007:	Six
Purpose and Functions:	The primary purpose of the Compensation and Organization Committee (Compensation Committee) is to discharge the responsibilities of the Board of Directors relating to compensation, organization and succession planning for the Company s executives. The Compensation Committee annually reviews and approves the corporate goals and objectives relevant to the compensation of the Chief Executive Officer, evaluates the Chief Executive Officer s performance in light of these established goals and objectives and, based upon this evaluation, recommends to the Board for approval by the independent directors, the Chief Executive Officer s annual compensation. The Compensation Committee also reviews and approves the compensation of all other executive officers of the Company, and reviews and approves all annual management incentive plans and all awards under multi-year incentive plans, including equity-based incentive arrangements authorized under the Company s equity incentive compensation plans. The Compensation Committee also has a role under the Company s Corporate Governance Guidelines in determining and reviewing the form and amount of Director compensation. The Compensation Committee is also responsible for reviewing and discussing with management the Company s compensation discussion and analysis (CD&A) and recommending to the Board that the CD&A be included in the Company s Annual Report and Proxy Statement. In addition, the Compensation Committee is responsible for preparing the Report of the Compensation Committee 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 is independent within the meaning of the Categorical Standards and the current listing standards of the NYSE.

Executive Committee

Number of Members:	Four
Members:	Robert A. Niblock (Chairman), Marshall O. Larsen, Stephen F. Page and O. Temple Sloan, Jr.
Number of Meetings in Fiscal Year 2007:	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 Bylaws.

Governance Committee

Number of Members:	Ten

Members:	O. Temple Sloan, Jr. (Chairman), David W. Bernauer, Leonard L. Berry, Peter C. Browning, Dawn E. Hudson, Robert A. Ingram, Robert L. Johnson, Marshall O. Larsen, Richard K. Lochridge and Stephen F. Page
Number of Meetings in Fiscal Year 2007:	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, its committees and the Chief Executive Officer of the Company. The Governance Committee also ensures that a succession plan is in place

for the Chief Executive Officer and his direct reports. The Governance Committee s nominating responsibilities include (1) developing criteria for evaluation of candidates for the Board and its committees, (2) screening and reviewing candidates for election to the Board, (3) recommending to the Board the nominees for directors to be appointed 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 an 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. The Bylaws require that any such recommendation should be submitted in writing to the Secretary of the Company not less than 90 days nor more than 120 days prior to the first anniversary of the preceding year s Annual Meeting of Shareholders. If mailed, such notice shall be deemed to have been given when received by the Secretary. A shareholder s nomination for director shall set forth (i) as to each person whom the shareholder proposes to nominate for election or reelection as a director, (1) information relating to such person similar in substance to that required to be disclosed in solicitations of proxies for election of directors pursuant to Regulation 14A under the Exchange Act, (2) such person s written consent to being named as nominee and to serving as a director if elected, and (3) such person s written consent to provide information the Board of Directors reasonably requests to determine whether such person qualifies as an independent director under the Company s Corporate Governance Guidelines, and (ii) as to the shareholder giving the notice, (A) the name and address, as they appear on the Company s books, of such shareholder, and (B) the number of shares of Common Stock which are owned of record or beneficially by such shareholder. At the request of the Board of Directors, any person nominated by the Board for election as a director shall furnish to the Secretary 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 considers a variety of factors when determining whether to recommend a nominee for election to the Board of Directors, including those set forth in the Company s Corporate Governance Guidelines. In general, candidates nominated for election or re-election to the Board of Directors should possess the following qualifications:

high personal and professional ethics, integrity, practical wisdom and mature judgment;

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.

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Under the Company s 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 rules of the SEC 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 is independent within the meaning of the Categorical Standards and the current listing standards of the NYSE. The Governance Committee annually reviews and evaluates its own performance.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table shows the beneficial ownership of Common Stock as of March 20, 2008, except as otherwise noted, by each director, each nominee for election as a director, the named executive officers listed in the Summary Compensation Table, each shareholder known by the Company to be the beneficial owner of more than 5% of the Common Stock, and the incumbent directors, director nominees 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**
David W. Bernauer	13,634	*
Leonard L. Berry	53,020	*
Gregory M. Bridgeford	823,968	*
Peter C. Browning	50,046	*
Charles W. Canter, Jr.	709,792	*
Dawn E. Hudson	36,834	*
Robert F. Hull, Jr.	526,156	*
Robert A. Ingram	42,554	*
Robert L. Johnson	10,554	*
Marshall O. Larsen	20,554	*
Richard K. Lochridge	52,778	*
Robert A. Niblock	1,884,184	*
Stephen F. Page	22,554	*
O. Temple Sloan, Jr.	231,872	*
Larry D. Stone	1,734,474	*
Directors and Executive Officers as a Group (22 total)	8,102,583	*
State Street Bank and Trust Company, Trustee 225 Franklin Street Boston, MA 02110	108,441,651(2)	7.4%
Capital Research Global Investors 333 South Hope Street Los Angeles, CA 90071	172,592,500(3)	11.8%

Capital World Investors 333 South Hope Street Los Angeles, CA 90071	163,939,600(4)	11.2%

* 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. Bernauer 3,634 shares; Mr. Berry 34,554 shares; Mr. Bridgeford 423,061 shares; Mr. Browning 34,554 shares; Mr. Canter 330,712 shares; Ms. Hudson 34,554 shares; Mr. Hull 297,338 shares; Mr. Ingram 42,554 shares; Mr. Johnson 10,554 shares; Mr. Larsen 18,554 shares; Mr. Lochridge 34,554 shares;

Mr. Niblock 1,117,667 shares; Mr. Page 18,554 shares; Mr. Sloan 18,554 shares; Mr. Stone 1,008,031 shares; and all executive officers and directors as a group 4,427,337 shares.

(2) Shares held at December 31, 2007, according to a Schedule 13G filed on February 12, 2008 with the SEC, which total includes 63,211,709 shares held in trust for the benefit of the Company s 401(k) Plan participants. Shares allocated to participants 401(k) Plan accounts are voted by the participants by giving voting instructions to State Street Bank. The Company s fiduciary committee directs the Trustee in the manner in which shares not voted by participants are to be voted. This committee has seven members.

(3) Shares held at December 31, 2007, according to a Schedule 13G filed on January 10, 2008 with the SEC. That filing indicates that Capital Research Global Investors has sole dispositive power over all of the 172,592,500 shares shown. Capital Research Global Investors is a division of Capital Research and Management Company. Capital Research Global Investors and Capital World Investors, which is also a division of Capital Research and Management Company (see Footnote 4 below), make independent investment and proxy voting decisions.

(4) Shares held at December 31, 2007, according to a Schedule 13G filed on January 10, 2008 with the SEC. That filing indicates that Capital World Investors has sole dispositive power over all of the 163,939,600 shares shown. Capital World Investors is a division of Capital Research Management Company. Capital World Investors and Capital Research Global Investors, which is also a division of Capital Research and Management Company (see Footnote 3 above), make independent investment and proxy voting decisions.

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 year 2007, and Forms 5, and any amendments thereto, furnished to the Company with respect to fiscal year 2007, 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 year 2007 and prior fiscal years except as follows: Marshall O. Larsen, a director, filed a late Form 4 showing the purchase of Common Stock by a trust for the benefit of his spouse that is managed on a discretionary basis by an investment adviser. Gregory M. Bridgeford, an executive officer, filed a late Form 4 reporting both a sale and a gift of shares of Common Stock in a prior year.

EXECUTIVE OFFICER COMPENSATION

A. Compensation Discussion and Analysis

Compensation Philosophy and Objectives

The Compensation and Organization Committee of the Board of Directors (the Compensation Committee) is responsible for administering the Company s executive compensation program. The Compensation Committee believes that total compensation should support Lowe s key strategic objectives by:

Rewarding success in achieving financial performance goals, shareholder value creation, customer satisfaction and continuous improvement in the areas of quality and productivity.

Ensuring that shareholders and customers view Lowe s as a premier retail organization that demonstrates best practices in business, operations and personnel.

Role of the Compensation and Organization Committee

The executive compensation program administered by the Compensation Committee applies to all executive officers, including the executive officers named in the compensation disclosure tables that follow this section. There are currently five members of the Compensation Committee, all of whom are independent, non-employee directors. Members of the Compensation Committee are appointed by the Board of Directors and meet in person four times a year, telephonically as needed and also occasionally consider and take action by written consent. The Chairman of the Compensation Committee reports to the Board of Directors the Compensation Committee s actions and recommendations.

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The Compensation Committee has full discretionary power and authority to administer the executive compensation program. In carrying out its responsibilities, the Compensation Committee:

Communicates the Company s executive compensation philosophies and policies to shareholders;

Participates in the continuing development of, and approves any changes in, the program;

Monitors and approves annually the base salary and incentive compensation portions of the program, including participation, performance goals and criteria and determination of award payouts;

Initiates all compensation decisions for the Chairman and Chief Executive Officer of the Company, subject to final approval by the independent members of the Board of Directors; and

Reviews general compensation levels and programs for all other Section 16 officers to ensure competitiveness and appropriateness.

Role of the Independent Compensation Consultant

The Compensation Committee has engaged and regularly consults with an independent consultant for advice on executive compensation matters. For the fiscal year that ended February 1, 2008, the Compensation Committee consulted with senior members of the compensation consulting practice of Hewitt Associates. Hewitt was engaged to (i) help ensure that the Compensation Committee s actions are consistent with the Company s business needs, pay philosophy, prevailing market practices and relevant legal and regulatory mandates, (ii) provide market data as background against which the Compensation Committee can consider executive management base salary, bonus, and long-term incentive awards each year, and (iii) consult with the Compensation Committee on how best to make compensation decisions with respect to executive management in a manner that is consistent with shareholders long-term interests.

Hewitt does not perform any consulting services directly for the Company with respect to compensation, benefits or actuarial services. The Company has separately engaged Hewitt, however, to perform other consulting services through one of Hewitt s other business units over a two-year period in connection with the Company s human capital metrics program that focuses on the Company s recruiting and staffing efforts.

Role of Company Management

The Compensation Committee is also supported in its work by the Company s Human Resource Management executives and supporting personnel. The Company s Senior Vice President of Human Resources works most closely with the Compensation Committee, both in providing information and analysis for review and in advising the Compensation Committee concerning compensation decisions (except as it relates specifically to her compensation). The Chairman and Chief Executive Officer provides input to the Senior Vice President of Human Resources and her staff to develop recommendations concerning executive officer compensation, with the exception of himself, and presents these recommendations to the Compensation Committee.

General Principles of the Company s Executive Compensation Program

Competitive Pay for Performance. The program is designed to establish a strong link between the creation of shareholder value and the compensation earned by the Company s executive officers. The fundamental objectives of the program are to:

Maximize long-term shareholder value;

Provide an opportunity for meaningful stock ownership by executives;

Align executive compensation with the Company s vision, values and business strategies;

Attract and retain executives who have the leadership skills and motivation deemed critical to the Company s ability to enhance shareholder value;

Provide compensation that is commensurate with the Company s performance and the contributions made by executives toward that performance; and

Support the long-term growth and success of the Company.

Desired Position Relative to the Market. The program is intended to provide total annual compensation at market when the Company meets its financial performance goals. At the same time, the program seeks to provide *above-average* total annual compensation if the Company s financial performance goals are exceeded, and *below-average* total annual compensation if the Company s financial performance goals are not achieved.

At the beginning of each fiscal year, the Compensation Committee reviews survey information and a Hewitt-prepared analysis of executive compensation paid to executives by a comparable group of companies. The Compensation Committee uses the survey information and analysis to review the market and set total compensation targets under the Company s executive compensation program for the fiscal year.

The Compensation Committee also reviews each year the members of the comparable company group to ensure the group consists of companies that satisfy the Compensation Committee s guidelines and to make any changes in the group the Compensation Committee deems appropriate. The Compensation Committee believes the group s members should be similar in size and complexity to the Company and represent companies with whom the Company competes for employees. The Compensation Committee, upon the recommendation of Hewitt, used the following guidelines to select the members of the comparable company group for the Committee s 2007 fiscal year compensation decisions:

- Major United States retailers with revenue in excess of $15 billion;
- Large general industry companies in the consumer products and broader manufacturing and services industries with revenues in the $10 billion to $40 billion range;
- Median total revenue for the group of $20.8 billion (compared to the Company s revenue of $46.9 billion); and
- Median market capitalization of $24.7 billion (compared with Lowe s market capitalization of approximately $33 billion).

The companies included in the comparable company group approved by the Compensation Committee were: 3M Company; American Standard Companies, Inc.; Best Buy Co., Inc.; CVS Corporation; Deere & Company; Federated Department Stores, Inc.; General Mills, Inc.; The Home Depot, Inc.; J.C. Penney Corporation, Inc.; Kimberly-Clark Corporation; Masco Corporation; McDonald s Corporation; Sara Lee Corporation; Staples, Inc.; SUPERVALU, Inc.; Target Corporation; United Parcel Service, Inc.; Walgreen Co.; Wal-Mart Stores, Inc.; and Whirlpool Corporation.

Setting Total Annual Compensation Targets and Mix of Base and At Risk Compensation. The Compensation Committee sets a total annual compensation target amount for each executive at the beginning of each fiscal year. As part of this process, the Compensation Committee uses as a guideline the 65th percentile of the comparable company group to set each executive s (i) base salary, (ii) threshold, target and maximum annual non-equity incentive compensation award and (iii) equity incentive plan award.

In selecting the 65th percentile level, the Compensation Committee took into consideration that the median total revenue and the median market capitalization of the comparable company group were both less than the Company s total revenue and market capitalization. In prior years, the survey information and analysis from the comparable company group was adjusted to take into account the Company s larger size, and the Compensation Committee then set the total annual compensation target amounts at the 50th percentile of the adjusted survey data. The Compensation Committee decided to use unadjusted survey data for the 2007 fiscal year and to set the total annual compensation target amounts at the 65th percentile. The Compensation Committee believes that the 65th percentile is a better comparison of the size and complexity of the Company in comparison to the comparable company group. This percentile is also consistent with the financial performance of Company compared to the 65th percentile of performance of the comparable company group in several key areas, such as sales growth, growth in earnings per share, return on capital, return on equity and total shareholder return, over multiple measurement periods. The Compensation Committee also believes this approach is analogous to using size-adjusted data, but it eliminates the complexity of developing accurate size-adjusted survey data.

The program provides for larger portions of an executive s total compensation to vary based on the Company s performance for higher levels of executives (*i.e.*, the most senior executive officers have more of their total compensation at risk based on Company performance than do lower levels of executives). For example, 10% of the total annual compensation target amount for the Chairman and Chief Executive Officer is fixed and paid in the form

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of base salary and 90% of such total target compensation amount is at risk based on the Company s performance. For the President and Chief Operating Officer, 17% of the total annual compensation target amount is paid in the form of base salary and 83% of such amount is at risk based on the Company s performance. For Executive Vice Presidents, 18% of the total annual compensation target amount is paid in the form of base salary and 82% of such amount is at risk based on the Company s performance.

Stock Ownership Guidelines. The Compensation Committee strongly believes that executive officers should own appropriate amounts of the Company s Common Stock to align their interests with those of the Company s shareholders. The Company s 401(k) Plan, employee stock purchase plan and equity incentive plans provide ample opportunity for executives to acquire such Common Stock.

The Compensation Committee also has adopted a stock ownership and retention policy for all senior vice presidents and more senior officers of the Company. The ownership targets under the current policy are ten times base salary for the Chairman and Chief Executive Officer, six times base salary for the President and Chief Operating Officer, four times base salary for all executive vice presidents and two times base salary for all senior vice presidents. Executives who are subject to the policy must retain 100% of the net shares received from the exercise of any stock options or the vesting of restricted stock granted under the Company s equity incentive plans until the targeted ownership level is reached. The Compensation Committee reviews the share ownership of all executives subject to the policy at its meetings in March and November each year. All of the named executive officers were in compliance with the policy for fiscal year 2007.

Tax Deductibility of Compensation. Section 162(m) of the Internal Revenue Code limits the amount of non-performance based compensation paid to the named executive officers (other than Mr. Hull, the Chief Financial Officer) that may be deducted by the Company for federal income tax purposes in any fiscal year to $1,000,000. Performance-based compensation that has been approved by the Company s shareholders is not subject to the $1,000,000 deduction limit. All of the Company s equity and non-equity incentive plans have been approved by the Company s shareholders. Consequently, all awards under those plans, other than restricted stock awards that do not vest solely on the performance of the Company, should qualify as performance-based compensation that is fully deductible and not subject to the Code Section 162(m) deduction limit. The Compensation Committee has not adopted a formal policy that requires all compensation paid to the named executive officers to be deductible. But whenever practical, the Compensation Committee structures compensation plans to make the compensation paid thereunder fully deductible.

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Compensation Paid under the Executive Compensation Program

The program provides for payment of the following compensation elements:

Base Salary. Base salaries for executive officers are established on the basis of the qualifications and experience of the executive, the nature of the job responsibilities and the base salaries for competitive positions in the market as described above. The Compensation Committee reviews and approves executive officers base salaries annually. Any action by the Compensation Committee with respect to the base salary of the Chairman and Chief Executive Officer is subject to final approval by the independent members of the Board of Directors. For the fiscal year ended February 1, 2008, the Compensation Committee increased the base salaries of the named executive officers as follows:

Name and Principal Position	Fiscal Year 2006 Base Salary ($)	Fiscal Year 2007 Base Salary ($)	Percentage Increase
Robert A. Niblock Chairman of the Board and Chief Executive Officer	950,000	1,050,000	10.53%
Robert F. Hull, Jr. Executive Vice President and Chief Financial Officer	480,000	550,000	14.58%
Larry D. Stone * President and Chief Operating Officer	800,000	800,000	0.00%
Gregory M. Bridgeford. Executive Vice President, Business Development	480,000	500,000	4.17%
Charles W. Canter, Jr. Executive Vice President, Merchandising	500,000	525,000	5.00%

* The Company appointed Mr. Stone President and Chief Operating Officer effective December 16, 2006. His annual base salary rate increased from $765,000 to $800,000 effective as of that date and was not increased again in February, 2007 when the base salaries of the other named executives were reviewed and adjusted.

Non-Equity Incentive Plan Compensation. Executives earn non-equity incentive compensation under the program for each fiscal year based on the Company s achievement of one or more financial performance measures established at the beginning of the fiscal year by the Compensation Committee. For the fiscal year ended February 1, 2008, the performance measure selected by the Compensation Committee was the percentage increase in the Company s earnings before interest and taxes (EBIT) over the immediately preceding year. The Compensation Committee believes EBIT is an effective performance measure for the annual incentive compensation plan because it rewards growth in the profitability of existing stores and the development of new stores that contribute quickly to the Company s earnings.

The Compensation Committee established a threshold rate of 5% EBIT growth that must be achieved before any non-equity incentive compensation would be earned, a 9% EBIT growth rate for which target non-equity incentive compensation amounts would be earned and a 14% EBIT growth rate for which the maximum non-equity incentive compensation amounts would be earned. The Company s EBIT for the 2007 fiscal year decreased by 8.65%. Based on that EBIT result, none of the named executive officers were paid any non-equity incentive compensation for fiscal year 2007.

Equity Incentive Plan Awards. The Company s equity incentive plans authorize awards of stock options, performance- and time-vested restricted stock, performance accelerated restricted stock (PARS), performance shares and stock appreciation rights. Although the Compensation Committee generally has the discretion to establish the terms of all awards, the equity incentive plans limit certain award terms. For example, the Compensation Committee may not extend the original term of a stock option or, except as provided by the plans anti-dilution provision, reduce its exercise price. In addition, the plans generally require the vesting period for stock

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awards to be at least three years, although a period as short as one year is permitted if based on the satisfaction of financial performance objectives prescribed by the Compensation Committee.

At its meeting in January or February each year, the Compensation Committee makes its annual equity incentive award decisions. Currently, all store managers and employees in more senior positions are eligible to receive an annual equity incentive award. The effective date for the annual equity awards is the March 1 following the Compensation Committee s January or February meeting.

At the January or February meeting, the Compensation Committee considers and approves the following factors related to the awards:

The **base salary multiple** to be used to determine the total value of the equity incentive award. The multiple set by the Compensation Committee is multiplied by each executive s actual base salary amount to determine the target grant date value of the executive s equity incentive award. On January 25, 2007, after reviewing the market survey information, the Compensation Committee approved the following base salary multiples for the March 1, 2007 awards to the named executive officers: Mr. Niblock 7.0 times base salary; Mr. Stone 4.0 times base salary; and Messrs. Hull, Bridgeford and Canter 3.5 times base salary.

The **percentage** of the total target grant date value of the award to be awarded as stock options, shares of restricted stock, PARS or another form of award permitted by the equity incentive plans. On January 25, 2007, the Compensation Committee determined that 50% of the total grant date value of the awards to the named executive officers should be in the form of restricted stock and the remaining 50% should be in the form of stock options.

The **vesting** terms for the awards. The Compensation Committee previously approved a three-year vesting schedule for stock option awards, and the Committee made no change in that vesting schedule for the March 1, 2007 stock option awards.

The Compensation Committee did approve a significant change in the vesting terms applicable to the restricted stock awarded to the senior executive officers on March 1, 2007. The Compensation Committee decided that the restricted stock would be performance-vested restricted stock that will become vested only if the Company satisfies a performance objective set by the Compensation Committee. The performance objective selected by the Compensation Committee is the Company s return on non-cash average assets (RONCAA). The Compensation Committee set a threshold and target RONCAA for the vesting of the performance-based restricted stock. A threshold average RONCAA must be achieved over the three fiscal year performance period that includes fiscal years 2007 through 2009 before any of the performance-vested restricted stock awarded on March 1. 2007 will become vested.

RONCAA is computed on an annual basis by dividing the Company s EBIT for the year by the average of the Company s non-cash assets as of the beginning and end of the year. The return percentages for each year in the performance period are then averaged to yield a RONCAA for the three-year performance period. The Compensation Committee believes that RONCAA is an effective measure of Company and management performance as it measures the effective utilization of assets other than cash, cash equivalents and short term investments and it focuses management on strategic growth over a three-year period, rather than immediate return.

If the threshold three-year average RONCAA level is achieved, 25% of the restricted stock will vest. It the target average RONCAA level is achieved, 100% of the restricted stock will vest. The Compensation Committee believes it is likely that between 75% and 100% of the restricted stock granted will become vested at the end of the three-year performance period in 2010.

The **relative value factor** for each type of award. The market value of the Company s Common Stock is multiplied by the relative value factor for each type of award (for fiscal year 2007 awards, 0.33 for stock options and 0.688 for performance based restricted stock) to calculate the number of shares to be included in the awards. The market value of the Company s Common Stock as of March 1 is used to determine the number of shares included in the equity incentive awards to all executives who are not subject to Section 16 of the Securities Exchange Act of 1934. The

Compensation Committee holds a telephonic meeting in February to approve the actual number of shares to be included in the equity incentive awards to Section 16 officers, and the value of the Company s Common Stock approximately one week before the telephonic meeting is used solely for purposes of determining the number of shares included in the awards. The exercise price for all stock options included in the equity awards is equal to the closing price of the Company s Common Stock on the March 1 grant date (or the most recent prior business day in the event March 1 falls on a non-business day).

Pursuant to authority delegated by the Compensation Committee, on May 1, August 1 and November 1 of each year, the Chairman and Chief Executive Officer makes equity incentive awards to all employees who are hired or promoted into a store manager or more senior position after the preceding March 1 annual grant date and who are not Section 16 officers. The same number of shares for each position as were granted on the preceding March 1 are granted on the succeeding May 1, August 1 or November 1 at the closing price of the Company s Common Stock on those dates.

Any other equity incentive grants, such as special retention grants or hiring package grants to Section 16 officers are reviewed and approved by the Compensation Committee at a meeting held prior to the grant effective date.

On December 12, 2007, the Compensation Committee held a telephonic meeting and approved a special retention restricted stock award of 8,000 shares to all Executive Vice Presidents and 4,000 shares to all Senior Vice Presidents. (The Chairman and Chief Executive Officer and the President and Chief Operating Officer did not receive a retention award.) The shares were awarded on December 14, 2007 and will become vested on December 14, 2010.

Other Compensation

The Company s executive officers participate in the Lowe s 401(k) Plan and the other employee benefit plans sponsored by the Company on the same terms and conditions that apply to all other employees. The Company makes only nominal use of perquisites in compensating its executive officers. The Company provides limited supplemental long-term disability coverage for all senior vice presidents and more senior officers whose annual compensation (base salary and target bonus) exceeds $400,000, provided the executive has also enrolled in and paid the cost for coverage under the Company s voluntary group long-term disability plan that is available to all employees. The Company s total cost for providing such supplemental coverage to the twenty-five executives in this category is approximately $35,750. All senior vice presidents and more senior officers of the Company are required to use professional tax preparation, filing and planning services, and the Company reimburses the cost of such services up to a maximum of $5,000 per calendar year (grossed up for taxes). Such officers are also required to receive an annual physical examination, at the Company s expense, subject to maximum amounts that are based on the officer s age. In March, 2007, the Compensation Committee approved a policy that permits the President and Chief Operating Officer to use Company-owned aircraft for up to 25 hours a year of personal travel. The Compensation Committee approved the policy to provide additional compensation to the President and Chief Operating Officer and to recognize his assumption and performance of additional duties and responsibilities. Finally, the independent members of the Board of Directors require the Chairman and Chief Executive Officer to utilize corporate aircraft for all business and personal travel for his safety, health and security, to enhance his effectiveness, to ensure immediate access to the Chairman and Chief Executive Officer for urgent matters and to maintain the confidentiality of the purpose of the travel. The Company does not provide any tax gross-up to the Chairman and Chief Executive Officer or the President and Chief Operating Officer for the taxable value of their use of corporate aircraft for personal travel.

Nonqualified Deferred Compensation Programs

The Company sponsors three nonqualified deferred compensation programs for senior management employees: the Benefit Restoration Plan, the Cash Deferral Plan and the Deferred Compensation Program.

The Company s Benefit Restoration Plan provides qualifying executives with benefits equivalent to those received by all other employees under the Company s 401(k) Plan. Qualifying executives are those whose contributions, annual additions and other benefits, as normally provided to all participants under the tax-qualified 401(k) Plan, would be curtailed by the effect of Internal Revenue Code limitations and restrictions.

The Cash Deferral Plan permits qualifying executives to voluntarily defer a portion of their base salary, non-equity incentive compensation and certain other bonuses on a tax-deferred basis. Qualifying executives are those employed by the Company in more senior positions. The Company does not make matching or any other contributions to the Cash Deferral Plan.

The Deferred Compensation Program is a part of all the Company s equity incentive plans. Prior to 2005, the Deferred Compensation Program allowed executives at or above the vice president level to defer receipt of certain equity incentive plan compensation (vested restricted stock awards and performance accelerated restricted stock awards and gains on non-qualified stock options) and required the deferral of equity incentive plan compensation to the extent that such compensation would not be deductible by the Company for federal income tax purposes due to the limitation imposed by Internal Revenue Code Section 162(m) on the deductibility of compensation that is not performance-based. The Deferred Compensation Program was amended in 2005 to provide that the only deferrals permitted after 2004 are mandatory deferrals of equity incentive plan compensation that is not deductible under Internal Revenue Code Section 162(m). Any shares representing stock incentives that are deferred under the Deferred Compensation Program are cancelled and tracked as phantom shares. During the deferral period, the participant s account is credited with amounts equal to the dividends paid on actual shares.

All of the Company s nonqualified deferred compensation programs are unfunded. Any deferred compensation payment obligations under the programs are at all times unsecured payment obligations of the Company.

Potential Payments Upon Termination or Change-in-Control

The Company has entered into Management Continuity Agreements with each of the named executive officers. Other than the termination compensation amounts, the agreements are identical.

The agreements provide for certain benefits if the Company experiences a change-in-control followed by termination of the executive s employment:

- by the Company s successor without cause;
- by the executive during the 30-day period following the first anniversary of the change-in-control; or
- by the executive for certain reasons, including a downgrading of the executive s position.

Cause means continued and willful failure to perform duties or conduct demonstrably and materially injurious to the Company or its affiliates.

All of the agreements provide for three-year terms. On the first anniversary, and every anniversary thereafter, the term is extended automatically for an additional year unless the Company elects not to extend the term. All agreements automatically expire on the second anniversary of a change-in-control notwithstanding the length of the terms remaining on the date of the change-in-control.

If benefits are paid under an agreement, the executive will receive (i) a lump-sum severance payment equal to the present value of (a) for Messrs. Niblock and Stone, three times the executive s annual base salary, non-equity incentive compensation and welfare insurance costs, and (b) for Messrs. Hull, Bridgeford and Canter, 2.99 times the executive s annual base salary, non-equity incentive compensation and welfare insurance costs, and (ii) any other unpaid salary and benefits to which the executive is otherwise entitled. In addition, the executive will be compensated for any excise tax liability he may incur as a result of any benefits paid to the executive being classified as excess parachute payments under Section 280G of the Internal Revenue Code and for income and employment taxes attributable to such excise tax reimbursement.

All legal fees and expenses incurred by the executives in enforcing these agreements will be paid by the Company.

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The following table shows the amounts that would have been payable to the named executive officers if a change in control of the Company had occurred on February 1, 2008 and the named executive officers employment was terminated by the Company s successor without cause immediately thereafter:

Name	Severance ($)[(1)]	Welfare Benefits ($)[(1)]	Stock Options ($)[(2)]	Restricted Stock ($)[(3)]	Excise Tax Gross-up ($)	Total ($)
Mr. Niblock	8,865,587	27,948	0	15,764,350	6,985,049	31,642,934
Mr. Hull	3,030,044	27,860	0	3,640,875	2,275,239	8,974,018
Mr. Stone	5,066,050	27,948	0	8,827,525	0	13,921,523
Mr. Bridgeford	2,805,597	27,860	0	5,071,675	0	7,905,132
Mr. Canter	2,945,877	27,860	0	3,223,030	1,889,675	8,086,442

(1) Payable in cash in a lump sum.

(2) Value (based on the closing market price of the Company s Common Stock on February 1, 2008) of unvested in-the-money stock options that would become vested upon a change-in-control of the Company.

(3) Value (based on the closing market price of the Company s Common Stock on February 1, 2008) of unvested shares of restricted stock that would become vested upon a change-in-control of the Company.

B. Executive Compensation Disclosure Tables

Summary Compensation Table This table shows the base salary, annual non-equity incentive compensation and all other compensation paid to the named executives. The table also shows the compensation expense the Company recognized for the 2006 and 2007 years for financial reporting purposes for the stock and option awards made to the named executives.

ame and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($) [(1)]	Option Awards ($) [(1)]	Non-Equity Incentive Plan Compensation [(2)]	All Other Compensation ($) [(3)]	Total ($)
obert A. Niblock	2007	1,050,000	0	2,965,305	2,027,320	0	104,707	6,147,332
hairman of the Board of	2006	950,000	0	3,020,463	1,494,537	1,037,875	97,495	6,600,370
irectors and								
hief Executive Officer								
obert F. Hull, Jr.	2007	550,000	0	802,413	601,195	0	29,953	1,983,561
xecutive Vice President	2006	480,000	0	743,011	443,978	308,304	23,614	1,998,907
nd Chief Financial Officer								
arry D. Stone	2007	800,000	0	1,838,397	1,085,421	0	57,438	3,781,256
resident and	2006	770,039	0	2,038,311	1,016,992	491,360	34,658	4,351,360
hief Operating Officer								
regory M. Bridgeford	2007	500,000	0	1,049,435	588,885	0	28,285	2,166,605

xecutive Vice President, usiness Development	2006	480,000	0	1,144,850	546,195	308,304	24,663	2,504,012
harles W. Canter, Jr.	2007	525,000	0	632,042	496,699	0	25,751	1,679,492
xecutive Vice President, Ierchandising	2006	500,000	0	661,249	349,568	321,150	30,743	1,862,710

(1) For financial statement reporting purposes, the Company determines the fair value of a stock or option award on the grant date. The Company then recognizes the fair value of the award as compensation expense over the requisite service period. The fair value of a stock award is equal to the closing market price of the Company s Common Stock on the date of the award. The fair value of an option award is determined using the Black-Scholes option-pricing model with assumptions for expected dividend yield, expected term, expected volatility, a risk-free interest rate and an estimated forfeiture rate. See Note 9, 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 February 1, 2008 for additional information about the Company s accounting for share-based compensation arrangements, including the assumptions used in the Black-Scholes option-pricing model.

The amounts presented are the dollar amounts of compensation expense recognized for awards granted in the fiscal year ended February 1, 2008 and in previous fiscal years, except the compensation expense amounts have not been reduced by the Company s estimated forfeiture rate. Executives receive dividends on unvested shares of restricted stock and the right to receive dividends has been factored into the determination of the fair value of the stock awards and the resulting amounts presented above.

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(2) No amounts were earned under the Company s non-equity incentive plan for the fiscal year ended February 1, 2008 based on a decrease of 8.65% in the Company s net earnings before interest and taxes over the immediately preceding fiscal year, which was less than the threshold growth level of 5% required for any award. The terms of the plan are described in Footnote 1 to the Grants of Plan-Based Awards table.

(3) Amounts presented consist of the following for the 2007 fiscal year:

	Company Matching Contributions to		Reimbursement of Tax Compliance Costs		Personal	
Name	401(k) Plan ($)	Benefit Restoration Plan ($)	Cost ($)	Tax Gross-Up ($)	Use of Corporate Aircraft ($)	Cost of Company Required Physical Exam ($)
Mr. Niblock	7,019	33,626	4,750	3,563	49,185	6,564
Mr. Hull	9,353	14,880	800	600	0	4,320
Mr. Stone	4,894	24,799	2,400	1,800	19,172	4,373
Mr. Bridgeford	5,640	12,971	4,218	3,164	0	2,292
Mr. Canter	5,565	13,910	2,300	1,725	0	2,251

All amounts presented above, other than the amount for personal use of corporate aircraft, equal the actual cost to the Company of the particular benefit or perquisite provided. The amount presented for personal use of corporate aircraft is equal to the incremental cost to the Company of such use. Incremental cost includes fuel, landing and ramp fees and other variable costs directly attributable to the personal use. Incremental cost does not include an allocable share of the fixed costs associated with the Company s ownership of the aircraft.

Grants of Plan-Based Awards This table presents the potential annual non-equity incentive awards the executives were eligible to earn in 2007 and the restricted stock and the stock options awarded to the named executives during 2007.

			Estimated Future Payouts Under Non-Equity Incentive Plan Awards (1)						
me	Grant Date	Date of Compensation Committee Action	Threshold ($)	Target ($)	Maximum ($)	All Other Stock Awards: Number of Shares of Stock or Units (#) (2)	All Other Option Awards: Number of Securities Underlying Options (#) (3)	Exercise or Base Price of Option Awards ($/Sh)	Grant Da Fair Valu of Stock a Option Awards ($)
. Niblock			367,500	2,100,000	3,150,000				
	03/01/07	02/22/07				161,000	335,000	32.21	7,931,23
. Hull			192,500	550,000	1,100,000				

	03/01/07	02/22/07				42,000	88,000	32.21	2,074,00
	12/14/07	12/12/07				8,000			181,76
. Stone			280,000	1,000,000	2,000,000				
	03/01/07	02/22/07				70,000	146,000	32.21	3,451,21
. Bridgeford			175,000	500,000	1,000,000				
	03/01/07	02/22/07				38,000	80,000	32.21	1,879,60
	12/14/07	12/12/07				8,000			181,76
. Canter			183,750	525,000	1,050,000				
	03/01/07	02/22/07				40,000	84,000	32.21	1,976,80
	12/14/07	12/12/07				8,000			181,76

(1) The executives are eligible to earn annual non-equity incentive compensation under the Company s non-equity incentive plan for each fiscal year based on the Company s achievement of one or more performance measures established at the beginning of the fiscal year by the Compensation Committee. For the fiscal year ended February 1, 2008, the performance measure selected by the Compensation Committee was the percentage increase in the Company s earnings before interest and taxes over the immediately preceding year. The threshold, target and maximum amounts presented would be earned for increases of 5%, 9% and 14%, respectively in the Company s earnings before interest and taxes over the fiscal year that ended February 3, 2006. The actual percentage decrease in the Company s earnings before interest and taxes for the fiscal year ended February 1, 2008 was 8.65% and the executives earned none of the potential incentive compensation for the fiscal year.

(2) The stock awards granted on March 1, 2007 become vested based on the Company s achievement of a threshold and target average return on non-cash average assets for the three fiscal year period that includes fiscal years 2007 through 2009. If the Company achieves the threshold average return, 25% of the shares will become vested. All of the shares will become vested if the Company achieves the target average return. The stock awards granted on December 14, 2007 become vested on December 14, 2010.

In the event an executive terminates employment due to death, disability or retirement, (a) any unvested shares granted on December 14, 2007 will become vested (however, the shares granted to Messrs. Hull and Canter will not become transferable in the event of their retirement until December 14, 2010) and (b) any unvested shares awarded on March 1, 2007 will become vested based on the Company s achievement of the performance vesting requirements applicable to those shares. Retirement for this purpose is defined as termination of employment with the approval of the Board on or after the date the executive has satisfied an age and service requirement, provided the executive has given the Board advance notice of such retirement. Messrs. Niblock, Stone, Bridgeford and Canter have satisfied the age and service requirement for retirement. Mr. Hull will satisfy the age and service requirement for retirement upon attainment of age fifty-five (55). The executives receive all cash dividends paid with respect to the shares included in the stock awards during the vesting period.

(3) All options have a seven-year term and an exercise price equal to the closing price of the Company s Common Stock on the grant date. The options vest in three equal annual installments on each of the first three anniversaries of the grant date or, if earlier, the date the executive terminates employment due to death or disability or, in the case of Messrs. Niblock, Stone and Bridgeford, in the event of retirement, and remain exercisable until their expiration dates. The options granted to Messrs. Hull and Canter will become exercisable in the event of retirement in accordance with the original three-year vesting schedule and remain exercisable until their expiration dates. Retirement for this purpose has the same meaning as for the stock awards as described in Footnote 2 above.

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Outstanding Equity Awards at Fiscal Year-End This table presents information about unvested stock and option awards held by the named executives on February 1, 2008.

Option Awards			Stock Awards	
Number of Securities Underlying Unexercised Options	**Number of Securities Underlying Unexercised**	**Option**	**Number of Shares or Units of Stock That**	**Market Value of Shares or Units of Stock That**