

LOWES COMPANIES INC

Form DEF 14A

April 10, 2009

Table of Contents

**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:

(5) Total fee paid:

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:

Table of Contents

Lowe s Companies, Inc.

**Notice of
Annual Meeting
and
Proxy Statement**

2009

Table of Contents

Important Notice Regarding the Availability of Proxy Materials for the Shareholders Meeting to Be Held on May 29, 2009 the Notice of Annual Meeting of Shareholders, Proxy Statement and Annual Report are available at www.proxyvote.com.

Table of Contents

Corporate Offices 1000 Lowe s Boulevard
 Mooresville, North Carolina 28117

**LOWE S
COMPANIES,
INC.**

April 13, 2009

TO LOWE S SHAREHOLDERS:

It is my pleasure to invite you to our 2009 Annual Meeting to be held at the Ballantyne Resort, 10000 Ballantyne Commons Parkway, Charlotte, North Carolina, on Friday, May 29, 2009 at 10:00 a.m., local time. Directions to the Ballantyne Resort are printed on the back of the Proxy Statement.

This year, we are pleased to be again using the 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 2008 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 2008 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 unless they have previously requested delivery of proxy materials electronically. Using this distribution process conserves natural resources and reduces the costs of printing and distributing our proxy materials.

We will 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.

Details regarding admission to the meeting and the business to be conducted are more fully described in the accompanying Notice of Annual Meeting of Shareholders and Proxy Statement. There are six items of business on this year s agenda, each as described 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

Table of Contents

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

Time and Date	10:00 a.m., local time, on Friday, May 29, 2009
Place	Ballantyne Resort, 10000 Ballantyne Commons Parkway, Charlotte, North Carolina
Purpose	<ol style="list-style-type: none">1. To elect four Class II directors to a term of two years.2. To approve amendments to the Lowe's Companies, Inc. 2006 Long Term Incentive Plan.3. To ratify the appointment of Deloitte & Touche LLP as the independent registered public accounting firm of the Company for the 2009 fiscal year.4. To approve amendments to Lowe's Articles of Incorporation eliminating all remaining supermajority vote requirements.5. To consider and vote upon three shareholder proposals set forth at pages 40 through 48 in the accompanying Proxy Statement.6. To transact such other business as may be properly brought before the Annual Meeting of Shareholders.
Record Date	Only shareholders of record at the close of business on March 27, 2009 will be entitled to notice of and to vote at the Annual Meeting of Shareholders or any postponement or adjournment thereof.
Meeting Admission	You are entitled to attend the Annual Meeting only if you were a Lowe's shareholder as of the close of business on March 27, 2009 or hold a valid proxy for the Annual Meeting. You should be prepared to present photo identification for admittance. In addition, if you are a shareholder of record or hold your shares through the Company's 401(k) Plan, Employee Stock Purchase Plan or Direct Stock Purchase Program, your ownership as of the record date will be verified prior to admittance into the meeting. If you are not a shareholder of record or a participant in one of the Company's plans or purchase programs, but hold shares through a broker, trustee or nominee, you must provide proof of beneficial ownership as of the record date, such as your most recent account statement prior to March 27, 2009 or similar evidence of ownership. If you do not provide photo identification and comply with the other procedures outlined above, you will not be admitted to the Annual Meeting.
Voting	Your vote is important. Whether or not you plan to attend the Annual Meeting, we hope you will vote promptly. If you received a paper copy of the proxy voting materials by mail, you may vote your shares by proxy by doing any one of the following: vote at the Internet site

Edgar Filing: LOWES COMPANIES INC - Form DEF 14A

address listed on your proxy or voting instruction card; call the toll-free number listed on your proxy or voting instruction card; or sign, date and return in the pre-addressed envelope provided the enclosed proxy or voting instruction card. If you received only a Notice of Internet Availability of Proxy Materials by mail, you may vote your shares at the Internet site address listed on your Notice. You may also request a paper copy of our proxy materials by visiting the Internet site address listed on your Notice, or by calling the toll-free number or sending an e-mail to the e-mail address listed on your Notice.

The Company's Proxy Statement is attached. Financial and other information is contained in the Company's Annual Report to Shareholders, 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 13, 2009

Table of Contents

<u>GENERAL INFORMATION</u>	1
<u>PROPOSAL ONE: ELECTION OF DIRECTORS</u>	3
<u>INFORMATION CONCERNING THE NOMINEES</u>	4
<u>INFORMATION CONCERNING CONTINUING DIRECTORS</u>	5
<u>INFORMATION ABOUT THE BOARD OF DIRECTORS AND COMMITTEES OF THE BOARD</u>	6
<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</u>	14
<u>SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE</u>	15
<u>EXECUTIVE OFFICER COMPENSATION</u>	15
<u>COMPENSATION DISCUSSION AND ANALYSIS</u>	15
<u>ROLE OF THE COMPENSATION COMMITTEE</u>	16
<u>POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE-IN-CONTROL</u>	24
<u>SUMMARY COMPENSATION TABLE</u>	25
<u>GRANTS OF PLAN-BASED AWARDS</u>	26
<u>OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END</u>	28
<u>OPTION EXERCISES AND STOCK VESTED AT FISCAL YEAR-END</u>	30
<u>NONQUALIFIED DEFERRED COMPENSATION</u>	30
<u>COMPENSATION COMMITTEE REPORT</u>	32
<u>EQUITY COMPENSATION PLAN INFORMATION</u>	32
<u>RELATED-PARTY TRANSACTIONS</u>	33
<u>PROPOSAL TWO: TO APPROVE AMENDMENTS TO THE LOWE S COMPANIES, INC. 2006 LONG TERM INCENTIVE PLAN</u>	34
<u>AUDIT MATTERS</u>	38

<u>PROPOSAL THREE: TO RATIFY THE APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	
<u>PROPOSAL FOUR: TO APPROVE AMENDMENTS TO LOWE S ARTICLES OF INCORPORATION ELIMINATING ALL REMAINING SUPERMAJORITY VOTE REQUIREMENTS</u>	40
<u>PROPOSAL FIVE: TO CONSIDER AND VOTE UPON THE SHAREHOLDER PROPOSAL REGARDING REINCORPORATING IN NORTH DAKOTA</u>	40
<u>PROPOSAL SIX: TO CONSIDER AND VOTE UPON THE SHAREHOLDER PROPOSAL REGARDING HEALTH CARE REFORM PRINCIPLES</u>	44
<u>PROPOSAL SEVEN: TO CONSIDER AND VOTE UPON THE SHAREHOLDER PROPOSAL REGARDING SEPARATING THE ROLES OF CHAIRMAN AND CEO</u>	45
<u>ADDITIONAL INFORMATION</u>	48
<u>SHAREHOLDER PROPOSALS FOR THE 2010 ANNUAL MEETING</u>	49
<u>ANNUAL REPORT</u>	49
<u>MISCELLANEOUS</u>	50
<u>APPENDIX A: CATEGORICAL STANDARDS FOR DETERMINATION OF DIRECTOR INDEPENDENCE</u>	A-1
<u>APPENDIX B: LOWE S COMPANIES, INC. 2006 LONG TERM INCENTIVE PLAN</u>	B-1
<u>APPENDIX C: ARTICLE 9 OF LOWE S ARTICLES OF INCORPORATION</u>	C-1

Table of Contents

Lowe's Companies, Inc.

**Proxy Statement
for
Annual Meeting of Shareholders
May 29, 2009**

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 of Shareholders to be held at the Ballantyne Resort located at 10000 Ballantyne Commons Parkway, Charlotte, North Carolina on Friday, May 29, 2009 at 10:00 a.m., local time.

In accordance with rules and regulations adopted by the U.S. Securities and Exchange Commission (SEC), 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 the proxy materials over the Internet. 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 13, 2009. This Proxy Statement and the enclosed form of proxy relating to the 2009 Annual Meeting are also first being made available to shareholders on or about April 13, 2009.

Outstanding Shares

On March 27, 2009, there were 1,474,239,704 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 27, 2009 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 or voting instruction card; call the toll-free number listed on your proxy or voting instruction card; or mail your signed and dated proxy or voting instruction card to our tabulator in the self-addressed 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. You may also request a paper copy of our proxy materials by visiting the Internet site address listed on your Notice, or by calling the toll-free number or sending an e-mail to the e-mail 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** the proposal to amend the Lowe's Companies, Inc. 2006 Long Term Incentive Plan, **FOR** ratification of

Table of Contents

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 all remaining supermajority vote requirements and **AGAINST** each of the three shareholder proposals. The proxyholders also will vote your shares according to their discretion on any other matter properly brought before the meeting.

You may receive more than one Notice of Internet Availability of Proxy Materials, more than one e-mail (if you have elected electronic delivery of proxy materials) or more than one paper copy of the proxy materials, including multiple paper copies of this Proxy Statement and multiple proxy cards or voting instruction cards, depending on how you hold your shares. For example, if you hold your shares in more than one brokerage account, you may receive a separate Notice, a separate e-mail or a separate voting instruction card for each brokerage account in which you hold your shares. If you are a shareholder of record and your shares are registered in more than one name, you may receive more than one Notice, more than one e-mail or more than one proxy card. To vote all of your shares by proxy, you must vote at the Internet site address listed on your proxy or voting instruction card, call the toll-free number listed on your proxy or voting instruction card, or sign, date and return each proxy card and voting instruction card that you receive; and vote over the Internet the shares represented by each Notice and e-mail that you receive (unless you have requested and received a proxy card or voting instruction card for the shares represented by one or more of those Notices or e-mails).

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 proposal to approve the amendments to the Company's 2006 Long Term Incentive Plan and the three 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 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 all remaining supermajority vote requirements requires the affirmative vote of a majority of the outstanding shares of the Company's Common Stock.

Table of Contents

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. The proposal to approve amendments to the Lowe's Companies, Inc. 2006 Long Term Incentive Plan requires in addition that the total votes cast represent over 50% of the shares entitled to vote on the proposal.

Our Voting Recommendation

Our Board of Directors recommends that you vote:

FOR each of our nominees to the Board of Directors;

FOR the proposal to approve amendments to the Lowe's Companies, Inc. 2006 Long Term Incentive Plan;

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 all remaining supermajority vote requirements;

AGAINST the shareholder proposal regarding reincorporating in North Dakota;

AGAINST the shareholder proposal regarding health care reform principles; and

AGAINST the shareholder proposal regarding separating the roles of Chairman and CEO.

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 2009.

Attending In Person

Only shareholders as of the close of business on March 27, 2009, their properly designated proxies and guests of the Company may attend the Annual Meeting. You must present photo identification for admittance. If you are a shareholder of record or hold your shares through the Company's 401(k) Plan, Employee Stock Purchase Plan or Direct Stock Purchase Program, your name will be verified against the list of shareholders of record or plan or purchase program participants on the record date prior to your admission to the Annual Meeting. If you are not a shareholder of record or a participant in one of the Company's plans or purchase programs, but hold shares through a broker, trustee or nominee, you must provide proof of beneficial ownership on the record date, such as your most recent account statement prior to March 27, 2009 or other similar evidence of ownership. If you do not provide photo identification or comply with the other procedures outlined above, you will not be admitted to the Annual Meeting.

The meeting will begin promptly at 10:00 a.m., local time, and check-in will begin at 8:30 a.m., local time.

**PROPOSAL ONE
ELECTION OF DIRECTORS**

The Articles of Incorporation of the Company previously divided 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. At our 2008 Annual Meeting of Shareholders, the Board of Directors recommended, and shareholders approved, amendments to the Company's Articles of Incorporation to declassify the Board over a three-year period. Accordingly, current directors, including Class I directors elected to three-year terms at last year's Annual Meeting, will continue to serve the remainder of their elected terms. Class II directors with terms expiring at this year's Annual Meeting will be elected to two-year terms expiring at the 2011 Annual Meeting of Shareholders, and Class III directors with terms expiring at the 2010 Annual Meeting will be elected to one-year terms expiring at the 2011 Annual Meeting of Shareholders. Beginning with the 2011 Annual Meeting of Shareholders, and at each Annual Meeting thereafter, all directors will be elected annually.

Table of Contents

The number of directors is currently fixed at 11. The four nominees standing for election as Class II directors at the 2009 Annual Meeting of Shareholders are: Peter C. Browning; Marshall O. Larsen; Stephen F. Page and O. Temple Sloan, Jr. If elected, each Class II 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 four 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 II Directors Term to Expire in 2011

Peter C. Browning

Director Since: 1998

Age: 67

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; and The Phoenix Companies, Inc.

Marshall O. Larsen

Director Since: 2004

Age: 60

Chairman of Compensation 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 division 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: 69

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: 70

Lead Director, Chairman of Governance Committee and member of Audit Committee and Executive Committee. Chairman of General Parts International, Inc., Raleigh, North Carolina, a distributor of automotive replacement parts. Until August 2008, he also served as Chief Executive Officer of General Parts International for a period of more than five years. 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.

Table of Contents

INFORMATION CONCERNING CONTINUING DIRECTORS

Class III Directors Term to Expire in 2010

David W. Bernauer

Director Since: 2007
Age: 65

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 also serves on the board of directors of Office Depot, Inc.

Leonard L. Berry

Director Since: 1998
Age: 66

Member of Compensation 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: 51

Member of Compensation Committee and Governance Committee. Vice Chair of The Parthenon Group, an advisory firm focused on strategy consulting, since March 2009. President and Chief Executive Officer of Pepsi-Cola North America, the refreshment beverage unit of PepsiCo in the United States and Canada until November 2007, where she served as President since May 2002 and Chief Executive Officer since March 2005. In addition, Ms. Hudson served as Chief Executive Officer of the PepsiCo Foodservice Division from March 2005 to November 2007. She also serves on the board of directors of Allergan, Inc.

Robert A. Niblock

Director Since: 2004
Age: 46

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.

Table of Contents

Class I Directors Term to Expire in 2011

Robert A. Ingram

Director Since: 2001
Age: 66

Member of Compensation Committee and Governance Committee. Vice Chairman Pharmaceuticals, GlaxoSmithKline plc, a pharmaceutical research and development company, acting as a special advisor to the Corporate Executive Team and attending its meetings in that capacity, since January 2003. Chief Operating Officer and President, Pharmaceutical Operations of GlaxoSmithKline plc, January 2001-January 2003. Chief Executive Officer of Glaxo Wellcome plc, 1997-2000. Chairman of Glaxo Wellcome Inc. (Glaxo Wellcome plc's United States subsidiary), 1999-2000. He also serves on the boards of directors of Allergan, Inc.; Cree, Inc; Edwards Lifesciences Corporation; OSI Pharmaceuticals, Inc. (Chairman); and Valeant Pharmaceuticals International (Lead Director).

Robert L. Johnson

Director Since: 2005
Age: 63

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 boards of directors of KB Home and Strayer Education, Inc.

Richard K. Lochridge

Director Since: 1998
Age: 65

Member of Compensation 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 ABOUT THE BOARD OF DIRECTORS AND COMMITTEES OF THE BOARD

Corporate Governance Guidelines and Code of Business Conduct and Ethics

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 (Code) for its directors, officers and employees. The Governance Guidelines and Code 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 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 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

Table of Contents

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 were until December 2008 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 and 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 depository 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 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 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 SEC 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. The independent Lead Director receives an additional retainer of \$25,000 per year. 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 the Lowe's Companies, Inc. Amended and Restated Directors Stock Option and Deferred Stock Unit Plan (Directors 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. A 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

Table of Contents

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.

The Directors' Plan provides that no further grants of stock awards may be made thereunder after the 2008 Annual Meeting of Shareholders. The Board of Directors is recommending that shareholders approve at the 2009 Annual Meeting proposed amendments to the Lowe's Companies, Inc. 2006 Long Term Incentive Plan that would make the Company's non-employee directors eligible to participate in that plan. See Proposal Two in this Proxy Statement on page 34. If the proposed amendments are approved, the Board of Directors will continue under that amended plan to grant deferred stock units following the Annual Meeting each year to non-employee directors. The annual grant will be determined as it has been previously determined under the Directors' Plan, subject to change by the Board of Directors upon recommendation of the Executive Committee.

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 or Lead Director 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 2008:

**Director Compensation Table
Fiscal Year 2008**

**Change in
Pension
Value and**