

Corporate Governance Guidelines

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Lowe's Companies, Inc.
Board of Directors'
Corporate Governance Guidelines

1. Classification and Definition of Directors

The principal classifications of Directors on the Lowe's Companies, Inc. ("Lowe's" or the "Company") Board of Directors (the "Board") are as follows:

A "Management Director" includes both present and former employees of the Company who serve on the Board.

An "Independent Director" is an individual who qualifies as "independent" in accordance with the applicable provisions of the Securities Exchange Act of 1934, and the rules promulgated thereunder, and the applicable rules of the New York Stock Exchange. No Director will qualify as "independent" unless the Board has determined that such Director does not have a material relationship with Lowe's.

Management Directors shall not serve on the Governance, Compensation or Audit Committees of the Board.

2. Mix of Independent and Management Directors

In accordance with Lowe's long-standing policy, a majority of the members of the Board must qualify as Independent Directors. The Board also expects to continue to have Management Director(s), including the Chief Executive Officer.

3. Size of the Board

The Company's Articles of Incorporation and Bylaws provide that the number of Directors shall be determined by the Board and may not be less than three. The Board has determined that a range of 9 to 12 Directors is appropriate.

4. Board Membership Criteria

The Governance Committee of the Board is responsible for identifying and recommending individuals to the Board for nomination as members of the Board and its committees and, in this regard, reviewing with the Board on an annual basis the current skills, background, diversity in its broadest sense (inclusive of gender and race), and expertise of the members of the Board, as well as future and ongoing needs of the Company. This assessment shall be used to establish criteria for evaluation of potential candidates for the Board. The Board is committed to having diverse (inclusive of gender and race) individuals from different backgrounds with varying perspectives, professional experience, and skills serving as members of the Board. The Board believes that a diverse membership with a variety of perspectives and experiences is an important feature of a well-functioning board.

Candidates nominated for election or re-election to the Board should possess the following qualifications:

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

- broad training and experience at the policy-making level in business, government, education, or technology;
- expertise that is useful to the Company and complementary to the background and experience of other Board members;
- willingness to devote the required amount of time to carrying out duties and responsibilities of Board membership;
- commitment to serve on the Board over a period of several years to develop knowledge about the Company's principal operations; and
- willingness to represent the best interests of all shareholders and objectively appraise Management performance.

Directors shall advise the Chairman of the Board and the Lead Director in advance of accepting any other public company directorship or any assignment to the Audit Committee or Compensation Committee of the board of directors of any public company of which such Director is a member. No director shall serve on more than five public company boards, inclusive of the Company's Board.

5. Selection of New Director Candidates

The Board is responsible for selecting nominees for election as Directors by the Company's shareholders and for filling vacancies on the Board. Nominees for election as Directors will be identified and recommended by the Governance Committee, and nominated or appointed by the full Board.

6. Invitation to New Director Candidates

An invitation to join the Board should be extended jointly by the Chief Executive Officer and the Lead Director.

7. Director Evaluation; Term Limits

The Governance Committee, in consultation with the Chairman of the Board and Chief Executive Officer, will review each Director's continuation on the Board prior to his or her renomination to serve on the Board. This will allow each Director the opportunity to conveniently confirm his or her desire to continue as a member of the Board and provide for an evaluation by the Governance Committee of whether or not the Director, based upon his or her skills, background, expertise, and contribution to the Board, is in keeping with Lowe's present and future needs. After evaluation of a Director, the Chairperson of the Governance Committee and Chairman of the Board shall inform each Director under consideration of the Committee's decision. The Governance Committee shall report its determination to the Board.

The Board does not believe it should establish term limits, and the process of evaluating Board members before renomination is an alternative to term limits. While term limits could help insure that there are fresh ideas and viewpoints available to the Board, there is also the disadvantage of losing the contribution of Directors who have been able to develop, over a period of time, increasing insight into the Company and its operations and, therefore, provide an increasing contribution to the Board as a whole.

8. Directors Who Change Job Responsibility

Individual Directors who have a substantial change in the responsibility they held when they were elected to, or at any time while serving on, the Board shall offer to resign from the

Board. It is not the Board's view that Directors who retire, or change the position they held when they joined the Board should necessarily leave the Board. There should, however, be an opportunity for the Board, via the Governance Committee, to review the continued qualifications of a Board member under these changed circumstances.

9. Notice of Director Resignation, Retirement or Refusal to Stand for Re-Election

Any Director who intends to resign or retire from, or refuse to stand for re-election for, the Board for any reason should communicate his or her intention in writing to the Secretary of the Company no later than the close of business on the second business day after determining to do so.

10. Board Membership of Former Members of Management

A Management Director shall be expected to resign from the Board when he or she ceases to be a member of Management.

11. Board Retirement Age

The Board has adopted a retirement age of 72 for all Board Members. The Board contemplates that a Director reaching age 72 during his or her term will retire at the end of the term.

12. Director Responsibilities

The fundamental role of the Directors is to exercise their business judgment to act in what they reasonably believe to be the best interests of Lowe's and its shareholders. Directors are expected to regularly attend all meetings of the Board, all meetings of the Board committees upon which they serve and the annual meeting of shareholders. Directors are expected to rigorously prepare for all meetings, review the materials that are sent to Directors in advance of those meetings, and to spend the time needed and meet as often as necessary to properly discharge their obligations.

Directors must disclose to other Directors any potential conflicts of interest they may have with respect to any matter under discussion and, if appropriate, refrain from voting on a matter in which they may have a conflict.

No Director shall engage in any personal business relationship with, or including, any executive officer of the Company without informing the Company's General Counsel in writing about the nature and significance of the proposed relationship. Such a relationship could impair a Director's independence and may need to be reviewed by the Governance Committee of the Board of Directors depending upon its size and significance.

13. Non-Management Directors

The Board will schedule regular executive sessions at which non-Management Directors (i.e., Directors who are not company officers) meet without Management participation. The Lead Director shall preside at each executive session and in his or her absence, the non-Management Directors shall select a non-Management Director to preside. The Board of Directors or the Company will establish methods by which interested parties may communicate directly with the presiding Director or with the non-Management Directors as a group and cause such methods to be disclosed.

14. Lead Director

If the Board determines the roles of the Chief Executive Officer and Chairman shall not be separate, a Lead Director, who will be an Independent Director, will be elected by the Independent Directors annually at the meeting of the Board of Directors held in conjunction with the annual meeting of shareholders. The Lead Director will (i) preside at all meetings of the Board at which the Chairman of the Board is not present, including executive sessions of the non-Management Directors; (ii) serve as a liaison between the Chairman and the Independent Directors; (iii) approve information sent to the Board; (iv) approve meeting agendas for the Board; (v) approve meeting schedules to assure that there is sufficient time for discussion of all agenda items; (vi) have the authority to call meetings of the Independent Directors; and (vii) be available for consultation and direct communication with major shareholders upon request at the direction of the Chief Executive Officer. The Lead Director shall serve as the Chairperson of the Governance Committee.

15. Board Compensation

Attracting and retaining highly qualified individuals who are prepared to commit the time and effort required to fulfill the responsibilities of serving as Independent Directors is an important part of the Company's strategy for long-term success. Lowe's policy on compensating Independent Directors is to utilize a mix of cash and equity that will align their interests with Lowe's shareholders and compensate them fairly and competitively for the obligations and responsibilities of serving as an Independent Director.

Management Directors who are also employees shall receive no additional compensation for Board service.

The Executive Committee of the Board will periodically review the form and amount of Director compensation, including cash, equity-based awards and other compensation, and recommend any changes therein to the Board. In connection with such review, the Executive Committee will consider the recommendations of the Chairman of the Board and Chief Executive Officer as well as any compensation consultant engaged to advise the Board, the responsibilities and compensation of directors at comparable public companies, and developments in the marketplace generally for director compensation. In recommending changes for individual Independent Directors' compensation, the Executive Committee will consider the additional responsibilities of those Directors serving as Lead Director or a Committee chair. The Executive Committee will also consider the corporate governance listing standards of the New York Stock Exchange, applicable securities laws and regulations, and such other guidelines and standards as the Executive Committee deems appropriate.

16. Non-Management Director Stock Ownership

The Board believes that Director stock ownership is a hallmark of enlightened corporate governance and provides greater identity of interests between Directors and shareholders. The compensation plan adopted by the Board for non-Management Directors adheres to this principle by providing a substantial portion of such Director's compensation in Deferred Stock Units, which are held in a deferral account during the term of such Director's service, and are payable in one share of common stock of the Company per Deferred Stock Unit to such Director only upon his/her termination as a Director (or to the Director's estate if the Director should die while serving on the Board).

To ensure that non-Management Directors become and remain meaningfully invested in Company stock, non-Management Directors are required to own shares of common stock of the Company having a market value equal to five times the annual retainer fee payable to all non-Management Directors. A non-Management Director must meet this stock ownership requirement within five years of becoming a member of the Board. In addition to shares of Company stock owned by non-Management Directors, the full value of Deferred Stock Units awarded to non-Management Directors will be counted for purposes of determining a Director's compliance with the stock ownership requirement.

17. Board Access to Independent Advisors

The Board, and to the extent set forth in the applicable committee charter, Board committees, have the right to consult and retain independent legal and other advisors at the expense of the Company.

18. Board Access to Senior Management

Board members have complete access to Lowe's Management and are encouraged to make regular contact. Board members shall coordinate such access with respect to matters relating to standing committees of the Board through the appropriate committee chair. Board members will use judgment to assure that this access is efficient and appropriate and not distracting to Management and the business operation of the Company. Directors shall refrain from giving strategic or operating direction to members of Management outside the scope of full Board or committee responsibility and accountability.

19. Board Interaction With Institutional Investors, Media, Customers, etc.

The Board believes that the Management and specifically, the Chief Executive Officer and his designees, speak for Lowe's.

20. Board Committees

The Board of Directors shall at all times maintain an Audit Committee, a Governance Committee, and a Compensation Committee and may maintain an Executive Committee, all of which must operate in accordance with applicable law, their respective charters as may be adopted and amended from time to time by the Board, and the applicable rules of the Securities and Exchange Commission and the New York Stock Exchange. The Board may also establish such other committees as it deems appropriate and delegate to such committees such authority permitted by applicable law and the Company's bylaws as the Board sees fit.

21. Assignment and Rotation of Committee Members

The Governance Committee, after consultation with the Chairman and Chief Executive Officer, shall recommend to the Board for approval, and the Board shall approve, all assignments of committee members, including designations of the chairs of the committees. The Board does not feel that rotating Committee assignments on a fixed schedule should be mandated as a policy, since there may be reasons at any given time to maintain an individual Director's committee membership for a longer period.

22. Committee Agendas

The Chairperson of each committee of the Board, in consultation with committee members and the appropriate members of Management and staff, will develop the committee's agenda. Each committee should annually review its charter for any necessary revisions. At the beginning of each fiscal year, each committee will issue a schedule of agenda subjects to be discussed for the ensuing year (to the degree these can be foreseen). This forward agenda will be shared with the Board.

23. Selection of Agenda Items for Board Meetings

The Chairman of the Board and Chief Executive Officer in consultation with the Lead Director will establish the agenda for each Board meeting.

Each Board member is free to suggest the inclusion of item(s) on the agenda.

The Secretary of the Company is responsible for maintaining compliance with required Board actions.

24. Board Materials Distributed in Advance

Information and data that is important to the Board's understanding of the business to be conducted at a Board or committee meeting should generally be distributed in writing to the Board prior to the meeting so that Board meeting time may be conserved and discussion time focused on questions that the Board may have about the materials.

Particularly sensitive subject matters may be discussed at the meeting without advance distribution of written materials.

25. Presentations

The sense of the Board is that presentations by Senior Management are beneficial in giving Board members the opportunity to evaluate these persons. Further, biographies of presenters will be distributed in advance, with the Board meeting material.

26. Attendance of Non-Directors at Board Meetings

Lowe's Board is comfortable with attendance at Board meetings of non-Board members who are members of the staff of the Chief Executive Officer.

Further, the Board specifically encourages Management from time to time to bring managers into Board Meetings who: (a) can provide additional insight into the items being discussed because of personal involvement in these areas, and/or (b) represent managers with future potential that Management believes should be given exposure to the Board.

Should the Chief Executive Officer want to invite people as attendees on a regular basis, it is expected that this suggestion would be made to the Board for its prior concurrence.

27. Selection of Chairman and Chief Executive Officer

The Board will remain free to make this choice on the basis of criteria that the Board believes are in the best interests of the Company and in the manner it judges most appropriate for the Company at any given point in time. As part of this process, the Board

will periodically consider whether the roles of Chairman and Chief Executive Officer should be combined or separated based upon the Company's needs and the strengths and talents of its executives at any given point in time.

28. Formal Evaluation of the Chief Executive Officer

The Governance Committee should make an annual formal evaluation of the Chief Executive Officer. The results should be communicated in person by the Chairpersons of the Governance Committee and one or more Chairs of the Audit or Compensation Committees. The Chief Executive Officer should make formal response(s) to the Governance Committee at the next Board meeting.

29. Succession Planning

The Executive Committee shall consider at least annually succession planning for the Chairman and Chief Executive Officer. There shall also be available, on a continuing basis, a recommendation to the Executive Committee from the Chairman and Chief Executive Officer as to a succession plan should the Chairman and Chief Executive Officer be unexpectedly disabled.

The Chairman and Chief Executive Officer shall meet at least annually with the Governance Committee on succession planning for the Chief Executive Officer's staff and other key positions in the Company.

30. Director Orientation and Continuing Education

The Board or the Company will establish, or identify and provide access to, appropriate orientation programs, sessions or materials for newly elected Directors of the Company for their benefit either prior to or within a reasonable period of time after their nomination or election as a Director. New Directors must participate in the orientation programs after they are elected.

The Board or the Company will encourage, but not require, Directors to periodically pursue or obtain appropriate programs, sessions or materials as to the responsibilities of directors of publicly-traded companies, and the Company shall reimburse Directors for their reasonable expenses in pursuing such opportunities.

31. Assessing the Board's Performance

The Board shall conduct a self-evaluation annually to determine whether it and its committees are functioning effectively. The Governance Committee will assist in this evaluation.

This evaluation will be of the Board's contribution as a whole and specifically review areas in which the Board and/or Management believes a better contribution can be made. Its purpose is to increase the effectiveness of the Board, not to target any individual Board member(s).

32. Amendment, Modification and Waiver

These Guidelines may be amended, modified or waived by the Board of Directors and waivers of these Guidelines may also be granted by the Governance Committee, subject to

the disclosure and other provisions of the Securities and Exchange Act of 1934, the rules promulgated thereunder and the applicable rules of the New York Stock Exchange.

33. Recoupment of Incentive Compensation in the Event of Significant Restatement

In the event of a significant restatement of Company financial results, the Board shall review any incentive compensation that was provided to executive officers on the basis of the Company having met or exceeded specific performance targets during the period subject to restatement. If (1) the incentive compensation would have been lower had it been based on the restated financial results and (2) the Board determines that an executive officer engaged in fraud or intentional misconduct that caused or substantially caused the need for the restatement, then the Board shall, to the extent practicable, seek to recover for the benefit of the Company the portion of such compensation that would not have been earned had the incentive compensation been based on the financial results as restated. All compensation plans entered into or created after adoption of this guideline shall comply with this guideline. For purposes of this guideline, the term "executive officer" means any officer who has been designated an executive officer by the Board.