



## Pricing

Effective date: 01/14/09

Revised : 01/20/14

Lowe's preferred terms of sale are F.O.B. Origin, Freight Collect with all vendor logistics costs netted out of the cost of goods. However, Lowe's requires all vendors to provide four-way pricing as follows:

### F.O.B. Origin, Freight Collect to Lowe's Distribution Centers (DC)

- Lowe's **Transportation** Department will arrange for a preferred truckload carrier to pick up POs that exceed the weight break on the Routing Letter issued by Lowe's or
- Vendor arranges pick up by a Lowe's preferred LTL carrier and ships any POs Freight Collect that are below the weight break.
- Purchase orders are usually in larger (LTL or truck load) quantities to **select network facilities**.
- Vendor reflects true price of product at vendor shipping point when shipped in large, efficient orders (excludes any transportation costs).
- Pricing should exclude administrative (EDI, packing lists, bill of lading, etc.), labor, and warehousing / packaging costs associated with shipping to numerous individual stores

### F.O.B. Origin, Freight Collect Direct to Store

- Lowe's **Transportation** Department will arrange for a preferred truckload carrier to pick up POs that exceed the weight break on the Routing Letter issued by Lowe's or
- Vendor arranges pick up by a Lowe's preferred LTL carrier and ships any POs Freight Collect that are below the weight break.
- Purchase orders are usually smaller orders that ship LTL or pool distribution.
- Vendor price reflects true price of product at vendor shipping point (excludes any transportation costs).

### F.O.B. Destination, Freight Prepaid to Lowe's Distribution Centers (DC)

- Vendor arranges delivery direct to the Lowe's DC(s)
- Purchase orders are usually in larger quantities to a few, select (DC) destinations
- Pricing should exclude those administrative, labor, and warehousing / packaging costs associated with shipping to numerous, individual stores
- Purchase order price includes transportation costs incurred by vendor
- Pricing reflects lower transportation costs and other economies of scale provided by larger shipments
- Title and ownership belongs to vendor until acceptance at DC

### F.O.B. Destination, Freight Prepaid Direct to Store

- Vendor arranges delivery of purchase orders direct to store(s)
- Purchase orders are usually smaller orders that move by less than truckload (LTL) or UPS
- Purchase order price includes transportation costs incurred by vendor
- Title and ownership belongs to vendor until acceptance at store

**NOTE:** References above to LTL shipments apply only to domestic. Less than container loads for imports move via consolidation. For details relating to imports, please refer to the following link (Lowe'slink.com/Partnership tab/LG Sourcing): <http://www.loweslink.com/lgs.htm>.

There will be a 90 day written notice of any price increase with the option of unlimited orders for immediate shipment at the old price. Products judged to have volatile pricing characteristics are subject to separate costing agreements as negotiated by both parties. Refer to Special Order Sales section for specific information unique to this program.

Lowe's will consider cost increases only when the manufacturer can provide the following information:

1. Documented material cost increases and the calculated impact of that increase to the total product cost
2. Documented labor cost increases, and its percent of total cost.
3. Documented current cost containment practices and improvements in productivity - NOT SUFFICIENT to offset "1" and "2" above.

If price increase is not consistent with the general market conditions, then Lowe's, at its option may elect to terminate purchasing the product(s).

Lowe's will incur no skidding, pallet charges or slip sheeting charges.

**Revisions:**

Date	Author	Change Description & Location
1/20/2014	Steve Coyne	Updated hyperlink in the document in paragraph 5