

SIGNAGE, PACKAGING & TRANSLATION GUIDELINES

2007 U.S. VISUAL STANDARDS GUIDE



2007 U.S. **VISUAL STANDARDS GUIDE**

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Signage Guidelines

| _ | | _ | Dogwalianal | |
|----|--|---------|--|--|
| | Information | 0.0 | Promotional | |
| 2 | Compliance | 86 | Special Value Poster w/ On-Demand Signage | |
| 3 | Vendor and Wayfinding Signage | 88 | 6" x 8" Special Value Poster w/ On-Demand Signage | |
| 4 | Everyday Low Price Policy (EDLP)/ | 00 | 3 3 | |
| | Brand Strategy | 90 | 11" x 17" Special Value Preprinted Offer | |
| 6 | Important Contacts | 92 | 6" x 8" Special Value Preprinted Offer | |
| _ | | 94 | 30" x 6" Stanchion Display Topper | |
| | Submittal and Approval Process | 96 | Promo Banner | |
| 8 | Approval Process | 98 | 22" x 36" Floor Tent Sign | |
| 10 | Approval and Fulfillment Process Diagram | 100 | "C" Channel Card- Preprinted | |
| 12 | Submittal Process | 102 | Kitchen Pricing Book Topper | |
| | | 104 | Tool Promotional Channel Card | |
| | Guidelines | | | |
| 16 | Sightlines (12' version) | | Hardware | |
| 17 | Brand Usage | 107 | Hardware Positions | |
| 19 | Lowe's Icons | 108 | Hardware List | |
| 22 | Text and Imagery | | | |
| 24 | Sign and Display Items Not Allowed | Packa | ging Guidelines | |
| 25 | Mandatories for POP | | | |
| 27 | Bilingual Signage Policy | | Packaging Guidelines | |
| 28 | Shipping Guidelines | 114 | Packaging Policy | |
| | | 116 | Proprietary & Non-Proprietary Brand Packaging | |
| | POP / Point-of-Purchase | 117 | Packaging Language Policy | |
| 31 | 18" Universal Frame | 124 | Submitting Translations for Bilingual | |
| 34 | 24" Universal Frame | | Proprietary Brand Packaging | |
| 36 | On-Demand Pricing and Product Locator | 125 | Submitting Translations for Instruction Manuals | |
| 40 | Vinyl bungee Backer | | | |
| 42 | In-Bay Violator | Transla | Translation Guidelines | |
| 44 | In-Bay Flipbook | | | |
| 47 | Brochure | | Translation Guidelines | |
| 49 | Literature Holder | 128 | Overview | |
| 50 | Tear Pad and Holder | 130 | Standards | |
| 52 | Bag Stuffer | 131 | Compliance | |
| | Ŭ | 132 | General Advice for Incorporating Additional | |
| | Display | | Languages into Designs | |
| 55 | Side Cap Graphic | 134 | General Advice for Incorporating Additional | |
| 57 | Side Cap Product Display (Shadow Box) | | Language into Signage & In-Store Materials | |
| 59 | Gravity-Fed Bin | 135 | General Advice for Incorporating Additional | |
| 61 | Stackout and Sidestack | | Language into Packaging | |
| 71 | Sidestack Mini-Pallet | 136 | FAQ | |
| 72 | Stanchion Sign | 138 | Multilingual Layout Options and Illustrations | |
| 74 | Vertical Merchandisers | | · | |
| 77 | J-Hook | | Index | |
| 79 | | | | |
| | Special Order Catalog | | | |
| 81 | Special Order Catalog Bungee Banner | | | |

Information | Compliance

The Visual Standards Guidelines were developed in 2001 to enforce the Lowe's brand presentation in the store environment. These guidelines have been enhanced, updated and communicated to the Lowe's vendor community on a yearly basis. Because these guidelines are developed and redefined based on consumer research as well as on historical data indicating best practices for visual merchandising in the Lowe's retail warehouse environment, compliance is not optional. Compliance to the directives contained throughout the Visual Standards Guide Signage, Packaging, & Translation Guidelines must be followed by all Lowe's product vendors.

Any vendor signage or other in-store collateral material found to be in violation of these guidelines and/or not approved by the Visual Standards Review Board is subject to removal from Lowe's stores. Regular audits of the store environment focused on the compliance of vendor signage will continue, with violations noted. Vendors will be contacted when found to be non-conforming to the guidelines or not bearing an approval bar code and given 90 days to rectify the issue. If after 90 days the program is not brought into compliance, approved by the Visual Standards Review Board, and implemented in all stores, service groups and store employees will be instructed to remove the offending material from the stores.

Regular reviews of packaging to be distributed to stores in the United States, as part of the Line Review Process, and regular audits of packaging will continue. These reviews and random audits will be focused on compliance of vendor packaging with all of Lowe's requirements, including Spanish translations. As of September 1, 2005 violations specific to the US Packaging Policy as outlined on pages 111-124 may result in this packaging being deemed defective.

Vendors will be contacted when their packaging is found to be noncompliant with the guidelines stated herein and as may be specified in a Master Standard Buying Agreement. These vendors will be given 90 days to rectify the issue. If the packaging is not brought into compliance, the manufacturers of this noncompliant packaging will be subject to fines and/or the noncompliant packaging will be subject to removal from Lowe's stores.

Additionally, in anticipation of Lowe's expansion into Canada in 2007, any vendor wishing to have their product considered for distribution in Canada will have to be able to comply with Canadian Federal and Provincial Packaging laws that outline strict requirements for incorporation of French. The deadline for compliance for selected vendors will be by 2007. (Please see the Lowe's Packaging Guidelines for more details.)

Merchandise vendors and manufacturers must comply with these Canadian federal and provincial laws for all shipments to Canada.

Additionally, vendors selected to have their product distributed in Canada are asked to provide signage or instore materials to be used only in Canadian Stores. The signage and in-store materials have different language and layout requirements than those in the United States. For these requirements, please refer to the Canada Visual Standards Guide at www.Loweslink.com under Partner Information/Advertising & General Partner Information.

Information | Vendor and Wayfinding Signage

Lowe's will continue to design and supply all permanent store signage, known as wayfinding signage. This category of signs will include all identification of areas within the store, directionals, aisle identification, blue bar aisle reference points, promotional displays, and project instructional presentations. The US bilingual signage initiative has been addressed in Lowe's corporate signage in addition to requiring translations for vendor signage. In the ever-broadening effort to improve the shopability of our stores, beginning in the fall of 2004, the Lowe's Decor Graphics program was enhanced to include translations down to the categories on aisle directory signage, as well as taking the translation down the aisle on our upright classification signage. The Lowe's logo will appear on corporate store signage at the company's discretion.

Vendor signage includes signs supplied by you and approved by Lowe's that identify your products. In order to link corporate wayfinding signage to vendor signage, Lowe's has implemented the use of the Blue Bar as a predominant graphic element on Lowe's signage. The Blue Bar and its corresponding product type improves shopability by identifying what type of product can be found in each bay. All product signage should help the customer understand the choices available, the features and benefits of each item, and the quality available within a product line. Where appropriate, we have indicated how Spanish translations should be incorporated to ensure that our Spanish-dominant consumers are also able to make an informed buying decision. As we are getting closer to our Canada launch in 2007, more information is provided on www.Loweslink.com regarding signage and in store material requirements for Canada. Since Canadian signage will require Canadian English only, no vendor should attempt to produce bilingual or trilingual signage or in-store materials. These materials will be rejected by the VSG Review Board.

We request that product-related signage provide clear, applicable, and educational information for customers in a straightforward, well-designed format. It is important to Lowe's that our customers are able to make informed buying decisions.

It is also important to Lowe's that making signage is an easy, effective, and cost-efficient process for our vendors. These guidelines are to assist you in a quick turn-around process for signs. A clear process for design, approval, and implementation will make this possible.

Information | Everyday Low Price (EDLP) Policy / Brand Strategy

Everyday Low Price (EDLP) Policy

Lowe's will not be beat on price by any competitor in the local market (per the Lowe's 10% Price Guarantee).

We guarantee our everday competitive prices. If the customer finds a lower everyday or advertised price on an identical stock item at any local retail competitor that has the item in stock, Lowe's will beat their price by 10% when the customer buys from us. They would just bring us the competitor's current ad or other confirmation of the price they found. Lowe's reserves the right to verify the lower price prior to sale. This applies to cash/charge card and carry purchases only. Competitor's close-out, special order, discontinued, clearance, liquidation, delivery, assembly, installed labor and damaged items are excluded from this offer. On percent off sales, Lowe's will match the competitor's percent off offer.

New Lower Price (NLP) Guidelines

New Lower Price (NLP) is a way to clearly and consistently communicate pricing values we pass along to our customers. By designating an item as NLP, Lowe's reaffirms to the customer that we are constantly searching for opportunities to provide lower costs and pass along these savings to our customers thus, supporting our Everyday Low Pricing (EDLP) position in the market.

Information | Everyday Low Price (EDLP) Policy

The Brand Strategy - Across the Continuum:

Good

Products are basic with respect to function, style, and quality and command market-relevant opening price points. Examples: Portfolio Builder's Series (lighting), Task Force (tools)

Better

Products offer higher levels of function, style, and quality and command higher price points than the good level. Examples: Portfolio (lighting), Kobalt (tools)

Best

Products offer the highest level of function, style, and quality and command the highest price points. Examples: Kichler (lighting), DeWalt (tools)

Guidelines for Consumer Incentives:

- Overall, minimize the use of rebate and cash back type promotions, as these are off strategy with EDLP. To protect EDLP, drive down the cost of the product and highlight the new permanent lower price in the advertising.
- Allow by exception only, custom-built rebate or sweepstakes promotions for Lowe's. For approved rebates, the
 preferred product incentive offer is the Lowe's gift card. For normal course of business, work cost of promotion
 back into cost of goods to lower EDLP.
- Allow for Vendor flow-through of national brand promotions / rebates / sweepstakes where needed to match other retail competition offers.
- Where Minimum Advertised Pricing policies of Vendors are enforced, always present to the customer in the advertising the gross price, the rebate value, and then, most importantly, the price net of the rebate.
- When launching a NEW branded initiative, do NOT use any offers other than brand and EDLP for an introductory 90-day period. During the 90-day period, you may install "New at Lowe's" promotional signage for a maximum of 60 days. This will establish the value proposition for the new product solely based on the product itself, the everyday low price, and the other services offered for the product (e.g.: assembly, installation, warranties, etc.). This will let the product launch on its own clear merits. Please note, "New at Lowe's" promotional signage should be submitted to VSG for review.
- Never utilize promotional offers for opening price point brands. Instead, use available resources to reduce the product cost. Present product and price very clearly in all print advertising.

Information | Important Contacts

KEY CONTACTS

| To get your project started: | | |
|--|---|-------------------------|
| Signage Coordinator | Lowe's Headquarters VSGSubmit@Lowes.com | 704 757-SIGN |
| Download updated submittal form from: http://w | ww.loweslink.com/llmain/pubdocuments/S | Signage_Submit_Form.xls |
| Signage Design Services | | |
| Pratt Corporation | Chicago IL/Indianapolis IN | 312 421-7320 ext. 3384 |
| Lyall Design | North Wilkesboro NC | 336 838-1948 |
| Hardware & Accessories | | |
| Pratt Corporation | Chicago IL/Indianapolis IN | 877 428-7728 ext. 3137 |
| Southern Imperial | Rockford, IL | 877 866 4807 |
| Colony | Huntly, IL | 800-735-1300 |
| Strath Elgin | Toronto ON (Canada) | 888 4-STRATH |
| Beamon Welding | North Wilkesboro NC | 336 667-2431 |
| FFR | Cleveland OH | 800 422-2547 |
| Wilkes Vocational Workshop | North Wilkesboro NC | 336 838-3812 |
| Weyerhaeuser Retail Experience Network | Charlotte NC | 704 588-8522 |
| Point-of-Sale Production Services | | |
| Pratt Corporation | Chicago IL/Indianapolis IN | 877 428-7728 ext. 3136 |
| Loupe | Hilliard OH | 614 367-2700 ext. 2726 |
| Rebate Coupon Production & Distribution | | |
| Lowe's Rebate Coordinator | Lowe's Headquarters loweslink.com | 704 758-2208 |
| Packaging Design Services | | |
| Design Factory | Winston-Salem NC | 336 760-0770 |
| Design Resource Center | Naperville IL | 630 357-6008 |
| William Fox Munroe | Shillington PA | 610 775-4521 |
| Sidestacks | | |
| Weyerhaeuser Retail Experience Network | Charlotte NC | 704 588-8522 |
| Special Value Promotional Signage | | |
| Classic Graphics | Charlotte NC | 800 368-1056 |
| Annuary of Translation and Drasting Vandara | | |

Approved Translation and Proofing Vendors

An updated listing of Lowe's Approved Translation and Proofing Vendors can be found with the Vendor Signage Guidelines as posted at www.loweslink.com under General Partner Information:

http://www.loweslink.com/llmain/pubdocuments/Lowes_Approved_Translation_Vendors.pdf

Warehousing and Fulfillment

Archway Marketing 704 757-SIGN

The companies listed above are familiar with, understand, and agree to abide by Lowe's Signage Guidelines and/or hardware specified in this book. Lowe's Companies, Inc. has worked with these companies but does not represent them and is not affiliated with any of them.