Lowe’s Vendor Guide

Setting up a US Special Order Sales Program

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Special Order Sales (SOS) Overview

Welcome to Special Order Sales at Lowe's! SOS programs play an important role in our mission *"to provide customer-valued solutions with the best prices, products and services to make Lowe's the first choice for home improvement"* by allowing Lowe's to offer an extended product selection.

Several critical components should be discussed with your Merchandising Team and Specialty Sales Category Manager during the go-to-market planning for your SOS program:

- Who is the target customer for this program and what customer needs will the program fulfill?
- What is the appropriate scope of the program and how does it compliment our in-store offering?
- How can we make this program easy for the customer to shop and for the associates to sell?
- What are the fulfillment options for this program (customer direct, in-store pick up, VPXD)?
- Should the program be available in all markets?
- Which electronic selling tools best fit the needs of this program?
- What type of associate training will be required?
- How will this program be marketed to stores and customers?
- Does this product require installation and can that be done by the homeowner or will it require participation in Lowe's Installed Sales program.

Once you have discussed these elements and have defined the program you plan to offer, you can begin the set up process which is outlined in more detail throughout this guide.

Below is a list of the <u>requirements</u> necessary to setup a Lowe's SOS Program:

- Vendor setup: Requires a Lowe's Vendor Business Unit (VBU) Number, Master Standard Buying Agreement and VIS.
- Item Setup: Requires item and model data (except configurable SOS product) be setup through Lowe's Product Content Management (PCM).
- Cost setup: Requires cost information be submitted to Lowe's electronic catalog (except configurable SOS product).

Below is a list of additional <u>recommendations</u> for SOS programs:

- Participation in the Lowe's Marketing Data Initiative. This is <u>required</u> for inclusion in most electronic SOS selling tools such as Lowes.com and Selling Center.
- Participation in either traditional EDI or Lowe's EDI Webforms program. This is required for inclusion in SOS selling tools including m2o and Lowes.com.
- Completion of an EDI Direct Delivery (DD) Certification for direct to consumer deliveries.
- Development of store associate training guides.
- Development of a paper catalog program.
- Development of electronic selling catalogs.
- Development of supporting marketing material.

The focus of this guide is Lowe's SOS programs. Please consult LowesLink or your merchant for more detailed direction on processes not specific to SOS. We look forward to partnering with you.

Special Order Sales Program Set Up

The process for setting up a Special Order Program has many of the same components as a stock program. The information below provides guidance on additional requirements and information needed to set up an SOS program. If you are a new vendor to Lowe's, please consult LowesLink http://www.loweslink.com/main.htm for more detailed set up information and requirements.

Vendor Set Up

The vendor set up process is the same for both stock and SOS programs. You do not need a separate Lowe's vendor number (VBU) to set up an SOS program. Both a Master Standard Buying Agreement (MSBA) and Vendor Information Sheet (VIS) should be completed for any new SOS Vendor. Please see LowesLink for additional information: http://www.loweslink.com/

Item and Model Set-Up

The Product Content Management (PCM) application is a Lowe's system that collects, synchronizes and validates product data. All SOS items and models need to be set-up following the PCM process. Detailed Information about PCM can be found on LowesLink® at the Web site: http://www.loweslink.com/product_information.htm

Below are the steps for SOS item/model set-up for non-configurable SOS product:

1. Merchandising Specialist (MS) creates new SOS item number in PCM.
2. MS uses the P680 screen in Lowe's Mainframe system to set the margin percent for new item number (or update for an existing item).
3. The **Vendor** publishes GTIN data, setting the "Available for Special Order" indicator to "Yes."
4. The **Vendor** submits the Item Set-Up Sheet (ISS) with publication report and multiple item subscription template to the MS. These documents must be completely filled out. This sheet can be found on LowesLink® at the Web site: http://www.loweslink.com/llmain/product_information_itemsetupsheets.htm
5. Product Information Coordinator subscribes to SOS GTIN data in the PCM Multiple Subscriptions screen using upload template for both marketing and GDSN data.
6. Product Information Coordinator approves GDSN data in PCM, assuring "Use for eCat" indicator is marked "Yes." If model is to be on Lowes.com, ensure the "Use for Lowes.com" indicator is also set to "Yes."
7. Once data shows synchronized, the **Vendor** submits the cost spreadsheet to: ecatupload@lowes.com.
8. The SOS team uploads the spreadsheet. Once loaded, a default email is sent to appropriate MS telling him/her to release new models in eCat and establish availability in Mainframe.
9. The MS releases models in eCat, and then sets model availability in Lowe's Mainframe system.
10. Once the overnight update process occurs, the stores will see the models.
11. In the meantime, the **Vendor** is responsible for completing and submitting marketing data via a Marketing Data Spreadsheet (MDS) through the Product Information Support Portal for

approval. This information can be found by logging in with your LowesLink® digital certificate at the Web site: http://www.loweslink.com.

12. Once the MDS is received, Product Information approves or requests changes to the data. Once the "Use for Lowes.com" indicator is set to "Yes" by the MS and the marketing data is approved, the model will flow to Lowes.com.

Model deletions should be submitted to MS to process through PCM using the deletion spreadsheet found in PCM.

Additional Information about SOS items and models:

- Multiple vendor models can share the same Lowe's item number as long as the margin percentage is the same.
- If a GTIN is already associated to a stock item, then Merchandising can also assign it to an SOS item using the Modify GTIN/Item Assignment function in PCM.

Lead Time

The lead time is used to communicate to a customer the length of time it will take to receive their product. Lowe's defines lead time as the time it takes from customer payment of a sale to the time the product is received at the store. Calendar days are counted NOT business days. For example, if a model's lead time is set to 5 days and a customer pays for their product on Monday, 9/8, we commit to the customer the product will reach them or their local store (depending on fulfillment method) by Friday, 9/12. The exception is when the order is placed, the system will look at what day it is due in the store to the customer. If it is due to arrive in a store on a weekend day, the system will add days (i.e. if it is due to arrive on a Saturday, the system will tell the store/customer it will arrive on Monday). When we miss the date we promise the customer, we disappoint the customer and potentially lose future sales.

Due to the importance of this metric, Lowe's began monitoring performance in 2008. The goal is for each vendor to achieve 95% on-time performance. Reporting is tracked and monitored on a monthly basis by Lowe's corporate office.

It is the responsibility of vendors to update lead times to a realistic number of days for all models in the event of issues such as out of stocks, manufacturing issues, facility closings or holidays. Merchants must approve all lead time changes. Once a lead time is approved in PCM, the information is fed into eCat and will require an overnight process for stores to view.

Please contact SOS&EcommerceFulfillment@lowes.com with any questions.

Product Cost

At Lowe's, product costs serve two purposes: 1) the agreed price Lowe's will pay a vendor for product – including freight, and 2) the base cost in which retail pricing will be established. Once model information has been synchronized via PCM, the vendor must submit an eCat cost spreadsheet to ecatupload@lowes.com for upload into the eCat system. The vendor will need to allow at least four days for the information to be loaded, approved, released, and made available to the stores. This is the time required for the system to process the data through all the necessary steps. This timeframe does not take into account any issues. Once the information has been submitted, the vendor must honor the information until the system is updated. Again, cost updates require a minimum of four days to be effective in stores.

Important Points on Cost Spreadsheets

- It is each vendor's responsibility to maintain and update product costs in a timely manner.
- The vendor must honor cost information until the system is updated.
- All SOS costs should include prepaid freight.

The links below are the instructions and the templates needed to complete the Cost spreadsheets.

Additional Information on cost worksheet: http://www.loweslink.com/llmain/pubdocuments/Cost_Requirement.pdf

Cost worksheet template**:** http://www.loweslink.com/llmain/pubdocuments/Cost_Information_Spreadsheet.xls

Critical Information about the Cost Spreadsheets – Please Read Carefully

DO NOT add/delete columns/rows; use "calculations" in cells, "hide" columns/rows, enter data on the sample tab, or manipulate the spreadsheets (or formatting of the spreadsheets) in any manner. These are actually pulled through the loading tool; none of this data is manually input, in order to maintain integrity. Please follow the instruction files explicitly.

Reporting is available that will show what information is currently loaded in the eCat system. To receive this reporting you can send an e-mail request to eDataSupport@lowes.com. If you have models that show up on your report as being in the eCat, but are reportedly missing from the stores, please contact your Merchandising team to ensure they have made the models available to the stores.

Electronic Data Interchange (EDI)

Using any of Lowe's electronic selling tools requires participation in Lowe's EDI SOS program. Vendors may elect to participate in this program using either traditional EDI or Lowe's SOS Webforms. When deciding which program to use, factors to consider are SOS order volume, current system capabilities, and development resources (time and money). It is recommended data must be set up in the SOS selling tools before EDI testing can begin.

Traditional EDI: Complete and up-to-date EDI SOS specification and documentation can be obtained on www.loweslink.com. The SOS 850 map and the 870 map may require a significant amount of time to develop and test and you may want to consider working on EDI set up and the selling tool catalogs simultaneously.

Lowe's SOS Webforms: Alternatively vendors with a low order volume, lacking system capabilities or the resources to develop may opt to use Lowe's SOS Webforms. This application was designed to allow you to receive orders and send order statuses via Loweslink secure business portal without the cost of investing in additional software. Additional information about SOS Webforms can be found at: www.loweslink.com/llmain/pubdocuments/SOSWebformVendorPacket.pdf. A SOS Webforms demo illustrates the process and can answer questions. View the SOS Webforms demo at www.loweslink.com/SOSWebFormsDemo/splashIntro.html. With Webforms, all SOS orders will need to be manually entered into your order system.

Contact your test EDI Coordinator to begin the process and for answers to any additional questions you have. A list of Lowe's EDI Coordinators can be found on www.loweslink.com in the EDI Quick Reference document.

Store Order Management Screen

The Order Management screen (OMGR) within the store Genesis system manages the full cycle of an order (SOS, Install, or Stock) from the time it is invoiced until it is picked up, installed or delivered to the customer.

Certain EDI transmissions sent by the vendor are visible in this system and allow stores to keep customers updated and promote a smooth, informed experience for each customer's order. Without these transmissions, a salesperson cannot provide informed updates to the customer without contacting the vendor during a time when the vendor has customer service personnel available.

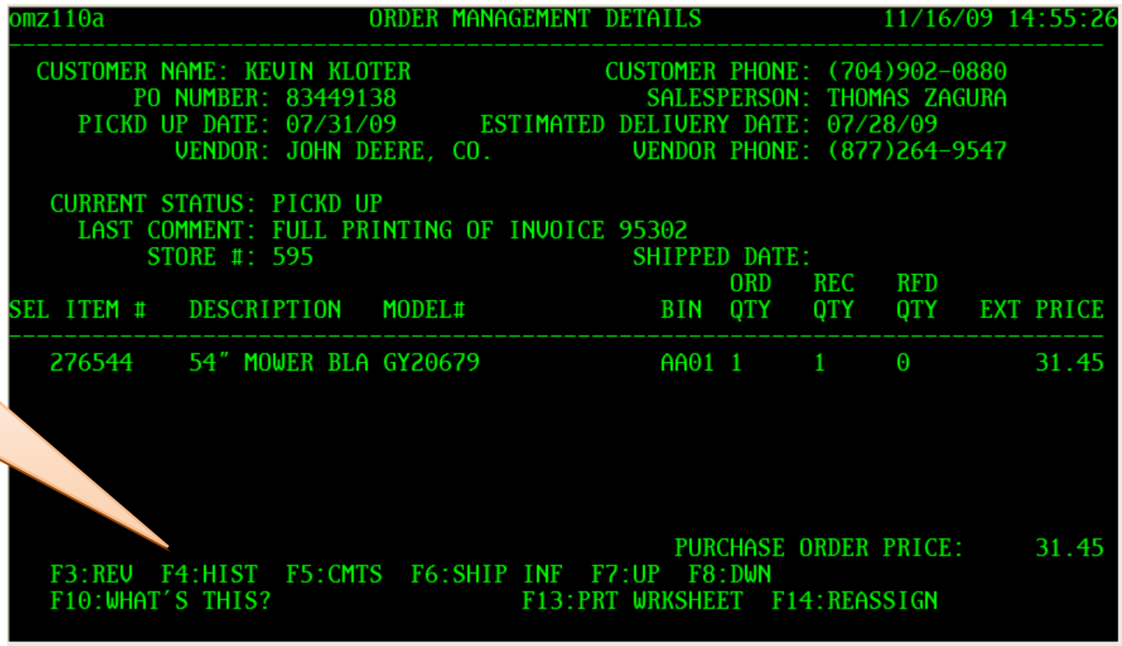
Standard Status Messages

Order History Message	**Description**
ORDERED - PENDING TRANSMITTAL	Order is in 2 hour window to hold at store.
ORDERED - TRANSMISSION IN PROGRESS	Order has been sent electronically to the vendor.
ORDERED - TRANSMITTED TO VENDOR	Transmission to the vendor is complete. Waiting for response.
VENDOR ACKNOWLEDGED	**Vendor received order.**
VENDOR APPROVED	**Vendor received order and has confirmed product and delivery dates.**
REFUNDED - PENDING TRANSMITTAL	Order is refunded at the store and cancellation will be sent to vendor (cancellations are not held for 2 hours.)
REFUNDED - TRANSMISSION IN PROGRESS	Cancellation sent to the vendor.
REFUNDED - TRANSMITTED TO VENDOR	Transmission to the vendor is complete.
ORDER COMMITTED	**Vendor has staged the order for shipping. Cannot be cancelled electronically.**
SHIPPED	**Vendor has shipped the product.**
SHIPPED - DIRECT DELIVERY	Vendor has shipped the product to the customer.
ORDERED - TRANSMISSION REJECTED	Problem with transmission of order. Contact vendor and manually order product
REFUNDED - TRANSMISSION REJECTED	Problem with transmission of cancellation. Contact vendor and manually cancel product.
DELETED	Vendor received cancellation and deleted order.
MODIFIED SHIP DATE	Vendor changed the ship date.
MODIFIED DELIVERY DATE	Vendor changed the Delivery date.
ITEM OUT OF STOCK	Vendor could not supply one item on the order.
ITEM CANCELLED	Single item is cancelled and remainder of order is to be shipped.

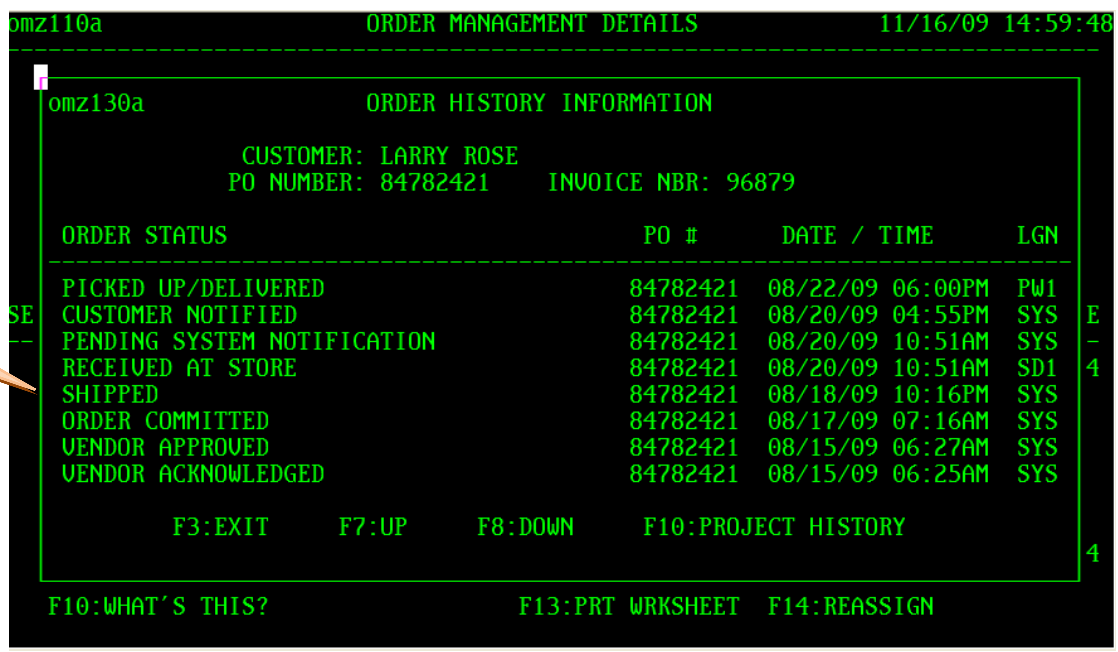
Below is an example of the store Order Management screens.

Store order management screen

- An associate can select F4 to view the order status and details



The store associate has visibility to the vendor provided (via EDI) data feeds



Required EDI Transmissions

Please note the four required EDI transmissions in this example:

- Vendor Acknowledged
- Vendor Approved
- Order Committed
- Shipped

At a minimum, you must provide these statuses to the store. If your system cannot communicate these, you must manually contact each store to provide these updates.

Special Order Sales Selling Tools

Once Vendors complete the SOS program set up process described above, your product can be sold through a variety of Lowe's SOS Selling tools. These tools range from a very basic presentation in Lowe's store system (also known as the Genesis system) to a customer-facing eCommerce site to a complicated in-store configuration tool. Each of these tools is discussed below with an explanation of requirements to participate in these programs.

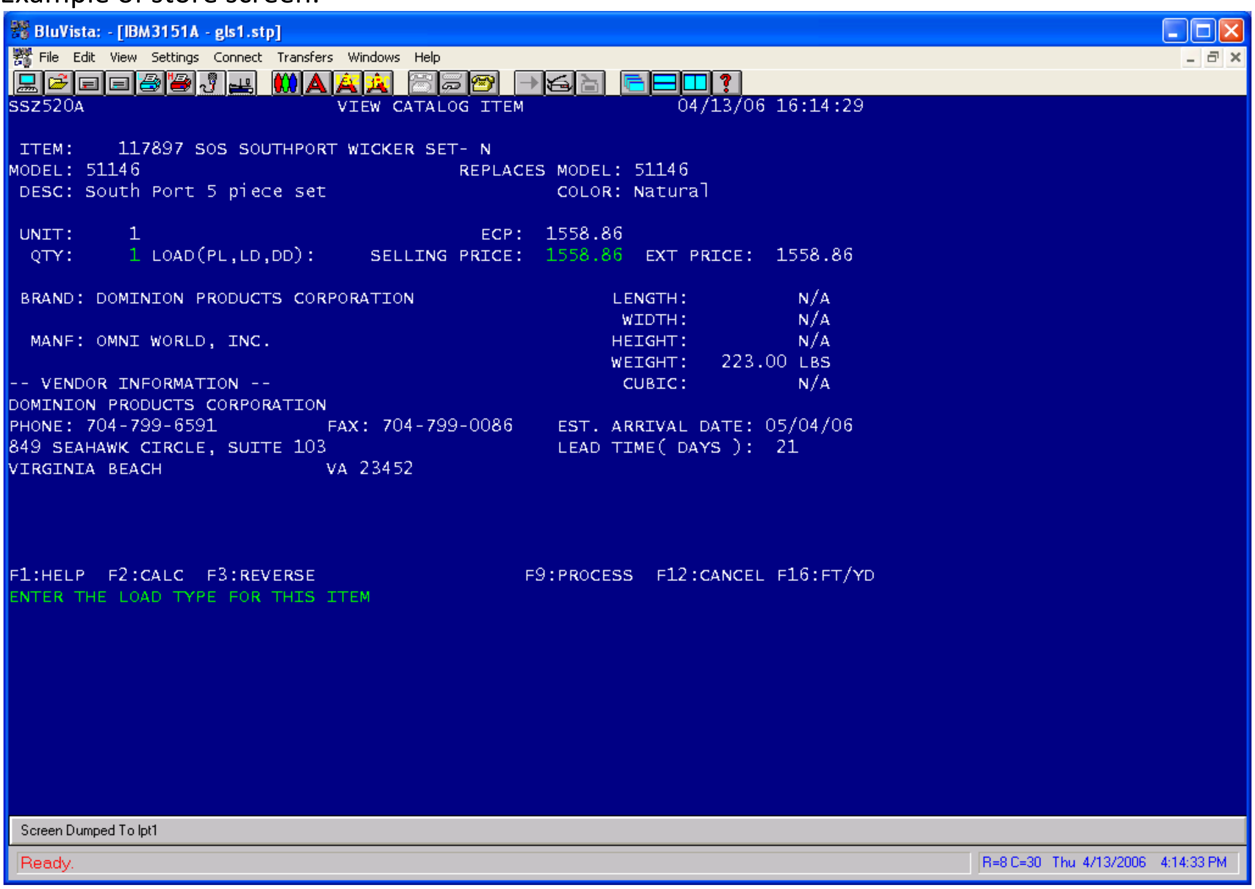
<u>Genesis</u>

Lowe's Genesis system displays all necessary data for a store associate to sell an SOS product. This system enables store associates to perform basic searches to locate SOS products and vendors, allows the corporate office to set SOS margin, and simplifies the selling process for the associate.

Benefits of this tool:

- The store is not required to manually enter vendor and product data.
- Margin and cost can be managed at the corporate level.

Example of store screen:



To appear in the Lowe's Genesis system,

1. Product data must be synchronized in PCM and the "Available for Special Order" indicator must be set to "Yes".
2. Merchandising must release the models in eCat and make them available to stores through Lowe's mainframe system.
3. Margin must be set by the merchandising team in Lowe's mainframe system.
4. Cost data must be loaded by the vendor and approved and released by the Merchandising team.
5. Merchandising must set the "Use for Ecat" indicator in PCM to "Yes".

As stated above, all model additions and deletions are loaded via the PCM process. Therefore, it is crucial this data is provided in a timely and accurate manner. Vendors are responsible for all data submitted through PCM and all costs submitted to the eCatupload@Lowes.com mailbox. The SOS team does not have the ability to change data and is not responsibility for the accuracy of any data submitted.

Selling Center

Selling Center is the newest electronic selling tool available to Lowe's store employees. This tool uses both PCM data and Marketing data submitted by vendors. It is available to any associate through any thin client terminal and is designed to allow the associate to guide the customer to specific products by narrowing down the thousands of available products based on individual product characteristics. The customer/associate can compare products across brands as well as both Stock and SOS. The completed project is processed to the Vendor through EDI. Selling Center supports related items as well as allowing the associate to add a Lowe's installation to the project creating one printable quote that includes product and labor.

Benefits of this selling tool include:

- Product images
- Robust searchable product data based on marketing and customer attributes
- Electronic ordering (EDI) is sent directly to the vendor
- SOS and Stock product comparison

To appear in the Lowe's Selling Center selling tool, the vendor must complete all of the steps required to appear in the store system:

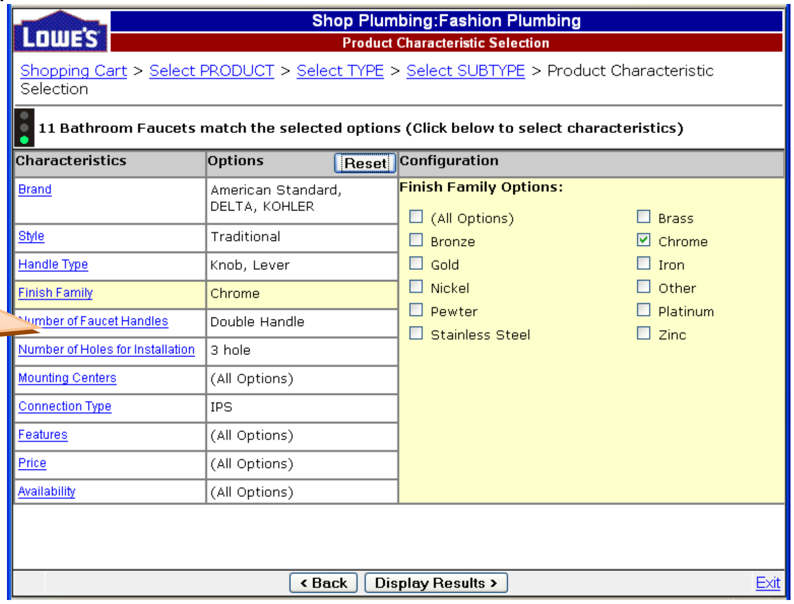
1. Product data must be synchronized in PCM and the "Available for Special Order" indicator must be set to "Yes".
2. Merchandising must release the models in eCat and make them available to stores through Lowe's mainframe system.
3. Margin must be set by the merchandising team in Lowe's mainframe system.
4. Cost data must be loaded by the vendor and approved and released by the Merchandising team.
5. Merchandising must set the "Use for Ecat" indicator in PCM to "Yes".

Additional step required for Selling Center:

6. Marketing data and images must be completed with Lowe's.

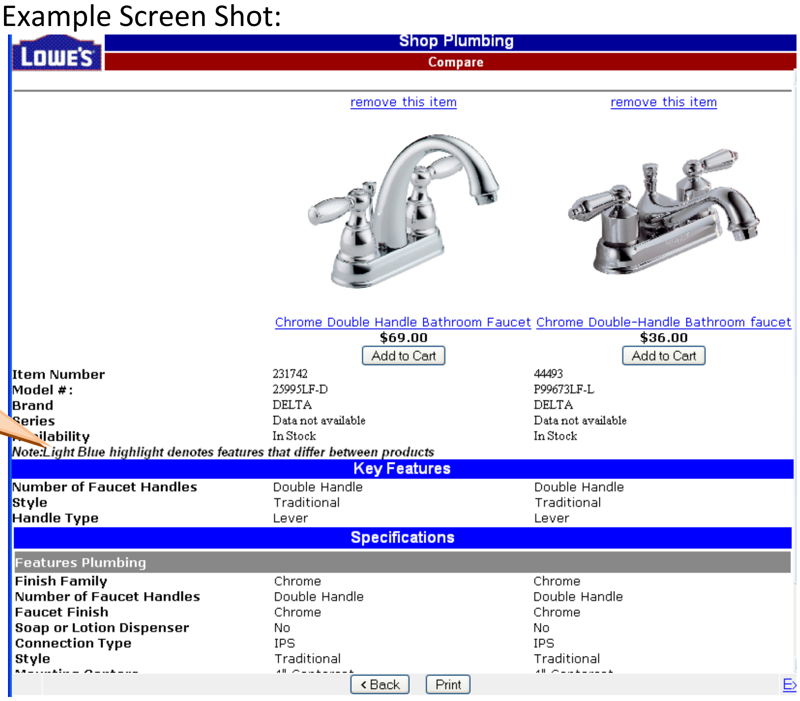
Feature Search example Screen Shots:

Ability to search for products through a variety of attributes/filters



Product Comparison Example Screen Shot:

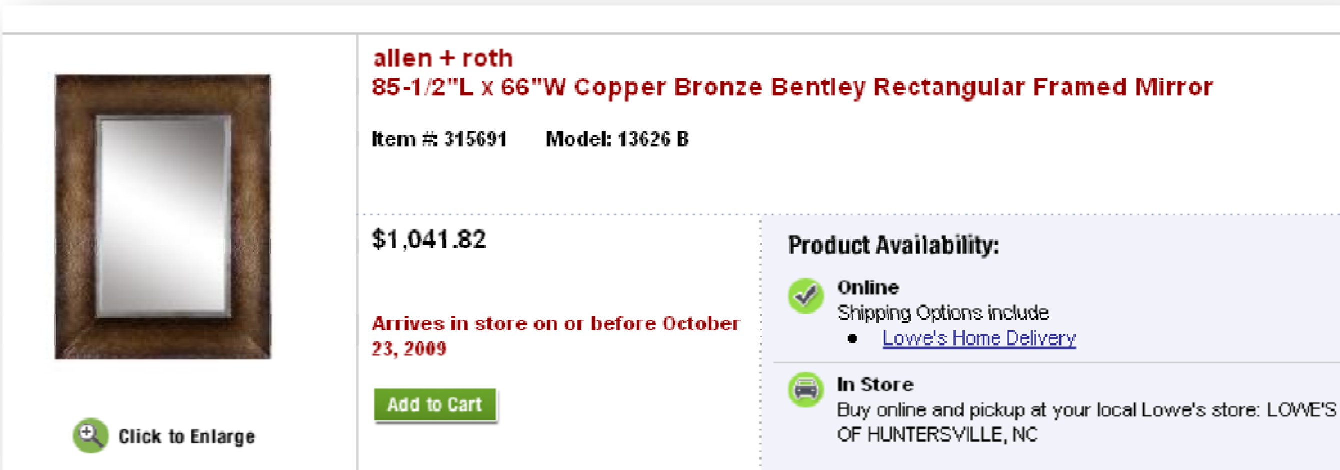
Content rich comparisons highlight key differences



Lowes.com

Lowes.com provides our customers with the ability to shop Lowe's product offering whenever and wherever they choose. Customers can research products, learn about projects, view videos and product demos, and find inspiration, as well as special values from the comfort of their home. The opportunities are endless.

Example of an SOS item on Lowes.com:



All Lowes.com data is pulled from data submitted via PCM and Lowe's. The detailed process is described on http://www.loweslink.com/VendorDataSynchronization.htm. SOS items must be active in eCat to appear on Lowes.com. Currently, configurable products cannot be sold through Lowes.com. For an SOS item, both lead time ("Arrives in the store on or before") and cost are pulled from eCat.

To appear on the Lowes.com you must complete all steps required to appear in Genesis:

1. Product data must be loaded through the PCM process. The "Available for Special Order" indicator must be set to "Yes" in PCM. In PCM, the minimum order quantity must equal the SOS GTIN unit quantity
2. Margin must be set by the merchandising team.
3. Cost data must be loaded by the vendor and approved by the Merchandising team.
4. Merchandising must set the "Use for Ecat" indicator to "Yes" in PCM.
5. Merchandising must release the models and make them available to stores.

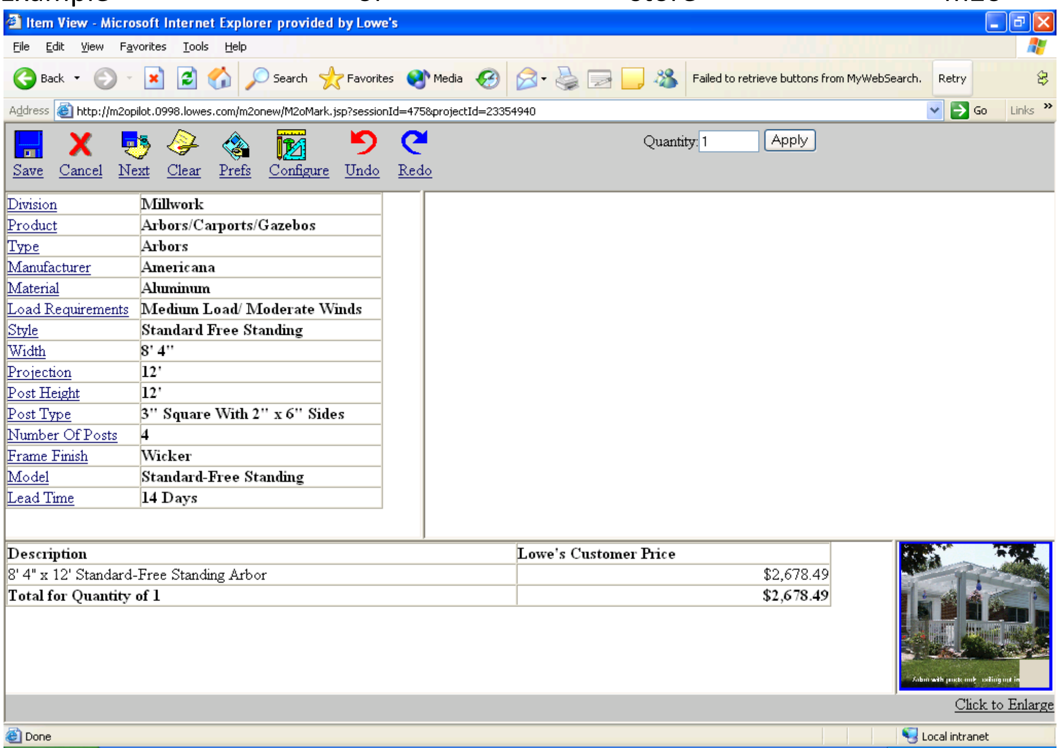
Additional Steps:

6. Marketing data and images must be completed in Lowe's.
7. Merchandising must flag the item for "Use for Lowes.com".
8. Vendor must be SOS EDI certified.

m2o Program

m2o (made 2 order) is an electronic selling tool used for the selection, design, pricing and quoting of a configurable (custom) product. The system is designed to ask a series of questions that will lead to specific product options fitting the needs of the Lowe's customer. Orders generated in m2o tend to be more accurate than manual orders and easier for associates to use. Once each project is sold to the customer, the system will electronically place the order with the Vendor through EDI. Pricing is also updated automatically from Lowe's Corporate Office.

Example of store m2o screen:



Benefits of this tool include:

- Custom Design – enables the associate to build configurable products to meet specific project needs (e.g., windows, doors, blinds, vanity's, shower doors, etc.).
- Increase Average Ticket – enables Lowe's to electronically communicate the scope of the total offering and provide opportunities to shift the mix towards higher end product options.
- Reduce Returns through Order Accuracy – includes controls that monitor and validate customer's requests (features, dimensions) prior to purchase.
- Add-On Sales/Services – includes value added services (installation, warranty and delivery) associated with selected products as options.

Once it is agreed the product should be added to the m2o selling tool, it can take six months or longer before your catalog begins rolling out to stores depending on the complexity of the offering. For any additional questions, please email m2ocatalogsupport@lowes.com mailbox.

Step 1 - Complete a Commitment form – This form contains additional information on the Lowe's Catalog Program (LCP), the program fee details and the development fees. Lowe's will need to obtain approval prior to moving forward. Approval is given with the vendor's signature submitted on the completed form submitted to the m2ocatalogsupport@lowes.com mailbox.

Step 2 - Catalog Development Review (CDR) – A CDR is a kickoff meeting to conduct the necessary data analysis required to create comprehensive Attribute Sheets and a Requirements Document as well as to provide an overview of the implementation cycle. This meeting will be the initial involvement with the m2o system. The length of the CDR will be determined by the SOS Team contact based on your product offering.

It is recommended the vendor have representatives at the CDR meeting to take responsibility for the following project roles:

- Project Management: responsible for providing a central point of contact between the vendor and Lowe's and for managing the project through to conclusion.
- Product offering expert: responsible for providing product knowledge and analyzing product presentation in m2o, and providing information on order processing.
- Technical resource: responsible for understanding data structures and for providing data to Lowe's in the pre-determined format.
- Lowe's Account Manager

There is one key project contact person from the vendor responsible for seeing the project through to conclusion - the Project Manager. The Project Manger must be able to source information and expertise from the other team contacts defined at the CDR. It is critical the Project Manager be identified prior to the CDR, as their participation in the CDR is critical to the overall success of the project.

To ensure a productive CDR, please provide us with the information listed below as soon as possible.

- Product Knowledge:
    - Two Copies of your Paper Catalog
    - Sample Order Form
    - Lead Times according to Product Line
    - Lowe's SOS item numbers
- Data Sources for the Following:
    - Data Repository from which product data will be extracted
    - Answer Graphics in .png Format at 125 x 125 pixels
    - Model Graphics in .png Format at 145 x 145 Pixels
    - Enlarged Graphics in .png Format at 300 x 300 Pixels
    - Pricing Information for Lowe's Cost (Distribution Cost or Third-party Vendor Cost as applicable)
    - Verbiage for Line Item Descriptions

During the CDR, Attribute Sheets are used to gather specific product attributes, constraints, exceptions and rules. Product knowledge is required to ensure the attribute sheets are filled out accurately and completely.

Completion of the Attribute Sheets is one of the primary deliverables from the CDR. If the attribute sheets are not completed during the CDR, they will need to be completed after the CDR and submitted to the Vendor for review and approval.

Another key deliverables from the CDR is the Requirements Document. This document will outline the components to be included in your m2o system. Not only will this document outline the Lowe's specific requirements (EDI compliance, etc.), it will also include any vendor specific requirements.

Step 3 – Sign off of CDR Requirements document – Once the Requirements Document is completed, all teams will review it in its entirety. Upon approval of the Requirements Document, the vendor will complete the sign-off sheet and return it to the Lowe's SOS Team contact. Once the Requirements Document is signed, a Change Control Process will be implemented. If you request additional items to be included in the system that were not in the Requirements Document, the Change Control Process will be followed to approve those additions.

Step 4 – Testing – At this point, the vendor catalog will contain system functionality and data content that has been built in accordance with the Requirements Document. The vendor is responsible for assigning resources for testing at all project stages to ensure that product knowledge is implemented according to the requirements document. Vendor representatives are expected to conduct preliminary and final testing on-site at Lowe's Mooresville Corporate office.

Step 5 - Final Release and Sign-off – After the conclusion of catalog testing by the Vendor, you will be asked to provide catalog sign-off, verifying the system is acceptable for release to Lowe's production. Upon receiving sign-off via email to the m2ocatalogsupport@lowes.com , Lowe's will schedule the catalog rollout. Please remember your catalog rollout is dependent on your company being EDI compliant and having successfully completed EDI testing.

Step 6 - Store Rollout Process – The initial catalog rollout takes approximately sixty (60) days once the catalog is finalized. Lowe's uses a phased approach for the initial rollout to ensure a smooth transition to the production environment and associate training if necessary.

Once these steps are completed the vendors items are eligible for placement and sale on lowes.com. Lowe's Product Information team works with the Lowes.com team to push this data to Lowes.com. The production schedule may vary based on IT needs and number of changes going to Lowes.com however, the normal production schedule is:

If change made before 7:00 p.m.	Goes to QA	Goes to Production	Live on Lowes.com
Tuesday, Wednesday, Thursday	Friday	Monday night	Tuesday
Friday, Monday	Tuesday	Thursday night	Friday

When viewing Lowes.com, the price displayed is the national price – the highest price in the system (either eCat or mainframe for stock product) until a customer is “cookied” into their local store. Once a customer selects a store they are “cookied” into that store, it will show their local market price which can be lower than the national price. Please contact your merchandising team or Specialty Sales Category Manager with any other issues or questions.

20-20 Program

20-20 is in-store design software currently used to design kitchens. The system allows for placement and quoting of cabinets and accessories, countertops and appliances. Throughout the process, the customer can view the design from multiple perspectives, including virtual walk-throughs, 3D views and receive a price quote. Once completed, the associate submits a completed project through EDI which generates an order to the vendor.

Benefits of this selling tool include:

- Project selling and cross-merchandising
- Electronic ordering (EDI) with less Operations and Accounting issues
- Desired vendor base for category - stores will not need to place a manual order
- The software identifies errors in the design or product layout and proposes necessary corrections.
- Sales process is quickened and problematic phone calls to Vendor are alleviated

Once it is decided to add your product to the 20-20 selling tool, it can take 3-4 months before your information begins rolling out to stores. This is dependent on whether you already have 20-20 product catalog or whether you need to start from scratch. For any additional questions, please email m2ocatalogsupport@lowes.com mailbox.

The Merchant will identify new 20-20 Vendors and work with their respective Specialty Sales Category Manager and other SOS Team members to establish ROI projections and data attributes for the Vendor.

We recommend having a representative to take responsibility for the following project roles:

- Project Management: responsible for providing a central point of contact between the vendor and Lowe’s and for managing the project through to conclusion.
- Product offering expert: responsible for providing product knowledge.
- Technical resource: responsible for understanding data structures and for providing data to Lowe’s in the pre-determined format.
- Lowe’s Account Manager

There is one key project contact person from the vendor responsible for seeing the project through to conclusion - the Project Manager. The Project Manager must be able to source information and expertise from the other team contacts.

Step 1 – Kickoff Meeting – A kickoff meeting initiates your product catalog's incorporation into the Lowe's 20-20 system. The purpose of this meeting is to develop business requirements and allow 20-20 Technologies to understand your specific business needs.

Step 2 – Catalog Certification – The catalog is populated and an email is sent from the Vendor to the SOS Team contact to advise the catalog is certified and ready to test.

Step 3 – Testing – The data is then received, installed on the test box, reviewed and tested. The Vendor is responsible for assigning resources for testing at all project stages to ensure that product knowledge is implemented according to the requirements document. The Vendor representatives may be asked to conduct preliminary testing on-site at Lowe's Mooresville Corporate office.

Step 4 - Final Release and Sign-off After the conclusion of vendor catalog testing, you will be asked to provide catalog sign-off, verifying the system is acceptable for release to Lowe's production. SOS item number and configuration files are set and ready to load and SOS team will offer an effective date of the catalog data. Please note your catalog rollout is dependent on your company being EDI compliant and having successfully completed EDI testing.

Step 5 – Rollout – IT will load the data and the SOS team will schedule communication of the catalog roll-out. The initial catalog rollout takes approximately sixty (60) days once the catalog is finalized. Lowe's uses a phased approach for the initial rollout to ensure a smooth transition to the production environment and associate training if necessary.

Manual Orders

It is possible for stores to manually order product by calling or faxing information to a vendor. Since manual orders have a greater chance for error, this is not a process we encourage and should be limited to small local programs, test programs or one time orders. The Specialty Sales Category Manager can provide additional details, if you are considering this process.

Paper Catalog Program

The SOS Paper Catalog Program is a printed collateral piece containing special order details supplied to Lowe's for placement at point-of-purchase or the service desk. It is found throughout the store in red metal catalog holders and is for use by both customers and sales associates. The catalog pages provide product information, SOS item and model numbers, images and and/or pricing information.

Benefits include:

- Providing the customer visibility to full product offering in a self service format.
- Providing stores information on which vendors offer special order programs, vendor contact information and SOS item and model numbers in an easy-to-find and use format.
- Enabling customers to obtain a rough estimate cost of the product they wish to purchase.
- Assisting the sales associates with generating sales.

Paper Catalog Development and Approval

Upon Merchant approval, vendor pre-published generic catalogs can be used. Otherwise, please create your catalog pages and/or price list using the Lowe's SOS templates. All catalogs must include the Lowe's Home Office VBU, SOS item number(s), lead time information, and the SOS assigned catalog ID. These details can also be printed on a label and applied to an approved generic catalog front cover. The SOS Templates header and footer rows of data provide kiosk/desktop specificity per Lowe's Internal Audit. Price information can also be included on your catalog pages as per merchant direction. Paper catalogs must be maintained with current information. Therefore, a separate price list can be submitted for merchant approval and updated more cost effectively while your catalog pages remain active / valid. Vendors are responsible for any information published in their paper catalog pages and must honor any pricing contained in these documents.

The Lowe's SOS catalog and price list templates are available through LowesLink or by emailing the SOS.Operations@lowes.com mailbox. (see examples below)

To begin the process, submit the PDF of your catalog pages to your Lowe's merchandising contact for review and approval of entire content. Once the document has been approved by merchandising, the merchant approved PDF along with the merchant's written approval (via email) is sent to SOS.Operations@lowes.com for review, kiosk/desktop layout approval and new catalog ID assignment. Below is a list of required information for SOS Operations to process and assign and ID for merchant approved PDFs:

- Lowe's Home Office VBU
- SOS Item Number(s)
- Product Information (type product to determine where housed in the store)
- Market Specific Information (i.e. National, Continental US, AK/HI only, or Region, District, Patch, State or Store specific)

Please allow approximately two weeks for SOS review, approval and ID assignment. Documents are reviewed in the order in which they are received. Any required changes will be communicated via email along with the request to send the revised PDF ID inclusive for final review, records archive and production instructions.

Paper Catalog Printing

Vendors are responsible for printing paper catalogs pages and all associated costs in the production of those pages provided in Lowe's Production Instructions. Bound, saddle-stitched catalogs are preferred. All pages are to be printed in 4-color, two-sided 10-point coated paper. Laminated paper is required when pages are produced as loose sheet. All material MUST be three-hole drilled (¼ diameter/4.25 center-to-center) for placement in our holders. Binders cannot be used as all printed materials are placed in our designated 3-ring metal holders in the SOS kiosk/desktop program.

Lowe's recommends the following printers who are familiar with our print specifications and production processes:

CADMUS
Attn: Lowe's SOS Contact
2530 Whitehall Park Drive Ste. 400
Charlotte, NC 28273
Phone: (704) 583-6600
Email: lowes@cadmus.com

Electric City Printing
Attn: Lowe's SOS Contact
730 Hampton Road
Williamston, SC 29697
Phone: (800) 277-1920
www.ecprint.com

Paper Catalog Distribution and Maintenance

Lowe's distributes paper catalogs to all stores on the 10th of each month. Compliant shipments received at Lowe's 3rd Party Distributor (CADMUS) by the first day of the month at 3 pm will be included in our 10th of the month's distribution. Shipments received after the established deadline will be held until the next 10th of the month's distribution. There are no exceptions! In the interim timeline the assembly line is determined, shipping labels and packing lists printed, market specific boxes packed, Monthly Distribution Instructions generated and the simultaneous EMS Tasks are created and released.

Lowe's requires a specific number of copies to be inventoried to be eligible for monthly distributions. Market Specific Programs are determined on case-by-case basis through a formula provided by SOS Operations which are part of the production instructions provided with the approval to print. A packing list must be included in each shipment and all cartons must be labeled with contents to including the catalog name and assigned ID.

National requirements:

Appliances – 6,000 copies	Lighting - 2,500 copies
Building Materials – 5,000 copies	Millwork – 5,000 copies
Commercial Sales – 2,500 copies	Outdoor Power Equipment – 2,500 copies
Home Décor – 2,500 copies	Outdoor Hardlines/Seasonal – 2,500 copies
Flooring – 2,500 copies	Plumbing – 5,000 copies
Hardware – 2,500 copies	Tools – 2,500 copies

Paper Catalog Stock Requirements

Back up inventory is used for New Store and Remer Store Set-up Shipments and Existing Store orders for replacement / extra catalogs pages to generate sales. When paper catalog inventory falls below certain predetermined / trigger levels, the vendor will receive a low stock notification. The vendor is required to provide SOS Operations SOS.Operations@lowes.com and merchandising the action plan and expected date for replenishment inventory.

A stock level threshold of 500 units for national programs triggers a Level 1, critical warning sent to the Vendor and Merchandising contact. A stock level threshold of 200 units prompts a Level 1 & Level 2, urgent warning that is sent to the Vendor, Merchandising contact, and Specialty Sales Category Manager escalated to the MVP for resolution. Levels for market specific programs are set on an individual basis taking into account the total number of locations designated to receive the catalog and how many catalog pages are required per store location. These programs will also generate Level 1 and Level 2 warning email messages. The low stock emails are sent weekly until the inventory levels of the identified SOS catalog pages are brought back above the minimum threshold or when the ID is made inactive with distribution of new revised pages or made inactive due to vendor non-compliance

Updating Paper Catalog Pages

Submit new/revised PDFs to your Merchandising contact. Once approved, the merchant approved PDF is submitted to SOS.Operations@lowes.com for review, layout approval, and new ID assignment.

While updating SOS pages, current catalog page inventory must be maintained. If currently active IDs hit zero stock while revisions are being approved and revised pages subsequently distributed, the ID made inactive and removed from the store's checklist / audit report and pulled from the SOS kiosk/desktop program due to vendor non-compliance. We must have inventory for our New Stores, Remer Stores & Existing Stores in the interim.

The current Catalog pricing remains in effect until new approved catalog pages have been distributed, or on a designated date pre-approved by Merchandising on case-by-case bases.

Order Fulfillment

There are several customer fulfillment options available for SOS programs. Item setup will drive which options the store associates see and which options the customers are prompted on lowes.com. Work with your merchant team to identify the best options for your product.

- Store Pickup – product delivered to the store (this is the default option).
- Direct Delivery (DD) – product delivered to the customer's home or to a 3rd party installer.
- Lowe's Delivery – product shipped to Lowe's store and customer pays Lowe's to deliver
- Vendor Cross Dock (VPXD) – product shipped through Lowe's distribution network to the stores.
- Special Order Express (SOE) – product is stocked in one of Lowe's DC's and guaranteed delivery to the store within 7 days or less.
- Internet Warehouse – product stocked in a Lowe's DC (907) to fulfill only online orders.
- Special Order Express Warehouse – 1418 (SOSE) – select special order products are stocked in the 1418 DC with the ability to parcel product to the home or ship larger products directly to the stores.

Please contact the Lowe's Logistic's Planning Manager for additional information about Lowe's Special Order Express (SOE), VPXD and Internet Fulfillment facilities opportunities. Contact the Specialty Sales Category Manager for information about the SOSE Warehouse (#1418).

Packing Slip Requirements

To ensure orders are processed correctly and make it to the intended customers, Lowe's encourages all vendors to use a standard packing slip for special orders. The format resembles a bill of laden and can be used for all shipments either to the store or direct to the customer's home. For direct delivery orders, the packing list will provide the customer with a Lowe's branded packing list and the necessary information if there is an issue with the order – keeping the relationship with the customer at Lowe's as opposed to burdening the vendor.

A packing slip needs to be included in each SOS purchase order. The packing slip template can be found at: http://www.loweslink.com/llmain/pubdocuments/sosSOSDirectDeliveryVendorInvoice.pdf

Direct Delivery Set up

Meeting the needs and expectations of the customer is paramount and having the ability to ship product direct from the vendor to the customer is a growing expectation. By shipping to the customer we minimize damages, reduce handling, and mitigate potential loss of the order within the Lowe's stores. A big plus to the customer is they receive their order conveniently and quicker.

For purchase orders to be direct delivered to a customer's home there are several critical setup steps:

1. Business Process Certification – The step provides confirmation the vendor has the capability to manage and fulfill orders shipped directly to the customer's home. This step requires the

vendor to confirm they can pick and pack individual orders and meet Lowe's packing slip standards.

2. EDI certification – This step requires a vendor to work with Lowe's EDI department to complete both SOS EDI and SOS DD EDI certification which enables Lowe's to transmit the customer name and address electronically to the vendor.
3. PCM Model Flag – During the item setup process in PCM, ensure the "Available for Direct to Consumer Delivery" flag is set to "Yes" for any model that is capable to parcel direct (e.g., a 5X7 rug can be parceled, however an 8X10 cannot due to parcel shipping standards).
4. Online direct delivery – Once the first three steps have been completed, an additional step is required by the Lowe's SOS & eCommerce Fulfillment team to enable the online direct delivery option is available for online shoppers.

The vendor must review and adhere to the instructions in the *Direct Delivery Reference Guide* which can be found on LowesLink.

For additional questions, please contact: SOS&EcommerceFulfillment@lowes.com

SOS Invoices

Vendors should send their invoices with the store number and SOS purchase order number clearly indicated on the invoice to one of the following addresses:

• For Vendors with net and extended terms 15 days or more, send invoices to:

Lowe's Corporate Trade Payables
Trade Payables Department
P. O. Box 1111
North Wilkesboro, NC 28656

• For Vendors with short term discountable less than 15 days terms, send invoices to:

Lowe's Corporate Trade Payables
Special Handling Section
P.O. Box 2068
North Wilkesboro, NC 28654

- Lowe's EDI invoice requirements can be found on LowesLink: http://www.loweslink.com/pubdocuments/BILLING.pdf

Vendors in SOS electronic selling tools are subject to an automatic EC deduction when the invoice amount is greater than the purchase order received amount. The invoice will be short paid for the received amount. The vendor will receive notification of the short pay via LowesLink and the check remittance will show the deduction amount above the invoice paid. Refer to the vendor inquiry demonstration: http://www.loweslink.com/pubdocuments/ctpVendor_Inquiry_Deduction_VendorTraining.pdf (slides 32-35, source code SOS) for additional information.

Complete information about Corporate Trades Payable requirements can be found on LowesLink: http://www.loweslink.com/llmain/pubdocuments/VendorInformationGuide.pdf

Please review any disputed pricing discrepancies for SOS product with the store. Obtain a signed copy of the SOS Work Order Sheet from the store and send the copy via LowesLink.

SOS Returns

A customer can cancel an order at anytime. Lowe's store system will hold SOS orders for two hours to limit the number of cancellations caused by consumer's changing their mind. For orders transmitted electronically (EDI), the system will automatically send a cancellation to the vendor if the vendor has not sent a committed message (via EDI 870 document). For all orders not transmitted electronically, a phone call is required from the store to the vendor. Once committed, the store will need to process a return to the vendor manually.

Both in-store purchases and Lowes.com purchases can be returned to the stores. Once returned, the store will process the return using the same process they follow for stock product. Customers can also call or email the Lowe's Customer Care (LCC) line (1-800-445-6937) WeCare@Lowes.com with questions about Lowes.com returns. The Call Center will encourage the customer to return the product to the store. However, if the customer does not wish to do that, the LCC will issue what is called a UPS Call Tag. This allows the customer to ship the product to store 701, Wilkesboro NC, at Lowe's expense. Store 701 will process the return and issue a credit upon receipt of the product. All stores will process the return based upon agreed upon terms established on the VIS.

When a SOS Program is set up, a merchandising team will discuss terms with you including how SOS returns will be processed from the stores. There are two options to choose from when determining the specific method to be used by Lowe's in handling your product. The exact policy may be dependent on factors such as product, value, cost of returning, size of product, etc. The options are listed below in order of Lowe's preference.

Option 1: Product will be destroyed in the field by store personnel. No inspection or authorization will be required by vendor. The store will bill the vendor for full credit and a consolidated monthly debit memo will be issued by Corporate Trade Payables using the Actual Cost Layered Inventory pricing. (ACLI pricing is defined as Lowe's cost of getting product on the store shelf. ACLI includes invoice cost of product plus inbound freight plus distribution center add-ons if applicable less rebates or program allowances.) Items with MSDS sheets are considered HAZMAT by Lowe's and cannot be field destroyed. HAZMAT items must be accepted back by the vendor, if possible, or the vendor must allow Lowe's to donate or markdown and sell the items, if possible, after credit is given. If vendor opts to require Lowe's to hold for inspection or call for authorization, a five percent add-on will be applied to the value of each RTM. (Add-on will be waived if vendor provides a blanket authorization.)

Option 2: Product will be returned freight collect to location designated by vendor. If product can be returned by parcel carrier, the vendor's shipper number must be provided to be communicated to all Lowe's store. The store will bill the vendor for full credit and a consolidated monthly debit memo will be issued by Corporate Trade Payables using the Actual Cost Layered Inventory pricing. (See option 1 for definition of ACLI pricing.) If vendor opts to require Lowe's to call for authorization, a five percent add-on will be applied to the value of each RTM. (Add-on will be waived if vendor provides a blanket authorization.)

In-store Visual Standards

Point of Purchase Materials

Point of Purchase (POP) materials should be designed to provide the customer with high level product benefits, options and ordering information to assist the customer in the purchase decision process. POP materials may include a variety of formats such as:

- brochures
- tear pads
- sample cards

POP materials should include the Lowe's Special Order Sales logo along with the Lowe's logo and reference to lowes.com, if applicable. POP materials must meet Visual Standards Guide requirements and should include an approval barcode. Please refer to the Visual Standards Guide http://www.loweslink.com/ad.htm or contact your Product Marketing Manager or Specialty Sales Category Manager for more information. POP materials should not include vendor/manufacturer websites or contact information unless required for order completion.

Product Support Materials must follow specific guidelines when shipping to our store locations. Guidelines are located on LoweLink: http://www.loweslink.com/llmain/pubdocuments/Packaging_and_Labeling.pdf

Approved SOS Logo's:

This Special Order logo is no longer in use

PANTONE® 200c

PANTONE® 280c

Black

In-Store Product Displays

There may be opportunities to include in-store displays as samples of the special order products available. If space permits, the merchandising team will request the vendor to provide specific product samples for our stores.

A 'Display' item number may be assigned to the sample product. Please work with the merchandising team to ensure product displays are available to all appropriate stores and ensure these displays are maintained. Please respond immediately to store requests related to special order displays.

Lowe's preferred method of distribution to New & Remerchandising stores, as well as Reset programs for existing stores is through an approved Lowe's Consolidation Program. For more information, please contact Display Management at: Display/Fixture.Support@Lowes.com .

On Demand Signage (ODS) Labels

All Merchants must use the Lowe's Corporate On-Demand Label System for product pricing. The ODS system is a useful customer communication tool which provides vital information such as selling price, item number, item description, and verification bar code. The system is also capable of displaying item-specific information including feature/benefit copy, brand logos, promo messages, etc. Many formats are also available which can be used in a variety of merchandising sets.

Data for on-demand signage comes through the PCM and Lowe's marketing data process. Vendors must do the following for their information (i.e. Brand) to be available in the ODS system: (1) Synchronize models in PCM via a GDSN solution supplier and (2) Complete marketing data with Lowe's

Example of ODS Signage:

Vendors should consult their Lowe's Merchandising contact, their assigned Product Marketing Manager, or their Lowe's Point-of-Sale Specialist, (704) 757-SIGN, to determine the best use of ODS for their individual needs.

Special Order Product Promotions

Promotions can be used to drive incremental sales for your special order product. The ability of our systems to support a special order promotion depends largely on the type of product and nature of promotion. Work closely with your merchandising team, product marketing team and Specialty Sales Category Manager to plan and execute promotions.

Here are a few common types of promotions to consider:

- Product Introductions/Employee Promotions – there are opportunities to introduce your product to the 250,000+ Lowe's employees via an employee promotion. This can be a good way to jump start your program.
- Percent-off Promotions – Flexibility to offer a discount on product groups or an entire category
- New Lower Price Promotions – after your product is established, consider providing new, lower costs that can be advertised savings for the customer
- Contractor Pack/Bulk Order Promotions – consider providing special pricing for larger quantity purchases
- Employee incentives through SPIFF programs

Contact List

- **Accounting:**
  Phone: SOS Debits (336) 658-2090

- **Display and Fixture questions**
  Email: Display/Fixture.Support@Lowes.com

- **EDI**
  Implementation: edi@lowes.com
  Production Support: vendorsupport@lowes.com

- **Electronic Catalog (eCat) Program**
  Email: eCatUpload@lowes.com

- **Lowe's Customer Care (LCC) line**
  Email: CustomerCare@lowes.com

- **Lowe's Payables Support Hotline**
  Phone: (336) 658-2121 Available M-F 8:30 - 5:00pm EST. Press "7" for SOS Invoice questions.

- **m2o or 20-20 Program**
  Email: M20Support@lowes.com

- **PCM**
  Email: http://lowespcm.nfpondemand.com
  Phone: (866) 808-7104

- **SOS Departmental Fax**: (704) 757-0518

- **SOS Fulfillment:**
  Email: SOS&EcommerceFulfillment@lowes.com

- **SOS Paper Catalog Program**
  Email: SOS.Operations@lowes.com

- **Vendor Set-Up Information**
  http://www.loweslink.com/main.htm

SOS Acronyms and Key Terms

20-20 – Kitchen design software used for cabinets, countertops and appliances.
Cadmus – Third-party company contracted by Lowe's to provide warehousing and distribution services for SOS paper catalog pages to stores.
Catalog ID Number – System generated number assigned to approved paper catalog material.
CBC – Commercial Business Customer – Business related customers such as builders, repair and remodelers, professional trades' people, property management professionals, retail and business maintenance, or other customers associated with or owning a business.
CDR (Catalog Development Review) – Kickoff meeting to gather data analysis required for m2o.
Configurable Product – Custom made SOS product requiring a vendor to manufacture a product to customer specifications.
Data synchronization – A process by which Vendors and Retailers ensure their data is the same; that their data is "in sync". It is part of a global effort aimed at obtaining synchronization within specific industries. This process is to be ongoing, so as product data changes, the synchronization process will be used to communicate changes as well as new product information.
eCat (Electronic Catalog) – A corporate database that contains all SOS product data and cost.
Edgenet – Third party software provider responsible for the m2o software and initial development of vendor m2o catalogs.
EDI (Electronic Data Interchange) – The electronic exchange of business documents - POs, sales data, invoices, payment remittance, load tenders, etc. - between two parties, using an industry standard format.
GLN (Global Location Number) – A globally unique identification number for physical, functional, or legal entities which in this case will identify the home office vendor location and/or ship from locations. While a GLN is not required to provide item data in Lowe's PCM webforms, to participate in Lowe's marketing initiative you must have a GLN. For more information on how to secure a GLN, visit www.gs1.org. For more information on Lowe's Marketing Data initiative, please visit www.bighammer.com/lowes.
GTIN (Global Trade Item Number) – A globally unique identification number for products and services that identifies the products that vendors sell at all levels of packaging (pallet, case, inner pack, and each).
m2o (made2order) – A configurable pricing and quoting selling tool.
Market Specific Program – SOS models available only in a specified group of Lowe's stores.
MSBA (Master Standard Buying Agreement) **-** A contract between Lowe's and a vendor for them to provide and deliver products to Lowe's for retail sale.
National Pricing – Highest price in the national chain to be reflected on Lowes.com when a customer is not shopping a local store.
National Program – SOS models available for purchase in all US stores, including Alaska and Hawaii.

NLP – New Lower Price – NLP designation 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 we are constantly searching for opportunities to negotiate lower costs with our vendors, thus providing customers with the best prices on quality product.

Order Management – System that manages the full cycle of an order, from the time it is invoiced until it is picked up or delivered to the customer.

PCM (Product Content Management) - Lowe's application for its internal management of the data synchronization process.

PSSA (Product Specific Selling Attribute) – Selling attributes which are used for marketing / advertising, lowes.com and other Lowe's selling tools.

SOE (Special Order Express) - a system based upon fulfillment of non-stock merchandise (SOE items) that can be shipped straight from a Lowe's Distribution Center to an individual store.

SPIFF – Sales Performance Incentive Fund – Merchandising promotion in which store employees receive an incentive for specific product sales.

VBU (Vendor Number) – Lowe's created assigned vendor number. There are several levels to a VBU,

> Home Office level- Refers to information regarding the location of the CEO /President of the company.
>
> Remit To level- Refers to information regarding the location where our Accounts Payable personnel send invoice payments.

VIS (Vendor Information Sheet) - a document that is updated annually that documents a vendors agreed upon terms and conditions.