

Date: August 1, 2015
To: LG CAC Distributors, Applied Reps and Independent Sales Reps
Subject: Freight Policy

Effective August 1, 2015, LG CAC updated the Freight Policy. All previous versions are obsolete and should be replaced.

Freight Policy

This Freight Policy defines the specifics of the LG CAC Freight Policy and the freight charges that will apply. This Freight Policy does not change any of the requirements of the LG CAC Scrap Policy, effective as of May 1, 2013. For any questions related to the process for obtaining credit for scrapped product, please refer to the LG CAC Scrap Policy.

General Rules:

- This Freight Policy supersedes any existing freight agreements with LG CAC.
- LG CAC will determine the freight company and bill on a pre-pay and add basis unless a specific carrier/account number are provided or if customer meets minimum freight allowance.
- Shipments are F.O.B. shipping point.
- LG CAC is responsible only for shipments to the contiguous 48 states. Ocean or other freight costs will be the responsibility of the customer unless part of a special container program.
- Drop-trailers will be charged at additional actual LG freight charges (quoted before order confirmation) with a late fee payment of \$500 for each additional day for trailers not unloaded and available by agreed upon-date. These additional late fees will be paid by the receiving customer.
- Additional discounts may apply for pre-season orders and other special programs.
- Any changes to the provided delivery addresses, requested delivery dates (RDD) or site refusals may result in additional freight expenses. Customer will be responsible for all additional freight expenses unless such changes are a result of LG's actions.
- Current signed Distributor, Applied Rep or Independent Sales Representative agreements are completed with LG CAC for the freight allowed policy to be in effect – otherwise, freight will be pre-paid and add.
- Backordered product shipments are paid by LG CAC.
- LG CAC will pay ground service for limited warranty shipments; however, any expedited shipping service will be pre-paid and added to the invoice.
- If approved in writing by LG CAC, any customer returns include a standard Twenty-Five Percent (25%) restocking charge. LG CAC will not accept damaged, open or unpackaged product. Product must be in the original, sealed and unopened factory packages and in good, undamaged and working condition and resalable at normal prices and currently sold by LG CAC.

1. PTAC/TTW

- a. 1-5 units: \$25.00 each
- b. 6+ units: LG Prepaid Standard Freight
 - One (1) ship to location in the contiguous 48 states and must ship complete for a. and b.

2. HCS/PTAC/TTW Combined Orders

- a. < \$10,000: 5% of Order
- b. \$10,000 - \$17,499: 3% of order
- c. > \$17,500: LG Prepaid Standard Freight
 - One (1) ship to location in the contiguous 48 states and must ship complete for a., b. and c.

3. HCS/PTAC/TTW Accessories

- a. < \$1,500: 5% of Order
- b. > \$1,500: LG Prepaid Standard Freight
 - One (1) ship to location in the contiguous 48 states and must ship complete for a. and b.

4. VRF Systems

- a. < \$10,000: 5% of Order
- b. \$10,000 - \$17,499: 3% of order
- c. \$17,500: LG Prepaid Standard Freight
 - One (1) ship to location in the contiguous 48 states and must ship complete for a., b. and c.
 - If projects are broken into multiple orders, each shipment must meet the \$17,500 net order requirement. Such orders may include Multi V Mini and HSC products as part of these freight terms.

5. VRF Accessories only (Controls, etc.)

- a. < \$1,500: 5% of Order
- b. > \$1,500: LG Prepaid Standard Freight
 - One (1) ship to location in the contiguous 48 states and must ship complete for a. and b.

LG CAC takes every precaution to prevent damage from occurring to the HVAC product and accessories. Unfortunately, damage may occur as HVAC product is moved from one location to another. Damage may occur in the form of freight damage or concealed damage. This policy outlines how such damaged HVAC product should be processed.

Freight Damage by Carrier

- Any visible damage on delivery of the HVAC product must be refused. It is unacceptable to use the LG CAC Scrap Policy to return HVAC product that was clearly damaged during transportation of the product.
- All shipments must be thoroughly inspected for damage by the customer or the customer's designated recipient, e.g., GC, sub-contractor, mechanical contractor, etc., before the shipment is accepted.
- Documentation of damage should be noted on the Bill of Lading (BOL) at the time of delivery, including a description of the damage. Without this documentation, delays may occur in the processing of the credit for the refused HVAC product and/or the credit may be denied.
- It is strongly recommended that pictures be taken of the damaged units to assist LG in its claim against the carrier.

- Contact your LG operations point of contact so that LG CAC can provide a customer credit for the refused HVAC product.

Concealed Damage

- All received HVAC product at any point of shipment, e.g., warehouse, job site, etc., must be inspected for concealed damage and Dead On Arrival (DOA) units within 30 calendar days of the delivery date. Any claims for concealed damage beyond 30 calendar days may be denied by LG CAC. As such, a customer or its designated recipient must open all received containers and boxes and inspect the HVAC products for concealed damage and DOA units within such 30 days of delivery.
- Concealed damage is any damage that occurred in transit but was not visible at the time of delivery. Due to handling of the HVAC product in transit, it is possible to damage the contents of a container and/or box without damaging the container and/or box.
- Should a customer experience concealed damage, please file a claim immediately following the LG CAC Scrap Policy.

For additional information contact:

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