# Understanding Price Adjustments

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<th>Step</th>
<th>Action</th>
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| 1.   | When you enter a product on a sales order, the **base price** comes from one of four places:  
* Buying agreement.  
* Product lists.  
* Product price by inventory business unit.  
* Product cost. |
| 2.   | To determine the **price** the system checks whether a buying agreement is attached to the order line. The system determines whether the product cost or alternate cost should be used for the base price. If none is found, the system examines the price lists.  
If the system is still unable to identify a base price, it looks to the price that is defined for the product, inventory business unit, and transaction currency. If still no price is found, the system tries one last time to find a base price defined for the product, inventory business unit, and order management base currency. |
| 3.   | If the system does not find a buying agreement to set the price, it examines various **price lists**. These price lists can be linked:  
* Directly to the sold to customer.  
* Directly to the ship to customer.  
* Directly to the customer group (associated with the sold to customer).  
* Directly to the region.  
* Directly to the inventory business unit.  
* Directly to the order management business unit.  
* By using price rules. |
| 4.   | This concludes the understanding price adjustments topic.  
**End of Procedure.** |