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INTRODUCTION

Carling Technologies is committed to working with suppliers to ensure customer satisfaction through total conformance to customer requirements.

This manual is designed with the intent to assist our suppliers in understanding the standards, requirements, procedures and systems that should be in place to assure the shipment of defect free, on time parts to Carling Technologies. Carling Technologies subscribes to the eight quality management principles, one of which is “Mutually Beneficial Supplier Relationships”. As a supplier to Carling Technologies you play an important role in our success and the success of our customers. This manual is one of several methods we use to cascade our customer's requirements throughout our supply chain.

Carling Technologies continually strives to improve the quality of products we supply to our customers. To do this, our suppliers must also strive for continuous improvement.

Carling Technologies will assist our suppliers whenever possible to meet our requirements. The responsibility for quality and on-time delivery, however, remain with the supplier.

Sincerely,

Harold A. Wiegard
Vice President Global Quality & Supply Chain Management
Carling Technologies
Carling Technologies Mission Statement

With our long history of providing our customers with the best in switching and circuit protection products since 1920, Carling Technologies pledges to continue to lead the industry with total commitment to quality. Quality is to be the controlling factor in the design of our corporate structure, our corporate systems, our products, our tooling, our manufacturing processes, and our customer relations. Our mission is Quality By Design! Our goal is to provide our customers with products of the best possible quality, consistently meeting all specified design parameters.

Quality Policy

- All of our management, our organizational units, and each and every employee is committed to quality. Industry leadership in quality is a key element to our continuing success.

- We must always strive to make quality improvements in all aspects of our managerial and manufacturing operations, to adopt the latest in methods, controls, systems, statistical techniques, and training to enhance our performance.

- Our Quality commitment requires us to provide products to our customers with consistent and total conformance to specifications.

- Defect prevention is paramount to our Quality By Design program.

- Our suppliers are a key part of our manufacturing process. They must be involved closely with us to provide materials and components consistently meeting our specifications, which must be clearly defined and communicated by us. We must maintain close relationships with our customers to enable us to clearly define the product and service parameters we are to consistently provide.

- We must constantly strive to continue to lead the industry in product innovation combined with the best in customer service and quality. Quality must dominate our entire corporate discipline.

Environmental Policy

It is the policy of Carling Technologies to design, manufacture and distribute products and to manage, recycle and dispose of materials in a safe and environmentally responsible manner.

Our Principles

- Meet all Environmental, Health and Safety laws and regulations
- Meet customer requirements concerning banned/restricted substances
- Verify our performances through metrics, audits and management reviews
- Advocate the adoption of environmental, health and safety principles and practices by our contractors, vendors, and suppliers.
- Communicate environmental, health and safety requirements to our employees
- Design, manage, and operate our facilities to maximize safety, promote energy efficiency, and protect the environment
- Create products that are: safe in their intended use, conserve energy and resources, promote safety, and prevent pollution throughout the product-life cycle, including design, manufacture, use, and end-of-life management
- Continuously improve our environmental performance by reducing consumption, using more efficient materials and reducing the use of environmentally unfriendly substances
Corporate Social Responsibility and Ethics

We require Suppliers to conform to the UN Global Compact 10 Principals or similar Corporate Social Responsibility requirements (SA8000 certification alone is not sufficient). We require our business partners to have an active Code of Conduct or Ethics Policy that addresses each of the 10 Principals outlined in the UN Global Compact (www.unglobalcompact.org).

Quality System

Carling Technologies maintains certification to the following standards: ISO/TS 16949:2009, ISO 9001:2008 and ISO 14001:2004. As such, we require suppliers to be certified to ISO 9001:2008 or TS 16949:2009, unless otherwise specified by Carling Technologies. Suppliers to the organization will be, at a minimum, third party registered to ISO 9001:2008 by an accredited third party certification body or have a plan to achieve certification within 24 months. Certification must be maintained and any loss of certification for whatever reason must be reported within 30 days to Carling Technologies (buyer). Carling Technologies reserves the right to perform Quality System Assessments for new suppliers prior to awarding business. Poor Supplier performance as indicated on Carling Technologies Supplier Score Card could trigger a Quality System Process audit by Carling Technologies’ Supplier Quality Assurance department or designated representative. This type of assessment is tailored after the standard that the supplier is certified to and Carling Technologies’ specific requirements.

The core tools reference manuals required to support efforts toward compliance to ISO9001:2008 or TS16949:2009 can be obtained through the Automotive Industry Action Group. Carling Technologies requires the methods and requirements in these manuals unless specifically expressed otherwise. The manuals include the current versions of:

- PPAP (Production Part Approval Process)
- SPC (Statistical Process Control)
- MSA (Measurement System Analysis)
- FMEA (Failure Mode & Effects Analysis)
- APQP & Control Plan (Advanced Product Quality Planning)

If you have any issues concerning the use of these core-tools manuals, contact your Carling Technologies Quality representative.

Environmental, Health and Safety

Protecting the environment and the health and well being of our employees, neighbors and business partners is a key principle of Carling Technologies. As such, we expect our suppliers to also adopt the same principals and we further expect them to work with their suppliers to the same end. We expect our suppliers to, at a minimum, adopt the principals of the UN Global Compact and ISO14001 international standard.

RoHS and REACH

The end users of our products are demanding compliance to the latest and ever changing RoHS and REACH standards. The products and materials we purchase from you must be compliant to the current requirements. You must certify that the products/materials you ship to us are in compliance. We will periodically audit the materials you ship to us and we request that you also audit your suppliers for conformance. The introduction of new/additional restricted and banned substances are ever changing and we expect our suppliers to remain current to the latest RoHS and REACH requirements.

Quality Planning

Sufficient quality planning must be done before mass production to minimize problems after industrialization. This planning involves the use and/or creation of:

- Design documents
- Equipment, tooling and facility requirements
• Material sourcing and testing
• Process Flow Charts
• PFMEA & DFMEA (if available)
• Control Plans
• Initial Process Studies using quality indices such as Ppk or Cpk for important variable characteristics.
• MSA Gauge Studies
• PPAP Submission
• Process Work Instructions
• Process Control condition or set-up sheets
• Training and Qualification of Team Members
• Pilot production runs and analysis
• Others

A Project Management approach to planning and implementation is recommended utilizing a multifunctional team in which Quality, Production, Engineering and Carling Technologies are team members. Task timing with assigned responsibility shall be utilized in project planning. All Safety or special characteristics identified by Carling Technologies shall be maintained in statistical control and monitored via SPC. Special characteristics are defined as those having a significant affect on fit, function or performance. Priority for continuous improvement shall apply to the reduction in variation around a target value for special characteristics. Safety characteristics shall be controlled with SPC control charts (when applicable) and made available to Carling Technologies upon request.

Special product and process characteristics will be identified by Carling Technologies in addition to those selected by the Supplier through knowledge of the product and process.

All special characteristics shall be identified in the Control Plan, PFMEA and operator instructions with the Carling Technologies special Symbol or the organization equivalent symbol.

Guidelines for quality planning activities should follow the AIAG Advanced Product Quality Planning reference manual.

Continuous Improvement

Continuous improvement is a process for continuously finding improvements in our current standards through systematic analysis and development of creative solutions to implement and strengthen the production system.

Continuous improvement offers a fundamental approach to staying competitive and fostering a learning organization flexible enough to adapt to changing customer demands.

Every individual at every level of the organization has a role in continuous improvement. C.I. must be integrated and systematic in order to be sustained. This means that everyone has ownership and responsibility for continuous improvement. Carling Technologies strongly encourages its business partners to adopt a continuous improvement strategy. Please remember, any changes to product/process/materials that have been previously approved must be re-approved.

Production Part Approval Process

Suppliers to Carling Technologies may be required to comply with the PPAP submittal procedure and Carling Technologies PPAP approval documented on a PSW prior to shipping production parts. Carling Technologies will provide assistance, if needed. Contact your Carling Technologies SQA representative for the PPAP procedure and guidance or follow guidelines of the AIAG Production Part Approval Process reference manual. The conditions requiring a PPAP submission are listed below along with a brief description of the process and documentation involved.

When any of the following conditions occur, contact your Carling Technologies SQA for guidance as to what Carling Technologies expects in a PPAP package. Once an understanding has been reached on what is required for the PPAP submittal, it must be submitted in a timely manner and approved prior to shipment of parts produced for mass production.

• New part
• New supplier for new or existing parts
• Change to optional construction or material
• Engineering change
• Correction of discrepancy
• Changes to inspection or testing processes and equipment or techniques
• Change in material or source of material
• Parts produced at different locations
• Change in manufacturing location including major layout changes
• Change in manufacturing process including:
  o Addition of new tools, equipment, dies, molds or cavities
  o Major repair of equipment or tooling, replacement or refurbishment
  o Other circumstances as dictated by Carling Technologies

If the change is initiated within your organization, you must notify your Carling Technologies SQA representative so that necessary approval can be received prior to implementing the change in production. Parts evaluated for PPAP must be produced on production ready tooling and equipment. Carling Technologies requires 8 weeks prior notification for any proposed change.

Carling Technologies requires a Level III PPAP unless otherwise requested by the Carling Technologies SQA. The PPAP package usually consists of the following documents. However, depending on the reason for submission and/or customer requirements, some documents may or may not be required.

• Part Submission Warrant
• Appearance Approval Report
• Dimensional Results / Inspection Results
• Measurement system Analysis, Gauge R & R - Attribute or Variable, Bias, Linearity and Stability studies
• Process Capability Studies
• Qualified Laboratory Documentation
• Process Flow Diagram
• Process Control Plan, Production control plan and prototype control plan (if required).
• Process Failure Mode & Effects Analysis
• Key Features Diagram
• Sample parts (see specific Carling Technologies PPAP submittal procedure).
• Carling Technologies specific requirements
• IMDS

When authorized to submit a level 1, 2 or 4 PPAP, it is expected that all required Level 3 documents be retained at the supplier’s location and be made available upon request.

**Material Performance Test Data**

The supplier is responsible for conducting and submitting all material and performance testing as specified on the print with the PPAP package. If the supplier is not capable of performing all tests, they can contract the service with a qualified source such as the sub-supplier or a third-party laboratory or test facility. The contracted source must be an accredited facility (A2LA, ISO 17025).

The supplier is responsible for maintaining and submitting certificates of compliance and updated test results electronically via E-Mail to the designated Carling Technologies Quality Assurance individual, when requested, prior to each shipment.

**Statistical Methods**

Suppliers are expected to utilize appropriate statistical methods for process control, process improvement, evaluation of process capability and other applications. Such statistical methods should include:

• Pareto Analysis
• SPC charts
• Process Capability studies (CP, CPK, PPK)
• Trend Charts
The supplier may be asked to provide statistical data to verify process control and capability. This request will come from a Carling Technologies SQA representative. All Safety characteristics must be controlled by SPC data and submitted to a Carling Technologies SQA representative on request. A minimum CPK value of 1.33 must be achieved as well as a Ppk value of 1.67 must be maintained unless otherwise stated in the Standard Specification. All statistical data is subject to be requested at any time (i.e. Per shipment, Monthly, or Quarterly).

Use of statistical methods mentioned above is fully explained in the AIAG Statistical Process Control (SPC) manual.

**Lot Control and Traceability**

Suppliers must have controls in place to provide product traceability, including all components and materials, through their entire process. Lot traceability data must be kept on hand and be available to Carling Technologies upon request for a period equal to 10 years from the end of production.

**Measurement Systems**

Suppliers are expected to establish and maintain a measurement system that will provide adequate, accurate data to demonstrate the conformance of the product to the specified requirements. The system should provide inspection, measuring and test equipment necessary throughout the process. The measuring equipment must be controlled, calibrated at scheduled intervals, properly used and maintained.

Gage capability analysis must be performed on gauges identified in the Control Plan. Analysis methods are explained in the AIAG Measurement System Analysis reference manual. Attribute gauging should be included in the calibration and analysis system.

When gage repeatability and reproducibility studies are used, the acceptance criteria are as follows:

- Under 20% - Considered acceptable
- 20% to 30% - An Improvement Plan must be established to bring it to 20% or less
- Over 30% - Unacceptable (Remove from service until an acceptable GR&R is achieved).

**Control Plans**

An essential element of the advanced quality planning process is the development of a part and process control plan.

The control plan is the key document for defining the type of controls, gauges, sample sizes, frequencies, documentation and reaction plans to be used for controlling each step of the process, from receiving to finished goods storage and shipping.

Suppliers are expected to develop control plans for each product (or product family-consult your SQA) shipped to Carling Technologies. The control plans are to be submitted with the PPAP package to the Carling Technologies SQA representative for review and approval. Control plans are to be maintained and updated to reflect any changes made and must be available to Carling Technologies upon request.

Control Plans are developed for the prototype, pre-launch and production phases of the process. The development, use and application of the control plan are explained in the AIAG Advanced Product Quality Planning manual.

The control plan focuses on the identification of process and product characteristics as they appear throughout the manufacturing process and defines the degree of control established for them. All critical and safety related characteristics must be addressed on the control plan. Because the control plan is dependant on the process flow chart and the PFMEA, these two documents must be developed prior to establishing the control plan.

**Process Flow Charts - PFMEA**

Suppliers are to begin the advanced quality planning process by establishing process flowcharts listing all process steps beginning with receipt of raw material to packaging and shipment to the customer. The process flowchart can be used to analyze sources of variation of machines, material, methods and manpower used in the manufacturing process. To provide
strong linkage between the process flowchart, FMEA and Control Plan, each process step called out on the flowchart is given an operation number. This number should be carried over to the PFMEA and Control Plan to identify the process steps.

Once the flow chart is established, a PFMEA must be developed following the method and format as defined in the AIAG FMEA manual. Each process step that is numbered and defined in the process flowchart should be addressed in the PFMEA. Defect modes and the resulting potential effects on the manufacturing or application of the finished product are established for each process step. For every defect mode, an RPN number is established that is the multiple of the ranking numbers for the severity of the defect, the likelihood of occurrence of the defect and the potential for defect detection. All RPN’s greater than or equal to 90 must be addressed via a corrective action plan.

Material Rejection and Corrective Actions

If the supplier ships nonconforming products to Carling Technologies, the SQA department will place the material on hold and notify the supplier immediately. The initial contact will be by phone and e-mail containing a Supplier Nonconformance Report (S-NCR) to the designated supplier contact person.

Carling Technologies has simplified the Supplier Cost of Quality (S-COQ) system for defective supplier materials and products. It is Carling Technologies goal to present a consistent approach across the Supplier base and our various facilities. This consistent approach to S-COQ will include the following elements contained in the Supplier Corrective Action Request. The following may be imposed:

- SNCR processing fee of $250/Occurrence
- Sorting, rework, late deliveries and/or handling fees of $75/man-hrs for actual time associated with defective components or assemblies
- Reimbursement of initial shipping and replacement expedite fees
- Carling Customer assigned charges relating directly to Poor Quality, Line Stoppage, and Part Replacement
- Internal assembly line lost Productivity, over time, and/or changeovers relating directly to poor quality or late delivery at $75/man-hrs
- Failure to respond to provide an initial NCR response within 10 business days may incur an additional $250 fee

Supplier Support Requirements will be addressed in 24 hrs or less to address the following items:
- On-Site Sort and/or Rework with supervision
- Formal Corrective Action Response
- Return Goods Authorization
- Certified Replacement Stock

The primary intent of the S-NCR is to heighten the awareness of repeatable quality issues and to help drive the implementation of permanent corrective actions. As always, Carling Technologies will support the efforts your company is making towards these corrective actions.

Suppliers are required to use disciplined problem-solving methods to investigate and eliminate the root causes of defective product and implement effective preventive/corrective action. Carling Technologies requires the use of the Carling Technologies Non Conformance Report or other similar 8D format. The supplier response must include the following:

- Implementation of Containment Actions
- Implementation of Temporary Corrective Actions
- Determination of Root Cause (five whys for occurrence and five whys for detection)
- Implementation of Permanent Corrective Actions
- Verification of the effectiveness of actions taken

For all Carling Technologies facilities, Suppliers are required to initiate containment activities within 1 business day and final response within 10 business days or less, upon S-NCR notification.

Documentation and Record Retention

Sufficient documentation must be developed and kept by the supplier to verify performance of all quality inspections, test, studies, plans and procedures. The data and related documentation should be distributed and used by the people responsible for or who may have input to the process.
The following quality related data, records and procedures must be retained and kept for the life of the program (including service) plus 1 year:

- Statistical Quality Data
- Inspection and Test Results Data
- All Initial Sample Data
- Corrective Action reports
- Receiving Inspection Information
- Control Plans / PFMEA / Flowcharts
- Quality Procedures and System Descriptions
- Written Inspection, Test and Lab Instructions
- Test Procedures

These documents must be retained in such a manner that they can be made available to Carling Technologies within 48 hours of request.

**Change Approval**

Often, engineering changes or deviations are needed during production to meet customer requirements, improve quality or reduce cost. When this situation occurs, Carling Technologies suppliers must be prepared to secure necessary approvals prior to implementing the change in production. These include PPAP and Engineering approvals.

The supplier will not make product or process changes or deviations, without prior written authorization from the Carling Technologies Engineering Department. The supplier will be held liable for all direct or indirect problems from any unauthorized change. This applies to distributors who may be purchasing from multiple sources. Only the source, from which the original PPAP, sample or production order was made, is approved for use. For raw material suppliers and distributors this applies to your source of materials. Carling Technologies must approve each and every source from which distributors and raw material suppliers will secure their input. It is preferable for our suppliers who are distributors or raw material suppliers to communicate with us upfront, so that if multiple sources will be used, that we qualify each of these sources early in the qualification process.

Any request for drawing changes, process changes or part deviation must be communicated in writing to the appropriate Carling Technologies buyer. The request should explain in detail; the requested change, the reason for the request, the cost/savings and benefits. This request may include, but is not limited to changes in:

- Manufacturing Location
- Material Processing
- BOM’s and their sources
- Design
- Quality Control Techniques
- Sub-Suppliers
- Fixtures
- Gages
- Dies
- Tooling

The request should include a qualification plan. The plan should include the reasons for the change so that Carling Technologies can understand the motivation for the change, benefits [Quality, Cost, Delivery, etc.] and implications of the change. This must include the additional special activities required to maintain quality and capacity / supply during and after the change period. The change documents shall also be used to confirm that the supplier has successfully implemented the change.

**Delivery**

Suppliers are required to achieve 100% on-time delivery (defined as the agreed to delivery date to the specified Carling Technologies facility), in the correct quantity, according to the Purchase Order requirements. Suppliers delivering less than 100% on time may be required to submit a corrective action plan to improve and meet the requirement. Suppliers may be responsible for all costs incurred by Carling Technologies as a result of late shipments. If the supplier is unable to ship
product as scheduled, a late shipment notification via E-mail and/or telephone communication must be sent to the suppliers’ designated Carling buyer, indicating the reason for the delay and the target date for supplying the product and a corrective action plan. For expedited shipments due to supplier issues, the supplier will assume responsibilities for the expedited portion of the shipping costs.

**Process Controls**

The supplier is expected to establish, control and document production methods that will result in products that meet all Carling Technologies requirements. Controls should include documented procedures for inspection and testing activities to verify product conformance to specified requirements. These should be detailed in a quality plan or procedures and should include controls at receiving, in process and final inspection.

At receiving, controls should be in place to ensure that incoming product is not used or processed until it has been verified as conforming to specified requirements.

In-process controls should be directed toward defect prevention methods such as Poka Yoke, Statistical Process Control, limit samples and Process/set up verification.

Related quality records should clearly show whether the product has passed or failed the required inspections and/or tests and should identify the inspection authority responsible for release of the product.

Production methods should be documented using process flow charts and operator instructions. Carling Technologies reserves the right to request this documentation at any time.

**Supplier Report Card**

Carling Technologies will utilize a supplier Report Card to rate its suppliers. The Supplier Report Card is a comprehensive, cross-functional, evaluation of a supplier’s quality performance. This rating is used to develop the supply base and improve the quality of the product supplied. It is also used to determine future business opportunities with a supplier.

The supplier quality performance rating will be generated bi-annually by Carling Technologies and forwarded to the supplier. Any supplier not meeting the “acceptable” performance level is required to submit corrective action. Unacceptable performance in any two consecutive periods could result in an on-site audit or the supplier may be requested for a face to face meeting to explain their plans for improvement.

Suppliers are measured using the following criteria:

- Quality
- Delivery
- Line Performance
- Incidence of premium freight
- NCR Responsiveness

**Confidentiality**

All information shared with suppliers is considered confidential. Disclosure of any Carling Technologies confidential material, outside Carling Technologies, will be considered grounds for immediate supplier dismissal and/or legal action. Suppliers are expected to sign a binding confidentiality agreement.

**Supplier C-TPAT Program Participation**

The Customs-Trade Partnership Against Terrorism ("C-TPAT") is a joint United States Customs-business initiative to build cooperative relationships that strengthen overall supply chain and border security to protect against the introduction of terrorists and weapons of mass destruction into the United States. Through this initiative, US Customs asks importers into the United States, such as Carling Technologies, to ensure the integrity of their security practices and communicate security
guidelines to their business partners within the supply chain.

As part of the C-TPAT program, Carling Technologies is obligated to develop and implement a program to enhance security throughout our supply chain in accordance with C-TPAT guidelines. Carling Technologies must communicate C-TPAT guidelines to our suppliers, transportation providers, and other participants in the Carling Technologies supply chain and work toward building the guidelines into relationships with these companies. These guidelines, which are available for review, encompass the following areas: Procedural Security, Physical Security, Personnel Security, Education and Training, Access Controls, Manifest Procedures, and Conveyance Security.

In order to meet our responsibility, Carling Technologies may ask you to review the C-TPAT security recommendations appropriate for your business, to respond to a questionnaire designed to assess your conformance to those recommendations, and to agree to address those areas where your company’s security program should be improved in order to conform to the recommendations. We appreciate your cooperation in this important program.

**Routing Information**

This Routing Guide is applicable for any collect shipment consigned to Carling Technologies, Inc. Please read carefully the entire document and make sure your company fully complies with these instructions. In case of any non-compliance with this Routing Guide, the Carling Technologies buyer will pursue a reimbursement for any freight charges, delays, warehousing or any other related fees caused due to the shipper not properly complying.

**Domestics Routing Guide:**

A. Ground and Air Parcel Shipments – Under 200 LBS

a. UPS: Preferred carrier inbounds to Carling Technologies Brownsville Texas Distribution Center.

   * Please follow the steps below to ship small parcel (shipments under 200 pounds)

   1. The limit weight per cartons is 150 LBS for small package.
   2. The preferred method will be **UPS Ground**.

b. Air Shipments if need it **must be approved by the Global Material Manager, Mr. John Murphy/ Plant & DC Manager, Francisco Miranda.** Under 150 Lbs US Domestics:

   * Carrier: **UPS Next Day Air**

c. **FedEx Ground:** Secondary Preferred carrier inbounds to Carling Technologies Brownsville Texas Distribution Center for small package.

B. LTL Shipments – Over 200 LBS

a. Reference the approved LTL Matrix By state: **Ship Freight Collect**

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<th>Location</th>
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<tr>
<td>ABF Tel. 800-610-5544</td>
<td>CT, FL, IL, KS, KY, MA, ME, NO, NJ, RI, SC, VT</td>
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<tr>
<td>YRC Tel. 800-610-6500</td>
<td>AR, AZ, CA, CANADA, PA, WA, WI,</td>
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<tr>
<td>Central Transport Tel. 586-467-1900</td>
<td>NH, NY, OH, VA, TX</td>
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b. Please allow up to (5) additional days transit time depending on the ship from location.
c. Freight carrier substitution is not permitted and will result in freight charges being billed to the shipper/supplier.

C. Truckload and expedited (Time Sensitive) Shipments

a. Routing Shipments for FTL or Time Sensitive (where normal service parameters cannot be met), Purchasing Department or Supplier must contact Francisco Miranda @ 956-546-5564 ext. 6924 for booking service.

International Shipments:

All current international suppliers have a preferred carrier assigned by Carling Technologies Inc. Any new supplier or service will be handled on a case by case basis and depending on company requirements.

Please address any freight carrier related issues to the Carling Technologies Plant & DC Manager, Mr. Francisco Miranda @ 956-546-5564 Ext. 6924
Supplier Acknowledgement
December 2010

We, the undersigned, acknowledge the receipt of this Supplier Quality Manual. We agree to submit our acknowledgement within 3 weeks of receipt.

By acknowledging receipt of this manual, we agree to all of its contents without exceptions or deviations. We also agree that any exception or deviations shall be submitted and approved by Carling Technologies.

_________________________________________________________________

Supplier Name/Address

_________________________________________________________________

Submitted by Name

Title

_________________________________                               _________________________________

Signature

Date

__________________________________________

Receipt date ________________________________

Carling Signature_____________________________