



Supplier Handbook

FOREWORD

Arctic Cat Inc., based in Thief River Falls, Minnesota, operates in a single industry segment and designs, engineers, manufactures, and markets snowmobiles and all-terrain vehicles (ATVs) under the Arctic Cat brand name, as well as related parts, garments and accessories. The Company markets its products through a network of independent dealers located throughout the contiguous United States, Canada, and Europe and through distributors representing dealers in Europe, the Middle East, Asia, and other international markets. The Arctic Cat brand name has existed for over 50 years and is among the most widely recognized and respected names in the recreational vehicle industry. The Company trades on the NASDAQ Global Select Market under the symbol ACAT.

Arctic Cat produces a full line of snowmobiles, consisting of models categorized as High Performance, Trail Performance, Mountain, Crossover, Touring and Utility. In addition, to encourage family involvement in snowmobiling, the Company offers a youth snowmobile.

In December 1995, the Company introduced its first ATV. Since that time, the Arctic Cat line has grown to more than 19 models with a variety of features including two-rider vehicles and youth models.

In 2006 Arctic Cat introduced the new Prowler UTV with a subsequent Wildcat side-by side into the market in 2012, both vehicles utilizing the company's own manufactured engine.

The Company is also the exclusive provider of genuine Arctic Cat snowmobile and ATV parts, garments and accessories.

Arctic Cat snowmobiles and most ATVs are manufactured at the Company's facilities in Thief River Falls, Minnesota. The Company's Corporate Headquarters is located in Plymouth, MN. Arctic Cat also has a plant that focuses on the manufacturing of engines in St. Cloud, Minnesota, and has a facility in Bucyrus, Ohio, which houses its service parts, garments and accessories distribution operations, and a service office in Winnipeg, Manitoba, Canada and Arctic Cat Europe in St. Johann/Pg., Austria.

Arctic Cat is committed to ongoing innovation and to continued improvements in the quality and performance of its products, as well as product diversification. The vehicles are tested in conditions and locations similar to those in which they are used.

The Company also participates in consumer shows and rallies with dealers and sponsors as well as supporting independent racers who participate in snowmobile and ATV races throughout the world.

For more information visit: www.arcticcat.com.

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1. Purpose

This handbook provides an overview of certain Arctic Cat policies and procedures that affect and relate to our supply base. The handbook provides a brief summary of the items that employees regularly receive questions on while being concise enough that it is easy to use and adds value. Contents apply to production parts as well as service parts, oil, lubricants, garments and accessories.

■ **NOTE: This book is not necessarily all-inclusive, nor should it be construed as a legal contract. Arctic Cat reserves the right to modify, revoke, amend, or change any or all of these policies or procedures at any time without prior notice.**

2. Mission Statement

To establish and manage a network of suppliers who focus on processes, controls, and continuous improvement of their performance, efficiency, quality and costs. By focusing on cost reduction and waste elimination throughout the supply chain, Arctic Cat and the supply base can realize mutual benefits.

3. Safety Statement

The safety of our employees, suppliers, customers, and guests is of utmost importance to Arctic Cat. All applicable personal safety equipment must be worn by anyone entering a manufacturing, fabricating, or testing area. Safety glasses and ear plugs are available at the front desk and at various other locations throughout Arctic Cat's facilities. The disposition of all suspect and nonconforming products will be made with the safety of our customers in mind.

4. Code of Conduct

Arctic Cat is committed to treating all individuals with respect and dignity and protecting the environment. As part of Arctic Cat's corporate social responsibility, we believe these principles should be reflected throughout our supply chain and embraced by Arctic Cat suppliers. Suppliers are required to comply with our Code of Conduct policy as a condition of doing business with Arctic Cat.

5. Proprietary and Confidential Information

All of Arctic Cat's designs are confidential and proprietary. Supplier employees are required to sign Arctic Cat's Non-Disclosure Agreement. Openly sharing information is a vital part of doing business, so it is important that all parties involved are aware of the terms and conditions associated with the agreement. Suppliers will be liable for any losses or damages Arctic Cat incurs as a result of the confidentiality agreement not being met.

Jointly designed products and supplier designed products may also be purchased. The degree to which a supplier's proprietary information is shared must be agreed upon by Arctic Cat's engineering, supply chain, and quality departments. If no agreement is referenced on the PO, it is expected that the supplier will share all design and processing information.

An exclusivity agreement may be awarded to a supplier. A typical exclusivity agreement will have Arctic Cat agreeing to a multiyear or high volume purchase contract for a supplier designed part, and the supplier will agree to not sell the product, idea or similar product to our competition (OEMs, catalog stores, aftermarket, etc.) during a defined time period.

6. Positions and Roles at Arctic Cat

Supplier employees work with a number of people in different roles at Arctic Cat. The outline below will help to guide a supplier when questions or concerns arise as to whom should be contacted. The roles of various positions as they relate to suppliers are below.

Quality

Director of Quality - Oversees the Quality Manager, Supplier Quality Engineers' and QA Clerks' activities. Drives corporate quality initiatives, both internally and with the supply base.

Quality Manager - Oversees the inspection lab personnel and the in-process auditors. Is responsible for the quality of internal operations and products (welding, machining, assembly, and paint), and manages Material Review Board (MRB) activities.

Supplier Quality Engineer (SQE) - Responsible for the product quality of the suppliers they are assigned. Assist suppliers in improving their capabilities and resolving nonconformance. SQEs Evaluate new and existing suppliers. Reviews and approves PPAP/FAIR submissions. Reviews and approves Corrective Action submissions and is a member of the Commodity Team.

Quality Clerk - Logs and tracks NRs, DEVs, Warrants, PPAPs and FAIRs. Completes various reports used at Arctic Cat that indicates our internal and the suppliers' performance status.

Lab Inspector - Inspects product and completes inspection reports. Approves FAIRs for products that fulfill all print requirements.

Supply Chain

Director of Supply Chain - Oversees the Supply Chain and Planning activities. The position is responsible for the coordination of all sourcing activities and overall supply base performance.

Commodity Manager - Responsible for locating, qualifying, developing, and managing sources for parts within the assigned commodity groups. Negotiates purchase order agreements, implements and administers contracts, coordinates supplier certification programs, resolves supplier issues, and supports supply management concepts, goals, and procedures.

Trade Compliance Manager - Responsible for maintaining compliance with all import and export regulations.

Country of Origin Coordinator - Responsible for reviewing, verifying and record keeping of origin documents and data entry of origin information.

Project Manager (PM) - Responsible for coordinating the launch of new parts and products into production. Works closely with suppliers and commodity teams to ensure accurate time lines and status reports are being communicated and that PPAP/FAIR activities are being completed properly.

Buyer/Planner - Responsible for maintaining the operational relationship for their assigned suppliers and parts/materials. Works with suppliers to ensure timely delivery of product, assists in quality issues, monitors inventory, and maintains costing.

Clerk - Responsible for data entry of purchase orders, quotations, and engineering change notices for review by the Buyer/Planner and/or Commodity Manager. Directs incoming calls to the correct personnel.

Commodity Team - Cross functional team comprised of a Commodity Manager, Supplier Quality Engineer, and Buyer/Planner.

Production Planning and Inventory Control Manager - Responsible for Production Planning efforts. Ensuring alignment between Commodity Teams, Suppliers, Master Scheduling, Sales Inventory Operations Planning, and Production. As well as manage Inventory/ Planning goals and objectives.

Sales, Inventory and Operations Manager - Responsible for managing the sales demand/forecast; finished goods and raw material inventory plan to assure proper planning and objectives are achieved.

Master Scheduler - Responsible for managing, establishing, reviewing, and maintaining the master production schedule.

Logistics Manager - Responsible for all in bound and out bound transportation.

Product Planner/Parts Coordinator - Responsible for data entry pertaining to the material masters. Involved with analyzing the system for constraints and managing material substitutions and obsolescence.

Engineering

Engineering Manager - Oversees the engineers' and drafters' activities in the group. Manages and delegates the tasks associated with the group's projects.

Project/Release/Design Engineer - Creates and develops the product's design. In the case of a product that is a supplier's design, the engineer will determine if it is fit for use. Evaluates and adds new parts to production BOM's after field test and durability requirements are achieved.

Designer/Drafter - Assists engineers by completing models and prints of designs.

Garments and Accessories

Product Development Manager - The role of the Product Development Manager for Garments and Accessories (G&A) is primarily strategic and as the department design director. The manager also acts as project problem solver and inter-company liaison between vehicles and G&A. Day-to-day G&A development and production contact will be with the Product Development Coordinator.

Product Development Coordinator (PDC) - PDCs are responsible for coordination of G&A product development in conjunction with suppliers. This includes meeting consumer requirements in terms of function, quality levels, and style. They also negotiate and manage tooling, manufacturing process, volumes, costing, terms, freight, and the first shipment of goods to the Ohio Distribution Center (DC). Once the initial shipment of product is received in and shipped out of our Ohio DC and all QA elements and shipping conditions are approved, the PDC will convert the product N1 to R1 status meaning future orders will be purchased by the Service Parts Buyer/Planner. PDCs will also determine what product stays in the G&A product line.

Accounts Payable

Accounts Payable Clerk - Responsible for data entry of invoices and working with the Buyer/Planner on payment discrepancies and outstanding invoices.

7. Arctic Cat Lean/Sigma Program

As part of the integration of Lean Sigma into Arctic Cat, we will periodically invite key suppliers to attend on-site training seminars designed to provide mutual involvement in continuous improvement projects. Projects will range from formal Lean Sigma Green Belt Training, to Kaizen Events. Lean Sigma concentrates not only on lean manufacturing topics including 5S, waste elimination, process mapping, quality tools, cellular manufacturing, kanban, and safety tools, but also 6 Sigma Methodology. Arctic Cat's Lean Sigma program uses employee empowerment to achieve common goals in relation to the projects chosen. Projects will range from the execution of Kaizen Events, to the completion of DMAIC based Sigma Projects. The results of the program reflect process improvements and cost reductions for both companies.

8. Arctic Cat's Business Processes, Policies, and Requirements

I. New Supplier Approval

Potential suppliers are required to be approved by the Quality & Supply Chain Departments prior to being awarded production parts. Arctic Cat's Quality Systems Survey (QSS) needs to be completed by the supplier and submitted to the SQE assigned to the company. An on-site evaluation may be required to determine if the supplier scores in the "Approved" category. Production volumes of the parts, criticality of the parts, and basic quality system knowledge of the company are considered when determining if an on-site evaluation is required.

Controlling Supplier Sub-Contractors (Tier Two Suppliers)

Purpose: Clarify expectations for Tier Two Supplier control.

Scope: All Tier Two Suppliers affecting the quality of supplied components, accessories and materials.

Process: Suppliers need to assure the quality of their incoming materials and components. This assurance should be established either through a formal Tier Two (sub-contractor) quality program, receiving inspection or some combination of these methods. The supplier is responsible for the quality of their sub-contractors.

Initial correspondence regarding commercial items should be directed to the appropriate Commodity Manager. Initially a strength, weakness, opportunity, and threats (SWOT) analysis along with a financial background review will be completed. If the Commodity Manager determines there is potential for doing business, Non-Disclosure and Design Compliance agreement forms will be forwarded to the potential supplier to be signed and returned. After all required forms are signed, the Commodity Manager will review the (SWOT) analysis and financial background with the Quality Department's QSS, and other performance requirements such as cost competitiveness, delivery performance, and technology. Once an "Approved" QSS score is achieved and the other performance requirements are confirmed, the supplier is eligible to participate in Arctic Cat's quoting process.

II. Quality Systems Survey (QSS)

Arctic Cat's Quality Systems Survey is an objective evaluation tool used to aid in the process of awarding work and approving suppliers. The QSS evaluates suppliers on 10 areas of their business. Each of the 10 areas has objective scoring criteria defined. The QSS allows Arctic Cat to minimize its supply risk by awarding work to suppliers who have a comprehensive quality system which efficiently administers the checks and balances needed to ensure the products delivered fulfill print requirements.

Based on the results of a supplier's QSS, a pre-defined rating will be given; Approved, Conditionally Approved, and Disapproved are the three ratings a supplier may receive. Suppliers receiving an Approved rating are eligible to quote on supplying production parts. Suggestions for improvement opportunities may be communicated to the supplier. Suppliers receiving a Conditionally Approved rating may also quote production parts, but action items will need to be completed within a defined period of time by the supplier to bring their rating up to the Approved level. Suppliers receiving a Disapproved rating cannot be selected to supply production parts. Action items will be shared with the supplier so the improvements needed to become an Approved or Conditionally Approved production supplier can be pursued.

III. Supplier Performance Scorecard & Rating System

The Supplier Performance Scorecard (SPS) is a continuous improvement mechanism to track supplier progress towards meeting Arctic Cat goals and give immediate feedback to the supply base on their individual performance. The SPS will apply to those suppliers defined by the commodity team and measure the following critical elements that in-turn support our corporate objectives.

Arctic Cat Corporate Objectives

Quality - 200 PPM or less

Inventory - 50 turns

Supplier Delivery - 98%

Costs - 5% gross margin reduction (Year Over Year)

Safety - 30% improvement per year (lost time and incidents)

Key measures in the 100 point Scorecard are:

1. Quality - 40 Points
2. Delivery/ Service - 30 Points
3. Cost - 20 Points
4. Risk - 10 Points

Supplier Performance Objectives

Preferred - 90-100 Points

Sustaining - 70-89 Points

Probation - 69 and below. If a supplier obtains a probationary score two consecutive quarters, no new business will be awarded. To be removed from probation a corrective action or plan along with improved performance will result in removal from probation.

IV. Supplier Probation

Suppliers who have ongoing performance issues or have shown a significant deterioration in performance will be put on probation. Removal from probation can be completed either by improving the SPS or approval by the Director of Quality and Supply Chain. Probation allows suppliers an opportunity to prove they can provide conforming product that meets our expectations and deserve the opportunity to supply parts. Consequences of Supplier Probation are:

- The supplier will need to submit a comprehensive action plan with a time line that details the controls which will be implemented to eliminate all performance issues. The plan should be submitted as a Corrective Action response (7 Step format).
- New quoting will cease.
- Quotes in process will be terminated.
- An update meeting in which the supplier will present the corrective action measures will need to occur within 90 days.
- Supplier may be required to hire and pay for a 3rd party to inspect parts.
- Business with Arctic Cat will be lost if the performance issues are not resolved to Arctic Cat's satisfaction.

V. Request for Quote (RFQ) Process and Awarding Work

The Commodity Manager will typically send out on RFQ to multiple competent suppliers from the established base of suppliers for new parts. They will negotiate purchase terms as a part of making the final selection of the supplier. If the part has been used in a prior model, then multiple suppliers' quotes will usually be obtained only if there has been a problem with the existing supplier or a significant change in the price of the part. Based on quality, delivery, cost performance, and other relevant considerations, the Commodity Manager will award the business accordingly.

At minimum RFQs should include tooling; specialty gauging requirements, packaging, unit costs, unit of measure, and any exceptions. Exceptions to the print must be communicated to the Commodity Manager for review. Exceptions will be forwarded to the Design Engineer to determine if the exceptions will be approved and the supplier will be notified through the Commodity Manager.

The following chart illustrates the steps in the Supplier Selection and Approval Process. The Supplier Performance Scorecard is in addition to the selection process that allows for continued monitoring and improvement.

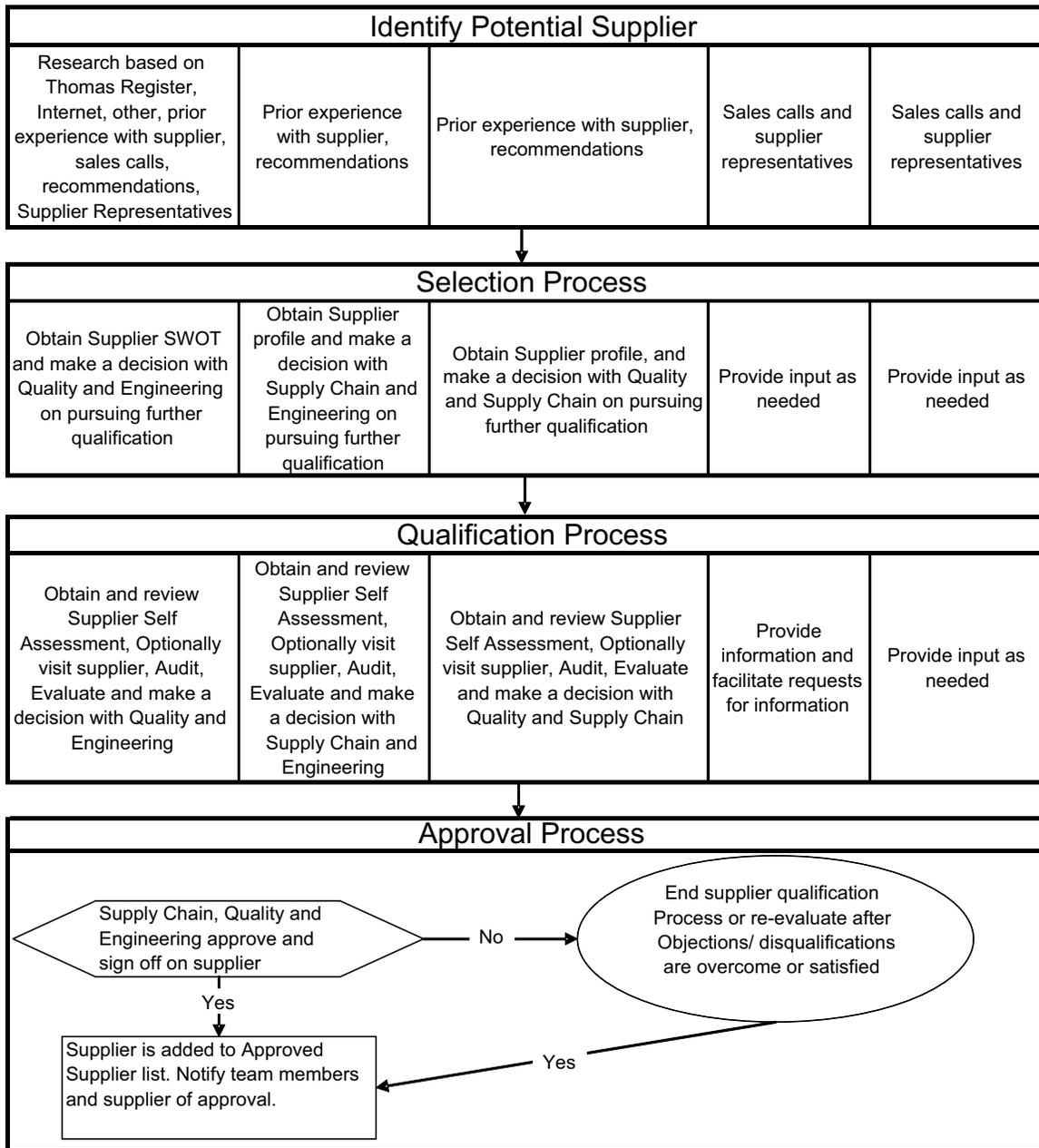


chart1

VI. Purchase Order (PO) Process

■ **NOTE:** Arctic Cat Terms and Conditions are located on the Supplier Portal (Help Section) as well as included with each purchase order.

Once a supplier has been chosen to supply a particular part, the following occurs:

If tooling, gauging, packaging or other specific requirement is needed, a tooling purchase order will be issued along with a scheduling agreement (blanket PO) for production part requirements. If no tooling is required, then just a scheduling agreement will be issued. A copy of all purchase orders will be mailed, faxed, or e-mailed to the supplier. A written acknowledgement indicating the PO has been received is required from the supplier within 2 business days for all purchase orders being received. Price adjustments require the scheduling agreement or PO to be revised, approved, and acknowledged again before becoming effective.

Two sample parts are required to be submitted to Arctic Cat a minimum of four weeks prior to the first Product Validation Build (PVB) that uses a part which requires the PPAP process be completed. Two sample parts are required to be submitted to Arctic Cat a minimum of two weeks prior the first PVB that uses a part which requires Arctic Cat's FAIR process be completed. Arctic Cat will specify if PPAP or FAIR requirements are needed for each part by including a line item on its scheduling agreement (blanket PO) which indicates one or the other. PPAP submissions need to be shipped to the assigned SQE's attention, and FAIR samples need to be shipped to the Quality Department using Arctic Cat's pink Sample Submission label.

After a PPAP or FAIR approval has been received by the supplier, production parts and service parts will be shipped in accordance with the requirement shown on the Supplier Portal.

The various PO types used by Arctic Cat are defined below:

Scheduling Agreement (Blanket PO):

Start with a '600' or '400' Series Number are required for shipping production (includes PVBs/Show builds) and service parts.

Part features must meet print requirements or an approved temporary deviation for the nonconforming feature(s) needs to be included with the shipment.

The ASN request number must be included on the label, packing slip, and invoice.

Must have proper label(s) (see XV. Development Stages and Processes).

Standard PO:

Start with a '100' Series Number

Used for tooling and non-production parts (ex. samples, prototypes, PPAP/ FAIR, etc.).

The PO number is required to be referenced on the packing list and shipping label(s) along with the recipient's names (ex. ATTN: John Doe) (see XV. Development Stages and Processes).

Returns PO:

Start with a '100' Series Number

Used to return items for credit (ex. Non-conforming material).

VII. Certificate of Origin & Free Trade Agreement

Arctic Cat requires country of origin documents for all products procured from both domestic and international suppliers. Arctic Cat expects its supply base to be able to participate in Free Trade Agreements and other Special Programs, including the North American Free Trade Agreement (NAFTA), Generalized System of Preference (GSP), and other programs as designated.

- Country of Origin Affidavit: The seller/supplier shall provide a complete and accurate Country of Origin Affidavit for all commodities.
- Free Trade Agreements: In order for Arctic Cat to take advantage of reduced duty benefits under the North American Free Trade Agreement (NAFTA) or other Special Trade Programs, the seller/supplier is required to provide a properly executed Certificate of Origin (CofO) if the products sold to Arctic Cat are qualify as "originating" under those agreements. Documentation supporting the CofO must be maintained by the seller/supplier as per the regulatory requirements under each program. This is in general is a minimum of 5 years
- North American Free Trade Agreement: Suppliers manufacturing in Canada, Mexico or the United States are expected to participate in NAFTA and determine if their product is originating under the agreement. Arctic Cat is a producer of light duty vehicles and is required to collect and track traced value to calculate NAFTA Regional Value Content (RVC). Arctic Cat expects its supply base be able to qualify its product according to NAFTA and report Trace Value to Arctic Cat.
- GSP: Suppliers that manufacture in the beneficiary developing countries (BDCs) and meet the product specific requirements will be expected to provide GSP Form A CofO or other statement that their products are grown, produced or manufactured in a BDC and meet the threshold requirement. They may also be required to provide additional evidence including raw materials purchases, proof of factory labor, and support for manufacturing overhead to prove that threshold requirements are met.
- Supplier is required to update and notify Arctic Cat in a timely and continuing basis of changes in the country of origin, preferential duty treatment programs, harmonized tariff codes, and product information. It is important that seller/supplier cooperate promptly with all information requests and solicitations for product information.
- NAFTA CofO and Country of Origin Affidavit templates are located on the supplier portal.

VIII. International Shipments

Document Requirements - International shipments to Arctic Cat require special documentation. A full set of the specified documents must be sent to Arctic Cat's designated broker and respective Buyer. Additionally, two full sets of these documents must be provided with the merchandise. The documents are to be placed with the shipment in two individual packets clearly stating "Broker/Freight Forwarder" and "Consignee." If multiple containers are present, the containers must be numbered and documents must be included in container number one.

Please refer to the following instructions when preparing documents for shipment to Arctic Cat in the United States:

INVOICE - Include the following information:

- Arctic Cat's part number
- Arctic Cat's complete purchase order number
- Invoice and packing list are required to be in English
- Name and address of the Seller
- Name and address of shipper if different from Seller
- Name and address of the purchaser - Arctic Cat Inc.
- Name and address of ship to if different from purchaser address
- Detailed description of the merchandise in sufficient detail to properly classify the merchandise under United States Customs laws. Always include what the article is and what it is made of.
- Bearing Advise Statement or Bearing Request Form as applicable. Include with the documents package. Also submit the form to the Trade Compliance Department
- Country of Origin
- INCOTERMS - These are not payment terms; these are the terms that determine who will pay what costs and fees during transit and importation; "Incoterms® 2010" (e.g., FCA, CIP, DDP, etc.)
- Name and address of the manufacturer - if applicable
- Name by which each item is known and the grade or quality - if applicable
- Marks and numbers of the packages in which the articles are packed
- Quantities, weights and measures (are required to appear on invoice or packing list)
- Purchase price and currency used for the purchase
- The actual value of goods for sample or no-charge shipment*
- Port of entry - if applicable
- Number the pages of the invoice. For example: page 1 of 3
- Declaration stating, "I declare the articles contained in this shipment are new" or "I declare the articles contained in this shipment are used" as appropriate

***Invoices must not indicate a nominal value for goods, but shall indicate the actual price charged to Arctic Cat, or if shipment is one of multiple shipments required under a single purchase order, the value shall be stated as the actual unit price charged to Arctic Cat for the goods contained in the partial shipment.**

PACKING LIST

- Are required to be in English language
- Are required to cross reference the commercial invoice number
- Marks and numbers on each carton/container
- Quantities by Buyer's item number, size, etc. within each carton/container and "buyer's" purchase order number
- Quantity, weight and measure of each carton/container
- List gross and net weights for all items shipped by carton number with totals for each
- Are required to contain statement concerning packaging material used for shipment or negative declaration relative to solid wood packaging (i.e. "This shipment contains no solid wood packaging materials")
- If shipped as FCL in ocean container, are required to reference the container number and high security seal number affixed at time of loading at the factory

SHIPMENT INSTRUCTIONS

- Use Arctic Cat specified forwarder, if applicable
- If different than forwarder, the Customs Broker, as specified on the Purchase Order or buyer's instruction sheet, is to be shown as the "Notify" party on shipping papers

Import Security Filing (ISF) Pre-Notification Instructions - Mandatory for all Ocean Shipments (Full Container Load & Less than Container Load)

- **ALL ocean shipments destined for US ports require an ISF Pre-Notification.**
- The Pre-Notification shall be submitted a minimum of 72 hours before vessel LOADING. This is to ensure US Customs and Border Protection (US CBP) Importer Security Filing (ISF, commonly referred to as "10+2") is completed, submitted and approved by US CBP on time, as required by US Import Regulations.
- *Effective January 26th, 2010, non-compliance with ISF requirements may result in penalties of \$5,000 USD per violation. Arctic Cat suppliers will be required to meet the costs of any penalty caused by supplier negligence.*

Data Element Definitions

1. **Manufacturer (or supplier) name and address.** Name and address of the entity that last manufactures, assembles, produces, or grows the commodity or name and address of the supplier of the finished goods in the country from which the goods are leaving. In the alternative, the name and address of the manufacturer (or supplier) that is currently required by the import laws, rules and regulations of the U.S. (i.e., entry procedures) may be provided (this is the information that is used to create the existing manufacturer identification (MID) number for entry purposes).
2. **Seller name and address.** Name and address of the last known entity by which the goods were purchased from or agreed to be purchased from. If the goods are to be imported otherwise than in pursuance of a purchase, the name and address of the owner of the goods must be provided.
3. **Buyer name and address.** Name and address of the last known entity to which the goods are sold or agreed to be sold. If the goods are to be imported otherwise than in pursuance of a purchase, the name and address of the owner of the goods must be provided.
4. **Ship to name and address.** Name and address of the first deliver-to party scheduled to physically receive the goods after the goods have been released from Customs' custody.
5. **Container stuffing location.** Name and address(es) of the physical location(s) where the goods were stuffed into the container.
6. **Consolidator (stuffer) name and address.** Name and address of the party who stuffed the container or arranged for the stuffing of the container.
7. **Importer of record number.** The importer of record number for ISF purposes is the same as "importer number" on CBP Form 3461.
8. **Consignee number(s).** IRS number, EIN, SSN, or CBP assigned number of the individual(s) or firm(s) in the U.S. on whose account the merchandise is shipped. This element is the same as the "consignee number" on CBP Form 3461.
9. **Country of origin.** Country of manufacture, production, or growth of the article, based upon the import laws, rules and regulations of the US. This element is the same as the "country of origin" on CBP Form 3461.
10. **HTS number at 6 digit level.** Duty/statistical reporting number under which the article classified in the HTS. The HTS number is required to be provided to the 6 digit level. The HTS number may be provided up to the 10 digit level.

Origin Marking

Customs law requires that at the time of importation, every article of foreign origin or its container must be marked with its country of origin. The country of origin marking requirements are as follows:

- Legible (i.e., easy to read)
- Indelible (i.e., must not fade or smear)
- Permanent (i.e., will not fall off unless deliberately removed)
- Conspicuous (i.e., easy to find)
- In English
- Required to indicate the complete name and address of the "ultimate purchaser" that is generally the last party in the United States who will receive the product in the form in which it was imported.

Questions about the marking requirements should be addressed to Arctic Cat's Trade Compliance Department.

IX. Supplier Portal Website

Arctic Cat has an interactive website available for the supply base to obtain information regarding business procedures, transactions, and view the combined performance between Arctic Cat and the Supplier. It is a complete system in which suppliers can see their requirements, create compliant bar code labels, and submit ASNs (advance shipping notices). Suppliers must have "Microsoft Internet Explorer Version 7" or newer on a personal computer with an operating system of Windows XP or newer. For security purposes, a user ID and case-sensitive password are required to log in. To obtain a user ID and password, contact the Supplier Portal Systems Administrator at spsupport@arcticcatinc.com. A supplier can also contact any member of the Commodity Team to assist in contacting the administrator.

The Supplier Portal Home Page is designed to give a quick visual of key performance measures. These performance indicators are designed as a continuous improvement tool. The graphs display transactions in monthly increments with the details displayed when clicking on the bars.

The Supplier Portal address is: <https://sp.arcticcatinc.com>

A guide entitled **Using the Supplier Portal Website** is available through the link: <https://sp.arcticcatinc.com/help/tutorial.ppt>

Instructions for providing corrective actions are available through the following link: <https://sp.arcticcatinc.com/help/7StepGuide.aspx>.

Arctic Cat updates the requirements on the Supplier Portal nightly. ASNs are absorbed into the system before the MRP run which typically takes place around 11:00 PM Central Time. It is expected that suppliers review the Supplier Portal every business day. This ensures they have the most current information available from Arctic Cat.

The Daily Requirements screen displays a breakdown of the product quantities and the locations to which they need to be shipped. The quantities on this screen can be set to reflect lot sizes or box quantities for production orders. If the box quantities do not exist, contact the appropriate Buyer/Planner so the proper shipment sizes can be entered in the system. Some situations may require discrete quantities to be shipped.

The daily requirements file is designed to "pull" material a specific number of days in advance of the date that Arctic Cat plans to consume the part. The purpose of the advanced pull is to accommodate the travel time, receiving process, and inspection time needed to prepare the product for use. If the request can be filled, the request must be responded to with an ASN. If the requests being issued are not fulfilled and the items need to be expedited, the supplier may be responsible for the shipping charges as well as any costs incurred by Arctic Cat as a result of a line-down situation.

The 52 Week screen is to be used for planning purposes only. It includes a historical look up function that allows suppliers to view historical data. Quantities on the 52 Week are shown in the week they are expected to ship. For more detail, the requirements page is recommended.

In the event a representative from the supplier changes or leaves the organization, it is the responsibility of the supplier to contact the respective buyer to notify them of the required modification.

Again, a guide entitled Using the Supplier Portal Website is available through the link: <https://sp.arcticcatinc.com/help/tutorial.ppt>.

X. Component Producibility Review (CPR) Process

Purpose: To ensure safety, quality, delivery, and cost of newly procured production parts.

Scope: This procedure applies to part numbers at the discretion of the Commodity Team and Project Manager. In addition, this procedure minimally applies to part numbers that meet ALL of the following criteria:

- New part numbers & new suppliers for current production parts
- Requires tooling
- Meet PPAP requirements of Section XIV of the Arctic Cat Supplier Handbook

Team Member Roles:

Commodity Manager - owns the CPR process.

SQE - facilitator of the CPR meeting & form.

Design Engineer - communicate design intent and specifications.

Manufacturing Engineer - provide packaging requirements/suggestions and container size or weight limitations.

Supplier's Sales - ensure the correct pricing and lead time information is listed

Supplier's Production - ensure the product's features and tolerances are manufacturable

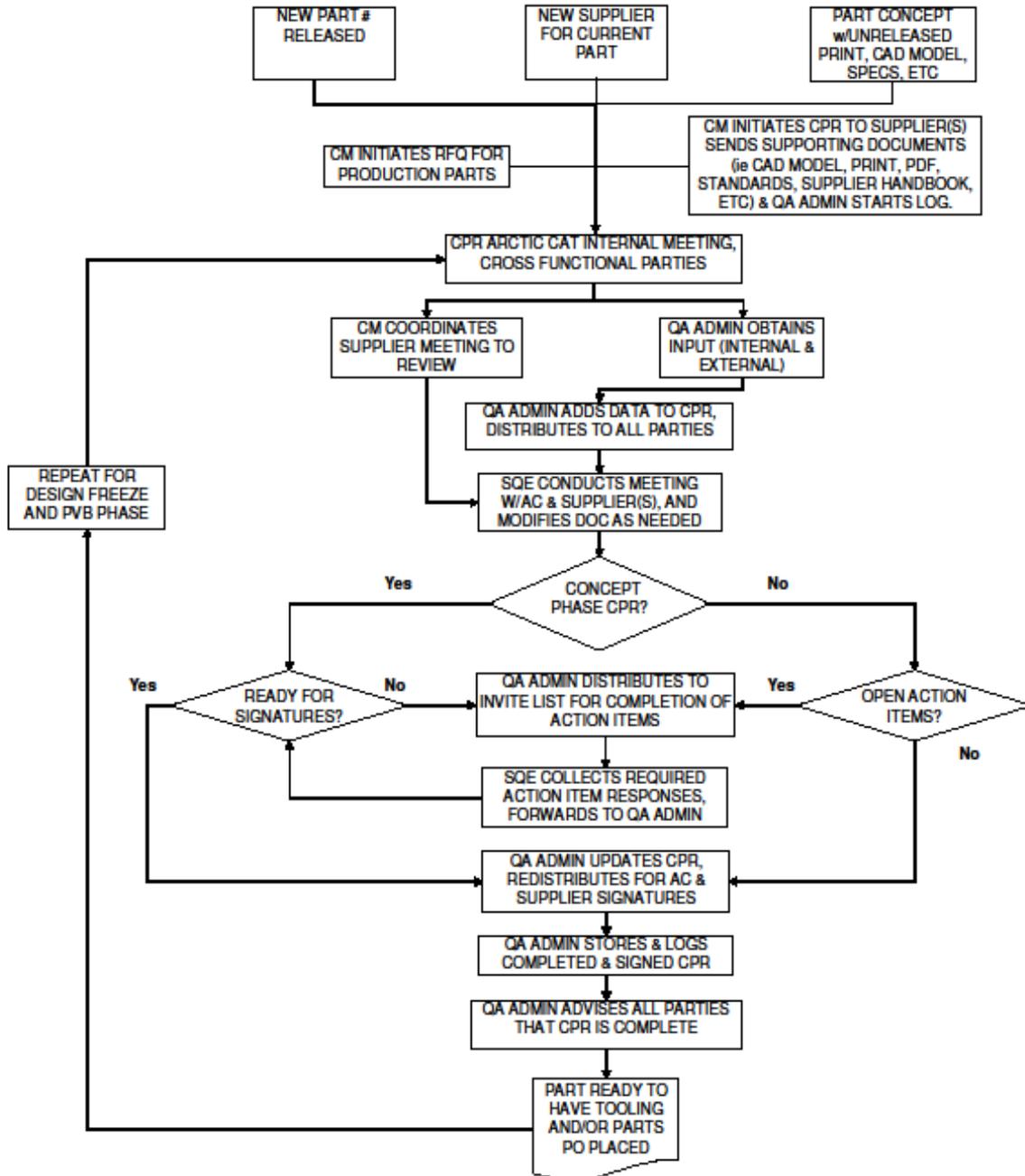
Supplier's Quality - confirm the product requirements are measurable and control measures will exist to ensure rejects will be detected and contained.

Process:

- The process starts with the engineer, through the creation of a print PDF (un-released) and CAD model (zipped). The engineer also emails the Commodity Manager with the details. These un-released print PDF's zipped CAD model will be available through F:\share\Operations Communication\.... Engineering will remove these un-released PDF's & CAD model upon print release.
- The Commodity Manager is responsible to choose the supplier, schedule the meeting, and notify CPR participants (Engineering, Quality, Production and the Supplier). An internal meeting 30 minutes prior to the supplier meeting is recommended.
- The expectation is the CPR meeting will be conducted within 15 working days of the PDF being placed in the un-released directory (2 weeks quote plus 1 week schedule or per project time line). Action Items will be given one week for completion after the CPR meeting has been conducted. If CPRs and quoting activity will take longer than this 4 week time frame, the Commodity Manager will need to consider project deadlines. Attendees should be given at least 2 business day's notice prior to the meeting.
- The Supplier Quality Engineer is responsible to conduct the meeting & ensure thorough completion of the forms. When complete, the forms are forwarded to the QA Administrator at cpr@arcticcatinc.com.
- If a team member cannot attend the CPR meeting, they are responsible to find a stand-in for the meeting.
- At concept phase, sign-off of CPR with open action items is acceptable, at the discretion of the CPR team members. At design freeze & PVB phases, all action items must be completed prior to sign-off.
- The form must be signed by all AC team members and supplier team members prior to a tooling PO being created. At minimum, AC signatures will include Commodity Manager, Design Engineer, & Quality Engineer. At minimum the supplier signatures will include Sales, Production, and Quality. The Commodity Manager will monitor the signatures.

■ **NOTE: CPRs may be combined into part families.**

CPR Flow



cpchart

XI. Current Revision Released Prints

To ensure timely progress it is imperative that suppliers only use the current revision level of Arctic Cats released print when they create tooling, measure parts, or complete any other task associated with the print requirements. Today's technology allows Arctic Cat and our suppliers to communicate very efficiently by sharing electronic files. It is not uncommon for Arctic Cat to share un-released prints with suppliers. This is done to procure prototype parts, receive preliminary pricing, ensure print requirements are within the supplier's capabilities, or a variety of other reasons. The information below allows suppliers to determine if the Arctic Cat print they are viewing is released or not. Non-released prints should be marked as such while they are being evaluated and viewed. Non-released prints (hardcopy or electronic) as well as previous revision levels must be marked obsolete and dated upon receipt of the new released print and retained according to your company's policies on record retention.

Released Print Revision

REVISION					
SYM.	DESCRIPTION	ECN NO.	DR.	DATE	CK.
A	NEW RELEASE	62688	CF	2/21/05	ME

release1

A released revision will have all fields in the revision block filled in. The example above shows a released REV A revision block.

Un-released Print Revision

REVISION					
SYM.	DESCRIPTION	ECN NO.	DR.	DATE	CK.
A	NEW RELEASE				

release2

The above example would be typical of a prototype part. If all of the fields in the revision block are not filled in, the print file is a non-released version and the released print may not match.

XII. Industry Workmanship Standards

In the absence of defined Arctic Cat Specifications, applicable industry standards may be applied.

XIII. Electronic 3D CAD Data Files

All unspecified dimensions for new part number drawings released after August 24, 2009 are to be derived from the 3D CAD model. Not all of Arctic Cat's suppliers use Unigraphics or Pro-Engineer as their native CAD software. This requires Arctic Cat to create and share 3D CAD data files (STEP, Parasolid, etc.) with its suppliers. The following is an outline of how this is accomplished.

1. The title block of the drawing has a cell labeled "CAD MODEL." This cell represents which 3D CAD data file is equivalent to the native Unigraphics or Pro-Engineer CAD file (see figure below).

● CONFIDENTIAL ●			
THIS DOCUMENT AND ALL INFORMATION THEREON REMAINS THE PROPERTY OF ARCTIC CAT INC. AND SHALL NOT BE REPRODUCED WHOLLY OR IN PART, NOR DISCLOSED TO OTHERS WITHOUT SPECIFIC WRITTEN PERMISSION.			
		ARCTIC CAT INC. Thief River Falls, MN 56701	
PART NAME CONSOLE , EF 1			
DWG NO.	3606 - 442	SHEET 1 OF 1	
CAD MODEL	3606 - 442_03	DWG SIZE B	REV. A

titleblock

2. Suppliers shall reference the 3D CAD data file number on any quote that is submitted.

XIV. Print Change Requests (PCR)

Suppliers may find justification to submit a print change request to Arctic Cat. Such requests should be sent to the commodity manager and the release engineer on the print who will determine if the change is acceptable. The names, phone numbers, and e-mail addresses for the release, project, or design engineer's initials listed are available at http://sp.arcticcatinc.com/help/supplier_handbook.aspx or can be obtained from the quality engineer or commodity manager. The initials of the engineer who should be contacted about a part's design are provided in print's title block, which is located on the lower right corner of the drawing. The initials of the "REL ENG.", "PJ ENG.", or "DSGN." are normally provided which will indicate who should be contacted. Effective CPRs should prevent a large number of PCRs because all product requirements should be addressed during the CPR and quoting process. However, cost reduction PCRs are always encouraged. If the PCR is approved, those new requirements do not become active until the ECN for the change is released.

XV. Development Stages and Processes

In the development process, engineers and suppliers will work together in designing prototype and sample parts to be used for research and testing.

Proper procedures must be followed to ensure accurate delivery, quality, timely payments and sample shipments. A Standard Purchase order will be placed for PPAP/ FAIR components. Arctic Cat will include a line item that specifies if Production Part Approval Process (PPAP) or First Article Inspection Report (FAIR) part submission requirements apply.

Special pink colored adhesive labels are to be used as a visual indicator on packages containing PPAP, FAIR, and other not-for-production-inventory parts. The label includes information fields regarding what type of part, the part number, revision level, supplier, an area designated for the recipient of the goods, and a field for the date that the part was to be shipped. The packing slip should accompany the package and reflect the standard PO, part number, quantity, and recipient.

So as to not confuse sample submissions with production parts, Arctic Cat requires sample submissions to be sent in through UPS or other similar expedited means.

ARCTIC CAT **SAMPLE SUBMISSION**
Deliver to: Arctic Cat - Inspection

PPAP/FAIR
 OTHER (Explain) _____

Part Number: _____ Rev: _____
Supplier: _____
PO#: _____
Attn: _____
Date: _____ Qty: _____

p/n 2260-196

PPAPTAG

The definitions for prototype, sample, and production parts are listed below:

Prototype - based off of design specifications to test form, fit, or function. Depending on requirements, there may be nonconformance in materials, dimensions, and/or processes.

Sample - a part of, or selection from something, that shows the quality, style, or nature of the whole.

Production - a part of our selection from something that was shipped with the intention of being used to manufacture a production vehicle, engineering confirmation vehicle, or product validation vehicle.

XVI. PPAP and FAIR Requirements

If the PPAP or FAIR requirements cannot be met for an interim period, a temporary deviation must be submitted and approved prior to scheduling agreement parts being shipped. Additional submission requirements are as follows:

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PPAP

- A PPAP submission shall be completed for all new products (new part numbers, new suppliers, revision changes, etc.) that fall under any of the following categories:
 1. Engine components - All parts which make up the engines Arctic Cat manufactures.
 2. Steering components - Suspension arms, ball joints, bell cranks, spindles, knuckles, hubs, steering posts, handlebars, steering wheels, shock absorbers, springs, skis, tires, wheels, tie rods, tilt steering column, rack and pinion steering gear, and associated hardware.
 3. Brake components - Master cylinders, calipers, brake hoses, rotors, tracks, drop case assemblies, brake levers, emergency brakes, and associated hardware.
 4. Speed control components - Throttle lever, throttle cable, emergency stop switch, and ignition switch.
 5. Fuel - Fuel tank, fuel pumps, fuel hoses, fuel filters, fuel caps, and clamps.
 6. Miscellaneous - Seat belts, canopy, electrical harnesses, and sway bar.

NOTE: The items above are subject to change. Arctic Cat reserves the right to modify the list or require PPAPs for parts not listed when it is deemed appropriate. Contact your respective SQE if additional questions arise.

- PPAP parts shall be produced using the intended production equipment and processes.
- PPAP shall be submitted as soon as reasonable, but no later than 4 weeks prior to the first scheduling agreement demand as indicated by Arctic Cat's Supplier Portal and Supply Chain Department.
- PPAP shall be submitted with 2 marked (ex. A & B or 1 & 2) and measured parts per mold, die, cavity, fixture, etc.
- PPAP shall include a copy of Arctic Cat's print that has all of the features and requirements numbered (i.e., ballooned). The number marked on the print must correlate with the inspection line number used on the supplier's inspection report to audit that feature or requirement.
- The PPAP inspection report shall include a column that indicates what type of measurement tool was used to measure the feature or requirement.
- PPAP shall comply with Level 3 requirements unless otherwise approved by the SQE.
- PFMEA RPN over 100 should be addressed through a documented process.
- General rules and guidelines are per AIAG.
- See the PPAP Process Flow diagram.
- A FAIR submission will not be an acceptable substitute.

FAIR

- FAIRs are required for all production intent products that does not fall under PPAP above. Suppliers that already provide PPAP under their normal system may follow the PPAP rules at their discretion.
- FAIR samples shall be produced using equipment intended for production and processes.
- FAIRs shall be submitted with 2 marked and measured parts per mold, die, cavity, fixture, etc.
- FAIR shall include a copy of Arctic Cat's print that has all of the features and requirements numbered (i.e., ballooned). The number marked on the print must correlate with the inspection line number used on the supplier's inspection report to audit that feature or requirement.
- The inspection reports for the FAIR shall be submitted with the samples.
- FAIRs shall be submitted as soon as reasonable, but no later than 2 weeks prior to the first scheduling agreement demand as indicated by Arctic Cat's Supplier Portal and Supply Chain Department.
- See the FAIR Process Flow diagram.

Engineering Samples

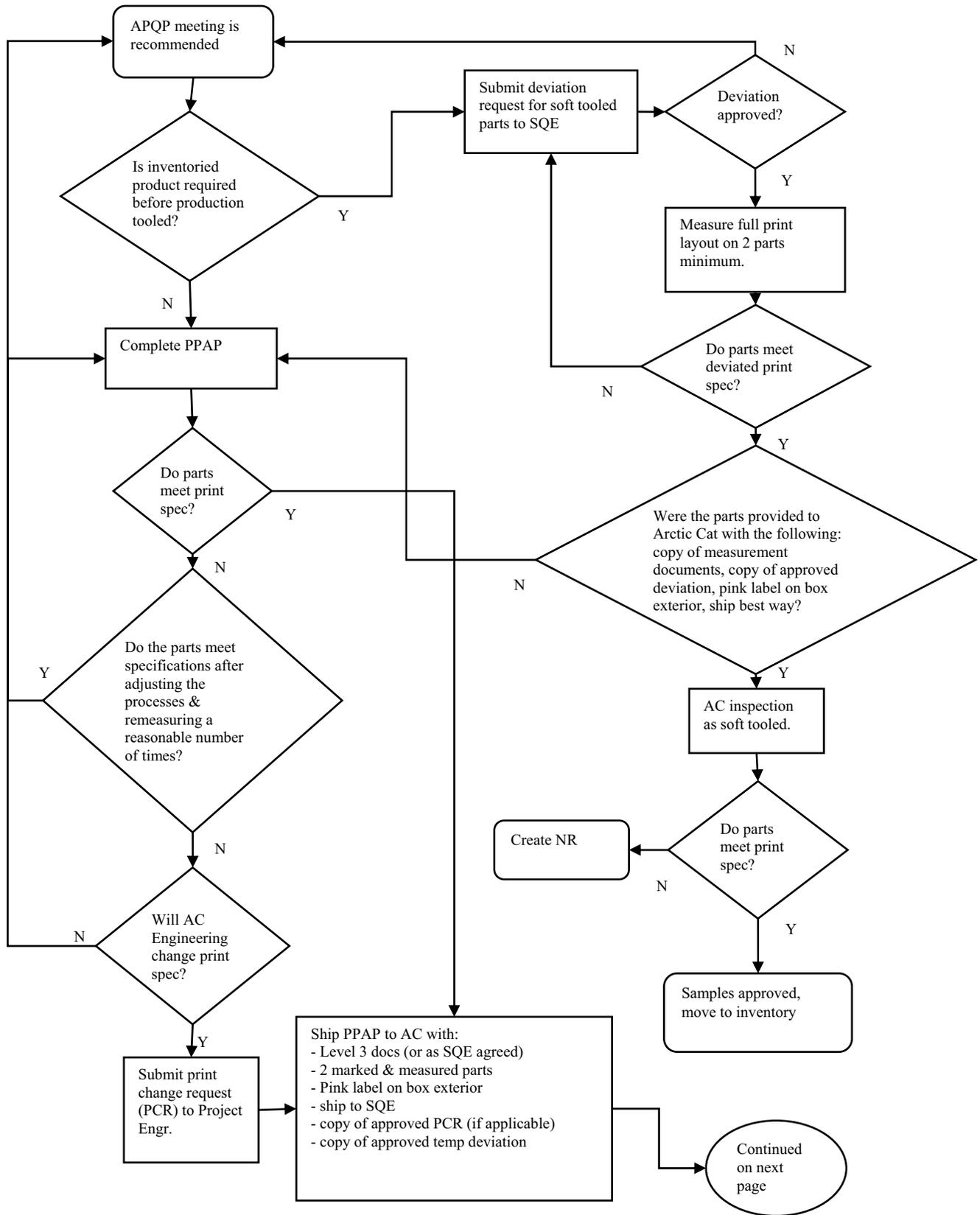
Engineering samples should be sent as follows:

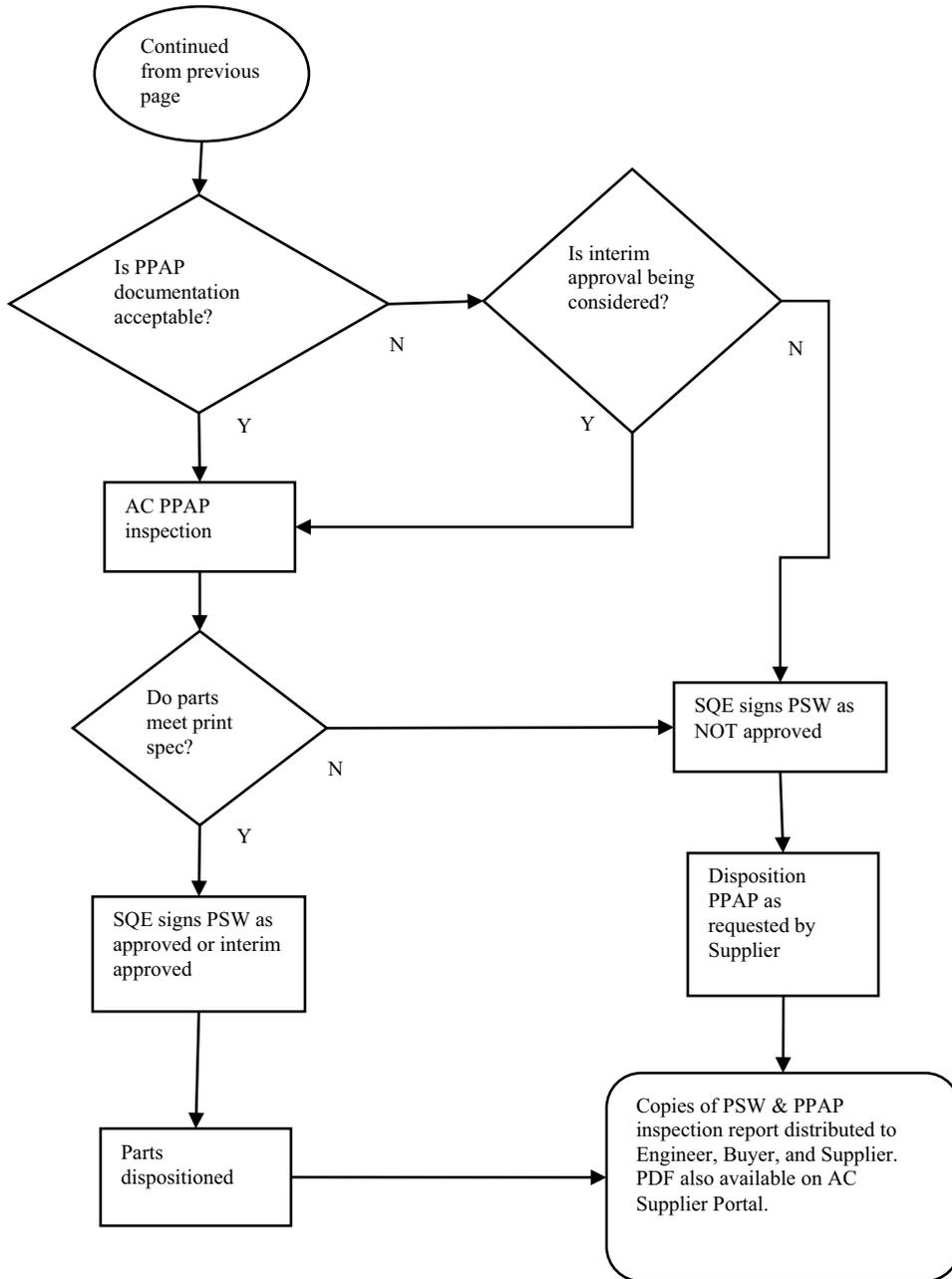
1. Pink label on box to Engineer's attention.
2. DO NOT place Supplier Portal label on box (parts not inventoried).
3. DO NOT ship against an ASN (parts not inventoried).
4. Ship against the standard PO number provided by Arctic Cat's Buyer.
5. Please contact your Buyer for shipping instructions.

Below is a table indicating additional information about the PO type, label requirement, shipping method, and person who should receive samples. This is intended to be a guideline. Specifics should be agreed upon with buyer.

	Charge Account		Supplier Portal Inventory Trans.		Product Label		Carrier - Note as agreed on with the buyer		Attention To			
	ASN/ 600 PO/ 400 PO Scheduling Agreement	Std./ Misc. PO/ 100 PO	Inventory	Non Inventory	Pink Label	Supplier Portal Label	STD Truck (LLC)	Small Package Delivery	Quality Assurance	Supplier Quality Engineer	Engr.? CTR	Product Development Coordinator (POGA)
1st Shot/ Proto ('T' Builds)		X		X	X		X	X			X	
Engr. Approval Test Samples		X		X	X		X	X			X	
PPAP		X		X	X		X	X		X		X
FAIR		X		X	X		X	X	X			X
Show/ PVB/ Pilot		X		X			X	X	X			
Limited Production Run	X	X	X			X	X	X	X			
Production	X	X	X			X	X	X	X			
Accessory & Samples		X		X			X	X	X			X

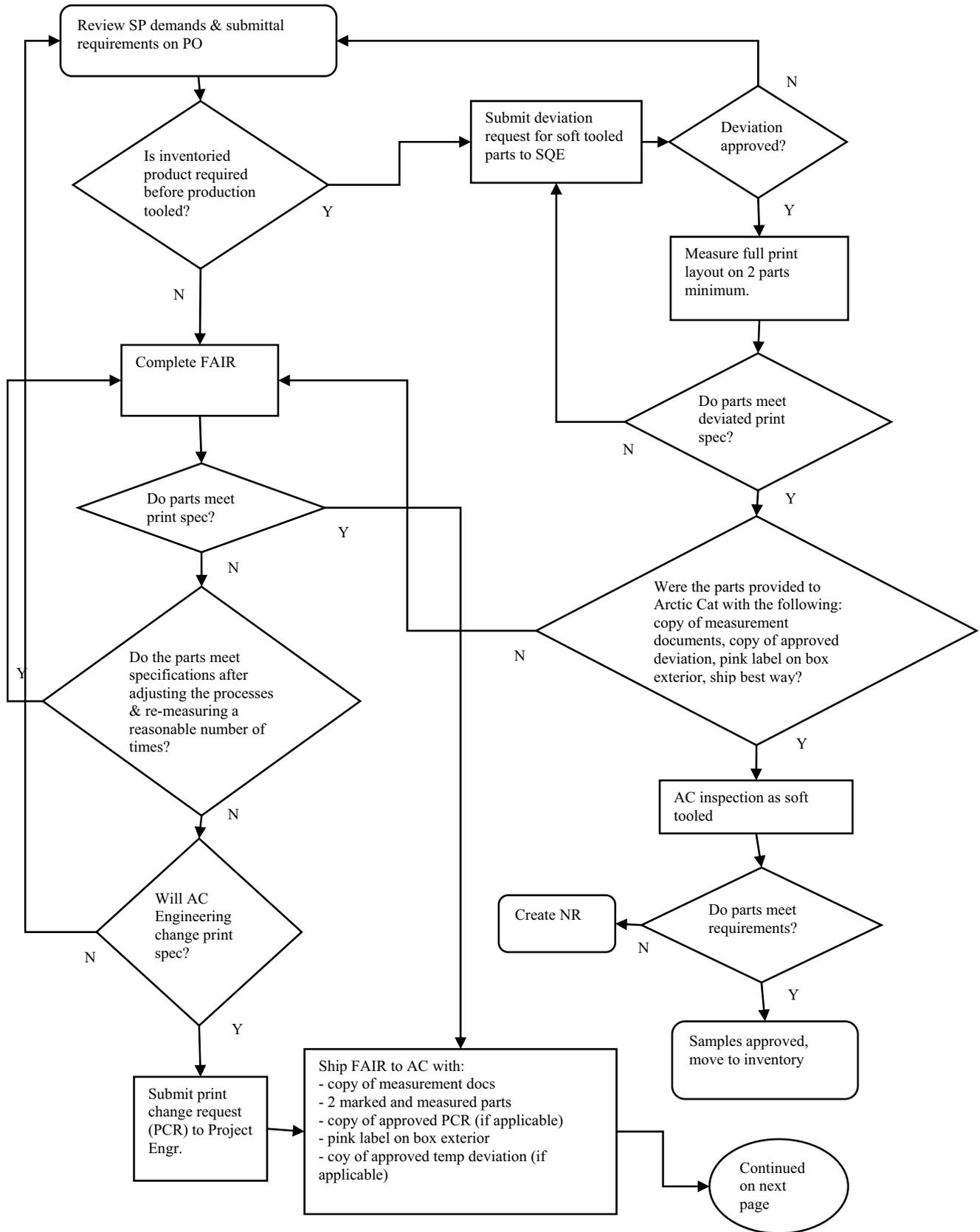
PPAP Flowchart below:

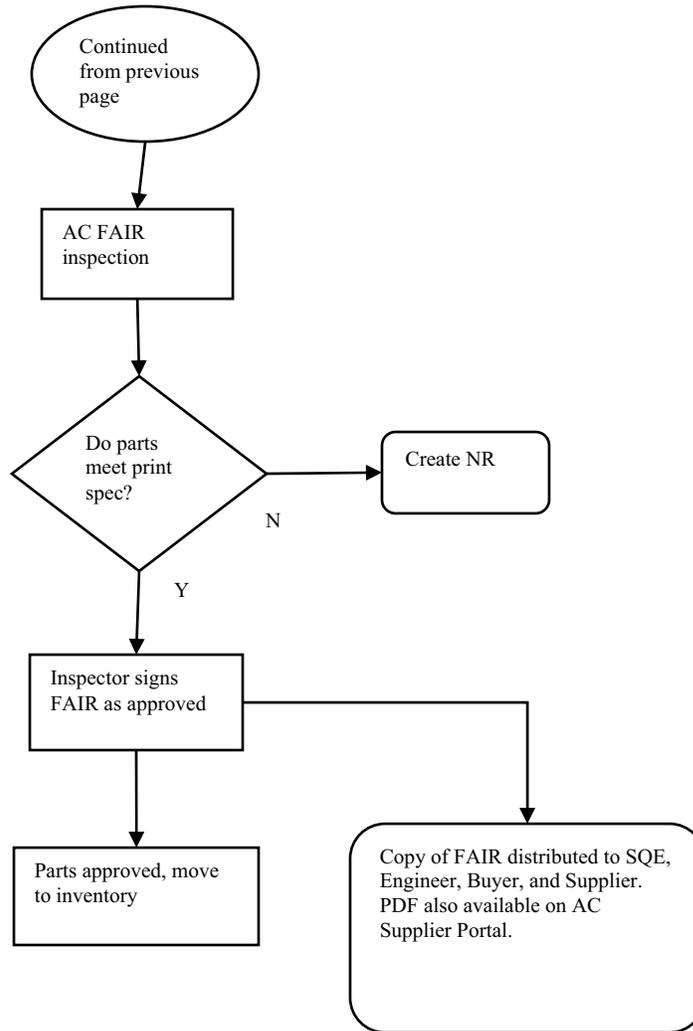




PPAP2

FAIR Flowchart below:





FAIR2

XVII. Statistical Process Control (SPC) and Continuous Improvement Projects

Arctic Cat understands that continuous improvement needs to be a part of all successful businesses. Arctic Cat expects all suppliers practice continuous improvement methodologies in their facilities to allow us jointly to stay competitive.

SPC data and results may be required for any supplier's product which has a history of poor part quality. This is separate from what is needed for the PPAP submission (if applicable) prior to the launch of production. Arctic Cat's SQE will determine when and if this is necessary. Any labor or resources needed to satisfy the SPC requirements will be the supplier's responsibility since poor part quality caused the need. When Supplier parts demonstrate continued problems with conformance the supplier may be required to certify shipments of parts as being 100% inspected and have documentation signed by the Production and or Quality Manager stating all parts meet Arctic Cat specifications.

XVIII. Temporary Deviations (DEV)

Temporary deviation requests may also be submitted when the situation requires. The temporary deviation form must be submitted to the Commodity Manager, Release Engineer, and Quality Engineer for assessment. The form needs to include the Arctic Cat part number affected, the feature(s) involved, range limits of the nonconformance, and requested acceptance criteria. The temporary deviation will need to have approval signatures from those three parties before being reviewed for approval by the Director of Quality or his designee before a deviation number (ex. D00123) is assigned and marked on the form to become effective. There can only be one part number on a deviation and a feature can only be deviated 2 times. Life-of-part deviations and deviations occurring 3 times or more for the same feature/s will not be allowed without Arctic Cat Management approval.

In order to avoid unneeded expenses for both the supplier and Arctic Cat, suppliers shall inform Arctic Cat of any issues as soon as they are known.

XIX. Notices of Rejection (NR)

NRs are created for FAIR, PPAP, PVB, Pilot, and production parts that are found to be nonconforming. The MRB team receives and dispositions all NRs. Supply Chain contacts suppliers about NRs, receives the supplier's disposition preference, receives the RGA # from the supplier, and creates the Returns PO (if applicable). Engineering evaluates if the nonconforming product is fit for use. The Quality Engineer will investigate measurement concerns or technique differences brought to Arctic Cat's attention by the supplier.

If the product is found to be nonconforming and rejectable, the information from the NR along with the MRB team's disposition will be used to create a Notice of Rejection (NR) which is sent to the supplier. NRs are typically emailed to 2 or 3 representatives of that supplier. Due to the need for having a quick short term CA response, it is beneficial that multiple people are in place to react promptly. If e-mail addresses are not available, the NR gets faxed to the supplier.

A \$100 processing fee will be charged to the supplier. The supplier will also be responsible for all rework or sorting operations that need to occur because of nonconforming product delivered by a supplier. The supplier should lead the efforts required to address all nonconforming product. If Arctic Cat is forced to address these nonconformances, manual rework or sort operations will be charged back to the supplier at a \$50/hour rate. Rework or sort operations that need to be completed using Arctic Cat's mill, lathe, CMM, or Gear CMM will be charged back to the supplier at a \$95/hour rate.

All suppliers will be subject to a \$10,000/day production shutdown fee if their part caused the work stoppage. The shutdown could be caused by nonconforming product being at Arctic Cat's facility or it could be due to a late delivery or failure to ship. These fees are used to help recoup a portion of expense Arctic Cat incurs due to lost revenue, overtime paid, efficiency reduction, and increased shipping charges caused by suppliers' nonconforming products. Arctic Cat will work with the supplier to determine an effective cost and quality focused solution when nonconforming products force print requirements to be deviated.

XX. Low Cost and Frequency Program

Purpose: To expedite the process of dispositioning infrequent and/or low dollar value rejected material efficiently. This process is meant to address those parts/components that have not caused any collateral damage and it is clear that the issue belongs to the supplier.

Scope: This process will affect rejected product quantities based upon dollar value and frequencies. Part/s qualifying will be eliminated from inventory without involvement in the NR process (no administrative fee, request for SCAR, NIR or PPM against the supplier). The practice of scrapping parts where the cause of the nonconformance is Arctic Cat will not change.

Part Value	Frequency	Action	Maintain Spreadsheet	Debit Supplier
<= \$1.00	Any	Scrap	Yes	Yes
<= \$5.00	1/day	Scrap	Yes	Yes
<= \$50.00	1/week	Scrap	Yes	Yes

■ **NOTE: Parts causing rework or line down will be evaluated by the SQE for inclusion or exclusion from this process.**

Exception:

In the event a supplier wishes to opt out and have their parts returned for analysis, the normal NR/MRB process and charges shall apply. The supplier must advise Arctic Cat of their desire to have parts returned as a normal course of action prior to discovery of issues.

XXI. Corrective Action (CA) Requirements

All CA's need to be submitted on Arctic Cat's Supplier Portal website, <http://sp.arcticcatinc.com>, following AIAG's 7 Step guidelines. The short-term portion (Steps 1-3) of the CA is required to be submitted within 48 hours. The focus of the short-term CA is containment of nonconforming parts and acknowledgement of the issue. The long-term portion (Steps 4-7) of the CA is required to be submitted within 2 weeks. The long-term portion of the CA needs to identify how the root cause was determined, what the root cause was, how the root cause is being eliminated, and what measures have been implemented to ensure the nonconformance will be detected and contained in the future. Extensions may be granted if they are requested in advance of the due date and pertinent justification is provided.

XXII. Shipping Production and Service Parts

Production and Service Parts orders should be shipped per the Supplier Portal. The requirements for Production and Service parts are displayed on the 52 Week screen for planning purposes. The Requirements page will display these quantities by the exact dates which they need to be shipped. Suppliers need to enter actual ship quantities in the Supplier Portal to generate an ASN number. It is expected that the ASN for a shipment be answered on the same day the product physically ships. For detailed instructions, reference the guide entitled **Using the Supplier Portal Website** available through the link: <https://sp.arcticcatinc.com/help/tutorial.ppt>.

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Production and Service parts being shipped to Arctic Cat should be packaged according to the 0891-005 Supplier Packaging Specification: http://sp.arcticcatinc.com/help/0891-005_A.pdf. A packing slip must accompany all shipments and include the following information.

- Arctic Cat Part Number
- Arctic Cat Part Description
- Quantity
- Scheduling Agreement Number
- Date
- ASN Number

Suppliers must also apply Arctic Cat compliant bar code labels to the packages, pallets, and packing slips. Suppliers should follow instructions for labeling according to the bar code specifications. <http://sp.arcticcatinc.com/help/help/LabelingSpecsRevE.pdf>.

The receiving department at Arctic Cat will review and verify documentation with each shipment delivered. If an error or discrepancy is found during the receiving process, the supplier will be contacted to address the issue. Internally, at Arctic Cat, a Supplier Evaluation Form will be submitted and filed with specific details pertaining to the issue and notes regarding communication. A label having the wrong PO #, no packing list, no part number, wrong quantity, or a bar code that won't scan are all examples of issues that will be noted on the form.

Suppliers must create one master bill of lading (BOL) for each shipment and send two copies with the driver/ carriers. It is not acceptable to ship multiple shipments on the same day on separate BOLs. If a blank BOL is needed to be provided, the Third Party Logistics (3PL) can provide that at the supplier's request. In the event additional costs are incurred due to the lack of proper shipping documents, the supplier will be charged back for the costs.

3PL provided load/tracking number must be included on the BOL provided to the carrier at time of pick up, LTL or truckload alike. 3PL is required to provide instructions back to supplier on shipping method and load/tracking number for each shipment.

Notification that a shipment needs to be scheduled must be made to the 3PL. For those suppliers utilizing the 3PL, the preference is to have the shipment ready by noon.

Variances due to pop-in's and drop-in's are acceptable and acknowledged. As a result, total shipment quantities may vary based on original projection supplied to the 3PL, as long as the 3PL is made aware of the change timely arrangements will be made and processed.

XXIII. Returnable Containers, Dunnage, and Their Cleanliness

Arctic Cat encourages the use of returnable containers for the purpose of shipping production parts whenever it is cost effective. Contact your Commodity Manager for information regarding eligibility and availability.

If the returnables delivered do not allow the supplier's part to meet cleanliness requirements, the situation needs to be documented and shared with the Commodity Manager/Buyer. Special arrangements will need to be made to deal with the situation if it arises.

XXIV. In-House Activities

Arctic Cat enjoys hosting visits by our suppliers at our facility. It is imperative that Arctic Cat's rules be followed so these visits can continue. The main items that need to be followed are:

- No cameras, cell phones with cameras, or any other recording devices are allowed in the manufacturing and assembly areas.
- All visitors must be escorted by an Arctic Cat employee.
- Personal safety equipment must always be worn. Safety glasses must be worn in the plant at all times. Earplugs are also available for those who will be in areas requiring hearing protection.
- Visitors must stay in the allowed areas (i.e., meeting rooms or between the yellow lines of the walking lanes).
- Smoking and tobacco use on Arctic Cat property is prohibited.
- No drugs or alcohol are allowed on Arctic Cat property.
- No firearms are allowed.
- Harassing or unsafe behavior will not be allowed.

XXV. Gifts and Gratuities

Arctic Cat requires that the decisions of its employees not be affected or influenced by having received a business courtesy from a current or prospective supplier. As such, it is Arctic Cat's policy to discourage receipt of business gifts from suppliers. Arctic Cat recognizes that, in certain situations, the exchange of limited, non-cash business courtesies may be appropriate. In such situations, any business gift offered should be of token value, typically defined as not exceeding \$25.

Regarding meals and entertainment, the offer or receipt of infrequent, reasonable and appropriate meals or simple entertainment may be allowed, provided that business is discussed and that the activity has a clear business purpose. Such activity shall not involve travel or overnight lodging paid by the supplier. Any activity that is considered lavish or extravagant is not permitted.

Common sense and good judgment must be exercised, even when involving business-related meals or anything of token value, to avoid any perception of impropriety or conflict of interest.

APPENDIX: Common Acronyms, Abbreviations, and Industry Terms

■ **NOTE: Other meanings may also exist, but these are commonly used in the Powersports Industry.**

A2LA = American Association for Laboratory Accreditation

AC = Arctic Cat

ACAT = Arctic Cat

AFE = Authorization for Expenditure

AQL = Acceptable Quality Level

AIAG = Automotive Industry Action Group

AND = Activity Network Diagram

ANOVA = Analysis of Variance

ANSI = American National Standards Institute

AOQ = Average Outgoing Quality

APICS = American Production and Inventory Control Society (i.e., now The Association for Operations Management)

APQP = Advanced Product Quality Planning

ASME = American Society of Mechanical Engineers

ASN = Advance Shipping Notice

ASQ = American Society for Quality

ASTM = American Society for Testing and Materials

ATV = All-Terrain Vehicle

BB = Black Belt (i.e., Six Sigma)

BoK = Body of Knowledge

BOM = Bill Of Material

CA = Corrective Action

CAD = Computer Aided Drafting or Computer Aided Design

CAE = Computer Aided Engineering

CAM = Computational and Applied Mathematics or Computer Aided Manufacturing

Cal = Calibration

CAR = Corrective Action Report

CBP = Customs and Border Protection (i.e., US Customs)

CBSA = Canada Border Services Agency (i.e., Canadian Customs)

CE = Concurrent Engineering

CFR = Cost and Freight (i.e., Shipping Industry)

CI = Continuous Improvement

CMM = Coordinate Measuring Machine or Computerized Measuring Machine

CMQ/OE = Certified Manager of Quality & Organization Excellence (previously CQM)

CNC = Computerized Numerical Control

CofO = Certificate of Origin

COPQ = Cost of Poor Quality

COQ = Cost of Quality

CP = Control Plan

CPR = Component Producibility Review

CPI = Consumer Price Index or Cost Performance Indicator

Cp = Capability index for stability

Cpk = Capability index for stability and as it relates to the specification limits

CPL = Lower capability index

CPT = Carriage Paid To (i.e., Shipping Industry)

CPU = Upper Capability Index

CQA = Certified Quality Auditor

CQE = Certified Quality Engineer

CQI = Continuous Quality Improvement

CQIA = Certified Quality Improvement Associate

CRM = Customer Relationship Management

CS = Customer Satisfaction

CTL = Cut to Length

C-TPAT = Customs-Trade Partnership Against Terrorism

CUSUM = Cumulative Sum

CY = Calendar Year

DE = Design Engineer

DEV = Temporary Deviation

DFA = Design for Assembly

DFM = Design for Manufacturing

DFT = Demand Flow Technology (note: replaced by Arctic Cat's Supplier Portal)

DFMEA = Design Failure Mode and Effects Analysis

DIN = Deutsches Institut für Normung (i.e., the German Institute for Standardization)

DMADV = Define, Measure, Analyze, Design, and Verify

DMAIC = Define, Measure, Analyze, Improve, and Control

DOD = Department of Defense

DOE = Design of Experiments

EAU = Estimated Annual Usage

ECB = Engineering Confirmation Build (being replaced by PVB)

ECN = Engineering Change Notice

EIN = Employer Identification Number

ENG = Engineer or Engineering

EPAT = Engineering, Supply Chain, Assembly, and Test (pre-PVB)

ERP = Enterprise Resource Planning

EVOP = Evolutionary Operation

EXW = Ex Works (i.e., Shipping Industry)

FAIR = First Article Inspection Report

FCL = Full Container Load

FEA = Finite Element Analysis

FFA = Force Field Analysis

FIM = Full Indicator Movement

FMEA = Failure Mode and Effects Analysis

FOB = Free On Board (i.e., Shipping Industry)

FTA = Fault-Tree Analysis

FTZ = Free Trade Zone

FY = Fiscal Year

G & A = Garments and Accessories

GB = Green Belt (i.e., Six Sigma)

GD&T = Geometric Dimensioning and Tolerancing

GIGO = Garbage-In Garbage-Out

GMP = Good Manufacturing Practice

GR = Goods Receipt

GRR or GR&R = Gage Repeatability and Reproducibility

GST = Goods and Services Tax

HTS = Harmonized Tariff Schedule

KCC = Key Control Characteristic

KPC = Key Product Characteristic

KPI = Key Performance Indicator

NR = Inspection & Disposition Report

IFI = Industrial Fastener Institute

IPPC = International Plant Protection Convention

IR = Inspection Required

IRS = Internal Revenue Service (US Government)

ISF = Import Security Filing

ISIR = Initial Sample Inspection Report

ISM = Institute for Supply Management

ISO = International Organization for Standardization

ISO 9000 = Fundamentals and vocabulary of the Quality Management System

ISO 9001 = Requirements of the Quality Management System

ISO 9004 = Guidelines for performance improvements of the Quality Management System

JIS = Japanese Industrial Standard
JIT = Just in Time

LCL = Lower Control Limit
LCL = Less than Container Load
LMC = Least Material Condition
LSL = Lower Specification Limit
LTL = Lower Tolerance Limit
LTL = Less Than Load (Partial Truckload)
LTPD = Lot Tolerance Percent Defective

Mil-Std = Military Standard
MMC = Maximum Material Condition
MPS = Master Production Schedule
MRB = Material Review Board
MRP = Material Requirements Planning
MSA = Measurement Systems Analysis
MTBF = Mean Time Between Failures
MY = Model Year

n = Sample Size
N = Lot Size
NAFTA = North American Free Trade Agreement
NC = Nonconformance or Nonconforming
NDA = Non-Disclosure Agreement
NDT = Non-Destructive Testing
NIR = No Inspection Required (ship-to-stock)
NIST = National Institute of Standards and Technology
NPI = New Product Introduction
NR = Notice of Rejection

OC = Operating Characteristics (i.e., OC curve)
OEM = Original Equipment Manufacturer

PC = Percent Complete
PC = Personal Computer
PC = Politically Correct
PCR = Print Change Request
PDCA = Plan Do Check Act
PDF = Portable Document Format (i.e., viewable drawing format)
PDSA = Plan Do Study Act
PE = Professional Engineer (US License)
P Eng = Professional Engineer (Canadian License)
PERT = Program Evaluation and Review Technique
PFMEA = Process Failure Mode and Effects Analysis
PG&A = Parts, Garments, & Accessories
PJ ENG = Project Engineer
PM = Preventative Maintenance
PM = Program Manager
PM = Project Manager/Management
PN = Part Number
PO = Purchase Order
Poka Yoke = Fool-Proofing
PPAP = Production Part Approval Process
PPI = Process Performance Indices
PPL = Lower Performance Index
PPM = Parts Per Million. PPM is the quantity of defects per million parts received (PPM = % defective X 10000; ex. 750 PPM = 0.075% defective X 10000).
PPU = Upper Performance Index
PRAT = Process Review and Action Team
PSW = Part Submission Warrant
PVB = Product Validation Build (replaces ECB)

QA = Quality Assurance
QC = Quality Control
QE = Quality Engineer

QFD = Quality Function Deployment
QM = Quality Manager or Quality Management
QMS = Quality Management System
QIS = Quality Information System
QS 9000 = Quality System Requirements (US automotive)
QSS = Quality Systems Survey
Qty = Quantity

R = Range
Ra = Surface Roughness average
RAB = Registrar Accreditation Board
RBS = Resource Breakdown Structure
REID = Re-Identify
REL ENG = Release Engineer
REV = Revision
RFI = Request For Information
RFP = Request For Proposal
RFQ = Request For Quote
RFS = Regardless of Feature Size
RGA = Return Goods Authorization
RMA = Return Materials Authorization
RPO = Returns Purchase Order
RPN = Risk Priority Number
RQL = Rejectable Quality Level
Rt = Surface Roughness total
RTV = Return To Vendor
ROV = Recreational Off-highway Vehicle

S&OP = Sales & Operations Planning
SA = Scheduling Agreement
SAE = Society of Automobile Engineers
SAP = Systems Applications and Products (The business software used at Arctic Cat.)
SCM = Supply Chain Management
SOP = Standard Operating Procedure
SOP = Start of Production
SOW = Statement of Work
SPC = Statistical Process Control
Spec = Specification
SQE = Supplier Quality Engineer
SRM = Supplier Relationship Management
SSN = Social Security Number
STC = St. Cloud, MN 56301
STD = Standard
SWOT = Strengths, Weaknesses, Opportunities, and Threats analysis

Temp Dev = Temporary Deviation
TOC = Theory of Constraints
T&M = Time & Material
TQM = Total Quality Management
TRF = Thief River Falls, MN 56701
TS16949 = Technical Specification - supplemental to ISO 9001

UCL = Upper Control Limit
UOM = Unit of Measure
USL = Upper Specification Limit
UTL = Upper Tolerance Limit

VA = Value Analysis
VAT = Value Added Tax
VE = Value Engineering
VIN = Vehicle Identification Number
VOC = Voice of the Customer

WBS = Work Breakdown Structure
WPM = Wood Packing Materials