



General Terms and Conditions

1. The Contract.

1.1 Offer and Acceptance.

Each purchase requisition that Advantage Engineering Inc. issues ("Purchase Order") is Advantage Engineering Inc.'s offer to purchase the goods and services (collectively, "Products") identified in that Purchase Order. Seller will be deemed to have accepted a Purchase Order as issued (1) if Seller fails to object to it in writing within 10 business days after receipt and has begun or later begins performance under the Purchase Order, or (2) if Seller acknowledges in writing its acceptance of the Purchase Order.

Upon acceptance, the Purchase Order together with these General Terms and Conditions ("General Terms") and any other documents specifically incorporated in the Purchase Order or separately agreed to in writing, such as specifications, drawings, requirements of Advantage Engineering Inc.'s customer, or quality requirements, will become a binding contract between Advantage Engineering Inc. and Seller (collectively, the "Contract"). If within 10 days Seller objects to a Purchase Order or proposes alternate or additional terms, the Purchase Order will become a Contract only if and when Advantage Engineering Inc. and Seller mutually agree in writing, or Seller commences or continues performance under the Purchase Order. Specific terms and conditions on the Purchase Order and the other documents comprising the Contract will take priority over any inconsistent provision in these General Terms.

1.2 Changes.

(a) Advantage Engineering Inc. reserves the right to change the Products, including the design, specifications, engineering level, materials, packaging, testing requirements, shipping date, or time or place of delivery. Seller will promptly make any such change.

(b) Seller will not make any change to the Products or Tiered suppliers except at Advantage Engineering Inc.'s written instruction or with Advantage Engineering Inc.'s written approval. If Seller learns of a possible change to the Products that may reduce costs, improve quality, or otherwise be beneficial to Advantage Engineering Inc., Seller will inform Advantage Engineering Inc. of the possible change.

(c) If a change to Products is approved by Advantage Engineering Inc. pursuant to Section 1.2(b) above, Seller will within 7 business days prior to making a change notify Advantage Engineering Inc. in writing if a change directed or approved by Advantage Engineering Inc. will affect cost or timing and provide substantiation of its claim. If Advantage Engineering Inc. determines that an adjustment is appropriate, Advantage Engineering Inc. and Seller will negotiate in good faith on an equitable price adjustment (up or down), a change in shipping or delivery terms, or other appropriate adjustment.

1.3 Forecasts.

From time to time, Advantage Engineering Inc. may issue forecasts of its anticipated material requirement. The parties acknowledge that any forecast is an estimate only and is subject to change at any time. Seller will not manufacture materials or procure raw materials in excess of that required to fill Advantage Engineering Inc.'s firm releases. Seller acknowledges that notwithstanding any quantity estimates provided, Buyer's requirements are determined largely by Buyer's Customer and consumer demand, and accordingly, Seller may not rely on any estimates, and instead shall reserve enough production capacity for Buyer's actual requirements, regardless of quantity. Firm release is defined as a written order document that is confirmed and not subject to cancellation.

1.4 Blanket Order.

Advantage Engineering Inc. may cancel at any time an order with multiple shipment dates ("Blanket Order") by providing written notice to seller. Advantage Engineering Inc.'s liability is limited to product not yet shipped on an Advantage Engineering Inc. firm release.

2. Products and Services.

2.1 Quantity.

If quantities or delivery schedules are not specified in the Contract, they will be as reasonably determined by Advantage Engineering Inc. and stated in Advantage Engineering Inc.'s firm releases issued to Seller from time to time. Advantage Engineering Inc. may return over-shipments to Seller at Seller's expense. Unless otherwise specifically stated in the Contract, the Contract is not exclusive and Advantage Engineering Inc. may purchase similar products and services from third parties, subject to Section 10.4, unless the Purchase Order expressly states that it is exclusive, 100% requirements, or similar term.

2.2 Current-Model Service Requirements.

During the term of a Contract, Seller will make Products covered by the Contract available to Advantage Engineering Inc. for Advantage Engineering Inc.'s current-model service requirements at the then-current production prices under the Contract plus any additional costs for special packaging, shipping and handling, and other related services.

2.3 Past-Model Service Requirements.

During the ten-year period after Advantage Engineering Inc. completes current model purchases, Seller will sell to Advantage Engineering Inc. to fulfill its past model service and replacement requirements. During the 10 year period after Advantage Engineering Inc. completes current model purchases, Seller will sell Products to Advantage Engineering Inc. to fulfill Advantage Engineering Inc.'s past model service and replacement parts requirements. Unless otherwise agreed to by Advantage Engineering Inc., the price(s) during the first 3 years of this period will be those in effect at the conclusion of current model purchases. For the remainder of this period, the price(s) for goods will be as agreed to by the parties. If the Products are systems or modules, Seller will sell each component or part of the Product for service or replacement purposes under Sections 2.2 and 2.3 at an equitable price that reflects the cost of the component or part less assembly costs, plus a markup commensurate with that on the related Product and any actual cost differential for packaging.

2.4 Advantage Engineering Inc. and Industry Standards and Policies.

Seller will conform to all quality control and other standards and inspection systems as may be established or directed by Advantage Engineering Inc. for the Products. These include without limitation quality control policies and ISO/TS quality systems, health and safety certification and ISO 14001 environmental certification including registration. Seller will also participate in Advantage Engineering Inc.'s supplier quality and development programs. For Products used in motor vehicle manufacturing, Seller agrees to meet the full requirements of industry Production Part Approval Processes (PPAP).

Level 3 PPAP is required for all Products unless:

a.) The parts supplied to Advantage Engineering Inc. are in production on another automotive vehicle platform and have a prior Level 3 PPAP (currently 100% production tooled / 100% production process). In this case a copy of the PSW is required and Advantage Engineering Inc. reserves the right to request further proof of documentation and / or data by Advantage Engineering Inc. SQA.

b.) The Products are interim. In this case, and in lieu of a Level 3 submission, a 100% inspection of all Products, material certifications for each Product, and a control plan is required with EVERY shipment to Advantage Engineering Inc.

Failure to supply this information will result in the rejection of Seller's Products.

c.) This purchase is direct from a distributor in which case a Level 1 PSW (Part Submission Warrant) or equivalent certificate of conformance is required.

PPAP Requirements apply to first shipments of new parts. If Seller has obtained PPAP approval from Advantage Engineering Inc., no further PPAP submissions are necessary unless:

- a.) There is a design change (Advantage Engineering Inc. or Seller driven)
- b.) Production facility or tooling move
- c.) Change of tier 2 or 3 supplier, design, or manufacturing facility

If there is conflict between any part of the above programs or standards and an express provision of these General Terms, these General Terms will control. To the extent any of the standards, policies or systems cited above are amended, supplemented or replaced, Seller's obligations under the Contract will be automatically amended to the same extent.

3. Delivery.

3.1 Packing and Shipment.

Advantage Engineering Inc. may specify the method of transportation and the type and number of packing slips and other documents to be provided with each shipment. Seller will pack and ship Products in accordance with Advantage Engineering Inc.'s instructions, including labeling and hazardous materials instructions. If Advantage Engineering Inc. has not provided packing or shipping instructions, Seller will pack and ship Products in accordance with sound commercial practices. If Seller is required to use Advantage Engineering Inc.'s returnable packaging, Seller will be responsible for cleaning and returning the returnable packaging.

3.2 Delivery Schedules.

Seller will deliver Products in strict accordance with the Contract terms. Unless otherwise stated in the Contract, Products will be delivered F.O.B. to a named point and title will transfer upon receipt of the Products by the freight carrier. If Products are not made ready by Seller for delivery in time to meet Advantage Engineering Inc.'s delivery schedules, the party causing the delay will be responsible for additional costs of any resulting expedited or other special transportation.

4. Reserved.

5. Taxes.

Unless otherwise stated in the Contract, the Contract price includes all applicable federal, state, provincial, and local taxes other than sales, value added, or similar turnover taxes or charges. Seller will separately invoice Advantage Engineering Inc. for any sales, value added, or similar turnover taxes or charges that Seller is required by law to pay or collect from Advantage Engineering Inc.

6. Payment.

6.1 Price.

The purchase price of the Products is on the Purchase Order. Unless otherwise stated in the Contract, the purchase price: (a) is a firm fixed price for the duration of the Contract and not subject to increase for any reason, including increased raw material costs, increased labor or other manufacturing costs, increased development costs, or changes in volumes or program length from those estimated or expected even if there is a requirements Contract; (b) is inclusive of all taxes as provided in Section 5 and any duties applicable to provision of the Products; and (c) is inclusive of all storage, handling, packaging and all other expenses and charges of Seller.

6.2 Invoices.

Unless otherwise stated in the Contract, invoices will be issued on or after delivery of the Products to Advantage Engineering Inc. and payment will be deemed to occur upon mailing of a check to Seller. All payment will be made in the currency of the country of origin, unless otherwise agreed. Seller will, at its expense, comply with Advantage Engineering Inc.'s instructions and policies with respect to the form, content and method for submission of invoices.

6.3 Best Price.

The Seller warrants that the prices for the Products sold to Advantage Engineering Inc. are no less favorable than those that the Seller currently extends to any other customer for the same or similar Products in similar quantities. If the Seller reduces its prices to third parties on the same or similar products during the term of the purchase order for the Products, the Seller will correspondingly reduce the prices charged to Advantage Engineering Inc.

6.4 Set Off.

In addition to any right of setoff or recoupment provided by law, Advantage Engineering Inc. will be entitled at any time to set off or recoup against sums payable by Advantage Engineering Inc. or any of its affiliates to Seller or any of its affiliates any amounts for which Advantage Engineering Inc. determines in good faith the Seller or any of its affiliates is liable to it or any of its affiliates. Advantage Engineering Inc. will consult with Seller prior to any such set off or recoupment.

6.5 Payment Not Acceptance.

Payment for Products will not constitute acceptance of non-conforming Products, nor will it limit or affect any rights or remedies of Advantage Engineering Inc.

6.6 Credits.

Credits or benefits resulting from the Contract, including trade credits, export credits or the refund of duties, taxes, or fees, belong to Advantage Engineering Inc. Seller will provide all information and certificates (including NAFTA Certificates of Origin) necessary to permit Advantage Engineering Inc. to receive these benefits or credits.

7. Product Warranties.

7.1 Seller's Warranties.

(a) Products. In addition to any other express and implied warranties provided by law or otherwise, Seller warrants to Advantage Engineering Inc. and its respective successors and assigns that the Product will:

" Be new and conform to the Contract in all respects;

" Conform to all specifications, drawings, PPAP submissions, samples and other descriptions furnished by Advantage Engineering Inc. or otherwise part of the Contract;

" Be merchantable, free from all defects in design (to the extent designed by Seller), workmanship and materials and be of highest quality and workmanship;

" Be selected, designed (to the extent designed by Seller), manufactured and assembled by Seller based upon Advantage Engineering Inc.'s stated use and be fit and sufficient for the purposes intended by Advantage Engineering Inc.; and

" Conform to all applicable laws (as defined in Section 23.10) in countries where the Product (or goods into which the Product are incorporated) are to be sold, including without limitation, in the case of Product used in connection with the manufacture of motor vehicles, the National Traffic and Motor Vehicle Safety Act, United States motor vehicle safety standards and European Union Directive 2000/53/EC.

(b) Services.

For all services, Seller further warrants that its work will be performed in a professional and workmanlike manner, consistent with all standards and specifications agreed on with Advantage Engineering Inc. and otherwise consistent with industry standards.

(c) No Liens.

Seller also warrants that title to all of Products will be vested in Advantage Engineering Inc. free and clear of any and all liens and encumbrances of any nature.

(d) Future Performance.

All warranties of Seller extend to future performance of the Product and are not modified, waived or discharged by delivery, inspection, tests, acceptance and payment. Advantage Engineering Inc.'s approval of any design, drawing, material, process or specifications will not relieve Seller of these warranties. Seller waives any right to notice of breach.

(e) Other Warranties.

The warranties set forth herein are in addition to any warranties express or implied by law or equity, or otherwise made by the Seller, and shall survive acceptance and payment by Advantage Engineering Inc. and the termination or expiration of the Contract.

(f) Application of Warranties.

Seller agrees that the warranties set forth herein, and otherwise made, express or implied, by law or equity, extend to all Products, notwithstanding the fact that such Products may be produced by any of Seller's own suppliers, including, without limitation, Directed Suppliers, as that term is defined herein, and, therefore, such warranties shall not be disclaimed or otherwise limited in any way due to the fact that any Products have been produced by one of Seller's own suppliers, including, without limitation, Directed Suppliers.

7.2 Rejection.

If defective or non-conforming Products are rejected by Advantage Engineering Inc., the quantities under the Purchase Order will be reduced unless Advantage Engineering Inc. otherwise notifies Seller, and Seller will not replace reduced quantities without a new Purchase Order from Advantage Engineering Inc. Following rejection, Seller will, without prejudice to any other right or remedy of Advantage Engineering Inc., at Advantage Engineering Inc.'s sole discretion and at Seller's sole expense:

" Accept return of the Products to Seller at full invoice price, plus transportation charges; or

" Replace the Products with conforming Products; and

" Correct at any time prior to shipment from Advantage Engineering Inc.'s plant Products that fail to meet the requirements of the Purchase Order.

7.3 Advantage Engineering Inc. Losses.

Seller is liable for all direct, incidental and consequential damages, losses, costs, and expenses incurred by Advantage Engineering Inc. resulting from Seller's failure to deliver conforming and non-defective Products or to comply with the shipping and delivery or other requirements of Advantage Engineering Inc., even if the Seller has cured the failure. This includes but is not limited to compensating Advantage Engineering Inc. for:

" Any amounts charged by customer(s) to Advantage Engineering Inc.;

" All costs of containment, sorting, repair, replacement, cure, cover, or any other costs incurred by Advantage Engineering Inc., determined in such manner and in such amount as reasonably determined by Advantage Engineering Inc.; and

" All costs of any recall campaign, corrective service action, or other voluntary or involuntary action in which Advantage Engineering Inc. or any Customer participates in connection with inclusion of Products in goods sold by Advantage Engineering Inc.

7.4 Corrective Action.

Promptly upon learning of defective or non-conforming Products, Seller will develop, document and implement corrective actions in accordance with all applicable quality control policies and standards of Advantage Engineering Inc. Seller will immediately notify Advantage Engineering Inc. in writing when it becomes aware of any ingredient, component, design or defect in the Products that is or may become harmful to persons or property.

8. Product Liability.

8.1 Indemnification.

Seller agrees to indemnify, defend and hold harmless, reimburse and compensate Advantage Engineering Inc., its affiliates, customers and users of the products sold by Advantage Engineering Inc. (or the products in which they are incorporated) and all of their respective agents, successors and assigns, and each of their shareholders, directors, officers, employers and agents, on demand, (collectively "Indemnified Parties") from and against any and all costs, fees, penalties, expenses, damages (consequential and otherwise), attorneys' fees and all other liabilities and obligations whatsoever ("Losses"), arising out of any third party claim of Advantage Engineering Inc. or any other demand, requirement, or source of exposure to liability or potential liability, which, in whole or in part, arises from or relates to any actual or alleged:

" Defect or non-conformity in the Products;

" Noncompliance by Seller with any of its representations, warranties or obligations under the Contract;

" Negligence or fault of the Seller in connection with the design or manufacture of the Products.

" Recall campaign, corrective service action, or other voluntary or involuntary action in which Advantage Engineering Inc. participates with respect to the Products or products into which the Products are incorporated;

" Any spill, discharge or emission of hazardous wastes or substances which relates, in whole or in part, to the Products;

" Infringement (including claims of direct or contributory infringement or inducement to infringe) of any Intellectual Property Right relating to Products provided by Seller, even if they are made to Advantage Engineering Inc.'s specifications;

" Damages to the property of or personal injuries to Advantage Engineering Inc., its customers, their respective agents, or any other person or entity to the extent arising from or in connection with Seller's work on Advantage Engineering Inc.'s premises or Seller's use of Advantage Engineering Inc.'s property; or

" Challenge to Advantage Engineering Inc.'s sole right, title and interest in the Tooling (as defined below), or right to possession of the Tooling, brought by any third party, including toolmakers, subcontractors, and lending institutions.

8.2 Advantage Engineering Inc. Participation.

If Seller is obligated to indemnify under this section, then Advantage Engineering Inc. may at its option participate in the defense of any claim with its own counsel, at Seller's expense.

8.3 Limitations.

To the maximum extent permitted by applicable law, Seller's obligation under this Section will apply even as to Losses caused in whole or in part by an Indemnified Party's negligence, but Seller's indemnification will not apply to the extent that Losses resulted solely and directly from the negligence or willful misconduct of such Indemnified Party. Seller's obligation to defend and indemnify under this Section will also apply regardless of whether the claim arises in tort, negligence, contract, warranty, strict liability or otherwise. The indemnification obligation under this Section will not be limited in any way by any limitation on the amount or type of damages, compensation or benefits payable by or for the benefit of Seller under Workers' Compensation Acts, occupational disease acts, disability benefits acts or other employee benefits acts.

9. Compliance with Laws.

Seller will comply with applicable laws, rules and regulations of the country where the Products are manufactured or the Services are performed. Seller will provide Advantage Engineering Inc. with material safety data sheets regarding the Products and, upon Advantage Engineering Inc.'s request, will provide Advantage Engineering Inc. with other information reasonably required in order to comply with applicable laws.

10. Intellectual Property Rights.

10.1 Warranty.

Seller warrants that the Products and the sale and/or use thereof (before or after incorporation into products during manufacture) do not and will not infringe any Intellectual Property Rights. "Intellectual Property Rights" means any right arising under Canada, U.S. or foreign law relating to patent, trademark, copyright, moral, industrial design right or misuse or misappropriation of trade secrets.

10.2 Ownership.

If Seller, or any person employed by or working under the direction of Seller, in the performance of the Contract conceives or first reduces to practice: (i) any invention or any experimental, development or research activities, including engineering related thereto, whether or not patentable, (ii) any reduction to practice of any subject matter, application or discovery which could be patented or copyrighted, or (iii) any improvement in the design of the Products or any alternative or improved method of accomplishing the objectives of this Contract (collectively, Inventions), such Inventions will be owned by Advantage Engineering Inc. and be deemed confidential and proprietary property of Advantage Engineering Inc., whether such Inventions or any portions thereof can be copyrighted or patented or not. Seller will immediately disclose all Inventions to Advantage Engineering Inc. and will cooperate (and cause its employees to cooperate) in executing any documents and taking any other actions necessary or convenient to patent, copyright, assign to Advantage Engineering Inc. or otherwise perfect or protect such Inventions for the benefit of Advantage Engineering Inc.

10.3 Products for Third Parties.

Seller will not manufacture or provide, or offer to manufacture or provide, any goods or services that are based in whole or in part upon Inventions, confidential or proprietary information of Advantage Engineering Inc. or intellectual property of Advantage Engineering Inc., whether for its own purposes (other than to satisfy its obligations under this Contract), or any other third parties, without Advantage Engineering Inc.'s prior written consent.

10.4 License to Advantage Engineering Inc.

Seller hereby grants to Advantage Engineering Inc., its subsidiaries and affiliates, and their respective successors and assigns, and Advantage Engineering Inc. hereby accepts, a non-exclusive, irrevocable, royalty-free, fully paid up worldwide license, including the right to sublicense to others in connection with providing the Products to Advantage Engineering Inc., under: (i) any Intellectual Property Rights owned or controlled by Seller or its affiliates, and relating to the Products, to make, have made, repair, reconstruct, rebuild, relocate, use, sell and import the Products, and (ii) any works of authorship fixed in any tangible medium of expression (including drawings, prints, manuals and specifications) furnished by Seller in the course of Seller's activity under this Contract, to reproduce, distribute and display such works and to prepare derivative works based thereon, subject to the other provisions of the Contract (all items in clauses (i) and (ii) above, collectively, "Seller's Intellectual Property"), and such license in respect thereof, the "License"). Seller acknowledges and understands that the License will be effective from the first date of delivery of the Products under this Contract and extend for so long as Advantage Engineering Inc. produces the Product. The License is intended to be subject to 11 USC Section 365(n), as an executory agreement under which Advantage Engineering Inc. has license rights to Seller's Intellectual Property, and is supplementary to any other rights of Advantage Engineering Inc. under this Contract and any other agreement with Seller.

10.5 Seller Employees.

Seller will ensure that the terms of its contracts with its subcontractors and employees are consistent with the terms of this Section.

11. Property.

11.1 Advantage Engineering Inc.'s Property.

(a) Advantage Engineering Inc. will own the tooling, jigs, dies, gauges, fixtures, molds, patterns, supplies, materials, and other equipment and property used by Seller to manufacture, store, and transport Products or provide Services ("Property") if (i) the Property is so designated in the Contract, or (ii) Advantage Engineering Inc. has provided or paid for the Property ("Advantage Engineering Inc.'s Property"). Seller will assign to Advantage Engineering Inc. contract rights or claims in which Seller has an interest with respect to Advantage Engineering Inc.'s Property and execute bills of sale, financing statements, or other documents reasonably requested by Advantage Engineering Inc. to evidence its ownership of Advantage Engineering Inc.'s Property. Seller will indemnify and defend Advantage Engineering Inc. against claims or liens adverse to Advantage Engineering Inc.'s ownership of Advantage Engineering Inc.'s Property except those that result from the acts or omissions of Advantage Engineering Inc. Seller will hold Advantage Engineering Inc.'s Property on a bailment basis and will be responsible for loss or damage to

Advantage Engineering Inc.'s Property while in its possession or control. To the extent permitted by law, Seller waives any lien or similar right it may have with respect to Advantage Engineering Inc.'s Property.

(b) Seller will (i) at its expense maintain Advantage Engineering Inc.'s Property in good condition and repair, normal wear and tear excepted, throughout the useful life of Advantage Engineering Inc.'s Property, (ii) use Advantage Engineering Inc.'s Property only for the manufacture, storage, and transport of Products for Advantage Engineering Inc. unless Advantage Engineering Inc. otherwise approves in writing, (iii) at Advantage Engineering Inc.'s request and expense, mark Advantage Engineering Inc.'s Property as belonging to Advantage Engineering Inc. or its customer, and (iv) not remove Advantage Engineering Inc.'s Property (other than shipping containers and the like) from Seller's premises without Advantage Engineering Inc.'s written approval. All replacement parts, additions, improvements, and accessories to Advantage Engineering Inc.'s Property will become part of Advantage Engineering Inc.'s Property.

(c) Advantage Engineering Inc. will pay for Advantage Engineering Inc.'s Property that it is required to purchase at the amount specified in the Contract or, if no amount is specified in the Contract, at (i) Seller's actual cost of the Advantage Engineering Inc.'s Property, if manufactured by a third party, or (ii) Seller's actual cost of purchased materials, components, and services plus Seller's actual cost of labor and overhead allocable to the Advantage Engineering Inc.'s Property, if manufactured by Seller.

(d) Seller will immediately release to Advantage Engineering Inc. upon request, and Advantage Engineering Inc. may retake immediate possession of, Advantage Engineering Inc.'s Property and other property of Advantage Engineering Inc. at any time, with or without cause and without payment of any kind unless otherwise provided in the Contract. Seller will release the requested Advantage Engineering Inc. Property and other property to Advantage Engineering F.O.B. named location, properly packed and marked in accordance with the requirements of Advantage Engineering Inc.'s carrier. If the release or recovery of Advantage Engineering Inc.'s Property, or other property, renders Seller unable to produce a Product, the release or recovery will be deemed a termination of the Contract with respect to that Product pursuant to Sections 12 or 13, as applicable.

11.2 Seller's Property.

Seller will own all Property that is not Advantage Engineering Inc.'s Property ("Seller's Property"). Seller will at its expense furnish, maintain in good condition, and replace when necessary Seller's Property needed to perform the Contract. While a Contract for Products remains in effect, Advantage Engineering Inc. may purchase Seller's Property used exclusively to produce those Products and not needed by Seller to produce Products or products for other customers, for a purchase price equal to the greater of fair market value or Seller's unamortized acquisition cost. Seller shall release Seller's Property in accordance with Section 11.1(d).

12. Duration and Termination of the Contract

12.1 Duration.

The Contract will be effective on the date specified in the Purchase Order, or if no date is specified, when issued by Advantage Engineering Inc.

12.2 Termination by Either Party.

Either party may elect not to renew the Purchase Order by providing a written notice (a "Termination Notice") to the other party to that effect. The Seller will do so sufficiently in advance of the scheduled expiration date to enable Advantage Engineering Inc. to resource the production of the Product in a timely and orderly manner. In all cases, the Seller will consult with Advantage Engineering Inc.'s production purchasing activity prior to giving its Termination Notice to ensure that it will be timely, and the parties will confirm in writing their agreement to the Seller's written notice period.

If the Seller elects not to renew, it will, if requested by Advantage Engineering Inc.: (a) work diligently with Advantage Engineering Inc. to identify an alternative source of supply that is acceptable to Advantage Engineering Inc.; and (b) identify the Seller's component-part and raw-material Sellers relating to the Products.

Advantage Engineering Inc., at its option, may extend the term of the Purchase Order. The Purchase Order will expire at the end of the Extended Term. Advantage Engineering Inc. will provide Seller with notice of any Extended Term on or before the Initial Term or Renewal Term is set to expire. The written notice will specify the Extended Term (up to four months) and include a volume projection of Advantage Engineering Inc.'s needs. Prices in effect at the end of the Initial Term or Renewal Term and all other terms and conditions will remain in effect during the Extended Term. If a transition period longer than the Extended Term is required, Advantage Engineering Inc. and the Seller will negotiate in good faith the terms and conditions of any extension.

Advantage Engineering Inc. may also terminate for Default, effective upon delivery of a Termination Notice or upon such other date specified by Advantage Engineering Inc. in writing. Seller will be in Default if it (i) breaches any warranty or other Term of the Contract; (ii) repudiates, breaches or threatens to breach any of the terms of the Contract; (iii) fails to deliver, or threatens not to deliver, Products in connection with the Contract; (iv) fails to make progress or to meet reasonable quality requirements so as to endanger timely and proper performance of the Contract; (v) Seller makes an assignment for the benefit of creditors, or proceedings in bankruptcy or insolvency are instituted by or against Seller; (vi) Seller needs accommodations from Advantage Engineering Inc., financial or otherwise, in order to meet its obligations under the Contract; or (vii) at any time in Advantage Engineering Inc.'s sole judgment Seller's financial or other condition or progress on this Contract will be such as to endanger timely performance.

Termination by Advantage Engineering Inc. will not relieve Seller of any liability under the Contract.

12.3 Termination by Seller.

The Seller may terminate this agreement only for non-payment of the purchase price for Products which are 90 or more days past due and material in amount, and then only if: (i) Seller first provides Advantage Engineering Inc. written notice specifying the amounts past due and Seller's intent to terminate the Contract if the past due amount is not paid; and (ii) Advantage Engineering Inc., within 60 days of such notice, does not either: (x) pay the past due amounts; or (y) notify Seller that the amount claimed to be unpaid are disputed by Advantage Engineering Inc. Seller will terminate under this Section by delivering a Termination Notice to Advantage Engineering Inc. Seller may not terminate or cancel the Contract for any reason except as permitted under this Section. Seller may not suspend performance of the Contract for any reason.

12.4 Seller's Obligations Following Termination.

Following delivery of a Termination Notice, Seller will, unless otherwise directed by Advantage Engineering Inc. and subject to its obligation to provide Transition Support as provided in Section 12.8:

- " Terminate promptly all work under this Contract and transfer title and deliver to Advantage Engineering Inc. all finished work completed prior to receipt of the Notice of Termination;
- " Transfer title and deliver to Advantage Engineering Inc. all work in process, and the parts and materials which Seller produced or acquired in accordance with a Contract and which Seller cannot use in producing goods for itself or for others;
- " Verify/settle all claims by subcontractors for actual costs that are rendered unrecoverable by such termination and provided the recovery of materials in Seller's possession is ensured; and
- " Take actions reasonably necessary to protect property in Seller's possession in which Advantage Engineering Inc. has an interest until disposal instruction from Advantage Engineering Inc. has been received.

12.5 Advantage Engineering Inc.'s Obligations Following Termination.

Subject to Section 12.7, Advantage Engineering Inc. will pay to Seller in connection with Termination only the following amounts, without duplication, in complete and final satisfaction of any liabilities relating to the Contract:

- " The purchase price for all conforming Products received by Advantage Engineering Inc. prior to Notice of Termination or delivered following Notice of Termination pursuant to Section 12.4, Section 12.8 or at the written direction of Advantage Engineering Inc.;
- " Any amounts owed for Transition Support pursuant to Section 12.8.
- " If terminated for any reason other than Default by Seller, Seller's reasonable actual cost of: (i) merchantable and useable work-in-process and the parts and materials transferred to Advantage Engineering Inc. under Section 12.4 above (but not to exceed the Contract price of the Products had the work been completed); (ii) settling claims under Section 12.4; and (iii) carrying out its obligation under Section 12.4.

12.6 Advantage Engineering Inc.'s Obligations Following Expiration.

If the Contract expires, Advantage Engineering Inc. will pay to Seller, in complete and final satisfaction of any liabilities relating to the Contract, only the purchase price for all conforming Products received by Advantage Engineering Inc. prior to expiration and, if applicable, any amounts owed for Transition Support pursuant to Section 12.8.

12.7 Limitations on Advantage Engineering Inc.'s Obligations Following Termination or Expiration.

" Advantage Engineering Inc.'s obligations under Section 12.5 are conditioned upon Seller's furnishing to Advantage Engineering Inc., within one month after the date of termination, a termination claim, which will consist exclusively of the items of Advantage Engineering Inc.'s obligation to Seller that are expressly permitted by this Section. Advantage Engineering Inc. may audit Seller's records before or after payment to verify amounts requested in Seller's termination claim.

" Advantage Engineering Inc. will not be obligated to make any payment for Products, work-in-process, parts or raw materials inventory: (i) in excess of those authorized or required under any Material Release, (ii) that are damaged or destroyed or that are not merchantable or useable; (iii) that are in Seller's standard stock or that are readily marketable; or (iv) that can be returned to Seller's suppliers or subcontractors for credit.

" Advantage Engineering Inc. will have no obligation for and will not be required to pay Seller, directly or on account of claims by Seller's subcontractors, for loss of anticipated profit, failure to realize anticipated production volumes, revenues or savings, unabsorbed overhead, interest on claims, product development and engineering costs, tooling, facilities and equipment rearrangement

costs or rental, unamortized capital or depreciation costs, or general administrative burden charges from termination or expiration of the Contract, except as otherwise expressly agreed in a separate Contract issued by Advantage Engineering Inc.

12.8 Transition of Products Following Termination or Expiration.

Following expiration or termination of the Contract by either party for any reason (including termination by Seller) and notwithstanding any claimed or actual breach of any obligation by Advantage Engineering Inc., Seller will cooperate in the transition of supply to a successor supplier, including the following, which will collectively be referred to as "Transition Support": " Seller will continue production and delivery of all Products as ordered by Advantage Engineering Inc., at the prices and other terms stated in the Contract, without premium or other condition, during the entire period reasonably needed by Advantage Engineering Inc. to complete the transition to the alternate supplier(s), such that Seller's action or inaction causes no interruption in Advantage Engineering Inc.'s ability to obtain Products as needed; " At no cost to Advantage Engineering Inc., Seller will promptly provide all requested information and documentation regarding and access to Seller's manufacturing process, including on-site inspections, bill-of-material data, tooling and process detail and samples of Products and components; and " Subject to Seller's actual capacity constraints, Seller will provide special overtime production, storage and/or management of extra inventory of Products, extraordinary packaging and transportation and other special services as expressly requested by Advantage Engineering Inc. in writing. If the transition occurs for reasons other than Seller's termination for Default, Advantage Engineering Inc. will, at the end of the transition period, pay the reasonable, actual cost of the assistance under this Section 12.8, provided that Seller has advised Advantage Engineering Inc. prior to incurring such amounts of its estimate of such costs. If the parties disagree on the cost of Transition Support, Advantage Engineering Inc. will pay the agreed portion to Seller without prejudice to Seller's right to seek to recover any disputed amounts.

13. Default.

13.1 Events of Default.

Time is of the essence and, subject to Section 16, either party will be in "Default" under the Contract if it (a) fails to perform any obligation under the Contract and, if the non-performance can be cured, fails to cure the non-performance within 15 business days after notice from the other party specifying the non-performance, (b) admits in writing its inability to pay its debts as they become due, commences a bankruptcy, insolvency, receivership, or similar proceeding, or makes a general assignment for the benefit of creditors, (c) becomes a debtor in a bankruptcy, insolvency, receivership, or similar proceeding commenced by a third party that is not dismissed within 30 days after commencement, or (d) fails to provide adequate assurance of performance under the Contract within three business days after written demand by the other party.

13.2 Remedies.

(a) Subject to Sections 7 and 8 (which provide the exclusive remedies for breach of warranty, recalls, and product liability) and to the limitations in this Section 13.2, either party may exercise the remedies provided in this Section 13.2, which are cumulative and are in addition to all other rights and remedies available elsewhere in the Contract or by law.

(b) Either party may recover from the other party actual out-of-pocket damages or costs directly caused by the other party's breach of the Contract, regardless of whether the breach subsequently becomes a Default with the passage of time or giving of notice or both. All damages under this Section 13.2 will be reasonably determined based on the nature, type, price, and profitability of the Products or Services, industry practices, and the overall volume, scope, and profitability of other business relationships between Seller and Advantage Engineering Inc.

(c) Upon the occurrence of a Default and while that Default is continuing, the non-defaulting party may terminate the Contract by notice to the defaulting party. If Seller is in Default, Advantage Engineering Inc.'s damages will include the reasonable costs actually incurred to relocate the work to an alternate source, and Advantage Engineering Inc. may purchase completed Products at the Contract price and work-in-process and raw materials at Seller's actual cost. If Advantage Engineering Inc. is in Default, Seller's damages will include the Contract price for completed Products and Services.

(d) If Seller does not release or deliver Advantage Engineering Inc.'s Property or other property of Advantage Engineering Inc. in accordance with Section 11.1(d), Advantage Engineering Inc. may at Seller's cost (i) obtain an immediate court order for possession without notice and without posting a bond, and (ii) enter Seller's premises, with or without legal process, and take immediate possession of Advantage Engineering Inc.'s Property and the other property. To the extent permitted by law, Seller waives any right to object to Advantage Engineering Inc.'s repossession of Advantage Engineering Inc.'s Property and the other property in a bankruptcy or other proceeding.

(e) EXCEPT AS OTHERWISE EXPRESSLY AUTHORIZED IN THE CONTRACT, ALL INDIRECT, SPECIAL, CONSEQUENTIAL (INCLUDING LOST PROFITS OR MARKET SHARE OR DAMAGE TO BRAND VALUE), INCIDENTAL, PUNITIVE, AND EXEMPLARY DAMAGES, WHETHER OR NOT FORESEEABLE, ARE EXCLUDED UNDER THESE GENERAL TERMS TO THE EXTENT PERMITTED BY APPLICABLE LAW.

14. Confidential Information.

Trade secrets, specifications, drawings, notes, instructions, engineering data and analyses, compositions of matter, financial data, and other technical and business data which are supplied or disclosed by Advantage Engineering Inc. or Seller in connection with the Contract, in each case that are marked or otherwise identified as confidential or where their confidential nature is apparent at the time of disclosure ("Confidential Information"), will be deemed confidential and proprietary to, and remain the sole property of, the disclosing party. The receiving party may not disclose Confidential Information or use Confidential Information for any purpose other than as contemplated under the Contract without in each case the written consent of the disclosing party. Confidential Information will not include information that (a) is or becomes generally available to the public other than as a result of a violation of this Section 14 by the receiving party, (b) was obtained by the receiving party on a non-confidential basis from a third party who had the apparent right to disclose it, or (c) is legally required to be disclosed. Advantage Engineering Inc. and Seller will each use the same degree of care to safeguard Confidential Information that it uses to protect its own confidential information from unauthorized access or disclosure (but not less than a reasonable degree of care). Upon request by the disclosing party, the receiving party will promptly return or destroy the original and all copies of Confidential Information received.

15. Assignment and Subcontracting.

This Purchase Order is issued to the Seller, in reliance upon its personal performance of the duties imposed. Without prior written consent of Advantage Engineering Inc., Seller may not: (a) assign the Contract or delegate the performance of its duties hereunder; or (b) assign any accounts receivable from Advantage Engineering Inc. to third parties. Seller will ensure that the terms of its contracts with its sub-suppliers and sub-contractors provide Advantage Engineering Inc. with all of the rights specified in the Contract, including but not limited to Sections 8, 10.4, 11, 12.4, 12.5, 13.2, 14, 22, and 23. Any subcontracting, assignment or delegation does not relieve Seller of any responsibility under this Contract.

16. Excusable Non-Performance.

A delay or failure by either party to perform its obligations under the Contract will be excused, and will not constitute a Default, only if (a) caused by an event or occurrence beyond the reasonable control of that party and without its fault or negligence, including a labor dispute, and (b) the party unable to perform gives notice of the non-performance (including its anticipated duration) to the other party promptly after becoming aware that it has occurred or will occur. If Seller is unable to perform for any reason, Advantage Engineering Inc. may purchase Products and Services from other sources and reduce its purchases from Seller accordingly without liability to Seller. Within three business days after written request by the other party, the non-performing party will provide adequate assurances that the non-performance will not exceed 30 days. If the non-performing party does not provide those assurances, or if the non-performance exceeds 30 days, the other party may terminate the Contract by notice given to the non-performing party before performance resumes.

17. Labor Contracts.

Seller will notify Advantage Engineering Inc. of the contract expiration date at least six months before the expiration of a current labor contract that has not been extended or replaced. Advantage Engineering Inc. may thereafter direct Seller in writing to manufacture up to 30 days of additional inventory of Products, specifying the quantities of Products required and any packaging and storage requirements. Seller will use commercially reasonable efforts to comply with Advantage Engineering Inc.'s written directions prior to expiration of the current labor contract and until the current labor contract has been extended or a new contract completed. By authorizing the additional inventory, Advantage Engineering Inc. commits to buy the entire quantity of conforming Products requested and produced. Seller is responsible for carrying costs and any additional costs of manufacture.

18. Customs.

As specified in Section 6.7, transferable credits or benefits associated with Products purchased, including trade credits, export credits, or rights to the refund of duties, taxes, or fees, belong to Advantage Engineering Inc. unless otherwise prohibited by applicable law. Seller will provide Advantage Engineering Inc. with all information and records relating to the Products necessary for Advantage Engineering Inc. to (a) receive these benefits, credits, and rights, (b) fulfill any customs obligations, origin marking or labeling requirements, and certification or local content reporting requirements, (c) claim preferential duty treatment under applicable trade preference regimes, and (d) participate in any duty deferral or free trade zone programs of the country of import. Seller will obtain all export licenses and authorizations and pay all export taxes, duties, and fees unless otherwise stated in the Contract, in which case Seller will provide all information and records necessary to enable Advantage Engineering Inc. to obtain those export licenses or authorizations.

19. Insurance.

Prior to commencing work on Advantage Engineering Inc.'s premises or utilizing Advantage Engineering Inc.'s equipment (including Advantage Engineering Inc.'s Property), Seller will maintain and upon request furnish to Advantage Engineering Inc. a certificate evidencing (a) general liability insurance with coverage limits reasonably acceptable to Advantage Engineering Inc. and naming Advantage Engineering Inc. as an additional insured, (b) all risk property perils insurance covering the full replacement value of Advantage Engineering Inc.'s equipment while in Seller's care, custody, or control and naming Advantage Engineering Inc. as loss payee, and (c) worker's compensation insurance as required by applicable law.

20. Dispute Resolution.

20.1 Negotiation and Mediation.

Advantage Engineering Inc. and Seller will first endeavor to resolve through good faith negotiations any dispute arising under the Contract. If a dispute cannot be resolved through good faith negotiations within a reasonable time, either party may request non-binding mediation by a mediator approved by both parties or, absent that approval, by the National Center for Dispute Resolution.

20.2 Arbitration.

If mediation fails to resolve the dispute within 30 days after the first mediation session, either party may submit the dispute to binding arbitration by notice to the other party. The arbitration proceedings will be conducted, and a single arbitrator will be selected, in accordance with the rules of the National Center for Dispute Resolution or other rules approved by the parties, and will be governed by the United States Arbitration Act, 9 U.S.C. Sections 1-16, and this Section 20. The arbitration will be conducted at an agreed location or at a location selected by the arbitrator if the parties are unable to agree. The arbitrator will issue a written opinion setting forth the basis for the arbitrator's decision, which may include an award of legal fees and costs. The arbitrator's award will be final and non-appealable absent fraud or manifest error, and judgment on the arbitrator's award may be entered in any court having jurisdiction. While arbitration proceedings are pending, the parties will continue to perform their obligations under the Contract without setoff for any matters being contested in the arbitration proceedings.

20.3 Litigation.

The parties have selected binding arbitration as the sole means to resolve a dispute between them over monetary claims that cannot be resolved through mediation. Either party may pursue through litigation claims that also involve third parties who have not consented to arbitration, claims in litigation commenced by third parties, and claims for injunctive or other non-monetary relief.

21. Tooling.

21.1 Authorized Purchase.

Seller will not purchase any jigs, tooling, patterns, gauges, fixtures and data related to the production or providing of Products for the account of Advantage Engineering Inc. or charge Advantage Engineering Inc. for any tooling except as authorized in a Purchase Order.

21.2 Payment.

If Advantage Engineering Inc. has agreed to compensate Seller for Tooling:

" The price for Tooling set forth in the Purchase Order will be adjusted to credit Advantage Engineering Inc. in the amount, if any, by which the price exceeds Seller's actual cost as verified. If Seller does not provide such access and documentation, Advantage Engineering Inc. may determine in its reasonable discretion an appropriate adjustment. Seller will retain all cost records for a period of two years after receiving final payment of the charges. Seller will provide to Advantage Engineering Inc., as requested, access to Seller's premises and all documentation relating to the Tooling prior and subsequent to payment, to inspect work performed and to verify charges submitted by Seller against the Purchase Order.

" The Seller will be entitled to receive final installment of payment only after it is completed. Tooling is not complete until Seller, at its own expense, has successfully completed all required testing (including, for Tooling used in connection with motor vehicle parts production, completion of the PPAP process) and has submitted all necessary documentation to the satisfaction of Advantage Engineering Inc.

21.3 Seller's Responsibilities.

If Seller is responsible for fabricating or acquiring Tooling, such Tooling will: (a) comply with any specifications provided by Advantage Engineering Inc. (or directed by Advantage Engineering Inc.); (b) be capable of producing Products that satisfy the Purchase Order, including meeting any volume requirements or estimates provided to Seller during the life of the product as well as satisfying the requirements for Service Parts. Seller will provide Tooling progress reports on Advantage Engineering Inc.'s request and will promptly notify Advantage Engineering Inc. in writing if it believes that the Tooling might not be completed by the completion date specified on the Purchase Order.

21.4 Sub-Contracting.

If all or part of the fabrication, modification, repair or refurbishment of Tooling will be subcontracted to a third-party toolmaker, the Seller will: (a) give Advantage Engineering Inc. advance written notice of the identity of the toolmaker and the location of the Tooling; (b) inform the toolmaker in writing that it is a bailee-at-will, through the Seller, of Tooling owned by Advantage Engineering Inc.; (c) be solely responsible for payments to the toolmaker; and (d) include in its purchase order for Tooling a waiver of toolmaker liens. Advantage Engineering Inc. has no obligation to the Seller or subcontractor other than payment to the Seller of the Purchase Order price.

21.5 Notice and Approval.

If the Seller intends to subcontract all or part of the manufacture of the Products to a third-party subcontractor and to locate Tooling on the subcontractor's premises, the Seller will: (a) provide Advantage Engineering Inc. with written notice of the identity of the subcontractor and the location of the Tooling; (b) obtain the prior written permission of Advantage Engineering Inc.; (c) inform the subcontractor in writing that it is a bailee-at-will, through the Seller, of Tooling owned by Advantage Engineering Inc.; and (d) be solely responsible for payments to the subcontractor; and (e) include in its purchase order to the third party a waiver of third party's liens. If a subcontractor brings an action against the Seller for payment of the Tooling, the Seller will not join Advantage Engineering Inc. in the action and shall defend and indemnify Advantage Engineering Inc. if it is joined by the third party in any action.

21.6 Directed Suppliers.

The Contract may include the designation of a third party as a supplier to the Seller of parts or services to be included in the Products ("Directed Supplier"). Such description does not relieve the Seller of any of its obligations under the Contract except that if the description in the Contract includes the price the Seller is to pay the Designated Supplier, the Seller shall not be responsible for negotiating or resolving any disputes with the Designated Supplier related to pricing.

21.7 Advantage Engineering Inc.'s Rights of Possession, Equitable Relief.

Except as set forth herein, Seller will have no interest in the Tooling paid for or to be paid for by Advantage Engineering Inc. except as an at-will bailee. Advantage Engineering Inc. has the right to the sole, unencumbered, unqualified, and absolute possession of the Tooling at any time as elected by Advantage Engineering Inc. In furtherance of this right, Advantage Engineering Inc., in its sole discretion, may at any time (a) request Seller to remove the Tooling, in which case Seller shall immediately prepare it for shipment and redeliver it to the location specified by Advantage Engineering Inc., freight prepaid, in the same condition as originally received by Seller, reasonable wear and tear excepted, provided, however, that Advantage Engineering Inc. will reimburse Seller to the extent such freight cost exceeds the cost of shipping the Tooling from Seller's plant where the Tooling is located to the nearest Advantage Engineering Inc. manufacturing plant; and/or (b) exercise its unconditional right of entry, which Seller hereby gives to Advantage Engineering Inc., to inspect at and remove the Tooling from the premises at which the Tooling is located without liability in trespass for such entry. Any failure by Seller to perform its obligations under this Section beyond the value of the Tooling itself or for which an event of such failure or threatened failure for any reason whatsoever, and in addition to any other remedy to which Advantage Engineering Inc. may be entitled, Advantage Engineering Inc. shall be entitled to institute and prosecute proceedings in a court of competent jurisdiction to obtain temporary and/or permanent injunctive or other equitable relief to enforce any provision hereof without the necessity of posting bond or proof of action injury or damage.

21.8 Insurance and Risk of Loss.

Seller, at its expense, shall procure insurance with reputable and financially responsible insurance companies to insure the Tooling at all times in amounts equal to its full insurable replacement value, with loss payable to Advantage Engineering Inc. While in Seller's possession or control, the Tooling is at Seller's risk of loss, excepting only reasonable wear and use. Seller shall provide a certificate or other evidence of insurance at Owner's request.

21.9 Indemnification and Release.

Except as otherwise prohibited by applicable law, Seller shall defend, indemnify and hold Advantage Engineering Inc. harmless from all claims, actions, causes of action, suits, damages, losses, and expenses of any nature, including but not limited to, attorneys' fees, arising out of the possession, storage, installation, maintenance, use, or control of the Tooling by Seller, its employees, or any subsidiary, subcontractor, or other person, including but not limited to, damages to the Tooling or other property of Advantage Engineering Inc. or the property of others and injuries or death to persons. Seller waives any and all statutory and/or constitutional immunity to which, but for this waiver, it might be entitled in compliance with the workers' compensation laws of the jurisdictions in which Seller is located or under any other employee benefit statutes or similar laws of any jurisdiction.

21.10 Non-Disclosure.

The Tooling and any Confidential Information associated therewith and all intellectual property rights embodied therein, are and shall continue to be treated as confidential and proprietary to Advantage Engineering Inc., and shall be used by Seller so as to prevent disclosure, and are and shall be subject to all patent, proprietary, or other property rights of Advantage Engineering Inc., including without limitation, the rights afforded Advantage Engineering Inc. pursuant to any trade secret statutes or similar laws of any jurisdiction.

Without Advantage Engineering Inc.'s prior written consent, Seller will not disclose, transfer, or loan the Tooling associated therewith to any subsidiary, affiliate, subcontractor, or other person.

21.11 Waiver of Liens.

As a continuing condition of Seller's possession or use of the Tooling, Seller shall ensure that no third party obtains any lien or other right in the Tooling and hereby waives and relinquishes, and agrees to obtain from any third parties who might claim any such lien (including without limitation mechanic's liens) or right, their written waiver and relinquishment of all rights, if any, to any lien or other right of retention whatsoever with respect to the Tooling. To the extent that any common law or statutory provision should be deemed applicable to the Tooling and should confer upon or create in favor of Seller any lien, right, or remedy, whether for work performed on or goods produced with or raw materials ordered in connection with the Tooling, Seller hereby irrevocably waives and relinquishes, for itself and its successors and assigns, any and all such liens, rights, and remedies, agreeing that its rights and remedies are solely as set forth in the General Terms. The provisions of this Section are a bargained consideration essential to Advantage Engineering Inc.'s agreement and to Seller's possession of the Tooling.

21.12 License to Use Tooling Information for Limited Purposes.

Advantage Engineering Inc. hereby grants to Seller a limited, non-exclusive, and non-transferable license to utilize intellectual property relating to the Tooling, whether or not patented or patentable, including without limitation, all designs, drawings, schematics, and blueprints, and any modifications, deviations, improvements, or adaptations thereof, whether by Advantage Engineering Inc., Seller or third party designee (individually and collectively the "Proprietary Materials"), solely for the purposes of manufacturing and using the Tooling solely for the benefit pursuant to Advantage Engineering Inc. Contracts or other written agreements to which Advantage Engineering Inc. is signatory and for no other purpose whatsoever. Seller acknowledges Advantage Engineering Inc.'s proprietary ownership of each of the Proprietary materials. If Advantage Engineering Inc. consents to Seller's disclosure, transfer, or loan of the Tooling or any information (including without limitation, any Proprietary materials associated therewith and all intellectual property rights embodied thereon) associated therewith to any subsidiary, subcontractor, or other person, such consent shall be contingent, in Advantage Engineering Inc.'s sole discretion, upon Advantage Engineering Inc.'s grant to such third party of a limited, non-exclusive, and non-transferable license in the Proprietary Materials, or Seller's grant, with Advantage Engineering Inc.'s permission, to such third party of a limited, non-exclusive, and non-transferable sublicense in the Proprietary Materials. Upon demand by Advantage Engineering Inc. and/or upon possession of the Tooling by Advantage Engineering Inc., or its designee, whichever first occurs, Seller will return to Advantage Engineering Inc. all originals of all materials embodying the Proprietary Materials, in whatever medium or format, and all copies of such originals.

21.13 Option to Purchase.

Seller shall obtain, maintain, and own all Tooling which Advantage Engineering Inc. has not paid for or agreed to pay for ("Seller's Tooling"). Seller grants Advantage Engineering Inc. the right to purchase Seller's Tooling at any time for an amount equal to the lesser of the unamortized or otherwise expended cost of Seller's Tooling as shown in Seller's records used for filing its federal income tax returns or Seller's cost amortized over five years.

22. Limitation of Liability

Advantage Engineering Inc.'s sole liability under the Purchase Order (including its termination, expiration or cancellation) is to pay for the Products in accordance with these General Terms and to pay the specific termination related amounts described in Sections 12.5 and 12.8. In no event will Advantage Engineering Inc. be liable for anticipated profits, interest, penalties or incidental, consequential, punitive, multiple, or exemplary damages or liabilities in connection with the Contract, whether for breach of contract, late payment, property damage, personal injury, illness, or death or otherwise.

23. Miscellaneous.

23.1 Advertising.

During and after the term of the Contract, Seller will not advertise or otherwise disclose its relationship with Advantage Engineering Inc. without Advantage Engineering Inc.'s prior written consent, except as may be required to perform the Contract or as required by law.

23.2 Audit Rights.

Seller will maintain records as necessary to support amounts charged to Advantage Engineering Inc. under the Contract in accordance with Seller's document retention policies. Advantage Engineering Inc. and its representatives may audit Seller's records of transactions completed within one year prior to the audit date, to the extent needed to verify the quantities shipped and that the prices charged match the Contract prices. Any audit will be conducted at Advantage Engineering Inc.'s expense (but will be reimbursed by Seller if the audit uncovers material errors in the amounts charged), at reasonable times, and at Seller's usual place of business.

23.3 Electronic Communication.

Seller will comply with the method of electronic communication specified by Advantage Engineering Inc. in Advantage Engineering Inc.'s request for quotation and confirmed in the Contract, including requirements for electronic funds transfer, purchase order transmission, electronic signature, and communication. Seller will also make commercially reasonable efforts to comply with any modification to Advantage Engineering Inc.'s specified method of electronic communication after the date of the Contract, subject to Section 1.2.

23.4 Relationship of the Parties.

Advantage Engineering Inc. and Seller are independent contractors, and nothing in the Contract makes either party the agent or legal representative of the other party for any purpose. Neither party has authority to assume or create any obligation on behalf of the other party.

23.5 Waiver.

The failure of either party to enforce any right or remedy provided in the Contract or by law on a particular occasion will not be deemed a waiver of that right or remedy on a subsequent occasion or a waiver of any other right or remedy.

23.6 Entire Agreement.

The Contract constitutes the entire agreement between the parties with respect to its subject matter, and supersedes all prior oral or written representations or agreements by the parties with respect to the subject matter of the Contract, including Advantage Engineering Inc.'s request for quotation and Seller's quotation unless specifically incorporated in the Contract. Except as authorized in Section 1.2, no subsequent terms, conditions, understandings, or agreements purporting to modify the terms of the Contract will be binding unless in writing and signed by both parties.

23.7 Severability.

A finding that any provision of the Contract is invalid or unenforceable in any jurisdiction will not affect the validity or enforceability of any other provision of the Contract or the validity or enforceability of that provision in any other jurisdiction.

23.8 Interpretation.

When used in these General Terms, "including" means "including without limitation" and terms defined in the singular include the plural and vice versa.

23.9 Notices.

Any notice or other communication required or permitted in the Contract must be in writing and will be effective on the date of actual receipt if the date of actual receipt is a business day or on the next business day if the date of actual receipt is not a business day.

23.10 Governing Law.

Unless otherwise agreed in writing, the Contract will be governed by and interpreted according to the internal laws of the province of Ontario. The UN Convention on Contracts for the International Sale of Goods will not apply to the Contract. In addition, Seller will comply with all applicable laws, rules, regulations, ordinances or other requirements of any national, state, local, or international body (collectively "Laws") relating to the manufacture, sale, delivery and use of the Products. Upon request, Seller will submit to Advantage Engineering Inc. evidence of such compliance.