



Advanced Engine Management Inc.
2205 126th Street • Hawthorne, California 90250
(310) 484-2322 • Fax (310) 484-0152

UNILATERAL MAXIMUM DISCOUNT POLICY

Non-Direct Retailers

Revised, February 1, 2008

Advanced Engine Management, Inc. (“AEM”) is a manufacturer of high quality performance products for the automotive aftermarket. This high level of quality is a result of significant investments in engineering and manufacturing technology. In an effort to maintain its position as a leader in this market, as well as to allow for its distributors to effectively sell this line, AEM finds it necessary to adopt a Unilateral Maximum Discount Policy on its entire product line. **This policy will be effective February 15, 2008, and will apply to the entire AEM product line.** The policy will be enforced strictly and uniformly.

Any customer engaging in any of the following actions shall be considered in violation of the policy:

1. Advertising any or all of the AEM product line at **retail** prices below AEM's jobber prices in effect at the time the advertising is placed, less 10%.
2. Reselling any or all of the AEM product line at **retail** prices below AEM's jobber prices in effect at the time of the sale, less 10%.

It will be considered a violation of the Policy by AEM if any customer offers to sell AEM products: (i) in conjunction with other products at reduced prices, or (ii) in a “package” or combination along with other discounted services, such that the effect of such combinations and/or packaging would be that the actual selling price of the AEM product line by the customer would be lower than the maximum discount allowed for those products.

3. Failing to permit AEM to audit sale invoices, Product inventory and Product inventory records for sales of the Products within two (2) business of days of request to do so by AEM.
4. Reselling any or all of the AEM product line to any internet reseller who is in non-compliance with the terms of this policy.

AEM will monitor independent and auction sites to identify sites which are in non-compliance and will routinely notify customers of these sites. It is the responsibility of the customer once notified to refrain from selling these resellers.



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In the event of violation, AEM will immediately and indefinitely (but for no less than 90 days) reduce the infringing customer's functional discount by an amount equal to approximately 10% of jobber price.

AEM reserves the right to immediately and indefinitely discontinue selling its products to specific customers who are in violation of the policy. In such cases, AEM shall, without advance notice and without liability, immediately cancel all orders and refuse to accept any new orders for any or all of the Products from said customer.

AEM is not seeking agreement with customers regarding their adherence or compliance with the Policy; each customer must make its own decision whether or not it wishes to comply with the policy. AEM sales personnel have no authority to modify or amend the Policy.

Exceptions

1. AEM reserves the right to occasionally permit sales of its products in connection with promotions for limited periods of time that might otherwise violate the terms of the policy and consider them to be exceptions to the policy.
2. Promotional items, including decals, apparel, posters, planogram cards, etc. are exempted from this policy.
3. AEM will allow 30 days after price increases for those increases to be passed along before there is a conflict with this policy.

While each customer ultimately remains free to advertise or resell the AEM product line at any price it chooses, AEM will be enforcing this Policy uniformly and strictly. AEM will give at least thirty (30) days advance notice of any changes to the policy.