

SHEY SYSTEMS, INC.
GENERAL TERMS AND CONDITIONS OF SALE

The sale by Shey Systems, Inc., an Iowa corporation ("Shey Systems" or "Seller") of any Equipment to any Buyer shall be subject to the following general terms and conditions of sale (the "Terms and Conditions"). Buyer's acceptance of Equipment from Shey Systems confirms Buyer's assent to these Terms and Conditions. Except as otherwise expressly noted on the face page of a purchase order, quotation or invoice accepted in writing by Shey Systems:

1. **Definitions.** The following words and phrases shall have the meanings indicated below:

"Aircraft Parts" means aircraft materials or component parts.

"Buyer" means a Person buying Equipment from Shey Systems.

"Code" means the Iowa Uniform Commercial Code.

"Equipment" means any Aircraft Parts or any other equipment, products, or services, if any, sold by Shey Systems to Buyer.

"FAA" means the United States Federal Aviation Administration.

"JAA" means the Joint Aviation Authorities, an associated body of the European Civil Aviation Conference (ECAC).

"OEM" means original equipment manufacturer.

"Person" means an individual, corporation, limited liability company, partnership, trust or other entity or organization.

"Quotation" means a quotation to sell Equipment issued by Shey Systems.

"Seller" or "Shey Systems" means Shey Systems Inc., an Iowa corporation.

2. **Quotations and Contracts of Sale.** Any quotations issued by Shey Systems to a potential Buyer are subject to the availability of the Equipment and market fluctuations in pricing. All offers to purchase, all purchase orders of Buyer pursuant to Shey Systems' Quotations or otherwise, and all contracts of sale by Shey Systems, are subject to final acceptance by, and are not binding upon Shey Systems, until accepted by Shey Systems at its offices in Hiawatha, Iowa USA. Orders accepted by Shey Systems are not subject to cancellation by Buyer without the written consent of Shey Systems. No representation, promise or condition not set forth in the Terms and Conditions or in a Quotation issued by Shey Systems has been relied upon by Buyer or shall be binding on Shey Systems.

3. **Other Documents; Modifications.** These Terms and Conditions are in lieu of and replace any and all terms and conditions set forth in any documents issued by Buyer, including, without limitation, any purchase orders or specifications. ANY ADDITIONAL, DIFFERENT, OR CONFLICTING TERMS AND CONDITIONS ON ANY SUCH DOCUMENT ISSUED BY BUYER AT ANY TIME ARE HEREBY OBJECTED TO AND REJECTED BY SHEY SYSTEMS, SHALL BE WHOLLY INAPPLICABLE TO ANY SALE MADE BY SHEY SYSTEMS AND SHALL NOT BE BINDING IN ANY WAY ON SHEY SYSTEMS. No modification, waiver or amendment to these Terms and Conditions shall be binding on Shey Systems unless made in a writing expressly stating that it is such a waiver or amendment and signed by Shey Systems at its home office in Hiawatha, Iowa. No conditions, usage of trade, course of dealing or performance, understanding or agreement purporting to modify, vary, explain, or supplement these terms and conditions shall be binding unless hereafter made in writing and signed by Shey Systems at its home office in Hiawatha, Iowa USA.

4. **Price and Payment Terms.** Unless otherwise provided in the Quotation, all prices are quoted FOB, Shey System's office, Hiawatha, Iowa USA. Terms of payment are within Shey Systems' sole discretion and, unless otherwise agreed to by Shey Systems, payment must be received by Shey Systems prior to delivery of Equipment by Shey Systems. Shey Systems may apply any deposit or prepayment from Buyer against the purchase price of any Equipment acquired by Buyer from Shey, upon delivery of such Equipment. Unless otherwise agreed in writing by Shey Systems, the purchase price is stated and must be paid in United States Dollars. If credit terms have been agreed to by Shey Systems, invoices are due and payable within thirty (30) days after the date of the invoice unless otherwise noted on the face page of the Quotation or on Shey Systems' invoice. Shey Systems may invoice parts of an order separately. Buyer agrees to pay interest on all past-due sums at the lesser of 1.5% per month or the highest rate allowed by law, and to pay all costs of collection, including costs of litigation and reasonable attorney's fees incurred by Shey Systems.

5. **Shipping, Title and Risk of Loss.** Stated shipment and delivery schedules or dates are estimates only and not a commitment or guaranty by Shey Systems as to shipment or delivery on specific dates. All shipments are made FBO Shey Systems' offices, in Hiawatha, Iowa. Title and risk of loss shall pass to Buyer upon delivery to the carrier by Shey Systems (or its agent) for shipment to Buyer. Common carrier shipping will be prepaid and added to Buyers invoice. All material is carefully packed for shipment and Shey Systems shall not be responsible for loss, delay or breakage in shipment. Separate charges for freight, shipping and handling will be shown on Shey Systems' invoice(s). All claims for breakage, loss delay and damage must be made to the carrier. In the absence of directions, Equipment will be shipped by the method and via carrier Shey Systems believes dependable.

6. **Taxes.** Sales prices do not include, and Buyer is responsible for and agrees to pay (unless Buyer shall provide Shey Systems at the time an order is submitted with exemption certificate or other documents acceptable to taxing or custom authorities), all sales, use, value added, excise and all other federal, state or local or foreign taxes, import or customs fees and duties associated with an order, however designated, except for taxes on the net income of Shey Systems. If applicable, a separate charge for taxes may

be shown on Shey Systems' invoice.

7. Governmental Regulations and Certifications.

(a) Any order accepted by the Shey Systems, and any Contract of Sale as the result thereof, is at all times subject to Governmental proclamations, laws and regulations now or hereafter in effect, including all applicable rulings and requirements of the FAA and JAA.

(b) With or prior to the time of delivery of the Equipment which are Aircraft parts to Buyer, Shey Systems shall use commercially reasonable efforts to provide Buyer the following documentation, as applicable, if possible:

(1) For each Aircraft Part, a "non incident statement" from each Person having ownership of the Aircraft Part back to an FAA approved or certified source, duly signed by an authorized representative of each such former owner of the Aircraft Part, and in a form reasonably acceptable to Buyer and reflecting the part number and serial number of the Aircraft Part and stating that the Aircraft Part has not been involved in or exposed to any incident.

(2) For each Aircraft Part, an applicable FAA or JAA certification from the OEM or FAA or JAA approved repair facility.

(3) For each Aircraft Part, a completed "Material Traceability Certification" in a form reasonably acceptable to Buyer, so that the Aircraft Part is traceable to an FAA or JAA approved or certified source, with traceability substantiated by documentation such as *packing list, invoice, material certification, and identification tag*.

(4) For all Airworthiness Directives ("AD") that have been accomplished, a certificate of compliance specifying AD number, AD amendment number, date, and method of compliance.

(5) For Life Limited material, documentation back to birth confirming life limited status, including remaining cycles or hours.

(6) For Serviceable, Overhauled or Modified Aircraft Parts, an FAA 8130-3, JAA Form 1, 24-0078 or equivalent.

8. Governmental Authorizations and Export Compliance. In all cases, Buyer shall be the importer or exporter of record and shall be responsible for timely obtaining any required governmental authorization such as import license, export license, exchange permit or any other required governmental authorization. If Buyer asks Shey Systems to assist, Buyer shall pay Shey Systems for such services and Buyer shall remain importer or exporter of record. Shey Systems shall not be liable if any authorization is delayed, denied, revoked, restricted, or not renewed and Buyer shall not be relieved of its obligations to pay for the Equipment or such services rendered. All Equipment delivered by Shey Systems shall at all times be subject to the U.S. Export Administration Regulations and/or International Traffic in Arms Regulation and/or the Customs Regulations and laws of the U.S.A. Buyer agrees not to dispose of U.S. origin items provided by Shey Systems other than in and to the country of ultimate destination specified in Buyer's purchase order and/or approved government license(s) or authorization(s), except as said laws and regulations may permit. With respect to any item of Equipment sold by Shey Systems to Buyer that is subject to US export controls, Shey Systems' invoice shall reflect and Buyer agrees as follows: *"These items are controlled by the U.S. Government and authorized for export only to the country of ultimate destination for use by the ultimate consignee or end-user(s) herein identified. They may not be resold, transferred, or otherwise disposed of, to any other country or to any person other than the authorized ultimate consignee or end-user(s), either in their original form or after being incorporated into other items, without first obtaining approval from the U.S. government or as otherwise authorized by U.S. law and regulations."*

9. Security Interest. If Equipment is sold to Buyer on credit, Buyer hereby grants Shey Systems a purchase money security interest in such Equipment, and in all attachments, accessories, improvements, replacements and proceeds, including insurance proceeds, resulting from any sale, assignment or other conveyance, or damage or destruction thereof (collectively, the "Collateral"), as security for the payment of all indebtedness of Buyer to Shey Systems. Buyer further grants Shey Systems the authority to file one or more financing statements in such governmental offices as Shey Systems deems appropriate naming Buyer as Debtor and Shey Systems as Secured Party and describing the Collateral to make the security interest of Shey Systems in the Equipment a matter of public record in the United States or any other jurisdiction or country, or to note the security interest on any certificate of title evidencing ownership of the Equipment. Shey Systems shall have all the rights and remedies of a secured party under the Iowa Uniform Commercial Code which rights and remedies, to the extent permitted by law, shall be cumulative.

10. Disclaimer of Warranties. Except as specifically noted, ALL EQUIPMENT IS SOLD BY SHEY SYSTEMS "AS IS" AND "WITH ALL FAULTS" AND SHEY SYSTEMS DISCLAIMS ALL WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION, ANY WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR NONINFRINGEMENT WITH RESPECT TO SUCH EQUIPMENT. This provision does not affect any warranties that may be

provided by the OEM of, or a repair facility for the Equipment. Shey Systems hereby assigns to Buyer all OEM or repair facility warranties applicable to the Equipment, provided that if there is an OEM or repair facility warranty with respect to Equipment acquired by Buyer from Shey Systems, Buyer must first notify Shey Systems in order to take advantage of any OEM or repair facility warranty, and Shey Systems may require the Buyer to return the Equipment to Shey Systems or allow Shey Systems to coordinate the OEM or repair facility warranty work. Any warranty provided by the OEM or repair facility used by Shey Systems with respect to the Equipment sold to Buyer, or the assignment thereof by Shey Systems, is voided if Buyer fails to so notify Shey Systems or if Buyer uses a different repair facility. Under no circumstances shall Shey Systems be responsible for the cost of any repair work incurred after the sale and delivery of such Equipment to Buyer. No salesperson or other representative of Shey Systems or any other person, firm or corporation is authorized to make any other representation, guarantee or warranty on behalf of Shey Systems, express or implied.

11. **Limitation of Liability.** UNDER NO CIRCUMSTANCES SHALL SHEY SYSTEMS, ITS DIRECTORS, OFFICERS, EMPLOYEES OR AGENTS BE LIABLE TO BUYER OR ANYONE ELSE FOR ANY INDIRECT, CONSEQUENTIAL, SPECIAL, INCIDENTAL, PUNITIVE, OR EXEMPLARY DAMAGES OF ANY KIND (INCLUDING LOST REVENUES OR PROFITS OR LOSS OF BUSINESS) RESULTING FROM THE SALE OF EQUIPMENT TO BUYER, OR FROM THE FURNISHING, PERFORMANCE, INSTALLATION OR USE OF ANY PRODUCTS OR SERVICES SOLD OR PROVIDED BY SHEY SYSTEMS, WHETHER DUE TO A BREACH OF CONTRACT, BREACH OF WARRANTY, OR THE NEGLIGENCE OF SHEY SYSTEMS OR ANY OTHER PARTY, EVEN IF SHEY SYSTEMS IS ADVISED BEFOREHAND OF THE POSSIBILITY OF SUCH DAMAGES. Notwithstanding any other provision or term of this contract, the limit of Shey Systems' liability with respect to this transaction or with respect to the Equipment which is the subject hereof, regardless of the form of the claim or cause of action (whether based in contract, infringement, negligence, strict liability, other tort or otherwise) shall be the contract price of the specific piece of Equipment supplied by Shey Systems giving rise to the claim or cause of action. The foregoing is intended as a complete allocation of the risks between the parties. Because the bargain struck and the price paid reflect such allocation this limitation upon remedies will not have failed of its essential purpose. Any claim brought against Shey Systems by Buyer must be brought within one year of the date of delivery of title to the Equipment as provided in Section 5.

12. **Force Majeure.** Shey Systems shall not be liable for any delay in performance directly or indirectly caused by or resulting from acts of nature, fire, flood, accident, riot, war, government intervention, terrorist attacks, embargoes, strikes, labor difficulties, equipment failure, late deliveries by suppliers or manufacturers or other difficulties which are beyond the control, and without the fault or gross negligence of Shey Systems, and Shey Systems shall have the right to cancel a contract of sale or to extend the shipping date in the event that one or more of such contingencies prevent or delay shipments.

13. **Indemnity.** Buyer shall indemnify and hold Shey Systems, its directors, officers, employees and agents harmless from any and all claims, actions, suits, proceedings, costs, expenses, damages, and liabilities, and expenses, including reasonable attorney fees, arising out of, connected with, or resulting from any loss of, damage to, or destruction of any property or any injury to or death of any person arising from the storage, use, operation, repair, maintenance or disposition of any Equipment sold or provided to Buyer by Shey Systems.

14. **Governing Law.** Any Contract of Sale between Shey Systems and Buyer shall be governed in accordance with the law of the State of Iowa (without regard to conflict of laws principles), and the applicable federal laws of the United States. For greater certainty, the United Nations Convention on Contracts for the International Sale of Equipment shall not apply. Buyer agrees that any action or proceeding seeking to enforce any provision of, or based on any right arising out of, any Contract of Sale between Shey Systems and Buyer may be brought only and exclusively in the United States or Iowa courts located in Linn County, Iowa, USA, and Seller and Buyer consent to the jurisdiction of such courts in any such action or proceeding and waive any objection to venue laid therein. Process in any action or proceeding referred to in the preceding sentence may be served on any party anywhere in the world.

15. **Severability.** In the event that any provision of these Terms and Conditions is determined to be unenforceable or invalid, such provision shall nonetheless be enforced to the fullest extent permitted by applicable law, and such determination shall not affect the validity and enforceability of any other remaining provisions.

16. **Miscellaneous.** The provisions contained in the Quotation, together with these Terms and Conditions (a) contain the entire agreement between Shey Systems and Buyer relating to the sale of Equipment by Shey Systems to Buyer, (b) does not create a partnership or joint venture relationship between the parties, and (c) shall be binding upon and inure to the benefit of the heirs, successors and permitted assigns of the parties. The paragraph headings contained herein are for the convenience of reference only and shall not be construed so as to affect the interpretation or construction of any substantive provision hereof.