



INVENTORY  
MARKETING AND SALES  
PROPOSAL

PREPARED FOR

(DOC2E)



## INVENTORY, MARKETING AND SALES AGREEMENT

THIS INVENTORY, MARKETING AND SALES AGREEMENT (hereinafter called "Agreement"), dated this \_\_\_\_\_ day of \_\_\_\_\_ 200\_\_ between SPECTRUM AEROSPACE, INC., a corporation formed under the laws of the state of Arizona, having its place of business at 615 W Knox Road, Tempe, Arizona (hereinafter called "Consignee"), and ----- AIRLINES, a corporation formed under the laws of the state of Arizona having its place of business at ----- (hereinafter called "Consignor").

### W I T N E S S E T H

WHEREAS, Consignor may have, during the term of this Agreement, the inventories of new, serviceable, and/or repairable commercial aircraft spare parts and engine spare parts in excess of its requirements, which Consignor may elect to consign to Consignee.

WHEREAS, Consignee has experienced and capable administrative, marketing, sales and technical personnel who engage in the marketing and selling of commercial aircraft parts, engines and related material.

NOW, THEREFORE, in consideration of the mutual promised hereinafter contained, the parties hereto agree as follows:

1. DEFINITIONS. The following terms shall have the following meanings for all purposes of this Agreement.
  - A. "MATERIAL" shall mean commercial aircraft spares parts, engines and engine spare parts and any appliances, parts instruments, tooling accessories, or other equipment of whatever nature, which may be incorporated to a commercial aircraft but exclusive of assembled aircraft.
  - B. "EXPENDABLES" shall mean various components of aircraft and parts thereof conforming to the best of Consignor's knowledge in all respects to the relevant designs, drawings and specifications of the original manufacturer and which have not at any time after their initial acceptance by original or subsequent owner been applied to their intended use by installation or operation.



- C. "ROTABLES" shall mean various components of aircraft and parts thereof conforming as in 1 (A), which have been applied to their intended use by installation or operation on one or more occasions after their initial acceptance by original purchaser. These parts may have been so inspected or repaired or reworked in conformity with methods, processes and tolerances approved by the original manufacturer or the Federal Aviation Administration as to be in such condition at the time of shipment by Consignor to Consignee as would in the opinion and to the best knowledge of the owner render such parts fit and proper, serviceable or repairable to again be applied to their intended use as specified by the original manufacturer. In addition to and Material fitting this description, this category shall also include other such items as: 1) auxiliary power units, 2) landing gear assemblies, 3) flight surface assemblies or 4) propeller assemblies.
- D. "TOOLING/GROUND EQUIPMENT" shall mean any Material used for the testing, repair, overhaul or servicing of any aircraft or it's components, including but not limited to tools, tow bars, tugs, trucks, carts or test equipment.
- E. "NET SALES PRICE" shall mean the invoice charge for the individual unit or lot sold by Consignee, less any overhaul and certification costs attributed to the unit or lot and incurred by Consignee for purposes of sale; provided, however, in no event shall "Net Sales Price" be less than zero dollars. Shipping charges, sales or use taxes, customs and duties applicable to sales are to be itemized separately on each invoice and shall not be included in the determination of "Net Sales Price".
2. AGREEMENT TO INVENTORY, MARKET AND SELL. The Consignee agrees to receive and maintain upon it's premises such stock of Material as the Consignor may from time to time consider in it's own interest to place in the custody of Consignee under the conditions herein until such time as they may be disposed of by sale by Consignee, or as may otherwise be hereinafter provided. The Material shall be stored in bins and shelves provided by Consignee and in a manner and area acceptable to Consignor. The Material shall be clearly identified from other property owned by Consignee or others and shall not be removed from storage area unless withdrawn for sale. The Material shall at all times be stored and maintained by Consignee in accordance with customary aircraft spare parts standards to prevent damage or abnormal deterioration. Consignee shall also maintain inventory records to the satisfaction of the Consignor and shall ensure access thereto by Consignor's representatives at all reasonable times.
3. TERMS OF THE AGREEMENT. The term of this agreement shall commence on the date hereof and shall remain in effect for a period of 60 months.



4. SALES. The Consignee shall use it's industry experience, contacts and communications to sell such consigned Material at Competitive market prices.
- A. OVERHAUL, REPAIR, MODIFICATION AND CERTIFICATION COST. "Material deemed unserviceable cannot be sold unless re-certified by a quality FAA repair station. Prior to re-certification both the Consignee and the Consignor, as to the economic feasibility of repair, shall evaluate such Material. Upon mutual agreement of the parties, costs associated with re-certification may be incurred. Such costs, without any surcharge, shall be deducted from the sale price prior to the sharing of proceeds as applied in paragraph 5 (B)".
- B. INVOICING AND COLLECTION OF PROCEEDS SALES. Consignee shall be responsible for the invoicing for all Material sold hereunder and for the collection of and all amounts due pursuant to any sale hereunder.
- C. TERMS OF SALE. With respect to the sale of any Material by pursuant to the terms hereof, Consignee shall require as conditions of the purchaser thereof agree to assume and pay all costs of shipping of Material to the purchaser and any and all taxes, excises, duties and assessments whatsoever arising out of the sale, use, delivery and transfer of the Material.

5. PAYMENT.

- A. "TERMS OF PAYMENT". Consignee shall remit to Consignor within thirty (30) days after the close of each month the total Net Sales Price of the proceeds of such sales due to Consignor after deduction of the appropriate amounts due to Consignee calculated in accordance with paragraph 4(A) and 5 (B). Reports itemizing material sold, individual selling prices, and any unsold items returned to Consignor will accompany the monthly payment.
- B. "COMMISSION". Consignor agrees to share in the proceeds of sales based on Material Type as follows:

<u>MATERIAL TYPE</u>	<u>PERCENT TO CONSIGNOR</u>	<u>PERCENT TO CONSIGNEE</u>
Expendables	Seventy-five (75)	Twenty-five (25)
Rotables	Eighty (80)	Twenty (20)
Engines	Ninety (90)	Ten (10)
Test/Tooling	Eighty (80)	Twenty (20)



It is agreed that the aforementioned re-numeration shall cover all administration and selling expenses incurred by Consignee, including but not limited to warehousing, advertising, sales promotion, ATA and or ILS listing, inspection, preparation for shipment and accountancy.

- C. "NON-PAYMENT OF INVOICE". Consignee shall be responsible for all credit arrangements it makes with buyers of Material and shall bear the cost of all bad debts, with no charge offset against payments to the Consignor.
  
  - D. "OPTION TO PURCHASE". In the event that Consignor shall find, during the term of this agreement, a purchaser for the whole, or any part, of the consignment of Material then remaining in the possession of the Consignee, the Consignee shall have the right of first option to purchase such consignment, or portion thereof, at a price, and on terms and conditions no less favorable than those offered by the said purchaser.
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- 6. WITHDRAWAL OF MATERIAL. Consignor shall have the right at any time prior to sale to withdraw Material heretofore identified for marketing and sale by Consignee. Consignee agrees that there shall not be a service or handling charge applied for Material returned to Consignor, except the Consignor agrees to pay all commercial transportation costs of returned Material.
  
  - 7. FREIGHT. Cost of all Materials transportation from Consignor to Consignee's facility will be born by Consignee. In the event that the Consignor requests that Material is returned to Consignor's facility, freight charges will be born by Consignor.
  
  - 8. TITLE TO MATERIAL. Title to all material hereunder shall be and remain with Consignor until such a time as said Material is sold, shipped or transferred to a good faith purchaser, at which time title to the Material sold will transfer from consignor to the purchaser thereof.
  
  - 9. WARRANTIES. Material sold hereunder by the Consignee shall be sold without any warranty whatsoever on behalf of Consignor and all warranties expressed or implied by law are to be specifically excluded on behalf of Consignor. However, the Consignee may at it's discretion grant it's own warranty as to Material sold.



10. APPLICABLE LAW AND VARIANCES. This agreement and the interpretation of any provision herein shall be governed by the laws of the state of Arizona.
11. DELAYS IN PERFORMANCE. Neither party will be liable for damages when it's performance is delayed or prevented by strike, fire, flood, riot, war, rebellion, insurrection, acts of God, failure or shortage of transportation facilities, governmental regulations or other causes beyond it's control.
12. DEFAULT. In the event Consignee defaults in the performance of any of it's obligations hereunder and said default is not cured within thirty (30) days from receipt of written notice of such default from Consignor, or if a receiver or trustee is appointed for any of Consignee's property, or Consignee be adjudicated as bankrupt, or application for reorganization under the Bankruptcy Act be filed by or against Consignee which shall not be dismissed within thirty (30) days, or if Consignee shall become insolvent or makes an assignment for the benefit of any insolvency acts. Consignor may terminate this agreement with or without process of law, without demand or notice, without prejudice to any other rights or remedies provided Consignee in law or equity.
13. INSURANCE. Consignor shall also receive an indemnification for damage to, or other destruction of, the consignment, or any portion thereof, while in the possession of Consignee. Consignor shall be added to the insurance policies of Consignee as a named insured with regard to consigned Material. Consignor shall also receive a Certificate of Insurance from Consignee's insurance broker confirming the above.
14. ENTIRE AGREEMENT. This instrument constitutes the sole and only Agreement of the parties hereto relating to said Agreement and correctly sets forth the rights, duties and obligations of each to the other as of it's date. Any prior agreements, promises, negotiations or representations not expressly set forth in this Agreement are of no force or effect.



15. NOTICES. Notices and other communications given hereunder shall be in writing and shall be deemed to have been adequately given and delivered when received by the party to which such notice is being given after the same shall have been deposited in the mail, registered or certified, with airmail postage prepaid, or deposited with a telegraphic or cable agency for immediate transmission and addressed, if Consignor to:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Attn: \_\_\_\_\_

and if to Consignee, to:

Spectrum Aerospace, Inc  
615 W. Knox Road  
Tempe, Arizona 85284  
(480) 966-0077  
Attn: Lars Dirks

IN WITNESS WHEREOF, the parties do hereby execute this INVENTORY, MARKETING, AND SALES AGREEMENT on this \_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_.

CONSIGNOR

By: \_\_\_\_\_  
Title: \_\_\_\_\_

SPECTRUM AEROSPACE, INC.

By: \_\_\_\_\_  
Title: \_\_\_\_\_