



DEALER AGREEMENT

THIS AGREEMENT is made this _____ day of _____, 20____ by and between Sandel Avionics Inc., a Delaware Corporation with its principal office at 2401 Dogwood Way, Vista, CA 92081, ("Sandel") and _____ with its principal office at _____ ("Dealer").

In consideration of the mutual agreements contained herein and the mutual benefits to be derived therefrom, the parties, intending to be legally bound, hereby covenant and agree as follows:

1.0 APPOINTMENT

1.1 Appointment: Subject to the terms and conditions herein and for the term of this Agreement, Sandel hereby appoints Dealer as a nonexclusive independent dealer of the Products. As used herein the term "Products" means the products listed in Sandel's current General Aviation Dealer Price List, as such list may be amended by Sandel from time to time. Sandel reserves the right to change or discontinue any of the Products at any time.

1.2 Non-exclusivity: Dealer acknowledges that its appointment hereunder is non-exclusive. Sandel reserves the right to appoint additional Dealers, sales representatives and agents, and Sandel reserves the right, at any time, to sell any of the Products directly.

1.3 Agents and Subdistributors: Dealer agrees not to appoint any third party to perform any of Dealer's obligations under this Agreement without the express prior written consent of Sandel.

1.4 Independent Purchaser Status: Dealer is an independent purchaser and seller of Products. Dealer shall not be considered an agent, employee, partner or legal representative of Sandel for any purpose. Dealer shall be responsible for all of its' own expenses and employees.

1.5 Sandel Internet Sales Policy: Dealer agrees not to sell any Sandel product over the Internet or any interactive electronic network without prior written approval from Sandel. Sandel reserves the right in Sandel's sole discretion to approve or disapprove of the sale by Dealer of Sandel products over the Internet or any interactive electronic network. Notwithstanding the foregoing, Dealer can advertise on Dealer's Internet website that it is a Sandel Dealer.

2.0 TERMS OF SALE

2.1 Purchase Orders: All orders for Products shall be made by Dealer's written purchase orders, signed by a duly authorized employee of the Dealer and sent to Sandel and shall be subject to all of the terms and conditions set forth in this Section 2.0 and in Sandel's then current order confirmation form and invoice which are incorporated herein by reference. By placing each order hereunder, Dealer confirms its agreement with and acceptance of all such terms and conditions. In the event of any discrepancy between the terms and conditions set forth in this Agreement and any additional or different terms or conditions contained in any purchase order or other communication from Dealer, the provisions contained in this Agreement and/or in Sandel's then current order confirmation form and invoice shall prevail and any such additional or different terms or conditions shall be void and of no effect. No order for any Products shall be binding on Sandel unless accepted in writing by a duly authorized employee of Sandel.

2.2 Prices: Products shall be sold and invoiced to Dealer at the Sandel Dealer prices quoted to Dealer upon acceptance of each order.

2.3 Payment: Unless other payment terms are previously agreed in writing by Sandel, Dealer shall make full payment in advance for all Products ordered from Sandel by Dealer. In the event that Sandel shall agree to extend any credit terms to Dealer, any amount owed to Sandel which is not paid when due shall bear interest at the rate of 1.5% per month (but no more than the highest rate permitted by applicable law). Dealer shall reimburse Sandel for all costs and expenses (including attorney's fees) incurred by Sandel in collecting any payment owed to Sandel hereunder. Dealer shall not deduct from the amount payable under any invoice issued by Sandel any amount based on special discount or cooperative advertising plan. Credit for any special discount or cooperative advertising plan shall be handled by Sandel's accounting department.

2.4 Delivery: Except as otherwise stated in Sandel's order confirmation, all Products shall be shipped ground freight FOB Sandel's facility in Vista, California. Sandel will not drop-ship to individual end users. Exceptions in special situations may be allowed at the sole discretion of Sandel and must be requested by Dealer in writing. A handling charge will be assessed for each drop-shipment.

2.5 Retention of Title: Notwithstanding Section 2.4 hereof, title to the goods shall remain with Sandel until receipt of the full payment of the purchase price from the Dealer. To the extent legal title to the goods shall be deemed by law to pass to Dealer at the time of delivery and prior to performance of all of Dealer's obligations hereunder, equitable title shall remain in Sandel until payment in full of the purchase price, and Dealer shall grant, and by acceptance of the goods shall be deemed to have granted, to Sandel a first security interest in all goods to secure payment of the purchase price and other amounts owing by Dealer and performance of all of Dealer's obligations to Sandel. Sandel may reclaim any goods delivered to Dealer or in transit if Dealer shall fail to make payments when due.

2.6 Warranty: All sales to Dealer shall be subject to Sandel 's standard warranty in effect at the time of shipment. Dealer may extend Sandel's standard warranty to purchasers of Products from Dealer who purchase such Products within six (6) months of the date of shipment by Sandel to Dealer provided that such Products have not been altered or modified by Dealer. Dealer shall not extend any warranty regarding the Products other than Sandel's then standard warranty.

2.7 Limitation of Liability: UNDER NO CIRCUMSTANCES SHALL SANDEL BE LIABLE FOR ANY CONSEQUENTIAL, SPECIAL, OR INCIDENTAL DAMAGES AND DEALER'S SOLE REMEDY OR RIGHT OF RECOVERY FOR ANY ACTION OR OMISSION BY SANDEL OR ANY BREACH BY SANDEL OF THE TERMS HEREOF SHALL BE THE RECOVERY OF ANY SUMS ACTUALLY PAID TO SANDEL AS TO ANY INVOICE, PRODUCT, OR ORDER UPON WHICH DEALER IS SPECIFICALLY MAKING CLAIM. DEALER ACKNOWLEDGES THAT IT MAY NOT MAKE CLAIM AGAINST SANDEL FOR ANY LOST PROFITS OR SALES, EXPENSES, DAMAGES, OR OTHERWISE, AND ITS SOLE RIGHT OF RECOVERY AGAINST SANDEL, DIRECTLY OR INDIRECTLY, IS THE AFOREMENTIONED AMOUNTS ACTUALLY PAID SANDEL FOR THE PRODUCT FOR WHICH CLAIM IS BEING MADE. IF ANY CLAIM BY DEALER RELATES TO AN INVOICE OR FOR PURCHASE OF PRODUCT WHICH HAS NOT BEEN PAID FOR, DEALER SHALL NOT BE ENTITLED TO MAKE ANY CLAIM FOR PURCHASE PRICE AS REFERENCED ABOVE, IT BEING CLEARLY UNDERSTOOD BY DEALER THAT PAYMENT OF ITS OBLIGATIONS TO SANDEL IS A CONDITION PRECEDENT TO ANY CLAIM IT MIGHT OTHERWISE MAKE AGAINST SANDEL.

2.8 Offsets: Any credits, allowances or other amounts payable or creditable by Sandel to Dealer shall be subject to offset for any claims or other amounts owed by Dealer to Sandel.

3.0. OBLIGATIONS OF DEALER

3.1 General: Dealer shall at all times: (a) maintain a current Repair Station Certificate issued by the U.S. Federal Aviation Administration, or, if Dealer is not located in the United States, a similar certificate, if available, issued by an appropriate agency in the country Dealer is located, (b) comply with all relevant country's laws and regulations relating to the installation of Products including any requirements that Products be installed by Dealer and (c) maintain onsite, a Windows based computer with internet access and a direct e-mail address.

3.2 Sales Promotion: Dealer shall use its best efforts to promote the sale and use of the Products in its market area. Dealer shall display Sandel 's posters and sales literature in a prominent place in its office, lobby and/or website.

3.3 Compliance with Law: Dealer shall comply fully with all laws of the United States of America that may be applicable to the sale of Products by Dealer, including United States export control laws.

3.4 Indemnification: Dealer agrees to indemnify and hold Sandel harmless from and against all losses, damages or expenses of any kind, including attorney's fees, that Sandel may suffer or incur as a result of any acts or omissions of Dealer, or any of its directors, officers, employees or agents.

4.0 OBLIGATIONS OF SANDEL

4.1 Sales Support: Sandel shall provide Dealer with reasonable quantities of sales literature pertaining to the Products as is available from time to time.

5.0 CONFIDENTIALITY AND PROPRIETARY RIGHTS

5.1 Confidential Information: Dealer acknowledges that the Confidential Information (as defined below) comprises valuable trade secrets and is proprietary to Sandel. Dealer shall hold the Confidential Information in strict confidence and shall not disclose the same to any other person, firm or corporation, except as required to perform its obligations under this Agreement. The foregoing limitations on disclosure and use of Confidential Information shall not apply to any information which is in the public domain at the time that it is received by Dealer or which thereafter becomes in the public domain through means other than a breach of this Agreement. As used herein the term "Confidential Information" means all know-how, designs, drawings, pricing information, specifications, and other information, whether or not reduced to writing, relating to the design, manufacture, use and service of any products of Sandel as well as any other information relating to the business of Sandel that may be divulged to Dealer that is not generally known to the public.

5.2 Use of Confidential Information: Dealer shall not use the Confidential Information for any purpose other than to perform its obligations under this Agreement. Dealer shall not copy or reverse-engineer any Products.

5.3 Trademarks and Trade Names: All Products sold to Dealer shall bear Sandel's trademarks. Dealer shall not remove, conceal or alter any such trademarks or add any additional trademarks without Sandel's prior written consent. Dealer acknowledges and agrees that this Agreement gives Dealer no rights

in Sandel's trademarks. Sandel grants Dealer a limited, non-exclusive license during the term of this Agreement to reproduce Sandel's trademarks in advertisements and other promotional materials relating to the Products in accordance with such standards for use of its trademarks as may be established from time to time by Sandel. Such license shall expire immediately upon the expiration or termination of this Agreement. All goodwill arising from Dealer's use of Sandel's trademarks shall inure solely to the benefit of Sandel. All advertisements and other promotional materials using Sandel's trademarks that are prepared by Dealer shall include an appropriate notice indicating that such trademarks are the property of Sandel. Dealer shall not use Sandel's trademarks or name as part of its corporate or business name, provided that Dealer may identify itself as an authorized dealer of Sandel. Dealer shall not register any of Sandel's trademarks or any mark or name closely resembling them.

5.4 Injunctive Relief: Dealer agrees that damages may be an inadequate remedy to protect Sandel against any breach by Dealer of the provisions of Section 5.0 of this Agreement. Accordingly, Sandel shall be entitled to the granting of injunctive relief by a court of competent jurisdiction against any action by Dealer that constitutes a breach of this Section 5.0.

6.0. TERM AND TERMINATION

6.1 Term: The effective date of this Agreement shall be the date first written above. The initial term of the Agreement shall be one year at which time it will automatically be renewed for successive one-year periods until terminated as provided in Section 6.2 below or by mutual consent.

6.2 Termination: This Agreement may be terminated prior to expiration of the initial or any renewal term by written notice to the other party as follows:

- (a) by either party, without cause, by giving at least 30 days prior written notice of termination;
- (b) by Sandel, effective immediately, in the event that Dealer breaches any of the terms of this Agreement;
- (c) by Sandel, effective immediately, if Dealer shall become the subject of any voluntary or involuntary bankruptcy, receivership or insolvency proceeding; or shall make an assignment for the benefit of creditors; and
- (d) by Sandel, effective immediately, if in the opinion of Sandel, there has occurred any material change in the ownership, management, sales and marketing capability or financial condition of Dealer.

Regardless of the reason for termination, including the expiration of the term of this Agreement, Sandel shall not be required to pay any termination fee or other fees related to the termination or expiration of this Agreement.

6.3 Rights of Parties on Expiration or Termination: The following provisions shall apply on the expiration or termination of this Agreement:

- (a) Dealer shall cease all sales activities relating to the Products and shall return to Sandel all sales literature supplied by Sandel and all Confidential Information which is then in Dealer's possession or control.

- (b) All indebtedness of Dealer to Sandel shall become immediately due and payable and Sandel shall be entitled to reimbursement of attorney's fees that it may incur in collecting such indebtedness;
- (c) Dealer shall cease all use of any trademarks or designs owned by Sandel;
- (d) The expiration or termination of this Agreement shall not release Dealer from the payment of any sums then owing to Sandel or from any other obligations herein provided to be performed after such expiration or termination;
- (e) Sandel shall have no obligation to repurchase or to credit Dealer for any Products in Dealer's stock which are unsold at the date of expiration or termination of this Agreement. Sandel may, at its option, repurchase all or a portion of the Products in Dealer's stock at the then current prices to Dealer or at the prices which Dealer paid to Sandel, whichever are lower, less the cost of repairing or reconditioning such Products. In the event of such repurchase, Dealer shall promptly pack, box or crate, in a manner acceptable to Sandel, any Products which Sandel has elected to repurchase. Such repurchase shall not relieve Dealer of its obligation to pay Sandel any balance remaining due after credit is applied for any repurchase of Product. If the Agreement was terminated, the party who gave notice of termination shall pay the packaging and freight charges. If the Agreement expired, Sandel shall pay the packaging and freight charges.
- (f) If Sandel should continue to sell its products to Dealer after the termination of this Agreement, such sales shall be subject to the terms and conditions hereof, and such additional sales by Sandel shall not constitute a renewal of this Agreement.
- (g) Upon termination of this Agreement, Sandel may, at its option, by written notice to the Dealer, cancel any orders in full or in part.

6.4 Limitation of Liability: UNDER NO CIRCUMSTANCES SHALL SANDEL BE LIABLE TO DEALER BY REASON OF THE EXPIRATION OR TERMINATION OF THIS AGREEMENT FOR ANY COMPENSATION, REIMBURSEMENT, OR DAMAGES FOR ANY REASON WHATSOEVER, INCLUDING, WITHOUT LIMITATION, (A) LOSS OF PROSPECTIVE PROFITS, (B) GOODWILL OR LOSS THEREOF, OR (C) EXPENDITURES OR INVESTMENTS MADE BY DEALER IN RELIANCE ON THE EXISTENCE OF THIS AGREEMENT.

6.5 Survival: The provisions of Sections 2.0, 3.0 (Sections 3.2 and 3.3), 5.0, 6.0 (Sections 6.3, 6.4, and 6.5) and 7.0 hereof shall survive any expiration of this Agreement.

7.0 MISCELLANEOUS

7.1 Entire Agreement: This Agreement, including Sandel's order confirmation form and invoice form which are incorporated herein by reference, constitutes the entire agreement between the parties hereto on the subject matter hereof and supersedes all prior agreements and understandings of every kind and nature between them. This Agreement will not be deemed in effect until it has been executed by an authorized representative of both Dealer and Sandel.

7.2 Amendments: No amendment or modification to this Agreement shall be effective unless in writing and signed by both parties.

7.3 Assignment: This Agreement shall be binding on and inure to the benefit of the successors and assigns of Sandel. Dealer shall not assign or transfer any of its rights or obligations hereunder.

7.4 Waiver: The failure of Sandel at any time to require performance by Dealer of any of the provisions hereof shall not operate as a waiver of Sandel's right to require strict performance of the same or other provisions thereafter.

7.5 Force Majeure: Neither party shall be in default hereunder by reason of any failure or delay in the performance of any obligation under this Agreement (other than an obligation to make payments in accordance with this Agreement) where such failure or delay arises out of any cause beyond the reasonable control and without the fault or negligence of such party. Such causes shall include, without limitation, storms, floods, other acts of nature, fires, explosions, riots, war or civil disturbance, strikes and other labor disputes, embargoes, export control laws, delays in transportation and inability to obtain labor, supplies or manufacturing facilities. In the event that any force majeure event shall prevent Sandel from being able to supply Products to all its customers Sandel shall be entitled to allocate its available supply of Products among its customers in such proportions as Sandel, in its sole discretion, shall deem appropriate.

7.6 Legal Action:

(a) **Governing Law:** This Agreement shall be governed by and construed in accordance with the laws of the State of California, without reference to the principles of conflicts of laws.

(b) **Jurisdiction:** Dealer hereby submits itself to the jurisdiction of the State of California and agrees that, for the purposes of any action brought by Dealer under this Agreement, the exclusive venue for any claims shall be the United States District Court, Southern District of California. Sandel may, pursuant hereto, bring any action hereunder or any claim for money due in the aforementioned United States District Court, Southern District of California, or, at its sole option, may bring any action in any other court of competent jurisdiction. If Sandel should file an action other than in the United States District Court, Southern District of California, the terms hereof shall not prohibit Dealer from asserting any compulsory counterclaim in such jurisdiction outside of California.

(c) **Attorney Fees:** If either party takes legal action to enforce any right under this Agreement, the prevailing party shall be entitled to recover all reasonable costs, including attorney fees.

7.7 Reading: Any headings used in this Agreement are for convenience in reference only and are not a part of this Agreement.

7.8 Notices: All notices required or permitted under this Agreement shall be in writing and shall be sufficiently given if delivered in person or sent by telecopy or by registered or certified airmail, postage prepaid, addressed to the parties at their addresses stated in the preamble to this Agreement or to such other address of which either party may advise the other by written notice. Notices shall be deemed given on the date of delivery if delivered in person or sent by telecopy or, if sent by mail, seven business days after deposit in the mail, postage prepaid.

7.9 Severability: If any provision of this Agreement shall be deemed illegal or unenforceable, such illegality or unenforceability shall not affect the validity and enforceability of any legal and enforceable provisions hereof which shall be construed as if such illegal and unenforceable provision or provisions had not been inserted herein, unless such illegality or unenforceability shall destroy the underlying business purpose of this Agreement.

IN WITNESS **WHEREOF**, the parties hereto have duly executed this Agreement on the date first above written.

[Dealer]

Company Name (Print)

By: _____
Company Officer (signature)

Name: _____
Title: _____
Date: _____

Sandel Avionics, Inc.

By: _____
Sandel Representative (signature)

Name: _____
Title: _____
Date: _____