TITLE
REDUCED FREIGHT RATES FOR SHIPMENT OF TELEDYNE CONTINENTAL ENGINES

TO
CESSNA DISTRIBUTORS, CATEGORY I THRU CATEGORY IV DEALERS, AG DEALERS AND CPC'S

DISCUSSION
The attached Teledyne Continental DIL86-10 describes procedures which may reduce engine shipment freight costs.

The procedures should be carefully reviewed and followed in order to benefit from the reduced freight rates.

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DIL 86-10: DISTRIBUTOR INFORMATION LETTER

TO: All Teledyne Continental Motors Aircraft Products Division Distributors

SUBJECT: REDUCED FREIGHT RATES AND ADJUSTMENT

REF: DIL 83-16

THIS LETTER IS AN ADDITION TO ABOVE NOTED DIL 83-16

Please have your own people review DIL 83-16 and DIL 84-8, and become familiar with these freight policies. These people in turn can pass this information on to the dealers and customers when dealing with engine orders.

TCM will enclose with the engines shipped, the paperwork describing how to return these engines by the cheapest rate. See information below: Any shipment not returned in this manner would be at the higher rates which the distributor, dealer or customer must absorb.

REDUCED FREIGHT RATES ON SHIPMENTS TO AND FROM TCM FACTORY, MOBILE, ALABAMA

PLEASE DO NOT TREAT THIS INFORMATION LIGHTLY!

The improved rates do not apply to all carriers; therefore, TCM has instituted a procedure which will allow you, in most instances, to receive the most favorable freight rate and still get good service. THE PROCEDURE MUST BE COMPLIED WITH, TO ALLOW THE SAME FREIGHT SAVINGS ON returned ENGINES

Here's how it works:

When an engine is received, there will be two labels with the packing slip. Remove the labels and place them on the shipping container. The labels reflect a carrier's name — in most cases the same carrier that delivered the engine. If you'll contact the carrier shown on the label for the return of the run out engine, this will insure that you will receive the most favorable rate.

When making out the bill of lading, it is very important that you describe the engine properly as follows:

"Internal combustion engine, other than Radial CYL, RVNX $5.00"

For special rates — ALWAYS follow the route on the label which you have attached to engine container.

(Continued)
While many of our customers use the direct method of shipment because they get special rates — we assure you any discount received cannot compare to this newly negotiated rate on the round trip move. We will still comply with the customers’ shipping instructions; however, even though it will probably result in higher freight charges and less liability.

We have set these rates up with a variety of carriers (utilizing the best carrier of each particular area) because no single carrier has superior service to every place. Carrier operations change from time to time which may affect the service to you. In this event, please notify TCM and we will immediately correct the problem. Carriers may have to be changed on occasion — so it’s important to check the label.

These newly negotiated rates cover approximately 95% of all points in the U.S. We will continue to work to reduce rates on the 5%.

THIS PROCEDURE WILL MAKE A BIG DIFFERENCE IN YOUR FREIGHT CHARGES. BE SURE YOUR PERSONNEL FOLLOW IT AND ALSO MAKE YOUR CUSTOMER TO WHOM WE DROP SHIP ENGINES AWARE OF IT. IT WILL SAVE YOU, AND THEM A LOT OF MONEY.

We will be monitoring this system all along, so occasionally a pre-addressed post card to TCM will be included with the packing slip. The card will show the date of shipment. Please fill in DATE RECEIVED and any other remarks you may have and return it to us. This will help us determine a carrier’s service so we can assure you of the very best deliveries at the best price.

If you do not receive a discount use the following authorities to file your overcharge claims.

<table>
<thead>
<tr>
<th>Carrier Name</th>
<th>Discount</th>
<th>Tariff Authority</th>
</tr>
</thead>
<tbody>
<tr>
<td>AAA Cooper Transportation</td>
<td>45%</td>
<td>AACT 101 Item 3756</td>
</tr>
<tr>
<td></td>
<td>40% Florida</td>
<td></td>
</tr>
<tr>
<td>Arkansas Best Freight</td>
<td>45%</td>
<td>ABF 612 Item 8000-1400</td>
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<tr>
<td>Brown Transport</td>
<td>35%</td>
<td>BRNT 608 Item 27280</td>
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<tr>
<td>Consolidated Freightways</td>
<td>45%</td>
<td>CFWY 659 Item 1543</td>
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<tr>
<td>Haynes Motors Lines</td>
<td>30%</td>
<td>SMCRC 128 Item 18025</td>
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<td>41%</td>
<td>OVNT 21031</td>
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<td>RDWY 606 Item 20004 Outbound</td>
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<td></td>
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<td>RDWY 606 Item 30130 Inbound</td>
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<tr>
<td>Yellow Freight System</td>
<td>45%</td>
<td>YFSY 675 Item 5754-2104</td>
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