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INDEX NO. 603252/2008

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SUPREME COURT OF THE STATE OF NEW YORK  
COUNTY OF NEW YORK

-----X  
MILTON HEID and AUGUSTUS ANTICO,

Plaintiffs,

-against-

SALVATORE J. STILE,

Defendant.

-----X

**ORDER AND STIPULATION  
OF SETTLEMENT**

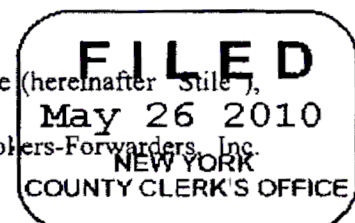
Index No. 603252/08

Hon. Richard B. Lowe III

IT IS HEREBY STIPULATED AND AGREED, by and between the undersigned parties and their counsel, as follows.

1. The above-captioned action and the Superior Court action in California entitled Stile v. C-Air International, Inc., et al., Case No. BS117017 (hereinafter "LA Action"), shall be discontinued with prejudice and without costs. Simultaneous with the execution hereof, the parties shall cause their respective counsel in New York to execute and file the necessary stipulation of discontinuance to achieve that result. The parties acknowledge that the LA Action has already been discontinued by counsel to the parties thereto without prejudice. A copy of the discontinuance without prejudice is annexed hereto and marked Exhibit A. The parties hereto shall instruct their California counsel to forthwith substitute the discontinuance without prejudice for a discontinuance with prejudice and file it in the Superior Court. In the event the discontinuance with prejudice cannot be filed for any reason in Superior Court, the parties hereto acknowledge and agree that notwithstanding the filing of discontinuance without prejudice, the parties hereto shall consider the discontinuance to be with prejudice; and the defendant shall not commence or recommence the LA Action.

2. Upon the execution of this Stipulation by Salvatore J. Stile (hereinafter "Stile"), the plaintiffs herein shall vote their shares in C-Air Customhouse Brokers-Forwarders, Inc.



(hereinafter "C-Air NY") and C-Air International, Inc. (hereinafter "C-Air LA") to cause each to pay to Stile the sum of \$50,000 in income per year and \$7,500 in unaudited expenses per year (payable in equal monthly installments) until the earlier of: (a) the sale of C-Air NY and/or C-Air LA by its current owners or (b) the death of Stile. In the event of a sale of C-Air NY only, Stile shall only be entitled to \$50,000 in income per year and \$7,500 in unaudited expenses per year thereafter paid by C-Air LA (payable in equal monthly installments) until its sale by its current owners or the death of Stile, whichever occurs earlier; and in the event of a sale of C-Air LA only, Stile shall only be entitled to \$50,000 in income per year and \$7,500 in unaudited expenses per year thereafter paid by C-Air NY (payable in equal monthly installments) until its sale by its current owners or the death of Stile, whichever occurs earlier. All income payments made to Stile pursuant to this paragraph 2 shall be treated as 1099 income. In the event that a dividend is declared by C-Air NY or C-Air LA, Stile will receive his aliquot share of such dividend.

3. From January 1, 2010 forward: (a) in the event that C-Air LA pays Antico an annual salary in excess of \$200,000, Stile shall be entitled to receive an additional income payment from C-Air LA equal to the excess over \$200,000; and (b) in the event that C-Air LA pays Heid an annual salary in excess of \$150,000, Stile shall be entitled to receive an additional income payment from C-Air LA equal to the excess over \$150,000. Subsections (a) and (b) of this paragraph shall remain in force and effect until the earlier of: (i) the sale of C-Air LA by its current owners or (ii) the death of Stile. All income payments, if any, made to Stile pursuant to this paragraph 3 shall be treated as 1099 income and shall be paid within thirty (30) days after the end of each calendar year.

4. From January 1, 2010 forward: (a) in the event that C-Air NY receives net income of \$400,000 or more for a particular year, Heid and Antico shall cause C-Air NY to pay

each shareholder of C-Air NY a distribution of \$25,000 for that year; (b) in the event that C-Air LA receives net income of \$400,000 or more for a particular year, Heid and Antico shall cause C-Air LA to pay each shareholder of C-Air LA a distribution of \$25,000 for that year; and (c) in the event that C-Air NY and C-Air LA each separately receive net income of less than \$400,000 for a particular year but in combination receive net income in excess of \$500,000, Heid and Antico shall cause C-Air NY and C-Air LA to pay each shareholder of the C-Air companies a distribution of \$25,000 for that year, fifty percent (50%) of which will be paid by C-Air NY and fifty percent (50%) of which will be paid by C-Air LA. The foregoing payments shall be paid on or before March 31 of the year following. Subsection (a) of this paragraph shall remain in force and effect until the earlier of: (i) the sale of C-Air NY by its current owners or (ii) the death of Stile. Subsection (b) of this paragraph shall remain in force and effect until the earlier of: (i) the sale of C-Air LA by its current owners or (ii) the death of Stile. Subsection (c) of this paragraph shall remain in force and effect until: (i) the sale of either C-Air NY or C-Air LA by its current owners or (ii) the death of Stile.

5. Heid and Antico shall cause C-Air NY and/or C-Air LA to make payment to Stile in the total amount of \$50,000 for legal expenses incurred by Stile in connection with the above-captioned action payable as follows: \$20,000 upon execution hereof; \$20,000 on January 1, 2011; and \$10,000 on January 1, 2012.

6. Stile shall deliver to plaintiffs' counsel a fully executed general release running to Heid, Antico, C-Air NY and C-Air LA, in the form annexed hereto as Exhibit B. Heid, Antico, C-Air NY and C-Air LA shall deliver to defendant's counsel a fully executed general release in the form annexed hereto as Exhibit C.

7. Stile agrees that he shall forever forbear from commencing, prosecuting, and/or participating in, directly or indirectly, any action or proceeding against Heid, Antico, C-Air NY

and/or C-Air LA concerning the issues of petty cash, credit card charges, loans to C-Air NY and C-Air LA, and any other matter related to the operation and/or business of C-Air NY and C-Air LA (other than the issue of any sums due and owing to Stile for loans made or to be made by Stile to C-Air NY or LA). In the event Stile violates this provision, in addition to all other rights and remedies available, the payments and benefits provided for in paragraphs 2, 3, 4, 5, 11, 14 and 16 herein shall immediately cease and shall not be reinstated thereafter. Stile specifically acknowledges and agrees that except for the payments and benefits provided for in paragraphs 2, 3, 4, 5, 11, 14 and 16 herein the repayment of the loans from C-Air LA and payments due upon the sale of C-Air NY and/or C-Air LA, Stile shall not be entitled to any other payments, profits and has no interest in the operations of C-Air NY and C-Air LA.

8. Stile agrees that for so long as the payments and benefits provided for in paragraphs 2, 3, 4, 5, 11, 14 and 16 herein above are made to Stile, he shall not, directly or indirectly, solicit, assist in the solicitation, service, and/or assist in the servicing of any present or future customers of C-Air NY and/or C-Air LA whose principal place of business is located in New York or California (hereinafter the "C-Air Customers"). In the event that Stile violates this provision as determined by the Court retaining jurisdiction hereunder, the payments and benefits provided for in paragraphs 2, 3, 4, 5, 11, 14 and 16 herein shall immediately cease and shall not be reinstated thereafter.

9. Stile hereby resigns as an officer and director of C-Air LA, effective immediately.

10. (a) Stile agrees that so long as the payments and benefits provided for in paragraphs 2, 3, 4, 5, 11, 14 and 16 herein are made to him, Stile shall not participate in, impair or impede the operations of C-Air NY and/or C-Air LA and shall not assert any of his rights as a shareholder of C-Air NY and/or C-Air LA that would otherwise prevent C-Air NY and/or C-Air LA from operating in the regular course of its business.

(b) Stile further agrees that, without the written consent of the Board of Directors of C-Air NY and C-Air LA (hereinafter the "Companies"), he shall not:

- (i) initiate, propose or submit one or more stockholder proposals or induce or attempt to induce any other person to initiate any stockholder proposal;
- (ii) seek to call or to request the call of, a special meeting of the Companies' stockholders, or make a request for a list of the Companies' stockholders;
- (iii) vote for any nominee or nominees for election to the Board, other than those nominated or supported by the Board, or consent to become a nominee for election as a member of the Board unless nominated by the Board;
- (iv) seek, alone or in concert with others, to place a representative or other affiliate or nominee on the Board or seek the removal of any member of the Board or a change in the size or composition of the Board;
- (v) deposit any stock in a voting trust or enter into any other arrangement or agreement with respect to the voting thereof except as provided herein;
- (vi) acquire or agree, offer, seek or propose to acquire, or cause to be acquired, ownership (including beneficial ownership) of any of the assets or business of the Companies or any rights or options to acquire any such assets or business from any person;
- (vii) seek, propose, or make any statement with respect to, or solicit, negotiate with, or provide any information to any person with respect to, a merger, consolidation, acquisition of control or other business combination, tender or exchange offer, purchase, sale or transfer of assets or securities, dissolution, liquidation, reorganization, recapitalization, dividend, share repurchase or similar transaction involving the Companies or its business, whether or not any such transaction involves a change of control of the Companies;
- (viii) take any action, alone or in concert with any other person, advise, finance, assist or participate in or encourage any person to take any action which is prohibited to be taken by Stile or any of his affiliates or associates pursuant to this stipulation, or make any investment in or enter into any arrangement with, any other person that engages, or offers or proposes to engage in any of the foregoing;
- (ix) disclose publicly, or privately in a manner that could reasonably be expected to become public, any intention, plan or arrangement inconsistent with the foregoing;
- (x) make any request or demand to inspect the records of the Companies or to obtain a shareholders list for the Companies or encourage any shareholder or other persons to do so;
- (xi) commence, encourage, or support any derivative action in the name of the Companies or any class action against the Companies or any of its officers or directors; or
- (xii) take any action challenging the validity or enforceability of any provisions of this paragraph.

(c) Stile further agrees that:

- (i) he will be present, in person or represented by proxy, at all stockholder meetings of the Companies so that all stock beneficially owned by him and his affiliates and associates may be counted for the purpose of determining the presence of a quorum at such meetings.
- (ii) he will vote or cause to be voted, or consent or cause a consent to be given with respect to, all shares of stock beneficially owned by him and his affiliates and associates as follows: (i) with respect to the election of directors at any meeting of stockholders or any adjournments or postponements thereof, in favor of the nominees for directors recommended by the Board or its nominating committee and (ii) with respect to any other matter requiring a shareholder vote, in accordance with the recommendation of the Board; provided that in lieu of voting his shares in the foregoing manner, Stile may deliver a proxy to Milton Heid and/or Gus Antico or his designee to vote at the next scheduled meeting of shareholders of the Companies or any adjournment thereof.
- (iii) Stile further agrees to take all action reasonably necessary to carry out the intention of this paragraph, including without limitation, delivering to the Companies upon their request executed proxies naming the proxies appointed by the Board to vote all shares of stock beneficially owned by Stile and/or his affiliates as of the record dates of the Annual Meeting or any other meeting of the Companies' stockholders, as applicable. The Companies shall deliver a copy of such request to each of Stile and his counsel at their respective addresses no later than 30 days before the meeting, and if executed proxies are not received by the date that is 10 days before any such meeting, without further action on the part of the parties hereto, Stile shall be deemed to have appointed Milton Heid and/or Gus Antico as Stile's proxy and attorney in-fact with respect to all matters brought before such meeting to be voted in accordance with this Stipulation.

(d) Stile further agrees that in the event that he sells, pledges, encumbers, transfers, or otherwise disposes of, or agrees to sell, pledge, encumber, transfer or otherwise dispose of, any interest in his shares of stock of C-Air NY and/or C-Air LA, then all payments and benefits due pursuant to this Order and Stipulation shall immediately cease by C-Air NY and/or C-Air LA as the case may be. In addition, no transfer shall be authorized unless and until the buyer, transferee, assignee or pledgee (hereinafter "Buyer") shall agree in writing to be bound by the terms and conditions of paragraphs 7, 10 and 13 hereof.

(e) In the event that Stile violates any of the provisions of this paragraph 10, the payments and benefits provided for in paragraphs 2, 3, 4, 5, 11, 14 and 16 herein shall immediately cease and shall not be reinstated thereafter.

11. Stile shall receive the equivalent health insurance as is in place today at C-Air NY until the death of Stile or the sale of C-Air NY. Stile shall also receive payment from C-Air NY for his actual cost of automobile insurance but in no event in an amount to exceed \$3,500 per year until the death of Stile or the sale of C-Air NY.

12. The parties hereto agree to meet and confer in good faith concerning: (a) the terms and conditions of short and long term loans to C-Air NY and/or C-Air LA; and (b) the provision of personal guarantees by the shareholders of C-Air NY and/or C-Air LA concerning the corporate obligations of C-Air NY and/or C-Air LA. The parties are under no obligation to reach agreement as to any of the aforementioned topics, but agree to meet and confer in good faith to attempt to reach agreement concerning said topics. In connection with the discussions concerning (a) and (b) hereunder, the parties agree that they shall take the following steps: (i) C-Air NY and C-Air LA shall cause their 2007, 2008 and 2009 profit and loss statements to be delivered to Ken Ayers; and shall cause to be delivered to Ken Ayers the profit and loss statement through the date of execution of this Order and Stipulation of Settlement. In addition,



C-Air NY shall cause its balance sheet dated April 2009 to be delivered to Ken Ayers and C-Air LA shall cause to be delivered to Ken Ayers its balance sheet when prepared; (ii) upon receipt of the items referred to in (i), the parties shall negotiate the terms and conditions of short and long-term loans to be provided by Stile; (iii) C-Air NY and C-Air LA shall pay Ken Ayers for his review of the information delivered to him in accordance with (i) hereunder. In the event that Stile makes any further loans to C-Air NY or C-Air LA, Stile will receive a corresponding check in the equivalent amount from such company. Stile shall provide one week's written notice to Heid and Antico prior to cashing any such check.

13. The Court shall maintain continuing jurisdiction over the parties hereto and any Buyer as referred in paragraph 10(d) hereof for the purpose of enforcing the terms and conditions of this Order and Stipulation.

14. This Stipulation supersedes the Sal/Milt/S.J. Stile Deal Structure agreement effective as of January 15, 1996 (a copy of which is annexed hereto as Exhibit D) and, upon the execution of this Stipulation, the Sal/Milt/S.J. Stile Deal Structure agreement is hereby terminated and shall have no further force or effect, except that paragraph 8(b) of the Sal/Milt/S.J. Stile Deal Structure Agreement shall remain in effect until the parties hereto meet and confer pursuant to paragraph 15 below, and resolve the issue of death benefits; and paragraph 8(b), subsection (3) shall be and hereby is amended to read: "an amount equal to three times the 2008 salary for decedent."

15. The parties agree to meet and confer in good faith concerning whether and to what extent, if any, death benefits to shareholders of C-Air NY and/or C-Air LA shall be provided and shall mutually agree upon, conclude and finally resolve the death benefits issue within six (6) months of the execution of this Order and Stipulation by the parties. In the event that the parties cannot agree on a death benefit as contemplated by this paragraph 15 within six



(6) months from the date of execution of this Order and Stipulation, then in that event paragraph 8(b) of the Sal/Milt/S.J. Stile Deal Structure agreement shall terminate and be of no force and effect. The parties hereto shall thereafter have no death benefits.

16. Within thirty (30) days of the execution of this Order and Stipulation by the parties, Heid and Antico shall cause C-Air NY and C-Air LA to provide monthly income and expense statements to Stile until the earlier of: (i) the sale of C-Air NY and/or C-Air LA by their current owners or (ii) the death of Stile.

17. Within thirty (30) days from the execution hereof, the parties hereto shall appoint Ken Ayers to resolve and determine the amount of loans made by each shareholder to C-Air LA. The parties hereto agree to be bound by the determination of Ken Ayers concerning the amount of shareholder loans to C-Air LA.

Dated: White Plains, New York  
May 19, 2010

**COLLIER, HALPERN, NEWBERG,  
NOLLETTI & BOCK, LLP**  
Attorneys for Plaintiffs

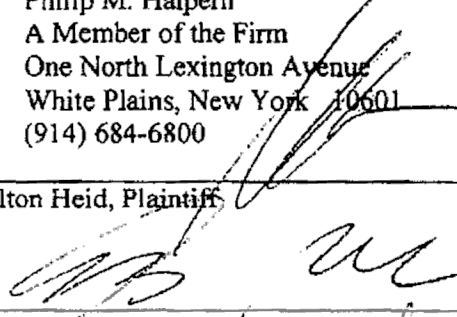
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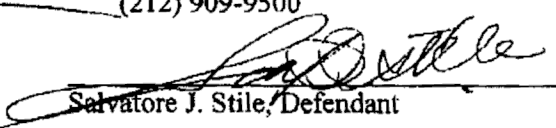
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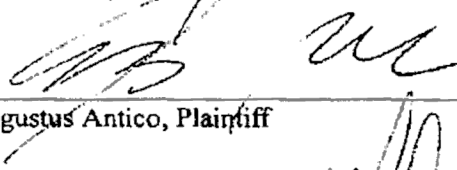
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Milton Heid, Plaintiff

  
Salvatore J. Stile, Defendant

  
Augustus Antico, Plaintiff

SO ORDERED: 

Hon. Richard B. Lowe III, J.S.C.

Dated: MAY 21 2010

Index No: 603252/08

**SUPREME COURT OF THE STATE OF NEW YORK  
COUNTY OF NEW YORK**

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**MILTON HEID and AUGUSTUS ANTICO,**

**Plaintiffs,**

**-against-**

**SALVATORE J. STILE,**

**Defendant.**

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**ORDER AND STIPULATION OF SETTLEMENT**

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**COLLIER, HALPERN, NEWBERG, NOLLETTI & BOCK, LLP**

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**FILED**  
**May 26 2010**  
NEW YORK  
COUNTY CLERK'S OFFICE

To

Service of a copy of the within is hereby admitted.

Dated: \_\_\_\_\_ 20\_\_