

WESTERN AIRCRAFT, INC.
WORK AUTHORIZATION STANDARD TERMS AND CONDITIONS OF SALE

1. **EXPRESS LIMITED WARRANTY.** Western warrants its workmanship and installation ("Services") to conform to final specifications, plans, and drawings agreed in writing to be a part of this Agreement. This express limited warranty and the liability of Western for breach of warranty shall be limited to correcting or repairing such portions of its labor and installation that are not in accordance with said specifications, plans or drawings. The term of this express limited warranty shall be ninety (90) calendar days after Redelivery of the Aircraft to Customer, provided that written notice of such defective or nonconforming Service is made to Western promptly after discovery of such defect or nonconformance, and that the Aircraft is promptly returned to Western with all transportation charges, taxes, imports, duties, and excises prepaid by Customer, and provided further that upon examination by Western, the Services are shown to have been defective or nonconforming due to a breach of this express limited warranty and not due to any extraneous cause such as, but not limited to, misuse by Customer or a third Party. When return of defective or nonconforming articles or return of the Aircraft is not commercially reasonable due to cost, distance or other commercial impracticality, any adjustment, repair or corrective work will be done only at Western's written discretion. Customer's sole remedy hereunder is limited to those labor charges of Western personnel required for the adjustment, repair, or corrective work or the replacement of a defective article. The period of this express limited warranty on such repaired articles or Services shall be the unexpired term of the original express limited warranty.

No warranty is given with respect to parts, components and products not manufactured by Western; however, Western will endeavor to obtain the best possible warranties from its vendors in favor of Western and/or its customers. The work does not include the assessment or remediation of any Year 2000 or other date-related issues.

THIS EXPRESS LIMITED WARRANTY IS EXCLUSIVE AND IN LIEU OF ALL OTHER WARRANTIES, WHETHER WRITTEN, ORAL EXPRESS, IMPLIED, OR STATUTORY (INCLUDING, WITHOUT LIMITATION, ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE). THIS EXPRESS LIMITED WARRANTY IS THE ONLY WARRANTY GIVEN UNLESS OTHER WARRANTIES ARE ATTACHED TO THIS AGREEMENT AND MADE A PART HEREOF. NO AGREEMENT EXTENDING THIS EXPRESS LIMITED WARRANTY SHALL BE BINDING UPON WESTERN UNLESS IN WRITING AND SIGNED BY ITS DULY AUTHORIZED OFFICER OR REPRESENTATIVE.

2. **LIMITATION OF LIABILITY AND PROHIBITION OF CONSEQUENTIAL DAMAGES: WESTERN'S LIABILITY ON ANY CLAIM OF ANY KIND, INCLUDING NEGLIGENCE OF WESTERN, FOR ANY LOSS (INCLUDING DEATH) OR DAMAGE ARISING OUT OF, CONNECTED WITH, OR RESULTING FROM THIS AGREEMENT, OR FROM THE PERFORMANCE OR BREACH THEREOF, OR FROM THE MANUFACTURE, SALE, REDELIVERY, RESALE, REPAIR OR USE OF ANY ARTICLE OR SERVICES COVERED BY OR FURNISHED UNDER THIS AGREEMENT SHALL IN NO CASE EXCEED THE PRICE ALLOCABLE TO THE ARTICLE OR SERVICES WHICH GIVES RISE TO THE CLAIM. ANY SUCH LIABILITY SHALL BE CONDITIONED ON CUSTOMER PROVIDING PROMPT WRITTEN NOTICE TO WESTERN OF ANY CLAIM AND, IN ANY EVENT, WITHIN 90 DAYS FROM THE DATE OF OCCURANCE OF THE CLAIM UNLESS THE PARTIES HAVE AGREED IN WRITING TO A DIFFERENT CLAIM PERIOD. THE PARTIES AGREE THAT UNDER NO CIRCUMSTANCES SHALL WESTERN BE LIABLE TO THE CUSTOMER FOR INDIRECT, INCIDENTAL, CONSEQUENTIAL, SPECIAL, OR EXEMPLARY DAMAGES, WHETHER IN CONTRACT OR TORT (INCLUDING STRICT LIABILITY AND NEGLIGENCE), SUCH AS, BUT NOT LIMITED TO, LOSS OF REVENUE, LOSS OF USE, OR ANTICIPATED PROFITS, DIMINUTION OR LOSS OF VALUE, OR THE COSTS ASSOCIATED WITH SUBSTITUTION OR REPLACEMENT AIRCRAFT.**

Except as expressly provided to the contrary in writing, the provisions of this Agreement are for benefit of the Parties and not for the benefit of any other person.

3. **CURRENCY, COMMERCIAL TERMS, TAXES.** The Cost Estimate and all other prices are quoted in U.S. dollars and payable in United States funds. Commercial terms used in this Agreement shall have the definitions issued by the International Chamber of Commerce in its publication INCOTERMS 2000 (see: <http://www.iccbooksusa.com/index.cfm>). The Cost Estimate and all other prices are based on delivery of the Aircraft to Western's repair facility, Delivered Duty Paid (DDP, or "Delivery") and the redelivery of the Aircraft to Customer after completion of the Services, ExWorks Western's facility (EXW, or "Redelivery"). The Cost Estimate and other prices do not include transportation, insurance, taxes, impost or other similar charges. The amount of all Federal, State or local taxes applicable to the sale, possession, use, or transportation of the articles sold or the Services performed and all duties, imposts, tariffs, or other similar levies shall be added to the prices and paid by the Customer, except where the Customer shall furnish an appropriate certificate of exemption to Western prior to Western's payment of applicable taxes or other government charges of the sort listed above.

4. **COST ESTIMATE, CREDIT, PAYMENT.** Western's execution of this Agreement and scheduling of Services on the Aircraft in exchange for payment of the Cost Estimate are conditioned upon approval by its Credit Department. Customer agrees that the Cost Estimate set forth on page one of this Agreement is an estimate and that the final cost shall be set forth in invoices issued to Customer by Western. Western agrees to contact Customer prior to provision of Services the cost of which would be substantially in excess of the Cost Estimate. All payments shall be made in full upon Redelivery except where Western and Customer have agreed in writing to credit terms and/or scheduled advance payments. Western shall issue to Customer subsequent supplementary invoices reflecting the actual charges and balances as soon as practicable and shall, prior to issuing invoices and statements, reconcile them with the amounts previously invoiced to Customer and/or paid. All balances shall be payable net thirty (30) calendar days of invoice date. All sums past due shall bear Interest at the rate of 1.5% per month/18% per year.

5. **PMA PARTS.** Customer agrees that FAA PMA approved parts may be used in the repair, maintenance, overhaul or alteration of the Aircraft, engine or component thereof.

6. **CHANGES.** Customer may request changes or additions to the Services and/or any applicable drawings, specifications, and/or designs, provided that such changes or additions are documented on a Western Services Order, Agreement Amendment, or other contract/Proposal addendum, and signed by Customer and an authorized Western representative. Any change or addition may affect price and date of Redelivery. Any change in price shall be borne by Customer. It is understood that all prices are based on straight time labor costs; any changes requested by Customer necessitating an overtime expense will be deemed a change under this paragraph.

7. **EXCHANGES AND RETURNS.** Worn exchange cores must be returned freight prepaid, to the Western facility within fourteen (14) calendar days (twenty-one (21) calendar days overseas) from the date of this shipment. Delay in accomplishing a timely return will subject Customer to a core charge as established by Western. Customer agrees to pay for all replacement parts in the overhaul of the exchange core not required as parts of a normal overhaul. Customer shall be invoiced for any such replacement parts. Western will return all non-repairable (nonconforming) cores or parts upon Customer's written request provided that Customer will pay any and all taxes, duties, imposts, and tariffs levied on the value of the returned items and all costs of return if any. All sales are final; no return of unused parts will be permitted unless previously authorized by Western. All authorized returns will be subject to a restocking/ re-certification charge.

8. **TITLE/LIEN.** Title to furnished parts, material, and associated labor shall pass to Customer upon Redelivery, with one exception. Western reserves the right to transfer title to parts, material and associated labor to Customer at the time that such items are incorporated into Customer's aircraft, and to invoice Customer for such items upon incorporation, when Redelivery is projected to be more than sixty (60) calendar days from the date of Delivery to Western. Customer grants to Western a security interest, and Customer agrees to execute any documentation required to perfect such interest, in all property owned by Customer (including Customer's beneficial rights in property leased by Customer) and in possession of Western to secure amounts owing to Western now and in the future. This Agreement, upon execution by Customer, serves as the written contract that must be signed by Customer and predate the commencement of provision of Services in order for Western's lien to be recorded at the Federal Aviation Administration pursuant to §45-1102(2)(d), Idaho Code. Customer agrees that Western, pursuant to §§45-1101(3) and 45-1105(3), Idaho Code, may notify the holder of a security interest in the Aircraft of its intention to carry out the Services, and not begin to provide Services until the fourth business day following such notification to the holder of the security interest in the Aircraft. Customer agrees that notwithstanding language of page 3 regarding progress payments, Western may retain possession of Aircraft until all invoices are paid in full if Western chooses to do so. Western agrees to use commercial reasonability in exercising this right.

9. **GOVERNMENTAL AUTHORIZATIONS.** In all cases, Customer 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 Customer asks Western to assist, Customer agrees to pay Western's invoices for provision of such Services, but Customer shall remain importer or exporter of record. Western shall not be liable if any authorization is delayed, denied, revoked, restricted, or not renewed, and Customer shall not be relieved of its obligation to pay for the Services provided by Western to Customer. All articles, parts or equipment delivered shall at all times be subject to the U.S. Export Administration Regulations (EAR), International Traffic in Arms Regulations (ITAR), and/or customs regulations and laws of the U.S. Customer agrees not to dispose of U.S. origin items provided by Western other than in and to the country of ultimate destination specified in Customer's purchase order and/or approved government licenses(s) or authorizations(s), except as said laws and regulations may permit.

10. **FLIGHTS BY WESTERN.** This Agreement does not cover Redelivery flights of Customer's aircraft by Western or any other flights of Customer's aircraft. In the event that Customer desires Western to perform such services, they will be rendered under a separate agreement which will require appropriate insurance and indemnification protection of Western by Customer before the commencement of such flights.

11. **INDEMNIFICATION.** Customer shall indemnify and hold Western, its employees and agents harmless for loss of or damage to the Aircraft, including the Services provided to the Aircraft pursuant to this Agreement, for any reason or cause whatsoever while the Aircraft is in the possession and/or control of Western or on the premises of Western. Notwithstanding the foregoing, Western shall indemnify and hold Customer harmless for loss of or damage to the aircraft occurring while it is not in flight provided such loss or damage to the Aircraft is solely, directly, and proximately caused by the negligence of Western, provided that in no event shall Western's indemnity or liability exceed the price allocable to the Services, article or part which gives rise to a claim for loss or damage to the aircraft. Customer shall indemnify and hold Western harmless from the payment or imposition of any tax or levy imposed on any articles sold, or for any Services performed, plus penalties, interest, and/or reasonable attorney's fees connected with the imposition of any such tax or levy.

12. **REPRESENTATION.** Customer's representatives shall have access during normal business hours to Western's facilities and the Aircraft while the Services is being accomplished. Western's regulations concerning employees and facilities shall be observed by such representatives. Only authorized Western representatives may agree to changes in or additions to the Services subject to Paragraph 6 above. Customer's representatives shall not have access to any portion of Western's facilities which may be restricted by U.S. Government security regulations, or by Western.

13. **PROPRIETARY INFORMATION.** The information contained in this document is Western Proprietary Information and is disclosed in confidence. It is the property of Western and shall not be used, disclosed to others, or reproduced without express written consent of Western. If consent is given for reproduction in whole or in part, this notice shall appear on any such reproduction. The information contained in this document may also be controlled by the U.S. export control laws and regulations such as the EAR and ITAR, and is subject to Paragraph 9 above. Unauthorized export or re-export is prohibited.

14. **FORCE MAJEURE:** Western shall not be liable for delays in delivery, performance, or failure to perform, manufacture or Redeliver due to causes beyond its reasonable control, or acts of God, acts of the Customer, acts of government or military authority, delays in transportation, shortages, or inability due to causes beyond its reasonable control to obtain necessary labor,

materials, utilities, components, or manufacturing facilities. In the event of any such delay, the date of performance/Redelivery shall be extended for such period of time as may be reasonably necessary to compensate for such delay.

15. **DEFAULT.** Should events occur which would give rise to a claim by Customer that Western has breached this Agreement or is otherwise in default, Customer first shall give Western a thirty (30) calendar day written notice of such claim. Before Customer may submit such claim to any dispute settlement process, Western shall have the thirty (30) calendar day period to cure any claim and avoid any liability to Customer. Customer's breach or failure to pay any sum due under this Agreement or any other agreement or contract with Western regardless of when the agreement or contract was entered into, will at Western's sole option if the breach or nonpayment is not cured within ten (10) calendar days after written notice of the breach, constitute a default of this Agreement and all other agreements and contracts between Customer and Western. In such an event, Western may at its option withhold performance under this Agreement and any or all of the other agreements and contracts until a reasonable time after all defaults have been cured, and/or take any other action permitted by law.

16. **WAIVER.** Failure by Western to assert all or any of its rights upon any breach of this Agreement shall not be deemed a waiver of such rights either with respect to such breach or any subsequent breach, nor shall any waiver be implied from the acceptance of any payment or services. No written waiver of any right shall extend to or affect any other right Western may possess, nor shall such written waiver extend to any subsequent similar or dissimilar breach.

17. **SEVERABILITY.** Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

18. **ASSIGNMENT.** The assignment of the Agreement or a related purchase order, or any related rights or obligations, by either Party without prior written consent of the other Party shall be void. Notwithstanding the above, Customer's consent shall not be required for the substitution of a subsidiary or affiliated company of Western in the place of Western as the contracting Party and/or the recipient of payments pertaining to all or any part of any purchase order. Should such substitution occur, Customer shall be notified thereof in writing.

19. **TITLES/SUBTITLES.** The titles and subtitles given to paragraphs of this Agreement are for convenience only and shall not in any manner be deemed to limit or restrict the context of the paragraph to which they relate. The words "hereof", "hereunder", "herein", "herewith", and similar terms are not to be deemed restrictive and refer to the entire Agreement including all Exhibits.

20. **MODIFICATION.** This Agreement may only be modified, supplemented, or amended by a writing duly signed by an authorized representative of both Parties hereto.

21. **ENTIRE AGREEMENT, AUTHORITY, EXECUTION.** This Agreement is intended to be the complete and exclusive statement between the Parties of the Services to be provided and the applicable terms and conditions. No prior Proposals, statements, negotiations, warranties, course of dealing, or usage of trade are part of this Agreement. Western objects to Customer's inconsistent or additional terms, however stated, and such shall not be part of this Agreement unless Western specifically accepts them in writing. ANYONE SIGNING FOR THE CUSTOMER REPRESENTS THAT SHE OR HE IS EMPLOYED BY THE CUSTOMER IN THE CAPACITY INDICATED AND IS UNEQUIVOCALLY AUTHORIZED TO BIND THE CUSTOMER TO THE AGREEMENT. This Agreement may be executed via counterparts signed by each Party on different dates in different places, which later are exchanged via mail or facsimile. This Agreement shall enter into force on the date when executed by the second Party to sign.

22. **APPLICABLE LAW.** This Agreement shall be interpreted and the rights and liabilities of the Parties determined in accordance with the law of the State of Idaho, U.S.A., without regard to conflicts of law principles. The Parties consent and hereby submit to the exclusive jurisdiction of the state and federal courts, located in the county where Western's facility is located, as set forth on the first page of this Agreement, for a determination of any and all issues between them relating to this Agreement or its subject matter, provided that the mediation of Paragraph 22 is carried out prior to filing suit in court. CUSTOMER HEREBY WAVES 1) THE RIGHT TO A JURY TRIAL IN ANY AND ALL PROCEEDINGS; 2) ANY AND ALL OBJECTIONS TO VENUE AND INCONVENIENT FORUM IN THE STATE AND FEDERAL COURTS REFERRED TO IN THIS PARAGRAPH; AND 3) ANY AND ALL OBJECTIONS TO SERVICE OF PROCESS BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, OR EQUIVALENT COMMERCIAL COURIER SERVICE.

23. **DISPUTE SETTLEMENT.**

Resolution by Senior Management. If a dispute, claim, or controversy arising out of or relating to the Agreement occurs (the "Dispute"), either Party shall give written notice to the other Party requesting that senior management attempt to resolve the Dispute, provided however that if Customer alleges Western to have defaulted, it shall observe the requirements of Paragraph 15 above prior to seeking dispute settlement. Within fifteen (15) calendar days after receipt of such notice, the receiving Party shall submit a written response. Both the notice and the response shall include a statement of the applicable Party's position and a summary of reasons supporting that position. The Parties shall cause senior management to meet within thirty (30) calendar days after receipt of the notice, at a mutually acceptable time and place, and thereafter as often as they reasonably deem necessary, to use commercially reasonable efforts to resolve the Dispute in good faith.

Mediation. Except as provided below, no Party shall commence any action in court with respect to any Dispute until 30 calendar days after the Parties have in good faith mediated the Dispute as set forth below. Any Party may initiate mediation by written request on or after the 45th calendar day after one Party's receipt of the initial written notice of the Dispute. If the Parties cannot agree on a mediator or the rules for mediation, either Party may request the American Arbitration Association (AAA) to select the mediator and conduct the mediation at a location within five miles of the Western facility pursuant to its Commercial Mediation Rules then in effect. The costs and fees of the mediator shall be shared by the Parties equally. The mediation shall occur within 60 calendar days of the receipt of the notice requesting mediation and shall continue uninterrupted for a period of eight (8) hours unless

either: 1) the mediator determines that further negotiation would be futile; or 2) the Parties resolve the Dispute earlier. The Parties by written agreement may extend or modify the dates or conditions of mediation.

Enforcement by Court: Notwithstanding the provisions regarding resolution by senior management and mediation, either Party may at any time seek from a court of competent jurisdiction any equitable, interim, or provisional relief, remedy, or lien to preserve the status quo or avoid irreparable harm or injury. Similarly, after resolution by senior management and mediation has been attempted, any court of competent jurisdiction may enforce the provisions of this Paragraph.

Costs: In the event that either Party files suit to obtain any remedy for a breach of this Agreement or of any obligation regarding its subject matter, the prevailing Party in any such litigation shall be entitled to its reasonable costs and attorney's fees in addition to any relief obtained.

Confidentiality: No statements made in connection with the Dispute settlement process set forth in this Paragraph shall be admissible in any proceeding, nor shall they be disclosed to any third Party except as required by law or as the Parties otherwise agree in writing.