

DISTRIBUTOR AGREEMENT

This is an agreement between Texas Turbine Conversions, Inc., a corporation organized and existing under the laws of the state of Texas, having a place of business at Celina, Texas, and _____, a _____ organized and existing under the laws of _____, having a principal place of business at _____, hereinafter referred to as the "Distributor".

Texas Turbine Conversions, Inc., [hereinafter referred to as "Texas Turbine"] is licensed by Supervan Systems Ltd. [Supervan] to manufacture parts, assemble kits, and sell and distribute the parts and kits for the installation of a Honeywell TPE331-12JR engine on the Cessna 208 or 208B aircraft in accordance with Supervan's supplemental type certificate SA10841SC, and amendments to that STC which may occur in the future. The parts and kits are referred to collectively as the "conversion kits" in this document. Texas Turbine is authorized to select distributors to assist in the sale of the conversion kits and to provide services for customers in connection with the sale and installation of the conversion kits.

NOW THEREFORE, in consideration of the mutual agreements set forth herein and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties agree as follows:

I. Designation of Distributor

Texas Turbine grants to Distributor the non-exclusive right to purchase and resell the conversion kits identified above and replacement parts for the kits. Texas Turbine also grants to Distributor the right to arrange for sales of the kits directly to customers with a sales commission to be paid to Distributor for services in connection with the sale. Nothing in this agreement authorizes Distributor to manufacture parts for the conversion process under the STC. Pending further evaluation by Texas Turbine, it is anticipated that Distributor will be designated as an Approved Installation Facility for the installation of the conversion kit on customer aircraft and that Distributor will be designated as an Approved Service Center for warranty service, repair of aircraft with the conversion kit, and sale of replacement parts for the kits and additional modification parts which may become available for purchase by customers.

II. General Duties of Distributor

A. *Marketing and Advertising.*

Distributor agrees to use its best efforts to promote the market for Texas Turbine's conversions kits. Distributor further agrees to advertise these products on Distributor's website and through other advertising media. Texas Turbine authorizes Distributor to use its name, logo, and any associated trademarks in connection with any advertising of the products covered by this agreement so long as this agreement remains in effect. However, all advertising materials relating to Texas Turbine's products (including those in print, display format, electronic media, or any other medium) must be submitted to Texas Turbine for approval prior to publication or dissemination. Texas Turbine will notify Distributor in writing of its approval or disapproval of submitted advertising materials. Distributor agrees not to disseminate any advertising material or information which has not been approved by Texas Turbine in writing. Distributor is not permitted to take any action which might affect or impair the interest of Texas Turbine in any trademarks or logos.

B. *Installation Services.*

Upon designation as an Approved Installation Facility, Distributor will provide services for the installation of the conversion kits on customers' aircraft at prices to be agreed upon by Distributor and Texas Turbine. Distributor agrees to allow personnel from Texas Turbine access to its facilities to inspect and ascertain compliance with requirements for the installation of conversion kits. Texas Turbine reserves the right to terminate the designation of any company as an Approved Installation Facility if the inspection is not allowed or if the installation services provided by Distributor do not meet the standards required by Texas Turbine or any applicable governmental agency. **All conversion kits purchased by Distributor will be installed by Distributor unless other**

arrangements are made with Texas Turbine. In no event will Distributor sell an uninstalled kit to a customer without written authorization from Texas Turbine.

C. Warranty and Maintenance Services.

Upon designation as an Approved Service Center, Distributor agrees to provide warranty service for Texas Turbine's products, to maintain an inventory of commonly requested spare parts, and to provide maintenance services for customers who have purchased the conversion kit. Distributor agrees to allow personnel from Texas Turbine access to its facilities to inspect and ascertain compliance with requirements for the maintenance services provided to purchasers of the conversion kits. Texas Turbine reserves the right to terminate the designation of any company as an Approved Service Center if the inspection is not allowed or if the maintenance services provided by Distributor do not meet the standards required by Texas Turbine or any applicable governmental agency.

D. Installation Standards.

Distributor agrees to perform all duties as an installation facility or maintenance facility in compliance with standards as established by Texas Turbine and the applicable governmental entities and in accordance with the generally recognized standards for good and workmanlike service.

E. Exchange Engine Evaluations.

Distributor further agrees to provide services for the assessment and evaluation of engines offered for exchange in connection with the purchase of a conversion kit under the terms and conditions set out below.

F. Requirement to Purchase or Sell a Kit

Distributor agrees to purchase at least one conversion kit each calendar year or be instrumental in the purchase of a kit by at least one customer each calendar year. The period during which such kit must be purchased or sold by the Distributor will begin on the date of execution of this agreement and end on December 31st of the following year. For each succeeding year, the period will begin on January 1st and end on December 31st of the same year. Failure of a distributor to purchase or sell a kit during this period can be grounds for termination of the distributor status of that company with 30 days written notice from Texas Turbine.

III. Status of Distributor as Independent Contractor

A. Distributor Relationship.

The Distributor acknowledges that it is an independent contractor. Nothing in this contract shall be construed to create a principal and agent relationship or any relationship such as joint venturers, partners, employer and employee, or any other similar relationship. Neither party shall have the right to bind the other party in any capacity.

B. Texas Turbine and Distributor Liability.

The acts of each party are independent and neither Texas Turbine nor Distributor shall be liable to any other party for any acts, omissions, representations, contractual agreements, or transactions of the other party unless specifically addressed in this agreement. Each party hereby agrees to indemnify the other against any losses sustained as a result of the other party's acts, omissions, representations, contractual agreements, or transactions which are contrary to the terms of this paragraph.

IV. Types of Sales and Distributor Duties

The parties anticipate that Distributor will assist in the sale of conversion kits in the following ways:

A. *Direct Texas Turbine Sale with Distributor Assistance.*

As an assisting party for a sale made directly by Texas Turbine with a customer, for which Distributor will receive a sales commission under the terms and conditions set forth below. This is termed a "Direct Texas Turbine Sale." In most instances, this type of sale will involve assistance by the Distributor to Texas Turbine in assessing the quality of the engine to be offered in exchange or as a trade-in on the purchase of the kit.

B. *Distributor Sale.*

As a distributor for the conversion kit, under which Distributor will initiate the sale and will purchase a kit from Texas Turbine at a discount and sell it to the customer at Texas Turbine's then current advertised price.. The customer's engine will usually be traded-in to Texas Turbine as part of the purchase price of the kit, unless Texas Turbine refuses to accept the engine in trade.

V. Sales Procedures and Exchange (Trade-In) Engines

In all sales of the conversion kits, Texas Turbine normally will require the trade in of the Customer's Pratt & Whitney engine and firewall forward components to Texas Turbine as part of the transaction. The customer will be given the advertised credit for the trade-in parts, being a set amount for the engine core, plus additional credit for the hours remaining until the normal overhaul of the engine at 3,600 hours. Other adjustments on the trade-in value may be required based upon the circumstances of each transaction. The requirements for an engine to be accepted for trade-in are set forth in Exhibit B to the Kit Purchase Agreement, included in Appendix I attached to this Distributor Agreement.

In 2012, at the time of execution of this agreement, Texas Turbine will offer to the customer a credit of \$100,000 USD, plus \$60 USD for each hour remaining until time for the 3600-hour overhaul for the PT6A-114A engine or \$45 USD for each hour remaining until time for the 3600-hour overhaul for the PT6A-114. Adjustments may be required for high cycle engines. The exchange engine will not be accepted in trade until it is inspected and borescoped and approved for trade in by Texas Turbine.

VI. Compensation for Distributors

The parties anticipate that Distributor will be an Approved Installation Facility and will receive compensation from the customer for those services in addition to the sales compensation set forth below.

Distributor will be compensated for its services in connection with the defined types of sales, as follows:

A. *"Direct Texas Turbine Sale with Distributor Assistance".*

The parties anticipate that Distributor will promote the sale of the conversion kit and some kits may be purchased by customers directly from Texas Turbines. Distributor will notify Texas Turbine of contacts with potential customers by e-mail or other reliable communication as soon as possible after the communication. Texas Turbine agrees to pay to Distributor the sum of \$_____ (was \$5,000) United States dollars [USD] if any such customers subsequently purchase a kit directly from Texas Turbine. If more than one distributor or aircraft sales broker directly facilitates a sale, the \$5,000 payment will be shared pro rata by those parties. Texas Turbine Conversions will make the determination as to which parties facilitated the sale after receiving information from the parties and the customer regarding the distributor participation in the sale.

B. *"Engine Evaluation for Direct Texas Turbine Sale".*

The Distributor may be asked to assist in evaluating the trade-in engine for direct Texas Turbine sales. In this situation Distributor will be asked to arrange for borescope testing of the engine, power

run testing, and any other required inspections of the engine and firewall forward. The Distributor may also be asked to review the associated paperwork to determine the acceptability of those items for trade-in. A report of the findings will be prepared and sent to Texas Turbine. Requirements for engine exchange from a customer are set forth in Exhibit B attached to the kit purchase agreement in Appendix I.

1. Texas Turbine Elects to Take Exchange Engine

It is anticipated that the conversion kit will be installed at Distributor's facility and thus, Distributor will be removing the engine and firewall forward from the aircraft as part of the conversion process. If Texas Turbine elects to take those items in trade, Distributor will perform the following additional services after removal:

- a. Packing the engine and firewall forward for shipment to a place designated by Texas Turbine;
- b. Arranging for shipment of the engine and firewall forward as required by Texas Turbine;
- c. Coordinating insurance for the shipment with Texas Turbine; and
- d. Preparing required documentation as needed for shipment.

Texas Turbine agrees to reimburse Distributor for any costs incurred for insurance and shipping costs in connection with these shipments. Texas Turbine must be notified in advance of the costs to be incurred and must approve those amounts prior to the time that Distributor pays those amounts, if Distributor is to be reimbursed. In this case, Distributor will be paid the total sum of \$_____ USD for the services described above. If some of these services are contracted out to another company, the compensation to the Distributor will be reduced by the costs paid to the contractor. If additional services are required, the parties will agree upon fair compensation for the Distributor for the additional services performed.

2. Texas Turbine Rejects the Engine

If Texas Turbine elects to reject the engine, Distributor will be paid \$_____(was 2,500) USD for the testing, inspection and report. Texas Turbine will charge the customer the full kit price. Distributor may elect to purchase the engine and firewall forward from the customer at a price to be negotiated between Distributor and customer.

C. "Distributor Sale".

Distributor may purchase the conversion kit directly from Texas Turbine at a price \$20,000 USD under the then current advertised retail price. The customer will still be expected to trade in its engine as part of the purchase price for the kit. A refund will be made to the Distributor for the credit given on the trade-in engine and firewall forward. At the time of the signing of this agreement in 2012, the retail price without an engine exchange is \$695,000 USD. Thus, at the time of the signing of this agreement, Distributor can purchase the kit at the price of \$675,000 USD before any trade-in credit is determined. Texas Turbine expressly reserves the right to change the advertised retail price at any time and will give Distributor 30 days advance notice of any such change.

As part of the services to Texas Turbine, Distributor may be asked to assist in evaluating the trade-in engine for Distributor sales. In that situation, the provisions regarding the evaluation of the engine for trade in, as set forth in paragraph IV(B) above, apply.

VII. Rights and Powers Reserved to Texas Turbine

Distributor acknowledges and agrees that Texas Turbine reserves to itself all rights not specifically granted to Distributor in this agreement. The rights reserved to Texas Turbine include, but are not limited to the following:

A. *Right to Sell.*

The right to sell the conversion kits and associated products granted to Distributor by this agreement is non-exclusive. Texas Turbine reserves the right to sell the kits and products and any other products developed or sold by Texas Turbine directly to customers or through other distributors. Notwithstanding this right, Texas Turbine anticipates that it will only select a limited number of Distributors and will direct customers to the Distributor for installation and warranty services after approval of the Distributor's facility for those services.

B. *Pricing.*

Texas Turbine expressly reserves the right to set the advertised retail price for the kits and parts related to the kit and any other accessories. Texas Turbine will give Distributor 30 days' advance notice of any change in the advertised retail price of the conversion kit. Texas Turbine will make every effort to give Distributor notice of the changes in the price of parts and accessories as soon as reasonably possible. Prices will not be changed for any items for which the orders were submitted and accepted by Texas Turbine prior to the price change, unless the delay is caused by the customer or Distributor.

C. *Conversion Kit Orders.*

Distributor will submit an order for a conversion kit to Texas Turbine by purchase order which identifies the full purchase price, less any applicable sales commission and which sets forth a requested delivery date for the engine and kit. Texas Turbine will either accept the proposed purchase as set forth in the purchase order, propose alternate delivery dates, adjust portions of the purchase order as needed, or reject the purchase order. Once the purchase order is accepted, Texas Turbine will prepare a Kit Purchase Agreement generally in the form of the Kit Purchase Agreement attached as Appendix I to this agreement. The Kit Purchase Agreement will be executed by Distributor and Texas Turbine. Texas Turbine reserves the right to reject any proposed contract for any reason. Distributor specifically agrees not to represent to customers that Texas Turbine will definitely accept a contract or that the conversion kit will definitely be delivered at a specified time. The time for delivery of each kit is contingent upon many factors, including, but not limited to, the availability of engines, propellers, and other parts. Distributor agrees to work with Texas Turbine to obtain accurate information about the probable delivery time for each kit and to convey that information accurately and in a timely manner to the customers. Every effort will be made by both companies to avoid delays and to avoid inconvenience to customers. In no event, however, will Texas Turbine be liable to Distributor or any customer for damages, consequential or otherwise, caused by delays in production or delivery of kits. No contracts will be executed which state that time is of the essence or which otherwise impose mandatory time deadlines on Texas Turbine. If Distributor wishes to be able to immediately deliver kits to customers, Distributor agrees to purchase and have on hand a complete kit available for installation in a customer's aircraft.

The price for the conversion kit will be confirmed and production of the kit will begin only after Texas Turbine receives an executed purchase contract, accepts such contract by signing it, and Distributor forwards the required deposit per the contract by wire transfer. The balance of the purchase price will be due as set forth in the purchase contract. All contracts will require payment in full for the engine at least two weeks prior to the established shipment date and payment in full for the kit at least one week prior to the shipment date for the kit. Acceptance of the order so as to lock in the purchase price will occur only when the purchase order, signed contract and deposit wire transfer are received by Texas Turbine. Texas Turbine will then immediately notify Distributor of acceptance of the contract by email, and by mail, if requested. Distributor recognizes and acknowledges that engine price increases occur at the end of each year and that engine prices can only be guaranteed by Texas Turbine if the entire purchase price for the engine is received by Texas Turbine at the time set forth in the purchase contract. If there is a delay in payment for the engine, the engine may be delivered to another customer. Distributor must pay

any additional amounts owed to Honeywell caused by the delay, plus 2% of the amount owed on the engine for each thirty days the payment is delayed.

Payment of the deposit and submission of the kit purchase contract determines the order in which kits and engines will be shipped to customers. Kits are delivered on a first-come first-served basis. Delivery of a kit out of this order will occur when the customer requests a specific later delivery date or when a customer fails to make the payment required prior to engine or kit shipment. If, after submitting a deposit, a customer requests a delivery date more than ninety days after the deposit is received. Texas Turbine will assign a specific delivery date for that kit and will make every effort to ship the kit on that date, if all payments due from the customer are made in a timely manner as required by the Kit Purchase Agreement and there are no unexpected parts shortages.

No conversion kit will be shipped until the full purchase price has been received by Texas Turbine unless special arrangements are made. Extra charges, such as those required for shipping of the kit parts and engines or duties, will be billed for as soon as practicable after the charges are incurred by Texas Turbine. If those charges are not paid by the time of the completion of the installation of the kit on the customer's aircraft, Texas Turbine may immediately terminate this contract and Texas Turbine's duty to train pilots and honor warranty agreements will cease.

No engine will be shipped by Honeywell until the full purchase price has been received by that company.

All purchase orders and purchase contracts and routine communications may be transmitted by facsimile or e-mail in the normal course of business. Significant communications which require approval by the other party should be communicated in such a manner as to draw attention to the communication and the receiving party shall acknowledge receipt of the communication. If an acknowledgment is not received in a timely manner, the party initiating the communication shall call the other party to bring attention to the communication or submit a written communication by certified or registered mail to the other party at the company primary place of business.

D. *Parts Orders.*

Distributor will submit purchase orders for the purchase of parts and accessories sold by Texas Turbine. Distributor will pay for the order within 30 days after receipt of the parts or accessories. If the order exceeds \$10,000 USD, Distributor will pay for the order upon submission. If Distributor fails to pay as required by this paragraph or the provisions of any conversion Kit Purchase Agreement, Texas Turbine shall have the right to demand prepayment of any order. If Distributor fails to pay for a period of 60 days beyond the due date for any parts delivery or conversion kit order, Texas Turbine shall have the right to immediately terminate this contract.

E. *Right to Terminate this Agreement.*

Texas Turbine reserves the right to terminate this agreement at any time by giving Distributor 60 days' written notice. Termination does not affect any rights for commissions for delivery of products which have already vested by the execution of contracts or the performance of duties in connection with sales.

F. *Right to Terminate Status as Approved Installation Facility or Approved Service Center.*

After approval of Distributor's facility as an Approved Installation Facility or as an Approved Service Center, Texas Turbine expressly reserves the right to terminate that approval at any time that the work performed by Distributor ceases to be of a quality required by Texas Turbine for such facilities. Texas Turbine will notify Distributor in writing of the termination of its status as an Approved Installation Facility or as an Approved Service Center, and that termination will be effective immediately upon transmission of that notification.

VIII. Duties of Texas Turbine.

A. Acceptance of Orders.

Texas Turbine agrees to accept or reject purchase orders and contracts received from Distributor within a reasonable time after receipt of those items. Distributor will notify customers of Texas Turbine's right to reject orders and will not accept any binding orders from customers prior to acceptance by Texas Turbine.

B. Delays in Delivery.

Texas Turbine will use reasonable efforts to fill accepted orders in a timely manner, but the company will bear no liability to Distributor or customer for delays in delivery of the ordered products. Texas Turbine will use reasonable efforts to keep Distributor informed of expected delivery times and possible delays so that customers can be kept informed.

C. Distributor Training.

Texas Turbine will send personnel to Distributor's facility to inspect it for approval as an Approved Installation Facility and as an Approved Service Center. If accepted, Texas Turbine will provide training to Distributor's personnel for the installation process and maintenance services, as necessary. The extent and frequency of such training will be determined by Texas Turbine in its sole discretion. Texas Turbine agrees to train two persons designated by Distributor in the procedures for installation of the conversion kit at Texas Turbine's facility. There will be no costs for the training of these two people, but the costs for transporting the trainees to the installation facility and the costs for room and board during the training period will be borne by Distributor. Training can be requested at Distributor's facility under terms to be agreed upon by Texas Turbine and Distributor.

IX. Standard Terms for Purchase of Conversion Kits and Parts

A. Pricing, Payment, and Delays.

The price and payment schedule for purchase of the conversion kit will be set out in each purchase contract. Upon acceptance of a Kit Purchase Agreement by Distributor and Texas Turbine, Distributor will forward to Texas Turbine the initial deposit by wire transfer to the company's bank account, as a non-refundable deposit for both the kit and its included engine. If Distributor fails to pay within 15 days the additional amounts due under the Kit Purchase Agreement at the time due, Texas Turbine may terminate the Agreement and retain the deposit. If Distributor learns that there may be a need to delay delivery of the engine or kit, Distributor must notify Texas Turbine of the need for delay, and Texas Turbine will use best efforts to adjust the schedule for delivery by servicing another purchase order ahead of the delayed order or otherwise adjusting the delivery time, if possible, so as to assist the Distributor or customer in avoiding a default under the purchase contract. If such an adjustment cannot reasonably be made, Texas Turbine may terminate the purchase contract and retain the deposit as described above.

B. Distributor Responsibility.

Distributor has full responsibility for resale of the conversion kits purchased from Texas Turbine and bears all risks related to collection from its customers for kits which are resold.

C. *Payment.*

Distributor agrees to pay all invoices from Texas Turbine in a timely manner as agreed by the parties and set out in the contract or invoice documentation. Texas Turbine reserves the right to require advance payment for parts and supplies. If invoices for parts and accessories are not paid within 30 days of the date an invoice for such items is submitted to Distributor, Texas Turbine may assess interest on the amount due in the amount of 2% per month. Texas Turbine additionally has the right to discontinue shipments of products to Distributor until all outstanding invoices have been paid. Texas Turbine retains a security interest in all items delivered to Distributor without prepayment and may pursue all remedies provided under law in regard to said security interest if payment for those items is not received within 90 days of the due date.

D. *Transportation Charges.*

Distributor shall be responsible for the payment of all charges for transportation, any government taxes, tariffs or duties, and insurance or other charges related to the shipment of conversion kits, engines and propellers to Distributor. If any of those charges are paid by Texas Turbine, Distributor will reimburse Texas Turbine within 30 days of receiving an invoice from Texas Turbine. Charges for the shipment of parts and accessories, including taxes, tariffs, duties, handling charges, and insurance will be included in the invoice for any parts and accessories. Expenses related to the shipment of trade-in engines and firewall forward parts accepted by Texas Turbine in connection with a sale shall be the responsibility of Texas Turbine and will be prepaid by Texas Turbine or Distributor shall be reimbursed for the costs of such shipment.

E. *Risk of Loss.*

Until conversion kits (less engine and propeller) are shipped or parts are shipped from Texas Turbine's facility, title to and all risks of loss or damage to the kits or parts will remain with Texas Turbine. Once the kits or parts are shipped, the risk of loss is on the Distributor. When engines or propellers are shipped to Distributor from Honeywell or Hartzell, the title to and risk of loss or damage to those items passes to Distributor when the engine and propeller are shipped from Honeywell or Hartzell, as applicable. Thus Distributor should arrange for insurance for all shipments of kits, engines, propellers, and other parts, unless otherwise notified by Texas turbine on individual shipments.

F. *Incomplete shipments or damaged items.*

Distributor will immediately notify Texas Turbine of any claim that an order is incomplete or that the items shipped were damaged in transit. If Texas Turbine does not receive such notification within 30 days of the date of shipment, Distributor will waive any claim for omitted or damaged items and Texas Turbine is relieved of all responsibility to remedy said defect.

G. *Warranties.*

Warranties applicable to conversion kit sales are included in the Kit Purchase Agreement. A statement of the company's warranty provisions to be provided to the aircraft owner is attached as Exhibit D to the Kit Purchase Agreement (Appendix I). Distributor will provide a copy of this document to the customer and will insure that the customer is aware of the warranty provisions. Engines will have the warranty provided by Honeywell International, Inc., with no additional warranty by Texas Turbine Conversions, Inc., or Supervan Systems Ltd. Similarly, propellers will have the warranty provided by Hartzell with no warranty by Texas Turbine Conversions, Inc. or Supervan Systems Ltd. If additional propellers are secured from other manufacturers, the warranties by those manufacturers will apply. Neither Texas Turbine Conversions, Inc., nor Supervan Systems Ltd make any warranty for any products beyond that provided in the conversion kit purchase contract and Distributor acknowledges this and accepts that as a condition to entering into this contract. No provision of this agreement expands or extends the warranty provisions as set forth in the purchase agreement for any conversion kit or any parts.

Texas Turbine's warranty providing for the repair or replacement of defective kit parts for the period set out in the purchase contract requires that the owner of the aircraft have the conversion kit installed at a Texas Turbine Approved Installation Facility. The warranty will only remain in effect if the customer has all work on the aircraft performed by a duly licensed aviation mechanic with the knowledge, training and authority to perform the required work. Alteration of the conversion or the performance of work by an unauthorized person will void the warranty by Texas Turbine. **Texas Turbine will also not be responsible for the repair or replacement of kit parts if the damage to the parts arises from the operator's failure to discontinue operations when maintenance needs to be performed on the aircraft.**

TEXAS TURBINE CONVERSIONS, INC., AND SUPERVAN SYSTEMS LTD. DISCLAIM ANY WARRANTY OF MERCHANTABILITY WITH REGARD TO THE CONVERSION KIT OR ANY PARTS OR ACCESSORIES SOLD BY TEXAS TURBINE. THE COMPANIES FURTHER DISCLAIM ANY WARRANTY FOR FITNESS FOR A PARTICULAR PURPOSE RELATING TO ANY PRODUCTS SOLD TO DISTRIBUTOR UNDER THIS AGREEMENT OR OTHERWISE.

Texas Turbine reserves the right to amend and alter the provisions of its warranty at any time, without prior notice to Distributor. Changes in the warranty will apply only to products purchased after the change, and the amendments to the warranty will be included in the revised Kit Purchase Agreement.

If Distributor performs any work on an aircraft for which reimbursement will be sought from Texas Turbine under its warranty provisions, Distributor agrees to contact Texas Turbine prior to commencing any repairs which might involve warranty work to inform Texas Turbine of the issue involved, the proposed repair, and the anticipated charge. TEXAS TURBINE RESERVES THE RIGHT TO SELECT ANY WARRANTY REPAIR FACILITY WITH REGARD TO ANY WARRANTY REPAIR AND WILL NOT PAY FOR REPAIRS UNDER WARRANTY IF THOSE REPAIRS ARE NOT AUTHORIZED IN ADVANCE AND IN WRITING BY TEXAS TURBINE.

Distributor will not execute a resale agreement with any customer which imposes any warranties, duties, or obligations on Texas Turbine beyond those included in the conversion Kit Purchase Agreement or this distributor agreement. Distributor agrees to inform each retail customer of the requirements for installation by an Approved Installation Facility; maintenance by an authorized mechanic as a prerequisite for the Texas Turbine's warranty provisions; and pre-approval of all warranty work by Texas Turbine.

X. Duration

This agreement commences on the date of execution as set forth below and continues in effect until it is terminated by the terms of this agreement as set forth above.

XI. General Terms

A. Proprietary Information.

If the parties should gain access to confidential or proprietary information in connection with this agreement, each party agrees that it will maintain the confidentiality of that information and will not disclose that information or allow its employees or agents to disclose said information.

B. Assignability.

Texas Turbine may assign its rights and obligations to a third party if the rights and obligations under this agreement are assumed by the assignee. This agreement is not transferable or assignable by Distributor without the prior written consent of Texas Turbine.

C. *Duration and Termination.*

This agreement continues until terminated as provided herein. This agreement may be terminated at any time by either party by sending a notice of termination to the other party at the address set forth below under the signature lines of this agreement. The agreement will terminate 60 days after mailing of the notice to the address specified. Certain privileges granted by this agreement may be terminated with shorter notice as provided in the agreement. Termination of this agreement based upon non-payment of an invoice relating to special charges attributable to the shipment of a kit (i.e. shipping charges, duties, taxes, and similar charges) n kit is immediate upon the sending of e-mail notice by Texas Turbine Conversions, Inc., to be followed by a written notice of termination. In that situation, Texas Turbine is relieved of its duty to train pilots in connection with that installation and to provide warranty services for that conversion.

D. *Amendments.*

Either party may propose amendments and/or improvements to this agreement at any time, and, if accepted by the other party, the amendments will be incorporated into this agreement by an attachment to the agreement, signed by both parties, or by the approval of an amended version of this agreement. The modifications will take effect at a time agreed upon by the parties. The other terms of the agreement will remain in full force and effect if not modified by the agreed amendments.

E. *Entire Agreement.*

This agreement contains the entire understanding between the parties as to the subject matter contained herein except for references to conversion kit purchase agreements which are incorporated by reference and will be executed with regard to each individual conversion kit sale. In case of a conflict between this agreement and the individual conversion kit purchase agreement, the terms of the conversion kit purchase agreement shall be controlling as it will apply to a specific purchase transaction.

F. *Severability.*

If any provision of this agreement or the application of any such provision to any entity is held to be invalid, void, or unenforceable, such provision shall be considered severable and that provision shall not in any way affect any other term of this agreement, which shall remain in full force and effect.

G. *Section Headings.*

Section headings are for reference purposes only and will not in any way affect the meaning or interpretation of any provision of this agreement.

H. *Governing Law and Venue.*

This agreement is governed by the law of the State of Texas and venue shall be in Wise County, Texas.

I. *Confidentiality.*

The parties agree that the provisions of this agreement will remain confidential and each party agrees that it will not disclose the provisions of this agreement to other parties not having a need to know in connection with the performance of the parties under this agreement.

EXECUTED this the _____ day of _____, 2012.

Texas Turbine Conversions, Inc.
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Celina, Texas 75009
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Fax: 972-382-4410
E-mail: bobby@texasturbines.com and
jeff@texasturbines.com

BY: _____

BY: _____
Bobby Bishop, President
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