



200809100069
Skagit County Auditor

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AFTER RECORDING, RETURN TO:

James R. Kelley, Esq.
Neal & Harwell, PLC
150 Fourth Avenue North, Suite 2000
Nashville, TN 37219-2498

Document Title:	Option Agreement
Grantor:	David Addie
Grantee:	International Aero Interiors, LLC
Legal Description:	Lot 22, Skagit Reg. Airport B.S.P., Ph. 1, PL020127
Assessor's Property Tax	8012-000-022-0100
Parcel/Account Numbers:	8012-000-022-0200
Reference Number of Related Document:	Lease recorded under recording no. 9304230096

OPTION AGREEMENT

THIS OPTION AGREEMENT (the "Agreement") is entered into by and between David M. Addie ("Addie") in favor of International Aero Interiors, LLC a Delaware limited liability company (the "Company") in connection with and as a material part of a purchase of certain of the assets of International Aero, Inc., a Washington corporation ("IAI").

RECITALS

A. Addie is the sole shareholder of IAI. IAI's operations are conducted on premises located at 11817 Westar Lane, Burlington, Washington. The legal description of that property is:

Lot 22, AMENDED SKAGIT REGIONAL AIRPORT BINDING SITE
PLAN, PHASE 1, PL02-0127, dated February 28, 2003, recorded March
4, 2003, under Auditor's File No. 200303040030, records of Skagit

County, Washington; and being a portion of Section 3, Township 34 North, Range 3 East, W.M. and of Sections 33 and 34, Township 35 North, Range 3 East, W.M., Situated in the County of Skagit, State of Washington and all buildings and improvements thereon, together with all easements, rights-of-way and other rights appurtenant thereto ("the Property").

The owner of the Property is the Port of Skagit County, a Washington municipal corporation. Addie is the lessee of the Property under a fifty-year ground lease with the Port of Skagit County dated April 20, 1993, recorded on April 23, 1993 under recording number 9304230096.

B. Certain of the assets of IAI are being sold (the "Sales Transaction") to the Company under that certain Asset Purchase Agreement of even date herewith (the "APA"). Capitalized terms not defined herein shall have the meaning set forth in the APA. As part of the Sales Transaction, Addie and the Company are entering into a Sublease Agreement for a term of seven years with two five-year options in favor of the sublessee (the "Sublease").

C. As part of the consideration for the Sales Transaction, Addie has agreed to grant to the Company an option to purchase all of Addie's rights and interest in and to the Property under the Lease with the Port of Skagit, subject to certain terms and conditions set forth herein. The parties wish to set forth the terms of their understanding in this Agreement.

NOW, THEREFORE, in consideration of the mutual agreements set forth herein and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows.

1. Option to Purchase. In consideration for payment of Ten Thousand Dollars (\$10,000.00), received as part of the down payment paid by the Company at the closing of the Sales Transaction, Addie hereby grants to the Company an option to purchase all of Addie's right, title and interest in and to the Property (the "Option Right") in accordance with and subject to the terms of this Agreement.

2. Exercise of Option. Subject to the conditions set out in paragraph 3 below, the Company must exercise the Option Right at any time after the fifth anniversary and before the seventh anniversary of the Effective Date of the Sales Transaction by delivering to Addie a written Notice of Exercise of Option ("Notice of Exercise"); provided, that if there is an offset against the Note, the commencement date of the above-described two-year exercise period within which the Notice of Exercise may be given shall be extended as follows:

<u>Aggregate Amount of Offset</u>
\$0 to \$500,000
over \$500,000 up to \$1 million
over \$1 million up to \$1.5 million
over \$1.5 million up to \$2 million
over \$2 million up to \$2.5 million
over \$2.5 million up to 2.9 million

<u>Extension</u>
none
one year
two years
three years
four years
five years



3. Conditions to Exercise of Option. The Company's right to exercise this option is conditioned upon all the following: (a) the Company is at the time of exercise the tenant under the Sublease; (b) the Company is not at the time of exercise in default under the terms of the Sublease, the Promissory Note, or any Security Agreement between it and International Aero, Inc.; and (c) at the time of the exercise, the outstanding principal balance of the Note payable to Addie shall be no greater than \$1,000,000.00.

4. Purchase Price. The cash purchase price for Addie's leasehold interest in the Property, including without limitation, all buildings and leasehold improvements thereon ("Leasehold") shall be equal to the then fair market value of such Leasehold determined without regard to the Sublease between Addie and the Company. In the event the Company gives notice of exercise under this Agreement, the parties shall meet and confer in good faith in an effort to reach agreement on the fair market value of the Leasehold. If the parties are unable to agree upon a value within thirty days after the Company's delivery of its Notice of Exercise, the parties will attempt to agree upon a single appraiser to fix the fair market value of the Leasehold. If the parties do not reach agreement within forty days after delivery of the Notice of Exercise, each side shall within the following ten days identify an appraiser and those two appraisers shall select a third. Those three appraisers shall determine the fair market value of the Leasehold and the parties shall be bound by the value so determined. Each party shall pay the cost of the appraiser named by him or by it and the parties shall share equally the cost of the third appraiser. The appraisers shall complete their valuation within one month of the date of the appointment of the third appraiser.

5. Escrow and Closing. In exchange for the cash purchase price, Addie shall transfer the Leasehold to the Company free and clear of all liens, claims and encumbrances other than those shown on Exhibit A hereto. Rent, taxes and other similar items shall be prorated at closing.

6. Modification; Waiver; Amendment. No modification, waiver, amendment, discharge, or change of this Agreement shall be valid unless the same is in writing and signed by the party against which the enforcement thereof is or may be sought.

7. Severability. If any term, covenant, condition, provision, or agreement herein contained is held to be invalid, void or otherwise unenforceable by any court of competent jurisdiction, such fact shall in no way affect the validity or enforceability of the other portions of this Agreement.

8. Notices. All notices, requests, demands, or other communications required or permitted to be given under this Agreement will be in writing and deemed given upon the earlier of: (a) the date of personal delivery, or (b) the date of delivery as confirmed by a standard overnight carrier:

(a) if to Buyer to: International Aero Interiors, LLC
645 South Bruner
Hinsdale, IL 60521



Attention: Ian Rollo

with a copy to:

Neal & Harwell, PLC
2000 One Nashville Place
Nashville, TN 37219
Attention: James R. Kelley and
David G. Thompson

(b) if to Seller, to:

International Aero, Incorporated d/b/a
International Aero Interiors, Inc.
33446 West Shore Drive
Mount Vernon, WA 98274
Attention: David Addie

with a copy to:

Eisenhower & Carlson PLLC
1201 Third Avenue, Suite 1650
Seattle, WA 98101
Attention: Ronald J. Trompeter

(c) if to Shareholder
to:

David Addie
33446 West Shore Drive
Mount Vernon, WA 98274
Attention: David Addie

with a copy to:

Eisenhower & Carlson PLLC
1201 Third Avenue, Suite 1650
Seattle, WA 98101
Attention: Ronald J. Trompeter

9. Choice of Law and Venue. This Agreement shall be construed and enforced in accordance with the internal laws of the State of Washington, without regard to its conflicts of laws principles. If any action is commenced to enforce the provisions of this Agreement or otherwise involves this Agreement, the parties agree to submit to the jurisdiction of the state and federal courts located in King County in the State of Washington. In the event of litigation arising out of this agreement, the prevailing party may recover from the non-prevailing party all costs and expenses of litigation, including attorney's fees at trial and upon appeal. The parties acknowledge that the remedy of specific performance is appropriate in addition to all other remedies available at law or in equity.

IN WITNESS WHEREOF, this Agreement has been executed as of the Effective Date.

(signature page follows)



SIGNATURE PAGE – OPTION AGREEMENT

David M. Addie
David M. Addie

International Aero Interiors, LLC

By [Signature]
Its President
Printed Name: Ian K. Ho

SKAGIT COUNTY WASHINGTON
REAL ESTATE EXCISE TAX

SEP 10 2008

Amount Paid \$ 0
Skagit Co. Treasurer
By [Signature] Deputy



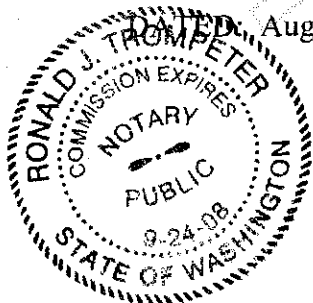
STATE OF WASHINGTON)

) ss.

COUNTY OF KING)

I certify that I know or have satisfactory evidence that David Addie is the person who appeared before me and said person acknowledged that he signed this instrument, and acknowledged it to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

DATED: August 27, 2008



[Signature]
NOTARY PUBLIC in and for the State of Washington
Residing at Seattle, Washington
My Commission Expires: 9-24-08

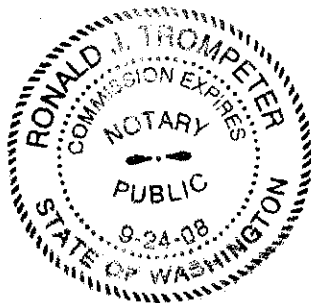
STATE OF Washington)

) ss.

COUNTY OF King)

I certify that I know or have satisfactory evidence that IAN Razo is the person who appeared before me and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the President of International Aero Interiors, LLC, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

DATED: August 27, 2008.



[Signature]
NOTARY PUBLIC in and for the State of
Residing at Seattle
My Commission Expires: 9-24-08



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