

**CITY OF SAN DIEGO
CONSENT TO ASSIGNMENT OF LEASE AGREEMENT**

This Consent to Assignment of Lease Agreement ("Consent") is made by the City of San Diego ("CITY"), as lessor, under that certain lease agreement dated June 1, 1996, originally entered into with Air 88, Inc., and filed as document number OO-18298 in the Office of the CITY Clerk (the "Lease"), to be effective as of the date this Consent is signed by all parties and approved by the City Attorney ("Effective Date") all with reference to the following:

RECITALS

- Through the Lease, CITY leased to Air 88, Inc., a California corporation ("Original Lessee") that certain real property identified as Lots 5A and 9, and a portion of City Building 127, at Montgomery Field Airport ("Premises"), the Premises being more fully described in the Lease.
- On February 1, 2007, CITY consented to Original Lessee's request to assign the Lease, and operations thereunder, to Crownair Holdings, Inc., a California corporation ("CROWNAIR"), CROWNAIR at the time being owned in its entirety by Glenn Ray, an individual and Grant Murray, an individual (collectively "G2"). To finance its purchase of Lease operations and stock of Original Lessee from Georgio Cagliero, an individual, and other Original Lessee shareholders, CROWNAIR established a credit facility ("Facility") secured by the personal guaranties of G2.
- On or about January 2008, G2 authorized and CROWNAIR issued, a thirty-three percent (33%) interest ("L&S Interest") in CROWNAIR to L&S Aviation, a Delaware limited liability company ("L&S"), L&S being a wholly owned subsidiary of the Howe Family Trust under trust agreement dated May 30, 2003 as amended or restated from time to time ("Trust"). G2 retained a sixty percent (60%) interest in CROWNAIR ("G2 Interest"). The grant of the L&S Interest did not require CITY consent according to the terms of the Lease.
- On December 11, 2009 ("Assignment Date"), pursuant to that certain Crownair Redemption and Stock Sale Agreement ("Redemption Agreement") the G2 Interest was redeemed in its entirety by CROWNAIR pursuant to the terms of the Redemption Agreement in a cashless transaction ("Redemption"), resulting in ownership, as of the Effective Date, of CROWNAIR as follows: L&S Aviation = 55,472 shares (80%); management share pool = 13,868 shares (20%) (also reflected on Exhibit "A" attached hereto).
- The Redemption Agreement represents an assignment pursuant to Section 4.6 (Control by Specified Individuals or Entities) of the Lease ("Assignment"); accordingly, the Redemption Agreement (i) requires the written consent by the CITY to the Assignment; and (ii) implicates Section 4.2 (Assignment and Subletting) and Section 4.7 (Additional Consideration to CITY) of the Lease.
- G2, CROWNAIR and L&S now desires CITY's consent to the Assignment, as more fully set forth in the Redemption Agreement, and desires to continue doing business under, and operating pursuant, to the Lease using the name "Crownair Aviation."
- CITY desires to maintain a high-quality fixed-base operation ("FBO") on the Premises and has determined that L&S has the qualifications and economic viability to properly maintain and operate the leasehold, including an FBO, as required by the Lease.

For valuable consideration, the receipt and sufficiency of which are acknowledged, the parties agree as follows:

- CITY's Consent. Subject to the following terms and conditions, CITY hereby consents to the Assignment, any default existing under the Lease from the Assignment Date through the Effective Date being hereby waived.

- Assumption. CROWNAIR assumes and agrees for the benefit of the CITY to be bound by, and to conform and comply with, every obligation under the Lease, including amendments to the Lease made herein, and to maintain on the Premises an FBO that provides at least the same level of quality and service as was operated on the Premises prior to the Effective Date, and shall be responsible, jointly and severally together with "Guarantor" (as defined herein) as provided herein, for the payment of all rents and for the performance of all obligations under the Lease. Further, CROWNAIR acknowledges that this Consent does not relieve any party to the Lease from incurring the market value adjustment in rent as required by Addendum I to the Lease.
- Additional Consideration. As set forth in Section 4.7 of the Lease, CROWNAIR is subject to paying CITY two percent (2%) of the gross amount paid for the leasehold in connection with an assignment of the Lease. However, this assignment is not subject to Additional Consideration because there was no monetary consideration paid for the assignment, only assumption of debt.
- Subsequent Assignments; Recapture. This Consent does not constitute consent to any subsequent subletting or assignment of the Lease and/or the Premises and does not relieve CROWNAIR or any persons claiming under or through CROWNAIR of the obligation to obtain the prior written consent of CITY prior to subletting and/or assigning the Lease and/or the Premises as required by the Lease.
- Control by Specified Individuals or Entities. Unless and until CROWNAIR obtains the consent of the CITY, CROWNAIR shall continue to remain owned, at least as to 51%, by L&S, which shall continue to remain owned and controlled by the Trust and/or Frederick Howe, an individual and grantor of the Trust ("Howe"), at least to the extent that Howe or Trust retains fifty-one percent (51%) of the issued membership interests in L&S, and remains active in the administration and supervision of the business enterprise operated on the Premises; provided, however, if Howe shall become incapacitated, the L&S members shall select an experienced manager acceptable to CITY to so administer and supervise the enterprise on the Premises. Any (i) sale or transfer of stock or divestment of any interest greater than fifty percent (50%) in CROWNAIR by Howe, or (ii) change in the Ownership of CROWNAIR such that more than a fifty percent (50%) interest, in the aggregate, of any CROWNAIR shareholder is sold or assigned, shall be considered an "assignment of interest" and shall be treated in accordance with the provisions of Section 4.2 Assignment and Subletting, and Section 4.7 Additional Consideration to CITY of the Lease. Notwithstanding the foregoing, the stock interest in CROWNAIR of any stockholder may be assigned to his or her spouse or direct lineal heirs upon notification in writing to CITY. However, pursuant to City Charter Section 225, the Mayor or his designee, must review and approve every person or entity which will have a financial interest in the Lease as an assignee. The Mayor's approval will not be unreasonably withheld, provided all such persons and entities are financially capable, have the required expertise, and are of good character and reputation in the community.
- Indemnification. With respect to any liability, including but not limited to claims asserted or costs, losses, attorney fees, or payments for injury to any person or property caused or claimed to be caused by the acts or omissions of CROWNAIR, or CROWNAIR's employees, agents, and officers, arising out of the Lease, CROWNAIR agrees to defend, indemnify, protect, and hold harmless CITY, its agents, officers, and employees from and against all liability, except to the extent of any liability or damage arising directly from the gross negligence or willful acts or omissions of CITY, its agents, officers, or employees.
- Insurance. CROWNAIR agrees to take out and maintain at all times during the term of the Lease all insurances required by the Lease, including any revisions of amounts and coverage which may be reasonably requested by CITY.

- Default Under the Lease. If CROWNAIR defaults under the Lease, CITY, without waiving its rights to proceed against CROWNAIR, may proceed directly against Guarantor, or anyone else liable under the Lease, without first exhausting CITY's remedies against any other person or entity liable under the Lease.
- Guaranty. Frederick Howe, an individual ("Guarantor") agrees to provide the City with an irrevocable Guaranty in favor of CITY, with terms that are consistent with the Lease and this Consent. The Guaranty shall unconditionally guarantee to CITY and its successors and assigns, the full and faithful payment of all amounts owed under Section 3 (Rent) of the Lease, including all late charges and other charges or fees becoming due and owing with respect thereto. The Guaranty shall end two (2) years after the execution of this Consent, or upon a CITY-approved future assignment or extension of the Lease.
- Strong Mayor. All references to "City Manager" in the Lease and any subsequent amendments shall be deemed to refer to "Mayor."
- Brokerage Commission. CROWNAIR and L&S agree that CITY shall not be liable for any brokerage commissions or finder's fee(s) in connection with the consummation of the Assignment or this Consent, and shall jointly and severally protect, indemnify and hold CITY harmless from any brokerage commission or finder's fee in connection with the consummation of the Assignment or this Consent, and from any cost or expense (including attorney's fees) incurred by CITY in defending any claim for any brokerage commission or finder's fee related hereto. The provisions of this section shall survive the expiration or earlier termination of the Lease.
- Master Lease Controls. To the extent that the Assignment contradicts, supersedes, and/or attempts to preempt any term, obligation or right of CITY under the Lease, the Lease shall control with regard to the rights of the CITY and obligations of CROWNAIR.
- Controlling Law. The terms and provisions of this Consent will be construed in accordance with and will be governed by the laws of the State of California.
- Captions. Captions to the sections in this Consent are included for convenience only and do not modify any of the terms of this Consent.
- Entire Agreement; Waiver. This Consent constitutes the final, complete, and exclusive statement between the parties pertaining to the terms of CITY'S consent. This Consent supersedes all prior and contemporaneous understandings or agreements of the parties, whether oral or written, and is binding on and inures to the benefit of their respective heirs, representatives, successors or assigns. No party has been induced to enter into this Consent by, nor is any party relying on, any representation or warranty outside those set forth in this Consent. Any agreement made after the date of this Consent is ineffective to modify, waive, or terminate this Consent, in whole or in part, unless that agreement is in writing, is signed by the parties to this Consent, and states that agreement modifies this Consent.

Except as explicitly stated in this Consent, nothing contained in this Consent will be deemed or construed to modify, waive, impair, or affect any of the covenants, agreements, terms, provisions, or conditions contained in the Lease. In addition, the acceptance of rents by CITY from CROWNAIR or anyone else liable under the Lease will not be deemed a waiver by CITY of any provisions of the Lease.

- Notice. Any notice that may or must be given by any party under this Consent will be delivered (i) personally, (ii) by certified mail, return receipt requested, or (iii) by a nationally recognized overnight courier, addressed to the party to whom it is intended. Any notice given to CITY shall be to the addresses given in the Lease. Any notice given to CROWNAIR shall be sent to the address set forth below:

Crownair Holdings, Inc.
3753 John J. Montgomery Dr
San Diego, CA 92123

A notice sent pursuant to the terms of this section shall be deemed delivered (a) when delivery is completed, if delivered personally, (b) three (3) business days after deposit into the United States mail, or (c) the day following deposit with a nationally recognized overnight courier if overnight delivery is requested by that courier.

- Capitalized Terms. All terms spelled with initial capital letter in this Consent that are not expressly defined in this Consent will have the respective meanings given such terms in the Lease.
- Authority: Each individual executing this Consent on behalf of another person or legal entity represents and warrants that he/she is authorized to execute and deliver this Consent on behalf of such person or entity in accordance with duly adopted resolutions or other authorizing actions necessary and proper and under such legal entity's articles, charter, bylaws, or other written rules of conduct or governing agreement, and that this Consent is binding upon such person or entity in accordance with its terms. Each person executing this Consent on behalf of another legal entity further represents and warrants that such entity is a valid, qualified corporation, limited liability company, partnership, or other unincorporated association in good standing in its home state and that such entity is qualified to do business in California.

IN WITNESS WHEREOF, this Consent is executed by the City of San Diego, acting by and through its Mayor or designee, and by G2, CROWNAIR and L&S, acting by and through each of their lawfully designated representatives.

CITY OF SAN DIEGO, a Municipal Corporation

By: [Signature]
James F. Barwick
Real Estate Assets Director
Date: 11/30/10

Crownair Holdings, Inc.,
a California corporation

By: [Signature]
Name: David Egan
Title: President
Date: 11.22.10

Grant Murray

[Signature] Date 11/15/10

L&S Aviation, LLC
a Delaware Limited Liability

By: [Signature]
Name: David Charles
Title: CEO
Date: 11/22/10

Glenn Ray

[Signature] Date 11/15/10

APPROVED AS TO FORM AND LEGALITY
this 1st day of December 2010.

JANI GOLDSMITH, City Attorney

By: [Signature]

Debra J. Bevier
Deputy City Attorney

EXHIBIT A

CROWNAIR OWNERSHIP SCHEDULE

As of the Effective Date, Crownair Ownership Schedule is as follows:

- L&S Aviation = 55,472 shares (80%)
- Management share pool = 13,868 shares allocated (20%)

GUARANTY

THIS GUARANTY ("**Guaranty**") is made by Frederick Howe, an individual ("**Guarantor**"), for the benefit of the City of San Diego ("**Lessor**"), on behalf of Crownair Holdings, Inc., a California corporation ("**Tenant**"), all with reference to the following:

RECITALS

- A. Tenant and Lessor have entered into that certain master lease filed with the City Clerk as Document No. OO-18298 ("Lease"), which contains a requirement that Tenant pay Lessor rent pursuant to such Lease.
- B. Tenant desires to obtain Lessor's consent to an assignment of the Lease, dated even with the date of this Guaranty.
- C. To induce Lessor to consent to the assignment, Guarantor is executing and delivering this Guaranty.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing and for other valuable consideration, the receipt and adequacy of which are hereby acknowledged, Guarantor agrees as follows:

1. Guaranty of Obligations. For a period of two (2) years after the Effective Date of the City of San Diego's "Consent to Assignment of Lease Agreement" (executed by the City of San Diego, Crownair Holdings, Inc., L&S Aviation, LLC, Grant Murray, Glenn Ray and the City Attorney to be effective as of December 1st, 2010, and which Consent is on file with the City's Real Estate Assets Dept., Airports Division), Guarantor unconditionally, guarantees to Lessor and its successors and assigns, the full and faithful payment of all amounts owed under the Lease, including all late charges, and other charges or fees becoming due and owing with respect thereto (collectively, the "Rent Obligations").

2. Independent Obligations. Guarantor's obligations hereunder are independent of those of Tenant or any other person. Lessor may bring a separate action against Guarantor, and Guarantor waives any right to require Lessor to proceed against Tenant or any other person or to proceed against or exhaust any other security held by it at any time or to pursue any other remedy in its powers, and Guarantor agrees that Lessor shall not be obligated to resort to any other security, including security given by Tenant, with any priority, in any particular order, or at all, even if such action destroys, alters, or otherwise impairs Guarantor's subrogation rights or the Guarantor's right to proceed against Tenant for reimbursement, or both.

3. Assignment. This Guaranty shall inure to the benefit of Lessor, its heirs, executors, administrators, and assigns and shall bind Guarantor's successors and assigns. Any assignment by Lessor will not operate to relieve Guarantor from any obligation to Lessor hereunder with respect to any unassigned obligation, and, further, that the rights of any assignee will subordinate to the rights of Lessor under this Guaranty as to any unassigned obligation.

4. Termination. This Guaranty shall remain in full force and effect for the period set forth in Section 1 above.

5. Remedies. The rights and remedies of Lessor under this Guaranty and any others otherwise created or accumulated may be exercised singularly or concurrently, and the exercise of any one or more of them will not be a waiver of any other. No act, delay, omission, or course of dealing between Lessor or Guarantor will be a waiver of Lessor's rights or remedies under this Guaranty. No waiver, change, modification, or discharge of this Guaranty will be effective unless in writing and signed by Lessor.

6. Severability. Should any one or more provisions of this Guaranty be determined to be illegal, or unenforceable, all other provisions shall nevertheless remain effective.

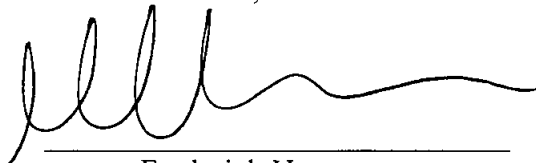
7. Governing Law, Venue. This Guaranty shall be governed by and construed under the laws of the State of California as applied to agreements among California residents entered into and to be performed entirely within California. The parties consent to the exclusive jurisdiction and venue of the County of San Diego in the State of California.

8. Counterparts and Signature Pages. This Guaranty may be executed in any number of counterparts, each of which shall be deemed to be one and the same instrument. The exchange of copies of this Guaranty and of signature pages by facsimile or other electronic transmission shall constitute effective execution and delivery of this Guaranty as to the parties and may be used in lieu of the original Guaranty for all purposes. Signatures of the parties transmitted by facsimile or other electronic means shall be deemed to be their original signatures for all purposes.

IN WITNESS WHEREOF, the undersigned executes this Guaranty to be effective as set forth in Section 1 above.

"Guarantor"

Frederick Howe, an individual

A handwritten signature in black ink, appearing to read 'Frederick Howe', written over a horizontal line.

Frederick Howe

CROWNAIR REDEMPTION AND STOCK SALE AGREEMENT

THIS CROWNAIR REDEMPTION AND STOCK SALE AGREEMENT (this “**Agreement**”) is entered into and dated effective as of December 11, 2009 (the “**Effective Date**”) by and among Crownair Holdings, Inc., a California corporation (the “**Company**”), Glenn W. Ray, a married man (“**Ray**”), Grant G. Murray, a married man (“**Murray**”), The Grant G. Murray and Karen I. Murray Trust dated September 2000 (“**Murray Trust**”) (each of Ray, Murray, and Murray Trust hereinafter individually a “**Selling Shareholder**” and collectively the “**Selling Shareholders**”), and L&S Aviation, LLC, a Delaware limited liability company (“**L&S**”). Ray, Murray, Murray Trust, Company, and L&S are each a “**Party**” hereto and are sometimes collectively referred to hereinafter as the “**Parties**.” This Agreement is entered into with reference to the following recitals, each of which is material and incorporated into the Agreement by this reference.

RECITALS

A. WHEREAS, the authorized capital of the Company presently consists of 10,000,000 shares of common stock, of which 166,584 shares are issued and outstanding, as follows: (i) Ray – 50,000 shares (the “**Ray Shares**”); (ii) Murray Trust – 50,000 shares (the “**Murray Trust Shares**”); (iii) Christine Hughes, an individual, her affiliates, successors and assigns including, without limitation, Indian Creek Road, LLC, a Delaware limited liability company (“**Hughes**”) – 11,112 shares (the “**Hughes Shares**”); and (iv) L&S – 55,472 shares (the “**L&S Shares**”); and

B. WHEREAS, Ray, Murray, and the Murray Trust wish to sell, and the Company wishes to redeem, the Ray Shares and the Murray Trust Shares in the Company, and to terminate all other relationships between them and the Company on the terms set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants herein and other good and valuable consideration, the Parties agree as follows:

AGREEMENT

1. Authorized and Outstanding Shares and Composition of the Company.

1.1 As of the Effective Date, the authorized and outstanding shares of the common stock of the Company are as set forth in Recital A hereinabove. Except as set forth in **Exhibit A** attached to this Agreement, there are no other outstanding rights, options, warrants, puts, calls affecting or relating to the Company shares, nor are there any other interest holders with claim or right to any interest of the Company, including without limitation the Company Interests.

1.2 As of the Effective Date, the Parties agree that the Company owns the following equity interests (collectively “**Company Interests**”): (i) 100% of the issued and outstanding capital stock of Air 88, Inc., a California corporation (“**Air 88**”); (ii) 62% of the issued and outstanding membership interests in VNY Holdings, LLC (“**VNY**”), which owns

100% of the issued and outstanding capital stock of IFR Avionics, Inc., a California corporation ("IFR"); (iii) 95% of the issued and outstanding membership interests in CRQ Holdings, LLC ("CRQ"), which owns 100% of the issued and outstanding interests of Crownair CRQ, LLC ("Crownair CRQ"); and (iv) 95% of the issued and outstanding membership interests in IWA Holdings, LLC ("IWA") which owns 100% of the issued and outstanding membership interests of IWA Lima 42, LLC ("Lima 42").

2. Redemption and Withdrawal. The Company agrees to redeem, and Ray and Murray Trust agree to sell, assign and transfer, respectively, the Ray Shares and the Murray Trust Shares (collectively, the "**Redemption Shares**") on the terms set forth in this Agreement. At the Closing, the Selling Shareholders shall assign and deliver the Redemption Shares to Company. As consideration for such assignment and delivery, the Company shall undertake or cause to be undertaken those acts and covenants set forth in **Section 3** below (collectively the "**Redemption Obligations**"). Each Selling Shareholder further acknowledges and agrees that from and after the Closing, except as provided herein, such Selling Shareholder shall have no further interest or claim of any kind or nature in the Company or its assets or properties.

3. Redemption Obligations. As of the Closing and in consideration of for the assignment to the Company of the Redemption Shares and other Selling Shareholder representations, warranties and other obligations contained herein, Company and the other Parties shall agree to perform, or to cause other parties to perform, the Redemption Obligations set forth herein this **Section 3** as follows:

3.1 On or about January 22, 2009, Million Air North, Inc., a company wholly owned by Selling Shareholders and acting at the behest and upon the direction of Selling Shareholders and the Company, purchased certain tangible assets for use in the Company's business ("Assets"), and entered into two instruments to lease the Assets to the Company, each styled as a Standard Equipment Lease Agreement, with Crownair CRQ, LLC and Air 88 (collectively, the "**Lease Agreements**"), attached hereto as **Exhibits B-1 and B-2** respectively. A list of the Assets is set forth on the attached **Exhibit B-3**. On or about January 22, 2012, the Lease Agreements shall be cancelled and shall be of no further force or effect, and Selling Shareholders, for no additional monetary consideration, shall deliver to the Company a Bill of Sale assigning all right, title, and interest in the Assets to Company, in a form attached as **Exhibit B-4**. From the closing date until January 22, 2012, Million Air North, Inc. will rent the Assets to the Company for an annual rent of one dollar (\$1.00).

3.2 On or about January 19, 2007, the Company's affiliate, Air 88, entered into two Business Loan Agreements with Heritage Oaks Bank of Templeton, California, and in conjunction with said loans, Murray and Ray each executed Commercial Guaranties in favor of Heritage Oaks Bank. As of the Effective Date, the outstanding and unpaid principal balance of the two loans is approximately \$4.1 million. The documentation for the two loans is attached hereto in full as **Exhibits C-1 and C-2** respectively (collectively, the "**Heritage Oaks Obligations**"). Company shall timely satisfy or cause Air 88 to satisfy all obligations with respect to the Heritage Oaks Obligations, including, without limitation, the timely payment of principal and interest when required. The Company and L&S agree to refinance the Heritage Oaks Obligations or otherwise cause the personal guarantees of the Selling Shareholders to be terminated on or before December 31, 2010.

3.3 At the Closing, L&S shall execute in favor of Selling Shareholders an Indemnification Agreement (the "**Indemnification Agreement**") with respect to all claims, obligations, liabilities, expenses, or damages which Selling Shareholders may incur or suffer with respect to the Heritage Oaks Obligations; such agreement shall be in the form which is attached hereto as **Exhibit D**.

3.4 Selling Shareholders agree to satisfy in full, not later than December 31, 2009, the financing obligations arising under that certain Loan and Security Agreement dated June 17, 2008 and entered in by and between Air 88 as borrower and 1st Source Bank as lender, Loan Number 990009324795, and related instruments, including a Promissory Note – Term in the original principal amount of \$360,000.00, as amended by a Reschedule Agreement dated July 2, 2009 (such instruments collectively referred to as the "**Cessna Note**"), and secured by a Cessna T210 Centurion aircraft, manufacturer's serial number 21061770, Federal Aviation Administration registration number N98WR (the "**Cessna Centurion**"). Upon satisfaction of the Cessna Note, Company shall assign of all right, title and interest in and to the Cessna Centurion to Selling Shareholders by promptly executing and delivering to Selling Shareholders, or such party as Selling Shareholders may designate, a Bill of Sale in the form attached hereto as **Exhibit F** and delivering the Cessna Centurion to Selling Shareholders as directed in writing by Selling Shareholders. Copies of the documents constituting the Cessna Note are attached hereto as **Exhibit E**. While the Cessna Note remains outstanding, the Selling Shareholders shall be entitled to full possession and use of the Cessna Centurion at their sole cost and discretion, and they shall bear all risk of loss, damage or injury relating to such use and possession of the Cessna Centurion, and all obligations and liabilities with respect to the Cessna Note. As of Closing, the Selling Shareholders shall indemnify and hold harmless Company from any loss, liability, or obligation associated with either the Cessna Centurion or the Cessna Note.

3.5 At Closing, Murray and Ray shall resign from the Company Board of Directors as well as from any other position, as officers or otherwise, relating to the Company. Such resignations are attached as **Exhibit G** to this Agreement.

3.6 From the date of the Term Sheet (as defined below), the Parties acknowledge that L&S has contributed approximately \$1,300,000 in capital to the Company for use in funding its operations ("Interim Funding"). At or after the Closing, the Company intends to enter the Interim Funding onto the books of the Company as convertible debt bearing simple annual interest at 8.5% with a conversion strike price of \$15 per share, together with such other terms as then determined to be in the best interest of the Company by its Board of Directors.

4. **Resolutions.** Prior to the Closing, (i) Company's shareholders shall approve this transaction by means of a resolution in the form attached as **Exhibit H-1** to this Agreement; and (ii) Company's Board of Directors shall approve this transaction and other associated matters as set forth in the form of resolution attached as **Exhibit H-2** to this Agreement.

5. **Representations and Warranties.**

5.1 Selling Shareholders hereby each jointly and severally represent and warrant to the Company as follows (which representations and warranties shall survive indefinitely the execution of this Agreement and the Closing):

5.1.1 Power to Transfer. The execution, delivery and performance by Selling Shareholders of this Agreement and other documents contemplated by this Agreement are within Selling Shareholders' powers and do not contravene any contractual or legal restriction applicable to or binding upon Selling Shareholders.

5.1.2 Access to Information. Selling Shareholders and their advisors and representatives have received all information that Selling Shareholders have deemed necessary to evaluate the sale of the Redemption Shares on the terms set forth in this Agreement.

5.1.3 Ownership of Redemption Shares. Each Selling Shareholder represents that such Selling Shareholder is the true and lawful owner of the Redemption Shares held by such Selling Shareholder, and such Selling Shareholder has not previously sold, assigned, transferred, or encumbered such Redemption Shares in any respect whatsoever, or entered into any agreement to do any of the foregoing, that such Selling Shareholder's shares will be transferred to the Company free and clear of any liens, obligations or encumbrances, and that the Redemption Shares collectively represent Selling Shareholders only interest in the Company or any of its affiliates or subsidiaries. At Closing the Assets will be transferred to the Company free and clear of any liens, obligations or encumbrances.

5.1.4 Indemnity for Breach. Selling Shareholders shall hold harmless, indemnify and defend the Company and its partners from and against any and all claims, costs, expenses, liabilities and obligations of or relating to any of Selling Shareholder's representations and warranties made under this Agreement, and/or for any breach of any covenant contained herein this Agreement.

5.2 Power to Transfer. Company hereby represents and warrants to each Selling Shareholder as follows (which representations and warranties shall survive indefinitely the execution of this Agreement): The execution, delivery and performance by Company of this Agreement and other documents contemplated by this Agreement are within Company's powers, and do not contravene any contractual or legal restriction applicable to or binding upon Company.

6. Release of Claims and Indemnification. Each of the Parties hereby represents, affirms, and warrants that he/it has no knowledge of any rights, claims, or actions he/it may have against any other Parties arising out of or in any way pertaining to the matters that are the subject of this Agreement or otherwise arising out of the management of the Company or any of its subsidiaries during the period of time in which Murray and Ray have owned stock in the Company and/or have functioned in management roles. Accordingly, the Parties hereby agree to release each other as set forth in this Section 6.

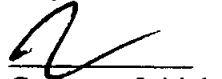
6.1 Except for the obligations created by or any claims associated with this Agreement, including its several exhibits; (i) the Company does hereby absolutely and forever release and discharge Murray and Ray and their respective agents, affiliates, attorneys, accountants, advisors, and associated parties; and (ii) each of Murray Trust, Ray and Murray do hereby absolutely and forever release and discharge the Company, L&S, and their respective several partners, managers, members, subsidiaries, employees, agents, affiliates, attorneys, accountants, advisors, and associated parties, except as contemplated in this Agreement, from

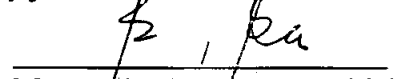
any and all claims, demands, agreements, promises, damages, debts, liabilities, costs, expenses and causes of action of every kind and nature whatsoever, whether accrued, contingent, inchoate or otherwise, whether known or unknown, suspected or unsuspected, whether raised affirmatively or by way of defense or offset, arising out of, in connection with, or directly or indirectly relating to the Company, L&S's investment in the Company, Company's holdings, liabilities and assets, management of the Company's holdings, liabilities and assets, Selling Shareholders' ownership or claim of right in the Company, its assets or rights, and/or Selling Shareholders' or any of Frederick Howe's or David Wheeler's roles in the governance, oversight, and management of day-to-day operations of the Company.

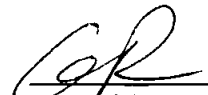
6.2 General Release. The mutual release set forth in Section 6.1 above is a mutual general release. The Parties hereby acknowledge the provisions of California Civil Code Section 1542, which provides as follows:

A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.

The Parties hereby waive and relinquish all rights or benefits under Civil Code Section 1542 or any similar law of any jurisdiction.


Company Initials


Murray & Murray Trust Initials


Ray Initials

7. General Provisions.

7.1 Captions. Captions in this Agreement are inserted for convenience of reference only and do not define or limit the scope or the intent of this Agreement or any of the terms hereof.

7.2 Separate Counsel. Each of Selling Shareholders is encouraged to consult with his own legal counsel and tax and financial advisors with regard to this Agreement and the transactions contemplated by this Agreement, and by his execution and delivery of this Agreement, represents and warrants to the Company that (as applicable): (i) he has read, reviewed, and understands the terms of this Agreement; (ii) he has consulted with legal counsel and other advisors of his choice to the extent he deems necessary or appropriate prior to executing this Agreement; and (iii) each Selling Shareholder acknowledges that neither the Company, nor its officers, shareholders or the Board of Directors have given any advice regarding the tax consequences of the sale described in this Agreement (other than that such transaction may be a taxable event to each Selling Shareholder), and that each Party to this Agreement shall be responsible for its own tax consequences, if any, arising from the transactions contemplated herein.

7.3 Survival. The representations and warranties and agreements (including indemnification and defense obligations) set forth in this Agreement shall survive the execution and delivery of this Agreement.

7.4 Construction. As each Party has been afforded the opportunity to consult with counsel of its own choice prior to entering into this Agreement, the normal rule of construction that ambiguities be construed against the drafting party shall not apply to this Agreement.

7.5 Counterparts. This Agreement may be executed in duplicate originals or in any number of counterparts, and the signature pages of each counterpart may be removed and attached to one agreement, which shall be deemed an original, and shall constitute one instrument.

7.6 Modification. No modification, waiver, amendment, discharge or change of this Agreement shall be valid unless the same is in writing and signed by the Party(s) against which the enforcement of such modification, waiver, amendment, discharge or change is or may be sought. Any reference to this Agreement shall include by implication each of its exhibits.

7.7 Entire Agreement. Except as otherwise specifically provided in any writing between the Parties, the provisions of this Agreement are intended by the Parties as a final expression of their agreement with respect to such provisions as are included in this Agreement as relating to Crownair Holdings, Inc., only, and may not be contradicted by evidence of any prior or contemporaneous oral agreement, representation, statement, warranty, guaranty, document or instrument. Subject to the foregoing, the Parties further intend that this Agreement constitutes the complete and exclusive statement of its provisions and that no extrinsic evidence whatsoever may be introduced in any judicial proceeding, if any, involving this Agreement, except as otherwise expressly provided under California law. This Agreement specifically and expressly replaces and supersedes that Redemption Term Sheet ("**Term Sheet**"), attached hereto as **Exhibit I**, which was entered into on or about June 18, 2009 by certain of the Parties hereto. The Term Sheet is hereby terminated and shall be given no further force, effect or consequence as of the Effective Date. The recitals to this Agreement are expressly incorporated into and made a part of this Agreement.

7.8 Successors. All terms of this Agreement shall be binding upon and inure to the benefit of and be enforceable by the Parties hereto and their respective successors, assigns, trusts and beneficiaries thereof.

7.9 Timing. Time is of the essence with respect to obligations required under this Agreement.

7.10 Jurisdiction, Venue and Attorney Fees. This Agreement and the interpretation and enforcement thereof shall be determined in accordance with the laws of the State of California and the prevailing Party in any action instituted to enforce or interpret this Agreement shall be entitled to its reasonable attorney fees and costs. Any action brought to interpret or enforce this Agreement or any provision hereof shall be brought in San Diego County, California.

7.11 Further Assurances. After Closing, each of the Parties hereto shall execute such documents and provide such information as is reasonably required to effect the provisions hereof.

7.12 Resulting Post-Closing Capital Table. Immediately following the Closing, the Parties agree and acknowledge that the Company's capital table and structure shall be as set forth on **Exhibit J** attached to this Agreement.

8. The Closing. The closing of the transactions contemplated by this Agreement (the "Closing") shall take place at the offices of the Company on the Effective Date or such other date upon which the Parties shall unanimously agree in writing.

[Signatures on this Agreement appear on the following page]

This Agreement is executed as of the Effective Date.

COMPANY:

Crownair Holdings, Inc., a California corporation

By: _____

Print Name: David Wheeler

Print Title: CFO

L&S

L&S Aviation, LLC, a Delaware limited liability company

By: _____

Print Name: David Wheeler

Print Title: CFO

SELLING SHAREHOLDERS:

MURRAY

Grant G. Murray

RAY

Glenn W. Ray

MURRAY TRUST

Grant Murray, Trustee

EXHIBITS

Exhibit A	Other Pre-Closing Rights Holders
Exhibit B-1	Million Air North Standard Equipment Lease Agreement with Crownair CRQ
Exhibit B-2	Million Air North Standard Equipment Lease Agreement with Air 88, Inc.
Exhibit B-3	Asset List
Exhibit B-4	Asset Bill of Sale
Exhibit C	Heritage Oaks Bank Obligations (2 separate notes attached as C-1 and C-2)
Exhibit D	Indemnification Agreement
Exhibit E	Cessna Note with 1st Source Bank
Exhibit F	Cessna Bill of Sale
Exhibit G	Resignations
Exhibit H-1	Shareholder Consent and Resolutions
Exhibit H-2	Board of Directors Consent and Resolutions
Exhibit I	Term Sheet
Exhibit J	Post-Closing Capital Structure and Table

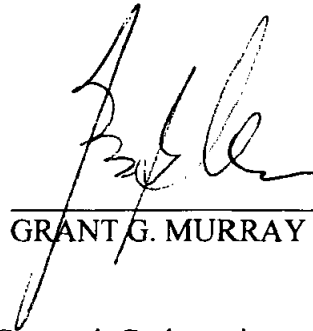
EXHIBIT G

See attached.

EXHIBIT G

RESIGNATIONS

Effective as of the Closing of that certain Crownair Redemption and Stock Sale Agreement, I hereby resign as a Director and as Chairman of the Board, and as any other officer or other position with Crownair Holdings, Inc., a California corporation ("Crownair"), and as a manager, director, officer or otherwise of each and every Crownair subsidiary, including, without limitation, Air 88, Inc., Crownair CRQ, LLC, VNY Holdings, LLC, IFR Avionics, Inc., CRQ Holdings, LLC, IWA Holdings, LLC, and IWA Lima 42, LLC.



GRANT G. MURRAY

Effective as of the Closing of that certain Crownair Redemption and Stock Sale Agreement, I hereby resign as a Director, and as any other officer or other position with Crownair Holdings, Inc., a California corporation ("Crownair"), and as a manager, director, officer or otherwise of each and every Crownair subsidiary, including, without limitation, Air 88, Inc., Crownair CRQ, LLC, VNY Holdings, LLC, IFR Avionics, Inc., CRQ Holdings, LLC, IWA Holdings, LLC, and IWA Lima 42, LLC.



GLENN W. RAY

EXHIBIT H

See attached Exhibits H-1 and H-2.

**RESOLUTIONS ADOPTED BY UNANIMOUS WRITTEN CONSENT
OF THE SHAREHOLDERS
OF
CROWNAIR HOLDINGS, INC.,
A California Corporation**

The undersigned, constituting all of the shareholders of CROWNAIR HOLDINGS, INC., a California corporation (the "Company"), acting in accordance with California Corporations Code Section 603(a) and the Bylaws of the Corporation hereby consent to the following resolutions, said resolutions to have the same force and effect as if adopted at a meeting duly held:

WHEREAS, there has been presented to the Shareholders a proposed Crownair Redemption and Stock Purchase Agreement, dated as of December ____, 2009 (the "Agreement"), by and among Crownair Holdings, Inc., a California corporation (the "Company"), Grant G. Murray ("Murray"), The Grant G. Murray and Karen I. Murray Trust ("Trust"), and Glenn W. Ray ("Ray") ("Trust," "Murray," and "Ray" sometimes referred to in the Agreement individually as a "Redeeming Shareholder" and collectively as the "Redeeming Shareholders"), and L&S Aviation, LLC, a Delaware limited liability company ("L&S"); and

WHEREAS, the Shareholders have reviewed the Agreement together with its several exhibits, and deem it to be in the best interest of the Company to enter into the Agreement; and

WHEREAS, the Shareholders desire to appoint the following to be members of the Board of Directors of the Company effective as of the date of this resolution:

FREDERICK HOWE – CHAIRMAN OF THE BOARD
DAVID WHEELER
DAVID RYAN
RAY RICHMOND

RESOLVED, that the Agreement is hereby approved and that the officers and directors of the Company be, and each of them hereby is authorized and

directed, for and on behalf of the Company, to execute the Agreement and to take such further action and execute such additional documents as each may deem necessary or appropriate to carry out the purposes of the above resolution.

FURTHER RESOLVED, that the Capital Action Plan providing for additional equity or debt capital to be contributed to the Company on a going forward basis by L&S, attached hereto this resolution as Schedule 1, is hereby approved.

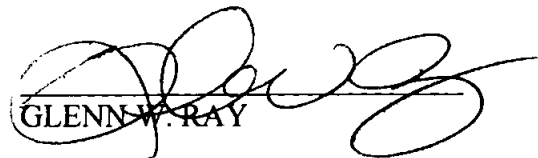
Dated: December 11, 2009

SHAREHOLDERS:

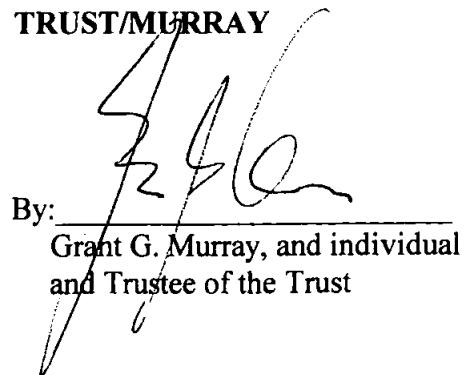
L&S

By: 
David Wheeler, CFO

GLENN W. RAY


GLENN W. RAY

TRUST/MURRAY

By: 
Grant G. Murray, and individual
and Trustee of the Trust

HUGHES

By: _____
Christine Hughes

**RESOLUTIONS ADOPTED BY UNANIMOUS WRITTEN CONSENT
OF THE BOARD OF DIRECTORS
OF
CROWNAIR HOLDINGS, INC.,
a California corporation**

The undersigned, constituting all of the members of the Board of Directors of CROWNAIR HOLDINGS, INC., a California corporation ("Company"), acting in accordance with California Corporations Code Section 307(b) and the Bylaws of the Company, hereby consent to the following resolutions, said resolutions to have the same force and effect as if adopted at a meeting of Board of Directors duly held:

RESOLVED, that the Company shall enter into that that certain Crownair Redemption and Stock Sale Agreement ("Agreement") to be made and entered into by and among Grant G. Murray, an individual and resident of the State of Nevada ("Murray"), Glenn W. Ray, an individual and resident of the State of California ("Ray"), the Grant G. Murray and Karen I. Murray Trust dated September 2000 ("Trust"), Crownair Holdings, Inc., a California corporation (the "Company") and L&S Aviation, LLC, a Delaware limited liability company ("L&S"). This resolution shall be attached to such Agreement as Exhibit H-2.

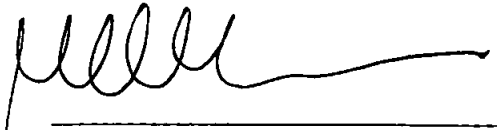
RESOLVED, that the following persons shall serve as officers of the Company until their successors are appointed and qualified:

CHAIRMAN OF BOARD	FREDERICK HOWE
PRESIDENT	DAVID RYAN
CFO	DAVID WHEELER
VICE PRESIDENT	RAY RICHMOND
GENERAL MANAGER	RAY RICHMOND
SECRETARY	AARON ROBERTS

RESOLVED, that the officers of the Company be, and each of them hereby is authorized and directed, for and on behalf of the Company, to execute the Agreement and to take such further action and execute such additional documents as each may deem necessary or appropriate to carry out the purposes of the above resolution, including the establishment of bank accounts and modifications of existing relationships.

RESOLVED, that the authorized signatories of the Company bank accounts shall be David Ryan, David Wheeler and Ray Richmond.

Dated: December 11, 2009



Frederick Howe

David Wheeler

David Ryan

Ray Richmond

EXHIBIT J

COMPANY CAPITAL TABLE AS OF CLOSING

SHAREHOLDER	NUMBER OF SHARES OWNED	PERCENTAGE OWNERSHIP
L&S Aviation, LLC	55,472 (actual) 142,139 (as converted)***	83% (actual) 92.75% (as converted)
Christine Hughes	11,112	17% (actual) 7.25% (as converted)

***L&S Aviation, LLC holds a promissory note convertible into common shares of the Company at the rate of \$15/share and in the face amount of \$1,300,000, which translates into a minimum of 86,667 shares. Shares and corresponding percentages of ownership are reflected above are on an actual & “as converted basis”

****Company has also set aside shares equal to 20% on a fully diluted basis, representing 38,313 shares, which have been allocated to management on a vesting schedule (3 year vest) as follows:

- | | |
|---------------------|--------|
| 1. David Ryan | 17,240 |
| 2. Ray Richmond | 11,494 |
| 3. Aaron Roberts | 3,831 |
| 4. Unallocated Pool | 5,748 |