

Sustainable Aviation Fuels Northwest

Agreement

This Agreement is made and entered into on this _____ day of _____, 2010, by and among the parties listed below. These parties are collectively referred to as the Steering Committee (hereafter, the "Steering Committee"), and individually as "Members."

1. Alaska Airlines, Inc., an Alaska corporation, on its own behalf and as representative for its affiliated entity, Horizon Air Industries, Inc., a Washington corporation ("Alaska Airlines");
2. The Boeing Company
3. Washington State University
4. Port of Seattle (POS)
5. Port of Portland
6. Spokane International Airport

Additional Members may be added at a later date pursuant to the terms of this Agreement.

RECITALS

WHEREAS, the Pacific Northwest economy relies on the aviation industry to support aerospace, tourism and agricultural industries which create millions of jobs and contributes billions of dollars to the economy; and

WHEREAS, the aviation industry accounts for approximately two percent of global anthropogenic carbon dioxide emissions and the industry is taking decisive action to help reduce those emissions; and

WHEREAS, the development and commercialization of sustainable aviation fuels are intended to help reduce aviation's carbon emissions while preserving and enhancing its opportunities for future growth; and

WHEREAS, the Steering Committee wishes to work with other regional aviation and biofuel stakeholders to conduct a comprehensive regional assessment of the challenges and opportunities associated with development of sustainable aviation fuels in the Pacific Northwest; and

WHEREAS, the comprehensive regional assessment will assess the development and commercialization of biomass-based jet fuel in the Pacific Northwest Region so as to ensure (1) that fuel production methodologies do not compete with food needs, drinking water resources or beneficial land uses which have a lower lifecycle carbon intensity than traditional JET-A fuel; and

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WHEREAS, the Steering Committee wishes to invite a diverse set of stakeholders, including airlines, fuel producers, feedstock growers, and non-governmental organizations (NGOs) to participate on a voluntary basis in the project; and

WHEREAS, the Steering Committee wishes to engage a consultant to facilitate the stakeholder process and prepare a report containing findings and recommendations and supporting information from the comprehensive regional assessment; and

WHEREAS, the Port of Seattle operates the Seattle Tacoma International Airport (Sea-Tac) and air navigation facilities, deriving its authority to do so from Chapter 14.08 RCW in addition to its powers under Title 53; and

WHEREAS, The Port of Portland operates Portland International Airport (PDX) and air navigation facilities, deriving its authority to do so from Chapter XXX ORS.; and

WHEREAS, Spokane International Airport (GEG) is jointly owned by Spokane County and the City of Spokane and operates under provisions of RCW 14.08; and

WHEREAS, airlines are important customers of Sea-Tac, PDX and GEG and these airports have a vital business interest in the growth of the aviation industry and helping the industry continuously improve its environmental performance; and

WHEREAS, overcoming challenges associated with the development and commercialization of sustainable aviation fuel will require appropriate collaboration with airports in that such fuel must be compatible with existing fuel delivery systems and other airport infrastructure; and

WHEREAS, the engagement of a consultant for the purpose of convening and managing the stakeholder process for conducting a comprehensive regional assessment and preparing a report containing findings and recommendations and supporting information from such assessment serves the business interest of the Port of Seattle, the Port of Portland, and Spokane International Airport, and is within the purpose and object of these entities enabling statutes; does not contradict statutory or constitutional limitations and is neither arbitrary nor capricious; and

WHEREAS, the use of airport funds can be used to support a study that provides airports in the Pacific Northwest with information about the sustainability of biomass-based jet fuel and the infrastructure and facility modifications that might be necessary to support the use of sustainable aviation biofuels at these airport; and

WHEREAS, to the extent that funds from airports in the Pacific Northwest are used to pay a consultant, these funds would be payment toward receipt of a report related to the sustainability and delivery of biomass-based jet fuel and has specific value for each at Sea-Tac, PDX, and GEG;

NOW THEREFORE, the members of the Steering Committee hereby agree as follows:

1. Purpose. The purpose of this Agreement is to define the tasks and responsibilities of the Steering Committee to engage a consultant to: (a) facilitate a stakeholder process for a comprehensive regional assessment exploring the challenges and opportunities associated with the development of sustainable aviation fuels in the Pacific Northwest, and (b) develop a report and supporting information containing the findings of comprehensive regional assessment (the "Project").

2. Effective Date. This Agreement shall become effective on the day that the last of the originating Members, listed above, signs this document.

3. Steering Committee Tasks and Responsibilities. The Steering Committee Member organizations hereby agree to the following:

3.1 Members and Designated Representatives.

3.1.1 Each Member shall appoint one Designated Representative, and one alternate, to the Steering Committee. Each Member shall have the right to change its Designated Representative upon five (5) days written notice to each of the other Members and the Administrative Lead.

3.1.2 The Steering Committee shall consist of one Designated Representative from each of the organizations that are signatories to this Agreement; and any additional organizations added in accordance with Section 3.1.5.

3.1.3 All notices, draft reports, and other communications to or by a Member or the Consultant required by this Agreement and relating to the Project or the Agreement shall be sent to the Designated Representative.

3.1.4 Only the Designated Representative, or the Designated Representative's alternate designated under 3.1.1, shall be entitled to vote on behalf of such Member in connection with Steering Committee decisions pursuant to Section 3.6.

3.1.5 Additional Parties/Steering Committee Members. At any time during the course of the Project, additional entities that have interest in participating in the Project may, with the unanimous consent of the Steering Committee, become a Steering Committee Member and join this Agreement by executing and delivering a counterpart hereof and by paying a one-time fee in an amount to be proposed by the new participant and approved by the Steering Committee. The fee for any additional party

may be waived by the majority vote of Steering Committee members. Additional parties must ratify and accept in writing the Steering Committee decisions that have been made to date.

3.1.6 Stakeholders. The Steering Committee shall identify and invite other entities to participate in the workshops (“Stakeholders”) as described in Exhibit A, the Scope of Work and to contribute funds to Consultant costs. Each Stakeholder shall be required to execute a separate agreement outlining the terms of their participation in the Project, including substantially the same Public Communication and Confidentiality and Use of Information provisions as in this Agreement, and in substantially the form attached hereto as Exhibit XXX.

3.1.7 Workshops. Members shall make commercially reasonable efforts to have a representative attend all of the Workshops scheduled by the Consultant as described in Exhibit A and provide data and information, where appropriate, to assist the Consultant in completing its Scope of Work.

3.2 Port of Seattle Responsibilities. POS agrees to the following:

3.2.1 Administration. The POS Designated Representative shall serve as Administrative Lead for the Steering Committee. The Administrative Lead shall determine Members’ availability for meetings, notify Members of meetings, distribute materials and information as required, and facilitate meetings.

3.3 Alaska Airlines Responsibilities. Alaska Airlines agrees to the following:

3.3.1 Project Management. Alaska Airlines shall serve as the Project Manager and also, in that capacity, negotiate, execute and administer a contract with a consultant chosen as set forth in Section 3.3.4 below (the Consultant) to perform the work described in Exhibit A.

3.3.2 Alaska Airlines shall not execute the contract with the consultant until the Steering Committee unanimously determines that adequate funds have been deposited in the escrow account by Members and Stakeholders to cover the Consultants costs for performing the work described in Exhibit A.

3.3.3 Alaska Airlines shall work with the Consultant, in consultation with the Steering Committee, to assure that the Project is carried out in accordance with the Scope of Work (Exhibit A).

3.3.4 Consultant Management. The Steering Committee shall assess the field of potential consultants, select an entity, then direct Alaska Airlines to begin negotiations with the selected entity.

3.3.5 Alaska Airlines shall negotiate and execute a contract with the Consultant and pay all invoices from funds contributed by Steering Committee members as set forth in Section 3.5 herein and from funds contributed by Stakeholders. Additionally, Alaska Airlines shall provide the Steering Committee a draft of the consultant contract for the limited purpose of verifying that it conforms to the terms of this Agreement, including without limitation, the confidentiality and publicity provisions, the Scope of Work and designates each Steering Committee Member as an intended, third party beneficiary under the consultant contract. Should a discrepancy be found, the Steering Committee shall meet to resolve such discrepancy with Alaska Airlines prior to Alaska Airlines executing such consultant contract.

3.3.6 Alaska Airlines shall manage performance of the Consultant's work, subject to ultimate Steering Committee review and approval, to meet the objectives for work as described in **Exhibit A**.

3.3.7 Subject to Steering Committee review and approval, Alaska Airlines shall manage performance of the Consultant's work so that the work is performed within the budget provided by the Consultant and the funds available to the Steering Committee in the escrow account. Prior to commencement of the work by Consultant, Alaska Airlines shall review the Consultant's budget for performing the work described in Exhibit A, and in consultation with the Steering Committee determine whether adequate funds are in the escrow account to cover the Consultant's costs. Subject to Steering Committee review and approval, Alaska Airlines may amend the scope of work to ensure that the Consultant costs stay within the funds available in the escrow account, so long as the objectives described in Exhibit A are still met.

3.3.8 The contract with Consultant shall not exceed two hundred thousand (\$200,000) unless 1) Additional Parties pay fees or make contributions sufficient to add to the Consultant's Scope of Work; and 2) Steering Committee Members unanimously approve an amendment to the Consultant's contract.

3.3.9 The Alaska Airlines Designated Representative shall act as the liaison between the Consultant, and the Steering Committee, collectively and as to its individual members. Alaska Airlines will be responsible, subject to ultimate Steering Committee review and approval, for all direction given to the Consultant. No change in the Scope of Work or Consultant's contract will be effective unless issued in writing by Alaska Airlines and approved by Steering Committee, pursuant to Section 3.3.8, above.

3.4 Shared Common Costs.

3.4.1 Payments. By no later than **XX/XX/10**, each Member shall pay or shall wire transfer to the designated escrow account that Member's Designated Share of Shared Costs, and from time to time its pro rata share of any applicable escrow fees, unless the Member chooses to include its Pro rata share of applicable escrow fees in the Member's one-time contribution. "Shared Costs" are estimated to be \$200,000 for the Project. "Designated Share" shall mean the amounts as set forth below in this Section.

(a) The amounts (not including escrow fees) that each Member shall be obligated to transfer to the designated escrow account pursuant to this Agreement shall be as follows:

- (i) Alaska Airlines: \$45,000.
- (ii) Boeing: \$45,000.
- (iii) Washington State University: In-Kind.
- (iv) Port of Seattle: \$45,000.
- (v) Port of Portland \$45,000.
- (vi) Spokane International Airport: \$20,000.

3.4.2 Refunds/Disbursements/Escrow Fees. The Members hereby agree to allocate "pro rata" among themselves all refunds, disbursements and escrow fees called for or resulting under this Agreement or the Escrow Agreement. "Pro rata" shall mean that proportion that is calculated by dividing a Participant's dollar amount of Shared Costs listed in Section 3.4.1.

(a) Should there be a good faith assessment by the Steering Committee that the Scope of Work described in Exhibit A will not be completed within the Shared Costs amount, the Members may either (i) reduce the scope of work to not exceed the Shared Costs amount through the unanimous determination of the Steering Committee, or (ii) execute a written amendment to this Agreement signed by all Members to increase the Shared Costs amount, along with the associated contribution for each Member, to meet the existing Scope of Work described at Exhibit A. Provided, further, that in the event any Member fails to make its full payment of its designated amount of the Shared Costs, the remaining Members shall not be required to perform their obligations under this Agreement, with Members entitled to seek redress for any amounts a Member had to pay in excess of its Pro rata share as a result against any defaulting or non-performing Member(s) as set forth in 3.4.1.(b).

(b) Members that pay their designated amount of Shared Costs reserve all rights of action against any defaulting or non-performing Member(s) for recovery under all applicable statutes or theories of law or equity.

(c) Alaska Airlines shall establish an escrow account to hold Members' payments for Shared Costs as well as the fees paid by Additional Steering Committee Members and Stakeholders.

3.4.3 Procedures for Disbursements from Escrow. The Alaska Airlines Designated Representative, on behalf of the Steering Committee, shall review all invoices for work performed under the Consultant contract for the Work objectives/tasks described in Exhibit A. The Alaska Airlines Designated Representative shall certify as to whether invoices for incurred costs are for the performance of Work objectives described in Exhibit A. Upon presentation to the Escrow Agent of itemized invoices for Work along with certification stating that the invoiced work was completed in accordance with the standards set forth in the consultant contract and Exhibit A, Escrow Agent shall, not earlier than fifteen (15) days and not later than thirty (30) days after its receipt of such invoices and certification, make payment of the invoiced and certified amount unless the Escrow Agent receives a notice of objection from a Member pursuant to the Escrow Agreement attached as Exhibit B.

3.4.4 Redistribution of Fees Paid by Additional Parties. To the extent that Additional Parties and Stakeholders' pay funds when they join the Project, pursuant to Sections 3.1.5 and 3.1.6, such monies shall be paid to the designated escrow account. Such fees shall be redistributed by Escrow Agent to Members on a "pro rata" basis if there are any monies remaining after the fees are applied to invoices for Consultant's Work and after payment of all escrow fees and costs.

3.4.5 Termination of Escrow. The escrow shall terminate upon completion of the Work described at Exhibit A or upon disbursement by the Escrow Agent of all funds deposited into the escrow. If the Work is completed before all of the funds deposited into the escrow have been disbursed, the remaining funds in the escrow (after payment of all escrow fees and costs) shall be disbursed back to the Members who have performed their obligations under this Agreement, on a "Pro rata" basis, not earlier than five (5) and not later than ten (10) days following presentation to the Escrow Agent of certification from the Alaska Airlines Designated Representative that the Work has been completed. Interest that has accrued in the escrow account shall be first applied to pay escrow fees and, thereafter, disbursed upon termination of the account in the same manner as other remaining funds.

3.5 Administration. The Steering Committee shall hold such meetings as it deems necessary, which may be called at any reasonable time by any Designated Representative. Meetings may be in person, by teleconference or any combination thereof.

3.6 Decision-making. A Steering Committee meeting or teleconference cannot be held unless a majority of the Designated Representatives (or alternates) are present or available by telephone. The goal of the Members is to reach decisions by consensus, *i.e.* a unanimous vote of all Members, with each Member being entitled to one vote. An absent Member may vote by giving a written proxy to another Member. The Members shall endeavor in good faith to reach consensus in resolving all matters to be decided by the Steering Committee. However, unless otherwise specified in this Agreement, if a pending decision has been discussed at two (2) Steering Committee meetings without reaching consensus, at the conclusion of the second meeting the decision shall be made by majority vote of the Members present. For decisions made with a majority of Members only (and not unanimous), such decisions will only take effect

five (5) business days following the date of the applicable Steering Committee meeting to allow a dissenting, or absent, Member the ability to withdraw from the Agreement.

3.7 Termination and Withdrawal. This Agreement shall terminate, and the Steering Committee dissolved, thirty (30) days after the Final Report is issued to the public, or payment of the final Consultant invoice, whichever is later. Each Member, shall have the unilateral right to immediately withdraw at any time, upon written notice to the Steering Committee. However, a withdrawing Member is not entitled to a refund of the payment described in Section 3.4.2.

3.7.1 In addition to the termination requirements described above, Alaska Airlines, in its role as Project Manager, must complete the following tasks prior to any Alaska Airlines' withdrawal:

3.7.1.1 The Consultant must be paid for any and all work that was incurred prior to Alaska Airlines' withdrawal announcement, provided sufficient funds are available in the escrow account for this purpose.

3.7.1.2 Alaska Airlines will provide each Member with an electronic copy of the most final work product produced prior to Alaska Airlines' withdrawal announcement.

3.7.2 Upon a Member's withdrawal from the Project, the withdrawing Member shall continue to abide by the Public Communication and Confidentiality and Use of Information provisions in this Agreement. The remaining Members of the Steering Committee agree not to use the name, marks or brand of the withdrawing Member without such Member's prior written consent.

3.8 Management Tasks.

3.8.1 The Steering Committee shall amend the Scope of Work (Exhibit A) as necessary.

3.8.2 The Steering Committee shall review and approve the Schedule and Budget, and amend it as necessary.

4. Report Approval Process.

4.1 Preliminary Report. Each Member shall receive an electronic copy of the first draft report ("Preliminary Report"), as well as supporting information. Members shall have ten (10) days to review the Preliminary Report and supporting information, and provide any necessary corrections or comments, which shall be delivered electronically to the Project Manager in strikeout-underline format.

4.2 Final Draft Report. The second draft report (“Final Draft Report”) shall consist of a strikeout/underline version of the Report, incorporating all Members’ comments on the Preliminary Report and the supporting information. Each Member shall receive an electronic copy of the Final Draft Report. Unless the Steering Committee determines that it is unnecessary, the Steering Committee shall review the Final Draft Report at a Steering Committee meeting, the purpose of which is to obtain agreement on the content of the Final Report. Failure of a Member to attend the above-mentioned meeting shall be construed as agreement with the content of Final Draft Report.

4.3 Final Report. The third draft is the Final Report. Each Member shall have an opportunity to formally approve or disapprove the Final Report. The Steering Committee, in its discretion, may decide to have another review cycle if there are any disapproving Members. At the conclusion of the Project, each Member shall receive an electronic copy of both the Final Report, and the supporting information, no later than thirty (30) days after they are final.

5. Public Communication.

5.1 No later than the date specified in the approved Schedule, the Steering Committee shall jointly develop and approve a media/communications plan, including the preparation of a press release about the Final Report.

5.2 Members agree to endeavor to exercise reasonable judgment and to act in the good faith in communicating in any manner with any governmental agencies or other entities concerning the subject of this Agreement. Substantive communications by a Member with such third parties concerning the subject of this Agreement must be disclosed in writing to the other Members. Notwithstanding the media communication plan, Members shall not refer to this Agreement, or to any related activity or relationship with other Members, hold public meetings, press conferences, or issue press releases concerning the subject of this Agreement without obtaining the prior written consent of all Members of the Steering Committee.

6. Confidentiality and Use of Information.

6.1 Confidential Information. “Confidential Information” consists of documents, communications or mental impressions concerning the Project that have not been published or have not become a part of the public domain, *e.g.* the Preliminary Report and Final Draft Report and their accompanying supporting information. The Final Report, and its supporting information, are not, and will not be subsequently deemed to be Confidential Information, and each Member agrees to take this into account in formulating and submitting supporting information to the Final Report. For purposes of this Section, “Final Report” shall mean the

version of the report that is unanimously approved by the Steering Committee as the final version of the report. From time to time, the Members may disclose or transmit Confidential Information to each other or to the Consultant. Confidential Information may be disclosed to or transferred among the Members orally or in writing or by any other appropriate means of communication. The Members intend that no claim of attorney-client privilege or work product immunity or any other privilege be waived as a result of exchange or transmittal of Confidential Information.

6.2 Maintenance of Confidentiality. Except as provided in Section 6.3, each Member agrees that all Confidential Information received from any other Member or the Consultant, or by the Consultant from any Member concerning the Project, shall be held in strict confidence by the receiving Member, and that such Confidential Information shall be used only for conducting such activities that are necessary and proper to carry out the purposes of this Agreement. Each Member shall take all necessary and appropriate measures to ensure that any person who is granted access to any Confidential Information or who otherwise assists the Consultant in connection with this Agreement, is familiar with the terms of this Agreement and complies with the terms hereof as they relate to the duties of such person.

6.3 Compelled Disclosure. The parties acknowledge that every public agency in Washington State is required to make its records available for public inspection unless a record is specifically exempted from disclosure under Chapter 42.56 RCW. If a Member wish to be notified of a public records request for documents submitted by that Member, prior to submitting the document, that Member must clearly mark the document "Confidential Information." Even documents or other materials so marked may be subject to public inspection. If Confidential Information becomes the subject of a Public Records Act request, or an administrative or judicial order requiring disclosure by a Member, the Member may satisfy its confidentiality obligations under this Agreement by either (1) objecting to production of any such Confidential Information on grounds of confidentiality and/or any privilege, or (2) promptly notifying the Member(s) that generated the Confidential Information at least five (5) business days prior to any such required disclosure and informing the generating Members of all material information concerning the required disclosure. If any party undertakes legal action to prevent the disclosure of any information that the party deems confidential or proprietary, that party shall bear the cost for such legal action.

6.4 Non-confidential Information. Nothing in this Agreement shall prevent the Members from disclosing to others or using in any manner information which the Member can show:

6.4.1 Was known by a Member prior to execution of the Agreement, has been published or has become part of the public domain other than by the acts, omissions or fault of Members or their agents or employees in violation of this Agreement; or

6.4.2 Has been furnished or made known to a Member by third parties (other than those acting directly or indirectly for or on behalf of the Members) or was obtained by a

Member in some manner other than pursuant to this Agreement, as a matter of legal right, without any applicable restrictions on its disclosure;

6.4.3 Was in the Member's possession prior to the disclosure thereof by or on behalf of any of the Members; or

6.4.4 Is information that has been made final pursuant to Report Approval Process described in Section 4. This includes both the Final Report and the supporting information for the Final Report.

7. Dispute Resolution. If and when there is a disagreement among Members concerning any aspect of this Agreement that cannot be resolved pursuant to the decision-making process of Section 3.7, the aggrieved Member(s) may request appointment of a neutral mediator to resolve the dispute. Such request shall be a condition precedent to resorting to other remedies that the aggrieved Member may have. The mediator shall be selected by common agreement between any and all Members involved in the dispute; however, only the requesting Member shall be responsible for paying the fees of the mediator. All members involved in the dispute shall pay its own internal costs for participating in the mediation process. The entire mediation process shall last no longer than fourteen (14) days, starting with the request for appointment of the mediator.

8. No Admission of Liability. Neither a Member's entry into this Agreement, nor its participation in the Steering Committee and performance of other actions in accordance with this Agreement, shall be considered an admission of any issue of fact, law or liability of any purpose other than a proceeding to enforce this Agreement. Except as expressly provided in this Agreement, each Member retains all rights and defenses it may have and remains an independent entity wholly responsible for its own actions. Provided further that no Member shall have the right to act as an agent for another Member unless expressly authorized to do so herein or by separate written instrument signed by the Member(s) granting such authority. The term "costs" as used in this Agreement shall mean and refer to costs related to engaging a consultant for the purpose described in this Section.

9. Enforceability by Third Parties. This Agreement is not intended for the benefit of any person or entity not a signatory to this Agreement and is not enforceable by any third party, including but not limited to, the Consultant.

10. Amendments. This Agreement may be amended only in writing by the unanimous approval of the Members, by receipt of written concurrence from each Designated Representative. Such amendments shall become effective on the date written notice of such amendments is postmarked to all Members. However, nothing in this Section prohibits Members from entering into separate agreements with other Members, and unanimous approval is not required for such separate agreements.

11. Successors and Assigns. This Agreement shall binding upon the successors and assigns of the Members. No assignment or delegation of the obligation to make any payment or reimbursement hereunder shall release the assigning Member without the prior written consent of the other Members.

12. Severability. If any provision of this Agreement is deemed invalid or unenforceable, the balance of the Agreement shall remain in full force and effect.

13. Authority of Members. Each Member represents and warrants that he or she has all requisite power (corporate or otherwise) to enter into and be bound by the terms and conditions of this Agreement and to carry out its respective obligations hereunder and the execution and delivery by such Member of this Agreement and the performance of such Member's obligations hereunder have been duly authorized by all necessary action (corporate or otherwise) of such Member.

14. Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

15. Governing Law. This Agreement shall be construed under and in accordance with laws of the state of Washington without regard to the conflict of laws provision therein.

16. Entire Agreement. This Agreement, including documents incorporated by reference, constitutes the entire understanding of the Members with respect to its subject matter.

17. Notices. Any notice required by the provisions of this Agreement shall be made to each Designated Representative of each Member of the Steering Committee as specified below:

a) Alaska Airlines/Horizon Air

Attention: Managing Director, Government and Community Relations
Facsimile: (206) 392-5558

b) Boeing Commercial Airplanes
P.O. Box 3707
Seattle, WA 98124-2207

Attention: Vice President – Contracts
Mall Code 21 34
Facsimile: (425) 237-1706

c) Washington State University
520 Pike Street, Suite 1101
Seattle, WA 98101-3916

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Attention: Vice President, Economic Development and Global Engagement
Facsimile: (206) 448-1334

d) Port of Seattle
Seattle-Tacoma International Airport
P.O. Box 68727
Seattle, WA 98168

Attention: Michael Lufkin and Elizabeth Leavitt
Facsimile: (206) 439-6617

e) Port of Portland/Portland International Airport
P.O. Box 3529
Portland, OR 97208

Attention: General Manager, Aviation Environmental & Safety
Facsimile: (503) 548-5823

f) Spokane International Airport

Attention: Todd Woodard
Director, Marketing and Public Relations
Spokane International Airport

IN WITNESS WHEREOF, the Members hereto enter into this Agreement. Each person signing this Agreement represents and warrants that he or she has been duly authorized to enter into this Agreement by the corporation, entity or municipality on whose behalf the person is signing.

By: _____

By: _____

Name: _____

Name: _____

Its: _____

Its: _____

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By: Washington State University _____

By: _____

Name: Howard D. Grimes, Ph.D. _____

Name: _____

Its: Vice President for Research _____
and Dean of the Graduate School

Its: _____

By: _____

By: _____

Name: _____

Name: _____

Its: _____

Its: _____

By: _____

By: _____

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By: _____

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EXHIBIT "A"
TO AGREEMENT
Scope of Work

EXHIBIT A
Sustainable Aviation Fuels Northwest
Preliminary Scope of Work

Introduction

This Preliminary Scope of Work identifies the key tasks to be completed by the Project Consultant as part of the Sustainable Aviation Fuels Northwest Project (“SAFN Project”). This Preliminary Scope of Work may, from time to time, be amended consistent with the provisions of the attached Sustainable Aviation Fuels Northwest Agreement.

Task 1: Project Management/Stakeholder Facilitation

The Consultant will be responsible for managing and facilitating the activities of the Stakeholder/Members group, with the objective to utilize the expertise embodied with the Stakeholders and their affiliated organizations in the completion of Tasks 2 through 7. The facilitation task will include convening at least five (5) Stakeholder and Member workshops, roughly corresponding to the following schedule:

| Task/Activity | Date |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| Pre-Workshop Project Plan Development <ul style="list-style-type: none"> • Work with the launch partners in developing a project plan that clearly defines desired deliverables and a sequential process that will achieve those deliverables. • Pre-determine an analytical framework for the quantitative model(s) to be employed during the workshops, including the proposed analytical model(s), how they will be populated with data, and who/how they will be exercised to produce quantified results as part of the deliverables package. | June 2010 |
| Workshop 1 <ul style="list-style-type: none"> • Present current state of knowledge on prospective Northwest feedstocks and technologies • Presentation on international sustainability criteria as they are evolving • Gather Stakeholder perspectives and insights on prospective pathways • Identify plausible and desirable outcomes • Identify key drivers and uncertainties • Test consensus on priority of biofuels to aviation • Develop scenarios/pathways to be modeled based on assessment of likely commercial feasibility in 2015-20 timeframe | June 2010 |
| Post Workshop 1 <ul style="list-style-type: none"> • Conduct preliminary modeling/analysis | July/August 2010 |

EXHIBIT A
Sustainable Aviation Fuels Northwest
Preliminary Scope of Work

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|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| Workshop 2 <ul style="list-style-type: none"> • Present and review modeling results • Adjust/redesign scenarios/pathways | August 2010 |
| Post Workshop 2 <ul style="list-style-type: none"> • Conduct additional modeling as needed • Draft key findings and recommendations • Distribute draft finding to Stakeholders within one week of Workshop 3. | September 2010 |
| Workshop 3 <ul style="list-style-type: none"> • Present and review modeling results • Come to preliminary agreement on scenarios/pathways • Come to preliminary agreement on key findings and recommendations • Group agreement on design framework of Final Report | October 2010 |
| Post Workshop 3 <ul style="list-style-type: none"> • Conduct additional modeling as needed • Develop draft report including key findings and recommendations • Distribute to draft report to Stakeholders within one week of Workshop 4. | October/November |
| Workshop 4 <ul style="list-style-type: none"> • Finalize agreement on pathways, findings and recommendations • Review draft report | December 2010 |
| Post Workshop 4 <ul style="list-style-type: none"> • Finalize report • Draft communications and outreach plan • Distribute both report and plans within week of next meeting | |
| Workshop 5 <ul style="list-style-type: none"> • Review and approve Final Report | January 2011 |

The Consultant may hold additional Stakeholder workshops as deemed necessary.

Task 2: Identification of Potential Alternative Supply Chain Pathways for Northwest Aviation Biofuels

The Consultant shall work with the Stakeholder group in identifying a series of potential scenarios/pathways for the development of an aviation biofuels industry in the Pacific Northwest delivering product at commercial levels by or before 2020. The scenarios/pathways considered and identified should cover the entire aviation fuel supply chain in the Pacific Northwest.

EXHIBIT A
Sustainable Aviation Fuels Northwest
Preliminary Scope of Work

The intent of Task 2 is not to identify every possible scenario/pathway but rather to focus in on those scenarios/pathways that are most likely to develop by 2015-20 in light of the aviation fuel supply chain’s unique market characteristics and the particular circumstances (e.g. available feedstocks and delivery systems) found here in the Pacific Northwest. The specific number of pathways/scenarios identified shall be left to the discretion of the Consultant and the Stakeholders to determine.

In identifying plausible scenarios/pathways, the Consultant should utilize the expertise of the Stakeholders, as well as other information and expertise available from third parties not involved with the project.

Task 3: Identification of Environmental Sustainability Criteria

Biofuel development in the Northwest should address environmental sustainability issues including, but not limited to:

- Emissions of CO2
- Biodiversity and ecosystem functions
- Use of water resources
- Soil integrity

The establishment of good practices and standards for biofuel production in the Northwest is important to secure industry credibility and stable public policy support. While it is beyond the scope of this project to develop an environmental assurance scheme for biofuel production in the Pacific Northwest, the Project does aim to identify existing principles, criteria, and standards that have been developed by other organizations and governments that could/should be utilized to demonstrate environmental sustainability in the Northwest. Towards that end, the Consultant shall work with the Stakeholder group to identify existing environmental assurance standards/schemes and assess their applicability to projects in the Pacific Northwest.

Task 4: Modeling the Economic and Environmental Sustainability of the Identified Scenarios/Pathways

Working together with participating Stakeholders, the Consultant will coordinate an approach/strategy for modeling the economic and environmental sustainability of each of the plausible scenarios/pathways identified in Task 2. The modeling should include, but is not limited to:

| Economic | Environmental |
|---------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|
| Regional commercial aviation demand for fuels from conventional and bio sources | Lifecycle greenhouse gas (GHG) emissions, using best data on carbon intensity of actual Northwest petroleum feedstocks (i.e. tar sands) |
| Northwest technical and economic biofuels | Direct and, if feasible and applicable, indirect |

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| | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|
| feedstock production potential | land use change driven by aviation biofuels market demand |
| Feedstock demand from other sectors and how it might impinge on bioenergy markets | Impact of biomass production on other environmental media including, water quantity/quality, soil degradation/erosion air quality, biodiversity |
| Bioenergy demand in other sectors and how it impinges on the aviation market, taking into account factors including but not limited to electrification of ground transport and biomass power plant demand. | |
| Projected biofuel production cost by fuel/feedstock in the Northwest region | |
| Impact of bioenergy feedstock development on food crop prices | |
| Evaluation of logistics and compatibility of the introduction of sustainable biofuels at Seattle-Tacoma International Airport, Portland International Airport, and Spokane International Airport (e.g. necessary changes/modifications to existing fuel delivery systems) | |
| Economic impacts of regional bioenergy industry | |

The Consultant is encouraged to partner with and/or utilize the expertise of Members and external third parties including academia to deliver some of the analytic capabilities. This scope of work is premised on the understanding that much of the analytic work will be available from Members and external third parties without the need for extensive modeling conducted by Consultant. It is understood that many of the modeling outputs will be delivered as projections with forecast uncertainties, as case specific models are not feasible.

Task 5: Development of Key Findings and Recommendations

Based upon the modeling conducted and the information learned as part of Tasks 2 and 3, the Consultant shall work with the Stakeholders in developing key findings and recommendations to be included in the Final Report. The recommendations should focus on actions and efforts that can be undertaken by a wide variety of stakeholders in the region to stimulate and advance the development and commercialization of sustainable aviation fuels in the Pacific Northwest.

Task 6: Production of Public Report

The Consultant shall be responsible for the production of the Final Report. The Final Report shall be of professional quality and should contain the key findings, conclusions, and

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recommendations as developed through the completion of Tasks 2 through 6. The Consultant shall work collaboratively with the Stakeholders to determine the structure and exact content of the Final Report. The targeted audience for the Final Report is policy makers, feedstock and fuels project developers, investors, NGO's, and members of the general public. As such, the Final Report should be written in a non-technical manner so that it is easily understood by individuals with diverse backgrounds and interests.

Task 7: Communication of Public Report and Key Findings

The Consultant shall work with the Steering Committee Member and Stakeholders in developing and implementing a media /communications plan for the distribution of the Final Report and the key findings and recommendations.

DRAFT

EXHIBIT "B"
TO AGREEMENT
Escrow Agreement

ESCROW AGREEMENT

THIS ESCROW AGREEMENT, (the "Agreement") is made this day of _____, 2010, by and among Alaska Airlines, Inc., an Alaska corporation, with offices at 19300 International Boulevard, Seattle, WA 98168 ("Alaska Airlines"), the other members of the Steering Committee: The Boeing Company, Washington State University, Port of Seattle (POS), Port of Portland, and Spokane International Airport, and any Additional Members, as those terms and parties are defined in the Sustainable Aviation Fuels Northwest Agreement dated _____, 2010, attached hereto as Exhibit A and by this reference incorporated herein (the "SAF NW Agreement"), ("Steering Committee) and U.S. Bank National Association ("Escrow Agent").

WHEREAS, the purpose of the SAF NW Agreement is to define the tasks and responsibilities of the Steering Committee to: (a) facilitate a stakeholder process for a comprehensive regional assessment exploring the challenges and opportunities associated with the development of sustainable aviation fuels in the Pacific Northwest, and (b) develop a report and supporting information containing the findings of comprehensive regional assessment (the "Project");

WHEREAS, the Steering Committee as part of the Project anticipates the engagement of a consultant (the "Consultant") for the purpose of convening and managing the stakeholder process for conducting a comprehensive regional assessment and preparing a report containing findings and recommendations and supporting information from such assessment that serves the Port of Seattle's business interest; and Alaska Airlines is to serve under the SAF NW Agreement as the Project Manager and also, in that capacity, negotiate, execute and administer a contract with the Consultant chosen as set forth in the SAF NW Agreement;

WHEREAS, the Steering Committee members have agreed to pay the Shared Costs for the Project and Consultant and to deposit an aggregate sum of at least \$ 200,000 (the "Funds"), with the Escrow Agent, representing the estimate of the maximum cost for the Project, including the fees and expenses of the Consultant, and to settle "pro rata" among themselves any refunds, disbursements and escrow fees called for or resulting under this Agreement and in this regard Alaska Airlines is to establish an escrow account (the "Escrow Account") to hold these as well as any fees paid under the SAF NW Agreement by Additional Steering Committee Members and Stakeholders and to authorize payment to the Consultant and others from this Escrow Account and to settle any refunds, disbursements and escrow fees as provided under the SAF NW Agreement and this Agreement;

WHEREAS, the Escrow Agent is to release any Funds to the Consultant or otherwise as certified by Alaska Airlines following the review and approval of the Steering Committee of any proposal for such release as contemplated by the SAF NW Agreement and this Agreement;

WHEREAS, Escrow Agent is agreeable to act as escrow agent under this Agreement and to disburse the Funds in accordance with the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the mutual covenants and promises set forth below, the parties agree:

1. Establishment of Escrow Account.

1.1. An escrow account shall be established under this Agreement for the sole purpose of holding, investing and distributing the Funds from time to time as hereinafter set forth (the "Escrow Account").

1.2. Escrow Agent and the Steering Committee agree that the Funds in the Escrow Account are to be used exclusively for the purpose of funding the Project as contemplated by the SAF NW Agreement.

2 Disbursements.

2.1. The Escrow Agent shall disburse all or a portion of the Funds pursuant to receipt of a Draw Request substantially similar to that set forth in the attached Exhibit B that has been executed by an authorized designee of Alaska Airlines and that contains certification of such designee that the Steering Committee has authorized such disbursement. The form shall be completed and submitted by the appropriate individual to Escrow Agent for review and approval whereupon Escrow Agent may make the requested payment.

2.2 If, prior to the release of the Funds pursuant to the provisions of 2.1 hereinabove, the Escrow Agent receives written notice from any member of the Steering Committee of a dispute between the Consultant or some other third party and the Steering Committee, the Escrow Agent shall not release the Funds until this dispute has been settled or resolved to the satisfaction of a court of competent jurisdiction. This provision shall not prevent Escrow Agent from representing the Steering Committee in the dispute.

2.3. Upon proper disbursement of all the Funds, the Escrow Agreement shall terminate.

3 Escrow Agent's Responsibility.

3.1. Upon disbursement of all or any portion of the Funds in accordance with this Agreement, Escrow Agent shall have no further responsibility with respect to the amounts so disbursed. In this regard, it is expressly agreed and understood that in no event shall the aggregate amount of disbursements from the Escrow Account by Escrow Agent exceed the amounts deposited by Steering Committee members in the Escrow Account plus accrued interest, as provided herein.

3.2. Escrow Agent shall have the authority to invest and reinvest the Fund's principal and income upon written notice from Alaska Airlines in:

(a) securities issued or directly and fully guaranteed or insured by the United States Government or any agency or instrumentality thereof having maturities of not more than twelve months from the date of acquisition, or

(b) money market funds collateralized with securities of the types described in clause (a), or

(c) any other type of account insured by the FDIC or FSLIC or similar authorized entity without obligation to split the Funds to stay within FDIC or FSLIC insurance limits.

(d) in the absence of written direction, the Escrow Agent is hereby directed to deposit and invest funds in the U.S. Bank Money Market Savings Account. Depositors acknowledge that the U. S. Bank Money Market account is a U. S. Bank National Association ("U.S. Bank") interest-bearing money market deposit account designed to meet the needs of U.S. Bank's Corporate Trust Services Escrow Group and other Corporate Trust customers of U.S. Bank. Selection of this investment includes authorization to place funds on deposit with U.S. Bank. U. S. Bank uses the daily balance method to calculate interest on this account (actual/365 or 366). This method applies a daily periodic rate to the principal balance in the account each day. Interest is accrued daily and credited monthly to the account. Interest rates currently offered on the accounts are determined at U. S. Bank's discretion and may be tiered by customer deposit amount. The owner of the accounts is U. S. Bank as Agent for its trust customers. U.S. Bank's trust department performs all account deposits and withdrawals. Each customer's deposit is insured by the Federal Deposit Insurance Corporation as determined under FDIC Regulations, up to applicable FDIC limits. Any and all interest earned on the Assets after the deposit shall be added to the Assets and shall become a part thereof. Agent shall thereafter hold, maintain and utilize the Assets pursuant to the terms and conditions of this Agreement. Each Steering Committee member shall provide Agent with a W-9 or original W-8 IRS tax form prior to the disbursement of interest and Agent will file the appropriate 1099 or other required forms pursuant to Federal and Washington laws. A statement of citizenship will be provided if requested by Agent. Agent shall not be responsible for maximizing the yield on the Assets. Agent shall not be liable for losses, penalties or charges incurred upon any sale or purchase of any such investment.

3.3. Escrow Agent, Alaska Airlines, and the other Steering Committee members understand and agree that the duties of Escrow Agent are purely ministerial in nature. Escrow Agent and Steering Committee further agree that:

(a) Escrow Agent shall not be responsible for the performance by Consultant or the Steering Committee members under the SAF PN Agreement or this Agreement or any other agreement.

(b) Escrow Agent shall not be liable for any action taken or omitted hereunder or under this Agreement except in the case of its bad faith, gross negligence or willful misconduct.

(c) Escrow Agent shall furnish to Alaska Airlines and/or the members of the Steering Committee an accounting of the receipts in, and disbursements from, the Escrow Accounts, as requested by any of them.

3.4. The Escrow Agent may resign as Escrow Agent at any time upon thirty (30) days prior written notice to the Steering Committee. In the case of the Escrow Agent's resignation, its only duty shall be to hold and dispose of the Escrow Account in accordance with the original provisions of this Agreement until such successor escrow agent shall be appointed. The Steering Committee members shall jointly consent and appoint such successor escrow agent. Upon such appointment, the Escrow Agent's only duty shall be to pay over to the successor escrow agent the Funds in escrow pursuant to this Agreement less any portion thereof previously paid out in accordance with this Agreement.

3.5. The Steering Committee members agree to indemnify Escrow Agent, and agents (herein the "Indemnitees") against, and to hold them harmless of and from, any and all loss, liability, cost, damage and expense, any and all loss, limitation, reasonable attorneys' fees, except in the case of Escrow Agent's bad faith, gross negligence, or willful misconduct, which the Indemnitees may suffer or incur by reason of any action, claim or proceeding brought by any third party against the Indemnitees, arising out of or relating in any way to this Agreement, or the performance of its duties hereunder.

3.6 Escrow Agent shall be paid a fee for its services as set forth on Exhibit C attached hereto and incorporated herein, which shall be subject to increase upon notice sent to the Steering Committee, and reimbursed for its reasonable costs and expenses incurred. If Agent's fees, or reasonable costs or expenses, provided for herein, are not promptly paid, Agent shall have the right to sell such portion of the Assets held in the Account as necessary and reimburse itself therefor from the proceeds of such sale or from the cash held in the Account. In the event that the conditions of this Agreement are not promptly fulfilled, or if Agent renders any service not provided for in this Agreement, or if the Parties request a substantial modification of its terms, or if any controversy arises, or if Agent is made a Party to, or intervenes in, any litigation pertaining to this escrow or its subject matter, Agent shall be reasonably compensated for such extraordinary services and reimbursed for all costs, attorney's fees, including allocated costs of in-house counsel, and expenses occasioned by such default, delay, controversy or litigation and Agent shall have the right to retain all documents and/or other things of value at any time held by Agent in this escrow until such compensation, fees, costs, and expenses are paid. The Parties jointly and severally promise to pay these sums upon demand. Unless otherwise provided, the Steering Committee members each will pay one-sixth of all Agent's usual charges and Agent may deduct such sums from the funds deposited. The Steering Committee members and their respective successors and assigns agree jointly and severally to indemnify and hold Agent harmless against any and all losses, claims, damages, liabilities, and expenses, including reasonable costs of investigation, counsel fees, including allocated costs of in-house counsel and disbursements that may be imposed on Agent or incurred by Agent in connection with the

performance of his/her duties under this Agreement, including but not limited to any litigation arising from this Agreement or involving its subject matter. Agent shall have a first lien on the property and papers held under this Agreement for such compensation and expenses.

4. Miscellaneous.

4.1. This Agreement encompasses the entire Agreement of the parties and shall not be modified except by an instrument in writing signed by the parties.

4.2. This Agreement shall be governed by and construed in accordance with the laws of the State of Washington and the proper venue and jurisdiction for any action or claim with respect to this Agreement or any document delivered pursuant hereto shall be in the appropriate court in King County, Washington, except as for provided in section 4.3.

4.3. In the event of the receipt of conflicting instructions prior to discharge of the Escrow Agent, Escrow Agent shall commence an arbitration before a single arbitrator acceptable to Escrow Agent under the rules of the American Arbitration Association, whose decision shall be final. Upon receipt of a final decision from the arbitrator, the Escrow Agent shall comply therewith and upon such compliance shall be discharged from all further liability. The decision of the arbitrator shall be final, and may be reduced to judgment by any party hereto or the Escrow Agent. The arbitration must be resolved within 90 days of a request for arbitration. Steering Committee members and Escrow Agent shall pay their own attorney fees and legal costs. The aforementioned parties shall split the arbitrator's reasonable fees and costs.

4.4. All notice required to be given in connection with this Agreement shall be sent via email, certified mail or overnight express with receipt and addressed as follows:

If to: Alaska Airlines: (Address & Phone Number)

If to Steering Committee:

The Boeing Company (Address & Phone Number)

Washington State University (Address & Phone Number)

Port of Seattle (Address & Phone Number)

Port of Portland (Address & Phone Number)

Spokane International Airport (Address & Phone Number)

If to Escrow Agent:

U.A. Bank National Association
60 Livingston Avenue
St. Paul, MN 55107
Attn: Scott Kjar
Phone: (651) 495-3808
Fax: (651) 495-8087
Email:

With a faxed copy to:

Shirley Young
(206) 344-4630

4.5. This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument.

IN WITNESS WHEREOF, this Agreement has been executed this _____ day of _____, 2010.

Alaska Airlines, Inc.,

By: _____

Name: _____

Its: _____

other Steering Committee Members:

The Boeing Company

By: _____

Name: _____

Its: _____

Washington State University

By: _____

Name: _____

Its: _____

Port of Seattle

By: _____

Name: _____

Its: _____

Port of Portland

By: _____

Name: _____

Its: _____

Spokane International Airport

By: _____

Name: _____

Its: _____

U.S. Bank National Association

By: _____

Name: _____

Its: _____

EXHIBIT "B"

DRAW REQUEST

DRAW REQUEST # _____

DATE _____

Pursuant to the Escrow Agreement dated _____, 2010, by and among Alaska Airlines, the other Steering Committee Member, and U.S. Bank as, Escrow Agent, Escrow Agent is authorized to disburse \$ _____ United States Dollars to:

For the purpose of paying:

Alaska Airlines, Inc. hereby certifies that the Steering Committee has approved this drawing request and that the individual signing below has been authorized by Alaska Airlines to execute it and authorize the disbursement of funds pursuant to the SAF NW Agreement.

Approved this ___ day of _____, 2010.

Alaska Airlines, Inc

By: _____

Name: _____

Its: _____

EXHIBIT "C"

Schedule of Fees for Services as Escrow Agent

| | | |
|--------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|
| CTS01010A | Acceptance Fee The acceptance fee includes the administrative review of documents, initial set-up of the account, and other reasonably required services up to and including the closing. This is a one-time, non-refundable fee, payable at closing. | \$1000 |
| CTS04460 | Escrow Agent Annual administration fee for performance of the routine duties of the escrow agent associated with the management of the account. Administration fees are payable in advance. | \$1000 |
| WA SALES TAX | Washington State Sales Tax No language needed. | 9.5% |

Direct Out of Pocket Expenses

Reimbursement of expenses associated with the performance of our duties, including but not limited to publications, legal counsel after the initial close, travel expenses and filing fees.

At Cost

Extraordinary Services

Extraordinary services are duties or responsibilities of an unusual nature, including termination, but not provided for in the governing documents or otherwise set forth in this schedule. A reasonable charge will be assessed based on the nature of the service and the responsibility involved. At our option, these charges will be billed at a flat fee or at our hourly rate then in effect.

Account approval is subject to review and qualification. Fees are subject to change at our discretion and upon written notice. Fees paid in advance will not be prorated. The fees set forth above and any subsequent modifications thereof are part of your agreement. Finalization of the transaction constitutes agreement to the above fee schedule, including agreement to any subsequent changes upon proper written notice. In the event your transaction is not finalized, any related out-of-pocket expenses will be billed to you directly. Absent your written instructions to sweep or otherwise invest, all sums in your account will remain uninvested and no accrued interest or other compensation will be credited to the account. Payment of fees constitutes acceptance of the terms and conditions set forth.

IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT:

To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account.

For a non-individual person such as a business entity, a charity, a Trust or other legal entity we will ask for documentation to verify its formation and existence as a legal entity. We may also ask to see financial statements, licenses, identification and authorization documents from individuals claiming authority to represent the entity or other relevant documentation.