

CONFIDENTIALITY, NON-DISCLOSURE AND NON-DIVERSION AGREEMENT

THIS CONFIDENTIALITY, NON-DISCLOSURE AND NON-DIVERSION AGREEMENT (this “Agreement”) is made as of the ___ day of _____, 20___, by and between TEXAS AIR COMPOSITES, INC., a Texas corporation (“TAC”), and the undersigned subcontractor of TAC (“Recipient”).

1. **Background; Consideration.** TAC repairs and overhauls aircraft parts components (the “Projects”) for regional and commercial air transportation carriers (the TAC “Clients”). Recipient provides materials or services on aircraft parts. TAC desires to engage Recipient, and Recipient desires to be engaged by TAC, to provide materials, services or to perform certain other subcontracting work on the Projects (the “Work”). In connection with the parties’ business relationship, TAC will disclose to Recipient certain confidential and proprietary information about TAC’s Projects. As a condition to TAC’s engagement of Recipient and in order to protect TAC’s confidential and proprietary information, Recipient agrees to the following:

2. **Non-Disclosure of Confidential Information.**

2.1. **Confidential Information.** For purposes of this Agreement, “Confidential Information” includes trade secrets and proprietary information regarding TAC’s Projects and Clients. It includes (a) the Client’s identity and contact persons on TAC’s projects; (b) the Client’s requirements, preferences and history of dealings with TAC; (c) TAC’s pricing to the Client; and (d) TAC’s repair strategies, including TAC’s technical data and/or OEM data. Confidential Information also includes the following information regarding TAC’s business relationship with Recipient: (a) Recipient’s pricing to TAC; (b) technical information provided by TAC to the Recipient to facilitate the Work; and (c) the services provided to TAC by Recipient. Confidential Information also includes information regarding TAC’s internal operations, including TAC’s employees, employee compensation, skills, performance and qualifications of TAC’s personnel. Confidential Information does *not* include information that (i) was publicly known before TAC’s disclosure to Recipient; (ii) becomes publicly known and generally available after TAC’s disclosure to Recipient through no action of Recipient; (iii) is possessed by Recipient, without confidentiality restrictions, at the time of TAC’s disclosure as shown by Recipient’s files and records immediately before the disclosure; (iv) obsolete, outdated and no longer in use by TAC; or (v) is approved for disclosure by TAC.

2.2. **Acknowledgement of Confidential Information.** In connection with the Work, TAC will disclose to Recipient, and Recipient will become familiar with Confidential Information relating to the Work. Recipient acknowledges and agrees that the Confidential Information is commercially valuable and that its development and compilation have involved the use of skill, time, talent and efforts over a period of time. Recipient further acknowledges that the Confidential Information is disclosed on a confidential basis and based upon the confidential working relationship between TAC and Recipient. TAC’s Confidential Information may be used by Recipient only in connection with the Work or as may be expressly authorized in writing by TAC. Recipient agrees that it will use its best efforts and the utmost due diligence to protect and safeguard TAC’s Confidential Information.

2.3. **Non-Disclosure Covenant.** Except for purposes of performing the Work, Recipient shall not, at any time, either directly or indirectly, disclose any of TAC’s Confidential Information. TAC’s Confidential Information may be disclosed only to those employees of Recipient who have a “need to know” in connection with the Work, but Recipient shall not otherwise use, exploit or reproduce the Confidential Information without TAC’s written authorization. Before disclosing any Confidential Information to its employees, Recipient shall first advise each employee of the terms of this Agreement and require the employee to execute a written agreement with Recipient obligating the employee to keep TAC’s information confidential. The duty to maintain TAC’s Confidential Information in strict confidence shall continue beyond the termination of the business relationship between TAC and Recipient. If Recipient is subpoenaed to produce or disclose any of TAC’s Confidential Information, Recipient shall provide TAC with sufficient advance written notice to enable TAC to seek a protective order or otherwise prevent disclosure and shall cooperate with TAC to preserve the Confidential Information.

2.4. **Ownership.** The Confidential Information is and shall remain the exclusive property of TAC, and Recipient acknowledges that it has no claim, right, title or interest in TAC’s Confidential Information. Recipient shall not copy, reprint, reproduce, recreate, redesign, release or use any of TAC’s Confidential Information without the express prior written consent of TAC, which consent may be withheld by TAC arbitrarily and in its sole discretion. Upon termination of the business relationship between TAC and Recipient, or at any time upon TAC’s oral or written request, Recipient shall immediately return all Confidential Information to TAC or certify in writing that the Confidential Information has been destroyed and that no further use of the Confidential Information will be made by

Recipient, an agent of Recipient, or any other third party. Recipient shall retain no working papers, notes, summaries, copies or other items containing any Confidential Information.

3. Non-Diversion. In consideration for TAC's disclosure to Recipient of Confidential Information and of engaging Recipient to perform the Work, Recipient shall not, during the time Recipient performs Work and for a period of twelve (12) months thereafter, directly or indirectly, either on Recipient's own behalf or on behalf of any other person or entity, (a) divert or attempt to divert Work performed by Recipient for TAC to Recipient or any other person or entity; or (b) encourage, solicit or induce any Client to cease doing business with TAC, reduce the volume of its business with TAC or transfer or move Work from TAC to Recipient.

4. Remedies. The parties agree that TAC will suffer irreparable harm in the event Recipient fails to comply with its obligations under this Agreement, and that monetary damages will be inadequate to compensate TAC for such breach. Accordingly, Recipient agrees that TAC will be entitled to injunctive relief against such breach.

5. Judicial Amendment. Recipient acknowledges the reasonableness of the agreements set forth in Sections 2 and 3. If it is judicially determined that any of the limitations contained in Sections 2 or 3 are unreasonable under any applicable law, the Court may reform the provision(s) to conform with applicable law, while leaving the remaining portions of Sections 2 and 3 intact.

6. No License. Neither the execution of this Agreement nor the furnishing of the Confidential Information to Recipient shall be construed as granting any license or the right or interest in or to the Confidential Information.

7. No Obligation. This Agreement does not obligate TAC or Recipient to proceed with any transaction between them, nor does it obligate TAC to accept any of the Work which Recipient may provide or perform. Neither this Agreement nor the disclosure of Confidential Information hereunder shall be construed to create a joint venture or partnership of any kind between the parties hereto.

8. Attorneys' Fees. If any action, at law or in equity, is necessary to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled to recover its reasonable attorneys' fees and costs in addition to any other relief to which it may be entitled.

9. Miscellaneous

9.1. APPLICABLE LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS APPLICABLE TO CONTRACTS WHOLLY NEGOTIATED, EXECUTED, AND PERFORMED IN SUCH STATE. ALL OBLIGATIONS SHALL BE DEEMED TO BE PERFORMABLE IN DALLAS COUNTY, TEXAS AND EXCLUSIVE VENUE FOR ANY DISPUTE WITH REGARD TO THIS AGREEMENT SHALL RESIDE IN A COURT OF COMPETENT JURISDICTION IN DALLAS COUNTY, TEXAS.

9.2. Severability; Waiver. The provisions of this Agreement are severable, and the invalidity or unenforceability of any particular provision shall not affect the other provision; this Agreement shall be construed in all respects as if such invalid or unenforceable provisions were omitted. A waiver or consent given by either party on any one occasion is effective only in that instance and will not be construed as a bar to or waiver of any right on any other occasion.

9.3. Entire Agreement; Amendments. This Agreement constitutes the entire agreement between the parties regarding its subject matter. No amendments or modification shall be binding unless reduced to writing, dated and signed by both parties.

9.4. Binding Effect. The provisions of this Agreement shall be binding upon and inure to the benefit of TAC and be enforceable by its successors and assigns. This Agreement is not assignable by Recipient.

9.5. Notices. Any notices to be given under this Agreement shall be in writing and may be effected by personal delivery or by registered or certified mail.

9.6. Construction; Captions. The parties have participated jointly in the negotiation of this Agreement. In the event any ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties. The captions used in this Agreement are solely for the convenience of the parties and such captions do not constitute a part of this Agreement.

EXECUTED as of the day, month and year first written above.

TEXAS AIR COMPOSITES, INC.:

RECIPIENT:

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Address:

15050 Trinity Blvd.
Ft. Worth, TX 76155

Address:

