

## FOREIGN REPRESENTATIVE AGREEMENT

CONTRACT NO. 29679

THIS AGREEMENT is entered into as of September 6, 2012, by and between **AAR PARTS TRADING, INC.**, an Illinois corporation, having its principal place of business at One AAR Place; 1100 North Wood Dale Road; Wood Dale, Illinois 60191 ("AAR"), and **SUMITOMO CORPORATION**, having its principal place of business at 1-8-11, Harumi, Chuo-ku, Tokyo 104-8610 Japan ("Representative").

### WITNESSETH:

In consideration of the mutual covenants herein contained and other good and valuable consideration, receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. **Appointment.** AAR hereby appoints Representative as its exclusive sales representative with the right to solicit and receive orders for the sale of the products/services described in Exhibit A hereto ("Products") to the customers described in Exhibit A (individually or collectively as the context may require, "Customer").
2. **Representative's Duties.**
  - (a) Representative will at its own expense (i) use its best efforts to promote the sale and use of the Products, and to solicit and receive orders for the Products from Customer at prices and on other terms and conditions approved by AAR and subject to acceptance by AAR pursuant to Section 3 below; (ii) cooperate fully with AAR with respect to the sale of the Products to Customer; (iii) faithfully and diligently do and perform all such acts and duties and furnish such services as AAR shall from time to time request; (iv) observe such AAR policies and procedures as AAR may establish from time to time, including, without limitation, policies and procedures with respect to advertising and marketing. Representative will, at its own expense, perform the following; (v) provide quarterly reports to AAR on its procurement of orders and marketing activities, the activities of competitors and the total marketing environment concerning the Products as they relate to the Customer; (vi) not publish or cause to publish, encourage or approve any advertising or practice which might mislead or deceive the public or might be detrimental to the good name, goodwill or reputation of AAR; and (vii) assist AAR in effecting collections of those receivables from the Customer resulting from sales by AAR through orders solicited or received by Representative.
  - (b) Representative will notify AAR immediately upon learning of potential business opportunities. Decisions to pursue specific projects will be made by AAR alone. If

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AAR authorizes the Representative to pursue business identified by the Representative, AAR shall nevertheless reserve the right to require that the Representative discontinue its efforts should AAR subsequently conclude that the possibility of a successful and profitable contract is not sufficient to justify the effort.

3. Acceptance of Orders by AAR. All orders solicited and received by Representative will be sent to AAR at the address set forth in Section 13 below (or at such other address as AAR may direct in writing) for acceptance in writing by AAR or a duly authorized representative of AAR. AAR reserves the right in its sole discretion to decline to accept any order solicited or received by Representative.

4. Commissions.

- (a) Group A Products (as defined in Exhibit A):

Unless specifically agreed otherwise in writing, AAR will pay to Representative, as full consideration for the services of Representative hereunder with respect to Group A Products, a commission as specified in Exhibit A, based on a percentage of all Net Sales (as hereinafter defined) of any Group A Product pursuant to the terms of this Agreement. Net Sales of any Group A Product shall mean revenues from the Customer resulting from sales of the Group A Product where the order for the Group A Product was solicited and received by Representative and the revenues from the sale are actually collected by AAR and repatriated to the United States, less any credits for returns. Net Sales does not include amounts invoiced but not collected or amounts collected for sales tax, use tax, excise tax, duties or other custom charges, or transportation, mailing, packaging or other costs or expenses.

- (b) Group B Products (as defined in Exhibit A):

The Representative's entitlement to compensation for its services hereunder with respect to Group B Products is contingent upon execution by the parties of a written amendment hereto, which amendment will describe the particular project or transaction and set forth the Representative's compensation for said particular project or transaction. The Representative and AAR shall execute said amendment either prior to or promptly after commencement of Representative's services in connection with said project/transaction. In no event shall a commission be payable to Representative prior to execution of said amendment, whether for work already performed or yet to be performed with respect to said project/transaction. All other activities undertaken by Representative on AAR's behalf (not described in said amendment) shall be solely at Representative's expense.

- (c) Commissions on the sale of a Product to Customer will be payable by AAR to the Representative within thirty (30) days after the end of the calendar month in which AAR has received full payment from Representative, Sumitomo Corporation of America, or Sumisho Aero-Systems Corporation, for such Product, together with all

related taxes, charges, costs and expenses in the event of a sale.. All commission payments shall be made by the wire transfer of United States Dollars to an account designated by Representative held in Representative's name, at a bank that is located in the same country as is listed for the Representative's address in Section 13 hereof. Notwithstanding the foregoing or any provision in this Agreement, AAR may, in its sole discretion, reduce or eliminate the commission that would otherwise be payable to Representative for a Product sale if Representative, Sumitomo Corporation of America, or Sumisho Aero-Systems Corporation is more than 6 months past due on its payment obligation with respect to such Product sale.

5. Representations and Warranties.

- (a) Representative represents and warrants to AAR as follows:
  - (i) This Agreement has been duly authorized, executed and delivered by Representative. Neither the execution and delivery nor the performance of this Agreement will conflict with or result in a breach or violation of any law, or of any regulation, order, writ, injunction or decree of any court or governmental authority of any country in which this Agreement is to be performed, except as Representative may have otherwise advised AAR in writing, a copy of which, if any, is attached hereto.
  - (ii) None of Representative's officers, directors, partners, owners, principals, employees or agents are or will become, during the term of this Agreement, officials, officers, employees or representatives of any government, any department, agency or instrumentality of any government, or any political party, or candidates for political office.
  - (iii) The Representative's responses to the Questionnaire dated July 3, 2012, and Sumitomo Corporation of America's responses to their Questionnaire dated August 27, 2012, and Sumisho Aero-Systems Corporation's responses to their Questionnaire dated August 28, 2012, attached hereto as Exhibit B and incorporated herein by reference are true and correct as of the date submitted and as of the date of this Agreement.
  - (iv) No authorization, consent or approval of, or notice to any government or any department, agency or instrumentality of any government, is required or necessary in connection with the execution and delivery of this Agreement by Representative or the performance by Representative of the services contemplated hereunder, except as Representative may otherwise have heretofore advised AAR in writing, a copy of which, if any, is attached hereto.
- (b) AAR represents and warrants to Representative as follows:

- (i) This Agreement has been duly authorized, executed and delivered by AAR. Neither the execution and delivery nor the performance of this Agreement will conflict with or result in a breach or violation of any law, or of any regulation, order, writ, injunction or decree of any court or governmental authority of any country in which this Agreement is to be performed, except as AAR may have otherwise advised Representative in writing, a copy of which, if any, is attached hereto.
- (ii) No authorization, consent or approval, of, or notice to any government or any department, agency or instrumentality of any government, is required or necessary in connection with the execution and delivery of this Agreement by AAR, except as AAR may otherwise have heretofore advised Representative in writing, a copy of which, if any, is attached hereto.

6. **Covenants by Representative.**

- (a) During the term hereof, Representative will not, on its own behalf or on behalf of any third party, (i) promote, sell or offer to sell any product that would be competitive with any of the Products, (ii) own, manage, operate, be employed by, participate in, render advice to or control any other business similar to or competitive with any business presently or hereafter conducted by AAR with Customer, or (iii) divert or attempt to divert from AAR any business in which AAR has been actively engaged during the term hereof, nor solicit, bid for or accept any business of the type described in clause 6.(a) (ii) above, nor interfere or attempt to interfere with AAR's relationships with its employees, agents, customers or sources of supply.
- (b) Representative will not, in connection with the performance of this Agreement, make any payments, loans or gifts or promises or offers of payments, loans or gifts of any money or anything of value, directly or indirectly, to or for the use or benefit of (i) any officer or employee of any government, (ii) any political party or official or candidate thereof, (iii) any candidate for political office, (iv) any other person if Representative knows or has reason to know that any part of such payment, loan or gift will be directly or indirectly given or paid to any such governmental officer or employee or political party or candidate or official thereof, or candidate for political office, or (v) any other person or any entity, the payment of which would constitute or give the appearance of a conflict of interest or impropriety, or constitute a violation of any law of the various jurisdictions in which Representative performs services or of the United States, including but not limited to the Foreign Corrupt Practices Act ("FCPA").
- (c) Representative will not directly or indirectly use or permit the use of any part of any commissions or reimbursement received hereunder to pay any commission or finder's fee to a third party with respect to sales of any Products to Customer or

otherwise, and will not share any commissions or reimbursement with any subrepresentatives or agents, except as otherwise disclosed in advance to, and expressly approved in writing by, AAR. Representative will not use or permit the use of any of its commissions or reimbursements hereunder for any purpose, nor will Representative take any action, which would constitute a violation of any law of the various jurisdictions in which it performs services or of the United States, including the FCPA.

Notwithstanding anything to the contrary in Section 6(c) above, AAR hereby authorizes Representative to engage and share commissions with the following subrepresentatives:

Sumitomo Corporation of America  
600 3<sup>rd</sup> Avenue  
New York, NY 10016

Sumisho Aero-Systems Corporation  
1-8-8, Harumi, Chuo-ku  
Tokyo 104-0053 Japan

- (d) Representative acknowledges that it has received a copy of the FCPA, and is familiar with the purposes and provisions of the FCPA. Representative will notify the General Counsel of AAR (or such other person as AAR may designate) immediately of any request Representative receives to take any action that might constitute a violation of the FCPA.
- (e) Representative acknowledges that it is familiar with the purposes and provisions of the United States International Traffic in Arms Regulations ("ITAR"), including Part 129 (22 CFR 129) governing "brokers" and "brokering activities" (collectively "ITAR Brokering"). Representative represents that, if Representative is engaged in ITAR Brokering, (i) it shall be registered as a broker under Part 129 of the ITAR, and (ii) Representative will notify the General Counsel of AAR (or such other person as AAR may designate) immediately if Representative is no longer registered as a broker or of any request Representative receives to take any action that might constitute a violation of the ITAR, including Part 129.
- (f) Representative will advise AAR in writing immediately upon the occurrence of any event that would have the effect of changing any response in Exhibit B or making any such response not true or not correct. Said notice will contain a description of such event and the change that it causes.

7. Expenses and Reimbursement.

- (a) Representative will be solely responsible for all its costs and expenses incurred in connection with its representation of AAR, unless AAR expressly assumes responsibility separately in writing in advance for specified costs and expenses. Any claim for reimbursement of costs and expenses for which AAR has expressly assumed responsibility in advance must be accompanied by a detailed itemization of

the costs and expenses claimed and a copy of AAR's written assumption of responsibility for the costs and expenses.

- (b) Representative will not in connection with its representation of AAR, pay or give any gifts of money or any other thing of value to any person exceeding the value of \$25 United States Dollars without the prior written approval of AAR. Further, Representative will record all costs and expenses incurred by Representative in connection with its representation of AAR fully and accurately in Representative's books and records and that such records will be made available, upon AAR's request or upon the request of any accounting firm it may designate, or, upon proper request, of the authorities of the government(s) of the country(s) in which the Customer is located, or the authorities of the United States government.
- (c) Representative will record the purpose of each expenditure and the person to whom each expenditure was made and for whose benefit the expenditure was made, in its written books and records for each and every service that the Representative performs for or on AAR's behalf and that such records will be made available on request as described above.

8. **Confidentiality.** Each party hereto acknowledges that the trade secrets, confidential information, secret processes and know-how ("Proprietary Information") developed and acquired by the other party and its affiliates (together, the "Affiliated Companies") are among their most valuable assets and the value of such information may be destroyed by unauthorized disclosure. All information imparted to or learned by the receiving party with respect to the Products or the business of the Affiliated Companies (whether acquired before or after the date hereof) will be deemed to be confidential Proprietary Information and will not be used or disclosed by the receiving party, except to the extent necessary to perform its duties hereunder, and in no event disclosed to anyone outside the employ of its Affiliated Companies or its attorney, accountant or other advisors, unless either such Proprietary Information is or has been made generally available to the public or express prior written authorization to use or disclose such Proprietary Information has been received from the disclosing party. Upon termination of this Agreement for any reason, the receiving party will not retain any documents or other tangible property containing or reflecting Proprietary Information. Notwithstanding the foregoing, the parties hereto acknowledge that any information disclosed by AAR shall be deemed AAR's Proprietary Information.

Each party hereto acknowledges that Representative's representation of AAR hereunder will place it in a position of utmost trust and confidence and that it may have access to confidential Proprietary Information concerning the Products and the business of the other party's Affiliated Companies, including but not limited to manufacturing methods, recent and proposed developments, secret processes, know-how, costs, prices and pricing methods, sources of supply and customer names and relationships.

The covenant of the receiving party set forth in this Section will survive five (5) years after any termination of this Agreement.

9. **Representative's Authority.** This Agreement establishes Representative, an independent contractor, as an independent sales representative of AAR. Representative is not an officer, employee or agent of AAR and will not hold itself out as such. Except as AAR may hereafter authorize by separate writing, Representative has no authority to change or alter offers and quotations from AAR, to accept or confirm any orders, or to make any promise, warranty or representation on behalf of AAR, or to bind or obligate AAR in any manner whatsoever.
10. **Indemnity.** Each party (the "indemnifying party") will defend and indemnify the other party (the "indemnified party") and its Affiliated Companies against and hold them harmless from and against any and all third party damages, loss, liability and expenses (including without limitation reasonable out-of-pocket expenses of investigation and attorneys' fees) incurred or suffered by the indemnified party or its Affiliated Companies arising out of or in connection with (i) any misrepresentation or breach of any representation, warranty, covenant or agreement made or to be performed by the indemnifying party or its owners, partners, officers, directors, employees or agents or (ii) any damage to property, or injury to, or death of persons occasioned by or in connection with the acts or omissions of the indemnifying party or its owners, partners, officers, directors, employees or agents (provided however that the Representative shall not be deemed an agent of AAR in cases where AAR is the indemnifying party). The covenant of indemnifying party set forth in this Section will survive any termination of this Agreement.
11. **Disclosure.** AAR may fully disclose the existence and terms of this Agreement, including the compensation and reimbursement provisions, at any time and for any reason to whomever AAR's General Counsel determines has a legitimate need to know such terms, including without limitation the authorities of the government(s) of the country(s) in which the Customer is located or the authorities of the United States government.

Notwithstanding the above, AAR will give written notice to Representative prior to such disclosure.

12. **Term and Termination.**

- (a) This Agreement will commence on the date hereof and continue thereafter through December 31, 2013, unless earlier terminated by either party upon at least thirty (30) days prior written notice to the other party, or pursuant to Section 12(b) below.
- (b) Notwithstanding anything herein to the contrary, either party may terminate this Agreement immediately upon written notice to the other party for any breach of any representation, warranty, covenant or agreement contained herein, or in any other agreement between Representative and AAR or any affiliate of AAR, or any insolvency or any act of bankruptcy by the other party, or if for any reason whatsoever, AAR is not permitted to sell and/or distribute the Products to Customer or into the country(s) in which the Customer is located.

- (c) Any termination of this Agreement will be without prejudice to the rights and obligations of the parties hereto that have vested prior to the effective date of termination, except as provided in Sections 8 and 10, and except further that no commissions or reimbursement will be due or payable to Representative on sales of Products made after the date of any violation of any covenant in Section 6(b) or (c) above. Representative will refund to AAR within five (5) days after AAR so requests any commissions or reimbursement received by it after the date of any such violation.

- 13 **Notices.** All notices and other communications hereunder must be in English and in writing and will be deemed given if delivered personally, or by courier, sent by telex, sent by facsimile, or sent by electronic mail to the parties at the following addresses (or at such other address for a party as may be specified by like notice):

- (a) If to AAR, to:

**AAR PARTS TRADING, INC.**  
c/o AAR Aircraft Turbine Center  
One AAR Place  
1100 North Wood Dale Road  
Wood Dale, Illinois 60191  
Attn: Vice President, Contract Administration  
Facsimile 1-630-227-2338  
Email fbrostoff@aarcorp.com

- (b) If to Representative, to:

**SUMITOMO CORPORATION**  
1-8-11, Harumi, Chuo-ku  
Tokyo 104-8610 Japan  
Attn: General Manager  
Facsimile +03-5166-6257  
Email eiji.ishida@sumitomocorp.co.jp

14. **Entire Agreement.** This Agreement constitutes the entire agreement and understanding of the parties hereto with respect to the transactions contemplated hereby, supersedes any and all contemporaneous or prior agreements and understandings related to the subject matter hereof, and may not be modified, amended or terminated except in writing signed by all of the parties hereto, or except as otherwise provided herein.
15. **Construction.** Careful scrutiny has been given to this Agreement by Representative, AAR and their respective legal counsel. Accordingly, the rule of construction that any ambiguities of the contract will be resolved against the party which caused the contract to be drafted will have no application in the construction or interpretation of this Agreement, or any clause or provision hereof.



16. **Governing Law.** This Agreement shall be deemed to have been negotiated, drafted, entered into, and performed in part in New York, U.S.A., and it shall be governed and construed by the laws thereof. AAR and Representative specifically agree that both parties intend their relationship to be governed exclusively by these laws, notwithstanding the fact that Representative may be a foreign corporation, individual or partnership, or will market and/or resell the Products in the country(s) in which the Customer is located. Representative agrees that even though the government(s) of the country(s) in which the Customer is located may have laws specifically protecting the local representatives, distributors or dealers of foreign corporations like AAR, which laws may include provisions regarding rights and obligations at termination, including without limitation the payment of severance and other compensation for investments and loss of good will, the parties hereto agree that such laws shall be inapplicable to their relationship and to this Agreement, that Representative waives the benefit and application of any such laws, and when acting in the country(s) in which the Customer is located, it shall be conducting business solely for its own account and benefit and not as an agent for AAR.

The parties agree that all actions or proceedings arising directly or indirectly from this Agreement will be litigated only in courts having situs within New York, U.S.A., and Representative waives the personal service of any and all process upon it, and consents that all such service of process may be made upon it by courier, directed to Representative at the address stated in Section 13, and service so made will be deemed complete upon receipt.

17. **Assignment.** This Agreement will inure to the benefit of, and be binding upon, the respective successors and assigns of AAR; provided, however, that no assignment of any rights or delegation of any obligations provided for herein may be made by AAR, without the express prior written consent of Representative. This Agreement may not be assigned by Representative to any other person or entity and any such attempted assignment shall be void ab initio.
18. **Counterparts.** This Agreement may be executed in any number of separate counterparts, each of which will be deemed to be an original, but which together shall constitute one and the same instrument. A facsimile signature on any counterpart hereto will be deemed an original for all purposes.
19. **Headings; Definitions.** The headings contained in this Agreement are inserted for convenience of reference only and will not affect the meaning or interpretation of this Agreement.
20. **Severability.** If any term, clause or provision contained herein is declared or held invalid by any court of competent jurisdiction, such declaration or holding shall not affect the validity of any other term, clause or provision herein contained.
21. **Excusable Delay.** Neither party will be liable for damages when its performance is delayed or prevented by strike, fire, riot, war, rebellion, insurrection, hail, windstorm, rain, floods, or other similar occurrences, failure or shortage of transportation facilities, governmental

regulations, inability or failure of suppliers to deliver parts or material, or other causes beyond its control.

22. Currency. Any references herein to amounts of money will pertain to the currency of the United States of America.

[SIGNATURE PAGE FOLLOWS]

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Contract No. 29679

IN WITNESS WHEREOF, each party has executed this Agreement as of the day and year first above written.

AAR PARTS TRADING, INC.

By (signature):

Name (printed): John M. Holmes

Title: vice President

SUMITOMO CORPORATION

By (signature):

Name (printed): Eiji Ishida

Title: General Manager, Aerospace Dept.

**EXHIBIT A**  
**TO THE FOREIGN REPRESENTATIVE AGREEMENT BETWEEN**  
**SUMITOMO CORPORATION AND**  
**AAR PARTS TRADING, INC.**  
**DATED SEPTEMBER 6, 2012.**

**PRODUCTS**

Products transacted through the following divisions of  
AAR Parts Trading, Inc., as further described below:

AAR Defense Systems & Logistics

**Group A Products & Commission:**

Sale of the following Hamilton Sundstrand Power Systems of San Diego, California (HSPS) parts that are subject to the Sale and Distribution Agreement dated September 2012 by and between HSPS and AAR. The military aircraft parts listed below and their related subcomponents, for the listed aircraft platforms that are manufactured by or for HSPS: T-62T-40-1 (H-60), T-62T-2B (CH-47), T-62T-40-8 (Jet Fuel Starter)(F-2), T-62T-40-CAD1 (U125).	7.5%
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**Group B Products**


(commissions determined on a case-by-case basis)

All transactions not included in Group A Products above.

**CUSTOMERS**

The sale of Group A Products through Sumitomo Corporation (Japan), Sumisho Aero-Systems Corporation, or Sumitomo Corporation of America (New York) to the following Customers in the Country of Japan:

Equipment Procurement and Construction Office, Japan Ministry of Defense  
Japan Air Self Defense Force 1<sup>st</sup> Depot, Tokyo Detachment  
Japan Air Self Defense Force 2<sup>nd</sup> Depot  
Japan Air Self Defense Force 3<sup>rd</sup> Depot  
Japan Air Self Defense Force 4<sup>th</sup> Depot  
Japan Maritime Self Defense Force, Maritime Materiel Command  
Japan Maritime Self Defense Force, Air Supply Depot  
Japan Maritime Self Defense Force, Ship Supply Depot  
Japan Ground Self Defense Force, Ground Materiel Control Command  
Mitsubishi Heavy Industries, Ltd.  
Nabtesco Corporation



**EXHIBIT B**  
**TO THE FOREIGN REPRESENTATIVE AGREEMENT BETWEEN**  
**SUMITOMO CORPORATION AND**  
**AAR PARTS TRADING, INC.**  
**DATED SEPTEMBER 6, 2012.**

**QUESTIONNAIRE**

See attached

