

# **GE AVIATION SYSTEMS LLC DISTRIBUTOR AGREEMENT AGT NO. AAR-2022-12-15**

**BETWEEN**

**AAR SUPPLY CHAIN, INC.,**

**AND**

**GE AVIATION SYSTEMS LLC**

**EFFECTIVE December 15, 2022**

This **DISTRIBUTOR AGREEMENT** (this “**Agreement**”) is made effective on 15 December 2022 (the “**Effective Date**”), between **AAR Supply Chain, Inc.**, with a principal place of business at 1100 North Wood Dale Road, Wood Dale, Illinois 60191 (the “**Distributor**”), and **GE Aviation Systems LLC**, with a principal place of business at 3290 Patterson Avenue SE Grand Rapids, MI 49512 (the “**Company**,” “**GEAS**,” or “**Seller**”).

## 1 APPOINTMENT

- 1.1 The Company hereby appoints the Distributor as the exclusive aftermarket source in accordance with the terms and conditions of this Agreement for the Products, Industry and Territory listed herein.
- 1.2 Save where the context otherwise requires, words and expressions defined in Exhibit 1 attached hereto (and incorporated hereby) shall have the same meanings when used herein.
- 1.3 The sale of the Products hereunder shall be for the benefit of the Distributor and Distributor Group (as defined below). Any obligation of the Distributor Group hereunder shall mean an obligation of the particular division of Distributor’s Affiliate that is a member of the Distributor Group and shall not mean an obligation of the Distributor Group as a whole.

## 2 INDUSTRY / PRODUCTS / TERRITORY / BUYERS

- 2.1 The Industry, Territory and Products manufactured, produced, assembled, or otherwise supplied by the Company pursuant to the Agreement are set forth in the following table:

Industry	Products	Territory	Buyers
Aviation & Aerospace, and Military	See Exhibit 2 and Exhibit 3 to this Agreement.	Worldwide	All buyers, subject to Article 2.3 hereof.

- 2.2 **RESERVED.**
- 2.3 The Company reserves the right to sell any of the Products directly to any Buyer who still proceeds direct on purchasing from company, despite Company informing buyer of Distributor, (including to the United States Government or its contractors, subcontractors, or agents, even if the end user of the Product will be a Buyer (as part of an FMS sale or otherwise) or to any Buyer through Company’s Affiliates, For the avoidance of doubt, Distributor will not be compensated for such sales.
- 2.4 If the Company develops or acquires new products and the Company decides to sell via a distribution channel, then the Company shall provide Distributor a right of first refusal to add such new products to the Products.

## 3 TERM

The term of this Agreement shall commence on the Effective Date and expire on December 31, 2027 (the “**Initial Term**”) and will automatically renew for an additional five (5) years (the “**Additional Term**”, together with the Initial Term, the “**Term**”), unless (i) sooner terminated as provided in the Article *Termination* under the Exhibit 1 attached hereto or (ii) the Distributor or the Company provides a notice of non-renewal to the other at least eighteen (18) months before the end of the Initial Term.

## 4 PRICE

- 4.1 Unless specified otherwise in writing, all prices shall be exclusive of VAT or any other taxes, custom duties, import charges, tariff, local foreign investment charges and environmental charges, all of which, if applicable, shall be for the account of Distributor (but excluding any taxes in the nature of income taxes of Company). Distributor shall pay to Company, upon demand, or furnish to Company evidence of exemption therefrom, any taxes (including without limitation, sales, use, excise, turnover or other value added taxes), duties, fees, charges or assessments of any nature (but excluding any taxes in the nature of income taxes of Company), legally assessed or levied by any governmental authority against Company or its employees, its Affiliates or their employees, as a result of any sale, new Product Delivery (as defined in

Schedule 1 hereto), Equipment Redelivery (as defined in Schedule 1 hereto), transfer, use, export, import or possession of such item or otherwise in connection with this Agreement. If claim is made against Company for any such taxes, duties, fees, charges or assessments, Company shall immediately notify Distributor and, if requested by Distributor, Company shall not pay except under protest, and if payment be made, shall use all commercially reasonable efforts to obtain a refund thereof. If all or any part of any such taxes, duties, fees, charges, or assessments shall be refunded, Company shall repay to Distributor such part thereof as Distributor shall have paid. Distributor shall pay to Company, upon demand, all expenses (including penalties and interest) incurred by Company in protesting payment and in endeavouring to obtain such refund.

- 4.2 The Products shall be sold to the Distributor by Company at (i) in the case of catalog Products, the price prevalent on the shipment date determined by the Company's published List Price Catalog (as set forth herein) and (ii) in the case of non-catalog Products, the price prevalent on the delivery date. Items not in the catalog will be priced and quoted individually. At the Company's sole discretion, special discounts may be offered for specific program sales and/or promotions. For avoidance of doubt, the Company will not control Distributor's pricing to Buyers or other third parties to whom the Distributor is in any way authorized to resell Products hereunder.

## 5 DISTRIBUTOR AND DISTRIBUTOR GROUP RESPONSIBILITIES

In addition to those commitments of Distributor and each division that is a member of the Distributor Group set forth in Exhibit 1 to this Agreement, during the term of this Agreement and subject to the terms and conditions herein expressed, each of the Distributor and each division that is a member of the Distributor Group, as indicated below, agrees to:

- 5.1 Each division that is a member of the Distributor Group shall provide access to the worldwide sales force of such division that is a member of the Distributor Group, and use its commercially reasonable efforts to sell and promote the sale and use of the Products; and
- 5.2 Distributor shall, for each calendar year of the term of this Agreement, develop an annual business plan for the sale of Products by Distributor Group, and present, during the first calendar quarter of the applicable year, such business plan to the Company as a basis for the annual sales and other goals to be mutually agreed by Distributor for the Distributor Group and Company, which, when agreed, shall be incorporated into the annual plan; and
- 5.3 Each division that is a member of the Distributor Group shall ensure Products are designated as the primary source for replacement parts and system conversions for the business of each division that is a member of the Distributor Group, unless specifically directed otherwise by a customer of such division that is a member of the Distributor Group to use alternate parts; and
- 5.4 Distributor shall make quarterly restocking purchases of Product to cover replenishment of stock, increases in stocking levels to cover rising demands, and purchases of items where lead times may be increasing, and use its commercially reasonable efforts to keep small orders at a minimum by consolidating and placing scheduled orders in advance whenever possible; and
- 5.5 Distributor shall assign a dedicated Sr. Product Line Manager to manage the Product lines, who will be responsible for:
- (a) Developing and approving pricing for the Products;
  - (b) Monitoring and ensuring the correct inventory levels to meet customer demand, including on-site inventory levels at designated customer locations;
  - (c) First line of communication with the Company;
  - (d) First line of technical support for the Distributor's sales team(s);
  - (e) Developing and driving promotion activity to increase sales;
  - (f) Tracking new business and new product development; and

- (g) Maintaining product sales and submitting quarterly forecasts.
- 5.6 **Distributor shall assign a dedicated Field Engineer, who will be responsible for:**
  - (a) Assisting the Distributor Group's sales teams on technical support of the Products;
  - (b) Tracking the conversion of competitive products at operators globally; and
  - (c) Identifying and developing new opportunities for new Products or upgrade existing Products across Distributor's businesses and all third-party customers; and
- 5.7 **Distributor shall provide the Company with (i) a collaborative website to securely share data and documents between the Company and Distributor; (ii) remote access to view live inventory and customer invoices via a secure website; (iii) monthly reporting and analysis for point of sale reports by geographic region for all customers; (iv) monthly inventory reports; (v) monthly reporting of all quoting activity by location; (vi) monthly analysis on market trends and an analysis of lost business and new opportunities, with the formatting of these reports to be mutually agreed upon; and (vii) monthly reporting of end user data to include, Buyer and agency names, program name, military platform, end user usage data; and**
- 5.8 **Distributor shall provide an around the clock (24/7/365) aircraft on ground ("AOG") desk to service the distribution market; and**
- 5.9 **Distributor shall maintain a minimum inventory level to support a twelve-month rolling forecast at 25% of shipments, including on hand inventory and Product on order from the Company; and**
- 5.10 **RESERVED; and**
- 5.11 **Distributor shall establish and maintain, at its expense, a secure connection to Company's ERP system for drop-shipments from Distributor.**
- 5.12 **Distributor shall only sell Products to Buyers approved by the Company within the Territory. For the avoidance of doubt, all sales of Products by Company under this Agreement shall be to Distributor, with members of Distributor Group obtaining the Products from or through Distributor. In addition, and notwithstanding any other provision of this Agreement, members of Distributor Group other than Distributor shall only use or consume Company's Products in the performance of their respective businesses and only Distributor, in accordance with Section 1.1 hereof, shall be and shall hold itself out to be a distributor of Company's Products.**

## **6 EXCLUSIVE REPRESENTATION OF COMPANY AND PRODUCTS**

During the term of this Agreement, Distributor and, subject to Section 5.3, each of its Affiliates shall not, directly or indirectly (by equity or management participation, beneficial ownership, rendering of advice or consultation, contractual arrangement or otherwise) solicit orders for, sell, distribute or otherwise deal in, any products that compete directly with the Products; provided, that (i) all transactional activities by its Affiliates' used serviceable parts trading business, and sales, exchanges, or consumption of replacement products in connection with third-party repairs, shall not be prohibited, (ii) from time to time, if an Affiliate purchases, represents or otherwise distributes or offers for sale a bundle of products from third parties that include products that compete directly with the Products, (in which such purchases such Affiliate shall use its commercially reasonable efforts to minimize the inclusion of such competing products), then, the Distributor shall provide Company with written notice of the purchase of such competing products, and the Parties shall mutually agree on a disposition for such competing products. Neither Distributor nor any of its Affiliates shall directly or indirectly, circumvent its obligations under this Section 6. Distributor shall be responsible for any breach of this Section 6 by any of its Affiliates.

## **7 LICENSE FEES**

The Distributor will pay to the Company License Fees in consideration of the terms and conditions of this Agreement, including without limitation, the right to distribute through the Term, in an amount equal to One Million one hundred twenty five thousand U.S. Dollars (\$1,125,000.00) payable within seven (7) calendar days of execution of this Agreement but in no event later than December 31st, 2022. A separate License Fee will be negotiated and mutually agreed to by the parties for Products added to this Agreement on a site-by-site basis.

## 8 INVENTORY PURCHASES

- 8.1 In connection with Section 5.9, the Distributor will issue an initial Purchase Order for Product upon agreement execution for seven hundred thousand U.S. dollars. In subsequent years, the Company and Distributor will collaboratively define growth commitments and inventory purchase commitments of Product based on a mutually agreed customer base. During the term of this Agreement, the Distributor's purchases of (i) Products on Exhibit 2 shall not be less than Two Million, six-hundred thousand U.S. Dollars (\$2,600,000.00) during calendar year 2023, Two Million, eight-hundred thousand U.S. Dollars (\$2,800,000.00) during calendar year 2024, and Three Million U.S. Dollars (\$3,000,000.00) during calendar year 2025. The parties shall negotiate in good faith the annual minimum purchase requirements for the remaining years of the Term.
- 8.2 The parties shall negotiate in good faith for an appropriate downward adjustment to the annual minimum purchase requirement in the event of (i) an excusable delay event as described in Article IX of Schedule 1 – GE Aviation Systems – Terms and Conditions of Sale, such as the Covid-19 pandemic, (ii) any decision by federal, state, or local government authorities, including any budget decision, affecting such governmental authority's purchasing commitment or forecasts with Distributor, and (iii) direct sales by Company to Buyers under Section 2.3. The Distributor shall not cancel any current orders.

## 9 TRANSITION PLANNING AND EXECUTION

The Parties agree to mutually define a Transition Plan within thirty (30) days of the execution of this Agreement. The Transition Plan will include training for Distributor Sales, Program Manager and Field Engineer and any other resources mutually agreed upon by the parties.

## 10 MANAGEMENT REVIEW MEETINGS

- 10.1 **The Company and Distributor (on behalf of the Distributor Group) will meet a minimum of twice per year at mutually agreed locations for formal program review.**
- 10.2 **The following topics will be reviewed at the meetings:**
- (a) Progress to mutually agreed upon annual revenue growth goals;
  - (b) On time delivery performance;
  - (c) Quality metrics;
  - (d) Inventory Levels, including obsolescence;
  - (e) Market Intelligence;
  - (f) New business wins / Conversion success rate;
  - (g) Lost business; and
  - (h) Distributor Performance Goals.

## 11 TERMS OF PAYMENT

- 11.1 **Distributor shall pay the full invoice in United States Dollars within thirty (30) calendar days of date of invoice, minus any amounts that Distributor in good faith disputes. Timely payment by Distributor shall be of the essence of this Agreement.**
- 11.2 **Should any material undisputed indebtedness owing by the Distributor to the Company be past due (i) the Company may, at its option and without prejudice to its other remedies, withhold further shipments or deliveries to the Distributor until all indebtedness to the Company has been fully paid, and (ii) the Distributor shall pay an additional two percent (2%) or the maximum rate allowed by law, whichever is less, per month of the undisputed past due invoice amount.**
- 11.3 **Company may cancel the whole or any part of this Agreement in the event of the suspension of Distributor's business, insolvency of Distributor, the institution by Distributor of bankruptcy, reorganization, arrangement of liquidation proceedings involving or affecting the Distributor,**

**or any assignment for the benefit of creditors of Distributor. Such cancellation shall be deemed a cancellation for default of Distributor.**

## **12 CONTRACTUAL DOCUMENTS**

The following documents shall comprise and shall together be referred to as the "Agreement". In the event of any conflict between the provisions of the contractual documents forming the Agreement, the conflict shall be resolved in accordance with the following order of precedence:

- a) This Signed Agreement
- b) Exhibit 1 to the Agreement
- c) Schedule 1 to Exhibit 1 to the Agreement (Terms and Conditions of Sale)
- d) Schedule 2 to Exhibit 1 to the Agreement (Flow Downs)
- e) Exhibit 2 to the Agreement (Definition of Products/Sales Metrics)
- f) Exhibit 3 to the Agreement (Product Part Numbers List)
- g) Exhibit 4 to the Agreement (Reserved)
- h) Exhibit 5 to the Agreement (Company Trade Names and Trademarks).

## **13 GUARANTY**

**AAR CORP. GUARANTIES TO COMPANY THE TIMELY PAYMENT AND PROMPT PERFORMANCE OF EACH AND EVERY OBLIGATION THAT DISTRIBUTOR OR ANY DIVISION THAT IS A MEMBER OF THE DISTRIBUTOR GROUP OWES TO COMPANY UNDER THE AGREEMENT.**

## **14 AOG AFTER HOURS SUPPORT**

- 14.1 **Appointment. The Company hereby appoints the Distributor as the exclusive provider of After-Hours Services for the Company.**
- 14.2 **After Hours Services. Distributor agrees to provide the following services to Company (the "After Hours Services"):**
  - a) **After Hours Telephone Service.** Distributor shall respond to Company's customer inquiries for AOG parts during After Hours. "AOG" means aircraft on ground, "AOG parts" means those parts required by a bona fide end user to return a non-serviceable aircraft to service, and "After Hours" means weekdays (Monday to Friday) after the hour of 4:30 pm (Eastern Time) and before the hour of 8:00 am (Eastern Time), weekends, and those holidays recognized by Company and communicated to Distributor at least 7 calendar days prior to the date of the holiday ("After Hours Telephone Services"). If a Company customer requests AOG parts, Distributor will satisfy the need in accordance with Section 14.2(b). If a Company customer requests technical or warranty information or any other service, Distributor will obtain such information from the customer as is reasonably necessary for a Company representative to promptly return the customer's call and provide a response. Upon completion of each day's After-Hours Telephone Services (by at least 9:00 am Eastern Time), Distributor will provide Company with all such customer information collected during that shift.
  - b) **AOG Parts Service.**
    - i. If a Company customer requests AOG parts through the After-Hours Telephone Services described in Section 14.2(a), Distributor shall determine whether the customer's needs qualify for AOG service by applying the established Company AOG criteria, including aircraft tail number, location of aircraft, date and time of next scheduled take-off, requested parts delivery date and time, which criteria may be updated from time to time.
    - ii. If a customer's needs qualify for AOG service:

- A. and Distributor has inventory to meet the customer's Product needs, Distributor will accept the customer purchase order from the customer and expedite shipping of the Product to customer to meet the customer's needs; or
  - B. if Distributor does not have inventory to meet the customer's Product needs but the Company does have the Product in the Company's AOG Inventory, Distributor will accept the customer purchase order and, at the start of business on the day immediately following acceptance, place an order with Company for the requested Products by contacting Company's Order Entry and Fulfilment points of contact with such order of the Products by Company to customer on an expedited basis; or
  - C. if neither Distributor nor Company has Products to meet the customer's Product needs, then Distributor's After-Hours Telephone Services, will simply communicate to the customer that a representative will make contact shortly. Thereafter, Distributor's point of contact (see Section 14.5 below) will promptly notify the Company via Order Entry and Fulfilment of the customer need and all responsibility for the customer AOG situation will revert to the Company. Notwithstanding the foregoing, Distributor and Company may determine that Distributor will accept the customer purchase order and, at the start of business on the day immediately following acceptance, place an order with Company for the requested Products by contacting Company's Order Entry and Fulfilment points of contact.
- iii. If a customer's needs do not qualify for AOG service, Distributor may still satisfy the customer's Product needs, but Distributor need not provide expedited shipping of the Product unless requested to do so by the customer.
  - iv. If Distributor receives a request through the After-Hours Telephone Services described in Section 14.2(a), Distributor shall be permitted to satisfy the customer's AOG parts need even if Company generally reserves unto itself the right to sell Products to that customer under Section 2.3 hereof.
  - v. Any obligation of Distributor to provide Products to Company's customer under this Agreement shall be subject to Distributor's standard credit review of such customer.
- c) In the event Distributor is unable to comply with the obligations set forth in this Section 14 due to circumstances beyond Distributor's reasonable control, Distributor shall, by 9:00 am Eastern Time after each day's After-Hours Telephone Services, notify the Company point of contact (see Section 14.5 below).

**14.3 Company Obligations. RESERVED.**

**14.4 Inventory. Periodically, and not less than yearly, the Company and Distributor will review the Distributor's inventory with regard to suitability for satisfaction of Distributor's After-Hours Services obligations and adjust stock levels to meet demonstrated demand. Any such adjustments shall be included in Distributor's restock purchases contemplated by Section 5.4 hereof. In addition, Distributor's inventory needs to satisfy its After Hours Services obligations shall be included in the business plan contemplated by Section 5.2 hereof.**

**14.5 Points of Contact. Distributor shall appoint an employee to be the point of contact for all communications between Company and Distributor with respect to the After-Hours Services. Distributor may change such point of contact from time to time by giving 10 days prior written notice of the change to Company. Similarly, Company shall appoint an employee to be the point of contact for all communications between Company and Distributor with respect to the After-Hours Services. Company may change such point of contact from time to time by giving 10 days prior written notice of the change to Distributor.**

**[Signature Page Follows]**



**SIGNATURES:**

IN WITNESS WHEREOF this Agreement has been signed on behalf of the parties by their duly authorized representatives on the day and year first above written.

**AAR Supply Chain, Inc.**

By:

-----  
(Signature)

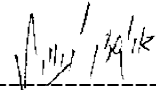
Eric Young  
(Printed Name)

Senior Vice President, OEM  
Solutions  
(Title)

**December 15, 2022**

**GE Aviation Systems LLC**

By:

-----  
(Signature)

William D. Balok  
(Printed Name)

Contracts Manager  
  
(Title)

**December 15, 2022**

[Signatures continue on next page]

**Solely with respect to the obligations  
of Guarantor set forth in Section 13  
above:**

**AAR CORP.**

By: \_\_\_\_\_  
(Signature)

Eric Young  
(Printed Name)

Senior Vice President, OEM Solutions  
(Title)

**December 15, 2022**

**EXHIBIT 1 TO GE AVIATION SYSTEMS DISTRIBUTOR AGREEMENT**

**1 INTERPRETATION**

**1.1 Definitions - As used in this Agreement, including the preamble, Exhibits, Schedules, and attachments thereto, unless otherwise provided herein, the following terms have the meanings ascribed thereto below:**

<i>Affiliate</i>	With respect to either party, means any entity (including without limitation any individual, corporation, partnership, limited liability company, associate, or trust) controlling, controlled by or under common control with that party.
<i>Agreement</i>	The signed GE Aviation Systems Distributor Agreement including the Exhibits, Schedules, and attachments thereto.
<i>Buyer</i>	Any customer for Products with whom the Distributor will be interacting on behalf of the Company, being the ultimate long-term buyer and who will have long-term physical possession and use of the Products.
<i>Company</i>	GE Aviation Systems LLC.
<i>Distributor</i>	<b>AAR Supply Chain, Inc.</b> The Distributor shall receive no direct compensation from the Company, but it shall derive income from structured discounts it receives from the Company, and/or markup on the resale of the Products it purchases from the Company. The Distributor takes title to the Company's Products and sets prices, terms and conditions for resale of the Products.
<i>Distributor Group</i>	Shall mean Distributor's OEM Solutions business.
<i>Documentation</i>	All associated material, including all printed material and on-line or electronic documentation (excluding training materials) referencing Products Company has agreed to supply to Distributor under this Agreement.
<i>Guarantor</i>	Shall mean <b>AAR CORP.</b> , a Delaware corporation and the ultimate parent of each entity in the Distributor Group.
<i>Industry</i>	That specific industry segment specified in the Agreement into which the Distributor may represent or sell Products and in which the Distributor shall be measured in fulfilling its responsibilities hereunder.
<i>Products</i>	Those products defined in Exhibit 2 to the Agreement and made an integral part hereof, as such Exhibits may be amended, restated, supplemented, or otherwise modified from time to time by mutual agreement of the parties.
<i>Proprietary Information</i>	Business and technical information, including, but not limited to, software and/or software documentation, inventions, know-how and ideas, trade secrets, patent, trademark and copyright applications, technical and business plans, technical information, proposals, specifications, drawings, data, computer programs, pricing, costs, procedures, proposed products, processes, business systems, techniques, services and like technical and business information that has been designated as proprietary and/or confidential by the Disclosing Party (where "Disclosing Party" means the party furnishing such information), is of a proprietary nature, or is known or reasonably should be known by the Receiving Party (where "Receiving Party" means the party receiving such information) to be confidential. Also included in the definition of Proprietary Information is any disclosure made orally to the extent it is identified by the Disclosing Party as confidential at the time of disclosure or is known, or reasonably should be known by the Receiving Party, to be confidential.
<i>Purchase Order</i>	Has the meaning set forth in Article 4.2 of this Exhibit.

<i>Purchase Prices</i>	The purchase prices for Products in United States dollars, unless otherwise specified in the Agreement; such purchase prices are subject to adjustment and/or discounts, if applicable, in accordance with this Agreement.
<i>Territory</i>	The exclusive geographic area specified in the Agreement in which the Distributor shall be measured in fulfilling its responsibilities.

- 1.2 **Gender - Words importing (a) one gender shall include the masculine, feminine and neuter genders, and (b) the singular number only shall include the plural and vice versa.**
- 1.3 **Headings - The headings of Articles and sections in this Agreement are for convenience only and shall not affect in any way the meaning of the provisions to which they refer.**
- 1.4 **Currency - Unless otherwise stated, all amounts quoted in this Agreement are stated in United States dollars.**

## 2 COMPANY RESPONSIBILITIES

Company hereby agrees:

- 2.1 **To sell Products to Distributor for resale by it in the Territory to Buyers.**
- 2.2 **Subject to the terms and conditions set forth in this Agreement, to use commercially reasonable efforts to supply Products ordered by Distributor in the quantities and at the time specified by Distributor's Purchase Orders; provided the Products are requested at standard lead-times. Company reserves the right, in the exercise of its business judgment, to allocate available Products to purchase orders as it may determine, to add a service charge, or to refuse orders, for Products ordered with a requested lead-time that is not standard.**
- 2.3 **[Reserved.]**
- 2.4 **To provide such training regarding the Products subject to this Agreement as may be agreed between Company and Distributor. The length of such training, the dates that such training will be provided, and the number of Distributor's employees attending such training shall be as mutually agreed between the parties. If such training is held at Company's facility, Distributor shall pay to Company an amount as agreed between the parties per trainee, as well as the travel, lodging and living expenses of the trainees. For training held at any other location, Distributor shall also pay the travel, lodging and living expenses of the instructor(s), including air tickets and local transportation in the city of the training site.**
- 2.5 **Support the sales efforts of the Distributor by furnishing point of sales data, printed commercial and technical data and information and other publications which the Company may have available from time to time for export distribution subject to any applicable United States Government regulations;**
- 2.6 **Provide to the Distributor informational and advisory materials, which shall include training sessions, concerning business practices relating to the performance of the Distributor and the Company under this Agreement. Nothing provided in this paragraph will relieve Distributor of its obligations under this Agreement, including the provisions entitled "GE Integrity Policies", "Receiving Improper Payments," "Export and International Traffic-in-Arms Regulations.**
- 2.7 **Notwithstanding any other provision of this Agreement, in no event shall the Company be obligated to grant Distributor, Distributor Parent, or any other department or agency of the United States Government, access to any financial data (including, but not limited to, labor and indirect rates), or any other competitive or business sensitive information, as solely determined by Company. The Company will not be required to provide to the Distributor certified cost or pricing data; provided, however, that in the event the United States Government makes a negative determination with respect to the commerciality of a Product, Company will share with Distributor the data necessary to support a commerciality determination by the applicable authority on case-by-case basis.**
- 2.8 **To comply with all applicable laws, regulations, and registration requirements, including those for the importation and sale of the Products in the Territory.**
- 2.9 **To indemnify, hold harmless and defend the Distributor (including its Affiliates, successors and assigns) from any damages, losses or expenses (including reasonable attorney's fees) incurred by the Distributor resulting from third party claims arising out of any material breach of this Agreement, intentional misrepresentation or fraud by the Company including any misrepresentation of its authority hereunder.**
- 2.10 **Important Nature of Agreement to Company. The Company acknowledges that (a) the timely continuation of the transactions contemplated by this Agreement are important to, and in the best interests of, the Company's operations, and (b) failure by the Company to comply timely with its obligations under this Agreement would have a material adverse effect on the Distributor. Accordingly, the Company hereby agrees that, in any bankruptcy case or similar insolvency proceeding commenced by or against it, the Company will expeditiously (x) seek to assume this Agreement and cure any monetary defaults of the Company hereunder at such time and (y) seek authority to designate Distributor as a critical vendor or counterparty and pay all past due amounts and provide adequate assurance of future performance under this Agreement in consideration of Distributor's**

continued performance hereunder.

- 2.11 **Important Nature of Agreement to Distributor.** The Distributor acknowledges that (a) the timely continuation of the transactions contemplated by this Agreement are important to, and in the best interests of, the Distributor operations, and (b) failure by the Distributor to comply timely with its obligations under this Agreement would have a material adverse effect on the Company. Accordingly, the Distributor hereby agrees that, in any bankruptcy case or similar insolvency proceeding commenced by or against it, the Distributor will expeditiously (x) seek to assume this Agreement and cure any monetary defaults of the Distributor hereunder at such time and (y) seek authority to designate the Company as a critical customer or counterparty and pay all past due amounts and provide adequate assurance of future performance under this Agreement in consideration of Company's continued performance hereunder.

### 3 DISTRIBUTOR REPRESENTATIONS AND WARRANTIES

3.1 **Distributor Responsibilities.** The Distributor hereby agrees and, for purposes of Sections 3.1(r), (s) and (x), the other Distributor Group members hereby agree:

- (a) To purchase Company Products in an assigned Territory in accordance with the Agreement and any Exhibits, Schedules and attachments thereto, then to resell them to Buyers. The Distributor takes title to Products and sets prices, terms and conditions for resale of the Products.
- (b) To maintain, at Distributor's sole expense, such a suitable place of business and adequate sales organization as mutually agreed upon in order to solicit and promote the sale of Products and to support the maintenance of Products in the Territory.
- (c) To keep fully informed as to all governmental, commercial and industrial activities and plans which could affect the sale of Products within the Territory.
- (d) As requested by the Company, to provide Company: (i) market information on all governmental, commercial and industrial activities and plans relevant to the sale of Products in the Territory; (ii) financial statements; (iii) information relating to sales and service, inventory levels (if applicable); (iv) Distributor's promotional efforts; (v) publicly or lawfully available information relating to competitors' activities; and (vi) Distributor's sales plans and forecasts for Products.
- (e) Unless provided to the contrary in the Agreement, during the term of this Agreement, not to design, manufacture, sell, provide, market or advertise any products that compete directly with the Products, without the prior written consent of Company; provided, that from time to time, if Distributor purchases, represents or otherwise distributes or offers for sale a bundle of products from third parties that include products that compete directly with the Products, (in which such purchases Distributor shall use its commercially reasonable efforts to minimize the inclusion of such competing products), then Distributor shall provide Company with written notice of the purchase of such competing products, and the Parties shall mutually agree on a disposition for such competing products.
- (f) The Company and Distributor shall agree to an annual sales target and other metrics to be achieved by Distributor and Distributor shall use its commercially reasonable efforts to meet such sales targets and metrics. Such sales targets and metrics shall be outlined in a separate business plan.
- (g) To maintain active contacts with Buyers in the Territory.
- (h) To recommend improvements to Company's sales plans, assist in developing Company strategy, and clarify the Product requirements of Buyers in the Territory.
- (i) (Y) Comply at all times with the rules and regulations furnished to the Distributor by the Company with respect to the use of the Company's trademarks and trade names; and express and identify properly the "GEAS Distributor Agreement" relationship with the Company for the Products; and that it will not publish, cause to be published, encourage or approve any practice not permitted under this Agreement.  
  
(Z) Distributor agrees, upon request of the Company, to discontinue any practice deemed by the Company which might mislead or deceive or might be detrimental to the good name, trademarks, good will or reputation of the Company or its Products have such effect (a "Trademark Request"); provided that, the activity giving rise to such Trademark Request shall not, unless otherwise a breach under Section 3.1(i)(Y), be a breach of this Agreement.
- (j) Company agrees that, and Distributor shall, pass through Company's standard warranties, including all warranty disclaimers included therein, to all parties that purchase Products from Distributor, without Distributor varying any of terms or provisions of such warranties. These warranties are non-transferrable and applicable only to the original Buyer of the Products from Distributor. With respect to the Products sold by the Distributor, Distributor will (a) provide free of charge notification in detail of any warranty claim or complaint made by a Buyer to the Distributor, and (b) as reasonably requested by Company, ship free of charge to the Company, when so requested by the Company, the Products or parts of the Products which are the subject of such claims or complaints.

- (k) If requested by Company, to provide reasonable assistance in obtaining or securing all necessary governmental permits, licenses, registrations and approvals required in connection with the importation and sale of the Products by Company to Distributor in the Territory.
- (l) To comply with all applicable laws, regulations, and registration requirements, including those for the importation and sale of the Products in the Territory in connection with Distributor's performance under this Agreement.
- (m) To inform Company of any suggestions for modification, variation or improvement of the Products, including but not limited to, design and specifications for the purpose of meeting specified local requirements.
- (n) Not to apply any labels to any products which suggest or infer that the source of such products is the Company or to otherwise represent, suggest or infer that any such products not supplied by the Company, have the Company as their source.
- (o) To observe the policies, procedures, or instructions of the Company.
- (p) To provide technical support services, as requested by the Company.
- (q) To indemnify, hold harmless and defend the Company (including its Affiliates, successors and assigns) from any damages, losses or expenses (including reasonable attorney's fees) incurred by the Company resulting from third party claims arising out of (a) any material breach of this Agreement, intentional misrepresentation or fraud by the Distributor including any misrepresentation of its authority hereunder (b) the supply by the Distributor of its own products or services for use in conjunction with or in relation to the Products, except to the extent such damages, losses or expenses are caused by the Products; or (c) any Products warranty offered by the Distributor to Buyers extending beyond the terms of the Company's warranties.
- (r) To provide or make available at a reasonable charge, directly or otherwise, such services as may be required by Buyers of Products, and to conform to the service and engineering instructions of Company when providing such service on said Products. The Distributor shall employ adequate technical personnel to provide quality customer service and support to Buyers and shall ensure timely response to all warranty claims of Buyers, promptly notifying Company of all such claims.
- (s) To provide point of sale information including Buyer name and other relevant sales information requested by the Company.
- (t) With respect to the Products sold by the Distributor, (a) to provide Company free of charge notification in detail of any warranty claim or complaint made to the Distributor, and (b) as reasonably requested by Company, to ship free of charge to the Company, when so requested by the Company, the Products or parts of the Products which are the subject of such claims or complaints.
- (u) Price Products to the aftermarket customers based on competitive analysis, historical pricing and current market conditions to grow Company's business, meet mutually agreed upon sales targets and to comply with requirements for Fair and Reasonable pricing.
- (v) Provide management of government inspection requirements and facilitation of inspection by the United States Government.
- (w) Not to alter or in any way change the composition or configuration of the Products.
- (x) To use its commercially reasonable efforts to sell, advertise and promote the sale and use of Products throughout the Territory to fulfill a sales quota as defined in an annual business plan.
- (y) Maintain for the term of this Agreement and for a period two years thereafter the following minimum insurance coverage and limits: Worker's Compensation: Statutory requirements of all jurisdictions in which work is to be performed; Employer's Liability: Not less than \$1,000,000 single limit; Comprehensive General Liability Insurance including, Broad Form Contractual, Broad Form Property Damage, Personal Injury, Completed Operation and Products coverage: Not less than \$1,000,000 single limit per occurrence and \$2,000,000 in the aggregate with excess liability policy of \$3,000,000 additional coverage; Comprehensive Auto Liability including, Owned, Non-owned and Hired Car coverage: Not less than \$1,000,000 combined single limit; Errors and Omissions Liability coverage: Not less than \$1,000,000 combined single limit per occurrence. Where one or more of these insurance policies are not available, Distributor agrees to maintain such insurance coverage that most accurately reflects the insurance and limits set forth in this Article. A Certificate of Insurance evidencing the same will be issued upon request by the Company. Where applicable, each policy so issued shall specify that Company shall receive a thirty (30) day advance notice of any cancellation of or reduction in coverage. Distributor will immediately notify Company if at any time during the term of this Agreement Distributor receives notice of cancellation of any insurance policy required hereunder or in the event of any material changes to any such policy.
- (aa) Distributor, Parent and any principal of Distributor Parent is not and has not been suspended or debarred from doing business with the United States Government;

- (bb) Distributor is not in default in the performance of any government contract, and no cure notice, show cause notice or termination for default has been issued with respect to any government contract;
- (cc) There are no: (i) reports resulting from financial contract audits, government property or other investigations by United States Government that conclude that Distributor engaged in overcharging, other defective pricing practices or in other practices in violation of the FAR or DFARS; and (ii) financial contract audits or other investigations by United States Government that are reasonably expected to recommend fines, penalties or other sanctions;
- (dd) Distributor has not had any financial contract problems related to the Truth in Negotiations Act or non-compliance with Government regulations related to pricing, cost or pricing data or cost accounting practices; and
- (ee) Distributor can and will comply with all applicable FAR, DFARS and other agency supplemental clauses, required by federal government agencies (including but not limited to clauses required by FAR Part 15).
- (ff) In the event Distributor is required under a contract with the United States Government to provide Distributor's competition or business sensitive information or financial data or other cost or pricing data related to Products, Distributor shall be permitted to disclose such data related to Products that Distributor sells to the Government; provided, however, that Distributor shall not disclose data related to any Products other than those Products identified in Exhibit 3, and Distributor shall ensure all such data disclosed to the United States Government bears all appropriate restrictive legends available at least in accordance with Federal Acquisition Regulation 52.215-1(e) and is marked with the following language: "This document contains trade secrets and confidential commercial or financial information exempt from disclosure under the FREEDOM OF INFORMATION ACT (FOIA) 5 USC § 552(b)(4). It is submitted voluntarily for the sole purpose of allowing evaluation by the United States Government."

- 3.2 **Assignment.** Neither party shall assign any of its rights or delegate any of its obligations under this Agreement without the prior written consent of the other party, which consent shall not be unreasonably withheld, conditioned or delayed. Notwithstanding the preceding sentence, either party may assign its rights or delegate its obligations, in whole or in part, without such consent and upon ninety (90) days prior written notice to the other party, to one or more of its wholly owned Affiliates. Any purported assignment or delegation in violation of this Section shall be null and void.
- 3.3 **Change of Control.** A party shall notify the other party in writing in advance of any proposed Change of Control of that party or its controlling shareholder or controlling member if a limited liability company (but excluding any change of control that is to an Affiliate of that party). If the party receiving the notice objects to the Change of Control then that party may terminate the Agreement upon such Change of Control, provided that the party receiving the notice must have reasonable grounds for terminating the Agreement. If such party does not have reasonable grounds for terminating the Agreement, then this Agreement shall remain in full force and effect upon such Change in Control. For purposes of this clause, "Change of Control" shall mean the occurrence of any one or more of the following events: (a) any person, any entity, or two or more persons or entities acting in concert, acquires beneficial ownership, of more than 50% of the outstanding capital stock of a party entitled to vote for the election of directors or, if the party is an LLC, then more than 50% of the outstanding membership interests of a party; or (b) either (x) a merger or consolidation or other business combination of a Party with one or more other entities as a result of which the beneficial owners of the outstanding voting stock or membership interests, as applicable, of a party immediately prior to such business combination beneficially own (either by remaining outstanding or by being converted into voting securities of the surviving or resulting corporation or any parent thereof) 50% or less than 50% of the outstanding voting stock or membership interests, as applicable, of the party of the surviving or resulting corporation or any parent thereof immediately after such merger or consolidation or business combination, or (y) a transfer of all or substantially all of the assets of the party other than to an entity of which the party owns more than 50% of the voting stock.
- 3.4 **Relationship of the Parties.** The Distributor is an independent contractor to Company. It is understood that neither the Distributor nor its dealers, subsidiaries, Affiliates, and employees are the legal representatives, agents or employees of Company for any purpose whatsoever, and they have no right or authority to assume or create, in writing or otherwise, any obligation of any kind express or implied in the name of or on behalf of Company. Company reserves the right to determine in its sole discretion the acceptability of any order, any provisions thereof or any condition proposed by the Distributor or any Buyer, as the case may be, and shall in no way be obligated to bid, quote to, or negotiate with any Buyer. The relationship between the Company and the Distributor is, and shall remain, that of seller and buyer. This Agreement does not preclude the Company's right to sell, lease, service, or otherwise conduct business directly in the Territory, or to conclude contracts for the sale of Products and/or services directly in the Territory without any indemnification due to the Distributor.
- 3.5 **Sub-Distributors.** The Distributor shall not, without the prior written consent of Company, utilize any firm or person (other than a principal, officer or regular employee of the Distributor), including but not limited to the use of any agent, broker, sales representative, distributor, reseller, value added reseller, consultant, licensee, partner or any other intermediary (collectively referred to as "Sub-Distributors"), in connection with any marketing, sales or promotional efforts related to the Products or any transaction arising under this Agreement. Distributor agrees that it will not modify or renew any existing agreement, to market, sell or distribute the Products without Company's prior written consent subject to Company's customary internal due diligence process for Sales Representatives. Distributor hereby acknowledges receipt of a copy of GE's Policy 20.4 and to

comply with such policy. In the event GE has a reasonable basis to believe that any Sub-Distributor that was previously approved by GE is engaging or has engaged in any activity in violation of Applicable Law, GE shall written notice to Distributor and Distributor shall immediately cease using such Sub-Distributor to sell, market or distribute Products in the future. In the event that Company approves any Sub-Distributors during the Term of this Agreement, the Parties acknowledge that such approval may include an obligation of Distributor to flow down certain terms and conditions.

- 3.6 **GE Integrity Policies.** In connection with performance of its obligations under this Agreement, Distributor shall comply with all applicable policies, procedures, and instructions of Company and Company's controlling shareholder, General Electric Company, including but not limited to the General Electric The Spirit & The Letter available at <https://integrity.ge.com>, as amended from time to time. The Distributor acknowledges having received and read a copy of The Spirit & the Letter, and specifically its sections on Improper Payments, Complying With Competition Laws, International Trade Controls, Working With Governments, Conflicts of Interest, Intellectual Property, Controllorship and Money Laundering Prevention (collectively, referred to as "GE Integrity Policies") and having reviewed the contents of the GE Integrity Policies with a representative of Company. The Distributor represents that it understands the requirements of the GE Integrity Policies and that in connection with any services rendered hereunder it and each of its directors, officers, employees and approved Sub-Distributors have complied, and will comply, in all respects with the GE Integrity Policies to the same extent as would be required if they were employees of General Electric Company. Distributor represents that it understands the requirements of and can comply with FAR 52.203-13, Contractor Code of Business Ethics and Conduct, and standard industry practices for companies doing business with the United States Government. Furthermore, the Distributor agrees that it and each of its directors, officers, employees and agents will comply with all laws applicable to the performance of its and their obligations under this Agreement.
- 3.7 **Distributor Compliance Policy.** Each of the Distributor's directors, officers, employees and approved Sub-Distributors involved in representing or selling Products hereunder shall be provided with copies of, and complete training on, the GE Integrity Policies, and the Distributor's principal shall complete a self-assessment on adherence to GE Integrity Policies on the rhythm and in the format required by Company, at Company's sole and absolute discretion. The Distributor shall assign a compliance owner to put in place and supervise a compliance policy that secures compliance with GE Integrity Policies, conducts the required training sessions and tracks training completions. All documents relevant to such Distributor compliance policy shall be readily available for inspection by the Company and the Distributor commits to receive auditors, internal or external, appointed by the Company to verify compliance with GE Integrity Policies, as per the Article *Audit* herein.
- 3.8 **Anti-Corruption.** In carrying out its responsibilities under this Agreement, Distributor and its Affiliates, directors, officers, employees and agents shall comply with the United States Foreign Corrupt Practices Act, as amended, U.S.C. §§ 78dd-1 et seq. ("FCPA"); the United States money laundering statutes, 18 U.S.C. §§ 1956 and 1957; the United Kingdom Bribery Act; any anti-corruption law applicable within the Territory; and any other applicable anti-corruption laws. With respect to this Agreement, Distributor shall not offer, pay, promise to pay, or authorize payment, directly or indirectly, of anything of value, whether in the form of compensation, gift, contribution, or otherwise, to any person or organization in violation of applicable law, including without limitation with the intent to induce or reward any favorable action by the recipient. In carrying out its responsibilities under this Agreement, Distributor shall not offer or provide any gift, gratuity, meal, entertainment, travel, or anything else of value to a Government Official without prior written approval of Company, which may be conditioned or denied in Company's sole discretion. A Government Official is defined as any officer, employee, or person acting in an official capacity on behalf of any of the following: a Government; a department, agency, or instrumentality of a Government; a Government-owned or Government-controlled entity; a foreign political party or candidate; or a Public International Organization. A Public International Organization is an organization in which sovereign countries participate in their official capacities either through treaties or other international agreements or through financial contributions to official funds (e.g., the World Bank, the United Nations, International Telecommunications Satellite Consortium, European Space Research Organization, etc.), or which has been designated as such by a sovereign country. In carrying out its responsibilities under this Agreement, Distributor shall not make any "facilitating or expediting payments," as those terms are used in the FCPA, without the express, written authorization of Company.
- 3.9 **Receiving Improper Payments.** With respect to any transaction arising under this Agreement, it is specifically understood and agreed that neither the Distributor nor its employees or representatives shall receive any payment in the nature of a rebate or similar benefit, directly or indirectly, from any Buyer, nor shall any employee or representative of Company receive any such payment directly or indirectly from the Distributor or the Buyer.
- 3.10 **Government Officials.**
- (a) In the course of performing services under this Agreement, Distributor shall comply with all applicable United States federal, state and local laws and regulations, including, without limitation, the "Byrd Amendment" (31 USC §1352) and Federal Acquisition Regulation (FAR) Subpart 9.5.
  - (b) Distributor shall not, in accordance with applicable law, including any applicable FAR, improperly influence any



government employee or official, including any employee of the United States Department of Defense or other United States Government Agency employees, members of Congress or Congressional employees, with respect to the award of, or the extension, continuation, renewal, amendment or modification of, a specific Federal contract to the General Electric Company or its Affiliates.

- (c) Distributor represents and warrants that no potential or actual organizational conflict of interest (“OCI”), as defined under U.S. FAR Subpart 9.5, exists which would adversely and materially impact Distributor’s ability to sell or re-sell the Products. If during the term of this Agreement Distributor identifies an actual or potential OCI which would reasonably be expected to adversely and materially impact Distributor’s ability to sell or re-sell the Products, Distributor shall promptly disclose to the Company any such conflict of interest. This disclosure shall include a description of actions Distributor has taken or proposes to take, after consultation with the Company, to avoid, mitigate or neutralize the actual or potential OCI. In the event that an OCI cannot be avoided or mitigated and such OCI adversely and materially impacts Distributor’s ability to sell or re-sell the Products, the Company may terminate this Agreement, in whole or in part, in accordance with Section 8. Distributor and its employees assigned to implement this Agreement shall comply with all such conflict of interest regulations and laws, including FAR Subpart 3.104 et seq.

- 3.11 **Export And International Traffic-In-Arms Regulations.** Company agrees to comply with all applicable export regulations and the International Traffic-in-Arms Regulations (“ITAR”) including, but not limited to, parts 122 entitled “Registration of Manufacturer and Exporter” and 130 entitled “Political Contributions, Fees and Commissions.” In the event Company is supplying defense articles hereunder, Company agrees to maintain a valid and current Directorate of Defense Trade Controls (“DDTC”) registration.
- 3.12 **Conflicts of Interests.** Subject to Section 6, unless the Company has provided prior written clearance and approval, during the term of this Agreement, the Distributor will not sell any products that compete directly with the Products (such sale, a “Conflict of Interest”). The Distributor by signing this Agreement certifies that it has fully informed the Company in writing prior to signing this Agreement of any Conflict of Interest. Distributor covenants to (i) inform Company of any Conflict of Interest that arises during the term of this Agreement and (ii) certify on an annual basis in writing, or upon written request from Company, that no Conflict of Interest exists.
- 3.13 **Disclosure & Distributor Registration.** The Distributor represents that it is authorized to conduct business in the Territory, or will become authorized as required. The Distributor represents, warrants and covenants to Company that in connection with the performance of its obligations under this Agreement, it has duly registered with all taxing authorities where such registration is required (both within and outside the Territory), that it shall at all times properly report to all such taxing authorities all income derived under this Agreement which is subject to taxation, and that it shall properly pay all taxes assessed against it by such authorities
- 3.14 **Illegal Action.** In no event shall Company or Distributor be obligated under this Agreement to take any action or omit to take any action which Company or Distributor, respectively, believes may cause it to be in violation of any laws of the Territory or any United States or European Union laws or their implementation in local laws, including without limitation the *Foreign Corrupt Practices Act*.
- 3.15 **Representations and Warranties Repeated.** Each of the representations and warranties set out in this Article is to be treated as a separate representation and warranty, and will be deemed to have been repeated by Distributor on each date on which the Distributor purchases or orders any Products from Company, by Company on each date on which it fulfils Distributors purchase orders, and by both Distributor and Company on the first day of each calendar month.
- 3.16 **Reporting.** Distributor agrees to report promptly to the Company any information concerning a violation, potential violation, or alleged violation of any of Distributor’s representations or warranties contained in Sections 3.5 through 3.14, inclusive or Sections 5.1 through 5.3, inclusive, involving business pursuant to this Agreement. In the event the Company has reason to believe that Distributor has materially violated any of Distributor’s representations or warranties contained in Sections 3.5 through 3.14, inclusive, or this Section 3.16, or Sections 5.1 through 5.3, inclusive, the Company may stop performance under this Agreement until an investigation or audit has been conducted by the Company and such investigators or auditors have certified to the Company that no violation has occurred.

#### 4 SALES TERMS AND CONDITIONS / PURCHASE ORDERS

- 4.1 **Terms and Conditions of Sale.** All sales made by the Company of the Products to the Distributor shall be subject to the provisions of this Agreement, to the provisions of the standard terms and conditions of Sales, a copy of which is attached hereto as Schedule 1, and to mutually agreed flow downs, if applicable per the purchase orders. Schedule 1 and Schedule 2 being made a part hereof, and which may be amended by mutual agreement of the Parties from time to time. If Distributor offers any Buyer terms and conditions with respect to warranties, limitations of liability, indemnifications and the terms of Sections 2.7, 3.11 and 5.2 of this Exhibit 1 that differ from the warranties and limitations of liability set forth herein, and such terms and conditions give rise to a claim by such Buyer against Company, then Distributor shall defend and hold harmless Company against claims

of such Buyer in excess of the warranties and limitations of liability of such warranties, limitations of liability, indemnifications and terms of Sections 2.7, 3.11 and 5.2 of this Exhibit 1 set forth herein; provided, that in all cases the Company shall have an obligation to mitigate its damages as if the claim for indemnity were a claim for breach of contract.

- 4.2 **Purchase Orders.** The Distributor shall order Products to be purchased or licensed pursuant to this Agreement by submitting a written purchase order to the Company (a "Purchase Order") which sufficiently identifies all Products to be ordered, the Purchase Prices for such Products (by item and in the aggregate for the entire Purchase Order) the requested time and place of desired delivery, insurance requirements, the arrangements to be made by the Distributor to satisfy the Payment Terms, and as required by the Company, the name and address of the Buyer as well as the number of the Distributor Agreement. All Purchase Orders shall be submitted to the Company in accordance with the provisions of the Agreement. Each Purchase Order is subject to acceptance by the Company before any such order is affected. Any provisions of any purchase order placed by the Distributor, which are inconsistent herewith or in addition hereto, shall be null and void unless specifically accepted by an officer of the Company.
- 4.3 **Effect of Purchase Order.** A Purchase Order shall be used to determine Products ordered, quantity, delivery dates and Buyer information only. To the extent there is any inconsistency between the terms and conditions of a Purchase Order and the terms and conditions of this Agreement, the terms and conditions of this Agreement shall prevail, unless agreed to in writing by the Company.
- 4.4 **Payment Terms.** The Company will accept Purchase Orders from the Distributor providing for payment on the basis of the "Terms of Payment" of the GEAS Branded Distributor Agreement.
- 4.5 **Delivery.** Delivery shall be pursuant to Article II of the Standard Terms and Conditions of Sale (attached as Schedule 1), whereby Company shall fulfill the obligations of seller and Distributor of buyer. Notwithstanding the previous sentence, if Company prepays transportation charges, Distributor will reimburse Company upon receipt of invoice for the prepaid transportation charges. Distributor shall also pay special or abnormal packaging required.
- 4.6 **Time.** Subject to Article 2.2 hereof, Company shall use its commercially reasonable efforts to make delivery within the time agreed on the face of any order, or if no time is agreed, within the normal lead time necessary for the Company to deliver the Products.
- 4.7 **Inspection.** The Distributor shall inspect Products promptly upon receiving such Products at Distributor's facility. In the event the Products do not meet the drawings, designs and/or specifications, the Distributor shall notify the Company of such noncompliance in writing within fifteen (15) calendar days and give the Company a reasonable opportunity to correct any such noncompliance. The Distributor shall be deemed to have accepted any Products delivered hereunder and to have waived any such noncompliance in the event a written notification that the Products delivered hereunder do not comply with the drawings, designs and/or specifications, is not received by the Company within twenty-five (25) calendar days after the Distributor takes custody of the Products delivered hereunder.
- 4.8 **Commercial Items.** Reserved.
- 4.9 **Credit.** Should any indebtedness owing by Distributor to Company of \$50,000 or more, that is not in good faith disputed by Distributor, be past due for more than thirty (30) days past the due date, the Company may cancel any outstanding contracts with Distributor, revoke its extension of credit to Distributor, and take any other steps necessary or desirable to secure the Company. In the event Distributor for any reason withholds payment of any amount due the Company (other than amounts disputed in good faith) for more than thirty (30) days past the due date, the Company may declare itself insecure and suspend further shipments to Distributor until Distributor places the withheld amount in escrow and gives adequate security for further shipment, or until Distributor satisfies the Company that Distributor was entitled to withhold such amount.
- 4.10 **Suspension of Sales.** In addition to such other rights afforded Company under Articles 8 and 9, Company may suspend sales of Product(s) until any material breach or suspected material breach of any term or condition of this Agreement is corrected or resolved to the satisfaction of Company. The suspension does not include contractual obligations prior to receiving the notice and excludes existing orders. In the event of a suspected material breach, Company will notify Distributor of such suspected material breach. Distributor shall provide Company with evidence to the contrary within 15 business days. After such 30 days, Company may suspend sales of Product(s) until any such suspected material breach is corrected or resolved to the satisfaction of Company.

## 5 EXPORT CONTROLS; COMPLIANCE WITH LAWS, CODES AND STANDARDS

- 5.1 **Export And International Traffic-In-Arms Regulations.** All Products delivered hereunder shall at all times be subject to the US Export Administration Regulations or (if applicable) the International Traffic in Arms Regulations and any amendments thereto. Company is responsible for compliance with applicable export control laws and regulations and the International Traffic-in-Arms Regulations ("ITAR") set forth under the Agreement.

5.2 **U.S. Export Controls.**

- (a) Distributor agrees that it will comply fully with the export control laws and regulations of the United States Government with respect to the sale, resale or any other disposition of Products and commercial and technical data and information supplied by Company. Accordingly, Distributor hereby gives assurance that it shall not export, directly or indirectly, U.S. origin Products, equipment, goods, technical data or software furnished by Company, or the direct product thereof, unless permitted by U.S. export control laws and regulations.
- (b) Distributor shall be importer and exporter of record and shall be responsible for timely obtaining any required governmental authorization such as an import license, export license, exchange permit or any other required governmental authorization and comply with U.S. Export Administration Regulations and International Traffic-In-Arms Regulations, if applicable. At Distributor's request, Company will assist Distributor in its application for any required U.S.A. export licenses. Company shall not be liable if any authorization is delayed, denied, revoked, restricted or not renewed and Distributor shall not be relieved thereby of its obligation to pay Company for its work and any other charges which are the obligation of the Distributor hereunder. Company agrees that the export shall be treated as a routed transaction pursuant to 15 CFR 758.3(b) and 15 CFR 30.3(e).
  - (i) Export License Determination. Distributor agrees that all provisions of the US EAR, including the end-use and end-user controls found in part 744 of the EAR, and the General Prohibitions found in part 736 of the EAR, apply to this routed export transaction. The Distributor (or Distributor's designated agent) shall be the exporter and shall obtain the appropriate license or other authorization. If requested by Distributor, Company shall provide Distributor with the jurisdiction and classification and country of origin (ECCN number or USML number) for all Products. The Parties further agree that these export classification determinations shall be made by a qualified person (employee, consultant, advisor) empowered to act on behalf of the Company making the export classification and supported by bona fide evidence. Distributor shall be responsible for obtaining any required licenses or any other required governmental authorization and shall be responsible for complying with all US and foreign government licensing requirements. Distributor shall restrict disclosure of all information and data furnished in connection with such authorization and shall ship the subject matter of the authorization to only those destinations that are authorized by the US Government.
  - (ii) Export Reporting. In carrying out its responsibilities under this Agreement, Distributor shall comply with all applicable ITAR reporting requirements.
- (c) The obligations of Distributor under this provision shall survive any termination of this Agreement or the discharge of contract obligations.

5.3 **[Reserved.]**

5.4 **TSCA Warranty.** Company will be responsible for complying with the U.S. import restrictions contained in Article 13 of the Toxic Substance Control Act (TSCA) 15 U.S.C. 2601 et seq., providing the appropriate TSCA Certification required under 19 CFR 12.121, and any fines or liabilities resulting from breaches of this Article.

5.5 **Anti-Kickback.** By acceptance of a Purchase Order, Company certifies that it has not paid any kickbacks and is in compliance with the Anti-Kickback Act of 1986, 41 U.S.C. 51-58 and shall comply with the requirements of section 27 of the "Office of Federal Procurement Policy Act" ( 41 U.S.C. 423), as amended by section 814 of Public Law 101-189, and with the implementing regulations contained in FAR 3.104.

5.6 **Procurement Integrity.** If applicable, Company agrees to comply with the requirements of Article 27 of the "Office of Federal Procurement Policy Act" (41 U.S.C. 423), as amended by Article 814 of Public Law 101-189, and with the implementing regulations contained in FAR 3.104.

6 **PRODUCT CHANGES AND DELETIONS**

Irrespective of any contractual commitment by Distributor to any Buyers to furnish Products on a continuing basis, or any Purchase Order placed with Company by Distributor, Company reserves the right from time to time in its absolute discretion, without thereby incurring any liability to Distributor with respect to any Purchase Order theretofore transmitted or placed by Distributor, or otherwise, to (a) discontinue or to limit its production of any Products or models thereof; (b) to terminate or limit deliveries of any such Products or models, the production of which is so discontinued or limited; (c) to alter the design or construction of any such Products or models and to add new and additional Products or models to its line, or (d) delete from this Agreement any Products upon not less than thirty days written notice given to Distributor. If any of the foregoing Company actions cause Distributor's inventory to become non-saleable due to a new part design introduction, part modification part inspection, or premature replacement, in each case directed by a time compliant Service Bulletin (Category 1 or 2) or Airworthiness Directive, then Distributor shall be granted the following for the affected material: (i) 100% "Parts Credit Allowance" for Product or piece parts thereof in inventory or removed from service if that Product or piece part thereof is within its warranty period, and (ii) 50% "Parts Credit Allowance" for Product or piece parts thereof in inventory or removed from service, which are beyond the warranty period. After the effective date of such deletion of any Products, Company shall be under no obligation to deliver any such deleted Products to Distributor whether the order therefore shall have been placed by Distributor prior or subsequent to the giving of such notice.

## 7 INVENTORY

The Distributor commits to order and maintain adequate inventory levels of Product, as set forth in this Agreement. The Distributor will be expected to stock adequate inventory levels to meet the needs of its customers, as set forth in this Agreement. From time to time to be agreed upon by the parties, the Distributor shall provide an estimate of what the percentage of inventory levels should be to meet its customers' needs. The estimate shall take into account end user requirements, estimated monthly sales volume as well as factory cycle time on individual Products. The Company and Distributor will work together to identify the specific list of Products for such inventory. From time to time to be agreed upon by the parties, the Distributor agrees to provide Company with periodic inventory reports.

## 8 TERMINATION

### 8.1 This Agreement may be terminated prior to completion of the term:

- (a) By mutual agreement in writing of Company and the Distributor; or
- (b) By Distributor immediately in the event that:
  - i) the Company materially breached this Agreement, including any relevant Exhibits, Schedules and attachments thereto, and, after giving written notice by Distributor to Company and one hundred twenty (120) days to cure such default, the default remains uncured; or
  - ii) the Company ceases to function as a going concern or ceases to conduct its operation in the normal course of business; or
  - iii) a receiver for the Company is appointed, or it otherwise takes advantage of any insolvency law; or
  - iv) Distributor terminates in connection with a Change of Control of the Company as set forth in Section 3.3.

The foregoing events shall, without limitation, be deemed to be just cause for termination by Distributor.

- (c) By Company immediately in the event that:

- i) Distributor materially breached this Agreement, including any relevant Exhibits, Schedules and attachments thereto, and, after giving written notice by Company to Distributor and one hundred twenty (120) days to cure such default (or two (2) days in the event of a payment default), the default remains uncured;
- ii) Company terminates in connection with a Change of Control of the Distributor as set forth in Section 3.3;
- iii) the Distributor ceases to function as a going concern, or ceases to conduct its operation in the normal course of business;
- iv) a receiver for the Distributor is appointed, or it otherwise takes advantage of any insolvency law;
- v) it is determined that the Distributor provided Company materially false information in its Application for Appointment as a Distributor; or
- vi) the Company reasonably concludes that Distributor is in material breach of any of Distributor's duties or responsibilities under Exhibit 1, Sections 3.1(aa)-(ff), 3.5 through 3.14, inclusive, or Section 3.16, or Sections 5.1 through 5.3, inclusive.

The foregoing events shall, without limitation, be deemed to be just cause for termination by Company.

### 8.2 Cross-Default; Other Rights.

In addition to the termination rights set forth in Article 8.1, if a party breaches a material term of this Agreement and such breach has not been cured within one hundred twenty (120) days after written notice from the non-breaching party, the non-breaching party may terminate any other agreement between Company and Distributor.

## 9 RIGHTS AND OBLIGATIONS UPON EXPIRATION OR TERMINATION

### 9.1 Within thirty (30) days after the expiration or termination of this Agreement, unless set forth to the contrary in a new written agreement entered into between the parties relating to the Products:

- (a) The Distributor shall turn over to Company in accordance with its instructions and free of charge, all of the Distributor's sales, product and service records, customer lists and other records and data (including all copies thereof) relating to sales and service of the Products.
- (b) If this Agreement terminates due to a Distributor breach, Company may, at its option, repurchase from the Distributor any or all of the Products and repair or replacement parts thereof which Company deems commercially usable, any usable advertising and promotional materials, and special tools and equipment for servicing the Products of which the Distributor is then the owner, and the Distributor shall in any event return to Company free of charge all such Products, parts, materials, tools and equipment when Company has made available such items to the Distributor free of charge. The price which the Company will pay for any new serviceable product so purchased will be the price paid by the Distributor for such Products and items. The Distributor will pay the shipping charges to the location specified by the Company.

- (c) If Company does not elect, within twenty (20) days of termination of this Agreement, to purchase such Products as set forth in this Section 9.1(b), the Distributor shall have the right to dispose of such Products as it sees fit.
  - (d) If this Agreement terminates due to a Company breach, Company will, at Distributor's option, repurchase from the Distributor any or all of the Products and repair or replacement parts therefore, any usable advertising and promotional materials, and special tools and equipment for servicing the Products of which the Distributor is then the owner. The price which the Company will pay for any new serviceable product so purchased will be the price paid by the Distributor for such Products and items. The Company will pay the shipping charges to the location specified by the Company.
  - (e) If this Agreement expires or terminates for any reason prior to December 31, 2027 (other than pursuant to Sections 8.1 (c)(i), (c)(iii), (c)(iv), (c)(v) or (c)(vi)), Company shall pay to Distributor a pro-rated portion of the \$1.5 million initial License Fee calculated on a monthly straight-line basis over the then remaining term prior to the expiration or termination. By way of example, if the Agreement expired or terminated 36 months following the Effective Date, Company would pay to Distributor 24/60 (2 years of the remaining 5 years (60 months) term) of the \$1.5million License Fee (i.e., \$600,000).
- 9.2 **Upon expiration or termination of this Agreement, the Distributor, except as may be otherwise authorized in writing by one of the authorized representatives of the Company referred to in Article 20 hereof, shall cease to use the name and trademarks of GE Aviation Systems, General Electric Company and/or its Affiliates, including removal of the words General Electric, "GE" or GE Aviation Systems from all buildings and parts thereof, and shall ensure such cessation of use and removal by all persons claiming to have received the right to such use from the Distributor.**
- 9.3 **The acceptance of any purchase order from, or the sale of any Products to, the Distributor after the expiration or termination of this Agreement shall not be construed as a renewal or extension hereof, or as a waiver of termination.**
- 9.4 **Neither Company nor Distributor shall be liable to the other solely because of the termination of this Agreement at the end of any term or because of any non-renewal of this Agreement at the end of any term, including any liability for loss of prospective profits on anticipated sales, expenditures, investments, leases or commitments in connection with the business or good will of any Party or otherwise.**
- 9.5 **Any services provided by the Distributor to Company after the expiration or termination of this Agreement shall not be construed as, and shall not be, an agreement by Company to renew, extend or waive termination of this Agreement.**

## 10 INDEMNIFICATION; LIMITATION OF LIABILITY

- 10.1 **[Reserved].**
- 10.2 **The Distributor acknowledges that it may provide Products and/or perform or cause to be performed services under this Agreement in countries which may have in force legislation related to agency relationship which if applied to the Company would (i) restrict or impede the Company's ability to terminate or non-renew this Agreement or (ii) otherwise impose payment requirements inconsistent with this Agreement. The Distributor expressly agrees that in the event any claim for payment pursuant to the previous sentence is made against the Company by any third party, Distributor will, pursuant to this Agreement, hold harmless and indemnify the Company for any such claim and will reimburse the Company for all such claims, judgments, expenses and any other costs, including the Company's reasonable attorney's fees related thereto; provided, that in all cases the Company shall have an obligation to mitigate its damages as if the claim for indemnity were a claim for breach of contract.**
- 10.3 **With regard to claims between the parties, neither party shall be liable to the other for any incidental, special, consequential, punitive or exemplary damages arising out of any obligation, breach act or omission in connection with the performance of the agreement, regardless of whether the claim is for breach of contract, breach of warranty, tort (including negligence), strict liability, or otherwise.**
- 10.4 **The liability of the Company connected with or resulting from any warranty hereunder shall not in any case exceed the cost of correcting the defect as provided in Section X of Schedule 1, and, upon the expiration of the warranty period described herein, all such liability shall terminate, subject to any applicable statute of limitations.**
- 10.5 **Indemnification. Notwithstanding any provision to the contrary in this Agreement (including without limitation Section 10.3), Distributor shall indemnify, defend, and hold harmless the Company against any penalties, losses or damages (including without limitation legal fees, penalties and costs of investigation) which the Company may incur because of a breach of any of Distributor's duties or responsibilities under Sections 3.5 through 3.14, inclusive, or Section 3.16, or Sections 5.1 through 5.3, inclusive .**

## 11 OWNERSHIP; COMPANY TRADE NAME AND TRADEMARKS

- 11.1 **The Distributor acknowledges that the marks "GENERAL ELECTRIC" and "GE" are the dominant features of the**

**legal and communicative trade names of the Company's parent company, that the mark "GE Aviation Systems" is the dominant feature of the legal and communicative trade name of the Company, and that the marks set forth on Exhibit 5 are the principal trademarks for Products.**

- 11.2 **The Distributor agrees that, without first receiving the written permission of Company, it and/or its approved Sub-Distributors will not in any manner use the words "General Electric", "GE", "GE Aviation Systems" or any imitation or variant thereof, as a part of the Distributor's trade name, company or firm name. The Distributor agrees to comply at all times with the rules and regulations furnished to the Distributor by the Company with respect to the use of such trademarks and trade names and to express and identify properly "Authorized Distributor" relationship with the Company for the Products; and that it will not publish, or cause to be published, any statement or encourage or approve any advertising or practice which might mislead or deceive the public or might be detrimental to the good name, trademarks, goodwill, or reputation of the Company or its Products, and the Distributor furthers agrees upon request to withdraw any statement and discontinue any advertising or practice deemed by the Company to have such effect.**
- 11.3 **The Distributor agrees to maintain and respect any copyright notices on the Products and Documentation. The Distributor shall not remove, obscure, or deface any such copyright, trademark, or similar mark or notice on any Products, Documentation, manual, training material, promotional material, or the like.**
- 11.4 **It shall be a breach of this Agreement for Distributor to use any intellectual property of the Company or its Affiliates hereunder for a purpose other than to fulfill Distributor's obligations under this Agreement.**

## **12 PUBLICITY**

All advertisement and promotional materials shall (i) conform to the Company's then-current trademark or logo guidelines, (ii) clearly identify the owner of any Products or Documentation, and (iii) otherwise comply with any local notice or marketing requirement contemplated under applicable laws. Before publishing or disseminating any advertisement or promotional materials bearing a Company Trade Name or Trademark, other than any materials provided to the Distributor by the Company, the Distributor must deliver a sample of the advertisement or promotional materials to the Company for prior written approval. If the Company notifies the Distributor that use of the Trade Name or Trademark is inappropriate, the Distributor will not publish or otherwise disseminate the advertisement or promotional materials until they have been modified to the Company's satisfaction.

Company shall not use Distributor's name or logo on, or reference Distributor in, any marketing or publicity items without Distributor's prior written consent.

## **13 PROPRIETARY INFORMATION**

- 13.1 **Each party hereby agrees that in the course of performing its respective obligations under this Agreement, it may be necessary for the other party to disclose business and technical information that is Proprietary Information or is not intended to be disclosed to others. The parties shall keep all such Proprietary Information provided hereunder in confidence for internal use only, shall protect such Proprietary Information by reasonable methods and means, and, except as expressly provided herein, shall restrict access to such Proprietary Information to those of its corporate group or its Affiliates, employees, officers, and/or directors who have a need to know such information in order to perform under this Agreement and who have been advised of the obligations in this Article.**
- 13.2 **The Receiving Party shall not be liable for the use and/or disclosure of the Disclosing Party's Proprietary Information where the Receiving Party can establish that such Disclosing Party's Proprietary Information:**
- (a) was in the public domain prior to receipt; or
  - (b) entered the public domain after receipt other than as a result of a breach by the Receiving Party; or
  - (c) was known (as evidenced by documentation) by the Receiving Party prior to disclosure by the Disclosing Party to the Receiving Party by reason other than having been previously disclosed in confidence to the Receiving Party; or
  - (d) was disclosed to the Receiving Party on a non-confidential basis by a third party who did not owe any obligation of confidence to the Disclosing Party with respect to the disclosed Proprietary Information or who did not acquire or disclose such Proprietary Information by a wrongful act; or
  - (e) was independently developed by a party hereto without reference to the other party's Proprietary Information, as evidenced by documentation thereof.
- 13.3 **Notwithstanding anything contained herein to the contrary, if any party hereto becomes legally obligated to disclose the other party's Proprietary Information by any governmental entity or regulatory authority with jurisdiction over it, that party shall give the other party prompt written notice, if permitted by applicable law, sufficient to allow the Disclosing Party to seek a protective order or other appropriate remedy. The parties shall disclose only such Proprietary Information as is legally required and shall use their commercially reasonable efforts to obtain confidential treatment for any Proprietary Information that is so disclosed.**
- 13.4 **For avoidance of doubt, all information concerning or embedded in the Products (including but not limited to**

source code and training materials) and Documentation is confidential and shall be considered the Company's (or its suppliers) Proprietary Information. Under no circumstances may the Distributor modify, decompile, or reverse engineer/assemble any code contained within the Products. Unless specifically authorized in writing by the Company in an attachment hereto, the Distributor shall not copy or otherwise reproduce the Product or, Documentation or any other Proprietary Information except for backup copies.

- 13.5 The Company's Proprietary Information includes commercially valuable, substantial trade secrets, the design and development of which reflect the effort of skilled development experts and investment of considerable amounts of time and money; therefore (a) any use or threatened misuse of the Products or Documentation in a manner inconsistent with this Agreement or (b) any other misuse of the Proprietary Information of the Company (or its suppliers) will cause immediate irreparable harm to the Company (or its suppliers) for which there is no adequate remedy of law. Each party agrees that the other party shall be entitled to immediate and permanent injunctive relief from a court of competent jurisdiction in the event of any such misuse or threatened misuse. The parties agree and stipulate that the other party shall be entitled to such injunctive relief without posting of a bond or other security; provided, however, that if the posting of a bond is a prerequisite to obtaining injunctive relief, then a bond in an amount equivalent to U.S. \$1,000 shall be sufficient. Nothing contained herein (a) is intended to limit or abridge the protection of trade secrets under applicable trade secrets law, which such trade secrets shall be maintained as such until they fall into the public domain, or (b) shall limit the either party's right to any remedies of law, including the recovery of damages from the other party for breach under this Article.
- 13.6 The Distributor specifically acknowledges that all manufacturing information related to Products, including formulations, compositions, specifications, raw materials sources of raw materials, and manufacturing procedures ("Manufacturing Information") are Company Proprietary Information. The Distributor specifically agrees to not use any Manufacturing Information, except in furtherance of the purposes of this Agreement.
- 13.7 The parties agree that neither will disclose any of the terms of this Agreement to a third party without prior written approval of the other party, except that:
- (a) To the extent required by government agencies and courts for official purposes, disclosure may be made to such agencies and courts. In such event, a suitable restrictive legend limiting further disclosure shall be applied; and
  - (b) The existence of the Agreement and its general purpose, but excluding any financial particulars, may be stated to others by either of the parties without approval from the other; and
  - (c) Seller and Buyer may disclose the terms of this Agreement to their respective Affiliates.
- 13.8 The parties' obligations respecting the confidentiality of the other party's Proprietary Information as set forth in this Article shall survive expiration or termination of this Agreement for any reason for a period of ten (10) years after such termination.

#### 14 PERSONAL DATA PROTECTION

- 14.1 "Personal Data" is any information relating to an identified or identifiable natural person or to any legal entity if such legal entity is subject to data protection legislation in their country of incorporation ("Data Subject").
- 14.2 The Distributor and Company each agree that any Personal Data obtained from the other party will be deemed confidential and Proprietary Information of the other party whether or not the Personal Data is publicly available.
- 14.3 The Distributor and Company each represent that in providing Personal Data to one another they will comply with all applicable laws and regulations, including but not limited to providing notices to or obtaining consents from the Data Subjects when required.
- 14.4 Steps shall be taken to implement and maintain physical, technical and organizational measures to ensure the security and confidentiality of personal data in order to prevent accidental, unauthorized or unlawful access, use, modification, disclosure, loss or destruction of personal data. The security measures taken shall be in compliance with applicable data protection laws and shall be adapted to the risks represented by the processing and the nature of the personal data to be collected and/or stored.
- 14.5 This Article 14 shall survive the termination of this Agreement.

#### 15 [RESERVED]

#### 16 FAILURE TO ENFORCE

The failure of either party to enforce at any time or for any period of time the provisions of this Agreement in accordance with all or any of its terms shall not be construed to be a waiver of such provisions or of the right of such party thereafter to enforce each and every such provisions.

## 17 DISPUTE RESOLUTION AND GOVERNING LAW

- 17.1 In the event of any controversy or claim arising out of or relating to this contract, or a breach thereof, the parties hereto agree first to try and settle the dispute by mediation, administered by the International Centre for Dispute Resolution under its Mediation Rules. If settlement is not reached within sixty (60) days after service of a written demand for mediation, any unresolved controversy or claim arising out of or relating to this contract shall be settled by final and binding arbitration under the expedited commercial arbitration rules of the American Arbitration Association (the "AAA Rules") to the extent the AAA Rules are not inconsistent with this Agreement. Judgment upon the award of the arbitrators may be entered in any court having jurisdiction thereof or such court may be asked to judicially confirm the award and order its enforcement, as the case may be. The demand for arbitration shall be made by any party hereto. The arbitration panel shall consist of three arbitrators, one of whom shall be appointed by the Company and one of whom shall be appointed by the Distributor, in each case within thirty (30) days after any request for arbitration hereunder. The two arbitrators thus appointed shall choose the third arbitrator within thirty (30) days after their appointment; provided, however, that if the two arbitrators are unable to agree on the appointment of the third arbitrator within thirty (30) days after their appointment, either arbitrator may petition the American Arbitration Association to make the appointment. The seat, or place, of the arbitration shall be New York City, New York, and the language shall be English. The arbitrators shall be requested to render their decision within sixty (60) days after their selection, or as promptly as possible thereafter.
- 17.2 Notwithstanding the terms above, each party has the right at any time, at its option and where legally available, to commence an action or proceeding in a court of competent jurisdiction to apply for interim or conservatory measures, but not monetary damages.
- 17.3 The validity, performance and all matters relating to the interpretation and effect of the Agreement and all further documents executed pursuant to it shall be construed and interpreted in accordance with the laws of the State of New York, excluding the rules on the conflict or choice of laws. Any proceeding permitted hereunder shall be subject to the non-exclusive jurisdiction of the state and federal courts situated in New York County, New York.

## 18 NOTICES

Formal notices between the parties, which shall include any notice of default or breach of contract hereunder, shall be in the English language and shall be deemed to be validly given if transmitted in writing, by registered mail, or by personal delivery to the other party at the address indicated in the recitals of this Agreement. Other communications between the parties will be in the same language, and transmitted by e-mail, fax, or other means of electronic transmission, available to both the parties. Either party may change its address by giving notice thereof to the other party.

## 19 SEVERABILITY AND ENFORCEABILITY

In the event that any of these terms, conditions, or provisions shall be determined invalid, unlawful, or unenforceable to any extent, such term, condition, or provisions shall be severed from the remaining terms, conditions, or provisions, those remaining shall continue to be valid to the fullest extent permitted by law. The parties hereby agree that they will replace any such void or unenforceable provision with a new provision that achieves substantially the same practical or economic effect and which is valid and enforceable. If a provision of the Agreement is or becomes illegal, invalid or unenforceable in any jurisdiction, that will not affect the legality, validity or enforceability in that jurisdiction of any other provision of the Agreement or the legality, validity or enforceability in any other jurisdiction of that or any other provision of the Agreement.

## 20 EXECUTION AND MODIFICATION

- 20.1 The Agreement is the entire and only agreement between the parties respecting the subject matter hereof. Any representations, or terms and conditions relating to transactions within the scope of this Agreement which are not incorporated or referenced herein shall not be binding upon either party.
- 20.2 This Agreement shall not become effective or binding upon Company or Distributor until signed by an authorized representative of the Company or Distributor, as applicable, or by his or her duly authorized delegate. Prior to commencement of the Agreement, the Distributor shall deliver to the Company, as may be requested by Company, evidence satisfactory to Company of Distributor's corporate authority to enter into and perform its obligations under the Agreement.
- 20.3 The Agreement may be executed in multiple counterparts that together constitute one agreement. A facsimile or PDF signature on any counterpart hereto shall be deemed an original for all purposes.
- 20.4 RESERVED.
- 20.5 No change, extension, renewal, ratification, rescission, termination, notice of termination, discharge, abandonment or waiver of this Agreement or any provisions hereof shall be binding upon the Company unless it shall have been made in writing and signed on behalf of the Company by an authorized representative of the Company or by his or her duly authorized delegate.

## 21 AUDIT

The Company shall have the right no more than one time per calendar year (unless Distributor is in default of this Agreement



or Company reasonably believes that Distributor has materially breached this Agreement), itself or by selecting an independent third party and with reasonable prior notice, to reasonably audit the Distributor in order to satisfy itself of the Distributor's full compliance with this Agreement, including but not limited to assessing the Distributor Compliance Policy, examining adherence to the Distributor's obligations and Representations and Warranties and confirming that no breach has occurred. The audit scope shall include all books and records (in whatever form they may be kept, whether written, electronic or other), relating or pertaining to this Agreement (including any and all documents and other materials, in whatever form they may be kept, which support or underlie those books and records), kept by or under the control of the Distributor, including, but not limited to those kept by the Distributor or its directors, officers, employees and agents. The Distributor shall fully cooperate with all reasonable requests in connection with such audit and render all reasonably requested assistance. The Distributor shall maintain such books and records, together with such supporting or underlying documents and materials, for the duration of this Agreement and for at least five (5) years following the expiration or termination of this Agreement, including any and all renewals thereof.

## 22 GENERAL CLAUSES

- 22.1 **The following shall survive termination or cancellation of the Agreement: (a) Section 13 of the Agreement, (b) Articles 1, 2.7, 2.8, 2.9, 3.1(i), 3.1(j), 3.1(m), 3.1(o), 3.1(r), 3.1(u), 3.1(x), 3.1(z), 3.4 through 3.14, 3.16 4, 5, 8.2, and 9 through 22 of this Exhibit 1, and (c) Articles III, X, XI, XV and XVII of Schedule 1 to this Exhibit 1.**
- 22.2 **The quality control exercised by the Company to manufacture Products shall be in accordance with the Company's normal quality control policies, procedures and practices. The Company shall attempt to accommodate Distributor's requests to witness the Company's factory tests of Products, if requested and such witnessing can be arranged without delaying the work. Such access shall be limited to areas directly concerned with Products ordered by Distributor and shall not include restricted areas where development work or work of a proprietary nature is being conducted.**
- 22.3 **Products sold, licensed or rented by the Company are not intended for use in connection with any nuclear facility or activity without the written consent of the Company. Distributor warrants that it shall not use Products for such purposes, or knowingly sell products to end users for such purposes, unless the Company agrees to the use in writing. If, in breach of this, any such use occurs, the Company (and its parent, Affiliates, suppliers and subcontractors) disclaims all liability for any nuclear or other damages, injury or contamination.**
- 22.4 **For direct and indirect United States Government contracts only, Products provided by the Company may be considered "commercial items" as defined in FAR Part 2, 2.101 and in accordance with FAR 52.244-6. If the reasonableness of the price cannot be established, if cost or pricing data is required for any other reason, or if the Products cannot be considered "commercial items," the Company may cancel the applicable Purchase Order without liability. Under no circumstances will the Company be required to provide to certified cost or pricing data.**
- 22.5 **Unless specified otherwise in this Agreement, the Agreement is for the benefit of the parties and not for any third party.**
- 22.6 **Company and the Distributor agree to take all actions reasonably requested by the other to carry out the intent of the Agreement.**

**SCHEDULE 1 TO EXHIBIT 1  
TO THE AGREEMENT  
(TERMS AND CONDITIONS OF SALE)  
(see Attachment A)**

**SCHEDULE 2 TO EXHIBIT 1**  
**TO THE AGREEMENT**  
**FLOW DOWNS**  
**(IF APPLICABLE – REFER TO EXHIBIT 1 SECTION 4.1)**

**EXHIBIT 2 TO GE AVIATION SYSTEMS DISTRIBUTOR AGREEMENT**

**Part I: Definition of Products**

**Part II: Sales Metrics**

**Part I: Definition of Products**

For purposes of this Agreement, the term “Products” means the part numbers listed in Exhibit 3, sold through a distribution channel and used in Industry (as defined in Section 2.1 of the Agreement) applications:

Distributor shall not be permitted to purchase the parts excluded from the definition of Products in Exhibit 2 Part 1 hereof.

**Note 1:** All Product pricing is subject to annual escalation per the published GEAS List Price Catalog.

**Note 2:** AAR shall hold Product inventory sufficient to ensure 95% or greater OTD to Buyer requests. If Company has late deliveries of product to Distributor that prohibits Distributor from maintaining sufficient inventory as required by this Agreement, then Distributor’s OTD to the applicable Buyers’ requests shall be extended by the number of days that Company is late delivering the applicable product(s) to Distributor. AAR’s failure to meet this service level shall not constitute a breach of this Agreement.

**Note 3:** Deliveries for Product purchased in 2022 shall commence in 2023. Lead time for Product is 12 months, unless otherwise specified by Company.

**Part II: Sales Metrics**

(in millions)	Year 1	Year 2	Year 3	Year 4	Year 5
Minimum Target, Sales	3,204	3,460	3,730	4,032	4,327
Increase YOY, \$		256	270	302	295
Increase YOY, %		8%	8%	8%	7%

AAR’s failure to meet these sales metrics shall not constitute a breach of this Agreement.

**EXHIBIT 3 TO GE AVIATION SYSTEMS DISTRIBUTOR AGREEMENT**

**PRODUCT PART NUMBERS LIST**

Part numbers provided in this Exhibit 3 may be updated by Company from time to time.

Long Island		
Part Number	Part Number	Part Number
006232-11	706530-5	713748-2
009098-110	706811	713752-4
009098-165	707291	713758-4
009098-176	710820-4	713761-4
009098-180	712885-1	713764-2
009098-181	712945-1	713767-2
009098-182	712955-3	713770-4
009188	712965-4	713813-3
009199-1	712965-5	713815-8
009241-2	713005-4	714330-001
009242-2	713035-4	714330-012
009259	713045-3	714700-1
009263-1	713055-2	714700-2
009264	713055-9	714763-2
009292-1	713060-2	714890-2
009430	713060-7	714895-2
009500-1	713065-2	714910-5
009500-2	713065-5	715635-2
009500-21	713140-4	716110-2
009500-24	713150-1	717305-1
009500-35	713280-5	717309-1
009500-38	713285-1	717311-2
0INIGFEVA20023X	713510	717313-2
1D7450G4	713640-2	
1D7450G5	713695-2	
3015000G10	713700-2	
3015000G12	713705-2	
3015000G9	713715-2	
3412700G3	713730-4	
3811000G2	713733-2	
4-601400-02	713736-4	
704156	713740-4	
705464-6	713744-4	

**EXHIBIT 4 TO GE AVIATION SYSTEMS DISTRIBUTOR AGREEMENT**

**[RESERVED]**

**EXHIBIT 5 TO GE AVIATION SYSTEMS DISTRIBUTOR AGREEMENT**

**COMPANY TRADE NAMES AND TRADEMARKS**



/ GENERAL ELECTRIC / GE /GE Aviation      GE Aviation Systems / Smiths Aerospace / Lambda Novatronics  
/ Aerospace Avionics

**ATTACHMENT A**  
**TO**  
**GE AVIATION SYSTEMS LLC DISTRIBUTOR AGREEMENT**  
**AGT NO. AAR-2022-12-15**

Schedule 1 to Exhibit 1 to the Agreement

2017 GE Aviation Systems LLC  
Terms and Conditions of Sale