

**AMENDMENT NO. 2
TO
DISTRIBUTORSHIP AGREEMENT**

THIS AMENDMENT NO. 2 TO DISTRIBUTORSHIP AGREEMENT ("Amendment"), dated as of October 19, 2018, is between AAR Supply Chain, Inc. (f/k/a AAR Parts Trading, Inc.) an Illinois corporation with a place of business at 1100 N. Wood Dale Road, Wood Dale, IL 60191 ("Distributor") and Northrop Grumman Systems Corporation, a Delaware corporation with a place of business at 2000 W NASA Blvd, Melbourne, FL 32904 ("Seller"). Herein after, "Distributor" and "Seller" shall be referred to as the "Parties".

WHEREAS, Seller and Distributor are parties to that certain Distributorship Agreement, dated July 22, 2013 (as amended, restated, supplemented, or otherwise modified from time to time, the "Agreement"); and

WHEREAS, the "Parties" wish to amend the Agreement, as set forth herein.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the "Parties" hereto, intending to be legally bound, do hereby agree as follows:

1. Terms used herein but not defined shall have their meanings as set forth in the Agreement.
2. Section 1 of the Agreement (Subject Matter of Distributorship and Sale) is hereby amended by adding the following subsection C immediately following subsection B:

"C. With respect to Products that remain on Distributor's shelf for 18 months or more, Seller and Distributor may agree to expand the definition of Territory and Customer on a case-by-case basis."

3. Section 6 of the Agreement (Notices) shall update Seller's information to the following:

"Northrop Grumman Systems Corporation Aerospace Systems
2000 W. NASA Blvd
Melbourne, FL 32904
Attention: Vicki DeBlasio
Vicki.DeBlasio@NGC.com"

and shall update Distributor's name to be "AAR Supply Chain, Inc."

4. Section 7 of the Agreement (Warranty) is hereby deleted in its entirety and replaced with the following:

"7. WARRANTY.

"Seller's warranty for the Products covers workmanship and material only and shall be thirteen (13) months from the time of delivery to Customer. However, no warranty period shall exceed thirty-six (36) months from time of delivery to Distributor. Delivery

exceptions outside this thirty-six (36) month period will be available on a case-by-case basis."

5. Section 8 of the Agreement (Term) is hereby deleted in its entirety and replaced with the following:

"8. **TERM.**

Unless earlier terminated pursuant to the terms hereof, this Agreement will be for a term of ten years commencing on July 22, 2013, and continuing for an initial term through July 22, 2023, and thereafter will automatically renew on a year-to-year basis unless one Party provides the other Party written notice of its intent not to renew at least sixty (60) days prior to any renewal date."

6. Section 11 of the Agreement (Returns) is hereby deleted in its entirety and replaced with the following:

"11. **RETURNS.**

During the warranty period (including following termination of this Agreement), Distributor may return for warranty claims only to Seller for credit, exchange, or refund, any and all Products which Distributor purchases. Within 60 days of receipt, Seller has the right to dispute return claims. This return policy applies only in the event the Distributor returns product to the Seller."

7. Section 15 of the Agreement (Counterparts) is hereby deleted in its entirety and replaced with the following:

"15. **COUNTERPARTS.**

This Agreement and any Amendments together will constitute one in the same instrument. Resulting Purchase Orders will conform to the Terms & Conditions herein. Any Amendments or Purchase Orders require a signature from the authorized member of the 'Parties'."

8. Section 17 of the Agreement (Permits, Customs Clearances and Duties) is hereby amended by adding the following paragraph immediately after the end of such section:

"17. **PERMITS, CUSTOMS CLEARANCES AND DUTIES.**

...

The Parties acknowledge that Distributor is responsible for obtaining the export licenses and permits with respect to the Products; provided, that Seller agrees to reasonably assist Distributor with any requests regarding the identification or classification of the Products for export compliance purposes."

9. The Agreement is hereby amended by adding a new Section 21 to the Agreement immediately below Section 20, as follows:

"21. NO OFFSETS.

Unless agreed in advance by the "Parties" in writing, Seller shall not be required to participate in any offset programs for the benefit of Distributor with respect to the Products and this Agreement."

10. The Agreement is hereby amended by adding a new Section 22 to the Agreement immediately below new Section 21, as follows:

"22. LIMITATION OF LIABILITY.

Neither party hereto shall be liable to the other for any special, consequential, incidental, punitive or exemplary damages of any kind whatsoever arising out of or in connection with its performance or failure to perform under this Agreement, whether such liability is asserted on the basis of warranty, contract, tort or otherwise."

11. The Agreement is hereby amended by adding a new Section 23 to the Agreement immediately below new Section 22, as follows:

"23. SURVIVAL.

The following sections of this Agreement shall survive any expiration or termination hereof: Section 7 (Warranty); Section 11 (Returns); Section 14 (Governing Law); Section 19 (Confidential Information and Trade Secrets); Section 22 (Limitation of Liability); provided, that if Section 7 and Section 11 shall terminate with respect to each Product upon the expiration of any applicable warranty period related to that Product."

12. Except as expressly amended above, all other terms and conditions of the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the Parties have caused this Amendment to be duly executed as of the day and year set forth above.

AAR SUPPLY CHAIN, INC.

By: 

Name: Eric Young

Title: Vice President

NORTHROP GRUMMAN SYSTEMS
CORPORATION

By: 

Name: Melissa Marszal

Title: Contracts Mgr., E-2 Int'l Programs