



AAR DISTRIBUTION
UNISON BRANDED DISTRIBUTOR AGREEMENT
AGT NO. GHHF051511001

UNISON BRANDED DISTRIBUTOR AGREEMENT AGT NO. GHHF051511001

BETWEEN

AAR DISTRIBUTION,
a division of AAR Parts Trading, Inc.
and the affiliates of AAR Distribution that are signatories hereto

AND

UNISON INDUSTRIES, LLC

EFFECTIVE JUNE 21, 2011



This **DISTRIBUTOR AGREEMENT** (this "Agreement") is made effective on the 21st day of June, 2011 (the "Effective Date"), between **AAR DISTRIBUTION, a division of AAR Parts Trading, Inc.**, with a principal place of business at 1100 North Wood Dale Road, Wood Dale, Illinois 60191 (the "**Distributor**"), the affiliates of Distributor that are signatories hereto, and **Unison Industries, LLC**, with a principal place of business at 7575 Baymeadows Way, Jacksonville, Florida 32256 (the "**Company**" or "**Seller**").

1 APPOINTMENT

- 1.1 The Company hereby appoints the Distributor as an exclusive authorized distributor in accordance with the terms and conditions of this Agreement for the Products, Industry and Territory listed herein; provided that such exclusivity shall be subject to the termination or expiration of Company's existing distribution agreements ("**Existing Distribution Agreements**"), that the Company shall not renew any such Existing Distribution Agreements and the Company shall use its commercially reasonable efforts to terminate by October 1, 2011 all Existing Distribution Agreements with persons other than Distributor.
- 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 & Civil Land Vehicles	See Part I of Exhibit 2 to this Agreement.	Worldwide	All buyers, subject to Article 2.3 hereof.

- 2.2 The parties explicitly agree that the Industry excludes Gas Turbine Engines for Stationary Land and Marine applications, whether or not based on aero-derivative engines.
- 2.3 The Company reserves the right to sell any of the Products directly to any Buyer.
- 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 be for ten (10) years commencing on the Effective Date and expiring on December 31, 2021, unless sooner terminated as provided in the Article *Termination* under the Exhibit 1 attached hereto. The Company and Distributor may mutually agree in writing to renew this Agreement for subsequent five (5) year periods. Such elections to renew shall be agreed upon at least ninety (90) days prior to the expiration date specified in this Article 3. Any renewal shall be limited to the period specified in such writing, and shall expire at the end of such period unless it is further renewed in writing prior thereto.

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 catalog lead time and (ii) in the case of non-catalog Products, the price prevalent on the promise date. Items not in the catalog will be priced and quoted individually. The discount rate given to the Distributor will be as per the discount table shown in Part II of Exhibit 2 to this Agreement. The Distributor shall be permitted to purchase Products from Company at Discounts to the Purchase Prices set forth on the Company's Price List on the basis of the Discount Table set forth in Exhibit 2 to this Agreement. The Company and the Distributor reserves the right, each in its sole discretion, to terminate this Agreement if, in any two consecutive contract years, Distributor does not achieve the target sales volume for the relevant period. At the Company's sole discretion, special discounts may be offered for specific program sales and/or promotions.

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 Product;
 - (b) Monitoring and ensuring the correct inventory levels to meet customer demand;



- (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; and
 - (f) Tracking new business and new product development; and
- 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 product opportunities 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 into Distributor's On-Line Partner Services (OPS) system to view IMOPS system, 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; and (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
- 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.
- 5.10 Subject to any restrictions of its equipment lessors, AAR Airlift Group, a division of AAR Airlift Group, Inc., shall purchase all of its requirements for Products through this Agreement.

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.

6 EXCLUSIVE REPRESENTATION OF COMPANY AND PRODUCTS

During the term of this Agreement, Distributor and, subject to Section 5.3, each other division that is a member of the Distributor Group 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 from time to time, if a division that is a member of the Distributor Group 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 member of the Distributor Group shall use its commercially reasonable efforts to minimize the inclusion of such competing products), then the division that is a member of the Distributor Group 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. No division that is a member of the Distributor Group shall directly or indirectly, including by using an affiliate (whether currently in existence or hereafter formed) that is not a party to this Agreement, circumvent its obligations under this Section 6.

7 LICENSE FEES

The Distributor will pay to the Company License Fees on the following dates: (1) for calendar year 2011, \$7,000,000 payable within 7 calendar days of execution of this Agreement; and (2) for each of calendar years 2012 through 2021, \$1,300,000, payable by January 31 of the applicable year. If Distributor terminates this Agreement pursuant to Section 8.1(b) during the first two years of the term of this Agreement, then, if so terminated during (a) the first year of the term, \$3,500,000 will be refundable by Company to Distributor, and (b) the second year of the term, \$3,150,000 will be refundable by Company to Distributor. Such amounts shall be promptly refunded to Distributor.



8 INVENTORY PURCHASES

The Distributor will issue Purchase Orders for Product with a total purchase price of \$20,000,000 within 7 days of the execution of this Agreement, and further Purchase Orders for Product with a purchase price of at least \$20,000,000 for delivery in calendar year 2012. 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 Product shall not be less than \$20,000,000 during any calendar year.

9 TRANSITION PLANNING AND EXECUTION

The Parties agree to mutually define a Transition Plan within 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 three times per year at mutually agreed locations for formal program review.

10.2 The meetings will occur, at least, in October, February and June of each contract year and the following topics will be reviewed:

- (a) Progress to mutually agreed upon annual revenue growth goals;
- (b) On time delivery performance;
- (c) Quality metrics;
- (d) Inventory Levels;
- (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 U.S. Dollars within thirty (30) calendar days of date of invoice, minus any amounts that Distributor in good faith disputes. If any payment date falls on a day that is not a business day in Jacksonville, Florida, the payment that is otherwise due shall instead be due the next business day. 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) Exhibit 2 to the Agreement
- e) Exhibit 3 to the Agreement

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.

[Signature Page Follows]



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 Distribution, a division of
AAR Parts Trading, Inc.**

Unison Industries, LLC

By: _____

(Signature)

John Holmes

(Printed Name)

Vice President

(Title)

(Date)

By: _____

(Signature)

(Printed Name)

(Title)

(Date)

[Signatures continue on next page]



Solely with respect to the obligations of each division that is a member of the Distributor Group hereunder:

AAR Aircraft Services—Indianapolis and **AAR Aircraft Services—Miami**, each a division of AAR Aircraft Services, Inc.

AAR Aircraft Services—Oklahoma and **AAR Aircraft Services—Hot Springs**, each a division of AAR Services, Inc.

AAR Airlift Group, a division of AAR Airlift Group, Inc.

AAR Aircraft Turbine Center, AAR Defense Systems & Logistics and **Allen Asset Management**, each a division of AAR Parts Trading, Inc.

AAR Aircraft Component Services, a division of AAR Allen Services, Inc.

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

AAR CORP.

By: _____
(Signature)
Timothy Romenesko
(Printed Name)
President
(Title)

(Date)

By: _____
(Signature)
Timothy Romenesko
(Printed Name)
President
(Title)

(Date)



EXHIBIT 1 TO UNISON BRANDED 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 Unison Branded 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>	Unison Industries, LLC
<i>Discounts</i>	If applicable under Article 4 "Price" of the signed Agreement, the applicable percentage discount to the Purchase Prices for Products set forth on the Price Lists, including development hardware discounts and stocking spares discounts, as more particularly described in the Agreement.
<i>Distributor</i>	AAR Distribution , a division of AAR Parts Trading, Inc. The Distributor receives no direct compensation from the Company, but derives income from structured discounts it receives from the Company, a rebate payment 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 each of the following: <ol style="list-style-type: none">1. Distributor2. AAR Aircraft Services—Indianapolis and AAR Aircraft Services—Miami, each a division of AAR Aircraft Services, Inc.3. AAR Aircraft Services—Oklahoma and AAR Aircraft Services—Hot Springs, each a division of AAR Services, Inc.4. AAR Airlift Group, a division of AAR Airlift Group, Inc.5. AAR Aircraft Turbine Center, AAR Defense Systems & Logistics and Allen Asset Management, each a division of AAR Parts Trading, Inc.6. AAR Aircraft Component Services, a division of AAR Allen Services, Inc.
<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 AAR CORP. , a Delaware corporation and the ultimate parent of



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- each entity in the Distributor Group.
- Industry* 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.
- Products* Those products listed in Part I of Exhibit 2 to the Agreement and made an integral part hereof, as such Exhibit may be amended, restated, supplemented or otherwise modified from time to time by mutual agreement of the Parties.
- Proprietary Information* 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.
- Purchase Order* Has the meaning set forth in Article 4.2 of this *Exhibit*.
- Purchase Prices* 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.
- Territory* 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 To sell Products to the Distributor at (i) in the case of catalog Products, the price prevalent on the shipment date determined by catalog lead time and (ii) in the case of non-catalog Products, the price prevalent on the promise date. Company reserves the right to change its prices for Products at any time and from time to time without prior written notice thereof to Distributor. Items not in the catalog will be priced and quoted individually. The discount rate given to the Distributor will be as per the discount table shown in Part II of Exhibit 2 to this Agreement. The Distributor shall be permitted to purchase Products from Company at Discounts to the Purchase Prices set forth on the Company's Price List on the basis of the Discount Table set forth in Exhibit 2 to this Agreement. The Discounts for the Distributor are based on the Distributor achieving the estimated sales volumes as set forth in annual business plans. The Company and the Distributor reserves the right, each in its sole discretion, to terminate this Agreement if, in any two consecutive contract years, Distributor does not achieve the target sales volume for the relevant period. 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.
- 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 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 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.
- 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.

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.



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- (b) To maintain, at Distributor's sole expense, such a suitable place of business and adequate sales organization as Company may reasonably deem necessary 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 "Unison Branded 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) With respect to the Products sold by the Distributor, (a) extend to its customers at least the warranty which is extended by the Company to the Distributor, (b) provide free of charge notification in detail of any warranty claim or complaint made to the Distributor, and (c) 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) To provide general support services for visiting Company personnel, such as arranging for meetings, transportation, or hotel reservations, providing reasonable translation and interpreter assistance, and facilitating the receipt of any government authorization, such as a visa, necessary for travel to the Territory by Company personnel.
- (l) If requested by Company, to provide reasonable assistance in obtaining or securing all necessary



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governmental permits, licenses, registrations and approvals required in connection with the importation and sale of the Products by Company to Distributor in the Territory.

- (m) To comply with all applicable laws, regulations, and registration requirements, including those for the importation and sale of the Products in the Territory.
- (n) 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.
- (o) 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.
- (p) To observe the policies, procedures, or instructions of the Company, including the Unison Distribution Policy attached to Part III of Exhibit 2 to this Agreement.
- (q) To provide technical support services, as requested by the Company.
- (r) 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.
- (s) 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.
- (t) To provide point of sale information including Buyer name and other relevant sales information requested by the Company.
- (u) 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.
- (v) 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; and
- (w) Provide management of government inspection requirements and facilitation of inspection by the U.S. Government;
- (x) Not to alter or in any way change the composition or configuration of the Products.
- (y) 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. In the event of non-renewal, the sales quota defined in the annual business plan will be prorated accordingly. In the event of a timely renewal of this Agreement, the parties shall agree to a sales quota as defined in an annual business plan not later than the effective date of such renewal.
- (z) 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.

- 3.2 **Assignment.** This Agreement and any rights granted to Distributor hereunder are non-assignable. No rights or obligations of, or services to be rendered by, the Distributor under this Agreement shall be assigned, transferred or subcontracted to any third party without the prior written consent of Company. The Distributor agrees to execute any documents that may reasonably be necessary to effect the Company's assignment, novation or sub-contract of this Agreement. Company may assign to any subsidiary or affiliated company of Company any right to payment hereunder so long as Company provides prior written notice to Distributor of such assignment.
- 3.3 **Change of Control / Employees.** The Distributor shall notify Company in writing in advance of (i) any proposed changes to the ownership or control of Distributor (but excluding any change of ownership or control that is to an affiliate or subsidiary of Distributor) or (ii) any proposed change of Distributor's senior relationship managers assigned to Company's account, who shall be (Y) Distributor's Division President and (Z) Distributor's Vice President of Distribution. If the Company objects to the change of ownership or control as set forth in item (i) above, then Company may (a) require the Distributor to provide adequate assurance of performance and/or, (b) require special controls governing Company's Proprietary Information and/or (c) terminate the Agreement upon such change of control. If the Company objects to the change of a senior relationship manager as set forth in item (ii) above, then upon such change, Company may (a) require the Distributor to provide adequate assurance of performance and/or (b) require special controls governing Company's Proprietary Information upon such change.
- 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.

- 3.6 **GE Integrity Policies.** The Distributor acknowledges having received and read a copy of General Electric Company's policies 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. 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, selling Products hereunder shall be provided with 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 any responsibilities under this Agreement, the Distributor and its directors, officers, employees and agents shall not pay, offer or promise to pay, or authorize the payment directly or indirectly of any monies or anything of value to (i) any person or firm employed by or acting for or on behalf of any Buyer, whether private or governmental, or (ii) any government official or employee or any political party or candidate for political office, for the purpose of inducing or rewarding any favorable action by the Buyer in any commercial transaction or in any governmental matter, which would be contrary to applicable law, including but not limited to any applicable international conventions or agreements relating to bribery or anti-corruption (such as the United Nations *Convention against Corruption*, the Organization for Economic Cooperation and Development (OECD) *Convention on Combating Bribery of Foreign Public Officials in International Business Transactions*, the Organization of American States (OAS) *Inter-American Convention Against Corruption*, the Council of Europe (COE) *Criminal Law Convention on Corruption*, the laws of the United States (such as the *Foreign Corrupt Practices Act*) or the laws of any country in which the Distributor provides services under this Agreement.
- 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 U.S. Department of Defense or other U.S. 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 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 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.
- (d) The Distributor has received a copy of the Company's policies regarding the provision of meals, gifts, gratuities, entertainment or travel to any government official or employee of a government or of an agency or instrumentality of a government or political party, and hereby confirms that it will comply with such policies in connection with the activities contemplated by this Agreement.
- 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 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 U.S. or EU 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.

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 and to the provisions of the standard terms and conditions of Sales, a copy of which is attached hereto as Schedule 1 and 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 and 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 Unison Branded Distributor Agreement.
- 4.5 **Delivery.** Delivery shall be EX WORKS Company's plant, pursuant to Incoterms 2000, 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.** Distributor agrees that, as of the Effective Date, the Products sold to the Distributor by Company are "commercial items" as defined by FAR 2.101.
- 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 breach or suspected breach of any term or condition of this Agreement 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 explicitly 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. 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 (ECCN number or USML number) for a Product. 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. 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 **U.S. Exporter.** If Company is the U.S. exporter for any U.S. origin bailed or purchased material required by Company to complete a Purchase Order, Company shall be responsible for obtaining any required export license, authorizing a U.S. freight forwarder, and complying with U.S. Export Administration Regulations/International Traffic- in-Arms Regulations. If the Distributor exports the materials, the Distributor shall be responsible for procuring any required U.S. export license, utilizing its duly authorized freight forwarder, and complying with U.S. EXPORT ADMINISTRATION REGULATIONS and INTERNATIONAL TRAFFIC-IN-ARMS REGULATIONS, if applicable.

- 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.
- 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. 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 Section 5.10 of the Agreement. The Distributor will be expected to stock adequate inventory levels to meet the needs of its customers, as set forth in Section 5.10 of the 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 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.

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 120 days to cure such default (or two (2) days in the event of a payment default), the default remains



uncured;

- ii) the Distributor assigns this Agreement without Company's prior written consent, unless such assignment is a permitted change of control as set forth in Section 3.3;
- iii) there is a change in the control or ownership of the Distributor which is unacceptable to Company, as set forth in Section 3.3;
- iv) the Distributor ceases to function as a going concern or ceases to conduct its operation in the normal course of business;
- v) a receiver for the Distributor is appointed, or it otherwise takes advantage of any insolvency law;
- vi) it is determined that the Distributor provided Company materially false information in its Application for Appointment as a Distributor;

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

8.2 Cross-Default; Other Rights.

- (a) In addition to the termination rights set forth in Article 8.1, if a party breaches this Agreement, the non-breaching party may terminate any other agreement between Company and Distributor.
- (b) If at any time the Company has breached any of the representations, warranties or agreements of the Distributor set forth in this Agreement, the Company may take any, all or any combination of the following actions:
 - (i) Withhold payment of any amounts due hereunder from Company to the Distributor until such time as it has received confirmation to its satisfaction that no breach has occurred or will occur; and/or
 - (ii) Suspend performance of the Agreement, including withholding further delivery of Products to Distributor or any Buyer, until such time as it has received confirmation to its satisfaction that no breach has occurred or will occur; and/or
 - (iii) Audit the Distributor in order to satisfy itself that no breach has occurred as per the Article "Audit" herein.

9 RIGHTS AND OBLIGATIONS UPON EXPIRATION OR TERMINATION

9.1 Within 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 therefore 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 which Company has made available 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.

- 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 Unison, General Electric Company and/or its Affiliates, including removal of the words General Electric, "GE" or Unison 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 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, it 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 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.

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 "Unison" is the dominant feature of the legal and communicative trade name of the Company, and that the



marks set forth on Exhibit 3 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", "Unison" 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 further 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 RELEASE OF CLAIMS

In consideration of the execution of this Agreement by the Company and Distributor, the Distributor hereby releases the Company, and the Company hereby releases the Distributor, from all claims, demands, contracts and liabilities relating to the representation and/or distribution of the Products, if any there be, as of the date of execution of this Agreement and of which Company or Distributor, as the case may be, was aware as of the date of execution of this Agreement, except trade receivables and/or indebtedness which may be owing and other claims wherein any such trade receivables, indebtedness or claim is (a) founded upon a written contract and (b) under written warranties.

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 signature on any counterpart hereto shall be deemed an original for all purposes.
- 20.4 This Agreement wholly cancels, terminates, and supersedes that certain Sales Distributor Agreement, dated March 7, 2005, between AAR Distribution, a division of AAR Services, Inc. and Unison Industries, LLC (as amended, restated, supplemented or otherwise modified from time to time).
- 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), 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, 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 U.S. government contracts only, all Products provided by the Company shall 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 or, at the Company's discretion, this Agreement 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 and, if the Agreement is governed by the laws of England, nothing confers any benefit or enforcement right under the Contracts (Rights of Third Parties) Act of 1999.
- 22.6 Company and the Distributor agree to take all actions reasonably requested by the other to carry out the intent of the Agreement.



AAR DISTRIBUTION
UNISON BRANDED DISTRIBUTOR AGREEMENT
AGT NO. GHHF051511001
EXHIBIT 1 TO UNISON BRANDED DISTRIBUTOR AGREEMENT
Schedule 1, Terms and Conditions of Sale

SCHEDULE 1

TERMS AND CONDITIONS OF SALE

[see next page]



UNISON INDUSTRIES
STANDARD TERMS AND CONDITIONS OF SALE:

SALE OF GOODS AND REPAIR OR OVERHAUL SERVICES

Except as otherwise agreed, these standard terms and conditions of sale of **Unison Industries, LLC**, a Delaware, U.S.A. limited liability company (*herein called "Seller"*), shall be a portion of the terms and conditions applicable to the sale of goods and the repair or overhaul of Distributor furnished items. As used herein, the term "*Repair or Overhaul*" is defined to include all labor and materials used by Seller to restore Distributor furnished items to serviceable condition and all other work which Seller has agreed to supply. The methods, procedures, and sequencing described in the specified repair process are intended as a guide. Methods better suited to the particular repair or overhaul facility can be accepted, providing the procedures do not detract from the efficiency, quality, and operation of the end item as evaluated and approved by Seller. Moreover, mandatory process steps, specified values, or limits, such as those required by applicable drawings or approvals, shall be strictly observed.

These terms and conditions shall be in lieu of all terms and conditions appearing on the face or reverse side of any purchase order submitted by Distributor, except that the work scope, price, quantity, redelivery dates and shipping instructions shall be as set forth in any purchase order accepted by Seller. The acknowledgment of any Distributor purchase order by the Seller, or commencement of any performance by the Seller pursuant to such order, shall constitute Distributor's acceptance of Seller's terms and conditions and the prices set forth in Seller's catalog, which are expressly conditioned upon the applicability of seller's terms and conditions exclusively. No terms or conditions stated by Distributor shall be binding on Seller unless Seller expressly accepts such terms or conditions in writing by Seller. The failure of Seller to specifically object to any or all terms and conditions suggested by Distributor shall not be deemed an acceptance of such terms and conditions. Further, upon receipt of these Terms and Conditions of Sale from Seller (via catalog or otherwise) or upon Seller's commencement of performance hereunder, shall be deemed to have withdrawn Distributor's terms and conditions and shall further be deemed to have accepted Seller's terms and conditions hereunder whether or not Distributor submits any terms and conditions subsequent to receipt of the terms and conditions herein.

PROPRIETARY INFORMATION NOTICE

The information contained in this document is Unison and AAR Proprietary Information and is disclosed in confidence. It is the property of Unison Industries and AAR and shall not be used, disclosed to others, or reproduced without the express written consent of the other Party. If consent is given for reproduction in whole or in part, this notice and the notice set forth on each page of this document shall appear on any such reproduction, in whole or in part. The information contained in this document may also be controlled by the U.S. export control laws. Unauthorized export or re-export is prohibited.

ARTICLE I - PRICE

- A. All prices are in United States Dollars, shall be as quoted by Seller to Distributor or shall be as published in Seller's then current Price Lists or Catalogs, and include Seller's usual factory testing, inspection and packaging, in accordance with good commercial practice. Any additional factory testing, inspection and packaging requirements of Distributor shall be paid for by Distributor.
- B. To the extent specified in the proposal or accepted purchase order, the prices shall be subject to adjustment as described therein.

pursuant to International Chamber of Commerce "Incoterms" (2000 Edition) ("Repair Delivery"). Seller shall Redeliver the Repaired or Overhauled items to Distributor, Ex Works, Seller's designated repair facility, pursuant to International Chamber of Commerce "Incoterms" (2000 Edition) ("Redelivery"). Title to Seller furnished parts, material and associated labor shall pass to Distributor upon assignment to Distributor's Equipment.

Risk of loss or damage to Seller furnished parts and material shall pass to Distributor at time and place of Redelivery.

ARTICLE II - DELIVERY, TITLE AND RISK OF LOSS

- A. Seller shall deliver all goods sold hereunder ("Products") to Distributor, Ex Works, Seller's place of manufacture, pursuant to International Chamber of Commerce "Incoterms" (2000 Edition) ("Delivery"). Title and risk of loss or damage to such new Products shall pass to Distributor upon Delivery.

Items to be Repaired or Overhauled shall be Delivered Duties Paid ("DDP") to Seller's designated repair facility

- B. If Delivery or Repair of Distributor's equipment to be serviced ("Equipment") is delayed, or Repair of Equipment is interrupted due to Distributor's failure to provide transportation, workscope and/or repair information, authorizations, instructions, historical information or Parts specified Turn Time for such Equipment shall not commence until such deficiencies are corrected by Distributor and shall be extended by the period of delay. Redelivery dates for Repaired or Overhauled items are approximate and are based on prompt receipt by Seller of all information necessary to permit Seller

UNISON PROPRIETARY INFORMATION

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to proceed with work promptly and without interruption, and Distributor's compliance with these terms and conditions, including payment terms.

- C. Seller may deliver all or any part of an order of new Products or Repaired or Overhauled items up to seven (7) days in advance of the new Product Delivery or Equipment Redelivery schedule.
- D. [intentionally omitted]
- E. If special tooling is required for performance of Distributor specific requirements, title and possession to all tools shall remain with Seller. However, the tooling shall only be used for Distributor's requirements unless otherwise agreed by the parties.

ARTICLE III - PAYMENT

- A. Payment shall be made in United States Dollars at a U.S.A. bank acceptable to Seller. Terms of payment shall be as stated in the proposal or accepted purchase order and may provide for advance or partial payments with the balance payable upon new Product Delivery, Equipment Repair Delivery, or Equipment Redelivery or readiness for Redelivery. If terms of payment are not stated in the proposal or accepted purchase order, terms of payment shall be net thirty (30) days after date of Seller's invoice, or thirty (30) days after date of new Product Delivery or Equipment Redelivery, whichever occurs first.
- B. When payment is to be made through the medium of a letter of credit, such letter of credit shall: be established at Distributor's expense; be in favor of and acceptable to Seller; be consistent with the terms of this document, the proposal or accepted purchase order; be maintained in sufficient amounts and for the period necessary to meet all payment obligations hereunder; be irrevocable; be issued by or confirmed by a prime U.S.A. bank acceptable to Seller within fifteen (15) days after acceptance of the purchase order; permit partial deliveries; provide for pro rata payments upon presentation of Seller's invoices therefor and either Seller's certificate of new Product Delivery or Equipment Redelivery Ex Works, Seller's facility or place of manufacture or new Product Delivery or Equipment Redelivery into storage; and, provide for the payment of any charges for storage, export shipment, price adjustments, and cancellation or termination.
- C. If Distributor fails to make timely payments, or if the financial condition of the Distributor at any time does not, in the judgment of the Seller, justify continuance of the performance of an accepted purchase order by the Seller on the terms of payment as agreed upon, or upon commencement of any bankruptcy or reorganization proceedings or the potential insolvency of the Distributor, the Seller may require full or partial payment in advance or shall be entitled to cancel any purchase order then outstanding and shall receive reimbursement for its reasonable and proper cancellation charges (including charges for work already performed).

ARTICLE IV - INSPECTION AND TEST

The quality control exercised in the manufacture of new Products or Repair and Overhaul of Equipment shall be in accordance with Seller's normal commercial quality control policies, procedures, and practices. Seller is authorized to deliver such items with evidence of inspection by Seller's quality control representative. Any Certificate of Inspection signed by Seller's quality control representative, shall be conclusive regarding inspection and tests.

ARTICLE V - RESERVED

[Intentionally omitted]

ARTICLE VI - PACKING AND MARKING

New Products and Repaired and Overhauled Equipment shall be prepared and packed in accordance with Seller's normal commercial practice unless otherwise provided in the purchase order. Seller agrees to comply with all reasonable written instructions of Distributor as to markings to be placed on invoices, bills of lading, packing lists, correspondence and on the exterior of shipping containers.

ARTICLE VII - RESERVED

[Intentionally omitted]

ARTICLE VIII - DUTY DRAWBACK

In accordance with 15 CFR 191.28 and 15 CFR 191.33(b)(2), Distributor agrees to waive the right to claim drawback and assign such right to Seller.

- (i) Distributor disclaims any rights or interest to and in drawback on all engines, engine kits and other products manufactured by Seller heretofore and thereafter exported and gives blanket endorsement of drawback rights to Seller, the importer or manufacturer of the exported articles
- (ii) Distributor shall not authorize itself to claim drawback on these exportations, nor will Distributor authorize any other entity to do so.
- (iii) Distributor agrees to provide Seller with proofs of export to support its drawback program as required by U.S. Customs. This disclaimer will remain in effect until cancelled in writing.

ARTICLE IX - EXCUSABLE DELAYS

- A. Seller shall be excused from and shall not be liable for any delays in its performance or failure to perform hereunder, and shall not be deemed to be in default for any failure of performance hereunder, due to causes beyond its reasonable control and through no fault of Seller. Such causes shall be conclusively deemed to include, but shall not be limited to, acts of God, acts (or failure to act) of civil or military authority, acts (including failure to act) of any government, government agent or official,

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government priorities, fires, strikes, labor disputes, work stoppage, floods, epidemics, war (declared or undeclared), riot, delays in transportation or inability to obtain on a timely basis (through no fault of Seller) necessary labor, materials, fuels or components.

- B. In the event of any such delay or failure to perform, the date of new Product Delivery or Equipment Redelivery shall be extended for a period equal to the time lost by reason of the delay. This provision shall not, however, relieve the Seller from using its commercially reasonable efforts to avoid or remove such causes and continue performance with reasonable dispatch whenever such causes are removed. Seller shall promptly notify Distributor when such delay or failure excused by this Article occurs, or impending delays are likely to occur, and shall continue to advise Distributor of new Product Delivery or Equipment Redelivery schedules and changes thereto.
- C. If delay resulting from any of the foregoing causes extends for more than six (6) months and the parties have not agreed upon a revised basis for continuing the work at the end of the delay, including any adjustment of the price, then either party, upon thirty (30) days written notice, may terminate the performance in respect to the work delayed, in which case Distributor agrees to pay Company for all work completed or in process at the time the excusable delay commenced, including all actual and reasonable expenses related thereto.

ARTICLE X - WARRANTY

- A. Seller warrants to Distributor that new Products will at the time of Delivery be free from defects in material, workmanship and title. Further, Seller warrants to Distributor that Repair and Overhaul work performed will at the time of Redelivery be free from defects in workmanship and materials. Unless otherwise agreed in writing, if within one (1) year from date of new Product Delivery or Equipment Redelivery (as applicable), or within six (6) months of installation or, within one thousand (1,000) hours of operation, whichever shall first occur, Seller determines, upon Distributor's written notice thereof, prior to the expiration of thirty (30) days following discovery of the defect, that the Product or Repair or Overhaul work performed does not meet the warranty specified above, Seller shall thereupon correct the defect by (i) in the case of new Products, either (at its option) repair or replace the defective Product or refund the price paid for the Product, or (ii) in the case of Repaired or Overhauled Products, either (at its option) repair the defective Repair or Overhaul, replace the Product that is the subject of the defective Repair or Overhaul or refund the price paid by Distributor for such Repair or Overhaul. The warranty period on any such repaired or replaced item shall be the unexpired portion of the warranty on the initially repaired or provided item. Notwithstanding anything to the contrary in this Agreement, with respect to warranty repairs, Distributor shall bear shipping costs to deliver the Product to Seller for Repair or Overhaul, and Seller shall bear the shipping costs to redeliver the Product to Distributor. If requested

by the Seller, Distributor shall ship such defective item to such location as reasonably specified by Seller, at Seller's expense. Risk of loss for such Product shall pass to Seller upon delivery of such Product at Seller's facility, and risk of loss shall return to Distributor upon redelivery of such Product to Distributor's facility. Seller shall use commercially reasonable efforts to repair Distributor's item hereunder; however, Seller does not guarantee the repair yield.

- B. **THE FOREGOING WARRANTY IS EXCLUSIVE AND IN LIEU OF ALL OTHER WARRANTIES, WHETHER WRITTEN, ORAL, EXPRESSED, IMPLIED OR STATUTORY (INCLUDING, WITHOUT LIMITATION, ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR PARTICULAR PURPOSE).** This warranty is applicable only if the new Product or repaired Equipment is stored, installed, operated, handled, maintained and repaired in accordance with the then current recommendations of the manufacturer as stated in its manuals, bulletin or other written instructions.
- C. The foregoing shall constitute the sole remedy of Distributor and the sole liability of Seller for breach of warranty.

ARTICLE XI - PATENTS AND COPYRIGHTS

- A. Seller shall indemnify and hold Distributor harmless and handle all claims and defend any suit or proceeding brought against Distributor insofar as based on a claim that, without further combination (unless and to the extent intended to be used in combination), any new Product, Part, or material supplied by Seller or process used by Seller in the Repair or Overhaul of any Equipment furnished under the accepted purchase order constitutes an infringement of any patent or copyright of the United States, United Kingdom, China, France, Japan, Singapore, Taiwan, Australia and Germany. This paragraph shall apply only to the extent that such material or process is so used to Seller's specification.
- B. Distributor shall promptly notify Seller in writing and give Seller exclusive authority, information and reasonably assistance (at Seller's expense) for the handling, defense or settlement, of any claim, suit or proceeding. In case such material is held in such suit to constitute infringement and the use of said material is enjoined, Seller shall, at its own expense and at its option, either (1) settle or defend such claim or suit or proceeding arising therefrom, or (2) procure for the Distributor the right to continue using said new Product, Part, or material in the item Repaired or Overhauled under the accepted purchase order, or (3) replace or modify such items with a non-infringing material, or (4) refund the new Product or Part purchase price, or the Repair or Overhaul price applicable to such Equipment.

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- C. The preceding paragraph shall not apply (1) to any material or process or part thereof of Distributor's design or specification, or (2) to the use of any material furnished under the accepted purchase order in conjunction with any other apparatus, article or material, except to the extent such material is specifically designed to be used in conjunction with such other apparatus, article or material.
- D. **THE FOREGOING SHALL CONSTITUTE THE SOLE REMEDY OF DISTRIBUTOR AND THE SOLE LIABILITY OF SELLER FOR PATENT OR COPYRIGHT INFRINGEMENT BY ANY PRODUCT, PART OR MATERIAL FURNISHED HEREUNDER, OR REPAIR PROCESS PERFORMED HEREUNDER, AND IS SUBJECT TO THE LIMITATION OF LIABILITY SET FORTH IN SECTION 10.3 OF EXHIBIT 1 OF THE AGREEMENT, LIMITATION OF LIABILITY. THE PATENT WARRANTY OBLIGATIONS RECITED ABOVE ARE IN LIEU OF ALL OTHER PATENT WARRANTIES WHATSOEVER, WHETHER ORAL, WRITTEN, EXPRESSED, IMPLIED OR STATUTORY.**
- E. Seller represents that it is unaware of any claim of infringement of any nature made by a third party on Seller or any of its Affiliates with respect to the Products.

ARTICLE XII - RESERVED

[Intentionally omitted]

ARTICLE XIII - RESERVED

[Intentionally omitted]

ARTICLE XIV - TERMINATION

Distributor, upon thirty (30) days prior written notification, may terminate a purchase order and in such event shall pay Seller its termination charges determined in accordance with Seller's standard accounting practices upon submission of Seller's invoices therefor. Termination of an order shall not relieve either party of any obligation arising out of work performed prior to termination.

ARTICLE XV - DISTRIBUTOR QUALIFICATIONS

- A. With each request for Repair or Overhaul services, Distributor shall submit to Company a "Material Certification" with each part submitted for repair which certificate shall include at a minimum the following information: Part Number; Serial Number; and Description. Such Material Certification must be signed by a duly authorized officer / inspector of Distributor and also must state the following:
- "The material is repairable; the original manufacturer of the hardware is the OEM or an authorized licensee; the material was not obtained from any US Government or Military source; and that the hardware was not subject to severe stress or heat as in the case of a major engine failure, accident or fire."

- B. As an alternative to the requirements of paragraph A above, Distributor may certify to Company that it is or represents or is acting on behalf of (1) an aircraft owner/operator, (2) an authorized / licensed repair station, (3) an authorized engine overhaul or component repair facility, (4) an engine owner or engine/aircraft leasing company, or (5) any other FAA authorized operation that is currently engaged in one of the above or will be engaged within one hundred and twenty (120) days after execution of the purchase order. Upon Company's request, Distributor shall furnish written evidence that it meets the qualifications of this paragraph B.

ARTICLE XVI - NON-STANDARD WORK (Repair Only)

- A. When Distributor's Repair and Overhaul requirements necessitate operations or processes in the nature of "salvaging" parts, the work is accepted on a "best efforts" basis and Seller shall not be liable for Repair yield.
- B. Distributor shall be responsible for the Repair price when unsatisfactory metal finishing occurs due to metal imperfections, changes in grade or composition of materials, manufacturing and/or fabrication imperfections, usages for which the finishing operation was not reasonably designed and similar variables beyond Seller's reasonable control.

ARTICLE XVII - GENERAL PROVISIONS

- A. The English language shall be used in the interpretation and performance of these Terms and Conditions and any purchase order accepted by Seller.
- B. Any failure by Seller or Distributor to enforce any of the provisions hereof or not to require at any time performance by Seller or Distributor of any of the provisions hereof, shall in no way affect the validity of these Terms and Conditions or any part of this Agreement, or the right of Seller or Distributor thereafter to enforce each and every such provision, nor shall Seller's or Distributor's actual performance, whether or not pursuant to the provisions herein, be deemed in any way indicative of the obligations of Seller or Distributor hereunder.
- C. Exchange Hardware (Repair Only):
- Part returned to the customer after maintenance may have been originally received from another customer, who is willing to accept repaired parts from a "pool" of other customer owned hardware. The customer must include the statement "Exchange" (or similar) on their repair purchase order accompanying the hardware.
- Non-Exchange Hardware:
Part returned to the customer after maintenance is the same part originally submitted to Seller for

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repair from that customer. The customer must include the statement "Non-Exchange" (or similar) on their repair purchase order accompanying the hardware.

- D. Except as otherwise set forth herein, nothing contained in these Terms and Conditions shall convey to Distributor any right to use the trademarks of Seller or any affiliated company.
- F. Company shall provide repair and overhaul services to Distributor ("**Repair and Overhaul**") with respect to the Products subject to the terms and conditions of this Agreement. The pricing and turn-around-times ("**TAT**")

for such Repair and Overhaul services shall be in accordance with the Company's Service Express Price Catalog, as updated from time to time by Company ("**SEPC**"). For items not identified in the SEPC, or if no TAT is specified in the SEPC, Company shall, upon request of Distributor, provide a quote for such service, including TAT.

- G. The warranty for Repair and Overhaul Products performed hereunder shall be the better of the warranty provided in Article X hereof or as provided in the SEPC.