

Hamilton Sundstrand Aerospace

Hamilton Sundstrand
4747 Harrison Avenue
P.O. Box 7002
Rockford, IL 61125-7002
(815) 226-6000 Fax: (815) 226-7488



Hamilton Sundstrand

A United Technologies Company

October 29, 1999
MCA.LLJS99-040

AAR Corporation
1100 N. Wood Dale Road
Wood Dale, Illinois 60191

Attention: Mr. David E. Prusiecki, Staff Vice President-Marketing
Military and Industrial

Subject: Distributorship Agreement, F-16 Jet Fuel Starter (JFS)

Dear Mr. Prusiecki:

Please find enclosed one (1) original copy of the subject agreement, signed by an authorized official of Hamilton Sundstrand Corporation.

If the subject is acceptable, please sign the original, indicating the date on Page 1, and return to my attention.

Very truly yours,



L. J. Schneeberger
General Manager, Military Spares & Support

LJS/ra
Enclosures

DISTRIBUTORSHIP AGREEMENT
BETWEEN
HAMILTON SUNDSTRAND CORPORATION
AND
AAR DEFENSE SYSTEMS
A DIVISION OF AAR ALLEN SERVICES


AGREEMENT NO. 99879

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DISTRIBUTORSHIP AGREEMENT

Recitals

This DISTRIBUTORSHIP AGREEMENT (hereinafter referred to as the "AGREEMENT") is entered into this 5 NOV 99, by and between HAMILTON SUNDSTRAND CORPORATION, a corporation organized and existing under the Laws of the State of Delaware, U.S.A., having offices in San Diego, California (hereinafter referred to as "Hamilton Sundstrand"), and AAR Defense Systems, a division of AAR Allen Services, an Illinois corporation having its offices at 1100 N. Wood Dale Road, Wood Dale, Illinois (hereinafter referred to as "AAR"). Hamilton Sundstrand and AAR may be referred to individually as the PARTY or collectively as the PARTIES. 

WITNESSETH

WHEREAS, Hamilton Sundstrand primarily designs and manufactures aerospace systems and components used by the armed services of the United States and its allies; and

WHEREAS, a primary business of AAR is the acquisition, warehousing and distribution of aerospace material to support the needs of their customers; and

WHEREAS, representatives of Hamilton Sundstrand and AAR possess the proper authority to execute a binding AGREEMENT.

NOW, THEREFORE, in consideration of these promises and the mutual promises and covenants contained herein, the PARTIES agree as follows:

1. **SUBJECT MATTER OF DISTRIBUTORSHIP AND SALE:**

- a. With the exception of sales to the U. S. Government and Lockheed Martin, AAR is hereby appointed as Hamilton Sundstrand's exclusive distributor of subassemblies and piece parts (the "Products") for the components listed in Appendix 1, in the "Territory" as defined in Appendix 1. This right is non-transferable.
- b. In connection therewith, Hamilton Sundstrand will manufacture, sell, and deliver (F.O.B. Hamilton Sundstrand's facilities) to AAR, and AAR will purchase from Hamilton Sundstrand the Products.
- c. Hamilton Sundstrand will undertake good faith reasonable efforts to refer their regular customers, and all other potential customers, to AAR. Hamilton Sundstrand reserves the right to sell products directly to customers under the following circumstances:
 - i. In fulfillment of existing contracts for the supply of products.
 - ii. If AAR cannot meet the requirements of the customers.

2. **CHARGES AND PAYMENT:**

- a. Hamilton Sundstrand may sell to AAR and AAR may purchase from Hamilton Sundstrand the Products at prices established by Hamilton Sundstrand.
- b. AAR will pay Hamilton Sundstrand the Purchase Price, in full, within thirty (30) days after receipt of invoice.
- c. The Purchase Price is exclusive of all applicable taxes.

DISTRIBUTORSHIP AGREEMENT

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- d. AAR will initiate purchases of Products hereunder by issuing its purchase order setting forth the Product being ordered, the date or dates of deliveries, quantities, prices and shipping instructions. Purchase orders may be placed by AAR DEFENSE SYSTEMS or AAR AIRCRAFT COMPONENT SERVICES, all of which are divisions of AAR ALLEN SERVICES. Except as otherwise expressly provided herein, the provisions of this Agreement will govern the purchase of any and all Products by AAR and Hamilton Sundstrand. All other terms, whether printed, stamped, typed or written or otherwise attached to AAR's purchase orders, or Hamilton Sundstrand's invoice, or on the reverse thereof will not apply. AAR will place its orders for Products quoted by Hamilton Sundstrand in accordance with Hamilton Sundstrand's quotation for said Products. Hamilton Sundstrand will accept an order by written acknowledgment.
- e. Other than that which is contained above, nothing in this Agreement shall restrict AAR's activity in the Territory, as defined in Appendix 1, within which AAR shall be free to sell the Products.

3. DISTRIBUTOR'S PERFORMANCE:

AAR will:

- a. Exercise good faith efforts on behalf of Hamilton Sundstrand to promote the sale of the Products in the territory.
- b. Purchase and maintain sufficient stock of the Products for purposes of adequately meeting customer requirements.
- c. Provide adequate warehousing for the Products.
- d. Provide a written summary of sales records, to include customer, quantity, prices and delivery information on a quarterly basis.

4. TITLE AND RISK OF LOSS:

Title to and risk of loss of the Products will pass to AAR upon delivery to AAR of said Products by Hamilton Sundstrand F.O.B. Hamilton Sundstrand's facility. Title to the Products will be free and clear of all liens, charges and encumbrances.

5. EXCUSABLE DELAY:

Neither Party will be responsible nor deemed to be in default for delays in performance due to delays of suppliers, acts of God or public enemy, acts of Government, civil war, insurrection, sabotage, strikes or other labor disputes, riots, fires, floods, earthquakes, failure of transportation facilities, epidemics, quarantine restrictions, or any other causes beyond the reasonable control of such Party providing that such Party will, within thirty (30) days from becoming aware of such delay, notify the other Party in writing. To the extent that such causes actually delay delivery on the part of Hamilton Sundstrand, the time for the performance will be extended for as many days beyond the date thereof, as is required to obtain removal of such causes. Neither Party shall, in any event, be liable for any incidental or consequential damages on account of any such delay.

DISTRIBUTORSHIP AGREEMENT

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6. NOTICES:

All notices given in connection with this Agreement will be given in writing and will be sent by first class mail, postage prepaid, telex, cable or any other customary means of communication to the addresses listed below, unless either party notifies the other party of a different address.

Seller: Hamilton Sundstrand Corporation
4747 Harrison Avenue
P.O. Box 7002
Rockford, Illinois 61108
Attention: Vice President, Customer Service

Distributor: AAR Defense Systems
1100 N. Wood Dale Road
Wood Dale, Illinois 60191
Attention: President

The effective date of any notice will be the date of receipt by the addressee.

7. WARRANTY:

New products supplied by Seller under this contract are warranted to be, at the time of delivery, free from defects in material and workmanship. If within twelve (12) months after delivery of the product, any such products is found to be defective in material or workmanship, Seller shall, if it confirms existence of the defect, repair or, at its option, replace such defective product at its expense and with reasonable promptness. Buyer shall provide Seller with written notice of a claimed defect within three (3) months after the defect becomes apparent to Buyer. Said notice will contain reasonable proof that the claimed defect is covered by Sellers' warranty. This warranty is specifically conditioned upon the proper handling, use, and maintenance of the products by the Buyer and/or any ultimate user.

The only warranties made by Seller are those expressly provided herein. Any other statements expressed in the contract, including but not limited to, proposals, specifications, drawings, or manuals shall not be deemed to constitute a warranty of the products. THE WARRANTIES SET FORTH HEREIN ARE EXCLUSIVE AND NO OTHER WARRANTIES OF ANY KIND, WHETHER EXPRESS OR IMPLIED, INCLUDING ALL WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, AND ALL WARRANTIES ARISING FROM COURSE OF DEALING OR USAGE OF TRADE, SHALL APPLY. THE REMEDIES SET FORTH IN THIS ARTICLE ARE THE SOLE AND EXCLUSIVE REMEDIES OF BUYER FOR ANY CLAIMS, EXPENSES, OR DAMAGE ARISING OUT OF OR RELATED TO PRODUCTS DELIVERED UNDER THIS CONTRACT. IN NO EVENT SHALL SELLER BE LIABLE IN TORT OR IN CONTRACT FOR ANY INCIDENTAL, SPECIAL INDIRECT OR CONSEQUENTIAL DAMAGES.

8. LIMITATION OF LIABILITY:

UNDER NO CIRCUMSTANCES SHALL SELLER BE LIABALE FOR ANY INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES OF ANY NATURE WHATSOEVER INCLUDING

DISTRIBUTORSHIP AGREEMENT

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WITHOUT LIMITATION, LOST PROFIT, REVENUE, CONTRACTS OR INCREASED COSTS OF PRODUCTION, ENGINEERING OR DESIGN, WHETHER OR NOT SUCH CLAIMS ARE BASED IN CONTRACT OR TORT, INCLUDING NEGLIGENCE (ACTUAL OR IMPUTED) STRICT LIABILITY OR UPON ANY OTHER LEGAL THEORY.

9. PATENT INDEMNITY:

Hamilton Sundstrand will defend, indemnify and hold AAR harmless from and against any and all loss, damage, liability, costs, claims and expenses (including attorney's fees), resulting from, or in any way arising out of allegations of infringement of any U.S. or foreign patents or patent rights by reason of the use, sale or resale of any item furnished to AAR by Hamilton Sundstrand which was designed or manufactured by Hamilton Sundstrand; AAR will give Hamilton Sundstrand full written information with respect to any such infringement promptly upon receipt of notice thereof by AAR and, if Hamilton Sundstrand so elects, will give Hamilton Sundstrand complete control of the defense thereof; provided further, that in no event will Hamilton Sundstrand consent to any injunction, decree, judgement or order which would have the effect of preventing AAR's or AAR's customers use of the Product without AAR's prior written consent. If in any such action, such item is held to constitute an infringement and AAR's or AAR's customers use is permanently enjoined, Hamilton Sundstrand may, without altering the provisions of this Agreement and not in diminution of the foregoing indemnity, (a) procure the right, at Hamilton Sundstrand's expense, to continue the use of the same for AAR or AAR's customers; or (b) replace the same with non-infringing assemblies, components, accessories, or parts equally suitable, provided that Hamilton Sundstrand shall pay AAR's or AAR's customers reasonable expenses of substituting such assemblies, components, accessories, or parts; or (c) modify said assemblies, components, accessories or parts so as to be non-infringing, provided that Hamilton Sundstrand shall pay AAR's or AAR's customers reasonable expenses resulting from such modification; or (d) remove such Product and refund the purchase price and all other costs incurred by AAR in connection with such product and the return thereof.

10. TERM:

This Agreement will be for a term of sixty (60) months and thereafter from year-to-year until terminated by either party upon not less than thirty (30) days advance written notice to the other party prior to the renewal date; unless earlier terminated pursuant to the terms hereof.

11. TERMINATION:

This Agreement may be terminated as follows:

- a. Either party to this Agreement may terminate it without cause upon sixty (60) days written notice.
- b. Either party may terminate this Agreement immediately, upon written notice to the other party, for any of the following reasons:
 1. The filing by or against either party in any court of competent jurisdiction of a petition in bankruptcy of insolvency, or for the appointment of a receiver or trustee or the making of an assignment for the benefit of creditors where permitted by law, or the cessation or suspension of business;

DISTRIBUTORSHIP AGREEMENT

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2. Except as relates to affiliated companies, the determination by either party in the determining party's reasonable discretion that there has been a significant change in ownership, or organizational or management structure of the other party;
- c. If either party fails to perform its obligations under this Agreement, including but not limited to payment of monies due and such failure to perform continues for a period of 30 days after written notice to such party by the other party thereof the other party may terminate this Agreement immediately upon written notice. The right of each party to require strict performance of any obligations hereunder will not be affected in any way by any previous waiver, forbearance or course of dealing.
- d. If either party exercises its right to terminate under this Paragraph 11, such action will not affect or impair its right to bring suit for any default or breach of this Agreement. No rights or causes of action will accrue to the non-terminating party by reason of any termination pursuant to this Paragraph 11, except under 11.C.
- e. If this Agreement is terminated early for any reason, other than under 11.C., neither party shall by reason thereof be liable to the other for compensation or damage of any kind or nature whatsoever, including, but not limited to direct, incidental or consequential damages, losses, costs or liabilities incurred as the result of such termination, whether on account of the loss of present or prospective profits on sales or anticipated sales, or expenditures, investments or commitments made in connection therewith or in connection with the establishment, development, or maintenance of the other's business, or on account of any other cause or thing whatsoever.
- f. If this Agreement is terminated under the provisions of Paragraph 11, the parties agree that AAR shall have the continuing rights of this Agreement to purchase Products from Hamilton Sundstrand and supply Products to its customers, to the extent such Products were contracted with its customers prior to said termination.

12. ASSIGNMENT:

Neither party will assign this Agreement in whole or in part without the prior written consent of the other party, and any such attempted assignment shall be void, provided, however, that either party may assign this Agreement and its rights and obligations to a successor corporation resulting from a merger or consolidation of such party, given the assignees continued ability to perform the obligations of this Agreement. Subject to the foregoing, all of the terms, conditions, covenants and agreements contained herein will inure to the benefit of and be binding upon, any successor corporation and any permitted assignees. Consent by either party to such assignment in one instance will not constitute consent by that party to any other assignment.

13. ENTIRETY OF AGREEMENT:

This Agreement embodies the entire agreement of the parties with respect to the sale of the Products and supersedes all agreements between the parties hereto with respect to the subject matter hereof. Any amendments or additions to this Agreement will be null and void unless agreed to between both Parties.

DISTRIBUTORSHIP AGREEMENT

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14. **PARTIAL INVALIDITY:**

If any provision of this Agreement is held invalid for any reason the remainder hereof shall nevertheless remain in full force and effect.

15. **GOVERNING LAW:**

This Agreement will be governed by and construed in accordance with the laws of the State of California.

16. **COMPLIANCE WITH LAWS**

AAR agrees that it will comply with applicable laws or regulations of any country or political subdivision hereof in performing any act arising out of or in connection with this agreement. AAR agrees to maintain such records as are required by all such applicable laws and regulations and this agreement and to promptly provide such records or written assurances as may be required by Hamilton Sundstrand in connection therewith.

The parties agree that AAR will use its best efforts to secure any licenses or permits as may now or hereafter be required in connection with the performance of its obligations under this agreement, but this agreement shall not be deemed to require any performance on the part of either party which cannot lawfully be done pursuant to the laws and regulations referred to above, to specifically include those laws and regulations relating to exports and imports.

AAR acknowledges that the Foreign Corrupt Practices Act of the United States may result in the imposition of sanctions on Hamilton Sundstrand and its employees in the event that, directly or indirectly, offers, promises, or payments are made to government officials or others for the purpose of influencing decisions favorable to Hamilton Sundstrand.

17. **COUNTERPARTS:**

This Agreement may be executed in any number of counterparts, all of which together will constitute one and the same instrument. A facsimile signature on any counterpart hereto will be deemed an original for all purposes.

18. **REMEDIES:**

The remedies afforded a non-breaching party are cumulative and in addition to any and all other rights in law, equity or otherwise.

19. **INDEPENDENT CONTRACTOR:**

It is understood and agreed that with respect to the performance of its responsibilities hereunder, AAR is an independent contractor and nothing in this Agreement shall be construed as establishing a joint venture or partnership or to constitute AAR an agent or legal representative of Hamilton Sundstrand for any purpose whatsoever. AAR has no authority or right by virtue hereof to create any obligation, express or implied, on behalf of Hamilton Sundstrand to any customer or third party, and Hamilton Sundstrand does not assume any responsibility for proposals, guarantees, contracts, or other representations offered by AAR to others in the sale of Products.

20. CONFIDENTIAL INFORMATION, TRADE SECRETS, AND ADVERTISING:

a. All information obtained by one party hereto ("Receiving Party") in the course or conduct of this Agreement concerning the business affairs, practices or methods of operation of the other party ("Other Party") will be confidential and will be treated by the Receiving Party with the same degree of care to avoid disclosure of such information to any third party (excepting Receiving Party's employees, officers, directors, agents or subcontractors who have a need to know such information) as Receiving Party employs with respect to its own confidential material like importance, and Receiving Party will not disclose said information to any third party (excepting Receiving Party's employees, officers, directors, agents or subcontractors who have a need to know such information) unless and until Receiving Party has obtained the prior written consent of the Other Party, except for information which:

- i. is or will become part of the public domain other than by reason of any default on the part of a party hereto;
- ii. was in that party's possession prior to the execution of this Agreement and which was not otherwise confidential; or
- iii. was received from third parties having the right to disclose such information.

Notwithstanding anything herein to the contrary, if Receiving Party is requested or required (by oral questions, interrogatories, requests for information or documents, subpoena, Civil Investigation Demand or similar process) to disclose the information, material, documents and data provided by Other Party, it is agreed that Receiving Party will provide Other Party with prompt notice of such request or requirement so that Other Party may seek an appropriate protective order and/or waive Receiving Party's compliance with this provision. It is further agreed that, in the absence of a protective order or the receipt of a waiver hereunder, if Receiving Party or any of its representatives is nonetheless, in the opinion of Receiving Party's counsel, compelled to disclose such information, material, documents or data, to any tribunal, Receiving Party or such representative may disclose such document or information to such tribunal without liability hereunder provided Receiving Party has given Other Party prompt notice of such request or requirement.

c. This Agreement shall not be construed to grant AAR or its affiliated companies the right to use in any manner any trademarks, service marks, or logos belonging to or used by Hamilton Sundstrand or its affiliated, related or subsidiary companies without the prior written approval of Hamilton Sundstrand.

21. OFFSET:

AAR will use its best efforts to secure offset credits on behalf of Hamilton Sundstrand related to sales of this hardware.

DISTRIBUTORSHIP AGREEMENT

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IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized officers on the day and year first written above.

HAMILTON SUNDSTRAND CORPORATION

Seller

By:



Arthur R. Charles

Title: Vice President, Contracts & Compliance

DEFENSE SYSTEMS

AAR ALLEN SERVICES

Distributor

By:



Title:

Vice President

**APPENDIX 1 TO
DISTRIBUTORSHIP AGREEMENT BETWEEN
HAMILTON SUNDSTRAND CORPORATION AND AAR DEFENSE SYSTEMS**

PRODUCTS:

Subassemblies and piece parts for...
F-16 Jet Fuel Starter (JFS)
Model's T-62T-40-8 and T-62T-40-8A

DISTRIBUTOR'S TERRITORY:

The Distributor's Territory will be all regions of the world.



AAR DEFENSE SYSTEMS & LOGISTICS

fApril 8, 2002

D R A F T

Hamilton Sundstrand
Power Systems
4400 Ruffin Road
San Diego, CA 92186-5757

Subject: Amendment to F-16 JFS Parts Distribution Agreement

Dear ____:

Over the last year, we have been discussing providing technical support services to our F-16 customers. As a result of our conversations, we would like to propose the following:

- A. Amend the Hamilton Sundstrand/AAR F-16 JFS Distributorship Agreement No. 99879 effective April 4, 2002, by adding a Technical Support Services clause and designating AAR as Hamilton Sundstrand's sole repair source for the JFS, JFS Controller and JFS Fuel Control for the USAF, Lockheed Martin and other F-16 customers. Further, paragraph 1(a) of the Agreement shall be amended to remove the exclusion of sales of subassemblies and piece parts to the U.S. Government and Lockheed Martin.
- B. As consideration for the Technical Support Services clause and related designation, AAR will issue a purchase order to Hamilton Sundstrand at the annual Technical Support Services rate of \$75,000, escalating to \$150,000 in the year that the USAF JFS repair contract is awarded, payable in quarterly installments, for engineering support services. If there are 20 – 50 JFS overhauls performed by AAR in a year, the Technical Support Services rate is lowered to \$100,000 the next year, and if less than 20 USAF JSF overhauls per year, the rate is \$75,000 for the next year.
- C. This is intended to fund one engineer who will work exclusively on requirements for military programs (excluding any Honeywell related APU programs). This will be reviewed for renewal on an annual basis, and will be subject to continuation of existing AAR distribution agreements, both JFS and APU, and maintenance of AAR business base.
- D. In the event a US Government Performance Based Logistics (PBL) contract, e.g. APU PBL at NADEP Cherry Point and F-16 PBL at Hill, or similar new initiative is awarded, which includes a funded engineering support line item, then the payment for technical services referenced in paragraph B may be superceded by this line

item. Alternatively, AAR can charge such engineering support or a portion thereof to the PBL contracts.

- E. It is understood that Hamilton Sundstrand will establish separate pricing for Government sales by AAR Defense Systems and sales to other customers by AAR Aircraft Component Services (ACS). AAR will set up appropriate firewalls between the two divisions.
- F. Extend the November 1999 JFS Distributorship Agreement term per paragraph 10 from 60 months to 96 months.
- G. Delete exclusion of DoD on JFS Kit Agreement No. 97878 and extend this agreement 36 months as well.
- H. Amend the JFS Distributorship Agreement termination clause to be consistent with recent changes to the APU agreement.

Upon your acceptance of this letter, we will issue a PO, incorporating this letter, to be followed with our two companies proceeding to amend our agreements to reflect the above changes.

We believe these changes will provide significant benefits to F-16 customers, Hamilton Sundstrand and AAR. If you have any questions or concerns, please call me at (630) 227-2922.

Sincerely,

David E. Prusiecki
Vice-President Military Programs

Date: 4/5/02 10:57 AM

Sender: David Prusiecki

To: April Ganch; Maggie Brady; Deborah Tucker

Priority: Normal

Subject: Fwd:JFS DISTRIBUTORSHIP AGREEMENT

Shipmates, here is draft document on how AAR and HS can further work together to provide enhanced support to our customers.

Forward Header

Subject: JFS DISTRIBUTORSHIP AGREEMENT

Author: David Prusiecki

Date: 4/5/02 10:18 AM

Tom and Larry,

Attached is the latest version of the concept for amendment to JFS Distributorship Agreement we have previously discussed. From the earlier draft, we have added a few things, e.g. split payment with some immediately for JFS distribution of parts and more later for HS Technical Support Services once we win the USAF JFS repair business. We also filled in dollar values which had been blank in the prior draft.

Would be pleased to discuss soonest, so we can proceed with PO issuance for increased support and with agreement amendment.

David



Technical Services
Amendment.doc

Date: 6/19/02 4:08 PM
Sender: "Chalfant; Daniel HS-SD" <SMTP:dan.chalfant@hs.utc.com>
To: Robert Sopp; David Prusiecki
cc: Deborah Tucker; Maggie Brady; April Ganch
Priority: Urgent
Subject: F16 JFS Amendment

David,

Attached is the latest Amendment with the changes we talked about:

1. AAR ACS added to 1st paragraph.
2. HSPS changed to HSC.
3. Authorized Repair Facility deleted.
4. Date; added

<<AMENDMENT 1a JFS with dans mods.doc>>

If Acceptable, please sign and return via fax;

Daniel A. Chalfant
Contract Specialist
Military Spares Administration
Ph. 858-627-6349
Fx. 858-627-6762



AMENDMENT 1A JFS
WITH DANS MODS.DOC



AAR DEFENSE SYSTEMS

June 21, 2002

Hamilton Sundstrand
4400 Ruffin Road
San Diego, California 92186-5757

ATTN: Mr. Dan Chalfant

SUBJECT: AMENDMENT TO F-16 JFS DISTRIBUTION AGREEMENT

Dear Dan,

Attached is the executed subject amendment that you e-mailed to AAR. Please sign and return one copy to me.

We look forward to this expanded business relationship and enhanced technical support for our military customers.

Very truly yours,

David E. Prusiecki
Vice President, Defense Programs

enclosures
L0621dp.doc

CB = 80220004
CJ 80210003
CS 107870
704



Hamilton Sundstrand

A United Technologies Company

M B, my

Power Systems
4400 Ruffin Road
San Diego, CA 92186-5757

June 26, 2002

AAR DEFENSE SYSTEMS
One AAR Place
1100 N. Wood Dale Road
Wood Dale, IL 60191

ATTN: Mr. David Prusiecki

SUBJECT: AMENDMENT TO F-16 JFS Distribution Agreement

Dear David,

Attached is the fully executed subject amendment that you FED EXP to HSC.

Ken Martin of HSC has signed both originals, and we are returning one to AAR.

We look forward to this expanded business relationship and enhanced technical support to our military customers.

Very truly yours,

Daniel A. Chalfant
Contract Specialist, Military Spares

(Enclosure)

**AMENDMENT #1
TO
DISTRIBUTORSHIP AGREEMENT #99879
F-16 JET FUEL STARTER (JFS)**

THIS AMENDMENT, made effective the 15th day of June 2002, by and between Hamilton Sundstrand Corporation "HSC" (formerly Sundstrand Corporation), a Delaware corporation having a place of business at San Diego, California, U.S.A., and AAR Defense Systems & Logistics, and AAR Aircraft Component Services, divisions of AAR Parts Trading, Inc.

WHEREAS, Hamilton Sundstrand desires to make AAR the Exclusive Distributor of F-16 JFS repairs and JFS fuel controls parts & repairs;

NOW, THEREFORE, the parties do hereby enter into this Amendment to the DISTRIBUTORSHIP AGREEMENT, 99879, (hereinafter referred to as "the Agreement") and agree as follows:

1. In paragraph 1(a), line 1, delete the words "the U.S. Government and" and add the words "Fort Worth, Texas" after "Lockheed Martin".
2. In paragraph 10, line 1, replace "sixty (60) months" with "ninety-six (96) months".
3. In paragraph 11, add the following sub-paragraphs:
 - g. If this agreement is terminated under the provisions of paragraph 11, the parties agree that they will continue to perform their obligations, to the extent AAR purchase orders were issued to Hamilton Sundstrand prior to said termination, or AAR has submitted a firm quotation to the U.S. Government prior to said termination.
 - h. If this agreement is terminated under the provisions of paragraphs 10 or 11, the parties agree that Hamilton Sundstrand will purchase from AAR existing inventory acquired pursuant to this agreement, not otherwise allocated to customer contracts. Hamilton Sundstrand will purchase such inventory at the price originally paid by AAR for the product, FOB Warehouse. Hamilton Sundstrand obligation to purchase such inventory will not exceed \$125,000. AAR will be responsible for packaging inventory for shipment. AAR will provide a list of said inventory to Hamilton Sundstrand within 30 days of termination.
 - i. If this agreement is terminated under the provisions of paragraph 10, the parties agree that AAR shall have the continuing rights of this Agreement to purchase products from Hamilton Sundstrand and supply products to its customers, to the extent such products were contracted with its customers prior to said termination.
4. Add the following new paragraphs to the Distributorship Agreement.

22. Technical Support Services:

- a. HSC will provide technical assistance on all Hamilton Sundstrand product, including Auxiliary Power Units and JFS parts, purchased by AAR, including AAR Aircraft Component Services (ACS). AAR will pay Hamilton Sundstrand an engineering fee of \$150,000 annually, commencing July 1, 2002, payable in one installment. In subsequent years, the engineering fee will be paid in quarterly installments, payable on July 1, October 1, January 1, and April 1.
- b. After one year, if no U.S. Government contracts with funded repairs are awarded to AAR for F-16 JFS repairs, then the annual engineering fee will be reduced to \$125,000. If funded repairs are subsequently awarded, the fee will be raised to \$150,000 for the following year beginning on July 1.
- c. AAR guarantees Hamilton Sundstrand requirements 12 F-16 JFS repairs per year from Lockheed Martin, Fort Worth. If Lockheed Martin Fort Worth awards less than 12 repairs per year to HSC, AAR will award the balance of Lockheed Martin repairs worldwide (not to exceed a total of 12) to Hamilton Sundstrand at a price of \$22,500 each, for overhaul and conversion.
- d. AAR agrees not to sell inventory purchased at US Government prices to FMS customers. AAR will physically segregate inventory intended for the US Government and inventory intended for FMS customers. US Government inventory will be stored in Wood Dale, IL. FMS inventory will be stored in New York. AAR will provide quarterly reporting to Hamilton Sundstrand showing inventory levels and shipments for the quarter.
- e. If this agreement is terminated under the provisions of paragraphs ten (10) or eleven (11), the parties agree that the engineering fee referenced in paragraph (a) above will be refunded to AAR on a pro-rata basis.

5. Appendix 1 to the Distributorship Agreement is amended as follows:

To Products, under Subassemblies and piece parts, add JFS Fuel Controls. Add a new subcategory called "Repairs: F-16 Jet Fuel Starters, JFS Fuel Controls".

Except as provided for in this Amendment, all other provisions of the APU Distribution Agreement remain unchanged. IN WITNESS WHEREOF, the parties have caused this Amendment to be executed by their duly authorized officers on the day and year first written above.

HAMILTON SUNDSTRAND CORPORATION

By: Kenneth D. Martin
Date: 6/26/02
Name: Kenneth D. Martin
Title: Vice President, Contracts & Compliance

(end of amendment)

AAR DEFENSE SYSTEMS

By: David Prusiecki
Date: 21 JUNE 2002
Name: David Prusiecki
Title: Vice President,
Defense Systems

DISTRIBUTORSHIP AGREEMENT #99879
F-16 JET FUEL STARTER (JFS)
Amendment # 2
Dated 2/09/05

THIS AMENDMENT, made effective the 1st day of January 2005, by and between Hamilton Sundstrand Corporation "HSC" (formerly Sundstrand Corporation), a Delaware corporation having a place of business at San Diego, California, U.S.A., and AAR Parts Trading doing business as Defense Systems & Logistics, and AAR Aircraft Component Services New York and Amsterdam, divisions of AAR Allen Services, Inc.

WHEREAS, Hamilton Sundstrand desires to make AAR the Exclusive Distributor of F16 JFS Spare Parts and Non-Exclusive Distributor of F16 Repairs;

NOW, THEREFORE, the parties do hereby enter into this Amendment to the DISTRIBUTORSHIP AGREEMENT, 99879, (hereinafter referred to as "the Agreement") and agree as follows:

Replace Paragraph 1a.

1. SUBJECT MATTER OF DISTRIBUTORSHIP AND SALE:

- a. With the exception of sales to Lockheed Martin, Fort Worth, Texas, AAR is hereby appointed as Hamilton Sundstrand's Exclusive distributor of subassemblies and piece parts (the products) and Non-exclusive distributor for Repairs of the components listed in Appendix 1, in the "Territory as defined in Appendix 1. This right is non-transferable.
- b. Generally, AAR is expected to contract directly with customers in the territory for repairs except in those cases where HSC advises AAR that HSC will be prime and perform the repairs at HSC's or AAR's facility.

DELETE the following paragraphs from the Distributorship Agreement:

- 22. Technical Support Services:**
(In it's entirety)

ADD the following paragraph to the Distribution Agreement:

23. SEGREGATION OF INVENTORY:

- a. AAR agrees not to sell inventory purchased for US Government purposes to commercial or foreign military customers, with out consent of HSC. AAR will physically segregate inventory intended for the US Government and inventory intended for other customers. US Government inventory will be

stored in Wood Dale, IL or New Bern, NC. Other inventory will be stored in Garden City, New York, or Amsterdam, Netherlands. AAR will provide quarterly reporting to Hamilton Sundstrand showing shipments for the quarter.

Appendix 1 to the Distributorship Agreement is amended as follows:

To Products, under Subassemblies and piece parts, add JFS Fuel Controls, add a new subcategory called "Repairs: F-16 Jet Fuel Starters, JFS Fuel Controls".


Except as provided for in this Amendment, all other provisions of the APU Distribution Agreement remain unchanged. IN WITNESS WHEREOF, the parties have caused this Amendment to be executed by their duly authorized officers on the day and year first written above.

HAMILTON SUNDSTRAND CORPORATION

By: 
Date: 6/15/05
Name: Kenneth D. Martin
Title: Director Contracts & Counsel

(end of amendment)

AAR DEFENSE SYSTEMS

By: 
Date: Feb 9, 2005
Name: David Prusiecki
Title: Vice President,
Defense Systems

DISTRIBUTORSHIP AGREEMENT #99879
F-16 JET FUEL STARTER (JFS)
Amendment # 3
Dated 08/23/2005

THIS AMENDMENT, made effective the 23rd of August 2005, by and between Hamilton Sundstrand Corporation "HSC" (formerly Sundstrand Corporation), a Delaware corporation having a place of business at San Diego, California, U.S.A., and AAR Parts Trading doing business as Defense Systems & Logistics, and AAR Aircraft Component Services New York and Amsterdam, divisions of AAR Allen Services, Inc.

WHEREAS, Hamilton Sundstrand desires to make AAR the Exclusive Distributor of F16 JFS Spare Piece Parts and Subassemblies and Exclusive Distributor of F16 Repairs;

NOW, THEREFORE, the parties do hereby enter into this Amendment to the DISTRIBUTORSHIP AGREEMENT, 99879, (hereinafter referred to as "the Agreement") and agree as follows:


Replace Paragraph 1 with the following.

1. SUBJECT MATTER OF DISTRIBUTORSHIP AND SALE:

- a. With the exception of repairs for Lockheed Martin (PROS), Fort Worth, Texas, LEAR (PROS), STS, MHI, Sumitomo, HSI, and Derco, AAR is hereby appointed as Hamilton Sundstrand's Exclusive distributor for Repair Services of the components listed in Appendix 1, in the Territory as defined in Appendix 1.
- b. Generally, AAR is expected to contract directly with customers in the Territory for repairs except in those cases where HSC advises AAR that HSC will be prime and perform the repairs at HSC's or AAR's facility.
- c. In consideration of this amendment AAR agrees to purchase JFS kits from Hamilton Sundstrand in support of their repair business. The JFS repair kit price for part number 924-03 will be \$20,815 effective immediately, \$22,500 effective 1-1-2006, and \$25,000 effective 1-1-2007.
- d. AAR remains HSC's Exclusive distributor of subassemblies and piece parts for the products as defined by Appendix 1.


Except as provided for in this Amendment, all other provisions of the Distributorship Agreement remain unchanged. IN WITNESS WHEREOF, the parties have caused this Amendment to be executed by their duly authorized officers on the day and year first written above.

HAMILTON SUNDSTRAND CORPORATION

By: 
Date: _____
Name: Kenneth D. Martin
Title: Director Contracts & Counsel

(end of amendment)

AAR DEFENSE SYSTEMS

By: 
Date: Feb 10, 2006
Name: David Prusiecki
Title: Vice President,
Defense Systems

DISTRIBUTION AGREEMENT #99879
F-16 JET FUEL STARTER (JFS)
AMENDMENT #6
Dated 06/18/2013

THIS AMENDMENT, made effective the 18th of June 2013, by and between Hamilton Sundstrand Corporation "HSC" (formerly Sundstrand Corporation), a Delaware corporation having a place of business at San Diego, California, U.S.A., and AAR Parts Trading doing business as Defense Systems & Logistics, AAR Aircraft Component Services New York, division of AAR Allen Services, Inc. and AAR Aircraft Component Services Amsterdam, a division of AAR International.

WHEREAS, Hamilton Sundstrand desires to make AAR the Exclusive Distributor of F16 JFS Spare Piece Parts and Subassemblies and Exclusive Distributor of F16 Repairs;

NOW, THEREFORE, the parties do hereby enter into this Amendment to the DISTRIBUTORSHIP AGREEMENT, 99879, (hereinafter referred to as "the Agreement") and agree as follows:

Replace Paragraph 1 with the following.

1. SUBJECT MATTER OF DISTRIBUTORSHIP AND SALE:

- a. AAR is hereby appointed as Hamilton Sundstrand's Exclusive Distributor for Repair Services of the components listed in Appendix 1, in the Territory as defined in Appendix 1. The only exceptions to the exclusive distributorship for repairs are those repairs performed by Mitsubishi Heavy Industries (MHI), Sumitomo, Helicopter Support Inc. (HSI), and Derco.
- b. Generally, AAR is expected to contract directly with customers in the Territory for repairs except in those cases per a. above where HSC advises AAR that HSC will be prime and perform the repairs at HSC's or AAR's facility.
- c. AAR remains HSC's Exclusive distributor of subassemblies and piece parts for the products as defined by Appendix 1.

Except as provided for in this Amendment, all other provisions of the Distributorship Agreement remain unchanged. IN WITNESS WHEREOF, the parties have caused this Amendment to be executed by their duly authorized officers on the day and year first written above.

Hamilton Sundstrand Corporation

By: Gary L. Besaw

Date: 18 June 2013

Name: Gary L. Besaw

Title: Mgr., Mil AftrMkt Contracts

AAR Defense Systems & Logistics

By: David E. Prusiecki

Date: 18 June 2013

Name: David E. Prusiecki

Title: Vice President