

GENERAL TERMS AGREEMENT

THIS PURCHASE AGREEMENT (the "Agreement"), effective as of the day of ~~6th~~ day of September, 2012, is by and between Sumitomo Corporation, with offices at 1-8-11, Harumi, Chuo-Ku, Tokyo, 104-6124, (hereafter referred to as "Buyer"), and AAR Parts Trading, Inc., an Illinois corporation, with offices at 1100 Wood Dale Road, Wood Dale, Illinois 60191 (hereafter referred to as "Seller").

WITNESSETH

WHEREAS, Seller is a distributor of certain Hamilton Sundstrand Power Systems ("HSPS") aircraft parts listed on Exhibit A hereto (hereafter referred to as the "Products"); and

WHEREAS, Buyer may desire, from time to time, to purchase from Seller such Products sole for resale to the Japanese Ministry of Defense; and

WHEREAS, Seller desires to sell and deliver Products to Buyer, upon request from Buyer, under the terms and conditions hereinafter set forth.

NOW, THEREFORE, for and in consideration of the mutual covenants, promises and agreements hereinafter set forth, it is agreed by and between the parties hereto, as follows:

1. Placement of Orders: Buyer will initiate purchases of Products hereunder by issuing its purchase order ("Order") setting forth the Product being ordered, part number, the date or dates of deliveries, quantities, prices and shipping instructions, and evidence that the Products ordered are solely for resale to the Japanese Ministry of Defense. Except as otherwise expressly provided herein, the provisions of this Agreement will govern the purchase of any and all Products by Buyer from Seller. Any other terms of Buyer's Orders or Seller's acknowledgments, invoices or shipping documents, whether printed, stamped, typed or written or otherwise attached to or on the reverse thereof will not apply. Buyer will place its Orders for Products quoted by Seller in accordance with Seller's quotation for said Products. Seller may accept or reject an Order by written acknowledgment.

2. Prices: Prices for Products will be the prices quoted by Seller and as set forth in each Order of Buyer accepted by Seller.

3. Delivery Terms: Seller will deliver the Products in accordance with the schedule specified in an individual Order, provided Seller has accepted such Order. As used herein, the term "Delivery" means delivery (FCA – Incoterms 2010) O'Hare airport. Upon written request by Buyer, Seller will ship individual Products to the destination and via the carriers specified by Buyer, freight collect.

When tendered, and during shipment, each Product will be packed at Seller's expense using the packing procedures and containers specified by ATA Specification 300 for such Products. Unless otherwise specified in Seller's quotation, there are no minimum Order or shipment quantities.

4. Payment Terms: Seller will invoice Buyer for each shipment, and Buyer will pay such invoices, net thirty (30) days, after date of invoice. Payment will be in U.S. Dollars.

5. Term: This Agreement is effective as of the date first specified above (the "Effective Date"), and will continue until the 31st day of December, 2013, except that any obligations that survive such termination will continue thereafter in full force and effect.

6. Inspection and Acceptance: Buyer will accept each Product upon Delivery in accordance with the provisions of this Agreement, subject only to rejection of any non-conforming Product by notice in writing given within (60) days, in the event that non-conforming is found beyond (60) days, Seller and Buyer shall discuss in a good faith to solve this. Buyer will promptly return to Seller, or otherwise dispose of any non-conforming Products pursuant to Seller's instructions and at Seller's expense, which will be given within thirty (30) days of Seller's receipt of Buyer's written notice of rejection for non-conformance. Seller will, within a reasonable period of time after notice of rejection and non-conforming status, ship conforming Products to replace any non-conforming Products unless Buyer cancels its Order with respect to such non-conforming Products, in which case a full credit will be given Buyer of any payments made to Seller for the non-conforming Product cancelled.

8. Title and Risk of Loss: Title to and risk of loss of each Product will pass to Buyer upon Delivery, and at time of Delivery, Buyer will obtain good and marketable title of each Product free and clear of all encumbrances against Seller.

9. Taxes: Buyer will indemnify, defend and hold Seller harmless from and against any and all taxes of whatsoever kind or nature, including costs or expenses incurred in connection therewith (except for taxes levied against Seller based on its net income), which may be assessed against, chargeable to or collectible from either Buyer or Seller by any taxing authority of any country, federal, state or local government, and which are based upon or levied or assessed with respect to the sale of the Products hereunder to Buyer or the subsequent operation, possession or use of the Products.

If a claim is made against Seller for any taxes that are to be paid by Buyer, Seller will notify Buyer. If Buyer so requests in writing, Seller will, at Buyer's expense, take such action as Buyer may reasonably direct with respect to such taxes, including payment of such taxes under protest. If the tax has been paid, and if requested by Buyer, Seller will, at Buyer's expense, take such action as

Buyer may reasonably direct, including allowing Buyer to file a claim or commence legal action in Seller's name, to recover such tax payment. In the event of refund or recovery of any tax, or part thereof, Seller will pay to Buyer promptly that portion of the tax paid by Buyer, including any interest received thereon.

Any tax, withholding tax, duty, import duty or any other charges imposed or charged outside Japan in connection with the execution of this Agreement, the exportation of the Products from US and/or the making of any payments hereunder, if any, shall be borne and paid for by Seller. Seller shall indemnify and hold Buyer harmless against claims or liabilities in respect of the foregoing.

10. Limited Warranty:

A. Coverage and Warranty Period.

Products supplied by Seller to Buyer under any Order are warranted to be, at the time of delivery, free from defects in material and workmanship. If no later than fourteen(14)months after delivery of the Product(s) by Seller to Buyer, any delivered Product(s) is found to be defective in material or workmanship, Seller shall, at its option, repair, replace or extend credit for such defective Product at its expense and with reasonable promptness provided Seller confirms the existence of said defect. Buyer shall provide Seller with written notice of a claimed defect within sixty (60) days after the defect becomes apparent to Buyer. Said notice will contain reasonable proof that the claimed defect is covered by this warranty and is subject to confirmation and verification by Seller. In the event Seller replaces or extends credit for a defective Product(s) , Buyer shall dispose of the defective Product(s) in accordance with Seller's instructions. The only warranties made by Seller are those expressly provided herein and they are specifically conditioned upon the proper handling, use and maintenance of the Product(s) by Buyer (or its customer(s)) compliance with the paragraph below, and receipt of timely notice as required above. Any other statements expressed in the Agreement or in Orders, proposals, specifications, drawing or manuals shall not be deemed to constitute a warranty of the Product.

ADDITIONALLY, BUYER AGREES THAT THE USE OR INCORPORATION OF ANY PARTS OR REPAIRS INTO A PRODUCT WHICH ARE NOT HAMILTON SUNSTRAND AND/OR FAA APPROVED WILL RESULT IN A DISCLAIMER BY SELLER OF RELATED WARRANTY OBLIGATIONS. REPAIRS, MAINTENANCE, AND MODIFICATION OF EQUIPMENT USING PRODUCTS PURCHASED FROM SELLER MUST BE PERFORMED AS SPECIFIED IN THE APPLICABLE COMPONENT MAINTENANCE OR OVERHAUL MANUAL AND/OR SERVICE BULLETIN BY TECHNICALLY COMPETENT PERSONNEL. THE REPAIRS, MAINTENANCE, AND/OR MODIFICATION ARE TO BE ACCOMPLISHED UTILIZING TOOLING AND TEST EQUIPMENT, AS SPECIFIED IN THE MANUAL OR SERVICE BULLETIN, IN A REPAIR FACILITY APPROVED BY THE APPROPRIATE GOVERNING AIRWORTHINESS AUTHORITY.

B. Disclaimer. THIS LIMITED WARRANTY SUPERSEDES AND VOIDS ANY WARRANTY OR LIMITED WARRANTY PROVISION CONTAINED IN BUYER'S DOCUMENTS RELATING TO ITS PURCHASE OF THE PRODUCTS FROM SELLER. THE WARRANTIES SET FORTH IN THIS LIMITED WARRANTY PROVISION AND THE OBLIGATIONS AND LIABILITIES OF SELLER THEREUNDER, ARE EXPRESSLY IN LIEU OF, AND BUYER HEREBY WAIVES AND RELEASES SELLER FROM, ANY AND ALL OTHER WARRANTIES, AGREEMENTS, GUARANTEES, CONDITIONS, DUTIES, OBLIGATIONS, REMEDIES OR LIABILITIES, EXPRESS OR IMPLIED, ARISING BY LAW OR OTHERWISE, INCLUDING WITHOUT LIMITATION ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR INTENDED USE, WITH RESPECT TO SELLER'S PERFORMANCE HEREUNDER NO AGREEMENT OR UNDERSTANDING VARYING, ALTERING OR EXTENDING SELLER'S LIABILITY HEREUNDER WILL BE BINDING ON SELLER UNLESS IN WRITING SIGNED BY A DULY AUTHORIZED OFFICER OR REPRESENTATIVE OF SELLER.

C. Limitation of Liability. IN NO EVENT WILL AAR'S LIABILITY UNDER THIS WARRANTY EXCEED THE PURCHASE PRICE ACTUALLY PAID FOR THE PART.

11. Consequential Damages. NEITHER PARTY WILL BE LIABLE FOR, AND EACH PARTY WAIVES AND RELEASES ANY CLAIMS AGAINST THE OTHER PARTY FOR, ANY SPECIAL, INCIDENTAL, OR CONSEQUENTIAL DAMAGES, INCLUDING LOST REVENUES, LOST PROFIT, OR LOSS OF PROSPECTIVE ECONOMIC ADVANTAGE, RESULTING FROM PERFORMANCE OR FAILURE TO PERFORM UNDER THIS AGREEMENT.

12. Force Majeure/Delay. Seller will not be responsible for any delay in or failure of performance due to acts of God or the public enemy, war or warlike operations, inability to secure or failure of suppliers to deliver parts or materials due to force majeure, insurrection or riot, floods, explosions, fires, earthquakes, any governmental acts or omissions, failure of transportation, strikes or other labor disputes, acts or omissions of Buyer, or any other cause beyond Seller's control.

13. Termination:

A. (i) If Seller fails to perform any of its duties or obligations under this Agreement, and that failure continues for thirty days after written notice of such default from Buyer, then Buyer may terminate this Agreement at any time thereafter, effective immediately upon written notice of termination to Seller, without prejudice to any other rights or remedies Buyer may have.

(ii) If Buyer fails to perform any of its duties or obligations under this Agreement and that failure continues for thirty days after written notice to Buyer by Seller then Seller may terminate this Agreement at any time thereafter effective immediately upon written notice of termination to Buyer without prejudice to any other rights or remedies Seller may have.

B. If either party becomes insolvent; is not paying its bills when due without just cause; has a receiver appointed for its assets; takes any step leading to its cessation as a going concern; or either ceases or suspends operations for reasons other than a strike (the "Defaulting Party"), then the other party (the "Insecure Party") may immediately terminate this Agreement on written notice to the Defaulting Party unless the Defaulting Party immediately gives adequate assurance, satisfactory to the Insecure Party, of the future performance of this Agreement. If bankruptcy proceedings are commenced with respect to the Defaulting Party and if this Agreement has not otherwise terminated, then the Insecure Party may suspend all further performance of this Agreement until the Defaulting Party assumes or rejects this Agreement pursuant to Section 365 of the Bankruptcy Code or any similar or successor provision. Any such suspension of further performance by the Insecure Party pending the Defaulting Party's assumption or rejection will not be a breach of this Agreement and will not affect the Insecure Party's right to pursue or enforce any of its rights under this Agreement or otherwise.

C. If any provision of this Agreement affecting the material rights and obligations of a party is declared invalid by operation of law, the party whose rights are adversely affected thereunder may terminate this Agreement by notice to the other party within thirty (30) days of such declaration.

D. Seller shall have the right to immediately terminate this Agreement notice to Buyer in the event Seller's distribution agreement with HSPS for the Product expires or terminates. However, Seller shall undertake obligations for "Order" received by Seller before then.

14. Relationship of the Parties. The relationship of the parties is that of buyer and seller. Nothing herein is intended or will be construed to establish any agency, partnership, or joint venture relationship between the parties. While visiting the other party's premises, each party's employees will obey all applicable premises rules.

15. Publicity. Neither party will refer to this Agreement or use the name of the other party nor their registered trade names or service marks in any form of publicity or advertising, either directly or indirectly, without the prior written consent of the other party.

16. Indemnification. Buyer hereby releases and agrees to indemnify, defend and hold Seller, its directors, officers, employees and agents harmless from and against any and all liabilities, claims, demands, suits, damages and losses (including without limitation

all attorneys' fees, costs and expenses in connection therewith or incident thereto) for deaths of or injuries to any persons whomsoever (including without limitation Buyer's employees) and for loss of, damage to, destruction of, or delay in any way connected with the possession, use or ownership of Products subsequent to sale hereunder, regardless of the negligence, active, passive or any other type, of Seller, its directors, officers, employees or agents. Seller hereby releases and agrees to indemnify, defend and hold Buyer, its directors, officers, employees and agents harmless from and against any and all liabilities, claims, demands, suits, damages and losses (including without limitation all attorneys' fees, costs and expenses in connection therewith or incident thereto) for deaths of or injuries to any persons whomsoever (including without limitation Seller's employees) and for loss of, damage to, destruction of, or delay in any way connected with Seller's possession, use or ownership of the Products prior to sale hereunder, regardless of the negligence, active, passive or any other type, of Seller, its directors, officers, employees or agents.

17. Waiver. No waiver by either party of any default or breach by the other party of any provision of this Agreement will operate as or be deemed a waiver of any subsequent default or breach.

18. Amendments. This Agreement may be changed, modified or amended from time to time only by express written agreement of the parties executed by their authorized representatives.

19. Confidential Information. Except in any proceeding to enforce the provisions of this Agreement or as required by law, neither Party will disclose to any third party the financial terms of this Agreement, the terms contained in any Attachment or Endorsement hereto, or any other confidential information of the other party, including orders, forecasts, financial or marketing plans or data, or any data processing programs or procedures.

20. Notices. Notices and other communications under the terms of this Agreement will be, in English, in writing and sent by prepaid certified mail, return receipt requested, or by telegram or telex, to the following addresses:

To Buyer: Sumitomo Corporation
1-8-11, Harumi, Chuo-Ku, Tokyo
Attention: Eiji Ishida
Fax: +81-(0)3-5166-6257

To Seller: AAR Parts Trading, Inc.
1100 North Wood Dale Road
Wood Dale, Illinois 60191
Attention: Paul Sitkowski
Fax: 630-227-2929

Notices shall be effective on the first business day following receipt thereof. Notices sent by certified mail shall be deemed received on the date of delivery as indicated on the return receipt; notices sent by telegraph or telex shall be deemed received on the date transmitted.

21. Assignment. Either party may assign this Agreement in its entirety to its parent corporation, to a wholly-owned subsidiary, or to a successor of all of its business or assets. This Agreement may not be otherwise assigned or transferred in whole or in part without the written consent of the other party, and any such assignment will be void and of no effect.

22. Governing Law. The terms and provisions of this Agreement will be construed and enforced in accordance with, and any dispute arising out of or in connection with this Agreement, will be governed by, the laws of the State of New York. Any dispute or controversy or difference arising out of or in connection with this Agreement between the parties hereto shall be finally settled by arbitration in New York in accordance with the Rules of Arbitration of the International Chamber of Commerce. The award of the arbitration shall be final and binding upon the both parties..

23. Entirety of Agreement. This Agreement supersedes all prior or contemporaneous oral or written representations or communications between the parties and constitutes the entire understanding of the parties regarding the subject matter of this Agreement.

24. Representations, Warranties and Covenants

A. General. Notwithstanding any other provision in this Agreement, Buyer makes the following representations, warranties and covenants, which have induced the Seller to execute this Agreement:

B. Compliance with Law. In connection with the performance of this Agreement, Buyer covenants and agrees that neither Buyer nor its affiliates, officers, directors, employees, owners, agents, representatives, consultants, sub-contractors, or their immediate family members (collectively "Affiliates") will take any action that will cause it, any of its Affiliates, or the Seller to violate any applicable law (including without limitation the laws of the United States or Japan) or to incur any penalty for violation of any applicable law of the United States or Japan, including without limitation, violations of and/or penalties under the U.S. Foreign Corrupt Practices Act of 1977, as amended ("FCPA").

C. No Involvement of Officials. Neither Buyer nor any of its Affiliates is (or will be at any time during the term of this Agreement): (i) an officer, agent or employee of any government or any agency, instrumentality or department thereof (collectively "Government"); (ii) a person acting in an official capacity for or on behalf of any such Government; (iii) an official of any political party, holder of any political office, or candidate for any political office; (iv) an entity directly or indirectly owned or controlled by any such Government, or an officer, agent or employee of such entity; or (v) an

officer or employee of a public international organization (each of the foregoing (i) to (v) is an "Official"). The term "public international organization" means an organization that is designated by U.S. Executive Order pursuant to Section 1 of the U.S. International Organization Immunities Act (22 U.S.C. 288), or any other international organization that is designated by the U.S. President by Executive Order, effective as of the date of publication of such order in the U.S. Federal Register.

D. Payments Received from Customer. No part of any payments received from The Japanese Ministry of Defense will be paid to or accrue for the benefit of, directly or indirectly, anyone who is an Official or acts for on behalf of any Government, or any entity directly or indirectly owned or controlled thereby; and, neither party will pay or permit the payment, directly or indirectly, of any part of such payments received from the Japanese Ministry of Defense to any such person.

E. No Payments. In connection with the performance of this Agreement, Buyer shall not, directly or indirectly, offer, pay, promise to pay, or authorize the payment of any money or offer, promise to give, or authorize the giving of anything of value to any Official while knowing or having reason to know that all or a portion of such money or thing of value will be offered, given or promised, directly or indirectly, to any such Official for the purpose of:

- influencing any action or decision of such Official including, without limitation, a decision to fail to perform his or its official functions; or
- inducing such Official to use his or her influence with any Government to affect or influence any act or decision of such Government;

for the purpose of securing an improper advantage in obtaining or retaining business for or with, or directing business to, any person, including obtaining preferential regulatory approvals.

F. Books and Records. Buyer has represented to the Seller that it will not include any mark up from the price at which it purchases Products on sales to the Japan Ministry of Defense. In this connection, and in connection with the performance of this Agreement and with the sale of Products, the Buyer shall maintain books, records and accounts, including invoices issued by Buyer to the Japanese Ministry of Defense and the Company, which in reasonable detail, accurately and fairly reflect the transactions involving the sale of Products and thereby allow the Seller to maintain accurate books and records in accordance with the requirements of the internal accounting provisions of the FCPA.

G. Audit. At any time upon thirty (30) days' advance written notice to the Buyer, the Seller may audit the accounts of the Buyer in order to review and verify its compliance with Paragraph F. The Buyer shall cooperate, including (i) making available its employees, officers, directors and agents for meetings for purposes of conducting any review of matters relating to the audit; and (ii) providing access to all of the Buyer's records relating to the matters to be audited. The Seller may make copies of the books

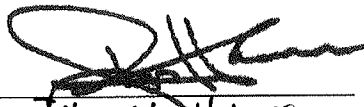
and records and other information held by the Buyer for its internal financial control purposes or for the purpose of verifying the Buyer's compliance with Paragraph F.

H. Indemnity. Buyer will indemnify without limitation the Seller against any damage, loss, liability or expense (including lawyers' fees) that the Seller may incur as a result of Buyer's or its Affiliate's breach of the representations and warranties, covenants, agreements, or commitments set forth in this Article. This provision will not be construed to limit or exclude any other claims or remedies that the Seller may assert under this Agreement or by law.

I. Material Breach. Any breach by Buyer of the representations and warranties, covenants, agreements, or commitments set forth in this Article shall constitute a material breach justifying termination for cause at any time without prior notice by the Seller and, in the case of such termination, Buyer shall not be entitled to any compensation, statutory or otherwise, otherwise due from the Seller upon termination.

IN WITNESS WHEREOF, the parties have agreed to and executed this Agreement by their authorized representatives on this 6th day of September, 2012.

AAR Parts Trading, Inc., Seller.

By: 
Name: John M. Holmes
Title: Vice President

Sumitomo Corporation, Buyer

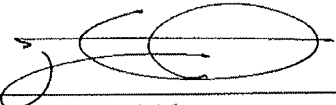
By: 
Name: Eiichi Ishida
Title: General Manager, Aerospace Dept.

EXHIBIT A – LIST OF PARTS

“Product” shall mean the military aircraft parts listed below and their related subcomponents, for the listed aircraft platforms that are manufactured by HSPS.

T-62T-40-1 (H-60)
T-62T-2B (CH-47)
T-62T-40-8 (Jet Fuel Starter)(F-2)
T-62T-40-CAD1 (U125)