

DISTRIBUTORSHIP AGREEMENT

THIS AGREEMENT ("Agreement"), made and entered into on February 15, 2017, by and **NORCATEC LLC**, a New York limited liability company, having an office and place of business at 100 Garden City Plaza, Suite 530, Garden City, NY, 11530, (hereinafter referred to as "Distributor"), and **AAR SUPPLY CHAIN, INC.**, d/b/a AAR Distribution an Illinois corporation having offices at 1100 N. Wood Dale Road, Wood Dale, IL 60191 (hereinafter referred to as "AAR"), each of which may be referred to individually as "Party" or collectively as the "Parties".

WITNESSETH:

WHEREAS, AAR is engaged in the sale and distribution of military equipment on behalf of certain original equipment manufacturers (OEM) to the Defense Logistics Agency ("DLA").

WHEREAS, AAR wishes to facilitate the sale of such equipment through Small Business Set Aside ("SBSA") solicitations through its network of registered small businesses; and

WHEREAS, Distributor is engaged in the sale and distribution of military equipment to the DLA through bidding on SBSA solicitations; and is willing to become AAR's exclusive small business channel partner to bid on SBSA solicitations for certain exclusive OEM products that AAR represents; and

NOW, THEREFORE, in consideration of the premises and the mutual promises and covenants contained herein, the Parties hereto agree as follows:

1. SUBJECT MATTER OF DISTRIBUTORSHIP AND SALE OF PRODUCTS

- a. Distributor is hereby appointed as AAR's exclusive, SBSA distributor to sell to AAR's US Government Customers certain Products that Distributor purchases from AAR. (The terms "Customers" and "Products" are defined in Exhibit A hereto.)
- b. Such appointment shall become effective on March 1, 2017, and shall be for any solicitations issued by the DLA on or after March 1, 2017.
- c. In connection therewith, AAR will sell, and deliver and Distributor will purchase from AAR the Products, as provided herein.
- d. Distributor shall contact AAR for a price quote of Products when the US Government issues an SBSA solicitation. Distributor shall provide the SBSA solicitation number to AAR in connection with the price quote.
- e. If Distributor is the successful bidder in the SBSA solicitation, Distributor shall purchase the applicable Products from AAR.

2. CHARGES, SHIPMENT, PAYMENT AND TAXES

- a. The Products shall be sold by AAR to Distributor at the prices set forth in each quote AAR provides to Distributor for each SBSA solicitation. Distributor, at its



discretion, will determine the sale price to the US Government.

- b. Distributor will initiate purchases of Products hereunder by issuing its purchase order setting forth the Product being ordered, the date or dates of deliveries ("Due Date(s)"), quantities, prices and shipping instructions. Except as otherwise expressly provided herein, the provisions of this Agreement will govern the purchase of any and all Products from AAR by Distributor. All other terms, whether printed, stamped, typed or written or otherwise attached to Distributor's purchase orders or AAR's invoice/shipping documents or on the reverse thereof will not apply. AAR will accept an order either by written acknowledgment or by shipment of the Products.
- c. Products shall be delivered FCA (Incoterms 2010) AAR's facility ("Delivery").
- d. AAR has the right to deliver Product to Distributor before the Due Date at AARs discretion. At AAR's discretion, partial deliveries of Product may occur. For non-US Government Customers, if AAR delivers Product more than 90 days before its Due Date, AAR will offer Distributor a discount of 1% per month for each month in excess of 90 days before due date.
- e. Distributor shall inspect and accept the Products within a reasonable time from Delivery.
- f. Distributor will pay AAR the purchase price within thirty (30) days after receipt of invoice.
- g. Distributor shall be responsible for all applicable national, state, provincial and local taxes, value added or sales taxes, exchange, interest, banking, collection and other charges, and levies and assessments pertaining to Distributor's compensation for its activities under this Agreement. Distributor shall indemnify AAR against all such taxes and other charges, expenses, levies and assessments, and any other liabilities arising in connection with such taxes, charges, levies, and assessments in connection with its compensation under this Agreement.

3. **DISTRIBUTOR'S OBLIGATIONS**

- a. Distributor will exercise good faith efforts on behalf of AAR to promote the sale of the Products in the Territory and promptly communicate market activity to AAR, including but not limited to, shipments to the DLA.
- b. Distributor will give reasonable consideration to such recommendations as may be made by AAR from time to time with respect to the adequacy of Distributor's coverage of the Territory.
- c. Distributor to achieve at least an 85% on time delivery performance with the DLA. For purposes of calculating such performance, AAR will disregard shipment delays caused by AAR or AAR's OEM suppliers. Distributor shall not be held accountable for delivery performance shortfalls if AAR does not meet the Due Date, and such Due Date delay directly causes Distributor's delay in shipment to the DLA.
- e. Any Request for Quote ("RFQ") provided by Distributor to AAR will include the DLA

SBSA solicitation number and the RFQ quantity will reflect that same quantity in the solicitation.

- f. Distributor will only sell AAR's Product to the DLA and not to any other parties, including but not limited to brokers, resellers, agencies associated with any foreign government, etc. unless otherwise authorized in advance by AAR in writing.
- g. Distributor represents, warrants, and covenants to AAR that:
 - (i) The services it provides hereunder shall be provided in a professional manner in accordance with industry standards.
 - (ii) Distributor has all of the qualifications, credentials, knowledge, skills, experience, facilities, finances, and personnel as may be necessary to perform the duties and obligations under this Agreement.
 - (iii) Distributor will, at all times during the term of this Agreement, take all necessary and appropriate steps to ensure that it is qualified to perform and remains qualified to perform its obligations and duties under the terms of this Agreement.
 - (iv) All information provided by Distributor to AAR relating to Distributor's ownership, history, activities, and qualifications is complete and accurate in all material respects and is not inaccurate or misleading, and Distributor will promptly notify AAR if any event occurs that would cause such information to be incomplete, incorrect, inaccurate, or misleading.
 - (v) Except as previously disclosed in writing to AAR, Distributor has not been investigated regarding, convicted of, or plead guilty to any charge involving fraud, corruption, tax evasion, theft or larceny, securities violations, or breach of contract in any jurisdiction. Nor has Distributor been prohibited, suspended or debarred by any government from any procurement, subject to any administrative sanction for willful or reckless conduct, or a party to any litigation where it has been alleged to have engaged in any type of fraudulent conduct.
 - (vi) Distributor is not presently indicted or otherwise under investigation by any governmental entity. Distributor shall immediately notify AAR of any such event.
 - (vii) Distributor will comply, in all respects, with all United States laws and regulations relating to anti-corruption and any laws or regulations implemented by the United States as a result of or to conform to the foregoing.
 - (viii) Distributor will comply with its payment obligations as set forth herein and will remain current with its payments to AAR.
 - (ix) Distributor will provide AAR with its certification of their small business status at the inception of this Agreement and annually thereafter, and as otherwise reasonably requested by AAR. If Distributor fails to or is unable to provide such certification to AAR within 120 days, or the Distributor is no longer certified as a small business, and if Distributor does not become re-certified within 120 days of de-certification, then this Agreement shall automatically terminate. During any period of de-certification, Distributor's rights to exclusivity shall be suspended. In the event this Agreement is terminated pursuant to this paragraph, AAR will nevertheless use commercially reasonable efforts to identify alternate programs that permit Distributor to reach the \$58,000,000 threshold set forth in Section 11. This commitment would terminate on the fifth anniversary of the termination of

this Agreement for loss of certification.

4. **AAR's OBLIGATIONS**

At no cost to Distributor, AAR will:

- a. From time to time as commercially necessary, furnish Distributor with reasonable quantities of literature, technical data, publications, and technical support, relating to the Products, and grants to Distributor the right to use AAR's trademarks, logos, service marks, trade names and the like, including the use of such properties on Distributor's website, for the purpose of assisting Distributor in promoting the sales of the Products within the Territory and through the Internet and Worldwide Web.
- b. AAR will not accept or quote any RFQs from any third party associated with a DLA or other US governmental SBSA solicitation for the CAGE codes in Exhibit A, other than the Distributor. AAR will forward all SBSA RFQs associated with the CAGE codes in Exhibit A to the Distributor. AAR will not quote any SBSA solicitations for the CAGE codes in this Agreement from the DLA unless requested to do so by the DLA in writing. From time to time, AAR may also forward certain requests for non-SBSA requirements to the Distributor.

AAR will make commercially reasonable efforts to remain in good standing with its suppliers holding the CAGE Codes in Exhibit A to ensure continuity of Product delivery and to maintain exclusivity.

- c. Should AAR acquire additional CAGE Codes that are exclusive to AAR and included in SBSA solicitations, Distributor will be given the first opportunity to bid on the new CAGE Codes so that they will be added to Exhibit A and become a part of the Agreement. If AAR, in its sole discretion, does not accept Distributor's bid, AAR may bid the CAGE Codes out to other distributors.
- d. AAR represents to Distributor that for the past two years, AAR has sold approximately \$10-\$15 million of Products to SBSA vendors.

5. **ACCEPTANCE AND REJECTION OF PRODUCTS**

Distributor 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 fifteen (15) working days after Delivery. A Product will be deemed non-conforming only if it is functionally defective, is the incorrect item, is visibly damaged, is not of the requested condition code or has deficient documentation. Distributor will, within fifteen (15) working days after receiving AAR's return authorization, return to AAR, or otherwise dispose of, any non-conforming Products pursuant to AAR's instructions and at AAR's expense, which return authorization will be given by AAR within fifteen (15) working days after AAR's receipt of Distributor's written notice of rejection for non-conformance. If AAR fails to furnish Distributor with such instructions, Distributor will return any non-conforming Products to AAR at AAR's expense in accordance with commercially reasonable practices, subject to confirmation of the non-conforming status by AAR. After receiving notice of rejection and non-conforming status, AAR will use reasonable efforts to ship conforming Products to replace any non-conforming Products unless Distributor cancels its order with respect to such non-conforming Products, in which case a full credit will be given Distributor

of any payments made to AAR for the non-conforming Product cancelled. If a Product is non-conforming and (a) Distributor fails to notify AAR of the non-conformance within fifteen (15) working day period, or (b) after having received AAR's return authorization, Distributor fails to return the non-conforming Product to AAR within fifteen (15) working day period, then it will be conclusively deemed for all purposes that the Product conforms in all respects.

6. **TITLE AND RISK OF LOSS**

Upon AAR's Delivery of Products title to and risk of loss of these Products will pass to Distributor. Title to the Products will be free and clear of all liens, charges and encumbrances.

7. **EXCUSABLE DELAY**

Neither Party will be responsible nor deemed to be in default for delays in performance due to 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 AAR, 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 unless Distributor notifies AAR that Products are no longer desired for whatever reason, and AAR will refund to Distributor all monies paid for such Products. Neither Party shall, in any event, be liable for any incidental or consequential damages on account of any such delay.

8. **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, facsimile, cable or any other customary means of communication to the addresses listed below, unless either Party notifies the other Party of a different address.

To Distributor: NorcaTec, LLC
100 Garden City Plaza, Suite 530
Garden City, NY 11530
Direct Dial: 516-640-3102
Attn: Allen Rosen, Senior Executive Vice President

To AAR: AAR SUPPLY CHAIN, INC.
1100 North Wood Dale Road,
Wood Dale, IL 60191
Attn: Eric Young

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

9. **WARRANTY**

a. AAR is not providing a warranty on the Products sold to Distributor hereunder.

AAR will assign (to the extent assignable) and flow through to Distributor the warranty that AAR receives from the manufacturers of the Products. While these warranties vary from manufacturer to manufacturer, they are generally for twelve (12) months from the date that AAR ships the product to Distributor.

- b. DISTRIBUTOR HEREBY WAIVES AND RELEASES AAR FROM, ANY AND ALL 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 AAR'S PERFORMANCE HEREUNDER AND DISTRIBUTOR AGREES THAT AAR WILL NOT BE LIABLE FOR ANY DAMAGE OR LOSS (INCLUDING, BUT NOT LIMITED TO, CONSEQUENTIAL DAMAGES) SUFFERED BY DISTRIBUTOR, DIRECTLY OR INDIRECTLY, WHETHER IN TORT OR CONTRACT, BECAUSE OF ANY DEFECT IN MATERIAL OR WORKMANSHIP WARRANTED HEREUNDER. NO AGREEMENT OR UNDERSTANDING VARYING, ALTERING OR EXTENDING AAR'S LIABILITY HEREUNDER WILL BE BINDING ON AAR UNLESS IN WRITING SIGNED BY A DULY AUTHORIZED OFFICER OR REPRESENTATIVE OF AAR.

10. **LIMITATION OF LIABILITY; INDEMNITY**

- a. NEITHER PARTY WILL BE LIABLE TO THE OTHER 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.
- b. IF AAR HAS AGREED TO A CAP ON LIABILITY WITH ANY MANUFACTURER OF THE PRODUCTS, THEN AAR'S CAP ON LIABILITY TO DISTRIBUTOR WITH RESPECT TO ANY CLAIMS THAT ARISE WITH RESPECT TO SUCH PRODUCTS SHALL BE THE SAME AS AAR'S CAP ON LIABILITY OF THE RELEVANT MANUFACTURER.
- c. Distributor hereby releases and agrees to indemnify, defend and hold AAR, its directors, officers, employees and agents harmless from and against any and all third party liabilities, claims, demands, suits, damages and losses (including without limitation all attorneys' fees, costs and expenses in connection therewith or incident thereto) for (i) deaths of or injuries to any persons whomsoever (including without limitation Distributor's employees), and (ii) loss of, damage to, destruction of, or delay of property in any way connected with the possession, use or ownership of Products subsequent to sale hereunder to Distributor, in each case of (i) and (ii) to the extent of the gross negligence or willful misconduct of Distributor, and (iii) any warranty commitments Distributor makes to any of its customers which exceed the manufacturer's warranty.
- d. AAR hereby releases and agrees to indemnify, defend and hold Distributor, its directors, officers, employees and agents harmless from and against any and all third party liabilities, claims, demands, suits, damages and losses (including without limitation all attorneys' fees, costs and expenses in connection therewith

or incident thereto) for (i) deaths of or injuries to any persons whomsoever (including without limitation AAR's employees), and (ii) loss of, damage to, destruction of, or delay of property in any way connected with the possession, use or ownership of Products subsequent to AAR's purchase of the Products and prior to AAR's sale hereunder to Distributor, in each case of (i) and (ii) to the extent of the gross negligence or willful misconduct of AAR.

- e. To the extent that AAR is the beneficiary of any indemnities from the manufacturers of the Products, and AAR is permitted under such AAR/manufacture agreements to flow those indemnities to Distributor, AAR hereby assigns and flows through such indemnity rights to Distributor. In any event, if a third party claim is made against Distributor, AAR agrees, at Distributor's expense, to reasonably cooperate with Distributor in asserting indemnity rights (whether contractual or common law) against the applicable manufacturers.

11. **TERM**

This Agreement will be effective as of the date first specified above ("Effective Date") and will continue until AAR's sales to Distributor of Products under this Agreement and any other agreement as mutually agreed upon between the Parties in writing (including purchase orders from Distributor not related to this Agreement) equals \$58,000,000, unless earlier terminated pursuant to the terms hereof.

12. **TERMINATION**

Either Party may terminate this Agreement immediately, upon written notice to the other Party, for any of the following reasons:

- (i) The filing by or against either Party in any court of competent jurisdiction of a petition in bankruptcy or 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;
- (ii) Except as relates to affiliated companies, the determination by AAR, in its reasonable discretion, that any significant change in ownership of Distributor represents a conflict of interest or a material risk or detriment to AAR or DLA; or
- (iii) Subject to 30-day cure period (five (5) business days for any payment failure) after written notice from the non-breaching Party, if either Party fails to perform its obligations under this Agreement, including but not limited to, (a) payment of monies due, (b) a Party's material breach of this Agreement or (c) Distributor's unsatisfactory performance to the DLA under this Agreement. If the deficiency in performance can only be remedied by a Product procurement action that has a given lead-time, the lead-time will be added to the calculation of the cure period.

13. **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, subject to the prior

written consent of the other party, such consent not to be unreasonably withheld, it being understood that it is reasonable to withhold consent to the assignment of this Agreement to a competitor of the party from which consent is sought. 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.

14. **INSURANCE**

Each Party hereunder shall effect and maintain during the term of this Agreement adequate insurance to cover its liabilities under this Agreement. If requested by a Party, the other Party shall furnish a copy of its certificate of insurance evidencing such insurance.

15. **ENTIRE AGREEMENT**

This Agreement constitutes the entire agreement and understanding of the Parties hereto with respect to the transactions contemplated hereby, supersedes any and all prior or contemporaneous agreements and understandings related to the subject matter hereof, and may not be modified or amended except in writing signed by all of the Parties hereto. The exhibits hereto form an integral part of this Agreement. If there is any actual or apparent conflict between the term of any exhibits hereto and the body of this Agreement, the provisions of the exhibit shall apply.

16. **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.

17. **GOVERNING LAW; COMPLIANCE WITH LAWS**

This Agreement will be governed by and construed in accordance with the laws of the State of New York, without regard to its conflict of laws doctrine.

AAR and Distributor will comply with all applicable laws, rules and regulations with respect to their performance hereunder.

18. **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.

19. **REMEDIES**

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

20. **RELATIONSHIP OF PARTIES**

It is understood and agreed that with respect to the performance of its responsibilities hereunder, Distributor is an independent contractor and nothing in this Agreement shall be construed to constitute Distributor an agent or legal representative of AAR for any purpose whatsoever, except as specifically set forth herein. Distributor has no authority or right by virtue hereof to create any obligation, express or implied, on behalf of AAR to any customer or third party, and AAR does not assume any responsibility for proposals, guarantees, contracts, or other representations offered by Distributor to others in the sale of Products. No joint venture or partnership is intended nor will any be construed. Neither Party will have the authority to enter into contracts on behalf of or bind the other in any respect.

21. **CONFIDENTIAL INFORMATION AND TRADE SECRETS**

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 of 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:

- a. is or will become part of the public domain other than by reason of any default on the part of a Party hereto;
- b. was in that Party's possession prior to the execution of this Agreement and which was not otherwise confidential; or
- c. was received from third parties having the right to disclose such information or was independently developed by the Receiving Party without use of the Other Party's 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.

24. **CONSTRUCTION**

Careful scrutiny has been given to this Agreement by AAR and Distributor and their

respective legal counsel. Accordingly, the rule of construction that any ambiguities of the contract shall be resolved against the Party which caused the contract to be drafted shall have no application in the construction or interpretation of this Agreement, or any clause or provision hereof.

25. **HEADINGS**

The headings contained in this Agreement are inserted for convenience of reference only and will not affect the meaning or interpretation of this Agreement.

26. **GOVERNMENT CONTRACTS**

Products provided by AAR may be sold by Distributor as commercial items to the United States government or any agency thereto. In such instance AAR and Distributor acknowledge and agree that the Federal Acquisition Regulations will also govern this Agreement to the extent applicable.

27. **EQUAL EMPLOYMENT OPPORTUNITY**

To the extent applicable, the equal employment opportunity and affirmative action requirements set forth in 41CFR §§ 60-1.4(a) are hereby incorporated by reference into this Agreement. This Parties shall also abide by the requirements of 41CFR §§60-300.S(a) and 60-741.S(a). These regulations prohibit discrimination against qualified individuals on the basis of protected veteran status or disability, and require affirmative action by covered prime contractors and subcontractors to employ and advance in employment qualified protected veterans and individuals with disabilities.

28. **COMPLIANCE WITH EXPORT LAWS AND REGULATIONS**

To the extent applicable, Distributor represents, warrants, and covenants to AAR that Distributor will comply with U.S. governmental regulations which control the export or re-export of commercial, military and/or dual-use products and technology which are obtained from AAR under this Agreement. Specifically, Distributor agrees to comply with the U.S. Export Administration Act (50 USC 2401, et. seq.), and the U.S. Arms Export Control Act of 1976 (22 USC 2751-2779), which control the export and re-export of commercial and military goods. Distributor acknowledges that it has been provided with a copy of Part 130 to the U.S. International Traffic in Arms Regulations (ITAR), regarding the reporting of political contributions and fees or commissions paid, or offered or agreed to be paid, in connection with the sale of defense articles or services to or for the use of the armed forces of a foreign country (i.e., other than the United States or international organization under the Foreign Military Sales Program), and agrees to provide such information on a timely basis as called for under §130.13, Information to be furnished to applicant, supplier or vendor by recipient of a fee or commission.

Distributor acknowledges that it has obtained a copy of Part 129 of the ITAR, has read it and understands the obligation of brokers of defense articles and defense services to register with the U.S. Department of State's Directorate of Defense Trade Controls (DDTC) and agrees to comply with all of the requirements of Part 129 applicable to Distributor. Distributor agrees, if required to register as a broker, that it will not conduct brokering activities on behalf of AAR prior to DDTC's approval of Distributor's registration.

29. **VICARIOUS LIABILITY**

Distributor will not undertake any activity in relation to this Agreement that would be reasonably likely to result in AAR, its Affiliates, or any of its or their respective officers, directors, or employees, being in violation of, or subject to penalty under, any law of regulation applicable to AAR, its Affiliates, or any of its or their respective officers, directors, or employees.

30. **AUDIT RIGHTS**

Distributor shall keep proper books, records and accounts related to its sale of Products for three years after such sale. To the extent relevant to this Agreement, Distributor grants AAR the right to review or audit such books, records, and accounts of Distributor, conducted by AAR or its Authorized Personnel during normal business hours, and including up to three years after termination of this Agreement. In the event AAR exercises its audit rights under this Section, Distributor shall make all relevant books, records, and accounts concurrently available to AAR or its selected third-party personnel at the Distributor's place of business. Notwithstanding the foregoing, in the event of any audit, AAR shall (i) provide Distributor with thirty (30) days prior notice, (ii) conduct such audit at its own expense and (iii) conduct such audit without accessing Distributor's personnel records, financial statements or cost information of Distributor or information relating to Distributor's other customers, subcontractors or suppliers.

31. **DISCLOSURE**

- a. **Disclosure of Violation of Agreement.** In the event Distributor determines that it is being asked, following consultation with AAR personnel or others, to commit any act in violation of this Agreement, it will immediately contact AAR's Director of Ethics and Compliance.
- b. **Disclosure of Distributor's Breach.** Distributor will give prompt notice to AAR if Distributor has failed to comply with or has breached any of its warranties, representations, or covenants under the terms of this Agreement.
- c. **Disclosure to Governmental Authorities.** The Parties may disclose this Agreement to any governmental authority having jurisdiction over AAR or any of its Affiliates and any governmental authority within the Territory in which Distributor is authorized to act under the terms of this Agreement.

32. **COMPETITIVE ACTIVITIES**

AAR and Distributor acknowledge that Distributor cannot fulfill its obligations under this Agreement by promoting and selling products manufactured by other firms that compete with the Products covered in this Agreement. Therefore, if at any time while this Agreement is in effect Distributor directly distributes, or represents as agent, products which compete with AAR's Products covered by this Agreement for the fulfillment of SBSA contracts, then, notwithstanding any other provision of this Agreement to the contrary, such actions shall constitute a material breach of this Agreement. For the avoidance of doubt, Distributor may utilize and promote products manufactured by other firms that compete with the Products covered in this Agreement for sales to non-Governmental

buyers and foreign customers and/or for the fulfillment of non-SBSA contracts.

33. **SURVIVAL**

The following Sections of this Agreement shall survive the termination or expiration/completion of any purchase order and this Agreement: this Section 33 (Survival), Section 2 (with respect to Taxes), Section 9 (Warranty), Section 10 (Limitation of Liability; Indemnification), Section 17 (with respect to Governing Law) and Section 21 (Confidential Information and Trade Secrets (for two years following expiration or termination of this Agreement)).

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.

AAR SUPPLY CHAIN, INC., d/b/a AAR Distribution

By: 
Name: Eric Young
Title: Vice President

NORCATEC, LLC




By: 
Name: SAMUEL GORMAN
Title: PRESIDENT

Exhibit A

Customers

Any US Government entity purchasing Products under an SBSA solicitation.

Products

CAGE Code/Manufacturer

00624	Eaton
02750	
08118	
8W928	
15284	
16780	
97484	
77842	
59501	Unison
83311	
30061	Lord
76005	
12511	UTC/Goodrich
89305	

