

SALES DISTRIBUTION AGREEMENT

This Sales Distribution Agreement ("Agreement") is made and entered into as of September 19, 2012, by and between Hamilton Sundstrand Corporation on behalf of Hamilton Sundstrand Power Systems of San Diego, California ("HSPS") and AAR Parts Trading, Inc. of Wood Dale, Illinois ("AAR").

WHEREAS, HSPS possesses capabilities in regard to the development, design, manufacturing, production, support, and sale of certain aircraft products, and

WHEREAS, AAR possesses complementary capabilities relating to aircraft products, specifically with respect to their promotion, marketing, sale, and distribution, including strategically placed consignment inventories worldwide; and

WHEREAS, HSPS desires that its products be promoted, marketed, sold, and distributed in an effective and efficient manner; and

WHEREAS, AAR desires the opportunity to purchase, promote, market, sell, and distribute these HSPS products, and

WHEREAS, HSPS and AAR desire to cooperate in the promotion, sale, and distribution of these HSPS products within a defined territory;

NOW THEREFORE, in consideration of the mutual covenants and terms and conditions set forth therein, HSPS and AAR to hereby agree as follows; and

INCLUDED as part of this Agreement are Exhibit A, End Items and Parts List, Exhibit B, Territory, Exhibit C, Initial Provisioning, and Exhibit D, Warranty and Intellectual Property.

ARTICLE 1 - DEFINITIONS

The following words shall have the meanings indicated;

1.1 The "Parties" shall mean HSPS and AAR.

1.2 The "Products" shall mean the aircraft parts and related components, which are manufactured by or for HSPS for aircraft platforms, which are specifically set forth and detailed in Exhibit A hereto. Exhibit A may be modified by the mutual agreement of the Parties to add and/or delete parts and components due to circumstances such as make/buy decisions, obsolescence, engineering changes, and P/N supercedures.

1.3 The "Territory" and "Customers" shall have the meanings contained in Exhibit B hereto. Except as may otherwise be set forth in Clause 3.3 below, AAR shall be exclusively authorized to sell the Products to the Customer(s) in the Territory.

ARTICLE 2 - APPOINTMENT

2.1 Subject to the terms and conditions of this Agreement, HSPS hereby appoints AAR as its exclusive distributor to promote, market, and sell the Products in the Territory and AAR hereby accepts such appointment and agrees to use its commercially reasonable efforts to promote, market, and sell the Products throughout the Territory. Each Party shall be an independent contractor and shall not be the servant, agent, partner, joint venturer, or employee of the other Party.

2.2 Pursuant to this appointment, HSPS agrees to sell the Products to AAR in accordance with the terms and conditions of this Agreement.

2.3 The provisions of this Agreement will govern the purchase of any and all Products by AAR from HSPS. AAR will initiate purchases of Products hereunder by issuing its purchase order setting forth the Products being ordered, part number, the date or dates of deliveries, quantities, prices and shipping instructions. Any other terms (other than those described in the first sentence hereof) of AAR's order or HSPS's acknowledgments, invoices or shipping

documents, whether printed, stamped, typed or written or otherwise attached to or on the reverse thereof will not apply. AAR will place its orders for Products in accordance with HSPS' quoted lead time for said Products.

ARTICLE 3 – GENERAL RESPONSIBILITIES OF HSPS

3.1 HSPS shall supply Products to AAR which are of equivalent specification and quality to which HSPS supplies to Original Aircraft Manufacturers and the United States Government.

3.2 HSPS shall provide such promotional and technical advice, literature, inspection, engineering, and other information as the Parties agree is reasonably necessary for the promotion and sale of the Product.

3.3 HSPS shall refer all customer inquiries for the Products in the Territory to AAR. HSPS shall use its best efforts to communicate to AAR all customer referrals in writing, by fax or other mutually agreed upon method, within two (2) business days. If after such referral, both Parties mutually agree that potential sales are at risk due to the insistence of a particular customer(s) in the Territory on dealing directly with HS, then both Parties agree to discuss and jointly resolve such situations on a case-by-case basis. If the Parties are unable to resolve such situation(s) within five (5) business days, HSPS shall be entitled to respond to such customer(s). If HSPS responds to such customer(s), it shall first utilize all available Products in AAR's inventory to meet the requirement. It is agreed that AAR will sell such Products to HSPS subject to mutually agreed to terms and conditions and lead times.

3.4 HSPS shall assist AAR in responding to inquiries and resolving customer concerns or complaints by providing appropriate information relative to the Products.

3.5 HSPS agrees, subject to the terms of this Agreement, to procure, produce, sell and deliver all of AAR's requirements for the Products.

3.6 HSPS shall have no authority to mandate a sales, marketing, or business plan for AAR in connection with its sale or support of HSPS Products.

3.7 HSPS shall respond, in a timely manner, to AAR's engineering, technical and warranty questions, subject to any requirements of confidentiality. Subject to the foregoing limitations, HSPS shall strive to provide a final answer to each of AAR's inquiries within seven (7) business

days of AAR's request. HSPS shall also provide AAR with the name of the person(s) who shall be AAR's single point of contact for questions and inquiries in each of the above areas, as well as any changes thereto.

3.8 HSPS will also provide qualified inspection personnel to assist AAR as mutually agreed to by the Parties on a case-by-case basis.

3.9 HSPS shall provide, by March 31 on an annual basis, a price catalog/list for the most commonly purchased parts by the identified Customer(s). The price catalog shall include a price for direct sales from HSPS to the identified Customer(s), as well as an AAR price. The AAR price shall be the Customer(s) catalog price discounted at nine percent (9%). This price discount shall remain effective for the duration of this Agreement unless changed through the prior written consent of both Parties.

3.10 HSPS shall establish and maintain configuration control for all HSPS Products, and HSPS shall inform AAR of any and all changes thereto.

3.11 IN REGARD TO CLAIMS BASED UPON BREACH OF HSPS' PRODUCT WARRANTY, AAR'S SOLE AND EXCLUSIVE REMEDY AND HSPS' SOLE AND EXCLUSIVE LIABILITY SHALL BE LIMITED TO THAT SET FORTH IN EXHIBIT D. IN NO EVENT SHALL HSPS BE LIABLE FOR SPECIAL, INCIDENTAL, OR CONSEQUENTIAL DAMAGES OR LOSSES, WHETHER IN CONTRACT, TORT, OR STRICT LIABILITY.

ARTICLE 4 – GENERAL RESPONSIBILITIES OF AAR

4.1 AAR shall use its commercially reasonable efforts, acting in a positive and continuous manner, to promote, sell, and support the Products within the Territory. AAR agrees not to enter into any agreements with third parties that compete with or represent a conflict of interest with this Agreement.

4.2 AAR shall monitor market conditions in the Territory and provide HSPS with sufficient market information to enable HSPS to anticipate Product requirements. AAR further agrees to meet with HSPS quarterly to conduct business reviews, and twice per year to review market conditions and discuss strategies.

4.3 AAR agrees to provide HSPS a written summary of sales records, to include customer, quantity, prices and delivery information on a monthly basis.

4.4 AAR shall promptly answer inquiries concerning the Products and keep HSPS informed as to Customer concerns or complaints.

4.5 AAR shall employ, train, and maintain a sales force having sufficient knowledge of the Products and experience to present the Products and advise Customers in its application.

4.6 AAR shall conduct its activities with respect to the Products in full compliance with all applicable laws and regulations, including but not limited to any requirements imposed by the Foreign Corrupt Practices Act (FCPA), the Federal Aviation Administration, and the export laws and regulations of the United States Government, and AAR will be responsible for and bear the risk and expense of obtaining all necessary approvals, permits, and licenses, to include export licenses.

4.7 AAR shall maintain a current supply of sales promotional materials for the purpose of furthering sales of the Product, and the Parties shall cooperate in the development and share in the costs of advertising copy. All advertising copy shall be approved in writing by HSPS prior to release. HSPS shall provide its response to such requests for approval within a reasonable time. AAR will advertise in a manner that will develop Customer confidence and not use any advertising or promotional campaign which may in any way tend to confuse, mislead or deceive the public or is prohibited by federal or state laws; and further to discontinue any advertising or promotional campaign which HSPS may reasonably find likely to be false or misleading or injurious to HSPS' good will and business reputation.

4.8 AAR agrees to cooperate fully with HSPS in complying with any governmental agency order or rule of law which obligates HSPS and/or AAR to take steps to remedy any Product problem, including but not limited to, the discovery of to whom and when AAR purchased and resold HSPS Products. In that regard, AAR expressly agrees to maintain a system of tracing to whom and when it sold HSPS Products and hereby agrees to maintain that capability at its sole expense. In the event of bankruptcy, termination or cancellation, AAR will furnish these records to HSPS at no cost to HSPS.

4.9 AAR agrees that HSPS is and shall be exclusively entitled to the use of the "HSPS" trademark(s) and of all other trademarks and trade names now or hereafter used by HSPS in connection with sale and servicing of its Products and the conduct of its business, whether or

not registered, and AAR further agrees that it will not use such trademarks and trade names except in conjunction with the marketing and sale of said Products. The goodwill derived from the AAR use of said trademark or trade names shall be for the benefit of HSPS. AAR will use the trademarks or trade names associated with the Products, and any other trademarks and trade names owned by HSPS, only in a manner approved by HSPS and only in relation to HSPS Products. AAR shall supply HSPS samples of any advertising material prepared by AAR and bearing any trademarks or trade names of HS. Without request, AAR will promptly discontinue the use of any such trademarks and trade names on any signs, displays, or advertising material when and if this Agreement is terminated by either Party. Moreover, AAR agrees that it shall not at any time do or cause to be done any act or thing contesting, or in any way impairing or tending to impair or prejudice any part of HSPS' exclusive use of such trademarks and trade names. AAR agrees, during the term of this Agreement or at any time thereafter, not to use or employ any of the words or symbols, or confusing or similar words or symbols, used now or hereinafter by HSPS as trademarks or trade names, in AAR's business name or trade name without HSPS' prior written permission.

4.10 AAR agrees that it will not alter, remove, or cover-up in any manner whatsoever any trademark, trade name, or other form of identification that HSPS may affix to the Products.

4.11 AAR agrees to procure all of its requirements for new Products from HSPS.

4.12 AAR shall maintain in inventory a supply of Products to satisfy AAR forecasts. Inventory will include the value of Products on firm order from HSPS for delivery to AAR.

4.13 On commencement of this Agreement, AAR shall place a Purchase Order for the Initial Provisioning items that are contained in Exhibit C, attached hereto.

4.14 AAR shall have the benefit of the HSPS Warranty and Intellectual Property provisions set forth in Exhibit D, attached hereto, and to administer Exhibit D as between AAR and HSPS in connection with any claims made by AAR under the HSPS Warranty and Intellectual Property provisions. In addition, AAR may elect to extend its own warranty directly to its customer(s), and AAR will be responsible to fulfill any obligations under such AAR warranty.

ARTICLE 5 – PAYMENT OF EXPENSES

5.1 AAR shall be responsible for any and all expenses incurred by it or its employees in connection with the resale of the Products, including but not limited to, all expenses for traveling, office, clerical, office and equipment maintenance, stocking, transportation, administrative, and general selling expenses.

ARTICLE 6 – LIMITATIONS AS TO CONTRACTS AND AGENCY

6.1 This Agreement does not constitute either Party as the agent or legal representative of the other Party, for any purpose whatsoever. Neither Party is granted the authority to assume or create any obligation or responsibility, express or implied, on behalf of or in the name of the other Party or to bind the other Party in any manner, whatsoever.

ARTICLE 7 – REPRESENTATIONS AND WARRANTIES

7.1 AAR and HSPS represent and warrant to that no money or thing of value has been or will be paid, offered, given or promised by, its agents or employees, directly or indirectly, to:

Any political party or official thereof, any candidate for political office, or any officer, employee or agent of any government or instrumentality of any government for purposes of:

- (a) Influencing any act or decision of such party, official, candidate, officer, employee or agent, in his or its official capacity, including a decision to fail to perform his or its official functions; or
- (b) Inducing any such party, official, candidate, officer, employee or agent, to use his or its influence with a government or instrumentality thereof to affect or influence any act or decision of such government or instrumentality, in order to

assist AAR and/or HSPS in obtaining or retaining business for or with, or directing business to, any person, firm or corporation.

7.2 Each Party agrees that it and any others used by it in the performance of its obligations hereunder, shall comply with all applicable federal, state and local laws and with the UTC Code of Ethics, which is incorporated herein by reference. In addition, AAR agrees to execute, on an annual basis during the term of this Agreement, a certification that it has and will conduct its activities hereunder in compliance with all applicable federal, state and local laws and with UTC's Code of Ethics.

ARTICLE 8 – PRICING AND PAYMENTS

8.1 HSPS shall provide AAR with an "AAR Distributor Price List" for the Products in accordance with Section 3.10. The AAR Distributor Price List shall be valid for a period not less than twelve (12) months. In the event HSPS finds it necessary to change prices, HSPS must give AAR not less than thirty (30) days advance notice prior to the effective date of such pricing changes. Any such pricing change shall not effect or change the price for any outstanding orders AAR has with HSPS.

8.2 AAR shall respond to and quote all inquiries for HSPS Products that it gets from the Customer(s).

ARTICLE 9 – PERIOD OF AGREEMENT AND TERMINATION

9.1 The term of this Agreement shall be for a period of five (5) years from the effective date set forth above. This Agreement may be extended by written mutual agreement of the Parties. Expiration or termination of this Agreement, under this clause, shall be without prejudice to the settlement of such rights and obligations as shall have arisen hereunder prior to the effective

date of such expiration or termination. Upon expiration or termination under this clause, neither HSPS nor AAR shall be liable to the other for alleged or actual loss of prospective profits, revenue, or business opportunity.

9.2 This Agreement may be terminated by either of the Parties as a remedy for material breach of one or more of the provisions of this Agreement by providing not less than thirty (30) days written notice to the other Party. If the breach is not remedied within the thirty (30) day notice period, or in the case of a breach incapable of remedy within thirty (30) days an acceptable plan to remedy the breach is not submitted within the thirty (30) day notice period, the Agreement will be considered terminated. Failure by either Party to terminate this Agreement because of such non-compliance shall in no way be considered as a waiver of the right to do so.

9.3 This Agreement may be suspended unilaterally by HSPS, by written notice to AAR, upon a showing that AAR has been charged, indicted, convicted, or is the subject of a formal investigation by a state, local, or United States Government, or Japanese agency for any violation of a civil or criminal provision of the United States, Japanese, or local law in connection with activities related to this Agreement or which may adversely affect the validity enforceability, or purpose of this Agreement. Such suspension will not preclude nor delay termination under any other provision of this Article.

9.4 This Agreement may be terminated immediately if either Party becomes insolvent or files for protection under the bankruptcy laws of the United States or other jurisdiction.

9.5 Upon the termination or expiration of this Agreement, AAR agrees to discontinue representing itself or conducting business as HSPS' distributor for the Products and not to use the Products' trademarks or trade names, or confusing or similar trade names or trademarks and to reimburse HSPS for all costs, expenses, and fees as may be incurred to require AAR to cease using such trademarks and trade names.

9.6 AAR acknowledges and agrees that, except for the duration of this Agreement as specified herein, THERE IS NO PROMISE, EXPRESS OR IMPLIED, MADE BY HSPS TO AAR THAT AAR SHALL HAVE ANY RIGHT TO HAVE THIS AGREEMENT RENEWED AFTER THE TERM HEREOF and that HSPS shall have no liability whatsoever to AAR for the termination of this Agreement or failure to enter into a subsequent agreement with AAR.

9.7 Neither party shall by reason of the termination of this Agreement be liable to the other for compensation, reimbursement, or damages either on account of present or prospective profits or revenue on sales or anticipated sales, or on account of expenditures, investments or commitments made in connection with the establishment, development or maintenance of the business or goodwill of either party, or on account of any cause or thing whatsoever, provided,

however, that such termination shall not affect the rights or liabilities of the parties with respect to Products or Material previously sold hereunder or with respect to any indebtedness then owing by either party to the other.

9.8 Upon expiration or termination of this Agreement or as otherwise provided herein, the Parties agree that HSPS will purchase from AAR the existing inventory acquired pursuant to this Agreement, not otherwise allocated to customer contracts, in the circumstance of the obsolescence of the Product as reasonably determined by HSPS. HSPS will purchase such inventory at the price originally paid by AAR for the Product, FOB Hamilton Warehouse. AAR will be responsible for packaging inventory for shipment. AAR will provide Hamilton a list of said inventory and the price paid for it within thirty (30) days after the expiration or termination of this Agreement or as otherwise provided herein. HSPS shall pay AAR the price paid for such inventory net (30) days from receipt of invoice. In addition, notwithstanding the expiration or termination of this Agreement, the Parties agree that AAR shall have the continuing right under this Agreement to purchase Products from HSPS and supply Products to its Customer(s), to the extent such Products were contracted with AAR's Customer(s) prior to the expiration or termination of this Agreement. AAR shall also have the right to offer for sale and sell any inventory acquired pursuant to and remaining unsold upon expiration or termination of this Agreement on a first opportunity basis to the Customer(s) or other customers and HSPS and AAR agree to work together and exert commercially reasonable efforts to facilitate the sale of said remaining inventory. In connection with the sale of said remaining inventory, Section 3.3 of the Agreement shall survive the expiration or termination of this Agreement.

ARTICLE 10 – FORCE MAJEURE

10.1 The obligations of either Party under this Agreement shall be suspended during the time such Party is prevented or hindered from complying therewith in whole or in part by reason(s) of Force Majeure.

10.2 Force Majeure shall include, but not be limited to, labor disturbances, acts of God, fire, explosion, perils of the sea, flood, storms, earthquakes, tidal waves, riots, sabotage, unavoidable accidents, restrictions or requirements of governmental authorities whether domestic or foreign, non-performance by or unavailability of items required for manufacture of the Product from HSPS subcontractors or suppliers, acts of war (declared or undeclared) or

conditions arising out of or attributable to war, and other similar causes beyond the control of and without the fault or negligence of the Party affected, provided that no such cause shall be deemed to be Force Majeure unless the Party affected shall notify the other Party within thirty (30) days of the occurrence of said cause, and the Party affected shall thereafter exert all possible diligence to overcome such cause of prevention and hindrance, and to resume performance.

ARTICLE 11 – PAYMENT TERM

11.1 Net thirty (30) days from delivery of an invoice by HSPS to AAR.

ARTICLE 12 – PACKAGING AND LABELING

12.1 The Products delivered under this Agreement shall be packed and packaged in conformity with good commercial practice, or in accordance with any packing and packaging specifications that the Parties may hereafter agree in writing.

ARTICLE 13 - NOTICES

13.1 All notices hereunder to be effective must be sent by first class airmail, postage prepaid, commercial courier, or confirmed facsimile transmission.

If they are meant for HS, such notices shall be addressed to:

Hamilton Sundstrand Power Systems
4400 Ruffin Rd.
San Diego, CA 92123
Attention: Military Aftermarket Contracts Manager
Fax: 860-660-4386

If they are meant for AAR, they shall be addressed to:

AAR Parts Trading, Inc.
1100 N Wood Dale Rd
Wood Dale, IL 60191
Attention: Paul Sitkowski
Fax: 630-227-2929

ARTICLE 14 – GOVERNING LAW

14.1 This Agreement shall be construed and interpreted in accordance with, and the rights and obligations of the Parties hereto, shall be determined by the laws of the State of California, to the exclusion of its Conflict of Laws Rules.

14.2 The invalidity of any particular provision of this Agreement shall not affect the other provisions hereof, but this Agreement shall be construed in all respects as if such invalid provisions(s) were omitted.

14.3 To the extent not otherwise limited herein, the Parties hereby agree to indemnify, defend, and hold harmless each other and their affiliates, officers, directors, and employees from and against and to the extent of any and all losses, damages, lawsuits, proceedings, claims, fees, and expenses, for third party death, bodily injury or property damage arising from or relating to the other party's negligent acts or omissions or intentional misconduct in the performance of this Agreement.

ARTICLE 15 – DISPUTE RESOLUTION

15.1 Any and all disputes, controversies, differences or claims arising out of or relating to this Agreement, or any breach hereof shall be settled through correspondence and mutual consultation of the parties hereto. If the Parties are unable to resolve any such disputes, the Parties may pursue their remedies at law.

ARTICLE 16 - ASSIGNMENT

16.1 No assignment of this Agreement or of the rights given by this Agreement shall be made by either Party without the written agreement of the other Party hereto, except that either Party may, upon at least thirty (30) days prior written notice to the other party, transfer or assign this Agreement to any affiliate, division, or subsidiary of its parent company in conjunction with the transfer of all or substantially all of the equity or assets of the business to which this Agreement relates.

ARTICLE 17 – WAIVER OF TERMS

17.1 The failure of either Party to require the performance of any term of this Agreement shall not prevent a subsequent enforcement of such term nor be deemed a waiver of any subsequent breach.

ARTICLE 18- CONFIDENTIALITY

18.1 "Confidential Information" means any information, knowledge, or data received by the Receiving Party from the Disclosing Party in furtherance of or pursuant to this Agreement, which is clearly marked with proprietary legends by the Disclosing Party, at the time of disclosure and, if the information is orally or visually disclosed, which is identified as Confidential/Proprietary at the time of said first oral disclosure and is reduced to writing and clearly marked with proprietary legends within thirty (30) days of initial disclosure, including, but not limited to, data, business information (defined as pricing, new product development, strategic business plans and direction, acquisition information, sales plans, sales' details, bookings' details, Distributor lists, competitive analysis, applications' documentation, financial details, etc.) technical information, specifications, drawings, models, samples, tools, and supporting documentation furnished by the Disclosing Party to the Receiving Party. If the information to be disclosed is in the form of a magnetic recording or other machine-readable form, the information will be clearly and conspicuously marked with proprietary legends by the Disclosing Party at the time of disclosure. If it is not possible to so mark the magnetic recording or other machine readable form, then the data or information will be identified as Confidential Information by the Disclosing Party, in written communication, prior to or contemporaneous with transmittal of such data. Further, the Receiving Party specifically agrees as follows:

18.2 The Receiving Party shall safeguard the Confidential Information by using at least those efforts used in the protection of its own Confidential Information to prevent its disclosure to or use by third parties, provided that such standard of care is no less than reasonable care under the circumstances.

18.3 The Receiving Party shall use such Confidential Information only for the mutual benefit of the parties in furtherance of the Agreement. The Receiving Party shall not use such Confidential Information for any other purpose such as competing with the Disclosing Party without the prior written consent of the Disclosing Party. The Receiving Party shall not disclose the Disclosing Party's Confidential Information to a third party without obtaining prior written permission from the Disclosing Party prior to such disclosure.

18.4 Access to Confidential Information for the Receiving Party shall be available only to persons in a bona fide employee status, contract personnel, consultants, and divisions, subsidiaries, and affiliates of the Receiving Party. Disclosure to all other parties, other than identified in this Agreement, shall be treated as disclosures to a third party.

18.5 The Receiving Party shall not disclose the Disclosing Party's confidential information to a third party without obtaining prior written permission from the Disclosing Party prior to said disclosure.

18.6 In the event that the Disclosing Party furnishes sample products or other equipment or material ("Items") to the Receiving Party, which the Disclosing Party considers to encompass Confidential Information of the Disclosing Party, the Items so received shall be used and the data or information derived from said Items shall be treated as Confidential Information transferred pursuant to this Agreement. The Receiving Party agrees not to cause or permit the reverse engineering, reverse assembly, or reverse compilation of the Items.

18.7 All Confidential Information and items shall remain the property of the Disclosing Party. Upon expiration or termination of the Agreement, any Confidential Information disclosed by the Disclosing Party to the Receiving Party, and any copies, summaries, and/or compilations made of or from such Confidential Information, shall be returned or, at the option of the Disclosing Party, destroyed and a certification of such destruction transmitted to the Disclosing Party, and no further use shall be made of such Confidential Information. Each party may retain one (1) copy for archival purposes.

18.8 The obligations under the Agreement as to any Confidential Information shall continue for a period of twenty (20) years from the date of first disclosure of such Confidential Information to the Receiving Party, notwithstanding any earlier expiration or termination of the Agreement.

18.9 No breach of confidentiality obligations under the Agreement shall occur if any Confidential Information is disclosed and any one of the following occurs or has occurred:

18.9.1 Information is in the public domain at the time of initial disclosure to the Receiving Party by the Disclosing Party, or subsequently becomes publicly Known through no wrongful act of the Receiving Party:

18.9.2 Such information is known to or independently developed by the Receiving Party prior to the time of initial disclosure, as evidenced by competent and contemporaneous written documentation;

18.9.3 Such information is furnished to a third party by the Disclosing Party without confidentiality restrictions substantially similar to those herein, and

18.9.4 Such Item is required to be disclosed pursuant to proper governmental or judicial process, provided that notice of such process is promptly provided to the Disclosing Party in order that it may have every

reasonable opportunity to intervene in such process to contest such disclosure.

18.10 The Disclosing Party does not, by virtue of disclosure of Confidential Information to the Receiving Party, grant the Receiving Party any right or license, to include under any patents, copyrights, or trade secrets, other than those rights granted to the Receiving Party under this Agreement.

18.11 The Disclosing Party makes no warranty or representation as to the accuracy or completeness of any Confidential Information disclosed under this Agreement.

ARTICLE 19 - MODIFICATIONS

19.1 Any modification, alteration, or amendment to this Agreement shall not be valid or binding with respect to any Party unless written and signed by both Parties hereto.

ARTICLE 20 – CONTRACT TERMS EXCLUSIVE

20.1 This Agreement, including the Exhibits, constitutes the entire agreement between the Parties hereto concerning the subject matter of this Agreement and shall supersede all previous communications, representations, or agreements, either oral or written between the parties hereto with respect to the subject matter hereof. The Parties acknowledge and agree that neither of them has made any representation with respect to the subject matter of this Agreement or any representations inducing the execution and delivery thereof except as specifically set forth herein. In the event of any conflict between the terms of this Agreement and the terms of any other specific document referred to herein, this Agreement shall prevail and control.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement through their duly authorized representatives, in duplicate, effective as of the date first above written.

For: Hamilton Sundstrand Corporation

Hamilton Sundstrand Power Systems

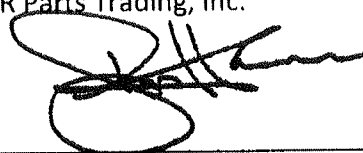
By: P. Sarachman

Name: PETE SARACHMAN

Title: CONTRACTS MGR.

SEPT. 19, 2012

For: AAR Parts Trading, Inc.

By: 

Name: John M. Holmes

Title: Vice President

EXHIBIT A

End Items and Parts Lists

“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)

EXHIBIT B

Territory and Customers

The "Territory" shall mean and encompass the country of Japan, and the "Customers" shall mean the Sumitomo Corporation (and its affiliates and subsidiaries), and other third party contractors and subcontractors of the JMOD as directed or authorized by Sumitomo Corporation, each acting in support of the Japan Ministry of Defense (JMOD).

EXHIBIT C

Initial Provisioning Purchase

Part Number	Description	Qty	Sumitomo Unit Price (2012)	AAR Unit Price (9% Discount)	AAR Extended Price	Delivery Date
160656-100	SHROUD ASSY	4	\$7,836.00	\$7,130.76	\$28,523.04	10/15/12
169660-2	BEARING, BALL TURBINE THRUST	129	\$6,046.00	\$5,042.00 (revised 9/19/12)	\$650,418.00	108 EA 10/15/12 20 EA 11/15/12
4502902	WHEEL, COMPRESSOR	11	\$26,809.00	\$24,396.19	\$268,358.09	10/15/12
160004-300A	NOZZLE ASSY, TURBINE	23	\$15,041.00	\$13,687.31	\$314,808.13	9/30/12
4503191	SHAFT ASSY, ROTOR	28	\$6,010.00	\$5,469.10	\$153,134.80	9/30/12
				Total	\$1,415,242.06	

EXHIBIT D – WARRANTY AND ITELLECTUAL PROPERTY

- I. **WARRANTY.** Products supplied by HSPS to AAR under any purchase 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 AAR to its Customer(s), any delivered Product(s) is found to be defective in material or workmanship, HSPS shall, at its option, repair, replace or extend credit for such defective Product at its expense and with reasonable promptness provided HSPS confirms the existence of said defect. AAR shall provide HSPS with written notice of a claimed defect within sixty (60) days after the defect becomes apparent to AAR. Said notice will contain reasonable proof that the claimed defect is covered by this warranty and is subject to confirmation and verification by HSPS. In the event HSPS replaces or extends credit for a defective Product(s), AAR shall dispose of the defective Product(s) in accordance with HSPS' instructions.

The only warranties made by HSPS are those expressly provided herein and they are specifically conditioned upon the proper handling, use and maintenance of the Product(s) by AAR (or its Customer(s)), to include compliance with Article II. below, and receipt of timely notice as required above. Any other statements expressed in the Agreement or in purchase orders, proposals, specifications, drawing or manuals shall not be deemed to constitute a warranty of the parts. THE WARRANTIES SET FORTH HEREIN ARE EXCLUSIVE. NO OTHER WARRANTIES OR REMEDIES OF ANY KIND, WHATSOEVER, WHETHER EXPRESS OR IMPLIED, OR ARISING IN CONTRACT OR TORT OR FROM COURSE OF DEALING, COURSE OF PERFORMANCE, USAGE OF TRADE, OR OTHERWISE, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, SHALL APPLY.

ADDITIONALLY, AAR AGREES THAT THE USE OR INCORPORATION OF ANY PARTS OR REPAIRS INTO AN HSPS PRODUCT WHICH ARE NOT HSPS AND/OR FAA APPROVED WILL RESULT IN A DISCLAIMER BY HSPS OF RELATED WARRANTY OBLIGATIONS.

THE REMEDIES SET FORTH HEREIN ARE THE SOLE AND EXCLUSIVE REMEDIES OF AAR FOR ANY CLAIMS, EXPENSES OR DAMAGE ARISING OUT OF OR RELATED TO PRODUCTS DELIVERED UNDER THIS CONTRACT. IN NO EVENT SHALL HSPS BE LIABLE IN TORT OR CONTRACT OR UNDER ANY OTHER LEGAL OR EQUITABLE THEORY OF LAW, FOR ANY INCIDENTAL, SPECIAL, INDIRECT, OR CONSEQUENTIAL DAMAGES.

II. USE OF PURCHASED PARTS. REPAIRS, MAINTENANCE, AND MODIFICATION OF EQUIPMENT USING PARTS PURCHASED FROM HAMILTON SUNDSTRAND 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.

III. INTELLECTUAL PROPERTY INDEMNITY.

A. For any Product provided by HSPS to AAR which is not made in accordance with drawings, samples or specifications of AAR, but rather is solely the design of HSPS, HSPS shall, at its own expense and its sole option, defend or compromise any claim, suit or proceeding brought against AAR or AAR's customers who are expressly identified in writing by AAR, based upon an allegation that the product infringes any patent, right under United States or Japanese law, provided that: 1) AAR has made all payments then due to HSPS, 2) AAR promptly notifies HSPS in writing of the allegation of infringement, 3) neither AAR nor its customer take any action (by commission or omission) which prejudices HSPS's ability to defend against or compromise that allegation, 4) AAR provides HSPS with all authority, information and assistance reasonably necessary for that defense or effort to compromise, and 5) HSPS shall have exclusive control over that defense or effort to compromise. In accordance with this obligation, HSPS shall pay all of any damages or costs that are assessed against AAR or its customer in such a suit or proceeding. If further use or sale of the Product is ultimately prohibited by a court of competent jurisdiction, HSPS shall, at its own expense and its sole option: 1) procure for AAR (or its customer, as the case may be) the right to continued use of the Product, 2) replace it with a substantially equivalent product, 3) modify it so that it becomes non-infringing but substantially equivalent, or (4) refund the purchase price of the affected Product.

B. For any Product provided by HSPS to AAR which is made in accordance with drawings, samples or specifications of AAR and is not solely the design of HSPS, or which is made part of a combination of other products not furnished by HSPS (unless HSPS is a contributory infringer), AAR shall defend, indemnify and hold HSPS harmless to the same degree, limitation and subject to the same requirements as set forth in HSPS's obligations to AAR in (A) above.

- IV. EXTENSION OF WARRANTY, INTELLECTUAL PROPERTY INDEMNITY.** HSPS agrees that with respect to Product ordered, the provisions of Warranty, and Intellectual Property Indemnity shall extend to any owned or controlled subsidiary or affiliate of AAR. Any such subsidiary or affiliate making a claim under this provision is subject to the same rights, remedies, obligations and limitations applying to AAR.