

**AMENDMENT NO. 1 TO DISTRIBUTION AGREEMENT,
AMENDMENT NO. 1 TO EXCLUSIVE DISTRIBUTION AGREEMENT,
AND
AGREEMENT TO REPURCHASE OF HOSE SHOP MATERIAL**

This Amendment No. 1 to Distribution Agreement, Amendment No. 1 to Exclusive Distribution Agreement, and Agreement to Repurchase of Hose Shop Material (this "Amendment") is dated September 28, 2016, and is between Eaton Aeroquip LLC and/or Eaton Corporation and/or Eaton Aerospace LLC ("Eaton" or "Seller") and AAR Supply Chain, Inc. (f/k/a AAR Parts Trading, Inc.) d/b/a AAR Distribution ("AAR" or "Distributor").

WHEREAS, reference is made to the following agreements:

- A. Distribution Agreement, dated October 18, 2013, between Eaton and AAR (as amended, restated, supplemented or otherwise modified from time to time, the "Military Distribution Agreement"); and
- B. Exclusive Distribution Agreement, dated March 26, 2014, between Eaton and AAR (as amended, restated, supplemented or otherwise modified from time to time, the "Commercial Distribution Agreement," and together with the Military Distribution Agreement, the "Distribution Agreements.")

WHEREAS, Eaton and AAR wish to (i) amend the Distribution Agreements, and (ii) document the agreement of Eaton to repurchase certain hose shop materials as set forth herein.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, do hereby agree as follows:

1. Terms used herein but not defined shall have their meanings as set forth in the applicable Distribution Agreement.
2. Amendments to Military Distribution Agreement:
 - a. Article VIII of the Military Distribution Agreement is hereby deleted in its entirety and replaced with the following:

"Terms of payment shall be Net 45 from date of invoice. Seller may charge Distributor interest for the amount of any undisputed invoices not timely paid, at a rate of the lower of (i) 1% per month (12% per annum) and (ii) the maximum interest rate permitted by applicable law."
 - b. The first sentence of Article IX of the Military Distribution Agreement is hereby deleted in its entirety and replaced with the following:

“Unless terminated as hereinafter provided, this Agreement shall continue in effect until December 31, 2023, which term may be extended by mutual written agreement of the parties until December 31, 2028.”

- c. The attached Exhibit A-1 is added immediately after Exhibit A of the Military Distribution Agreement.
- d. The reference to “NET 30” in Section 6 of Exhibit B of the Military Distribution Agreement is hereby deleted and replaced with a reference to “NET 45” in lieu thereof.
- e. Section 1(a) and 2 of Exhibit C of the Military Distribution Agreement are hereby deleted in their entirety.
- f. The remainder of Exhibit C of the Military Distribution Agreement shall be deleted in its entirety upon the return to Eaton of the hose shop material as agreed by Eaton and AAR in Section 6 of this Amendment.

3. Amendments to Commercial Distribution Agreement:

- a. Article VIII of the Commercial Distribution Agreement is hereby deleted in its entirety and replaced with the following:

“Terms of payment shall be Net 45 from date of invoice. Seller may charge Distributor interest for the amount of any undisputed invoices not timely paid, at a rate of the lower of (i) 1% per month (12% per annum) and (ii) the maximum interest rate permitted by applicable law.”

- b. The first sentence of Article IX of the Commercial Distribution Agreement is hereby deleted in its entirety and replaced with the following:

“Unless terminated as hereinafter provided, this Agreement shall continue in effect until December 31, 2029, which term may be extended by mutual written agreement of the parties until December 31, 2031.”

- c. The reference to “NET 30” in Section 6 of Exhibit B of the Commercial Distribution Agreement is hereby deleted and replaced with a reference to “NET 45” in lieu thereof.


- 4. Except as expressly amended above, all other terms and conditions of the Agreement shall remain in full force and effect.
- 5. Repurchase of Hose Shop Material. Eaton shall, on a date determined by AAR (but no earlier than January 1, 2017) repurchase from AAR the material listed on Attachment A to this Amendment, at the prices set forth thereon. A credit shall be issued to AAR within 60

days of receipt of substantially all of the material listed on Attachment A. The parties shall agree separately on the timing and costs of the shipping of the material.


6. No Return of Inventory. Upon execution of this Amendment, AAR expressly waives the right to return any and all inventory to Eaton under the provision of Exhibit D, paragraph 4 of the "Non-Exclusive Distribution Agreement" dated June 19, 2014 and terminated by Eaton on December 15, 2015.
7. AAR agrees to purchase the following amounts, at a minimum, each calendar year from Eaton, subject to the terms of the Agreement, to be delivered to AAR in the same year:
 - Calendar Year 2017 - \$46.5M
 - Calendar Year 2018 - \$45M
8. The terms and conditions set out in this Amendment shall remain confidential between the parties.
9. This Amendment is the complete agreement of the parties with respect to the subject matter addressed herein, and it supersedes any prior or contemporaneous agreements with respect to the same subject matter.
10. This Amendment shall be governed by the laws of New York, without giving reference to its choice of law provisions.

IN WITNESS WHEREOF, the parties have caused this Amendment to be duly executed as of the day and year set forth above.


AAR SUPPLY CHAIN, INC.

By: 
Name: Eric Young
Title: Vice President

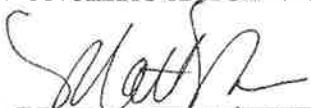
EATON AEROQUIP LLC

By: 
Name: MATT NORMAN
Title: DIRECTOR, CONTRACTS

EATON CORPORATION

By: 
Name: MATT NORMAN
Title: DIRECTOR, CONTRACTS

EATON AEROSPACE LLC

By: 
Name: MATT NORMAN

Title: DILEMMA CONTRACTS

Attachment A

Hose Shop Material to be Repurchased

<u>Invoice #</u>	<u>Cost</u>
HS325290	192,948.26
14222731	150,000.00
HS324870	63,532.55
HS469668	42,898.08
HS337602	35,000.00
HS341501	20,562.17
HS324868	14,486.61
HS346911	13,872.05
HS327099	7,118.92
HS325736	6,600.00
HS330132	3,071.30
HS322901	2,710.18
HS324872	1,400.00
HS325739	1,200.00
HS328306	1,054.48
HS303427	998.84
HS311518	656.89
HS325690	632.68
HS313239	627.36
HS311466	362.93
HS311446	285.88
HS311171	266.31
HS311499	237.07
HS314427	194.99
HS308648	193.83
HS303426	176.70
HS309448	176.70
HS311144	176.70
HS311149	176.70
HS311162	176.70
HS311166	176.70
HS311442	176.70
HS312426	176.70
HS311137	174.67
HS310734	113.51
HS311288	73.57
HS333965	25.77
HS398963	192.47
HS406787	200.72

HS430026	204.00
HS430282	204.00
HS428397	126.55
HS426490	285.23
HS438405	1,414.72
HS438403	1,414.72
HS450398	268.20
HS450396	268.20
HS450462	287.49
HS438385	962.84
HS438541	962.84
HS437081	396.48
HS444758	678.00
HS448579	531.25
HS448583	654.56
HS448575	167.32
HS449327	793.18
HS427336	162.44
HS469436	502.76
HS462620	2,399.98
TS097801	117.06
TS098550	103.02
TS098644	148.02
TS098464	160.80
TS098500	219.24
TS098211	272.94
HS398963	192.47
TS098464	160.80
TS098500	219.24
TS098211	181.96
TS098550	103.02
TS098644	148.02
TS097801	78.04
HS430032	204.00
HS430030	204.00
HS430028	204.00
HS430024	204.00
HS430031	204.00
HS430136	6,229.54
HS433131	1,378.13
HS433139	1,378.13
HS428396	624.73
HS429550	162.44

HS429875	595.05
HS429874	595.05
HS437135	706.72
HS437036	706.72
HS436801	706.72
HS440791	793.18
HS446085	354.00
HS446078	342.00
HS446079	474.00
HS446083	474.00
HS446075	414.00
HS446252	2,427.00
HS443563	413.48
HS443962	1,164.04
HS446982	331.25
TS098463	128.58
HS448577	414.00
HS448574	342.00
HS454736	237.50
HS454735	237.50
HS454734	237.50
HS454729	237.50
HS469777	2,055.63
HS469777	2,055.63
HS467148	2,001.14
HS469436	502.76
Total cost	607,635

Exhibit A-1

**NON-EXCLUSIVE PRODUCTS, PRIMARY TRADING AREA
AND AUTHORIZED BRANCHES**

DISTRIBUTOR: AAR Supply Chain, Inc. d/b/a AAR Distribution

PRODUCTS:

NON-EXCLUSIVE: Products covered by CAGE Codes 00624, 8W928, 08118, 08199, 15284, 77842, 02750, 97484, 16780, U2569, C2178, F0562, FA9C4.

PRIMARY TRADING AREA:

GEOGRAPHIC: Worldwide

MARKET SEGMENTS: All non-United States government defense logistics agencies and armed services bases and/or depots and inventory control points, but excluding in-country sales/purchases to the governments of Israel, Japan, Korea and Taiwan.

AUTHORIZED BRANCHES: AAR Supply Chain, Inc. d/b/a AAR Distribution, Wood Dale, IL

TERM OF AUTHORIZATION: August 1, 2016 through August 1, 2021. Notwithstanding anything to the contrary set forth in this Agreement, the authorization for the sale of these Non-Exclusive Products shall only be terminable by either party for its convenience after August 1, 2019.