

Term Sheet for Early Shipments

1) Definition of "Early Shipment"

- "Greater than twenty-one (21) days prior to the Requested Delivery Date" unless otherwise agreed upon by both parties.
- Shipments within twenty-one (21) days will be regarded as normal business practice and AAR will not need prior agreement from Sumitomo, unless otherwise agreed on by both parties.
- In case Sumitomo can't accept "Early Shipment", Sumitomo shall stipulate its detail in purchase orders and AAR is to follow such requirement.

2) Warranty Period

- Pratt & Whitney (P&W) products - 14 Months from Contract Delivery Date
- Northrop Grumman Corporation (NGC) – 13 months from Contract Delivery Date
- United Technologies Aerospace Systems (UTAS) – 12 months from Contract Delivery Date

3) Recertify

- Items shipped early need to be recertified prior to shipment to customer for final delivery. CoC needs to be within 1 month of the shipment date (anything over 1 month will be rejected by customer unless agreed upon by both parties).

4) Shipping / Re-Packing / Invoice

- Sumitomo to instruct requirements against AAR to split the Invoice/Package as requested when Sumitomo accept early shipment.
- Multiple PO items in one (1) box under one (1) AAR invoice is unacceptable.
- (Only same PO items in same PO delivery-requested-date is acceptable to be packed in one (1) box under one (1) AAR invoice).
- One shipment per Customer. UTAS/NGC/PW items should be packed separately and shipped separately to avoid handling or mixing with other shipments that are not considered part of the early shipment.
- Items classified as ITAR Controlled will not be accepted till all paperwork has been received.

5) Payment Due

- Payment Terms for early shipment items will be Net 90 days, unless otherwise agreed upon by both parties.

6) Additional Service Fee

- Percentage of service fee shall be 4% (added to Sumitomo commission) for all shipments within 12 months of contract delivery date.
- Letter to be provided from AAR for each early shipment request detailing the terms (Additional fee changed from commission to service fee).
- Letter to also include spreadsheet, which includes all the items that will be shipped early (this is to avoid any additional shipments or add on's after).

7) Spreadsheet

- Spreadsheet to be shared and agreed on both parties.
- No additional items to be added after list has been agreed on. (Final list to be added to letter as stated above).
- Tag number" is needed to be stated on "Early Shipment List" (Tag number allocates each single line items in each PO, and has been described on AAR Shipper document).
- Once items are shipped, final list with invoice numbers are needed ASAP.

AAR Supply Chain, Inc.,

Name: _____

Title: _____

Sumitomo Corporation

Name: _____

Title: _____