

## DISTRIBUTOR AGREEMENT

This Agreement (the “Agreement”) is made this 21<sup>ST</sup> day of March 2016 (the “Effective Date”), by and among

**Hamilton Sundstrand Corporation**, a UTC Aerospace Systems company, having offices in Windsor Locks, Connecticut, USA (“Company”);

-and-

**AAR Supply Chain, Inc.**, having offices in Wood Dale, Illinois, USA (“Distributor”).

The Company and Distributor are collectively referred to as the “Parties” and individually as a “Party.”

### WITNESSETH THAT:

**WHEREAS**, the Company is engaged in the business of designing, manufacturing and maintaining an extensive range of products, systems and services for aircraft and engine manufacturers, airlines, defense forces and identical appreciations;

**WHEREAS**, Distributor is an established distributor in the territory described in Exhibit A (as such exhibit may be amended, modified or supplemented from time to time, the “Territory”) that distributes aircraft products and services within the Territory;

**WHEREAS**, the Company seeks a Distributor in the Territory which can develop the market potential for its products and services described in Exhibit A (as such exhibit may be amended, modified, or supplemented from time to time, the “Products”) to the customers referenced in Exhibit A (as such may be amended, modified, or supplemented from time to time “Customers”) all upon the terms and conditions hereinafter set forth; and

**NOW, THEREFORE**, in consideration of the aforementioned premises and the mutual commitments made hereinafter, the Parties agree as follows:

Unless otherwise specified, the following definitions shall apply throughout this Agreement:

“Corrupt Payment” shall have the meaning set forth in UTC Corporate Policy Manual Section 48, attached as Exhibit C to this Agreement and made a part hereof.

“Government Official” shall have the meaning set forth in UTC Corporate Policy Manual Section 48, attached as Exhibit C to this Agreement and made a part hereof.

"Government Restriction" shall mean (i) any law, regulation, ruling, order, request, treaty, policy; or (ii) any required representation, affirmation, certification or statement; or (iii) any action of any governmental entity or agency or instrumentality thereof which affects a party hereto.

“Spares” shall mean replacement parts with same configuration part number removed from existing platforms defined in Exhibit A.

"UTC" shall mean United Technologies Corporation, a corporation organized and existing under the laws of the State of Delaware, United States of America, having an office and place of business at Hartford, Connecticut, U.S.A.

Technical and trade terms not otherwise defined herein shall be interpreted as generally accepted in the international aviation component manufacturing and repair industries.

## **1. Appointment of Distributor**

- 1.1 As set forth in Exhibit A and as otherwise set forth herein, the Company hereby designates and appoints Distributor, subject to Section 1.2, as the exclusive distributor of the Company, for the sale and distribution of Products to Customer located within the Territory. Distributor's appointment hereunder as a distributor of the Company shall give Distributor the right during the term of this Agreement to purchase, inventory, promote, market and resell the Products of the Company in the Territory described in Exhibit A. Distributor shall not sell any Products to any third party outside of the Territory even if such third party intends to sell such Products to end-users within the Territory. Distributor hereby accepts its appointment hereunder as a distributor of Company.
- 1.2 Nothing herein shall limit the Company's right to sell Products directly to any Customer, customer or entity outside of the Territory, including but not limited to the entities set forth in Exhibit A, nor does this Agreement amend or supersede any current or future agreements between the Company and its customers. Notwithstanding the prior sentence, Company shall not sell Products to any Customer or customer of such Products for end use in the Territory, except as set forth in section 10.2.
- 1.3 Company represents to Distributor that it has no contracts with third parties for the sale of Products in the Territory except those listed on Exhibit A. Company may continue to fill any orders placed by Customer so long as such order is placed by March 31, 2016, and so long as Company pays to Distributor a royalty for such sales equal to five percent (5%) of the gross amount of such sale. Such royalty shall be payable to Distributor within thirty (30) days after payment to Company from Customer. Upon the effectiveness of this Agreement, Company shall refrain from quoting and receiving any orders from the Customer, and shall promptly forward all of the same to Distributor.
- 1.4 The parties agree that Distributor shall purchase products pursuant to a separate purchase agreement (the "Purchase Agreement"), dated on or about the date hereof, between the parties (such products herein after referred to as "Special Products"). The purchase price for the Special Products and the appointment of Distributor as the exclusive distributor for Company for the Products as set forth herein shall be \$11,000,000.
- 1.5 Absent separate express written authorization from the Company, this Agreement does not apply to or encompass the sale of Products where the installation or end-use of the Products is outside of Territory. Distributor shall conscientiously endeavor to market, sell, and service the Products within the Territory.
- 1.6 Distributor understands that the Company may run, and hereby consents to Company running a background / due diligence investigation on Distributor with a third party vetting service such as TRACE International, Inc. Distributor hereby agrees to cooperate with Company and the third party vetting service with respect to the investigation and to provide any information regarding Distributor or its employees, officers, directors, shareholders or representatives that may be reasonably requested by Company or third party vetting service in connection with the investigation. Distributor understands and agrees that Company shall be entitled to terminate this Agreement without obligation to Distributor (other than obligations arising prior to such termination) in the

event that Company is not satisfied with the results of the Investigation in its sole discretion. Company shall enter into a confidentiality agreement with third party vetting service to appropriately protect Distributor information received or obtained from Company or Distributor.

- 1.7 During the term of this Agreement, in the event Distributor is not in breach of this Agreement, Distributor shall be given the right to bid on any future opportunity to distribute products of the Company in the Territory.
- 1.8 The Parties agree that effectiveness of this Agreement and the Parties' obligations hereunder are contingent upon Distributor executing an agreement with Customer for the Products set forth herein.

## **2. Orders**

- 2.1 Orders; Placement of Orders. Distributor will place all orders for Products by sending the Company an order for products (the "Order") in the manner described below. The Order shall contain (a) the name of Distributor and the Company, (b) a description of the requested Products and (c) the requested quantity and delivery schedule of the requested Products. The Company shall be entitled to rely on the Orders placed, and other information supplied, by Distributor. Distributor agrees to enter all Orders via the Hamilton Sundstrand Customer Portal and use the Portal for status inquiries. Distributor understands that it will be assessed a \$50 surcharge for any orders sent via email, fax or letter. Only electronic Orders (Portal or other EDI method) will be accepted, unless Distributor is instructed to do so by the Company in writing.

- 2.1.1 Annual Order. Each year of this Agreement, beginning in 2016, an Order shall be placed by the Distributor which shall include a delivery schedule accounting for manufacturing lead times. Such annual order will be at the minimum value set forth in the table below for each corresponding year:

ID	Year	Value of Minimum P.O.	Date of P.O. Placement
1	2016	\$11,700,000.00 less the discount set forth in Exhibit A	Within 10 business days of the Effective Date.
2	2016	\$7,000,000.00	June 30, 2016

To the extent the Agreement is extended beyond the initial four (4) year term, the Parties may mutually agree to any annual provisioning orders needed to support the Customer prior to any renewal set forth in section 13.1.

- 2.2 If the Products are controlled under the United States Munitions List (USML) and subject to export controls imposed by the International Traffic in Arms Regulations (ITAR), exports of these Products will require the prior written approval of the U.S. State Department unless specifically exempted by the ITAR. Distributor shall be responsible for obtaining any necessary export authorizations.
- 2.3 Unless otherwise agreed in writing by the Company for a given transaction, the purchase by and sale to Distributor of all Products shall be subject to the terms and conditions of this Agreement, supplemented by the Company's standard terms and conditions as set forth in Exhibit E (the

“Standard Conditions of Sale”) as may be amended from time to time in writing in accordance with this Agreement, and which conditions are deemed incorporated herein by reference. In the event of any inconsistency between the provisions of this Agreement and the Standard Conditions of Sale, and notwithstanding anything contained in such standard conditions, the terms of this Agreement shall prevail.

- 2.4 Order Acceptance. The Company shall indicate acceptance of an Order by written confirmation from an authorized representative of the Company, and within fifteen (15) business days thereof shall provide a Distributor with a good faith non-binding estimate of the lead time and delivery schedule for the Order. The Company shall not be obligated to accept any Order; provided, however, Company shall use commercially reasonable best efforts to accept any Order that has previously been quoted to Distributor. The Company will not be required to accept any Order issued at a time when Distributor is in default in its payments or other material obligations hereunder, provided Company has notified Distributor of such default as set forth in this Agreement. The Company may refuse to accept Orders or to deliver Orders to Distributor, or may establish conditions precedent to the sale or delivery of Products (such as the issuance of a letter of credit in a form acceptable to the Company) if deemed appropriate, in the Company’s sole reasonable discretion, when Distributor is in default in its payments or other material obligations hereunder, provided Company has notified Distributor of such default as set forth in this Agreement.
- 2.5 Notwithstanding the foregoing, if Company fails to timely deliver an Order for Products that are placed in accordance with the provisions of this Agreement for sale to Customer defined in Exhibit A in the Territory, Company shall reimburse Distributor for any late and/or cancellation penalty actually assessed by Customer for such late deliveries.
- 2.6 Conflicting Terms in Orders and Acceptances. Any terms or conditions set forth on documents or forms utilized by Distributor, including, but not limited to, pre-printed terms and conditions on an Order or other Order documents, and any communications (written or oral) between the applicable Parties that are inconsistent with, or are not included in, this Agreement, shall be deemed to be a material alteration of this Agreement and invalid and of no force or effect unless expressly agreed to in writing by an authorized representative of the Company and Distributor. Company’s acceptance of an Order will be given only on the express understanding and condition that only this Agreement shall govern and establish any rights and obligations of Company and Distributor with respect to the Products included in such Order. Company’s failure to object to provisions contained in any document or communication from Distributor shall not be deemed a waiver of the application of the provisions of this Agreement or agreement that such inconsistent or conflicting provisions shall be effective or of any force and effect.
- 2.7 Cancellation of Orders. Distributor may cancel any Order at any time without penalty if Customer requests cancellation of such Order; provided that such cancellation shall be subject to a reasonable cancellation charge by Company if such cancellation is within the relevant lead time. If such Order cancellation by Customer is outside of the relevant lead time, such cancellation may be subject to a reasonable cancellation charge; however such cancellation charge shall only be payable to Company if Distributor is able to pass the cancellation charge through to Customer.
- 2.8 Changes to Orders. Distributor may not make changes or issue a stop-work order to a previously-placed Order without the prior consent of the Company. If the Company is willing to agree to such modification but, in the Company’s sole reasonable discretion, the proposed modifications would cause an increase in the cost of, or the time required for the performance of, any Order or part of the work in such Order, the purchase price of or delivery schedule for such Order or both

(as applicable), shall be equitably adjusted, as reasonably determined by the Company in its sole discretion.

- 2.9 Disclosures; Orders Subject to Applicable Law. Distributor agrees that the Company may disclose any information that it deems necessary or appropriate in its reasonable discretion, to governmental agencies in the United States or in the Territory, including but not limited to the identity of Distributor and the type and amount of Orders placed by Distributor. The Company shall not be obligated to accept or fill any Order, or may terminate any previously accepted Order, if the Company's acceptance or fulfillment of such Order would be in contravention of any United States or Territory governmental laws, regulations or policies.
- 2.10 Specifications of Products. Except as otherwise agreed in writing by the Company prior to acceptance of an Order, all Products shall be manufactured to the Company's standards, drawings and specifications.
- 2.11 Reporting Requirements: Sales and Inventory Reports. Distributor shall submit to the Company a written report of its pending and completed sales to Customers on a monthly basis as set forth in Exhibit D. Distributor shall provide the Company with such supplemental information regarding any such sale listed in such report as the Company may request. Distributor shall also provide a monthly inventory report that includes part number unit counts by location. Distributor shall appoint a dedicated product manager to handle the additional product lines set forth in Exhibit A. Distributor shall also provide monthly point of sale reports, weekly inventory reporting for global AOG support.

### **3. Delivery, Title and Risk of Loss**

- 3.1 Delivery Schedule. The Company will use its commercially reasonable efforts to schedule delivery as close as possible to the non-binding estimate of the delivery schedule set forth in the confirmation provided by the Company to Distributor pursuant to Section 2.4, but the Company does not guarantee those delivery dates. The Company shall not have any liability whatsoever to Distributor for failure to meet any delivery schedule or for the costs to procure or design substitute goods due to a Force Majeure Event, acts or omissions of Distributor or any other causes beyond the control of the Company.
- 3.1.1 Early Delivery. The Company shall have the right to ship ahead of delivery schedule, subject to the following requirement: For all Orders that will be shipped sooner than thirty (30) days before the current Company-provided delivery date, Company shall notify Distributor of the revised ship date at least sixty (60) days prior to the anticipated ship date. If Company fails to provide such notice, net ninety (90) day payment terms shall apply to that Order. Notwithstanding the prior paragraph, through December 31, 2017, without Distributor's prior written approval, Company shall not ship more than thirty (30) days early if Distributor has more than \$10,000,000.00 USD of the Products set forth in this Agreement on its shelf, not including any Special Products purchased pursuant to a separate Purchase Agreement; provided, however, Distributor has verified its Product inventory to Company.
- 3.2 Delays Due to Distributor Requests. If a delivery of an Order is delayed at Distributor's request by more than one month after the Company has notified Distributor that such Order is ready for delivery, the Company may charge Distributor demurrage costs in the amount of 0.5% of the purchase price of the Order (or the part of the Order for which delivery has been delayed) for each month or partial month of delay, up to a maximum of 5% of the total purchase price of the Order.

- 3.3 Delivery in Installments; Separateness of Orders. The Company reserves the right to make deliveries in installments. Delivery of a quantity that varies from the quantity specified in the Order shall not relieve Distributor of its obligation to accept delivery and pay for the Products delivered. Distributor shall not refuse to accept delivery of any Order or any installment on account of any shortage or defect in any other delivery.
- 3.4 Packing, Crating and Shipping. All Orders shall be packaged and prepared for shipment in accordance with the Company's standard procedures to withstand normal transportation and stocking functions.
- 3.5 Title to Products, Method of Delivery and Risk of Loss. All Products to be delivered within the United States shall be delivered by the Company to Distributor FCA Company's factory at Windsor Locks, CT; Rockford, IL; or Phoenix, AZ. Title to Products, and risk of loss or damage, shall pass to Distributor immediately upon shipment in accordance with FCA Company's factory. Distributor shall be solely responsible for providing and paying for shipping thereafter to its facilities and shipping insurance for Products. The Company shall not have any liability for any loss resulting from Distributor's failure to insure or in underinsuring Products. In the event that the Company elects to program early shipments at quarter or year-end without prior notification and written consent of Distributor, the Distributor shall have the opportunity to return the Order(s) within 15 days of receipt for immediate credit. The payments, inclusive of the discount, will be due as per the normal Distributor payment terms.
- 4. Quality Standards, Acceptance and Return of Products**
- 4.1 Quality Standards and Documentation. Unless otherwise mutually agreed in writing, all Products are sold only with the Company's standard quality control tests and calibrations and the Company's standard documentation.
- 4.2 Acceptance Procedures. Within thirty-five (35) days from the delivery date of an Order (the "Inspection Period"), Distributor shall notify the Company in writing of all discoverable defects, quantity shortages, incorrect documentation, incorrect airworthiness documentation (e.g. FAA 8130) and incorrect Products, with respect to the Products contained in such Order. In the event that Distributor fails to inspect an Order and/or does not present a rejection notice for an Order to the Company in writing during the Inspection Period, Distributor shall have finally and irrevocably accepted such Order and the Products contained in that Order.
- 4.3 Warranty Returns. No return of Products will be accepted without prior authorization from the Company or its designee and issuance of a Return Material Authorization (RMA) number by the Company or its designee. Returned Products must be in original manufacturer's shipping cartons complete with all packing materials and shall be shipped FCA Distributor's facility (Incoterms 2010) and title shall revert back to the Company upon delivery.
- 4.4 Documentation of Returned Products. Parts that are received from the Company in FACTORY NEW CONDITION and are returned due to incorrect documentation (for example: incorrect part number, incorrect serial number, lack of signature of inspector, etc.) shall be returned to Distributor in FACTORY NEW CONDITION, not as REPAIRED or SERVICEABLE or OVERHAULED.

## **5. Quarterly Business Reviews and Product Development**

The Parties shall meet in person or via telecom to review sales initiatives, training, promotions, customer visits, and activities to promote sales results, development and penetration for the Products in the Territory, to develop the highest public perception of the Products and to provide proper after-sale product support. Distributor shall display, advertise and otherwise promote the sale and use of the Products in the Territory, maintain adequate facilities and an adequate sales and service staff and use such other commercially reasonable activities in the market development as are appropriate, provide a rolling 18-month forecast (updated quarterly) with a 90-day freeze on any changes, and meet the Key Performance Metrics (KPM) listed in Exhibit D.

## **6. Warranty**

Except as stated in the Standard Terms and Conditions which are incorporated herein by reference per Section 2.3, the Company makes no representations or warranties, expressed or implied, with respect to the Products sold hereunder.

## **7. Prices and Terms of Payment**

- 7.1 Initial Purchase: Distributor agrees to place initial purchase Orders in accordance with Section 2.1.1.
- 7.2 Post Initial Purchase. Following receipt of the initial provisioning in year one of this Agreement as set forth in Section 2.1.1, Distributor shall maintain a minimum of four (4) months' stock based on the previous twelve (12) months' cost of goods sold of Distributor, or if not available, the previous twelve (12) months' cost of goods sold of Company.
- 7.3 Prices. Product prices quoted to Distributor shall be subject to the discounts and other pricing agreements set forth in Exhibit A. All prices are in U.S. Dollars and are exclusive of Taxes.
- 7.4 Invoicing. The Company shall submit invoices to Distributor upon Product shipment. In the case of partial shipments, the Company shall submit invoices including only Product(s) shipped.
- 7.5 All payments made hereunder shall be made in U.S. dollars and shall be due and payable within thirty (30) days of the receipt of invoice. Payment of undisputed invoices shall be made in full, without any set-off, withholding, counterclaim or deduction whatsoever. Interest will automatically and without any notice of default accrue on overdue invoices from the due date until payment is received by the Company at a rate equal to the lower of (a) twelve percent (12%) per annum or (b) the highest interest rate permitted by law. Distributor will be responsible for any costs and expenses (including attorneys' fees) associated with collection of past due invoices or other amounts due and owing to the Company hereunder.
- 7.6 All payments made to HSC under this Agreement shall be by wire transfer and shall be made to Hamilton Sundstrand, c/o Mellon Bank, Mellon Client Service Center, 500 Ross Street, Pittsburgh, PA 15262-0001, ABA# 043000261, SWIFT# MELNUS3P, ACCOUNT# 180-9354.

## **8. Product Modification and Discontinuance**

- 8.1 Company reserves the right to modify or change its Product(s) in whole or in part, at any time prior to delivery thereof, in order to include improvements deemed appropriate by Company,

without incurring any liability to modify or change any Product(s) previously delivered, or to supply new Product(s) in replacement thereof. Company reserves the right at any time to make design modifications that may affect form, fit or function of its Products. The Company shall not be obligated to incorporate such modifications to previously purchased but undelivered Products or delivered Products. In addition, Company reserves the right to discontinue the manufacture or supply of any of its Products.

- 8.2 If Company makes any change or modification to any Product in accordance with Section 8.1 and such change or modification results in a part number change, Company shall notify Distributor of such change or modification when Distributor has begun its material planning process for the changed or modified Product, at which time the Parties shall endeavor to mutually agree on an implementation plan and timeline to ensure minimum impact of Distributor's inventory.
- 8.3 If Company modifies any Product, and the part number for that Product changes as a result, and such part number is considered a Spare, then the new part number for that Product will be deemed added to this Agreement for all purposes.

## **9. Obligations of Distributor**

- 9.1.1 Distributor shall maintain such offices, facilities and personnel knowledgeable with respect to Products as the respective Parties deem necessary or appropriate for the proper sales representation and installation of the Products in the Territory. Distributor will also appoint a dedicated product manager to handle the Product lines. Such product manager shall provide the monthly report in accordance with Section 2.11.
- 9.1.2 Distributor shall use its commercially reasonable best efforts to solicit and promote sales of the Products and otherwise to bring to the attention of actual and potential Customers the nature and utility of the Products. The Company shall supply to Distributor, free of charge, such promotional material, literature and bulletins as the Company considers desirable, and Distributor shall, at its own expense, distribute the same. Upon termination of this Agreement, Distributor shall return to the Company all such materials then in its possession or control.
- 9.1.3 Distributor shall provide technical and sales information and advice and also answer inquiries from Customers or potential customers concerning Products. Distributor shall keep the Company informed of the actual and potential requirements of Customers and potential customers, and will provide the Company with current information and data on the general economic situation in the Territory, the conditions of the potential market for the Products and general financial information which may affect sales of the Products.
- 9.1.4 Distributor will be responsible for all expenses incurred by it in connection with this Agreement such as, but not limited to, salaries, traveling, expenses, correspondence, communications (including telephone, fax, cable and other electronic means), advertising, office facilities and equipment, and any and all taxes which may be imposed on Distributor.
- 9.2 It is understood and agreed that the Company may appoint an affiliate of the Company to serve as its respective agent hereunder for purposes of giving Distributor instructions, serving as a liaison between Distributor and the Company, undertaking other responsibilities with respect to contract administration and performing such other functions as may be specified from time to time in writing by the Company. Any such appointment shall be made by written notice from the Company to Distributor, which such notice shall specify the scope and duration of such agent's authority. The



Company shall be entitled to revoke any such authorization at any time and appoint an alternative agent.

- 9.3 Distributor acknowledges and agrees that it is an independent contractor, and not in the service or employment of the Company. All costs, salaries, severance pay and other expenses incurred by Distributor in connection with its performance under this Agreement shall be borne solely by Distributor. Distributor hereby agrees to indemnify and hold the Company and its parents, subsidiaries and affiliates and its and their shareholders, directors, officers, employees and agents (collectively, the “Company Indemnified Parties”) harmless from and against any and all claims made by Distributor’s or its agents’ employees claiming that they are employees of Company and/or entitled to any rights or benefits as an employee of Company.
- 9.4 This Agreement does not make Distributor an agent of the Company and shall not give Distributor any authority to create any obligation of any kind, expressed or implied, of or on behalf the Company, or to bind the Company in any manner, unless specifically authorized in a written statement signed by an authorized representative of the Company. The foregoing prohibition shall not apply to any warranty with respect to the Products that Distributor is permitted to provide to its customers. Distributor shall not represent to third parties, either during or following the term of this Agreement that the relationship between Distributor and the Company is other than as stated in this Agreement.
- 9.5 Without limiting Distributor's duty to hold harmless and indemnify hereunder, Distributor agrees to secure and carry as a minimum the following insurance with respect to all for the duration of this Agreement: (i) Workers' Compensation Insurance, inclusive of an alternate employer endorsement, in an amount sufficient by virtue of the laws of the U.S., foreign country, state, or other governmental subdivision in which the work or any portion of the work is performed and Employer's Liability Insurance in the minimum amount of \$1,000,000 for any one occurrence; (ii) Commercial General Liability Insurance including Premises Liability and contractual Liability, in which the limit of liability for property damage and bodily injuries, including accidental death, shall be at a minimum, a combined single limit of \$5,000,000 for any one occurrence; (iii) The following shall apply if Distributor is providing product, component parts, materials or work to be incorporated in aircraft where such products, parts or materials are classified as Flight Safety Parts (FSP) or its equivalent or having Critical Characteristics (CC) or its equivalent in accordance with the current revision of ASQR-01, ASQR-09.1 and/or any documents referenced therein: Distributor shall maintain Aircraft Product Liability, Completed Operations Liability and, if applicable to the Goods or Services, Hangarkeepers Liability Insurance coverage in a minimum amount of Combined Single Limit of \$50,000,000 for any one occurrence and in the aggregate where applicable, including AV52 coverage (War Risks Insurance). Such insurance shall remain in effect for two (2) years after the expiration or termination of the Order. All such insurance shall be issued by companies authorized to do business under the laws of the State or jurisdiction in which all or part of the Distributor markets or sells Products, and must have an AM Best financial rating of A- or better or an equivalent rating as produced by another rating agency acceptable to the Company. All such insurance policies will be primary in the event of a loss arising out of Distributor's performance under this Agreement, and shall provide that where there is more than one insured the policy will operate, except for the limits of liability, as if there were a separate policy covering each insured and shall operate without right of contribution from any other insurance carrier by the Company. Certificates evidencing such insurance and endorsements naming the Company as an additional insured on coverage (ii) Commercial General Liability, (iii) Aircraft Product Liability, Completed Operations Liability insurance and (iv) if Distributor is performing professional services on behalf of the company and Professional Liability Insurance is applicable, shall be filed with the Company upon execution of the Order and before commencement of any work hereunder, and within thirty (30) days

after any renewals or changes to such policies are issued. To the extent permitted by law, Distributor and its insurer(s) agree that subrogation rights against the Company are hereby waived; such waiver shall be reflected on the insurance certificate. Distributor shall, if requested by the Company, advise the Company of the amount of available policy limits and the amounts of any self-insured retention.

- 9.6 Distributor shall not make payments, without written consent of the Company, either directly or indirectly, to an employee of, or person or entity affiliated with, the Company.
- 9.7 Distributor further agrees that violation of any of its duties in connection with this Section 9 after first providing Distributor with thirty (30) days' written notice to cure any such violation, will constitute good cause for termination of this Agreement, without compensation to Distributor therefore, other than obligations Company that arose prior to such termination.
- 9.8 Distributor shall not make any representations or warranties with respect to Products unless set forth herein, specifically authorized by the Company in writing, or unless the same are set forth in advertising literature, specifications, or quotations furnished or approved by the Company.

## **1. Limitation of Agreement**

- 10.1 Notwithstanding any other provisions hereof, this Agreement shall not apply to:
  - 1. Sales of services, equipment or goods other than the Products detailed in Exhibit A; or
  - 2. Governmentally sponsored or funded military aid-type programs conducted under the auspices and/or assistance of any governments or other international agencies, except as expressly set forth in a separate written addendum to Exhibit A addressing and identifying the specific business opportunity and provided that Distributor is legally permitted to and does so participate in such programs, but in such event subject to all conditions and limitations thereof or
  - 3. The U.S. Government.
- 10.2 Notwithstanding any other provisions hereof, the last sentence of Section 1.2 of this Agreement shall not apply to sales of Products as defined in Exhibit A to another division or subsidiary of the Company or United Technologies Corporation (UTC) or an entity in which the Company or UTC or any of its subsidiaries has a 30% or greater interest, provided, that such sale is solely for the consumption of components into a repair, or overhaul or used in the performance of any other services relating to a repair or overhaul, provided by such division or subsidiary of the Company.
- 10.3 The Parties may be entitled to change the Products, Territory and/or Customers listed on Exhibit A, upon mutual Agreement, if Distributor's agreement with Customer is modified in such a way that Distributor is no longer selling certain Products to Customer.

## **2. No Compensation for Services Rendered**

Distributor agrees that the Company shall not pay compensation to the Distributor for the sale of the Products or for any other service rendered under this Agreement. It is understood that the Distributor will enter into contracts of sale for the Products in the Territory with customers. The contracts between the Distributor and the customer for the Products within the Territory shall be solely for the account and risk of the Distributor and any profits derived therefrom shall belong to the Distributor. Distributor will determine the selling price it will quote to its customers. It is intended that the Distributor's entire compensation under this Agreement shall be the difference

between the buying and selling prices of Products sold. In establishing these prices, the Distributor will include, as a profit to it, only such percentages and amounts as are reasonable and will not jeopardize the sale of the Products or restrict the natural expansion of the sale of the Products in the Territory. Distributor agrees that the selling price of the Products or services it establishes in its contract of sale adequately covers the Distributor's efforts hereunder.

### **3. Confidential Information**

Distributor and Company may, from time to time, each disclose (as "Discloser") or receive (as "Recipient") Confidential Information (as defined below) to and from one another. Recipient shall not reveal any Confidential Information to any individual, firm, corporation or other legal entity (other than to an employee, contract labor or professional advisor of Recipient who has a need to know and is bound by a written confidentiality obligation to Recipient), without specific prior written authorization from the Discloser. "Confidential Information" includes inventions, product plans or strategies, product developments, processes or methods, or other confidential or proprietary information of the Discloser (in oral, written or electronic form), including but not limited to, operating methods, material sources, customer relations, pricing practices, market analyses, customer information and other information of which Recipient gains knowledge or which may come into Recipient's possession during its performance of this Agreement that is (a) in writing and clearly marked with a proprietary or confidential legend at the time of disclosure; (b) in a machine-readable form, with the information or the media in which it is provided being clearly marked with a proprietary or confidential legend at the time of disclosure, or if such marking is not practicable, such information or media being identified as proprietary or confidential by written communication of the Disclosing Party prior to or contemporaneously with its disclosure; (c) disclosed orally or visually, with the information being identified as proprietary or confidential at the time of disclosure, and reduced to writing and clearly marked with a proprietary or confidential legend within thirty (30) days of the initial disclosure; or (d) incorporated or embodied in a sample product or other equipment, material or item clearly marked with a proprietary or confidential legend at the time of disclosure. Discloser (whether disclosed to Distributor prior to or following the date hereof). Furthermore, Recipient shall not use any Confidential Information, including for its own or another party's benefit, except in the course of performing its obligations under this Agreement. Upon expiration or termination of this Agreement and at the Discloser's written request, all tangible copies of Confidential Information, including Recipient's work product and copies thereof, which are in Recipient's or its employees' or sub-agents' possession shall be promptly returned to the Discloser. Recipient shall be responsible for any disclosures of Confidential Information by its employees and sub-agents not in accordance with this Agreement. In the event that Recipient receives any subpoena or other legal documentation or request from a governmental authority pursuant to which Recipient or its employees would be required to disclose Confidential Information, Recipient shall promptly notify the Discloser, if legally permissible, and reasonably cooperate with any efforts of the Discloser to contest disclosure, limit disclosure to the extent strictly required and (or afford the Discloser a reasonable opportunity) to seek a protective order to prevent or limit the disclosure of such Confidential Information; in any event, Recipient or its applicable employee shall disclose only the minimum Confidential Information required to be disclosed.

### **4. Term and Termination**

- 13.1 This Agreement shall come into effect on the Effective Date and shall remain in full force and effect for four (4) years from such date, and shall renew for an additional four (4) years, and then renew for an additional two (2) years unless either party provides at least one hundred twenty (120) days' written notice of termination prior to the end of the term then in effect. Prior to the

Effective Date, the anniversary date of this Agreement, or any extension thereof, the Distributor shall, at Company's written request, provide the Company an Anti-Corruption Compliance Certification in the form provided in Exhibit B and the parties may mutually agree upon any annual reprovisioning orders need to support the Customer set forth in section 2.1.1. for any such renewal period. This Agreement may not be extended after the two initial renewal periods unless the parties agree to amend this Agreement in writing.

13.2 Effective from the date of giving written notice to the Distributor, (but, with respect to items 2, 5, 7 and 8 below, following written notice and by providing a fifteen (15) business-day period to cure such circumstance) the Company may unilaterally terminate this Agreement under the following circumstances:

1. If, in the reasonable opinion of the Company, the Distributor or any director, officer, employee, or agent of the Distributor becomes for any reason persona non grata to any Government, Government Official, or any of the Company's customers, or if the Distributor or any director, officer, employee or agent of the Distributor is accused of wrongdoing or is debarred or suspended by a Government or Government Official; or
2. If the Distributor has breached the Agreement, including, without limitation, Distributor's failure or refusal to cooperate with the Company or UTC audit or investigation; or
3. If the Company has reason to believe that the representations and warranties made by the Distributor in Section 17 are no longer valid and not cured within the any applicable period set forth therein; or
4. If the Company, acting in good faith, in its reasonable discretion, determines that any of the actions of the Distributor or the provisions of this Agreement, including the obligation to pay commissions hereunder, violates or contravenes a Government Restriction of either the Government of the United States or the Government of any country in the Territory; or
5. If the Distributor becomes insolvent, bankrupt, or goes into receivership; or
6. If the ownership of the Distributor changes in a manner which the Company reasonably determines has either (1) a material effect on the Agreement or (2) creates a conflict of interest for the Distributor or the Company or UTC employee; or
7. Failure of the Distributor to comply with any the Company safety policy while on Company's premises; or
8. The Distributor or any principal officer or manager of the Distributor is convicted of any activity and currently still employed by Distributor that, in the reasonable opinion of the Company, may adversely affect the ownership, operation, management, business, reputation or interest of the Distributor or the Company; or
9. A substantial change in management, business direction or direct or indirect ownership of the Distributor. A substantial change of ownership includes, but is not limited to, the following:

- i. Acquisition by a competitor of Distributor or the Company of any interest in the Distributor or any entity directly or indirectly in a position to control the Distributor.
    - ii. Acquisition by any person or entity of a controlling interest in the Distributor or any entity directly or indirectly in a position to control the Distributor.
    - iii. Any dissolution, merger consolidation or other reorganization, whether by operation of law or not, of the Distributor or any entity directly or indirectly in a position to control the Distributor
- 13.3 Distributor may terminate this Agreement for cause if Company fails to cure any material breach hereunder within 15 business days after receiving written notice of such breach from Distributor.
- 13.4 Effect of Termination or Expiration
- 13.4.1 Upon the termination or expiration of this Agreement, the Parties shall have all rights as set forth under applicable law, and:
- 1. The Distributor shall have the right to purchase and the Company shall continue to fulfill, subject to the terms of this Agreement, all Orders accepted by the Company prior to the effective date of termination, unless this Agreement is terminated by the Company under Section 13.2. The Company shall honor the pricing at the time of termination for orders accepted by the Company at such prices.
  - 2. Upon termination or expiration of this Agreement, the Company may, at its option, repurchase from the Distributor any or all of the Products then stocked by the Distributor (but excluding Products for which any backlog exists before or after the effectiveness of such termination) at the Distributor's invoiced price of such Products less such an amount to be agreed attributable to diminution in value of such products by reason of their physical condition and/ or obsolescence. In the event Company terminates this Agreement for Distributor's default, Products for which any backlog exists before or after the effectiveness of such termination shall not be excluded from any buy back option by the Company under this Section.
  - 3. In the event (A) the Company provides notice that it does not intend to renew this Agreement for an additional four (4) years pursuant to Section 13.1 or (B) this Agreement is terminated by Distributor for Company's default or breach in accordance with Section 13.3 during the first four (4) years of this Agreement, Distributor may, at its election, (i) cancel all or part of such orders, irrespective of the delivery date for such Products; (ii) with respect to Products purchased by Distributor, the Company shall repurchase from the Distributor all of the Products purchased by the Distributor within the last twelve (12) months prior to termination of this Agreement and any Products that Company shipped early pursuant to Section 3.1.1 that would have otherwise been delivered within the twelve (12) months prior to termination of this Agreement (but excluding Products for which any backlog exists before or after the effectiveness of such termination), at the Distributor's invoiced price of such Products less such amount mutually agreed to by the Parties attributable to diminution in value of such products by reason of their physical condition and/or obsolescence, and (iii) with respect to the Special Products purchased by Distributor, the Company shall, repurchase from the Distributor up to \$1,000,000.00 USD worth of such Special Products, selected by Distributor in its sole discretion, or the balance of unsold Special Products inventory whichever is the lesser at the specified repurchase price for such Special Products

set forth in that certain Purchase Agreement. Such Special Products shall be in good quality and marketable condition. Any election by Distributor under subsection (i), (ii) and (iii) above shall be made within six (6) months from the event giving rise to Distributor's option to make such election. For any repurchase of Products or Special Products pursuant to subsection (ii) and (iii) above, Company shall pay Distributor for such Products or Special Products within sixty (60) days of Company's receipt of such returned Products or Special Products.

4. In the event (A) the Company provides notice that it does not intend to renew this Agreement past eight (8) years pursuant to Section 13.1 or (B) this Agreement is terminated by Distributor for Company's default or breach in accordance with Section 13.3 during the first four (4) years of this Agreement during years five (5) through eight (8) of this Agreement, Distributor may, at its election, (i) cancel all or part of such orders, irrespective of the delivery date for such Products and (ii) with respect to Products purchased by Distributor, the Company shall, repurchase from the Distributor all of the Products purchased by the Distributor within the last six (6) months prior to termination of this Agreement and any Products that Company shipped early pursuant to Section 3.1.1 that would have otherwise been delivered within the six (6) months prior to termination of this Agreement (but excluding Products for which any backlog exists before or after the effectiveness of such termination) at the Distributor's invoiced price of such Products less such amount mutually agreed to by the Parties attributable to diminution in value of such products by reason of their physical condition and/or obsolescence.
  5. Following the expiration or termination of this Agreement, nothing herein shall prevent Distributor from disposing of the remaining Products or Special Products at the prices and in the manner it sees fit.
  6. Neither Party shall, by reason of expiration or termination of the Agreement, be entitled to any termination or severance compensation or to payment in respect of any goodwill or loss of prospective profits or on account of any expenditure incurred by the Distributor except as specifically provided by this Agreement.
  7. Distributor will, if requested in writing by the Company, return immediately to the Company all price books and lists, quotations, discount sheets, technical particulars and all other documents which the Distributor has received from the Company except those distributed in the normal course of trade.
  8. Distributor, except as may be otherwise authorized in writing by the Company shall cease to use the name(s), trade names, and trademarks of the Company. Distributor shall ensure such cessation of use and removal by all persons claiming to have received the right to such use from Distributor.
- 13.5 The acceptance of any order from, or the sale of any Product(s) to, the Distributor, after the expiration or the termination of the Agreement shall not be construed as a renewal or extension thereof nor as a waiver of expiration or termination. In the absence of a written agreement between the Parties, all such transactions shall be individually governed by the terms and conditions of this Agreement.
- 13.6 Termination of this Agreement shall not give rise to any liability on the part of either Party to pay any compensation to the other Party for loss of profits or goodwill or otherwise; provided that the foregoing shall not affect the obligations of either Party with respect to its liability to the other Party arising prior to such termination.

## **14. Non-Assignment**

- 14.1 Distributor shall neither assign nor transfer this Agreement or any rights that may arise hereunder without the prior written consent of the Company. Distributor shall not use any sub-agents (e.g. any non-employee of Distributor; for these purposes, an affiliate of Distributor shall constitute a sub-agent) or delegate any of its duties hereunder for any purposes without the prior written consent of the Company. Notwithstanding the foregoing clause, Company may assign any and all of its rights and obligations hereunder upon notification to Distributor to (i) the Company-affiliated company; (ii) a third party pursuant to any sale or transfer of all or part of the assets or business of Company; or (iii) a third party pursuant to or in connection with any financing, merger, consolidation, change in control, reorganization or other business combination involving Company.

## **15. Taxes**

- 15.1 For the purposes of this Agreement, taxes shall include, but not be limited to, sales taxes; use taxes; withholding taxes; value added taxes; goods and services taxes; stamp taxes; excise taxes; gross receipts taxes; transfer taxes; profits taxes; turnover taxes; port dues; import, export and custom duties; and any related penalties and interest or other similar taxes ("Taxes").
- 15.2 All prices stated in this Agreement shall be exclusive of Taxes.
- 15.3 Distributor shall pay the cost of any Taxes which the Company is required by applicable law to charge to Distributor as a result of the transactions contemplated by this Agreement, unless Distributor shall have timely provided to the Company a valid and properly completed exemption certificate certifying that Distributor is not subject to such Taxes.
- 15.4 The Company shall have no liability for any Taxes, whether imposed on the Company or Distributor, in connection with the performance by the Company of its obligations under this Agreement other than, for the avoidance of doubt, taxes imposed on the Company's net income. In the event any amounts described in this Section 15.4 (other than, for the avoidance of doubt, taxes imposed on the Company's net income) are imposed on the Company, Distributor shall reimburse the Company for such amounts within 15 days of written request.
- 15.5 All payments shall be made without deduction or withholding. In the event that Distributor is required by any law to make any deduction or withholding from any amount payable to the Company, then the amount payable to the Company shall be increased such that after all deductions and withholdings, the amount paid to the Company shall be equal to the amount to which the Company would have been entitled under this Agreement had no deduction or withholding been required.
- 15.6 Any amounts withheld by Distributor shall be timely remitted to the relevant authority as required by law. Distributor shall promptly provide the Company with an official receipt or certificate in respect of the payment of such amounts.
- 15.7 Both Parties agree to co-operate to eliminate or reduce, consistent with applicable law, any Taxes or similar charges which may be payable by either Party, including, where applicable, providing or issuing the necessary documentation to support or secure exemptions or recoveries. Furthermore, if as a result of a change in law or a change in the tax practice of any tax authority, either Party becomes subject to additional Taxes or similar charges which increase its financial liability during the term of this Agreement, both Parties will negotiate in good faith to attempt to reduce or eliminate such additional Taxes or similar charges; provided, however, that neither Party need take any steps

which, in its reasonable opinion and acting in good faith, would increase its obligations or would be prejudicial or adverse to it (whether in respect of tax affairs or otherwise).

## **16. Export/Import Requirements**

- 16.1 It is understood that the authorization or written permission of the U.S. and other governments or other parties and/or U.S. and other government export licenses may be required prior to the shipment of any Product and/or disclosure of licensable technical data to Customer or customers. Distributor agrees to comply with any and all laws applicable to the export of such Products. If Company is to obtain any export license or authorization on behalf of Distributor, Distributor shall provide Company with any requested information necessary to obtain such license or authorization. Distributor agrees to comply with Company's requests for information relating to Company's internal export control management, including reporting any information that Distributor becomes aware of that would indicate that a diversion has occurred.
- 16.2 All transactions, exports and re-exports of all Products are subject to United States export control and sanctions, laws, regulations, and orders, as they may be amended from time to time, applicable to the sale, transfer, export and re-export of goods, software, technology, or technical data or services, including without limitation the Export Administration Regulations ("EAR"), International Traffic in Arms Regulations ("ITAR"), Foreign Assets Control Regulations (as administered and enforced by the Treasury Department's Office of Foreign Assets Control), U.S. Customs Regulations, Foreign Trade Statistics Regulations (U.S. Census Bureau) and Bureau of Alcohol, Tobacco, Firearms and Explosives Regulations (U.S. Justice Dept.) (collectively, "Export Control Laws and Regulations"). Distributor hereby agrees not to export and/or re-export any Products without first obtaining the appropriate license, exemption or similar authorization in accordance with all applicable Export Control Laws and Regulations.
- 16.3 The Company agrees to notify Distributor of the Product's export control status, jurisdiction and classification by including such information on shipping invoices or similar documentation. Distributor shall be responsible for complying with all applicable export laws, including U.S. laws governing the export, re-export, transfer and re-transfer of U.S. origin items. Distributor shall be responsible for obtaining all required licenses and authorizations under all applicable Export Control Laws and Regulations to so export any Products to the Territory, based on the ultimate customer, destination and use. The Company agrees to reasonably cooperate and exercise reasonable efforts to support Distributor in obtaining the necessary licenses or authorizations required to so export the applicable Products to the Territory. The failure or inability of Distributor to obtain any necessary license or authorization under any applicable Export Control Law or Regulation shall not entitle Distributor to cancel or terminate any Order, or terminate its obligation to pay for, or reduce the price of, any Order.
- 16.4 The Distributor and Company shall not support prohibited end-uses. End-uses which are prohibited are those related to the design, development, production, or use of: chemical, biological, nuclear weapons or the delivery methods associated with such weapons, to include missiles, rockets, and unmanned aerial vehicles; or any military activity or product being developed for end-use by any military. In addition Product shall not be: consigned to or used by a specially designated terrorist (SDT), a specially designated global terrorist (SDGT), a specially designated national (SDN), or a foreign terrorist organization (FTO).
- 16.5 Distributor warrants that it is not, and is not related to or affiliated with or acting on behalf of, any person or entity listed on the Denied Parties List, the Specially Designated Nationals List, or any other list of restricted parties maintained by the U.S. Departments of Commerce, Treasury, or State.



If Distributor becomes related to or affiliated with or acting on behalf of, any person or entity listed on the Denied Parties List, the Specially Designated Nationals List, or any other list of restricted parties maintained by the U.S. Departments of Commerce, Treasury, or State, it will provide notice to the Company immediately

- 16.6 If any Product is a defense article or defense service under the ITAR, Distributor hereby agrees to become registered (if it is not already registered) as a broker under Part 129 of the ITAR. Distributor hereby certifies that it has not paid, or offered or agreed to pay, or has caused to be paid, or offered or agreed to be paid directly or indirectly, in respect of this Agreement any political contributions, fees or commissions (as defined in Part 130 of the ITAR). Nevertheless, Distributor will notify the Company if Distributor pays, offers or agrees to pay or causes another to pay, offer or agree to pay directly or indirectly, in respect of this Agreement any political contributions, fees or commissions (as defined in Part 130 of the ITAR).
- 16.7 Distributor agrees, for transactions governed by the EAR, to enter into, pursuant to EAR § 758(b) an agreement with the Company under which Distributor will expressly assume responsibility for determining licensing requirements and obtaining license authority, identifying Distributor's U.S. agent as the exporter for EAR purposes with respect to the sale of Products to Distributor's customers. For Products under this Agreement covered by the ITAR, the Parties agrees to reasonably cooperate and exercise reasonable efforts to support the other Party in obtaining the necessary licenses or authorizations required to so export the applicable Products to the Territory.
- 16.8 Distributor's obligations to comply with the Export Control Laws and Regulations are independent of and will survive any expiration or termination of this Agreement for whatsoever reason. Distributor hereby agrees to indemnify and hold the Company Indemnified Parties harmless from and against any claims made by third parties for claims, losses, damages, costs or expenses (including fees and expenses of counsel and investigative expenses) incurred by the Company Indemnified Party to the extent of any export or re-export activities by Distributor or its agents in violation of the Export Control Laws and Regulations and Distributor's obligations under this Section 16.
- 16.9 No Products sold under this Agreement shall be shipped in contravention of any embargo administered by the United Nations (UN), European Union ("EU"), Organization for Security and Co-Operation in Europe ("OCSE"), the U.S Office of Foreign Asset Control ("OFAC") and any such specially designated nationals, organizations, or terrorists including but not limited to retransfer of the Company product to Cuba, Iran, North Korea (aka, Democratic People's Republic of Korea), Sudan, or Syria unless Distributor has obtained the appropriate licenses and authorizations for such sale. Nor shall any end-use be permitted by Company or Distributor in the foregoing countries for which there are no licenses. End-uses which are prohibited are those related to the design, development, production, or use of:
- Chemical, biological, nuclear weapons or the delivery methods associated with such weapons, to include missiles, rockets, and unmanned aerial vehicles;
  - Any military activity or product being developed for end-use by any military;
  - Consigned to or used by a specially designated terrorist (SDT);
  - Consigned to or used by a specially designated global terrorist (SDGT);
  - Consigned to or used by a sanctioned denied national (SDN); and/or
  - Consigned to or used by a foreign terrorist organization (FTO).

- 16.10 Distributor acknowledges that the Company's equipment and technical data are subject to U.S. and non-U.S. governmental export controls and that in the event an export or an import license or other approval is required, including that of the U.S. and non-U.S. government or any other government with respect to any Product or technical data to be furnished to Distributor pursuant to this Agreement, the Company shall not have liability to Distributor with respect to the license or other approval if the same is not granted or is subsequently suspended or revoked.

**17. Representations, Certifications and Warranties**

- 17.1 Distributor acknowledges that the Company conducts its business according to the highest ethical standards, seeks to avoid even the appearance of impropriety and insists that its distributors and other foreign intermediaries conduct their business in a similar manner. Distributor further acknowledges that its compliance with this Section 17 independently provides material consideration for the Company to enter into this Agreement such that breach of this Section 17 will provide cause for immediate termination of this Agreement (as provided in Section 13) without compensation for such termination; provided that Distributor shall receive written notice and fifteen business (15) days to cure any breach with respect to items 2, 3, 5, 6, 7, 8 or 9 in Section 17.2. Any termination pursuant to the foregoing shall not affect the obligations of either Party with respect to its liability to the other Party arising prior to such termination.

- 17.2 Distributor represents and warrants to the Company that:

1. It will refrain (directly or indirectly) at all times from offering, promising, attempting to provide or providing (1) any Corrupt Payment; or (2) any UTC employee, Customer or any Government Official, any ownership, financial or other interest (e.g., governance position, employment consulting, contracting) in Distributor.
2. It is a corporation, duly organized or formed, validly existing and in good standing organized under the laws of Illinois.
3. It has and shall have all licenses, permits and other authorizations from all governmental authorities necessary for Distributor to perform its obligations under this Agreement.
4. It shall not violate any copyright, trade secret, trademark, patent, invention, proprietary information, privacy, non-disclosure or any other statutory or common law rights of any third party in the performance of its obligations under this Agreement.
5. The owners of record of Distributor do not hold their interests in Distributor in trust or for the benefit of others.
6. Neither Distributor nor any of its officers or directors is a Government Official or agent of any Government Official.
7. Distributor's stock is traded on the NYSE under the ticker symbol AIR. Except with respect to any shareholder of Distributor's stock, no Company or UTC employee, customer, Government, or Government Official holds an ownership, financial, or other interest in Distributor or otherwise stands to benefit personally from Distributor's representation of the Company.
8. This Agreement and the work performed do not and will not violate or contravene applicable law, including any restrictions of Distributor's employees arising from their former employment with any Government.
9. Distributor has read and understands the UTC Supplier Code of Conduct, a copy of which is available at <http://www.utc.com/Suppliers/Pages/Terms-and-Conditions.aspx>. Distributor further unconditionally agrees to comply at all times with both the UTC

Supplier Code of Conduct and applicable law, including laws prohibiting collusion, conflicts of interest, corruption, and unfair competition.

10. The compensation payable under this Agreement shall be used solely for legitimate and lawful business purposes.
11. None of such commissions nor any other money or thing of value has been or will be paid, offered, given or promised by the Distributor, his agents or employees, directly or indirectly, to:
  - a. UTC, or any of its divisions, subsidiaries, affiliates, or business units, which includes the Company (in this Section 17 collectively referred to as "UTC"), or any directors, officers or employees of UTC; or
  - b. any person, firm, or corporation, at the direction of or by arrangement with UTC, or any directors, officers or employees of UTC; or
  - c. any political party or official thereof, any candidate for political office, or any officer or employee of any government or of any instrumentality controlled by any government, or other customer, supplier or counterparty, or any person acting on behalf of any such government, instrumentality, customer, supplier or counterparty, or any official of any public international organization, for purposes of:
    - (i.) Influencing any act or decision of such party, officer, employee, or person in his or its official capacity; or
    - (ii.) Inducing any such party, official, candidate, officer, employee, or person to use his/her or its influence with a government or government controlled instrumentality, or other customer, supplier or counterparty, to affect or influence any act or decision of such government or instrumentality, customer, supplier or counterparty:

in order to promote sales of UTC Products or otherwise to assist UTC in any aspect of its business; and

- 17.3 [Reserved.]
- 17.4 Distributor agrees to promptly notify the Company if a change occurs in the ownership of Distributor. (If Distributor is a public or privately held company or corporation, a change in ownership shall be deemed to have occurred if any individual or other entity acquires a 5% financial interest and/or a policy making position in Distributor).
- 17.5 Distributor's employees that specifically support the Company agree to complete online training specified by the Company's via UTC's Business Practices Education Center ("BPEC") by three (3) months after Effective Date of the Agreement, provided that the Company provides access to such training via online service provider LRN Corporation ("LRN"), or such other service provider that it specifies.
  - a. Distributor hereby expressly consents to providing LRN and the Company personally identifying data in the form of (i) user name; (ii) user identification; (iii) user password; (iv) user email address; and (v) user location and affiliation with the Company, among other things.

- b. The Company and LRN may track the amount of time Distributor spends on the training website, the applications the Distributor employs, the self-tests the Distributor performs, the Distributor's performance on such tests, and other activities in which the Distributor engages while the Distributor is on the website. The Company and LRN use personal information to provide feedback about the Distributor's activity on the website. For example, the Company or LRN may use personal information to inform the Distributor of his or her performance on tests, or number of training modules that Distributor has used. The Company and LRN may also use personal information to send e-mails to a Distributor, such as reminder e-mails that the Distributor has not completed certain online courses. The Company and LRN's contractual arrangement requires LRN to provide all the Distributor information in LRN's possession, including a Distributor's personal information, directly to the Company. If the Distributor corresponds with LRN, LRN may keep a record of that correspondence. LRN may also forward such correspondence to the Company. LRN does not transfer any personal information to any third party unless it is authorized to do so by the Company, in connection with the services that LRN provides to the Company, or required to do so by applicable law. The Company reserves the right to change service providers provided that equivalent conditions to the above are put in place.
- c. Company shall enter into a confidentiality agreement with LRN or other similar third party service to appropriately protect Distributor information received or obtained from Company or Distributor.
- 17.6 Notwithstanding any other provision of this Agreement, Distributor agrees that the completion by the Distributor and submission to the Company of the Anti-Corruption Compliance Certification (Exhibit B) is a condition precedent to the Company's obligations to the Distributor under this Agreement. The Distributor further agrees to notify in writing the Company immediately should any information identified in Clause C of Exhibit B change or any of the other representations contained in Exhibit B no longer be complete or accurate.
- 17.7 Distributor hereby certifies and warrants to the Company that its employees supporting this Agreement and the Products are currently eligible to represent the Company in the Territory and to deal with any agency or instrumentality of the government of the Territory. In the event the foregoing certifications are in any way false, and such falsity is not corrected by Distributor within thirty (30) days' of receipt of written notice of the same, then the Company reserves the right, and will be entitled, to terminate this Agreement immediately.
- 17.8 Distributor warrants that it will use commercially reasonable best efforts to promote and represent the Products.
- 17.9 Distributor warrants that it will not solicit or accept competitive or proprietary information of Company's competitors from a Customer, potential Customer or from any third party, unless that information was already made available by the competitor in the public domain, or was provided by the Customer to all competitors for procurement, pursuant to local law or regulation.
- 17.10 Distributor hereby acknowledges receipt of a copy of the UTC Corporate Policy Manual – Section 48 (Anti-Corruption) attached as Exhibit C, and by execution of this Agreement, the Distributor warrants and certifies that it fully understands the Policy with respect to international sales transactions and relations with Customers and suppliers, and that the Distributor will do nothing on the performance of the services required under this Agreement which will be in conflict with the Policy.

- 17.11 Distributor agrees to maintain accurate books and records, which shall mean any and all documents created and maintained by or on behalf of Distributor to record and represent Distributor's business affairs and transactions relating to this Agreement, including, without limitation, accounts, books, journals, ledgers, financial statements, contracts and similar instruments, invoices, payments, and receipts as well as any internal approvals or authorizations and supporting documents related to any of the foregoing. Distributor further agrees, upon reasonable request, to provide UTC, the Company, or an authorized agent thereof with audit rights as specified herein with respect to this Agreement. UTC, the Company, or its authorized agent, shall have the right to review Distributor's business practices with respect to this Agreement, focused primarily on its financial records and other documents to ascertain whether accurate records are maintained and if those records properly reflect Distributor's compliance with this Agreement, with Section 48 of the UTC Corporate Policy Manual and applicable laws, and with the business nature and purpose of the transactions or if areas of concern are present to suggest potential bribery or corruption. This right of examination shall include inspection at all reasonable times of the Distributor's offices or parts of them, engaged in performing the Agreement. Distributor shall make available at its office(s) at all reasonable times the records, materials, and other documents related to this Agreement for examination, audit, or reproduction, until 3 years after final payment under this Agreement or any longer period as may be required by law or regulation. In addition, if this Agreement is completely or partially terminated for any reason, records relating to the work terminated shall be made available for 3 years after any resulting final termination settlement, and records relating to claims, disputes, or litigation or the settlement of claims arising under or relating to this contract shall be made available until such appeals, litigation, or claims are finally resolved.
- 17.12 Each Party represents that the execution, delivery and performance of this Agreement by such Party does not conflict with any agreement, instrument or understanding, oral or written, to which such Party is or by which it may be bound, nor violate any law or regulation of any court, governmental body or administrative or other agency having authority over it.
- 17.13 The Company represents that the information provided to the Distributor prior to and after the Effective Date related to this Agreement is true and accurate to the knowledge of the Company, after due inquiry.
- 17.14 Distributor and Company each understands that the other party, including UTC, will rely upon the foregoing representations and warranties in filing reports and tax returns in the United States and other countries.
- 17.15 Distributor and Company each agree to promptly notify the other if at any time the foregoing representations and warranties are no longer valid.
- 17.16 The Distributor agrees that it will not use a subcontractor in the territory to conduct business without the express written consent of the Company.

## **18. Indemnification**

Distributor shall indemnify and hold the Company Indemnified Parties harmless and (if so requested by the Company) defend the Company Indemnified Parties at Distributor's cost and expense, from and against any and all claims, losses, damages, costs or expenses (including fees and expenses of counsel and investigative expenses) that may be incurred by the Company Indemnified Party relating to, arising out of or in connection with any third party claims for death, bodily injury and property damage to the extent arising from the negligence or willful misconduct of Distributor, its employees, agents and/or subcontractors, except to the extent caused by the negligence or willful misconduct of any Company Indemnified Party.

Company shall indemnify and hold the Distributor and its parents, subsidiaries and affiliates and its and their shareholders, directors, officers, employees and agents (the "Distributor Indemnified Parties") harmless and (if so requested by the Distributor) defend the Distributor Indemnified Parties at Company's cost and expense, from and against any and all claims, losses, damages, costs or expenses (including fees and expenses of counsel and investigative expenses) that may be incurred by the Distributor Indemnified Party relating to, arising out of or in connection with third party claims for death, bodily injury and property damage to the extent arising from the negligence or willful misconduct of Company, its employees, agents and/or subcontractors, except to the extent caused by the negligence or willful misconduct of any Distributor Indemnified Party.

## **19. Limitation of Liabilities; Force Majeure**

IN NO EVENT SHALL EITHER PARTY, ITS AFFILIATES OR SUBSIDIARIES BE LIABLE TO THE OTHER PARTY FOR SPECIAL, INCIDENTAL, INDIRECT, COLLATERAL, PUNITIVE OR CONSEQUENTIAL DAMAGES OR LOSSES, INCLUDING BUT NOT LIMITED TO LOSS OF ANTICIPATED SAVINGS OR LOST PROFITS, WHETHER OR NOT FORESEEABLE, AND WHETHER ARISING IN CONTRACT (INCLUDING WARRANTY), TORT (INCLUDING ACTIVE, PASSIVE OR IMPUTED NEGLIGENCE), STRICT LIABILITY OR OTHERWISE ARISING UNDER OR RELATED TO THIS AGREEMENT OR BY REASON OF THE USE OR LOSS OF USE OF THE PRODUCTS OR SERVICES FURNISHED HEREUNDER.

Force Majeure. Any failure to perform any obligation under this Agreement, except payment of monies due, shall be excused if such failure is caused by force majeure such as acts of god, acts of public authorities, wars and war measures, fires casualties, labor difficulties, strikes, shortages of material or fuel, failure or delays of suppliers or carriers, shortage of transportation, in each case beyond the control of and not caused by the fault of the Party claiming the force majeure, or for any other similar cause that is beyond the control of and not caused by the fault of the Party claiming the force majeure.

## **20. Representation of Similar Product Lines**

- 20.1 Subject to Section 13.4, during the term of this Agreement and for a period of six (6) months thereafter (collectively, the "Restricted Period"), Distributor shall not, directly or indirectly, sell, market, offer, promote, distribute or otherwise provide services in the Territory to any person or entity with respect to products competitive with or substantially similar (PMA or OE Type Certificated parts) to those which Distributor is promoting and selling hereunder (either in its capacity as Distributor) for Company (a "Competitive Business"). Distributor shall promptly advise the Company of any new or expanded representation on its part during the Restricted Period which raises a potential conflict. Distributor further agrees that during the Restricted Period, Distributor shall not, in the Territory and directly or indirectly, solicit, divert, take away

or attempt to solicit, divert or take away any person or entity that was a customer, client or significant vendor of or to the Company during the Restricted Period for any purpose with respect to a Competitive Business, or contact or communicate with any such person or entity for any such purpose.

- 20.2 Distributor acknowledges and agrees that any breach of any of its obligations set forth in this Section 20 would result in irreparable damage to the business of the Company and its affiliates, which could not be compensated by monetary damages alone. Therefore, in addition to all other legal or equitable remedies that may be available to the Company for any breach of this Section 20, Distributor acknowledges and agrees that the Company and/or its affiliates shall be entitled to seek equitable relief, including an injunction enjoining any breach or threatened breach by Distributor and specific performance of this Section 20, as a remedy for any such breach, and Distributor further waives any requirements for the securing or posting of any bond in connection with any such remedy.
- 20.3 Distributor acknowledges and agrees that (i) the business of the Company and its affiliates is conducted both within and outside the Territory and that the duration and scope of the covenants and agreements contained in this Section 20 are fair, reasonable and necessary to preserve the goodwill and proprietary rights of the Company and its affiliates and (ii) that Distributor is entering into the covenants and agreements contained in this Section 20 in contemplation of, and consideration for, the transactions contemplated by this Agreement (including its appointment as a Distributor of the Company and the discounts provided to Distributor from the list prices of Products). If any provision contained in this Section 20 shall for any reason be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Section 20, but this Section 20 shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein. It is the intention of the Parties that if any of the restrictions or covenants contained herein is held to cover a geographic area or to be for a length of time which is not permitted by applicable law, or in any way construed to be too broad or to any extent invalid, such provision shall not be construed to be null, void and of no effect, but to the extent such provision would be valid or enforceable under applicable law, a court of competent jurisdiction shall construe and interpret or reform this Section 20 to provide for a covenant having the maximum enforceable geographic area, time period and other provisions (not greater than those contained herein) as shall be valid and enforceable under such applicable law.
- 20.4 The Restricted Period shall be tolled during (and shall be deemed automatically extended by) any period in which Distributor is in violation of the provisions of this Section 20.

**21. [Reserved.]**

**22. Governing Law**

This Agreement shall be construed, and the relations between the Parties determined, in accordance with, the laws and regulations of the State of New York, USA, as the same would be applied to transactions between residents of the state to be fully performed within the state and without regard to the State's or any other jurisdiction's conflict of laws principles. Each Party irrevocably agrees that the courts of the State of New York shall have exclusive jurisdiction to settle any dispute of claim that arises out of or in connection with this Agreement.

## **23. Notices**

All notices and correspondence with respect to this Agreement shall be made by facsimile or email to the addresses set forth for each Party on the signature page to this Agreement, followed by a copy transmitted by overnight courier service to such other Party, or in any case to such other notice address as a Party may give to the other Party by transmission in accordance with the provisions of this Section 23. Notice shall be deemed received the business day after the date of transmission of the facsimile or email; provided, that notice of default, breach or termination of this Agreement shall not be sent by email.

## **24. Modifications**

This Agreement cannot be amended, modified or rescinded except in writing signed by the Company and Distributor.

## **25. Non Waiver**

The failure of any Party to require full performance of this Agreement shall not be deemed as a waiver of its right to require such performance at any time thereafter.

## **26. Intellectual Property**

Distributor acknowledges that it has paid no consideration for, and absent further agreement between the Parties as provided below, has no right to use of the Company's trademarks, logos, copyrights, trade names or designations, and nothing contained in this Agreement will give Distributor any right, title or interest in any of the Company's trademarks, logos, copyrights, trade names or designations. Distributor acknowledges that the Company owns and retains all patent rights, trade secrets, copyrights, trademarks, trade names, logos and other proprietary rights in, or related to, all Products, and agrees that Distributor will not at any time during or after the term of this Agreement assert or claim any interest in or do anything that may adversely affect the value, validity or enforceability of any patent, trade secret, trademark, trade name, copyright or logo owned by or licensed to the Company. Any permitted use by Distributor of the Company's trademarks, logos, trade names and designations will inure to the Company's benefit. Without prior consent by the Company, Distributor shall not use any of trademarks, logos, copyrights, trade names or designations of the Company (either alone or in association with other words or logos). In the event that Distributor wishes to use the Company's trademarks, logos, copyrights, trade names or designations, Distributor shall submit a written request to the Company, which the Company shall be permitted to grant, deny or condition in its sole discretion.

Distributor shall not remove or modify any copyright notice or restrictive legend affixed to or contained in any data, computer software, or other recorded information provided to Distributor by the Company or otherwise engage in any act or omission that results in the degradation of the Company's proprietary rights in such data, computer software or information.

### **26A. Intellectual Property Indemnity and Remedies**

- 26A.1 Company agrees that it shall, at its own expense and at its sole option, defend or settle any claim, suit, or proceeding brought against Distributor based on an allegation that any product furnished under this contract directly infringes any claim of any third party intellectual property right. This obligation shall be effective only if: (a) the product is the design of Company and not made in accordance with drawings, samples, or manufacturing specifications designated by Distributor;



(b) Company is notified of said allegation promptly in writing; and (c) Company is given full opportunity and authority, information, and assistance to conduct the sole defense of said claim, suit, or proceeding, including settlement and appeals.

26A.2 The foregoing obligation does not apply to the following: (a) any claim of infringement resulting from changes or modifications made to or from the product by the Distributor; or (b) any settlement of a claim, suit, or proceeding made without Company's written consent. Provided all the foregoing conditions have been met, Company shall either settle such claim, or pay all court awarded damages, excluding indirect, incidental, special, consequential and punitive damages not attributable to Company.

26A.3 In the event of a final adjudication by a court of competent jurisdiction enjoining the use or sale of the Product, or if the provisions of any negotiated settlement agreement prohibit the use or sale of the Product, Company shall at its sole option and its own expense, either: (a) procure for Distributor the right to continue using the Product; (b) replace it with a substantially equivalent non-infringing Product; (c) modify it so it becomes non-infringing but substantially equivalent; or (d) if none of the above is reasonably available, terminate the Distributor's right to use the Product and return to the Distributor a pro rata portion of the price originally paid by Distributor to Company represented by the remaining useful life of the product as a percentage of the total useful life.

The foregoing states the entire obligation of Company with respect to any intellectual property claims arising under this Agreement.

26. A.4 Distributor agrees that it shall, at its own expense and at its sole option, defend or settle any claim, suit, or proceeding brought against Company based on an allegation that any product furnished under this contract directly infringes any claim of any third party intellectual property right resulting from (a) changes or modifications made to the product or process by the Distributor; (b) use of Distributor's intellectual property; (c) Distributor's explicit instructions or directions; or (d) the combination of another product with the Distributor's product or process which resulted in the claim of infringement (collectively, "Distributor's IP Indemnity"). This obligation shall be effective only if Distributor is notified of said allegation promptly in writing. Provided Company has notified Distributor as stated in this section, Distributor shall either settle Distributor's IP Indemnity claim, or pay all court awarded damages, excluding indirect, incidental, special, consequential and punitive damages not attributable to Distributor.

## **27. Severability**

In the event any provision of this Agreement is held by a court or other tribunal of competent jurisdiction to be unenforceable, that provision will be enforced to the maximum extent permissible under applicable law, and, provided the remaining provisions still express the intent of the Parties, this Agreement will remain in full force and effect. If the intent of the Parties cannot be preserved, this Agreement shall either be renegotiated or rendered null and void.

**28. Execution of the Agreement**

This Agreement may be executed in two or more counterparts, each of which when so executed will be deemed an original, and all of which together will constitute one and the same instrument.

**29. Complete Agreement**

This Agreement constitutes the entire Agreement relating to the subject matter hereof between the Parties and supersedes and terminates all previous negotiations, agreements, commitments, and writings in connection herewith or therewith and shall not be amended or modified by any oral agreement or representation or otherwise than by written agreement of concurrent or subsequent date fully executed and delivered by the Parties hereto. There are no side or oral agreements that are applicable to this Agreement.

**30. Miscellaneous**

Nothing contained herein, express or implied, is intended or shall be construed to confer upon or give any person or entity, other than the Parties, any rights or remedies under or by reason of this Agreement. Each party has cooperated in the drafting and preparation of this Agreement. Accordingly, in any construction of any provision hereof, such provision shall not be construed against any party on the grounds that such party was the drafter thereof. The headings of the Sections of this Agreement are inserted for convenience only and shall not in any way affect the meaning or construction of any provision of this Agreement.

**31. Compliance with Law**

Each Party shall comply with all laws applicable to such party's performance in connection with this Agreement.

**32. Survival**

The following sections shall survive the termination of this Agreement: Section 6 (Warranty); Section 12 (Confidential Information); Section 15 (Taxes); Section 18 (Indemnification); Section 19 (with respect to Limitation of Liability); 22 (Governing Law); 26A (Intellectual Property Indemnity and Remedies).

IN WITNESS WHEREOF, the duly authorized representative of each of the Parties has executed this Agreement as of the date first set forth above.

**THE COMPANY:**

**HAMILTON SUNDSTRAND  
CORPORATION**, a UTC Aerospace Systems  
company

by:

*typed name:* **Ajay Agrawal**  
*title:* **Vice President, Aftermarket**

**DISTRIBUTOR:**

**AAR SUPPLY CHAIN, INC.**

by:

*typed name:* **John Holmes**  
*title:* **President**

Notices sent to COMPANY  
shall be sent to:

**Attention:** Sr. Contracts Manager  
**Position:** Military Programs  
**Street:** 1 Hamilton Road  
**Additional:** M/S 1A-3-Y66  
**City:** Windsor Locks, CT  
**Country:** USA  
**Phone:**  
**Mobile:**  
**Fax:**  
**E-Mail:**

Notices sent to DISTRIBUTOR  
shall be sent to:

**Attention:** Eric Young  
**Position:** SVP—AAR Distribution  
**Street:** 1100 N. Wood Dale Road  
**Additional:**  
**P-Code, City:** Wood Dale, IL 60191  
**Country:** USA  
**Phone:** (630) 227-2326  
**Mobile:**  
**Fax:** (630) 227-5519  
**E-Mail:** eric.young@aarcorp.com

**With a copy to:**

**Attention:** Naadia Bhatti  
**Position:** Associate General Counsel  
**Street:**  
**Additional:**  
**City:** Charlotte, NC  
**Country:** USA  
**Phone:** (704) 423-7598  
**Mobile:**  
**Fax:**  
**E-Mail:** Naadia.Bhatti@utas.utc.com

**With a copy to:**

**Attention:** Robert Regan  
**Position:** General Counsel  
**Street:** 1100 N. Wood Dale Road  
**Additional:**  
**P-Code, City:** Wood Dale, IL 60191  
**Country:** USA  
**Phone:** (630) 227-2050  
**Mobile:**  
**Fax:** (630) 227-2059  
**E-Mail:** robert.regan@aarcorp.com

## **EXHIBIT LIST**

<b>Exhibit A:</b>	Territory, Customers, and Products
<b>Exhibit B:</b>	Anti-Corruption Certification
<b>Exhibit C:</b>	UTC Corporate Policy Manual Section 48
<b>Exhibit D:</b>	Reporting Requirements
<b>Exhibit E:</b>	Standard Terms and Conditions of Sale

**EXHIBIT A**  
**– TERRITORY –**

This Exhibit A is attached to, an integral part of, and subject to the terms of the Agreement, as the same may be amended or modified from time to time. Capitalized terms not defined in this Exhibit A shall have the meanings given to such terms in the Agreement.

1. Business Unit, Products, Prices and Discounts:

Distributor Products*	Cage Codes	Platform	Discount**
Hamilton Sundstrand Spares of Environmental and Engine Control Systems (EECS)	73030	SH-60, H-60 F-2, F-15, F-4 E-767 AWACS	18% or;  21% off valid quotes issued prior to execution date of this Agreement
Hamilton Sundstrand Spares of Electric Systems (ES)	99167 83843	F-15, F-4, F-2, E-767 AWACS	18% or;  21% off valid quotes issued prior to execution date of this Agreement
Hamilton Sundstrand Spares of Actuation & Propeller Systems (APS)	73030	E-2C, P-3C, C-130H	18% or;  21% off valid quotes issued prior to execution date of this Agreement

\*For Purposes of the above table “Excluded Products” include: (1) engineering, (2) training and ground support equipment, (3) modifications or upgrades, (4) production or original equipment, (5) JFC-78, JFC-26/42, JFC-54 and JFC-31 engine controls

\*\* For purposes of the above table, such discount shall apply to the current calendar year pricing in Company’s Agreement with Customer.

2. Territory Defined:

Japan

3. Customer(s) Identified:

Sumitomo Corporation or another mutually agreed upon channel for the sale of Products to the Japanese Ministry of Defense

4. Additional Pricing Terms not covered in Section 2 or 7 of the Agreement: The price for Products quoted to Distributor in calendar 2017 shall not be greater than the price quoted in 2016 to Customer less Distributor's discount for such Products; provided, however, if there is a change in the costs for such Products based on how Company determined the cost of such Products with Customer in 2016, then Company may increase the price for such Products sold to Distributor. Upon request, Company will support Distributor's efforts to respond to Customer inquiries concerning any such price changes.

**EXHIBIT B**  
**–ANTI-CORRUPTION CERTIFICATION–**

{Note: The following certification is to be placed on Distributor's letterhead and signed by an authorized individual}

[Distributor] certifies the following:

- A. For purpose of this Anti-Corruption Compliance Certification, the Distributor acknowledges that the following definitions apply:
  - 1. The term "Corrupt Payment" has the definition set forth in UTC Corporate Policy Manual Section 48 (attached to the Agreement as Exhibit C).
  - 2. The term Government Official has the definition set forth in UTC Corporate Policy Manual Section 48 (attached to the Agreement as Exhibit C).
  - 3. Distributor includes its owners, directors, officers, employees, agents or other representatives.
- B. The Distributor has not and will not directly or indirectly pay, offer, give, or promise to pay or give or authorize the payment or gift of any portion of the compensation it receives or anything of value to any Government Official for purpose of influencing any act or decision by such person in his official capacity, inducing him to use his influence to affect, either by action or inaction, any act or decision of such government or securing any improper advantage to obtain or retain business.
- C. The Distributor has supplied the Company with full and accurate information in writing regarding:
  - 1. Any family or other close personal or business relationships the Distributor or its owners, officers, directors and principal employees have with any government official.
  - 2. Any political contributions made by or on behalf of the Distributor or its owners, officers, directors or principal employees in connection with the last and/or currently pending or contemplated election.
  - 3. Any current positions with the military or any government agency or continued involvement in the military reserves or as a retired military officer by the Distributor or its owners, officers, directors or principal employees.
- D. All representations and certifications made by the Distributor associated with its retention by the Company, including without limitation the Candidate Information Form, are accurate in all respects.

- E. Confirmation that none of the Distributor or its owners, officers, directors and principal employees serves in any capacity with a government agency or ministry, a government-owned corporation, or a political party or candidacy, except as disclosed to the Company.
- F. Confirmation that the Distributor has not, except with respect to Sumitomo Corporation and its affiliates, hired or retained and does not utilize any sub-representatives, consultants or others to assist in the performance of its Agreement with the Company except as disclosed to and approved in writing by the Company.
- G. The Distributor's agreement that if subsequent developments cause any of these representations or prior information furnished to the Company to no longer be accurate and complete, the Distributor shall immediately furnish the Company with a supplementary report detailing such change in circumstances.

<p>[Name of the Distributor/Company]</p> <p>by: _____</p> <p>typed name: <i>first/last name of signer</i></p> <p>title: <i>title of signer</i></p> <p>_____</p> <p><i>Location (City, Country)</i></p> <p>_____</p> <p><i>Date (DD-MM-YYYY)</i></p>
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**EXHIBIT C**  
**-UTC CORPORATE POLICY MANUAL SECTION 48-**

**A. SUMMARY**

United Technologies Corporation shall compete for business and pursue other business objectives solely on the merits. No corrupt payment, in any amount or form, shall be authorized, offered, promised, or made by or on behalf of UTC to anyone, anywhere, for any purpose. UTC's books and records shall accurately record all company assets, liabilities, and transactions. No deliberately false or misleading entry shall be made in company books and records, and no alternate set of books and records or unrecorded fund or asset shall be established. This absolute prohibition against corrupt payments and non-transparent books and records will be broadly construed and strictly enforced.

**B. APPLICABILITY**

United Technologies Corporation, its business units, subsidiaries, and other controlled business entities ("Operating Units"), and all directors, officers, and employees thereof, worldwide (collectively "UTC").

**C. DEFINITIONS**

"Corporate" means the UTC corporate office and "Business Unit" or "BU" means Pratt & Whitney, UTC Aerospace Systems, UTC Building and Industrial Systems, and United Technologies Research Center. "CPM" means Corporate Policy Manual. Other Bold terms are defined in Exhibit 1.

**D. POLICY**

1. No Corrupt Payment, in any amount or form, shall be authorized, offered, promised, or made, directly or indirectly, by or on behalf of UTC to anyone, anywhere, for any purpose. UTC will terminate the employment of any employee who authorizes, offers, promises, or makes, directly or indirectly, any Corrupt Payment by or on behalf of UTC.
2. UTC may offer and provide Political Contributions (CPM 5: Government Relations), Philanthropic Donations (CPM 11: Philanthropic Donations), Offset Agreements and Offset Transactions (CPM 44: Industrial Cooperation and Economic Offset), Business Gifts (CPM 48A: Giving Business Gifts), and Sponsored Travel (CPM 48B: Sponsoring Third Party Travel) when bona fide and offered and provided solely for the purpose authorized by, and approved in strict conformity with, the foregoing referenced policies.
3. Discussions with and offers to current and former Government Officials and Related Parties of current Government Officials regarding their hire or retention by UTC as employees or as Vendors shall comply with CPM 48C: Hiring and Retaining Current and Former Government Officials and Their Relatives.
4. Vendors shall be required to categorically refrain from authorizing, offering, promising, making, or otherwise facilitating in any manner, any Corrupt Payment by or on behalf of UTC. UTC shall not retain prospective and terminate existing Vendors that are unable or unwilling to comply. All Collection Agencies, Consultants, Customs Brokers, Field

Contractors, Immigration Vendors, Tax Consultants and Travel Agencies (CPM 17: Service Vendors), Vendors participating in Offset Transactions CPM 44: Industrial Cooperation and Economic Offset, Lobbyists (CPM 48D: Lobbyists), and Distributors and Non-Employee Sales Representatives (including NSRs furnishing U.S. Government Marketing or U.S. Government Sales) (CPM 48E: Distributors and Non-Employee Sales Representatives) shall be selected, screened, retained, monitored, and managed in strict conformity with the foregoing referenced policies.

5. Joint ventures (equity or contractual) over which UTC exerts Control shall adopt and implement this Policy. To ensure adoption and implementation of this Policy in joint ventures (equity or contractual) where UTC lacks Control, requirements substantially similar to this Policy shall be incorporated into the joint venture agreement (before closing or upon renewal/amendment) or annually adopted by the shareholders, board of directors, or other governance body of the venture.
6. Whether or not it will acquire Control, UTC shall conduct thorough due diligence of all acquisition targets for potential Corrupt Payments including, without limitation, interviews of key management personnel, and promptly disclose, address, and fully mitigate all material findings in internal approval documents, definitive agreements, and integration plans (see CPM 1: Mergers, Acquisitions, Divestitures, Joint Ventures, Securities Purchases, and Sales of Assets or Intangibles).
7. The Books and Records of each Operating Unit shall accurately record all assets, liabilities, and transactions of the Operating Unit. No deliberately false, incomplete, or otherwise misleading entry in any Books and Records, false or alternate set of Books and Records, or undisclosed or unrecorded fund or asset shall be authorized, made, or established for any purpose. No Payment by or on behalf of UTC will be authorized, offered, promised, or made with the intention or understanding that any part of such payment is to be used for a purpose other than that described in the Books and Records.
8. Each member of the UTC Board of Directors, all other UTC directors (employee or non-employee), and all UTC officers and indirect/salaried employees shall annually represent in writing that he or she is either aware or not aware of a Corrupt Payment, or other violation of this Policy, that has not been formally reported to UTC ethics and compliance personnel or legal counsel. Unless prohibited by local law or other restrictions (e.g., works councils, collection bargaining agreements), annual representation is mandatory for indirect/salaried employees, and directors and officers over whom UTC has the power of removal. To facilitate participation by non-employee directors, the board of directors or other governance body may, in lieu of individual representations, provide an annual representation by way of resolution signed by all directors or members. To ensure appropriate investigation, and that refusal is not based upon knowledge of a Corrupt Payment, Operating Unit legal counsel shall contact each respondent who either reports awareness of matters or refuses to provide a written representation.

## **E. RESPONSIBILITIES<sup>1</sup>**

1. **The UTC Senior Vice President and General Counsel is responsible for interpretation. The UTC Vice President, Global Ethics and Compliance, will review requirements bi-ennially.**
2. **The UTC Vice President, Controller, will incorporate controls and testing procedures in applicable common controls matrices, and the UTC Director, Internal Audit, will conduct periodic audits (including Compliance Audits (see CPM 34: Global Ethics and Compliance Program)), in each case to assess compliance at the Operating Unit level, including transactions involving the activities and Vendors referenced in Section D3 and 4 above. Within the regular scope of its annual financial audits, UTC's independent auditor will also review such controls and transactions to ensure compliance.**
3. **Each BU president or chief executive shall implement policies and/or procedures no less restrictive, and maintain an internal control program adequate to ensure compliance.**

## **F. REFERENCES<sup>2</sup>**

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<sup>1</sup> Applicable to this Policy and CPM 48A, 48B, 48C, 48D, and 48E.

<sup>2</sup> CPM 1: Mergers, Acquisitions, Divestitures, Joint Ventures, Securities Purchases, and Sales of Assets or Intangibles; CPM 4: Business Ethics and Conduct in Contracting with the United States Government; CPM 5: Government Relations; CPM 11 Philanthropic Donations; CPM 17: Service Vendors; CPM 44: Industrial Cooperation and Economic Offset; CPM 48A: Giving Business Gifts; CPM 48B: Sponsoring Third Party Travel; CPM 48C: Hiring and Retaining Current and Former Government Officials and their Relatives; CPM 48D: Lobbyists; CPM 48E: Distributors and Non-Employee Sales Representatives.

## **EXHIBIT 1: DEFINITIONS**

**Affiliate means an Entity:**

- that exercises Control over the referenced Entity; or
- over which the referenced Entity exercises Control; or
- that, together with the referenced Entity, is under common control of another Entity.

**Books and Records means any and all documents created and maintained by or on behalf of an Entity to record and represent the Entity's business affairs and transactions including, without limitation, accounts, books, journals, ledgers, financial statements, contracts and similar instruments, invoices, payments, and receipts as well as any internal approvals or authorizations and supporting documents related to any of the foregoing. The term Books and Records is intentionally defined to encompass the full range of documents recording and representing UTC's business affairs, and shall be interpreted as broadly as the context requires to promote the purposes of this Policy.**

**Business Gift is defined in CPM 48A: Giving Business Gifts.**

**Cash means the following, in any amount:**

- legal currency or tender of any kind (including holiday/festival red envelopes/packets);
- cash equivalents; i.e., instruments and items that are:
  - readily convertible to cash (e.g., checks, travelers' checks, bearer instruments, notes, and similar instruments);
  - exchanged as de facto currency or as part of fungible exchange or re-gifting practices (e.g., tangible or intangible (digital) pre-paid gift/shopping cards or coupons (including mooncake coupons) and cigarettes (other than for immediate consumption)); or
- securities (e.g., equity or debt instruments of any kind).

**Collection Agency(ies) is defined in CPM 17: Service Vendors.**

**Consultant(s) is defined in CPM 17: Service Vendors.**

**Control means the power, directly or indirectly, to:**

- vote more than 50% of an Entity's securities having voting power to appoint members of the Entity's governance body; or
- direct or cause the direction of an Entity's day-to-day business decisions and policies, whether through the ownership of voting securities, by contract, or otherwise.

**Corrupt Payment means any:**

- Facilitating Payment; or
- other Payment authorized, offered, promised, or made in violation of applicable anti-corruption, conflict of interest, or related laws or regulations, or with the intent to influence:
  - a Government Official in an official act; or
  - any Third Party individual to:
    - act or refrain from acting in any manner contrary to their duties (whether arising by law, regulation, office, employment, contract, or otherwise); or

- obtain or retain business, or secure improper advantage, for UTC;  
Such Third Party individuals include, without limitation, any Customer representative, Government Official, or other individual in a position to influence a decision impacting the sale of UTC's products or services or other business objectives (e.g., air-framer, aircraft-leasing company, architect, consultant, contractor (regardless of tier), facilities management company, or any Related Party thereto).

Corrupt Payment excludes any Payment made in response to a bona-fide extortionate demand by a Third Party which places a UTC employee under imminent threat of physical harm.

Customer means any Third Party that purchases and uses or consumes UTC products or services.

Customs Broker(s) is defined in CPM 17: Service Vendors.

Distributor(s) is defined in CPM 48E:Distributors and Non-Employee Sales Representatives.

Employment is defined in CPM 48C: Hiring and Retaining Current and Former Government Officials and Their Relatives.

Entity means any corporation, limited liability company, partnership, sole proprietorship, trust, or similar entity, or other organization, whether or not "for-profit."

Facilitating Payment means a Payment to a Government Official for the purpose of securing or expediting the performance of a Routine Government Action. A Payment made to any Government department, ministry, agency, bureau in accordance with published guidelines, procedures, or regulations that expressly authorize the performance or expedition of a Routine Government Action upon receipt of such Payment by such department, ministry, agency, or bureau is not a Facilitating Payment.

Field Contractor(s) is defined in CPM 17: Service Vendors.

Government means any:

- government, U.S. or non-U.S., whether at the national, regional, state, or local/municipal level;
- Government Aviation Authority;
- airline owned (in whole or in part) or operated by a government;
- Entity acting in an official capacity on behalf of a government;
- Entity, company, or business in which a government exerts Control;
- political party;
- public international organization (e.g., United Nations, World Bank, World Trade Organization, International Civil Aviation Organization, etc.); or
- department, agency, subdivision, or instrumentality of any of the foregoing.

Government Aviation Authority is defined in CPM 48B: Sponsoring Third Party Travel.

Government Official means any director, officer, or employee (whether elected or appointed) of a Government, or any candidate for any position therein.

Immigration Vendor(s) is defined in CPM 17: Service Vendors.

Lobbyist(s) is defined in CPM 48D: Lobbyists.

**Non-Employee Sales Representative(s) or NSR is defined in CPM 48E: Distributors and Non-Employee Sales Representatives.**

**Offset Agreement is defined in CPM 44: Industrial Cooperation and Economic Offset.**

**Offset Transaction(s) is defined in CPM 44: Industrial Cooperation and Economic Offset.**

**Payment means anything of value (including, without limitation, Cash, Business Gift, Employment, Offset Agreement, Offset Transaction, Philanthropic Donation, Political Contribution, or Sponsored Travel).**

**Philanthropic Donation(s) is defined in CPM 11: Philanthropic Donations.**

**Political Contribution(s) is defined in CPM 5: Government Relations.**

**Routine Governmental Action means a common and ordinary ministerial action or approval that a Government Official is duty-bound to perform or provide as a matter of law or by virtue of holding his or her office or position without discretion including, without limitation:**

- Granting permits, licenses, or other official documents to authorize an Entity to undertake certain activities;
- Processing visas or other immigration or travel related documents or clearances;
- Processing customs or other export or import related documents or clearances;
- Providing police protection;
- Scheduling and performing inspections;
- Providing mail pick-up and delivery, phone service, power, water supply, or other utilities;
- Loading and unloading of cargo or protecting perishable products or commodities from deterioration; or
- Other actions of a similar nature.

**Related Party means, with regard to:**

- an individual, an immediate or extended family member of such individual including, without limitation, parents, siblings, spouses, uncles, aunts, nephews, and nieces;
- an Entity, an Affiliate of such Entity.

**Sponsored Travel is defined in CPM 48B: Sponsoring Third Party Travel.**

**Tax Consultant(s) is defined in CPM 17: Service Vendors.**

**Third Party means, with regard to:**

- an individual, any individual that is not an employee of UTC or any Affiliate of UTC;
- an Entity, any Entity that is not UTC or an Affiliate of UTC (for the purposes of this Policy, UTC joint venture partners and Vendors, and their respective Affiliates, are Third Parties).

**Travel Agency(ies) is defined in CPM 17: Service Vendors.**

**U.S. Government Marketing is defined in CPM 48E: Distributors and Non-Employee Sales Representatives.**

**U.S. Government Sales is defined in CPM 48E: Distributors and Non-Employee Sales Representatives.**

**Vendor means any existing or prospective Third Party contractor or supplier of materials or services to UTC.**

## **EXHIBIT D**

### **-Reporting Requirements-**

#### **Distributor Reporting Requirements**

##### **Monthly:**

- **Sales Report by Customer (including part number, description and units)**
- **Inventory Report by part number and units.**
- **Forecast of future demand**
- **Competitive Market Intelligence Items of Interest (IOI) as necessary**

##### **Quarterly:**

- **Sales Initiatives, Customer Visits, and Activities to promote Product portfolio.**
- **Key Performance Metrics (KPM) for:**
  - **OTD – target 95%**
  - **Delivery Quality Escapes**
  - **Missed Opportunity Tracking**
  - **Other business reports as applicable**
- **Business Review**
  - **Company and Distributor will meet in person or via telecon.**
  - **Corrective action will be taken by both parties as necessary.**



## **EXHIBIT E**

### **STANDARD COMMERCIAL TERMS AND CONDITIONS OF SALE**

**For purposes of these Terms and Conditions, "Seller" shall mean Company, and "Buyer" shall mean Distributor.**

**1. ORDER OF PRECEDENCE**

Buyer and Seller agree that the Terms and Conditions are in addition to the provisions in the Agreement and that in the event of a conflict between the information contained in the Agreement and these Terms and Conditions, the Agreement shall take precedence.

**2. DISPUTES**

Any dispute shall be communicated in writing. If Seller and Buyer cannot agree on a resolution of the dispute within 30 calendar days, the dispute shall be escalated to the respective director-level leadership of both Seller and Buyer for resolution. If the director-level leadership of Seller and Buyer are unable to resolve any dispute escalated to them within 30 calendar days, the dispute shall be escalated to the vice-president-level leadership of Seller and Buyer. If the vice-president-level leadership are unable to resolve any dispute escalated to them within 30 calendar days, the Parties shall suspend work on the disputed portion of the contract until resolution of the dispute; either Party may, subject to Section 22 of the Agreement – GOVERNING LAW, pursue any rights or remedies available to it hereunder.

**3. EXCUSABLE DELAY**

Seller shall not be in default by reason of any failure in performance of this contract if such failure arises out of causes beyond the control of and without the fault or negligence of Seller including but not restricted to:

(a)(i) an act of God, act of Government, fire, floods, epidemics, quarantine restrictions, strikes, freight embargo, unusually severe weather, riot, war, acts of terrorism or any other event which constitutes a superior force; (ii) interferes with the performance of Seller's obligations; and (iii) the effects of which could not reasonably have been avoided by Seller ("Excusable Delay").

(b) In addition to the events described in paragraph (A), a delay caused by the default of a subcontractor of the Seller shall constitute an Excusable Delay if the event causing the default of such subcontractor is an event which meets the criteria set out in paragraph (A) and such delay has not been caused by Seller, unless the subcontracted supplies or services were obtainable at reasonable prices on commercially reasonable terms from other sources in sufficient time for Seller to meet the required delivery schedule.

In the event of an Excusable Delay, any affected delivery date shall be postponed for such period as is reasonably necessary to offset the effects of the Excusable Delay. No adjustment will be made to price under this Purchase Order; adjustment of the delivery schedule is the exclusive remedy of Seller for an Excusable Delay.

Notwithstanding the above, after an Excusable Delay has continued for a period of one hundred and eighty (180) calendar days in the aggregate the Buyer may, in the Buyer's absolute discretion, terminate this Purchase Order.

**4. BUYER-FURNISHED PROPERTY**

Seller acknowledges that all drawings, specifications, patterns, technical data, molds, forms, equipment and materials developed or prepared by Buyer at Buyer's sole expense, which are

provided to Seller by Buyer to facilitate Seller's production of the Goods or performance of the Services, and all copies thereof ("Buyer Materials"), shall remain the property of Buyer. Upon demand by Buyer, Seller shall promptly return or deliver to Buyer all Buyer Materials at Buyer's cost. Seller agrees that it has adequate insurance on all of the Buyer Materials. If this contract requires the use of Buyer-Materials, Buyer shall furnish it in accordance with the schedule defined in this contract. Buyer's failure to do so shall entitle Seller to an equitable adjustment in cost, schedule or both in accordance with the "Changes to Orders" Section 2.8 of the Agreement.

**5. TOOLS AND MATERIALS**

Title to all tooling, equipment or materials furnished or paid for as a direct charge or called out as a special item for use hereunder shall be and remain with Buyer. Upon completion or termination of the applicable Purchase Order, Seller shall return any such material to Buyer.

**6. SOFTWARE PROVISIONS**

All computer software provided to Buyer under these Terms and Conditions is copyrighted by Seller and is licensed to Buyer. Seller grants to Buyer a nonexclusive, non-transferable license to use the software provided hereunder i) in the course of the normal operation in or with Seller products which are installed, or are intended to be installed, on aircraft, ii) in the analysis or the formatting of reports using data from such Seller products, or iii) on products that are used to test, maintain, download or process information compiled by Seller products. Making copies of software is prohibited. The software may not be sub-licensed, transferred or loaned to any other party, except that Buyer may transfer the software in conjunction with the resale of any equipment in which the software is installed or with which it is used. Buyer may not, either itself or with the assistance of others, make modifications to the software or perform any operation on software to recover any portion of the program listing, object code or source code or any information contained therein. This software license is effective as of the date of first delivery hereunder and shall continue until terminated by Buyer upon thirty (30) calendar days prior written notice to Seller, provided Buyer ceases using and either returns or destroys Seller software: or, by Seller if Buyer does not comply with any of the terms and conditions of this software license and Buyer fails to remedy such failure within thirty (30) calendar days after having received notice from Seller of such failure.

**7. STOP WORK**

When directed by written notice from Buyer (a "Stop Work Notice"), Seller shall promptly stop all or part of the work relating to the applicable Order to the extent specified in the Stop Work Notice for a period of up to ninety (90) calendar days or longer if extended by mutual agreement. When a Stop Work notice is removed, Buyer and Seller shall promptly negotiate an equitable adjustment in the delivery schedule, scope and/or price, and the Order shall be modified in writing accordingly. Seller shall resume work subject to agreement on the equitable adjustment. Failure by Buyer to lift the Stop Work order within the specified time shall be treated as a cancellation, at Seller's option.

**8. WARRANTY**

New Goods or products supplied by Seller under this agreement are warranted to be, at the time of delivery of the product, free from defects in material and workmanship. The warranty period shall be twelve (12) months from the date of delivery by Buyer to Buyer's Customer, not to exceed thirty-six (36) months from delivery to Buyer. If, at the time of delivery of the product, any such product is found to be defective in material or workmanship, Seller shall, if it confirms existence of the defect (acting reasonably), repair or, at its option, replace such defective product at its expense and with reasonable promptness. Buyer shall provide Seller with written notice of a claimed defect within three (3) months after the defect becomes apparent to Buyer. Said notice will contain reasonable proof that the claimed defect is covered by Seller's warranty. Seller's obligation hereunder is further conditioned upon return of the defective Goods to Seller within sixty (60) days of notice of defect to Seller. The warranty period for Goods or parts thereof that have been repaired or replaced shall be six (6) months or the remainder of the original warranty period, whichever is greater.

**Warranty Exclusions:** Seller's warranty does not extend to any Goods which i) have been subjected to misuse, neglect, accident, improper, unintended or non-conforming installations; or ii) are used for purposes not included or not in accordance with Seller's prescribed operational maintenance procedures and instructions; or iii) which have been repaired or altered by Buyer or persons other than Seller (except as otherwise authorized by Seller) using practices that do not conform with Seller's prescribed maintenance and repair procedures; or iv) which have been damaged by secondary causes which are inconsistent with applicable product specifications, including but not limited to, improper voltages, adverse or extreme environmental conditions, improper signals, or products which have had their serial number or any part thereof altered, defaced, or removed.

**9. LIMITATION OF LIABILITY AND DISCLAIMER OF OTHER WARRANTIES**

The only warranties made by Seller are those expressly provided herein. Any other statements expressed in the contract, including but not limited to proposals, specifications, drawings, or manuals shall not be deemed to constitute a warranty of the products. THE WARRANTIES SET FORTH HEREIN ARE EXCLUSIVE AND NO OTHER WARRANTIES OF ANY KIND, WHETHER EXPRESS OR IMPLIED, INCLUDING ALL WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE AND ALL WARRANTIES ARISING FROM COURSE OF DEALING OR USAGE OF TRADE SHALL APPLY. THE REMEDIES SET FORTH IN THIS ARTICLE ARE THE SOLE AND EXCLUSIVE REMEDIES OF BUYER FOR ANY WARRANTY-RELATED CLAIMS, EXPENSES OR DAMAGE ARISING OUT OF OR RELATED TO PRODUCTS DELIVERED UNDER THIS CONTRACT.

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

SELLER'S LIABILITY WITH RESPECT TO ANY WARRANTY CLAIM FOR NONCONFORMING OR DEFECTIVE GOODS IS LIMITED TO THE COST TO REPAIR OR REPLACE SUCH GOODS.

IN NO EVENT SHALL EITHER PARTY, ITS AFFILIATES OR SUBSIDIARIES BE LIABLE TO THE OTHER PARTY FOR SPECIAL, INCIDENTAL, INDIRECT, COLLATERAL, PUNITIVE OR CONSEQUENTIAL DAMAGES OR LOSSES, INCLUDING BUT NOT LIMITED TO LOSS OF ANTICIPATED SAVINGS OR LOST PROFITS, WHETHER OR NOT FORESEEABLE, AND WHETHER ARISING IN CONTRACT (INCLUDING WARRANTY), TORT (INCLUDING ACTIVE, PASSIVE OR IMPUTED NEGLIGENCE), STRICT LIABILITY OR OTHERWISE ARISING UNDER OR RELATED TO THIS AGREEMENT OR BY REASON OF THE USE OR LOSS OF USE OF THE PRODUCTS OR SERVICES FURNISHED HEREUNDER.

THE CEILING LIMIT ON SELLER'S LIABILITY HEREUNDER, WHETHER FOUNDED IN CONTRACT OR TORT (INCLUDING NEGLIGENCE) ARISING OUT OF OR RESULTING FROM (I) THIS AGREEMENT OR THE PERFORMANCE OR BREACH THEREOF, (II) THE DESIGN, MANUFACTURE, DELIVERY, SALE, REPAIR, REPLACEMENT OR (III) THE USE OF ANY SUCH PRODUCT OR THE FURNISHING OF ANY SUCH SERVICE SHALL BE LIMITED TO TWENTY MILLION USD (\$20,000,000.00) (THE "CAP"). NOTWITHSTANDING THE FOREGOING, THE CAP SET FORTH HEREIN SHALL NOT APPLY (A) TO SELLER'S INDEMNITY OBLIGATIONS UNDER SECTION 18 OF THE AGREEMENT FOR CLAIMS ARISING OUT OF, RELATING TO OR RESULTING FROM THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF SELLER; (B) TO SELLER'S GROSSLY NEGLIGENT OR WILLFUL BREACH OF A COVENANT, WARRANTY OR OBLIGATION UNDER THE AGREEMENT OR THIS EXHIBIT E; (C) TO SELLER'S BREACH OF SECTION 12 OF THE AGREEMENT (CONFIDENTIAL INFORMATION); OR (D) TO ANY LIABILITY FOR WHICH SELLER IS LIABLE UNDER SECTION 26A OF THE AGREEMENT (INTELLECTUAL PROPERTY INDEMNITY AND REMEDIES).

**10. PUBLICITY**

This Order does not confer any right to use any name, trademark or other designation of either party in any advertising, publicity or marketing activities. Neither party will issue press releases, advertising, sales promotions or other publicity documents or information referring to the other party without prior written consent of the other party.

**11. CHOICE OF LANGUAGE**

The Order, these Terms and Conditions, any document referenced herein or attached hereto, any report, any drawings or other technical information, or any notice or binding communication shall be drafted in English, shall be interpreted in accordance with the plain English meaning of their terms, and shall employ the units of measure customarily used by Seller in the United States.

**12. U.S. GOVERNMENT CONTRACT CLAUSES**

If this Order is a subcontract for commercial items or commercial components to a U.S. Government prime contract, then only the clauses specified in FAR 52.244-6 and DFARS 252.244-7000 as prescribed by FAR 44.403 and DFARS 244.403, respectively, shall apply.

Any U.S. Government contract clauses incorporated by reference are only applicable to this subcontract pursuant to the guidelines and prescriptions relating to mandatory flow down of requirements of said clauses; contract value; and contract type as defined in the FAR, DFAR, AFFAR, and AFMC FAR Supplement.

**13. COMPLIANCE WITH FAIR LABOR STANDARDS ACT**

Seller hereby certifies that all Goods sold hereunder which are produced or manufactured in the United States of America are produced in compliance with the Fair Labor Standards Act of 1938, as amended (29 U.S. Code 201-219). All requirements as to the certificate contemplated in the October 26, 1949 amendment to the Fair Labor Standards Act of 1938 shall be considered as satisfied by this certification.

**14. ANTI-BOYCOTT COMPLIANCE**

Seller complies with all U.S. laws directed against foreign restrictive trade practices or boycotts as embodied in the Export Administration Act of 1979 (as amended), the Tax Reform Act of 1976 and all regulations and guidelines issued hereunder. Accordingly, to the extent that any Buyer Orders or other documents contain prohibited provisions, Seller takes specific exception and objects to these provisions which are not in compliance with the referenced laws and regulations. To avoid delays in processing Buyer Orders, all prohibited provisions in this regard must be deleted from Orders or other documents.

**15. COPYRIGHT**

Seller electronic firmware assemblies contain computer programs which are protected by copyright. All rights reserved are under copyright laws of the United States of America and other countries. Such computer programs may not be reproduced, in whole or in part, in any form, without prior written authorization from Seller.