

**DISTRIBUTION AGREEMENT  
BY AND BETWEEN  
UNITED TECHNOLOGIES CORPORATION  
PRATT & WHITNEY DIVISION  
AND  
AAR SUPPLY CHAIN, INC., AAR ALLEN SERVICES, INC. AND  
AAR INTERNATIONAL, INC.**

**Agreement No. AAR-2018-0119**

**DATED MARCH 1, 2018**

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## DISTRIBUTION SERVICES AGREEMENT

THIS DISTRIBUTION SERVICES AGREEMENT (as may be amended from time to time, in accordance with Section 25.3 below, hereinafter this "Agreement") is made as of March 1, 2018 by and between United Technologies Corporation, acting through its Pratt & Whitney division, a Delaware corporation with its principal place of business in East Hartford, Connecticut (the "Company"), and AAR Supply Chain, Inc., AAR Allen Services, Inc. and AAR International, Inc., each an Illinois corporation and each having offices located at 1100 N. Wood Dale Road, Wood Dale, Illinois (as applicable, each "AAR" or as a "Distributor"). The Distributor and the Company are each sometimes referred to herein as a "Party" or collectively as the "Parties".

### RECITALS

- A. The Company is engaged in the business of designing, manufacturing, production, support, and sale of the Products (as herein defined).
- B. The Distributor is comprised of the following entities, which each provide the corresponding products or services:

AAR Supply Chain, Inc., which sells OEM aviation products to end users; AAR International, Inc., which also sells OEM aviation products to end users, including into Japan; and AAR Allen Services, Inc., which sells OEM aviation products to end users and conducts aviation component repairs from its Garden City, New York location. The "Distributor" hereunder shall mean the applicable foregoing AAR entity that issues a purchase order for any Product pursuant to this Agreement.

- C. The Company desires to appoint the Distributor to sell, market, advertise, and otherwise distribute the Products in the Territories (as herein defined) beginning on the date hereof (the "Commencement Date"), and the Distributor desires to be so appointed by the Company, all upon the terms and conditions set forth in this Agreement.
- D. As used in this Agreement, "Products" means the aircraft related components, which are manufactured by or for the Company for aircraft platforms, which are specifically set forth in Exhibits A, B, and C.
- E. The Parties previously entered into distributorship agreements 99879 (November 9, 1999, between Hamilton Sundstrand Corporation (a predecessor entity of Company) and AAR Parts Trading, Inc. (a predecessor entity of AAR Supply Chain, Inc.), AAR Allen Services, Inc. and AAR International, Inc.), 98878 (April 8, 1998 between Hamilton Sundstrand Corporation (a predecessor entity of Company) and AAR Parts Trading, Inc. (a predecessor entity of AAR Supply Chain, Inc.)), 97878 (August 21, 1997) and the Japan Distribution Agreement (September 19, 2012, between Hamilton Sundstrand Corporation (a

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predecessor entity of Company) and AAR Parts Trading, Inc. (a predecessor entity of AAR Supply Chain, Inc.)) (collectively, the "Prior Agreements"). The Parties have now agreed to terminate the aforementioned individual distribution agreements effective upon the execution of this Agreement, and agree to be governed by the terms and conditions set forth in this Agreement.

## **AGREEMENT**

NOW, THEREFORE, in consideration of the mutual agreements herein contained the Parties agree as follows:

### **1. Appointment of the Distributor**

Subject to Section 2 and Section 4 below and upon execution of this Agreement, effective on the Commencement Date, the Company hereby appoints the Distributor as its authorized provider of the Products as set forth in Exhibits A, B, and C, and the Distributor hereby accepts such appointment upon the terms and conditions set forth in this Agreement.

The Distributor is hereby granted the right to market and sell the Products, which shall be held and serviced by the Distributor in accordance with the terms of this Agreement and all applicable law.

The Parties hereby agree that the Prior Agreements are terminated in their entirety with immediate effect and that the terms and conditions of this Agreement, including as set forth in Section 5(c), shall apply to the Products described in Exhibits A, B and C; provided, that the termination of the Prior Agreements shall not affect (a) any obligation or liability of a party thereto arising prior to such termination, which shall continue in effect or (b) any provision of such Prior Agreement contemplated to survive any termination thereof, which shall continue in effect as set forth in such Prior Agreement.

To the extent that any distribution right of Distributor is exclusive in nature, Company shall refer to Distributor any customer or potential customer inquiring about the exclusive Products.

Notwithstanding, Company retains the right to sell Products within the Territory. In such event, Company agrees to procure current Distributor stock or on-order stock, in support of any such prime contract. Company will procure this hardware for use in any corporate contract at the procurement price paid by Distributor at time of delivery to Distributor. Procurement and use of Distributor held inventory by Company shall be in advance of Company acquiring newly manufactured inventory for use in such corporate contracts.

## **2 The Distributor's Obligations**

At all times during the term of this Agreement, the Distributor shall:

- (a) maintain an effective sales force and aggressively market, promote sales, and sell the Products in the Territory;
- (b) continuously forecast and purchase customer material requirements at Company's published lead times;
- (c) maintain in inventory six (6) months of forecasted customer material requirements for purposes of adequately meeting customer requirements as mutually agreed by Distributor and customer. For avoidance of doubt, Distributor will place all orders to Company at or beyond lead-time away. For purposes hereunder, the six months of forecasted customer material shall be comprised of Distributor's inventory on the shelf and material on order scheduled to deliver within six months;
- (d) provide adequate warehousing for the Products;
- (e) make no warranty or guaranty, orally or in writing, concerning any of the Products, which might be perceived by a customer as in any way binding the Company, except for the Company warranty set forth in Exhibit H;
- (f) provide such information and assistance with customer communication as is necessary in the administration of the Company's warranty for Products in accordance with its terms and in a manner consistent with the Company's general directions and policies as advised to the Distributor in writing from time to time;
- (g) agrees that the Company may engage in advertising regarding the Products independent of the Distributor's programs;
- (h) within thirty (30) days after the effective date of this Agreement, maintain an inventory management and traceability system equal to or better than the inventory management and traceability system set forth in the provisions of Exhibit F;
- (i) comply with all applicable statutes, laws, ordinances, rules, regulations, and any other governmental authority in connection with its sale and distribution of the Products and associated technical data, including but not limited to the International Traffic in Arms Regulations (ITAR), the Export Administration Regulations (EAR), and all export laws of the United States of America (U.S.). The Distributor shall be responsible for obtaining and maintaining all required export licenses and other authorizations and approvals, and for complying with all applicable export reporting requirements for the sale of Products to the Distributor's customers. The Distributor has the ultimate responsibility for ensuring that it complies with all U.S. export control laws and regulations, including laws and regulations relating to U.S. Government country-specific embargos or sanctions, and U.S. Government lists of

restricted or denied parties. The Distributor agrees that it will not directly, or knowingly (or with reason to know) indirectly, export or re-export any goods or technical information received from the Company to any destination if such export or re-export would violate the laws of the U.S. The Distributor agrees to indemnify and hold the Company harmless against any liability arising from any breach of the Distributor's obligations under this Section 2(h). Company will provide all reasonable assistance to Distributor in connection with the identification of Products for export compliance purposes;

- (j) make available to the Company in a secure format or provide to the Company on a monthly basis, as applicable, in a form mutually agreed by the Parties, the sales reports and other information described in Exhibit G. From time to time at the Company's request, the Distributor shall provide such further reports and information, including information concerning marketing activities, sales prospects set forth on Exhibit G. In addition, the Distributor shall permit the Company to use (at the Company's expense) an internationally recognized independent public accounting firm reasonably acceptable to Distributor and appointed by the Company upon reasonable written notice and during normal business hours to examine sales records and other data relating to the activities of the Distributor contemplated under this Agreement; provided however, that nothing herein shall be deemed to authorize or permit the Company access to sales records and data regarding sales of merchandise for third parties for which the Distributor distributes merchandise or to non-public financial data of the Distributor involving sales other than sales of the Products. In no event shall the aforementioned examination of sales records and other data occur more than twice per calendar year;
- (k) follow the packaging guidelines set forth on Exhibit E for all shipments of Products;
- (l) unless authorized by the Company, refrain from assisting or providing assistance to any third party in the design, manufacture, production, sales or distribution of parts that could be substituted for Products, including without limitation, by obtaining or assisting a third party from obtaining a Parts Manufacturer Approval ("PMA") from the Federal Aviation Authority (the "FAA") or comparable approval from any foreign aviation authority;
- (m) promptly as reasonably practicable notify the Company whenever it receives any notice addressed to it by any governmental entity concerning the application of any new rule, directive, regulation or other governmental requirement concerning the sale of Products in the Territory; and
- (n) use commercially reasonable efforts to implement and support the necessary information technologies ("IT") infrastructure to facilitate electronic commerce between the Parties and customers in order to perform the services and conduct the transactions contemplated by this Agreement.

### **3 The Company's Obligations**

At all times during the term of this Agreement, the Company shall:

- (a) as promptly as reasonably practicable refer to the Distributor all orders, leads, prospects, and related information which are directed to it or which it receives regarding potential purchasers of the Products within the Territory. Notwithstanding, Company retains the right to sell Products within the Territory. In such event, Company agrees to procure current Distributor stock or on order stock, in support of any such prime contract. Company will procure this hardware for use in any corporate contract at the procurement price paid by Distributor at time of delivery to Distributor. Procurement and use of Distributor held inventory by Company shall be in advance of Company acquiring newly manufactured inventory for use in such corporate contracts.
- (b) maintain a list price catalog for new Products as may be updated from time to time, subject to the requirements set forth in Section 5(a) of this Agreement;
- (c) ensure that all Products sold to the Distributor for resale or for delivery to third parties on behalf of the Company have all appropriate governmental and regulatory approvals including but not limited to FAA/PMA, TSO or STC as required for installation on type-certified aircraft or engines. Additionally, the Company will provide the Distributor with (i) all certifications required from the manufacturer of the Products for export overseas or as may become required in the marketplace for domestic sales and (ii) all ECCN, HTS, COO and U.S. export license numbers that are applicable at the time of the execution of this Agreement;
- (d) comply in all material respects with all applicable statutes, laws, ordinances, rules, regulations and any other governmental authority in connection with the manufacture of the Products, including in respect of conflict mineral sourcing where applicable, and all such laws and statutes, ordinances, rules and regulations applicable to this Agreement, the Products and the operation of its business. The Company shall as promptly as reasonably practicable notify the Distributor whenever it receives any notice addressed to it by any governmental entity concerning the application of any new rule, directive, regulation or other governmental requirement concerning the sale of Products in the Territory;
- (e) give the Distributor written notice as promptly as reasonably practicable if any Products will be superseded or modified;
- (f) in regard to claims based solely upon breach of the Company's product warranty, the Distributor's sole and exclusive remedy and the Company's sole and exclusive liability in warranty shall be limited to that set forth in the Company's standard warranty policy, attached in Exhibit H;
- (g) provide the Distributor with complete and accurate ECCN numbers for all Products, as well as the Harmonized Tariff Schedule (Schedule B) for all such items;



- (h) notify the Distributor as promptly as reasonably practicable if any Product is subject to regulation under ITAR;
- (i) subject to Section 11, grant the Distributor the right to use the Company's trademarks only to identify the Products as the Company Original Equipment Manufacturer parts for the sole purpose of facilitating and promoting the Distributor's sale of the Products. This grant does not give the Distributor any further rights or interest in the Company trademarks and the Distributor cannot under any circumstances use the Company trademarks to promote other parts, services, or products other than the Products;
- (j) use commercially reasonable efforts to implement and support the necessary IT infrastructure to facilitate electronic commerce between the Parties and customers in order to perform the services and conduct the transactions contemplated by this Agreement;
- (k) Provide sales training and materials relating to the Products as reasonably requested by Distributor;
- (l) Provide technical support relating to the Products as reasonably requested by Distributor; and
- (m) Comply with all government flow-down requirements provided to Company in Distributor's purchase orders; provided however, Company may choose to reject Distributor's purchase order.
- (n) make available to the Distributor in a secure format or provide to the Distributor on a monthly basis, as applicable, in a form mutually agreed by the Parties, the reports and other information described in Exhibit G.

Notwithstanding the foregoing, the Parties agree that, in the event the Company is bound by any legal and/or contractual obligation which was in effect prior to the effective date of this Agreement and such obligation is in conflict with the Company's responsibilities or obligations hereunder, the Company shall have the unilateral right to modify this Agreement to eliminate such conflict. The Company shall provide reasonable evidence to Distributor of such conflict. In the event of any such unilateral modification by Company, the Parties agree to modify this Agreement as required to compensate and make the Distributor whole for any resultant impact to the extent possible.

#### **4 Additional Obligations of the Parties**

- (a) Each Party agrees to comply at all times with applicable law, including laws prohibiting collusion, conflicts of interests, corruption, and unfair competition, and further agrees to comply with the Company Supplier Code of Conduct, a copy of which is attached to this Agreement as Exhibit D.

- (b) Each Party agrees to refrain (either directly or indirectly) at all times from offering, promising, attempting to provide, or providing,
  - (1) Any corrupt payment; or
  - (2) Any employee of either Party or customer, or a government official, any ownership, financial, or other interest (e.g., governance position, employment, consulting, contracting) in or with such Party.
  - (3) Any termination of a Party for breach of this Section 4(b) that arises from the Parties' acts or omissions in connection with this Agreement shall be deemed to be a Termination for material breach in accordance with Section 14(b), provided, that such termination shall take effect upon receipt of notice from the non-breaching party
  - (4) Any termination of a Party for breach of this Section 4(b) that does not arise from the Parties' acts or omissions in connection with this Agreement shall be deemed to be a Termination for Convenience in accordance with Section 14(a), provided, that such termination shall take effect upon receipt of notice from the non-breaching party.
- (c) Each Party agrees to refrain from becoming, during the term of the Agreement, a government official or an agent of any government official.
- (d) Each party agrees to promptly and accurately record in its books and records all transactions and expenses related to its performance under this Agreement.
- (e) Each party agrees to comply with all applicable registration and reporting requirements relating to its performance under this Agreement.
- (f) Distributor agrees to complete all mandatory on-line training and attend all in person training upon reasonable request by Company.
- (g) Distributor shall retain and preserve all books and records within the scope of Company's audit rights for the later of three years after final payment under the Agreement or a longer period required by law. In addition, if the Agreement is completely or partially terminated for any reason, Distributor shall retain and preserve all books and records relating to the work terminated for three 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 the Agreement shall be made available until such appeals, litigation or claims are finally resolved.
- (h) Distributor agrees to provide and execute in a mutually acceptable format:
  - (1) Quarterly activity reports;

- (2) Annual certifications of compliance with Agreement; and
- (3) Such other documents and instruments as required by law or for performance of the Agreement.
- (i) [Reserved.]
- (j) Distributor expressly acknowledges, represents, and warrants as of the date of the Agreement and on a continuing basis that, except as set forth in the Disclosure Schedules or as promptly notified by Company in writing:
  - (1) Questionnaire and certifications are incorporated as part of the Agreement and accurate in all respects;
  - (2) If Distributor is no longer a publicly held company, owners of record do not hold their interests in Distributor in trust or for the benefit of others;
  - (3) Neither the Distributor nor any of its officers or employees is a government official or agent of any government official. Government official shall mean an individual who holds a U.S. federal or state public administrative office and who, by virtue of that office, is in a position to influence the procurement of Products identified in this agreement;
  - (4) No Company employee, Customer, Government or Government Official holds an ownership, financial or other interest in the Distributor or otherwise stands to personally benefit from the Distributor's representation of the Company;
  - (5) The Agreement and work performed does not and will not violate or contravene applicable law, including any restrictions (e.g., "revolving door") on Distributor's employees arising from their former employment with any Government;
  - (6) Distributor holds all permits, licenses and authorization and has made all registrations and reports necessary to conduct business and represent the Company;
  - (7) Distributor agrees to promptly notify Company in writing if the Questionnaire, any certifications furnished to Company, or any of the foregoing representations and warranties are no longer valid or accurate in any manner.

## 5 Terms of Sale

- (a) Each year, the Company shall, consistent with its standard practices, publish a catalog for the Products, on or prior to December 1 of such calendar year, establishing pricing of the Products for the immediately subsequent calendar year.

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- (b) All deliveries of Product are EXW (as described in Incoterms 2010) the Company's designated domestic facility. The Parties recognize currently all shipments from the Company are at domestic locations.

In consideration for the dedicated customer service support provided by the Company in connection with the products identified in Exhibit A, Distributor shall pay the Company a customer service fee of \$150,000 annually payable in quarterly installments of \$37,500 payable on 1 January, 1 April, 1 July and 1 October.

- (c) If any portion of the Distributor's account with the Company is more than sixty (60) calendar days past due, the Company may, at its option, cease all deliveries of Product, or divert Products already ordered until past due amounts, including interest payments, are paid in full.
- (d) In the event the Parties agree to a partial shipment of any Products ordered by the Distributor, the Distributor shall make payment for such partial shipment in the normal course of business.
- (e) Company's pricing of Products sold to Distributor for all of Distributor's customers shall be the Company's U.S. Government price for such Products. Prices charged by Distributor to its non-U.S. Government customers for Products, which shall include material used for repairs, shall be predicated on a commercial catalog price provided by Company to Distributor. On a quarterly basis, Distributor shall, with respect to Distributor's sales of Products to non-U.S. Government customers, reconcile and pay to Company an amount equal to the difference between (i) the commercial catalog price on which the price of the Products sold were predicated (or such other price as agreed upon by the Parties) and (ii) the price originally paid by the Distributor to Company for such Products. Payment shall be made within sixty (60) days from the end of each quarter.

## **6 Delivery Terms**

- (a) Unless otherwise agreed to by the Parties, all deliveries of Products by the Company to the Distributor under this Agreement shall be made in accordance with Section 5(b). Title and risk of loss and damage shall pass from the Company to the Distributor upon delivery.
- (b) The Distributor must, at its sole cost, arrange for the transport from the delivery location and applicable insurance of Products purchased from the Company.

## **7 Payment Terms**

Distributor will pay Company the Purchase Price, in full within thirty (30) days after receipt of invoice.

**8 Warranty**

Warranty is as specified in Exhibit H, as modified in Exhibits A, B, and C.

**9 Term**

Unless earlier terminated as herein provided, this Agreement shall commence on the Commencement Date and remain in effect for a period of sixty (60) months, and may be renewed for an additional period of sixty (60) months with the written agreement of both Parties.

**10 Ownership of Company Data**

For purposes hereof, "Company Data" shall include all Confidential Information (defined in Article 13) provided by Company to Distributor.

- (a) All Company Data is, or will be, and shall remain the property of the Company. Without the Company's prior written approval (in its sole discretion), the Company Data shall not be:
  - 1) used by the Distributor other than in connection with providing the services contemplated by this Agreement,
  - 2) sold, assigned, leased, pledged or otherwise provided to third parties by the Distributor, or
  - 3) commercially exploited by or on behalf of the Distributor other than in connection with providing the services contemplated by this Agreement.
- (b) The Distributor hereby irrevocably assigns, transfers and conveys to the Company without further consideration any and all of its right, title, and interest in and to the Company Data. Upon request by the Company, the Distributor shall execute and deliver any documents that may be reasonably necessary or desirable to preserve, or enable the Company to enforce, its rights hereunder with respect to the Company Data
- (c) Upon written request by the Company upon expiration or effective date of termination of this Agreement, the Distributor shall:
  - 1) promptly return to the Company all of the Company Data, or eradicate or destroy all the Company Data in the Distributor's possession, in each case to the extent so requested by the Company.
- (d) Except as noted above, each Party shall be the owner of its own data, customer lists, records, and intellectual property.

**11 Marks and Proprietary Rights**

- (a) The Distributor acknowledges the Company's exclusive ownership of the Company's trade names, service marks and trademarks, and derivations thereof, and all names and marks licensed to the Company (collectively, the "Marks").
- (b) Any proposed use of the Marks in connection with the activities contemplated under this Agreement shall require the prior written authorization of the Company, which may be given or withheld on a case-by-case basis in the Company's sole discretion. The Company shall respond to any such request by the Distributor for a proposed use of the Marks as promptly as reasonably practicable upon written notice of such request. If permission to use the marks is granted, the Distributor shall strictly adhere to all instructions, limitations and restrictions placed upon such use, and shall cooperate with the Company to take any necessary steps to protect the Marks in each jurisdiction of use. The Distributor further agrees to cease use of the Marks or otherwise restrict use of materials bearing the Marks whenever so instructed by the Company except as noted in Section 11(c) below. No action taken or approval given pursuant to the foregoing shall in any way create any express or implied rights in or license in favor of the Distributor with respect to the Marks.
- (c) Upon expiration or the effective date of termination of this Agreement, the Distributor shall cease using all Marks and Mark-bearing stationery, business cards, sales literature and the like, except as appropriate to dispose of Products then in the Distributor's inventory and any reference in the Distributor's previously published catalogues. The Distributor will have no obligation to return such materials to the Company. Thereafter, the Distributor shall no longer use any of the Marks, except as permitted by law.
- (d) Notwithstanding the foregoing, each Party may use the name of the other in its public relations material and press releases; provided, that the disclosing Party acquires advance written approval by the other Party.

**12 Propriety Rights Indemnification**

- (a) In lieu of any other warranty by Company to Distributor against intellectual property infringement, statutory otherwise express or implied, the Company shall, at its own expense, defend any suit instituted against the Distributor which is based on an allegation that any Product sold to the Distributor hereunder constitutes an infringement of any patent of a third party and shall indemnify the Distributor against any award of damages and costs, including reasonable attorneys' fees from a final judgment of a court of last resort if it is determined therein that any such Product constitutes an infringement of any patent of any third party, but only on the condition that (i) the Distributor gives the Company timely notice in writing of any notice or claims of infringement, and (ii) Distributor provides reasonable cooperation to Company, at Distributor's expense, to provide Company with reasonable information and assistance, and (iii) such suit or action is brought against Distributor, and (iv) Distributor has made

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all undisputed payments for Products then due to Company under this Agreement as set forth herein. The Company shall have control of the defense of any such suit, including appeals from any judgment therein and any negotiations for the settlement or compromise thereof with full authority to enter into a binding settlement or compromise; provided, that (a) no compromise or settlement may contain any finding or admission of any violation of law or any violation of the rights of any person by or on behalf of Distributor without Distributor's prior consent or an un-appealable adjudicated decision from a court of competent jurisdiction and (b) to the Company's knowledge no compromise or settlement may give rise to any other claim that may be made against Distributor.

- (b) In the event that any Product is held to infringe and its use is enjoined, the Company shall, at its option and expense, (i) procure for the Distributor and its customers the rights to have used and to continue using such Product or (ii) provide the necessary parts and documentation to replace or modify such Product so that it no longer infringes, or (iii) repurchase such Product from the Distributor or its customers at the price originally paid by the Distributor. In all cases the Company shall continue to be obligated to defend and indemnify the Distributor and its customers for all prior use of such infringing Product, prior to such options being implemented.
- (c) Notwithstanding the above, the Company shall have no liability whatsoever to the Distributor with respect to any patent infringement or claim thereof to the extent that the same is based upon or arises out of (i) the use of any Product in combination with an apparatus or device not manufactured or supplied by the Company, if such combination causes the infringement (ii) the use of any Product in a manner for which it was neither designed nor contemplated, or (iii) any modification of any Product by the Distributor or any third party acting on the Distributor's behalf, which causes such Product to become infringing.
- (d) THE FOREGOING STATES THE ENTIRE LIABILITY OF COMPANY WITH RESPECT TO PATENT INFRINGEMENT IN THE COURSE OF, OR RESULTING FROM, SALES UNDER THE AGREEMENT.

### **13 Confidentiality**

- (a) Confidential Information. "Confidential Information" of a Party shall mean all information and documentation of such Party (or its affiliates), whether disclosed to or accessed by the other Party (or its affiliates) in connection with the activities contemplated by this Agreement that has been marked as "Proprietary" or "Confidential" or bears some other proprietary designation, or if disclosed orally, has been designated by a Party as confidential in a letter or other written statement made to the other Party promptly following its disclosure, and shall include, without limitation,
  - (1) information concerning business plans,

- (2) financial information,
  - (3) information concerning operations and the results of operations,
  - (4) pricing information and marketing strategies,
  - (5) information that a Party is legally obligated not to disclose,
  - (6) information that qualifies as a trade secret under applicable law,
  - (7) patents, unpatented inventions and information regarding product development and improvements,
  - (8) engine and parts specifications and drawings and other technical information,
  - (9) material and performance specifications, and
  - (10) Company Data.
- (b) General Obligations. All Confidential Information relating to or obtained from the Company or the Distributor shall be held in confidence by the recipient to the same extent and in at least the same manner as the recipient protects its own confidential or proprietary information. Neither the Company nor the Distributor shall disclose, publish, release, transfer or otherwise make available Confidential Information of, or obtained from, the other in any form to, or for the use or benefit of, any person or entity without the disclosing Party's prior written consent.
- (c) The Company and the Distributor shall, however, be permitted to disclose relevant aspects of the other's Confidential Information to its ultimate parent company, to any affiliates and subsidiaries directly or indirectly controlled by said ultimate parent company and to such of the Party's officers, directors, attorneys, accountants, other agents, lenders and employees (collectively, "Representatives"), in each case who are required to know the Confidential Information in the course of performance of this Agreement or their professional services, (to the extent that such disclosure is not otherwise restricted under any contract, license, consent, permit, approval or authorization granted pursuant to applicable law, rule or regulation, and only to the extent that such disclosure is reasonably necessary for the performance of its duties and obligations under this Agreement (or the determination or preservation of its rights under this Agreement) and only to the extent that an agreement to protect such information containing the same or similar restrictions contained herein is in place; provided, however, that the recipient shall take all reasonable measures to ensure that Confidential Information of the disclosing Party is not disclosed or duplicated in contravention of the provisions of this Agreement by such officers, directors, partners, agents, and employees. The receiving party shall be liable for any improper disclosure of Confidential Information made by its Representatives. Either party shall also be

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permitted to disclose Confidential Information to the US Government as required by law.

- (d) If either Party intends to disclose any Confidential Information in connection with any claim or action to determine or preserve its rights under this Agreement, then that Party will give prior notice to the other Party and take such reasonable actions as may be specified by the other Party to obtain a protective order or cause the Confidential Information to be filed under seal (or give the other Party an opportunity to obtain a protective order).
- (e) The obligations in this Section 13 shall not restrict any disclosure pursuant to any applicable law or by order of any court or government agency (provided that if legally permissible the recipient shall give prompt notice to the disclosing Party of such order, shall disclose only such Confidential Information as the recipient is required to disclose under the applicable law or order, and shall take such reasonable actions as may be specified by the disclosing Party (at the disclosing Party's expense) to resist providing such access or to obtain a protective order) and shall not apply with respect to information that (1) is independently developed by the recipient without violating the disclosing Party's proprietary rights, (2) is or becomes publicly known (other than through unauthorized disclosure by a party), (3) is already known by the recipient at the time of disclosure without any obligation of confidentiality to the disclosing Party, or (4) is disclosed to a Party by a third person which the recipient reasonably believes has legitimate possession thereof and the unrestricted right to make such disclosure.
- (f) **Unauthorized Acts.** Without limiting either Party's rights in respect of a breach of this Section 13, each Party shall:
  - (1) promptly notify the other Party of any unauthorized possession, use or knowledge, or attempt thereof, of the other Party's Confidential Information by any person or entity that may become known to such Party;
  - (2) promptly furnish to the other Party the details of the unauthorized possession, use or knowledge, or attempt thereof, known by such party and assist the other Party in investigating or preventing the recurrence of any unauthorized possession, use or knowledge, or attempt thereof, of Confidential Information;
  - (3) cooperate with the other Party in any litigation and investigation against third parties deemed necessary by the other Party to protect its proprietary rights, provided that such cooperation will not obligate a Party to retain outside counsel or to become party to any litigation; and
  - (4) promptly use its commercially reasonable efforts to prevent a recurrence of any such unauthorized possession, use or knowledge, or attempt thereof, of Confidential Information.

- (g) Each Party shall bear the cost it incurs as a result of compliance with this Section 13.

#### **14 Termination**

- (a) **Termination for Convenience.** The Company may terminate this Agreement in whole or in part, for its sole convenience for any reason whatsoever, by giving the other Party written notice of the termination at least sixty (60) days prior to the termination date specified in the notice.
- (b) Either Party may terminate this Agreement upon a material breach of this Agreement by the other Party, provided if such material breach is not cured, or an agreed-upon plan for cure is not in place, within 45 days after written notice from the non-breaching Party specifying the nature of such material breach; provided, however, that if such material breach (other than the breach of a payment obligation hereunder) is of the nature that it can be cured, but cannot reasonably be cured within such 45 day period, the non-breaching Party shall have no right to terminate this Agreement so long as the breaching Party begins to cure such breach as soon as reasonably possible following the beginning of such 45 day period. In the event a Party becomes Insolvent, the 45 day cure period shall not apply and the non-breaching Party may terminate the Agreement as of the termination date specified in the notice. For purposes of the foregoing, a Party shall be regarded as "Insolvent" if it (i) states in writing that it is insolvent, (ii) files a petition seeking to reorganize under any bankruptcy or similar law that protects it from creditors, (iii) consents to the appointment of a receiver, liquidator or trustee in bankruptcy, or makes any assignment of a substantial portion of its assets for the benefit of creditors, (iv) is subject to the filing of an involuntary petition in bankruptcy (which is not dismissed or stayed within sixty (60) days), or (v) is subject to any court order or decree adjudicating it as a bankrupt or insolvent person by a court of competent jurisdiction.

The Company reserves the right to unilaterally terminate the Agreement if, in the Company's reasonable determination, a change in ownership as contemplated in Section 27(f) results in a material adverse effect on this Agreement or creates a conflict of interest for the Distributor or any Company employee.

- (c) **Post-Termination Obligations.** Upon expiration or effective date of termination of this Agreement, the Distributor agrees (i) to discontinue indicating it is associated in any manner with the Company, and (ii) not to use the trademarks or trade names, or confusingly similar trade names or trademarks, except as may be reasonably necessary for the Distributor to sell any Product inventory that is not repurchased by the Company as provided below:

- (1) **Right to Repurchase Products.** Upon the termination or expiration of this Agreement, with the Distributor's prior written consent (in the Distributor's sole discretion), the Company shall have the first right, for no more than fifteen (15) days after such termination or expiration, to purchase some or all of the Products remaining in the Distributor's stock (immediately prior

to termination) at the price that Distributor paid for such Products. The Distributor shall deliver such Products to the Company EXW (Incoterms 2010) terms within thirty (30) days after the notification by Company of its intent to repurchase Products stock. Payment by Company shall be net 30.

- (2) Return of Documents. Upon the expiration or effective date of termination of this Agreement, each Party shall, upon written notice by the other Party, promptly return to the other Party all Data and Confidential Information of the other Party.
- (3) Customer Lists, Product Lists and Contract Obligations. Upon the termination of this Agreement, the Distributor must furnish the Company with (i) a list of the Distributor's customers for the Products and their addresses, (ii) a list of the Products in stock, and (iii) copies of the Distributor's contracts relating to the sale of the Products that have not been fully performed by the Distributor.

Upon the expiration or earlier termination of this Agreement, in the event that the Company has not repurchased all of the Products remaining in the Distributor's stock as set forth herein, then the Distributor may, in accordance with the terms and conditions of this Agreement, continue to market and sell its existing inventories of Products for a period of five (5) years following the last day of the term of this Agreement prior to its expiration or earlier termination (the "Survival Period"). During the Survival Period, Company may, at its option, evaluate, and with Distributor's prior written consent (in the Distributor's sole discretion), procure and use current Distributor Products or on-order Products to fulfill any orders that Company has with its other customers; provided that if (i) Company terminates this Agreement for its convenience in accordance with Section 14(a) or (ii) Company does not renew this Agreement after the initial five-year term, then Company shall evaluate, procure and use the current Distributor Products or on-order Products to fulfill any orders that the Company has with its other customers. In such case, Company will procure these Products at the procurement price paid by Distributor at time of delivery to Distributor.

- (d) Notwithstanding the foregoing in this Section 14, upon expiration or termination of this Agreement, Distributor shall have continued rights under this Agreement, as if it had not terminated, to purchase products from Company and to supply products to Distributor's customers, to the extent such Products were under contract with customers prior to such expiration or termination.
- (e) For the avoidance of doubt, the Distributor shall continue to be entitled to use the Company's Marks during the Survival Period in accordance with the terms and conditions of this Agreement.

## **15 Limitation of Damages**

- (a) WITH REGARD TO CLAIMS BETWEEN THE PARTIES, AND IN NO EVENT OTHERWISE, SHALL EITHER PARTY BE LIABLE TO THE OTHER FOR ANY

INCIDENTAL, SPECIAL, CONSEQUENTIAL (INCLUDING, BUT NOT LIMITED TO LOSS OF USE OR LOST REVENUE), PUNITIVE OR EXEMPLARY DAMAGES ARISING OUT OF ANY OBLIGATION, BREACH, ACT OR OMISSION IN CONNECTION WITH THE PERFORMANCE OR FAILURE TO PERFORM UNDER THIS AGREEMENT, REGARDLESS OF WHETHER THE CLAIM IS FOR BREACH OF CONTRACT, BREACH OF WARRANTY, TORT (INCLUDING NEGLIGENCE) STRICT LIABILITY, OR OTHERWISE.

- (b) The total ceiling limit on the liability of the Company, United Technologies Corporation and their respective subsidiaries and affiliates collectively, whether founded in contract, tort (including negligence) or strict liability, arising out of or resulting from: (i) any loss or damage to the Distributor under this or as a result of this Agreement; (ii) this Agreement or the performance hereunder or breach hereof; or (iii) the design, manufacture, delivery, sale, furnishing, replacement or use of any goods or services sold by Pratt & Whitney, shall be the price allocable to the part (assuming such loss or damage had not occurred) or services alleged to be the cause of any loss or damage.
- (c) Each Party (the "Indemnifying Party") shall indemnify, defend and hold harmless the other Party (the "Indemnified Party") against any and all losses, damages, liabilities, claims, actions, judgments, settlements, interest, awards, penalties, fines and the reasonable attorneys' fees and reasonable out-of-pocket costs of enforcing any right to indemnification under this Agreement, incurred by the Indemnified Party or its representatives, officers, directors, employees, agents, affiliates, successors and permitted assigns (collectively, "Losses") arising out of or resulting from any successful claim by a third party for:
  - (1) breach or non-fulfillment of any representation, warranty or covenant by the Indemnifying Party; or
  - (2) any act or omission that constitutes gross negligence or intentional misconduct by the Indemnifying Party in the performance of its obligations under this Agreement; or
  - (3) any bodily injury, death of any person or damage to real or tangible property caused by an act or omission that constitutes negligence or intentional misconduct of the Indemnifying Party in the performance of its obligations under this Agreement; or
  - (4) any failure by the Indemnifying Party to comply with applicable laws in the performance of its obligations under this Agreement.
- (d) Notwithstanding anything to the contrary in this Agreement, neither Party shall be obligated to indemnify or defend the other Party against any claim (whether direct or indirect) if such claim or corresponding Losses result from such other Party's:
  - (1) gross negligence or intentional misconduct; or

- (2) bad faith failure to materially comply with any of its obligations set forth in this Agreement.

**16 Compliance with Laws including Foreign Corrupt Practices Act and Export Laws**

- (a) The Distributor represents and warrants that it to the best of its knowledge the Distributor has not at the time of entering into this Agreement violated any laws applicable in the Territory relating to the conduct of its business practices, including those that may prohibit gratuities, inducements, or certain other payments. The Distributor acknowledges that the Company may be subject to certain United States laws, including the Foreign Corrupt Practices Act ("FCPA") and any of its amendments, which may apply to activities carried out on the Company's behalf outside the United States of America.

The Distributor agrees neither to take nor omit to take any action if such act or omission might cause the Company or the Distributor to be in violation of any such laws. Upon written notice from the Company, the Distributor shall provide such information as the Company may reasonably consider necessary to verify compliance by the Distributor with the provisions of this Section 16.

- (b) The Distributor may not enter into any contract or other arrangement or sell any Products to any third party if so doing would cause the Company to be in violation of any applicable laws, including, without limitation, U.S. laws and regulations prohibiting exports to certain countries and restricted or denied parties. The Company may not enter into any contract or other arrangement or sell any Product to any third party where the Distributor shall be required to deliver such Product on behalf of the Company if so doing would cause the Distributor to be in violation of any applicable laws, including without limitation, U.S. laws and regulations prohibiting export to certain countries and restricted or denied parties.
- (c) In those circumstances where the Distributor is providing goods or services without charge to third parties or where the Distributor is compensated by the Company for providing such goods or services, including but not limited to, support of the Company's warranty return and product recall programs, or where the Distributor has assumed (through novation or otherwise) some or all of the Company's obligations under those Third Party Agreements for the sale of Products, the Company agrees that:

the Distributor may be subject to certain United States and foreign laws, including but not limited to the FCPA and any of its amendments, which may apply to activities carried out by the Distributor in connection with the Distributor's providing goods or services pursuant to the agreements described above. The Company agrees neither to take nor omit to take any action if such act or omission might cause the Distributor or the Company to be in violation of any such laws. The Company represents to the Distributor that no Third Party Agreement for the sale of Products assumed (or to be assumed) by the Distributor (through novation or otherwise) is in violation of any domestic or applicable foreign law. Upon written notice from the Distributor, the Company shall provide such information as the Distributor may reasonably consider

necessary to verify compliance by the Company with the provisions of this Section 16(c).

(d) ANY LIABILITY OF A DISTRIBUTOR UNDER THIS AGREEMENT SHALL BE SOLELY WITH AND REMAIN ONLY IN THAT SPECIFIC AAR ENTITY WHICH HAS PURCHASED THE APPLICABLE PRODUCT OR IS DEEMED TO BE THE "DISTRIBUTOR" FOR SUCH PRODUCT HEREUNDER.

**17 [Reserved]**

**18 Taxes**

In addition to the agreed purchase prices set forth in this Agreement, the Distributor will pay to the Company, upon the Company's demand, any and all taxes, customs and duty fees and similar charges (but not including any income or excess profit taxes) that any foreign or domestic taxing authority may impose arising from the sale, delivery or use of any goods sold or exchanged hereunder and for which the Company may be held responsible for collection or payment either on its own behalf or that of the Distributor unless the Distributor provides a valid resale exemption certificate (if applicable). The Distributor will be responsible for any and all interest and penalties relating to the non-payment or late payment of such taxes in any jurisdiction. The Company reserves the rights to, and the Distributor waives any interest in, drawback of any duty and/or refunds of any fees paid by the Company, and the Distributor will assist the Company in obtaining same. The Distributor has not and will not assign the right to claim drawback on the particular exportation to any other Party.

**19 No Partnership or Joint Venture: Independent Contractor**

The Parties intend by this Agreement solely to effect the appointment of the Distributor as an independent contractor with the Company for the marketing of the Products as a distributor of the Company in the Territory. No other relationship, including any type of franchising relationship, is intended to be created between the parties hereto. Nothing in this Agreement shall be construed as (a) giving the Distributor any rights as a partner in or owner of the business of the Company, (b) giving the Company any rights as a partner in or owner of the business of the Distributor, (c) giving the Distributor any expertise to determine use or application of parts, (d) entitling the Distributor to control in any manner the conduct of the Company's business, or (e) entitling the Company to control in any manner the conduct of the Distributor's business. The Distributor shall not have, nor shall it represent itself as having, the power to make any contracts or commitments in the name of or binding upon the Company, except as provided for in the Warranty sections or exhibits as described therein.

**20 Expenses**

Except as otherwise expressly provided in this Agreement, each Party to this Agreement shall bear its own expenses including, without limitation, rent, travel, entertainment, secretarial or other office expense, postage, telephone and other communications costs.

**21 Notices**

All notices required or permitted to be given hereunder shall be in writing and shall be deemed given (a) when delivered in person at the time of such delivery or by facsimile with confirmed receipt of transmission at the date and time indicated on such receipt, (b) when delivered by email if followed by delivery by an internationally recognized express courier services, or (c) when received if given by an internationally recognized express courier service, in each case as follows:

If to the Company:

United Technologies Corporation  
Pratt & Whitney Division  
P.O. Box 109600  
West Palm Beach, FL  
Email: Jennifer.greer2@pw.utc.com  
Attention: Jennifer Greer

If to the Distributor:

AAR Supply Chain, Inc.,  
AAR Allen Services, Inc., or  
AAR International, Inc. (as applicable)

In each case to:

1100 N. Wood Dale Road  
Wood Dale, Illinois 60191  
Email: Eric.Young@aarcorp.com  
Attention: Eric Young, Vice President

or at such other respective addresses or addressees as may be designated by notice given in accordance with the provisions of this Section 20. Email may not be used for any notice of breach, default or termination hereunder.

**22 Force Majeure**

Neither Party hereto shall be responsible or liable in any way for its failure to perform its obligations hereunder, other than for payment of money, if such failure to perform is beyond the reasonable control of the Company or the Distributor, whether caused by acts of God, unavailability or shortages of raw materials from usual sources of supply or unavailability or

Pratt & Whitney and AAR Proprietary

This document does not contain any technical data that is subject to the ITAR or EAR.

shortages of energy necessary to produce and/or deliver the Products by usual modes of transportation, fire, flood, unusually severe weather, the public enemy, war, embargo, strikes, labor disputes, explosions, riots, or laws, rules, regulations, restrictions, compliance in good faith with any applicable foreign or domestic governmental regulation or order, whether or not it proves to be invalid, or any cause, other than financial, beyond the reasonable control of the affected Party. The Party so prevented from complying with its obligations hereunder shall immediately notify and keep the other party apprised thereof, and such party so prevented shall use reasonable efforts to remove or overcome the cause of such inability to comply with its obligations under this Agreement. Such failure shall not terminate this Agreement, but the obligations of the affected Party shall be suspended during the period when performance is so suspended; however, such affected Party has a duty to mitigate any damages or losses that may occur including its responsibilities to third party customers. In the event of any force majeure event that disrupts or suspends performance under this Agreement and the Distributor is unable to fulfill its obligations as distributor of the Products hereunder, then only for such period of time until the Distributor is able to cure such force majeure event, the Parties agree that the Company may, at the Company's election, sell the Products in the Territory. If such suspension period exists beyond a period of one hundred and twenty (120) days, then either Party shall have the right at any time thereafter during such force majeure event to terminate this Agreement upon written notice to the other Party.

In the event of any termination pursuant to this Section 22, the Company shall have the first right, for no more than fifteen (15) days following such termination, to purchase some or all of Products remaining in the Distributor's stock (immediately prior to termination) at the Inventory Cost of the Products. Upon the Company's election to purchase some or all of such Product, the Distributor shall deliver Products to the Company EXW (Incoterms 2010) terms within thirty (30) days after the termination and the price shall be paid in cash.

## **23 Effect of Expiration or Termination**

In the event of expiration or termination of this Agreement, and subject to recovery provided pursuant to Section 27, all rights and obligations of the Parties hereunder shall cease and terminate, except as to the payment of any sum or sums owed to either party as of the date of expiration or termination, as the case may be, except the Company's obligation to fill any outstanding purchase orders from the Distributor which the Company accepted prior to such expiration or termination, as the case may be, and except as to the provisions of Sections 8 (Warranty), 10 (Ownership of Company Data), 11 (Marks and Proprietary Rights), 12 (Proprietary Rights Indemnification), 13 (Confidentiality (for a period of five (5) years following such expiration or termination)), 14 (Termination), 15 (Limitation of Damages), 16 (Compliance with Laws, *et al*), 17 (Taxes), 18 (No Partnership or Joint Venture: Independent Contractor), 21 (Force Majeure), 22 (Effect of Termination), 24 (Entire Agreement), 25 (Applicable Law), 26 (Disputes), and 27 (Miscellaneous) hereof, all of which shall survive the expiration or termination of this Agreement.

## **24 Entire Agreement**

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This document does not contain any technical data that is subject to the ITAR or EAR.



This Agreement constitutes the entire agreement between the Parties. Upon the execution of this Agreement, all other previous negotiations, oral understandings, representations, proposals, agreements and communications between the Parties with respect to the subject matter herein contained, shall be superseded and replaced in their entirety.

## **25 Applicable Law**

The internal substantive laws of the State of New York (excluding its conflict of laws principles and the United Nations Convention on Contracts for the International Sale of Goods) shall govern the formation, construction, interpretation and enforcement of this Agreement and any claims arising out of or relating to this Agreement.

## **26 Disputes**

Any disputes shall be communicated in writing. The Parties agree that should any dispute arise in respect of this Agreement, the Parties shall confer in good faith to promptly resolve any dispute. In the event the Parties are unable to resolve such dispute between them amicably within a period of sixty (60) days, then, Parties may, subject to Section 26, Applicable Law, pursue any rights or remedies available to it hereunder.

## **27 Miscellaneous**

- (a) Captions and Headings. The table of contents, headings and captions used in this Agreement are for convenience of reference only and shall not be interpreted as in any way limiting or extending the meaning of the provisions to which such captions refer.
- (b) No Waiver. A waiver of any breach or a failure to require strict performance of any provision of this Agreement shall neither waive any other prior, concurrent or subsequent breach of the same or any other provision of this Agreement nor diminish or otherwise affect the right to require strict performance of this Agreement
- (c) Modification. The Parties may modify this Agreement only by a writing that specifically refers to this Agreement and is signed by duly authorized representatives of both Parties.
- (d) Severability. If any term, clause or provision of this Agreement becomes or is declared to be unenforceable by any court of competent jurisdiction, such declaration shall not affect the validity or enforceability of any other term, clause or provision of this Agreement.
- (e) Interpretation. The Parties jointly participated in drafting this Agreement. This Agreement shall be construed neither against nor in favor of either Party. The English language version of this Agreement shall govern the interpretation of this Agreement, which shall be interpreted in accordance with the plain English meaning of its terms.
- (f) Assignment. This Agreement will inure to the benefit of and be binding upon the respective successors and permitted assigns of the Parties as permitted herein. Neither Party may assign or delegate this Agreement nor any interest herein without the prior written consent

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of the other Party, except that either Party may, without recourse, assign its rights and/or delegate its obligations under this Agreement to any subsidiary or affiliate of such Party, or in connection with the merger, consolidation, reorganization or voluntary sale or transfer of its assets. Notwithstanding, the Party assigning its rights hereunder, may at the option of the other Party, be required to provide a parent guarantee.

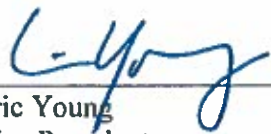
- (g) Enforceability. Each Party represents that it is duly authorized to execute this Agreement and that this Agreement constitutes a legally binding agreement enforceable in accordance with its terms. Each Party agrees to furnish to the other Party any documents reasonably requested to support this representation.
- (h) Counterparts. This Agreement may be executed in any number of separate counterparts, each of which will be deemed to be an original but all of which together will constitute one and the same instrument. A facsimile or "pdf" signature on any counterpart hereto will be deemed an original for all purposes hereof.
- (i) When a reference is made in this Agreement to a Section or Exhibit, such reference is to a Section of, or an Exhibit to, this Agreement.
- (j) Whenever the words "include," "includes" or "including" are used in this Agreement, they are deemed to be followed by the words "without limitation".
- (k) The words "hereof," "herein" and "hereunder" and words of similar import, when used in this Agreement, refer to this Agreement as a whole and not to any particular provision of this Agreement.
- (l) All terms defined in this Agreement have the defined meanings when used in any certificate or other document delivered or made available pursuant hereto, unless otherwise defined therein.
- (m) The definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms.
- (n) References to a person are also to its successors and permitted assigns.
- (o) References to sums of money are expressed in lawful currency of the United States of America, and "\$" refers to U.S. dollars.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the last date below.


**UNITED TECHNOLOGIES CORPORATION**  
Pratt & Whitney Division

By:   
Name: Jennifer Green  
Title: Contracts Manager  
Date: 3/6/18


**AAR SUPPLY CHAIN, INC.**

By:   
Name: Eric Young  
Title: Vice President  
Date: February \_\_, 2018  
March 3, 2018

**AAR INTERNATIONAL, INC.**

By:   
Name: Eric Young  
Title: Vice President  
Date: February \_\_, 2018  
March 3, 2018

**AAR ALLEN SERVICES, INC.**

By:   
Name: Ken Hein  
Title: Vice President  
Date: February \_\_, 2018  
March 3, 2018

**EXHIBIT A – AUXILIARY POWER UNIT (APU)**

<b><u>PRODUCTS:</u></b>	
EH/AH101 Model T-62T-40-C7EH CH-47D APU Model T-62T-2B CH-46 APU Model T-62T-11 CH-53 APU Model T62T-27 Blackhawk APU Model T-62T-40-1 KC-135 APU Model T-62T-40LC-2 V-22 APU Model T-62T-46-2 LCAC APU Model T-62T-40-7 C5 APU Model APS3400	
<b><u>TERRITORY:</u></b>  World-wide (except Japan (see Exhibit C) and United Kingdom)  <b><u>EXCLUSIVITY:</u></b>  Exclusive for direct sales to the United States Government	

Distributor's exclusive right shall not apply to corporate contracts (long term agreements for multiple items) where Company elects to be the prime contractor to the US Government and Distributor acts as its subcontractor. In such event, Company agrees to procure current Distributor stock or on order stock, in support of any such prime contract. Company will procure this hardware for use in any corporate contract at the procurement price paid by Distributor at time of delivery to Distributor. Procurement and use of Distributor held inventory by Company shall be in advance of Company acquiring newly manufactured inventory for use in such corporate contracts.

**EXHIBIT B – JET FUEL STARTER (JFS)**

**PRODUCTS:**

F-16 JFS models T-62T-40-8  
T-62T-40-8A

**TERRITORY:**

Worldwide

**EXCLUSIVITY:**

Exclusive

**EXHIBIT C – JAPAN**

**PRODUCTS:**

T-62T-40-1(H-60)  
T-62T-2B (CH-47)  
T-62T-40-8 (JFS F-2)  
T-62T-40-CAD1 (U125)  
T-62T-27 (MH-53)  
T-62T-40-C7EH (MCH101)  
T-62T-40-7 (LCAC)

**TERRITORY:**

Country of Japan. Customers shall mean the Sumitomo Corporation (and its affiliates and subsidiaries), and other third party contractors and subcontractors of the Japan Ministry of Defense (JMOD) as directed and authorized by Sumitomo Corporation in support of the JMOD.

**EXCLUSIVITY:**

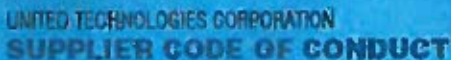


Exclusive

**TERMS OF SALE:**

Paragraph 4 (a) is replaced with the following:

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

**EXHIBIT D – SUPPLIER CODE OF CONDUCT**

 	
	
<p><b>Overview</b></p> <p>United Technologies Corporation, including, each of its divisions, business units and subsidiaries (collectively, "UTC") is committed to the highest standards of ethics and business conduct. As stated in our Code of Ethics, UTC employees must comply with the law, honor their commitments, act in good faith, uphold UTC's values, seek to advance the interests of stakeholders, communicate openly and effectively, and hold themselves accountable.</p> <p>Our suppliers are critical to our success and, in order to provide superior products and services in a responsible manner, we require you to meet our expectations for ethics and compliance.</p> <p>This Supplier Code of Conduct (the "Code") sets forth our expectations for each of our product and service suppliers, and aligns with the expectations we maintain for our own directors, officers, employees and representatives. UTC understands and expects that our product and service suppliers will have their own internal codes of ethics and conduct. This Code is not intended to be an exhaustive list of all ethical and business conduct requirements to be followed by suppliers.</p> <p>You are responsible for ensuring that your directors, officers, employees, representatives, and business partners understand and comply with the expectations set forth in this Code.</p> <p><b>General Disclaimer:</b> The expectations set forth in this Code are not intended to conflict with or modify the terms and conditions of your contracts with UTC. If a contract requirement is more restrictive than this Code, you must comply with the more restrictive contract requirement. By way of example only, for suppliers supporting U.S. Government contracts, the requirements of FAR 52.203-13, Contractor Code of Business Ethics and Conduct, also shall apply.</p>	<p><b>Compliance with Laws</b></p> <p>At a minimum, you must maintain full compliance with all laws and regulations applicable to the operation of your business and your relationship with UTC.</p> <p><b>Quality &amp; Environmental Health and Safety</b></p> <p>Your products and services must be designed, produced, and delivered with the paramount consideration being the safety and health of your employees and consumers. You must have in place quality assurance processes to detect, communicate to UTC and correct defects to ensure delivery of products and services that meet or exceed contractual quality and legal and regulatory requirements. All required inspection and testing operations must be completed properly by appropriately authorized and qualified individuals, and any required certifications must be completed accurately.</p> <p>You must not only comply with all applicable environmental, health and safety laws, regulations and directives, but also conduct your operations in a manner that safeguards the environment, minimizes waste, emissions, energy consumption, and the use of materials of concern. You must also assure safe and healthy work environments for your employees and business invitees.</p> <p><b>Competition on the Merits and Fair Play</b></p> <p>You must compete strictly on the basis of the merits of your products and services.</p> <p>You must not pay a bribe in any amount, to anyone, anywhere, for any reason whatsoever, whether on UTC's behalf, your behalf, or on behalf of others. Accordingly, you must never offer, promise, authorize, or provide, directly or indirectly, anything of value (including business gifts or courtesies) with the intent or effect of inducing anyone (including</p>

**UNITED TECHNOLOGIES CORPORATION**  
**SUPPLIER CODE OF CONDUCT**


Global Ethics & Compliance  
One World One Code

a UTC customer, UTC employee, or higher tier or sub-tier supplier) to forego their duties and provide unfair business advantage to UTC, you, or others. This includes facilitating payments (e.g., payments to expedite or secure performance of a routine governmental action like obtaining a visa or customs clearance).

You must not engage in any anti-competitive conduct for any reason whatsoever, whether on UTC's behalf, your behalf, or on behalf of others. Accordingly, you must never rig bids, fix prices, or allocate customers or markets, or exchange UTC's or your competitively sensitive information (e.g., price, cost, output, etc.) with UTC's competitors or your competitors. You must also refrain from abusing your market power, whether for your benefit or for the benefit of others, by refusing to deal, engaging in predatory or discriminatory pricing practices, conditioning the sale or provision of a particular product or service with that of another product or service, or undertaking similar abusive tactics.

You must not engage in other deceptive or unfair market practices, whether on UTC's behalf, your behalf, or on behalf of others. Accordingly, you must never make misrepresentations regarding UTC's products or services, your products or services, or the products or services of others. Similarly, you must never denigrate UTC's competitors or your competitors, or their products or services.

### Conflict of Interest

You must avoid all conflicts of interest or situations giving the appearance of a conflict of interest in your dealings with UTC. You must report to UTC any instances involving actual or apparent conflicts of interest between your interests and those of UTC, such as when one of your employees (or someone close to one of your employees) has a personal relationship with a UTC employee who can make decisions impacting your business, or when a UTC employee has an ownership or financial interest in your business.

### International Trade Compliance

You must conduct business in strict compliance with all applicable laws and regulations governing (a) the export, re-export and retransfer of goods, technical data, software and services; (b) import of goods; (c) economic sanctions and embargoes; and (d) U.S. anti-boycott requirements.

### Government Procurement

You must take special care to comply with the unique and special rules that apply to contracting with the U.S. Government. If you support a UTC contract with the U.S. Government, you must at all times follow the U.S. Government's rules for competing fairly, honor restrictions applying to U.S. Government employees (e.g., receipt of gifts and employment), deliver products and services that conform to specifications, laws and regulations, adhere to government accounting and pricing requirements, claim only allowable costs, ensure the accuracy of data submitted and comply with all other applicable U.S. Government requirements.

### Information Protection

You must respect the legitimate proprietary rights and intellectual property rights of UTC and others. You must take proper care to protect sensitive information, including confidential, proprietary and personal information. You should not use such information for any purpose other than the business purpose for which it was provided, unless the owner of the information provided prior authorization.

### Accuracy of Records and Submissions

You must maintain books and records that accurately and completely reflect all transactions related to UTC business and each of your submissions to UTC, its customers, and regulatory authorities must be accurate and complete. You must never make any entry in your books and records or alter, conceal, or destroy any document to misrepresent any fact, circumstance, or transaction related to UTC business.



**UNITED TECHNOLOGIES CORPORATION**  
**SUPPLIER CODE OF CONDUCT**


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One World. One Code

### Non-Discrimination

You must treat your existing and prospective employees and business partners fairly, based only on merit and other factors related to your legitimate business interests, and without regard to race, religion, color, age, gender, gender identity or expression, sexual orientation, national origin, marital status, veteran status or disability.

### Child Labor

You must ensure that child labor is not used in the performance of your work, whether or not related to UTC business. The term "child" refers to any person under the minimum legal age for employment where the work is performed.

### Human Trafficking

You must comply with laws and regulations prohibiting human trafficking. You must not engage in the use of forced labor, bonded labor, indentured labor, involuntary prison labor, slavery or trafficking in persons.

### Anonymous Reporting & Reporting Misconduct

We expect you to provide your employees and your business partners with access to adequate reporting channels to raise legal or ethical issues or concerns, including, without limitation, reports of a violation of this Code by you or your business partners, without fear of retaliation, including opportunities for anonymous reporting.

In the event that you become aware of misconduct related to UTC business undertaken by any UTC employee, any of your employees, or any employees of your business partners, we expect you to promptly notify UTC. You may contact UTC's Global Ethics & Compliance Office at [bpo@corp.hq.utc.com](mailto:bpo@corp.hq.utc.com), or, if you prefer to contact UTC anonymously, you may use our Ombudsman

program (details regarding the Ombudsman program can be accessed at the following site <http://www.utc.com/Our-Company/Ethics-And-Compliance/Pages/Ombudsman-DIALOG.aspx>).

You must promptly investigate reports of legal or ethical issues or concerns.

### Ethics & Compliance Program

Commensurate with the size and nature of your business, you must have management systems, tools and processes in place that (a) ensure compliance with applicable laws, regulations and the requirements set forth in this Code, (b) promote an awareness of and commitment to ethical business practices, including, without limitation, the expectations set forth in this Code, (c) facilitate the timely discovery, investigation, disclosure (to UTC and others, as appropriate) and implementation of corrective actions for violations of law, regulations or the expectations set forth in this Code, and (d) provide training to your employees on compliance requirements, including the expectations set forth in this Code.

### Your Business Partners

If your contract with UTC prohibits you from assigning, delegating, or subcontracting your obligations, we expect you to strictly comply with this prohibition.

If your contract with UTC permits you to assign, delegate, or subcontract your obligations or procure products or services from others that will be incorporated in products or services acquired by UTC from you, we expect you to carefully select your business partners, and perform due diligence, audit, and oversight to prevent and detect misconduct. You must flow down the principles set forth in this Code to these business partners and we will hold you responsible for ensuring compliance by your business partners.

UNITED TECHNOLOGIES CORPORATION  
**SUPPLIER CODE OF CONDUCT**



Global Ethics & Compliance  
One World. One Code

### Code Compliance

You will permit UTC and/or its representatives to assess your compliance with the expectations set forth in this Code in performing work for UTC, including on-site inspection of facilities and review of associated books, records and other documentation. You must also provide UTC upon request with additional information and certifications evidencing compliance.

You must ensure that UTC has the right to assess your business partners' compliance with the expectations set forth in this Code in performing work for UTC, including on-site inspection of facilities and review of associated books, records and other documentation. You must ensure that your business partners will provide UTC upon request with additional information and certifications evidencing compliance.

In the event of any wrongdoing, you will fully cooperate with any related investigation conducted by UTC. You will ensure that your business partners also fully cooperate if such investigation involves their performance.

You (and your business partners) must correct any non-conformances identified during assessments. UTC does not assume any duty to monitor or ensure compliance with this Code, and you acknowledge and agree that you are solely responsible for full compliance with this Code by your directors, officers, employees, representatives, and business partners.

For questions or concerns about this Code, including its application to specific circumstances in connection with your organization's performance of work for UTC, or suspected failures by your organization to satisfy these expectations in performing work for UTC, please contact UTC's Global Ethics & Compliance Office at [bpo@corp.hq.utc.com](mailto:bpo@corp.hq.utc.com), or, if you prefer to contact UTC anonymously, you may use our Ombudsman program (details regarding the Ombudsman program can be accessed at the following site <http://www.utc.com/Our-Company/Ethics-And-Compliance/Pages/Ombudsman-DIALOG.aspx>)

*Questions or concerns about this Code:*

UTC Global Ethics & Compliance Office at [bpo@corp.hq.utc.com](mailto:bpo@corp.hq.utc.com) or contact UTC anonymously through our Ombudsman program

**EXHIBIT E – PACKING LIST AND PART REQUIREMENTS**

**Requirements Applicable to the Distributor**

In performing any packaging activities, the Distributor will:

Comply with guidelines established by FAA regulations and United States Government packaging requirements as necessary.

Ensure that the packaging of the Products is sufficient to ensure the safe handling and shipping of material to protect such parts from damage under normal shipping conditions by carriers for worldwide distribution.

Comply with the packaging requirements per ATA-300 commercial packaging and shipment of material, i.e. unit pack, etc.

The generic packaging process includes verifying part number, counting parts, sizing container with dunnage, generating required labels, and closing container.

The Country of Origin (“COO”) markings may be retained on interior bags, wraps, tags and labels. All supplier markings must be removed or obliterated from interior bags, tags, labels and boxes prior to shipment. (High Level)

Export Shipments: All COO and supplier markings must be removed from all bags, wraps, tags, labels and boxes prior to shipment.

**EXHIBIT F – INVENTORY MANAGEMENT & TRACEABILITY**

The Distributor is certified EN9120 and FAA Distributor Accreditation Program. Parts will be traceable back to the original manufacturer.

**EXHIBIT G – REPORTS/METRICS**

Parties agree to make commercially reasonable efforts to attend the following meetings:

- Monthly Working Group
  - AAR: Product Line, Forecasting, Business Development
  - PW: LPM, Forecasting Analyst/Spares Analyst, Business Development
- Quarterly Program Management Reviews
  - AAR: Senior Management
  - PW: Senior Management/Business Development
- Bi-annual Executive Review
  - AAR: Executives/Senior Management
  - PW: Executives/Senior Management

Monthly Working Group deliverables shall include:

- AAR to PW:
  - Inventory Levels
  - Forecast Data
  - Point of Sale Data
  - Pre-buy vs. Firm
  - Initial Provisioning Sales
  - Parts Breakout-Sole Source (leakage, market surveillance)
    - Revise Win Strategy
  - AAR to DLA On-Time-Delivery
  - PW to AAR On-Time-Delivery
- PW to AAR:
  - Forecast Data
  - Lead Times/Capacity
  - Pricing Turn-Around-Time (TAT)
  - Catalog Updates if applicable
  - Overdue
  - IP Development

Reports shall be delivered to the Company/Distributor not later than ten (10) business days following the last day of the month to which the report relates.

Other reports will be provided during the term of this Agreement as mutually agreed by the Parties.

**EXHIBIT H – COMPANY WARRANTY**

- 1.1 Company warrants to Distributor that the goods sold hereunder will be free from defect in material and manufacture when furnished by Company. This warranty terminates 24 months after delivery of the product to Distributor or one (1) year after the goods are delivered to Distributor's customer, whichever first occurs (the "Warranty Period"); provided, that with respect to Exhibit C (Japan) Products sold to Distributor, the Warranty Period shall be fourteen (14) months after Products are delivered by Distributor to its customer.
- 1.2 If any product does not meet the warranties as set forth in Section 1.1, Company will provide to Distributor the remedy set forth in Section 1.3, provided that the defect occurred during the Warranty Period and provided that Distributor has given written notice of any such breach to Company within 75 days after the claimed defect becomes apparent to the Distributor. Said notice will contain reasonable proof that the claimed defect is covered by Company's warranty.
- 1.3 Company's liability and Distributor's remedy under the warranties set forth in Section 1.1 are limited to Company repairing or replacing, at Company's election, goods returned to Company's designated facility. Repaired parts will be serviceable and will be accompanied by a Certificate of Conformance from either the Company or the Original Equipment Manufacturer. Company will bear transportation charges and the risk of loss for the return to Company of such goods if Distributor returns them in accordance with Company's written shipping instructions.
- 1.4 Company warrants to Distributor that Company will convey good title to the goods sold hereunder. Company's liability and Distributor's sole remedy under the warranty set forth in this Section 1.4 are limited to removing any title defect or, at the election of Company replacing any such goods or parts that are defective in title.
- 1.5 In the event any suit, claim or action is brought against Distributor (or person expressly indemnified by Distributor) alleging that, without further combination, Distributor's use or resale of goods directly infringes any patents, Company will, at its own expense, conduct the entire defense including any and all necessary court action, settlements and appeals. Company will either settle such claim or pay all damages and costs awarded in a non-appealable judgment, excluding indirect, incidental, special, consequential and punitive damages. If the use or resale of such goods is finally enjoined, Company will, at its option: (a) procure for Distributor the right to use or resell such goods; (b) replace such goods with equivalent non-infringing parts; (c) modify such goods so they become non-infringing but equivalent; or (d) remove such goods and refund the purchase price (less a reasonable allowance for use, damage or obsolescence).

The preceding provision is applicable only if the following conditions are met: (a) the goods or process involved in the suit, claim or action must have been provided under this Agreement; (b) the alleged infringement must be a direct infringement of any patents of the nation in which Distributor's principal place of business is located; (c) Distributor must provide Company with timely notice of such suit, claim or action and the full opportunity to assume the entire defense thereof; and (d) Distributor must

Pratt & Whitney and AAR Proprietary

This document does not contain any technical data that is subject to the ITAR or EAR.

provide Company with all information available to Distributor and other defendants pertaining to the alleged infringement.

For the avoidance of doubt, this provision will not apply to (a) any allege patent infringement in any nation other than as specified above; (b) any Distributor-furnished specification or design or the performance of a process not recommended in writing by Company; (c) any goods manufactured according to a specification or design of anyone other than the Company; (d) the use or sale of goods delivered hereunder in combination with other goods not delivered to Distributor by Company; or (e) any instance not specified in the preceding paragraphs. In such instances, Distributor will indemnify and hold Company harmless.

- 1.6 THE FOREGOING WARRANTIES AND REMEDIES ARE EXCLUSIVE AND ARE GIVEN AND ACCEPTED IN LIEU OF ANY AND ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE RELATED TO CLAIMS ARISING UNDER THIS WARRANTY PROVISION.
- 1.7 Company's liability under this warranty shall be limited to the cost to repair or replace the defective Product.
- 1.8 In no event will the Company, United Technologies Corporation or their respective subsidiaries or affiliates, have any liability to Distributor for any indirect, incidental, special, consequential, or punitive damages.

