**AMENDMENT NO. 2**

**TO**

**DISTRIBUTORSHIP AGREEMENT**

THIS AMENDMENT NO. 2 TO DISTRIBUTORSHIP AGREEMENT (“Amendment”), dated as of August \_\_\_, 2018, is between AAR Supply Chain, Inc. (f/k/a AAR Parts Trading, Inc.) an Illinois corporation with a place of business at 1100 N. Wood Dale Road, Wood Dale, IL 60191 (“Distributor”) and Northrop Grumman Systems Corporation, a Delaware corporation with a place of business at 2000 W NASA Blvd, Melbourne, FL 32904 (“Seller”). Herein after, “Distributor” and “Seller” shall be referred to as the “Parties".

WHEREAS, Seller and Distributor are parties to that certain Distributorship Agreement, dated July 22, 2013 (as amended, restated, supplemented, or otherwise modified from time to time, the “Agreement”); and

WHEREAS, the “Parties” wish to amend the Agreement, as set forth herein.

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

1. Terms used herein but not defined shall have their meanings as set forth in the Agreement.
2. The second paragraph of the preamble of the Agreement is hereby deleted in its entirety and replaced with the following:

“The ‘Territory’ shall mean and encompass the country of Japan with respect to the E-2C platform; and any other country that the “Parties” may agree in writing 18 months after delivery. “Customer,” with respect to the Japan Territory, shall mean the Sumitomo Corporation and its affiliates and subsidiaries JASDF (Japan Air Self Defense Force), Kawasaki Heavy Industries (KHI), and Toshiba.

1. Section 1.A. of the Agreement (Subject Matter of Distributorship and Sale) is hereby deleted in its entirety and replaced with the following:

“Distributor will be the Seller’s approved distributor for E-2C Products in Japan, and for any other parts in any other countries as agreed by the “Parties” in writing from time to time, in each case identified in Seller’s proposals provided to Distributor to be resold by Distributor in the Territory.”

1. Section 6 of the Agreement (Notices) shall update Seller’s information to Northrop Grumman Systems Corporation

Aerospace Systems

2000 W. NASA Blvd

Melbourne, FL 32904

Attention: Vicki DeBlasio

[Vicki.DeBlasio@NGC.com](mailto:Vicki.DeBlasio@NGC.com)

Update Distributor’s name to “AAR Supply Chain, Inc.”

1. Section 7 of the Agreement (Warranty) is hereby deleted in its entirety and replaced with the following:

**WARRANTY.**

“Seller’s warranty for the Products covers workmanship and material only and shall be for the latter of (i) thirteen (13) months from the time of delivery to the Distributor.”

1. Section 8 of the Agreement (Term) is hereby deleted in its entirety and replaced with the following:

**TERM.**

“Unless earlier terminated pursuant to the terms hereof, this Agreement will be for a term of one hundred twenty (120) months commencing on the date hereof and continuing for an initial term through 22 July 2023, and thereafter will automatically renew on a year-to-year basis unless one Party provides the other Party written notice of its intent not to renew at least sixty (60) days prior to the renewal date.”

1. Section 11 of the Agreement (Returns) is hereby deleted in its entirety and replaced with the following:

“Distributor may return for warranty claims only to Seller for credit, exchange, or refund, any and all Products which Distributor purchases within the warranty period. Within 60 days of receipt, Seller has the right to dispute return claims. This return policy applies only in the event the Distributor returns product to the Seller.”

1. Section 15 of the Agreement (Counterparts) is hereby deleted in its entirety and replaced with the following:

“This Agreement and any Amendments together will constitute one in the same instrument. Resulting Purchase Orders will conform to the Terms & Conditions herein. Any Amendments or Purchase Orders require a signature from the authorized member of the “Parties”.”

1. Section 17 of the Agreement (Permits, Customs Clearances and Duties) is hereby amended by adding the following paragraph immediately after the end of such section:

“The “Parties” acknowledge that Distributor is responsible for obtaining the export licenses and permits with respect to the Products; provided, that Seller agrees to reasonably assist Distributor with any requests regarding the identification or classification of the Products for export compliance purposes”.

1. Section 20 of the Agreement (Penalty for Late Delivery) is hereby amended by updating paragraph one to state:

“In the event any failure to perform or delay in performance by Seller under this Agreement arises out of causes other than those excused under the clause entitled “Excusable Delays” and after the latest Purchase Order delivery date on the Purchase Order the following shall apply:”

1. The Agreement is hereby amended by adding a new Section 21 to the Agreement immediately below Section 20, as follows:

**NO OFFSETS.**

Unless agreed in advance by the “Parties” in writing, Seller shall not be required to participate in any offset programs for the benefit of Distributor with respect to the Products and this Agreement.”

1. The Agreement is hereby amended by adding a new Section 22 to the Agreement immediately below new Section 21, as follows:

**LIMITATION OF LIABILITY.**

Neither party hereto shall be liable to the other for any special, consequential, incidental, punitive or exemplary damages of any kind whatsoever arising out of or in connection with its performance or failure to perform under this Agreement, whether such liability is asserted on the basis of warranty, contract, tort or otherwise.”

1. Except as expressly amended above, all other terms and conditions of the Agreement shall remain in full force and effect.

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

|  |  |
| --- | --- |
| **AAR SUPPLY CHAIN, INC.**  By:  Name: Eric Young  Title: Vice President | **NORTHROP GRUMMAN SYSTEMS CORPORATION**  By:  Name:  Title: |