Dated September 4, 2018

Exclusive Worldwide Distribution agreement

between

ONTIC ENGINEERING & Manufacturing UK LIMITED

and

**AAR SUPPLY CHAIN, INC.**

**THIS AGREEMENT** is dated September 4, 2018

Parties

1. ONTIC ENGINEERING & MANUFACTURING UK LIMITED, incorporated and registered in England with company number 06707516 whose registered office is at 105 Wigmore Street, London, W1U 1QY (Supplier).
2. AAR SUPPLY CHAIN, INC., registered in the State of Illinois, USA, whose registered office is at 1100 N. Wood Dale Road, Wood Dale, Illinois 60191 USA (Distributor).

Background

The Supplier wishes to appoint the Distributor as its exclusive distributor for the promotion and sale of the Products within the Territory (as defined below), and the Distributor wishes to promote and sell the Products within the Territory on the terms of this agreement.

In connection with the foregoing, Distributor will purchase certain Products from Supplier, which will be paid for by Distributor as set forth herein, and used by Supplier for its military component maintenance, repair and overhaul (“**MRO”**) activities.

Agreed terms

# Interpretation

## The definitions and rules of interpretation set out in this clause apply in this agreement:

Business Day**:** a day (other than a Saturday, Sunday or public holiday in London, England or Chicago, Illinois) when banks in London, England and Chicago, Illinois are open for business.

Commencement Date**:** the date of this agreement.

Control**:** the ability to direct the affairs of another person, whether by virtue of the ownership of shares, contract or otherwise.

Products**:** means factory new products used in military applications of the type and specification manufactured and packed under the Trade Marks which constitute the MRO bill of materials for LRUs set forth on Schedule 3.

Term**:** the term of this agreement, as determined in accordance with clause 15.

Territory**:** the country/ies specified in Schedule 1.

Trade Marks**:** the trade mark registrations and applications identified in Schedule 2.

Year**:** the period of 12 months starting on the Commencement Date and each consecutive period of 12 months thereafter during the Term.

## Clause, Schedule and paragraph headings shall not affect the interpretation of this agreement.

## A person includes a natural person, corporate or unincorporated body (whether or not having separate legal personality).

## The Schedules form part of this agreement and shall have effect as if set out in full in the body of this agreement. Any reference to this agreement includes the Schedules.

## Unless the context otherwise requires, words in the singular shall include the plural and in the plural include the singular.

## Unless the context otherwise requires, a reference to one gender shall include a reference to the other genders.

## A reference to a statute or statutory provision is a reference to it as amended, extended or re-enacted from time to time, whether before or after the date of this agreement, and in the case of a reference to a statute is also to all subordinate legislation made under that statute whether before or after the date of this agreement.

## A reference to writing or written includes faxes but not e-mail.

## References to clauses and Schedules are to the clauses and Schedules of this agreement.

# Appointment

## The Supplier appoints the Distributor as its exclusive source to sell the Products in the Territory on the terms of this agreement.

## Upon the Commencement Date of this Agreement, the Distributor will purchase the Phase I Products which are set forth in Schedule 6.

## The “Phase I Products,” which shall be included in the definition of Products. The purchase price for the Phase I Products is Ten Million United States Dollars (USD$10,000,000) payable to Supplier as follows, and for which, with respect to (b) and (c) below, Supplier shall provide an invoice to Distributor not sooner than 30 days before the due date of such amount:

### An amount equal to Five Million United States Dollars ($5,000,000) as such amount is valued at the date of this agreement shall be payable on December 3, 2018; provided, that such amount shall be calculated on December 3, 2018 and converted to and paid in GBP on such date;

### Three Million United Stated Dollars ($3,000,000) shall be payable within ten (10) business days of the date that is one year from the date of this agreement.

### Two Million United States Dollars ($2,000,000) shall be payable within ten (10) business days of the date that is two years from the date of this agreement.

## Distributor shall have 120 days from the date of this agreement to perform an on-site audit of the Phase I Products (which shall remain at Supplier’s location pursuant to clause 8). Distributor may reject any Product that does not meet the requirements of this agreement, or may accept a purchase credit in lieu of such rejected goods.

## Throughout the Term, Distributor shall purchase Products exclusively from Supplier required by Distributor to fulfil its obligations to Supplier hereunder (in Supplier’s role as purchaser of the Consignment Inventory (as defined below) from Distributor). The pricing for such Products is set forth in clause 6.

## Except with respect to the Phase I Products, if any Product purchased by Distributor remains unsold by Distributor for two years from receipt of such Product, Distributor may return the Products to Supplier for a purchase credit equal to the Distributor’s original purchase price, which shall be used by Distributor to purchase other Products, which shall be ordered within 30 days of the date of the purchase credit.

## The Distributor shall purchase the Products only from the Supplier (in such minimum order quantities as specified by the Supplier from time to time), and, for the Term. Distributor shall not distribute new OEM products which directly compete with the Products.

## The Supplier agrees to fulfil existing third-party customer spares orders in place at the time of the Commencement Date to the Distributor.

## The Distributor shall not:

### represent itself as an agent of the Supplier for any purpose;

### pledge the Supplier’s credit;

### give any condition or warranty on the Supplier’s behalf;

### make any representation on the Supplier’s behalf; or

### commit the Supplier to any contracts.

## The Distributor shall not, without the Supplier’s prior written consent, make any promises or guarantees about the Products beyond those contained in the promotional material supplied by the Supplier and as set forth herein.

# Distributor’s undertakings

The Distributor agrees that at all times during the Term it shall:

### employ a sufficient number of suitably qualified personnel to ensure the proper fulfilment of the Distributor’s obligations under this agreement;

### no later than five (5) business days following 31st March, 30th June, 30th September and 31st December in each Year submit written reports to the Supplier, showing details of sales, service stock, outstanding customer orders and orders placed by the Distributor with the Supplier that are still outstanding, and any other information relating to the performance of its obligations under this agreement that the Supplier may reasonably require from time to time;

### maintain on its own account an inventory of the Products at levels which are appropriate and adequate for the Distributor to reasonably meet all forecasted customer delivery requirements for the Products throughout the Territory, subject to Supplier’s ability to deliver to their published lead times, unless otherwise agreed in writing.

### keep full and proper books of account and records showing clearly all enquiries, quotations, transactions and proceedings relating to the Products;

### allow the Supplier, on reasonable notice, access to its accounts and records relating to the Products for the purpose of inspection;

### insure with a reputable insurance company, at its own cost, all stocks of the Products held by it against all risks which would normally be insured against by a prudent businessman for at least their full replacement value and produce to the Supplier on demand full particulars of that insurance and the receipt for the then current premium;

### inform the Supplier promptly of any change of Control of the Distributor.

# Supply of products

## No later than 31 March, 30 June, 30 September and 31 December in each Year, the Supplier and Distributor shall work together to promptly determine Supplier’s need for Consignment Inventory (as defined below in clause 8.1) so that Supplier can notify the Distributor in writing, of its forecast of the quantities of each type of Consignment inventory that it expects to buy from the Distributor for delivery during the ensuing five-year period. The Supplier and the Distributor shall collaborate on and agree upon the forecast provided by the Supplier, and the forecast shall be used by Supplier to provide the forecasted need for sale of Products to Distributor.

## Distributor acknowledges that it received an initial forecast from Supplier on or prior to the Commencement Date of this agreement.

## The Supplier undertakes to use all reasonable endeavours to meet all orders for the Products forwarded to it by the Distributor in accordance with the Supplier’s terms of delivery and lead-times. The Distributor shall buy the Products for its own account for resale under this agreement.

## On giving three months’ notice in writing to the Distributor, the Supplier may, as it thinks fit, exclude one or more of the Products from this agreement if the production of those Products is permanently discontinued for any reason.

## Supplier shall be obligated to promptly repurchase from Distributor, at Distributor’s original purchase price, any Products remaining in Distributor’s inventory (a) whose production has been permanently discontinued, (b) whose use has been rendered obsolete by the discontinuation of related products and (c) which have been rendered obsolete (or constructively obsolete) by Supplier’s release of a superseding revision of such Product.

## The Supplier may make changes to the specifications of the Products, provided the changes do not adversely affect the quality of the Products. The Supplier shall give notice of any changes to Product specifications to the Distributor as soon as reasonably practicable.

## The Products that are sold by Distributor to third parties other than Supplier and its affiliated companies (as set forth in clause 8) shall be warranted by the Supplier in accordance with Schedule 7. Distributor may assign this warranty to any purchaser or user of the Product.

# Supplier’s undertakings

## The Supplier agrees that at all times during the Term it shall:

### Exclusively supply the Products only to the Distributor for resale in the Territory;

### provide any information and support that may be reasonably requested by the Distributor to enable it properly and efficiently to discharge its duties under this agreement;

### approve or reject any promotional information or material submitted by the Distributor within 14 days of receipt;

### Refer any and all requests for the Products to the Distributor for action;

### Purchase all of its requirements for Products from Distributor, and cause its affiliated companies do the same; and

### Publish and maintain a price list in accordance with the terms of this agreement within 90 days of the date of the agreement . Such price list shall include the Supplier’s lead times for the production of the Products listed on Schedule 3.

# Prices and payment

## The prices to be paid by the Distributor to the Supplier for the Products (excluding the Phase I Products, which is set forth in clause 2.2) are to be the Supplier’s list prices applicable at the time of the issuance of the relevant purchase order, discounted by 14%.

## Supplier, with 14 days’ prior written notice to Distributor, shall escalate the Products pricing annually not less than 3% of its then current price. Notwithstanding such annual escalation, the Parties may agree to adjust the price list and the timing of its application at any time.

## Any and all expenses, costs and charges incurred by the Distributor in the performance of its obligations under this agreement shall be paid by the Distributor, unless the Supplier has expressly agreed in advance in writing to pay these expenses, costs and charges.

## Any and all expenses, costs and charges incurred by the Supplier in the performance of its obligations under this agreement shall be paid by the Supplier, unless the Distributor has expressly agreed in advance in writing to pay these expenses, costs and charges.

## The Distributor shall pay the undisputed amount invoiced to it by the Supplier in U.S. Dollars within 30 days of the date of receipt.

## The Distributor may not withhold payment of any amount due to the Supplier because of any set-off, counter-claim, abatement, or other similar deduction under this agreement.

## The Distributor shall be responsible for the collection, remittance and payment of any or all taxes, charges, levies, assessments and other fees of any kind imposed by governmental or other authority in respect of the purchase, importation, sale, lease or other distribution of the Products.

## Supplier may charge interest for any amounts overdue at the rate of 4% per annum above the base rate of HSBC from time to time. The interest period shall run from the due date for payment until receipt by the Supplier of the full amount whether before or after judgment and without prejudice to any other right or remedy of the Supplier. Any interest shall be assessed within a reasonable time.

# Advertising and promotion

## The Distributor shall:

### be responsible for advertising and promoting the Products in the Territory (but the Distributor shall not use any advertising materials or promotional literature without the Supplier’s prior written consent);

### observe all reasonable directions and instructions given to it by the Supplier for promotion and advertisement of the Products; and

### except as set forth herein, not make any written statement as to the quality or manufacture of the Products without the prior written approval of the Supplier.

## The Supplier shall provide the Distributor with information on the advertising and promotion carried out by the Supplier. The Supplier shall supply any available promotional and advertising material that the Distributor reasonably requests at the cost of the Distributor.

## The Supplier shall, where mutually agreed, participate with the Distributor in fairs and exhibitions in the Territory.

# Consignment of Products at Supplier’s Location and Sale of Products to Supplier by Distributor.

# Consignment of Products to Supplier

## The Supplier will be the Distributor’s primary customer for the Products. For ease of access to the Products, Distributor has agreed to store the Products it purchases hereunder at Supplier’s location (the **Consignment Inventory**).

## The Consignment Inventory will comprise of the Phase I Products and any additional Products purchased by Distributor exclusively from Supplier hereunder.

## At all times, title to the Consignment Inventory shall remain solely with the Distributor. Supplier shall not represent to other persons, firms or governmental authorities that Supplier has any interest in the Consignment Inventory, other than for access to the inventory as set forth in this clause 8.

## Supplier shall keep full and proper books of account and records with respect to the Consignment Inventory.

## Supplier shall allow the Distributor, on reasonable notice, access to the Consignment Inventory and to Supplier’s accounts and records relating to the Consignment Inventory for the purpose of inspection.

## At all times Supplier shall be liable for any loss, damage or theft of the Consignment Inventory, except to the extent arising from the wilful misconduct of Distributor.

## Supplier shall segregate the Consignment Inventory from its other inventory, shall mark the location where the Consignment Inventory as holding inventory that is owned by AAR Supply Chain, Inc., and shall store the Consignment Inventory in conditions appropriate for their storage, and provide appropriate security for the Consignment Inventory, all at its own cost.

## Supplier shall store the Consignment Inventory in conditions acceptable to the relevant aviation authority and in accordance with the manufacturer’s requirements or recommendations and that shall ensure that it is properly tagged as owned by AAR Supply Chain, Inc.

## Supplier shall not without the Distributor’s consent in writing (which consent shall be given at the Distributor’s absolute discretion), move the Consignment Inventory to any location other than its location Cleeve Business Park Bishops Cleeve Cheltenham, Gloucestershire, GL52 8TW, United Kingdom. The foregoing shall not apply to the Products once drawn from the Consignment Inventory, after which time Supplier shall have purchased that portion of the Consignment Inventory and title shall transfer to Supplier.

## Supplier shall not without the Distributor’s consent in writing (which consent shall be given at the Distributor’s absolute discretion), make any alteration to the Consignment Equipment.

## Supplier shall (i) ensure that the Distributor is named as the rightful owner of Consignment Inventory on all documents or other files where owner is indicated; (ii) record on the Supplier’s inventory system that the Consignment Inventory is owned by the Distributor; and (iii) take all other actions reasonably requested by Distributor to ensure that any interested third party is aware of the Distributor’s right to the Consignment Inventory.

## Supplier shall insure the Consignment Inventory as set forth below in this clause 8.

## To the extent reasonably practicable the Supplier shall cooperate with Distributor in connection with the Distributor’s filings or registrations of the Consignment Inventory with the appropriate governmental entities of the jurisdiction of Supplier’s or Distributor’s organization or principal place of business and any other necessary jurisdiction as may be reasonably required by Distributor. Distributor shall cooperate with Supplier’s filings or registrations required to be made by it in connection with the Consignment Inventory.

## Supplier shall be liable for any taxes, duties or other impositions relating to the storage of the Consignment Inventory at Supplier’s location.

## [**There shall be no change of control of Supplier or of any affiliated company that utilizes the Consignment Inventory without the prior written consent of Distributor, which shall be provided in Distributor’s sole discretion.**]

## Distributor may request that Supplier draw Products from the Consignment Inventory for Distributor’s sale of the same to other customers of Distributor. Supplier shall promptly respond to such requests, and shall ship the requested Consignment Inventory to any location requested by Distributor, at Distributor’s expense.

## **Sale of Consignment Inventory to Supplier**

## At the inception of this agreement and at the beginning of each calendar quarter thereafter, Supplier shall issue an open purchase order for its forthcoming purchase of Products from the Consignment Inventory.

## Supplier may draw Products from the Consignment Inventory as it reasonably requires for its immediate need. Once drawn from the storage location, title and full risk of loss or damage to the drawn Consignment Inventory shall transfer to Supplier. Consignment Inventory cannot be returned to Distributor once drawn from the storage location without Distributor’s prior written consent.

## Supplier shall keep real-time records of what it has drawn from the Consignment Inventory. Within three business days of the 15th and the last day of each month, Supplier shall provide Distributor with its usage of the Consignment Inventory, and Distributor shall promptly invoice Supplier for such usage.

## Supplier’s cost for the Consignment Inventory shall be the list price corresponding with such Product on Schedule 3 at the time of delivery of such Product of the Consignment Inventory to Supplier. For clarity, “delivery” shall mean the time that Supplier draws Products from the Consignment Inventory for its use. Supplier shall pay invoices issued by Distributor within 30 days of receipt.

## Supplier hereby releases and agrees to indemnify and hold Distributor and its affiliated companies, and its and their directors, officers, employees and agents (the **Indemnified Parties**) harmless from and against any and all liabilities, claims, demands, suits, damages and losses, (including without limitations all attorneys’ fees, costs and expenses in connection therewith or incident thereto) for deaths of or injuries to any persons whomsoever (including, without limitation, Supplier’s employees) and for loss of, damage to, destruction of, or delay in the delivery of any property whatsoever (including, without limitation property of Supplier) in any manner arising out of or in any way connected with the Consignment Inventory, regardless of the negligence, active, passive or any other type, of the Indemnified Parties; provided, however, the foregoing indemnification will not apply to any such claim or liability resulting from the willful misconduct of such Indemnified Party. Supplier shall, at the request of Distributor, negotiate any claim or defend any action or suit brought against Distributor or in which Distributor is joined as a party defendant based upon any other matters for which Supplier has released and indemnified Distributor as provided above.

## Supplier will, at its sole cost and expense, procure and maintain or cause to be maintained, in full force and effect during the term of this agreement, policies of insurance of the type and in the minimum amounts stated below and with companies and under terms satisfactory to Distributor covering the liability of Supplier under this clause 8.

## Comprehensive Aircraft Liability Insurance, to include war risk coverage, with an aggregate limit of $250,000,000.

## And property insurance, with an aggregate limit of the greater of $10,000,000 and the value of the Consignment Inventory.

## Except for warranty of title to the Consignment Inventory since the time that Distributor came into possession of the same, Distributor provides no warranty to Supplier with respect to the Consignment inventory, including any warranty of MERCHANTABILITY or fitness for a particular purpose. BUYER HEREBY WAIVES AND RELEASES Distributor FROM, ANY AND ALL OTHER WARRANTIES, AGREEMENTS, GUARANTEES, CONDITIONS, DUTIES, OBLIGATIONS, REMEDIES OR LIABILITIES, EXPRESS OR IMPLIED, ARISING BY LAW OR OTHERWISE.

## Except with respect to any title claims as set forth in the clause above, or any contractual claim hereunder, upon title transfer of any part of the Consignment Inventory from Distributor to Supplier, Supplier waives all claims that Supplier has or may have in the future again Distributor and its affiliated companies, and its and their directors, officers, employees, shareholder and agents, for Supplier’s and its customers’ use of the Consignment Inventory, or in any manner relating to the consignment inventory, whether such claim arises in tort, statute, contract, under applicable law or otherwise, except to the extent arising from the willful misconduct of Distributor.

## The Supplier may not withhold payment of any amount due to the Distributor because of any set-off, counter-claim, abatement, or other similar deduction under this agreement.

## The Supplier shall be responsible for the collection, remittance and payment of any or all taxes, charges, levies, assessments and other fees of any kind imposed by governmental or other authority in respect of the purchase, importation, sale, lease or other distribution of the Consignment Inventory.

## Distributor may charge interest for any amounts overdue at the rate of 4% per annum above the base rate of HSBC from time to time. The interest period shall run from the due date for payment until receipt by the Distributor of the full amount whether before or after judgment and without prejudice to any other right or remedy of the Distributor. Any interest shall be assessed within a reasonable time.

# Compliance with laws and regulations

## The Distributor shall be responsible for obtaining any necessary import licences or permits necessary for the entry of the Products into the Territory, or their delivery to the Distributor. The Distributor shall be responsible for any customs duties, clearance charges, taxes, brokers’ fees and other amounts payable in connection with the importation and delivery of the Products.

## The Supplier shall be responsible for obtaining any necessary import licences or permits necessary for the entry of the Consignment Inventory, or their delivery to the Supplier. The Supplier shall be responsible for any customs duties, clearance charges, taxes, brokers’ fees and other amounts payable in connection with the importation and delivery of the Consignment Inventory to the Supplier.

## Each party shall comply with all laws applicable to it, including but not limited to anti-bribery and export compliance laws.

# Anti-bribery compliance

## Each party shall:

### comply with all applicable laws, statutes, regulations, and codes relating to anti-bribery and anti-corruption (Relevant Requirements);

### comply with the BBA Aviation group’s Code of Business Ethics, Ethics Implementation Policy, Policy on bribery and corruption, Disclosure of unethical conduct policy and Policy on gifts and entertainment (annexed to this agreement at Schedule 5), as BBA Aviation may update and provide in writing to Distributor from time to time (Relevant Policies).

### have and shall maintain in place throughout the term of this agreement its own policies and procedures to ensure compliance with the Relevant Requirements and the Relevant Policies, and will enforce them where appropriate;

### promptly report to the other party any request or demand for any undue financial or other advantage of any kind received by the such party in connection with the performance of this agreement;

### immediately notify the other party (in writing) if a foreign public official becomes an officer or employee of such party, acquires a direct or indirect interest in the other party (other than through the purchase of such party’s publicly available stock) (and each party warrants that it has no foreign public officials as officers or employees ordirect or indirect owners at the date of this agreement other than as shareholders on a public stock exchange);

### as requested in writing by the other party, but not more often than within six months of the date of this agreement, and annually thereafter, certify to the other party in writing signed by an officer of the party, compliance with this clause 10.

## Breach of this clause 10 shall be deemed a material breach under clause 15.2(b).

# Conditions of sale

## The terms and conditions of sale in force are set forth in Schedule 4. If there is any inconsistency between the conditions of sale and the terms of this agreement, the latter shall prevail.

# Trade marks

## The Supplier hereby grants to the Distributor the exclusive right in the Territory to use the Trade Marks during the Term for the promotion, advertisement and sale of the Products in accordance with the terms of this agreement.

## The Products shall be sold under the Trade Marks. Distributor shall not alter any symbol or logo affixed to the Products or any registered Trade Marks or “TM” affixed to the Products (the latter to be used in conjunction with any Trade Mark applications).

## The Distributor shall not alter or make any addition to the labelling or packaging of the Products displaying the Trade Marks without the prior written consent of the Supplier. The Distributor shall not alter, deface or remove any reference to the Trade Marks, any reference to the Supplier or any other name displayed to the Products, their packaging or labelling.

## The Supplier makes no representation or warranty about the validity or enforceability of the Trade Marks.

## The Distributor shall not sub-license, transfer or otherwise deal with the rights of use of the Trade Marks granted under this agreement.

## The Distributor shall not do, or omit to do, anything in its use of the Trade Marks that could adversely affect their validity.

## To the extent reasonably practicable Distributor shall enter into any reasonably requested document necessary for the recording, registration or safeguarding of the Supplier’s Trade Mark rights for the marketing of the Products under the Trade Marks in a form satisfactory to the Supplier.

## Each party shall promptly give notice in writing to the other if it becomes aware of:

### any infringement or suspected infringement of the Trade Marks or any other intellectual property rights relating to the Products within the Territory; or

### any claim that any Product or the manufacture, use, sale or other disposal of any Product within the Territory, whether or not under the Trade Marks, infringes the rights of any third party.

## In respect of any matter that falls within clause 12.8 (a) and (b), the Supplier and the Distributor shall agree what steps to take to prevent or terminate the infringement; provided, that Supplier shall be liable for all costs associated with the same in accordance with clause 12.10; further provided, that the Supplier shall not be liable for costs relating to infringement of suspected infringement of the Trade Marks to the extent attributable to the acts or omissions of Distributor.

## Supplier agrees to indemnify Distributor and defend at its own expense any suit, action or claim which may be brought against Distributor, its affiliates, directors, officers, agents, successors, assigns, or customers for alleged infringement of any United States or foreign patent, trademark, copyright or other third party intellectual property rights, arising out of or in connection with any Product.

## In the event any Product furnished hereunder is determined to have infringed any copyright or patent with respect to which the Supplier has an obligation to indemnify, the Supplier shall, at its option and expense: (i) replace or modify the Product so that it becomes non-infringing, or (ii) grant Distributor a refund for such Product. Except as required by a final judgment entered against Distributor by a court of competent jurisdiction from which no appeals can be or have been filed, Distributor shall obtain Supplier’s written approval prior to paying, committing to pay, assuming any obligation, or making any concession relative to any infringement covered by these indemnities.

# Insurance

## During the Term, the Supplier shall maintain product liability insurance with a reputable insurer of not less than $250,000,000 for any one occurrence and not less than $250,000,000 in the aggregate in any one Year. The Supplier shall provide a copy of the certificate of insurance to the Distributor on request.

## The Distributor shall maintain appropriate, up-to-date and accurate records to enable the immediate recall of any Products or batches of Products from the retail or wholesale markets. These records shall include records of deliveries to customers (including batch numbers, delivery dates, names and addresses of customers, telephone numbers, fax numbers and e-mail addresses).

## The Distributor shall, at the Supplier’s cost, give any assistance that the Supplier shall reasonably require to recall, as a matter of urgency, Products from the retail or wholesale market.

# Limitation of Liability

## Nothing in this agreement shall limit or exclude the Supplier’s liability for:

### death or personal injury caused by its negligence, or the negligence of its employees, agents or subcontractors (as applicable);

### fraud or fraudulent misrepresentation; and

### any matter in respect of which it would be unlawful for the Supplier to exclude or restrict liability.

## Subject to [clause 13.1](http://uk.practicallaw.com/9-100-9613?q=distribution+agreement+pro+seller#a181855):

Neither party hereto shall be liable to the other for any special, consequential, incidental, INDIRECT, PUNITIVE or exemplary damages of any kind whatsoever, INCLUDING, BUT NOT LIMITED TO LOST PROFITS, LOST SALES, LOSS OF REVENUE OR OPPORTUNITY, LOSS OF USE OF EQUIPMENT, COST OF CAPITAL, COST OF DOWN TIME, COST OF SUBSTITUTE EQUIPMENT, OR ANY OTHER SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES, arising out of or in connection with performance or failure to perform under this Agreement, WHETHER SUCH LIABILITY IS ASSERTED ON THE BASIS OF Warranty, CONTRACT, TORT OR OTHERWISE, EVEN IF A PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. No agreement varying or extending the foregoing Limitation of Liability shall be binding upon either party unless in writing, signed by a duly authorized officer of that party.

### the Supplier shall under no circumstances whatever be liable to the Distributor, whether in contract, tort (including negligence), breach of statutory duty, or otherwise, for:

#### any loss of profit, revenue, or anticipated savings; or

#### any loss that is an indirect or secondary consequence of any act or omission of the Supplier.

# Duration and termination

## This agreement shall come into effect on the Commencement Date and, subject to clause 15.2 and clause 18.3 shall continue in force for an initial term of 10 years.

## Without limiting any other rights or remedies to which it may be entitled, either party may give notice in writing to the other terminating this agreement immediately if:

### the other party fails to pay any undisputed amount due under this agreement on the due date for payment and remains in default for more than 14 days after written notice thereof;

### the other party commits a material breach of any term of this agreement and (if that breach is remediable) fails to remedy that breach within 30 days of that party being required in writing to do so;

### the other party repeatedly breaches any of the terms of this agreement in a manner as to reasonably justify the opinion that its conduct is inconsistent with it having the intention or ability to give effect to the terms of this agreement;

### an order is made or a resolution is passed for the winding up of the other party, or an order is made for the appointment of an administrator to manage the affairs, business and property of the other party, or such an administrator is appointed, or a receiver is appointed of any of the other party’s assets or undertaking, or circumstances arise which entitle a court or a creditor to appoint a receiver or manager or which entitle a court to make a winding-up order, or the other party takes or suffers any similar or analogous action in consequence of debt, or an arrangement or composition is made by the other party with its creditors or an application to a court for protection from its creditors is made by the other party;

### the other party suspends or ceases, or threatens to suspend or cease, to carry on all or a substantial part of its business; or

### the other party purports to assign or otherwise transfer its rights or obligations under this agreement in breach of clause 21.

# Effects of termination

## Termination of this agreement for any reason shall not affect any rights or liabilities accrued at the date of termination.

## On termination:

### the Supplier shall have the option to buy from the Distributor any stocks of the Products at the price originally paid by Distributor. To exercise the option, the Supplier must give notice to the Distributor within 30 days of termination, stating the quantities of Products it wishes to buy. The Distributor shall deliver these Products to the Supplier within 30 days of receiving the Supplier’s notice, and the Supplier shall pay for the Products in full within 30 days of their delivery. The Distributor shall be responsible for the costs of packaging, insurance and carriage of the Products;

### if the Supplier chooses not to exercise its option to buy back the Products under clause 16.2(a), or purchases only part of the Distributor’s stocks of Products, the Distributor may, for a period of 12 months following termination of this agreement, sell and distribute any stocks of the Products as it may at the time have in store or under its control. At the end of this period, the Supplier will buy back all remaining stock at the original cost paid by the distributor.

### once the Supplier has bought back the Products under clause 15.2(a),or the 12 month period provided under clause 15.2(b) has ended, the Distributor shall, at the Supplier’s option, promptly destroy or return all samples, technical pamphlets, catalogues, advertising materials, specifications and other materials, documents or papers that relate to the Supplier’s business that the Distributor has in its possession or under its control (other than correspondence between the parties); and

### the expiration or non-renewal of this agreement shall not of itself give rise to any liability on the part of the Supplier to pay any compensation to the Distributor, including but not limited to, for loss of profits or goodwill.

## Subject to clause 16.2, all other rights and licences of the Distributor under this agreement shall terminate on the termination date.

# Confidentiality

## Each party undertakes that it shall not at any time disclose to any person any confidential information that it learned of through this agreement concerning the business, affairs, customers, clients or suppliers of the other party or of any member of the group of companies to which the other party belongs, except as provided by clause 17.2.

## Each party may disclose the other party’s confidential information:

### to those of its employees, officers, representatives or advisers who need to know that information for the purpose of carrying out the party’s obligations under this agreement. Each party shall ensure that its employees, officers, representatives or advisers to whom it discloses the other party’s confidential information comply with this clause 17; and

### as may be required by law, court order or any governmental or regulatory authority.

## Neither party shall use any other party’s confidential information for any purpose other than to perform its obligations under this agreement.

## The provisions of this clause shall continue to apply after termination of this agreement.

# Force majeure

## Provided that it has complied with the provisions of clause 18.2, a party shall not be in breach of this agreement in respect of, or liable for, any failure or delay in performance of its obligations under this agreement arising from or attributable to acts, events, omissions or accidents without its fault and beyond its reasonable control (Force Majeure Event), including, without limitation, any of the following:

### Acts of God, including fire, flood, earthquake, windstorm or other natural disaster;

### war, threat of or preparation for war, armed conflict, imposition of sanctions, embargo, breaking off of diplomatic relations or similar actions;

### terrorist attack, civil war, civil commotion or riots;

### nuclear, chemical or biological contamination or sonic boom;

### compliance with any law;

### fire, explosion or accidental damage;

### loss at sea;

### adverse weather conditions;

### collapse of building structures, failure of plant machinery, machinery, computers or vehicles;

### any labour dispute, including strikes, industrial action or lockouts;

### interruption or failure of utility service, including but not limited to electric power, gas or water.

## A party that is subject to a Force Majeure Event shall not be in breach of this agreement provided that:

### it promptly notifies the other party in writing of the nature and extent of the Force Majeure Event causing its failure or delay in performance;

### it could not have avoided the effect of the Force Majeure Event by taking precautions which, having regard to all the matters known to it before the Force Majeure Event, it ought reasonably to have taken, but did not; and

### it has used all reasonable endeavours to mitigate the effect of the Force Majeure Event to carry out its obligations under this agreement in any way that is reasonably practicable and to resume the performance of its obligations as soon as reasonably possible.

## If the Force Majeure Event continues for a continuous period of more than six months, either party may terminate this agreement by giving 14 days’ notice in writing to the other party. On the expiry of this notice period, this agreement shall terminate. This termination shall not affect the rights of the parties in respect of any breach of this agreement occurring before termination.

# Entire agreement

## This agreement constitutes the whole agreement between the parties and supersedes all previous agreements between the parties relating to its subject matter.

## Each party acknowledges that, in entering into this agreement, it has not relied on, and shall have no right or remedy in respect of, any statement, representation, assurance or warranty (whether made negligently or innocently) other than as expressly set out in this agreement.

## Nothing in this clause shall limit or exclude any liability for fraud.

# Amendments

Subject to clause 4.3, no amendment or variation of this agreement shall be effective unless it is in writing and signed by the parties (or their authorised representatives).

# Assignment and other dealings prohibited

## This agreement is personal to the parties and neither party shall assign, transfer, mortgage, charge, subcontract or deal in any other manner with any of its rights and obligations under this agreement, or purport to do any of the same, without the prior written consent of the other party (this consent not to be unreasonably withheld or delayed).

## Each party confirms that it is acting on its own behalf and not for the benefit of another person.

# Freedom to contract

The parties declare that they each have the right, power and authority and have taken all action necessary to execute, deliver, exercise their rights and perform their obligations under this agreement.

# Waiver

A failure or delay by a party to exercise any right or remedy provided under this agreement or by law shall not constitute a waiver of that or any other right or remedy, nor shall it preclude or restrict the further exercise of that or any other right or remedy. No single or partial exercise of any right or remedy shall preclude or restrict the further exercise of that or any other right or remedy.

# Severance

## If any provision of this agreement (or part of any provision) is found by any court or other authority of competent jurisdiction to be invalid, illegal or unenforceable, that provision or part provision shall, to the extent required, be deemed not to form part of this agreement, and the validity and enforceability of the other provisions of this agreement shall not be affected.

## If a provision of this agreement (or part of any provision) is found to be illegal, invalid or unenforceable, the provision shall apply with the minimum modification necessary to make it legal, valid and enforceable.

# Notices

Any notice required to be given pursuant to this agreement shall be in writing and shall be delivered personally, or by commercial courier, or by prepaid post (by airmail post if to an address outside the country of posting) to the relevant party at the address set out in this agreement or any other address as either party notifies to the other from time to time. Any notice given according to the above procedure shall be deemed to have been given at the time of delivery (if delivered by hand), on the date and at the time of signature of the courier’s delivery receipt (if sent by commercial courier), or five Business Days after posting (if sent by prepaid post).

# Third-party rights

No person other than a party to this agreement shall have any rights to enforce any term of this agreement.

# No partnership or agency

Except as expressly provided, nothing in this agreement is intended to, or shall be deemed to, establish any partnership or joint venture between the parties, constitute either party the agent of the other, nor authorise a party to make or enter into any commitments for or on behalf of the other party.

# Language

## This agreement is drafted in the English language. If this agreement is translated into any other language, the English language text shall prevail.

## Any notice given under or in connection with this agreement shall be in the English language.

# Governing law and jurisdiction

## This agreement and any dispute or claim arising out of or in connection with it, its subject matter or formation (including non-contractual disputes or claims) shall be governed by and construed in accordance with English law.

## The parties irrevocably agree that the courts of London, England shall have exclusive jurisdiction to settle any dispute or claim that arises out of or in connection with this agreement, its subject matter or formation (including non-contractual disputes or claims).

# Survival

# The following clauses of this agreement shall survive any expiration or termination hereof: [Sections to be added prior to signing.]

This agreement has been entered into on the date stated at the beginning of it.

1. Territory

Worldwide except any country or party which is denied, debarred, embargoed, blocked, prohibited, specially designated, sanctioned or otherwise ineligible or becomes ineligible to contract with the US Government, or is subject to any United Nations sanction from time to time.

1. The Trade Marks

To be determined and updated by Ontic from time to time.

1. Parts and Pricing

(See attached)

1. Conditions of Sale

Terms and Conditions of Sale

1.2. No terms or conditions endorsed on, delivered with or contained in the Supplier’s or Distributor’s purchase order, confirmation of order, specification or other document shall form part of the agreement simply as a result of such document being referred to in the agreement.

4.2. With agreement of the parties, Supplier may at its option deliver by instalments.

5.1. Subject to Condition 4.5(a), the Goods are at the risk of the Buyer from the time of delivery.

1. Supplier’s Ethics, Anti-bribery and Anti-Corruption Policies

**INTRODUCTION**

Most countries have laws that prohibit corruption and bribery. Increasingly these laws will extend to payments to foreign entities or individuals outside these countries’ own borders. Enforcement of anti-corruption and bribery laws has stepped up significantly in the last decade, particularly on the part of the US authorities and also in the UK with the introduction of the Bribery Act. Penalties can be severe with fines running into millions of dollars and fines and imprisonment for individuals. In addition illegal arrangements (including contracts) are unenforceable. Finally, the taint of bribery and corruption could do incalculable damage to BBA Aviation’s reputation.

In recognition of the above BBA Aviation:

* has a clear anti-bribery policy;
* encourages employees to report any suspicion of bribery; and
* will investigate rigorously any instances of alleged bribery

**WHAT IS BRIBERY**

A bribe is a reward, advantage or benefit made or offered for the purpose of improperly obtaining or retaining business or for any other improper purpose or commercial advantage. Kickbacks (i.e. the payment or receipt of a contract payment) are a form of bribe. In many countries a payment may be a bribe even if not made to a government official. Bribes may be made directly or through an intermediary.

**ANTI BRIBERY POLICY**

BBA Aviation employees must not directly or indirectly offer, promise, pay or give a bribe to any person or authorise such a bribe, or accept a bribe.

This prohibition includes the use of contracts or consulting agreements to channel payments to public officials, political parties, or political figures including their relatives or business associates.

The policy applies whether or not payment is made to a public official.

Breach of this policy will result in disciplinary action up to and including summary dismissal.

**FACILITATION OR “GREASE” PAYMENTS**

Facilitation payments are payments made to secure or accelerate routine government procedures such as to:

* obtain licences, permits or other documents to qualify to do business in a foreign country;
* process visas or secure custom clearance; or
* secure police protection.

BBA Aviation does not permit such facilitation payments to government officials, even if the payments are of nominal value. If you have any questions surrounding the making of facilitation payments then please contact the Group General Counsel.

**INTERMEDIARIES OR THIRD PARTIES**

Improper payments may not be made through third parties.

Employees must be diligent in appointing and monitoring contractors, agents and joint venture partners and the process set out in the [BBA Aviation Third Party Vetting Policy](http://bbaintranet.bbaaviation.com/BBA%20Group%20Policies/English/BBA%20AVIATION%20THIRD%20PARTY%20VETTING%20POLICY%20Final%2023%2012%2013.pdf) must be complied with. Specific rules apply within BBA Aviation relating to the acceptable terms of contracts with foreign agents (including the length, commissions payable and compliance by the agent with BBA Aviation policies) and the regular monitoring of those agents. This monitoring includes the submission of six monthly reports by the BBA Aviation businesses to the BBA Legal Department. Details of these rules can be found on the group intranet or may be obtained from the BBA Legal Department.

Suppliers must also undertake contractually to act consistently with the Code when working with or on behalf of BBA Aviation.

**PUBLIC/PRIVATE SECTOR**

The division between the public sector and the private sector has become blurred through privatisation, state owned enterprise, public finance initiatives, joint ventures and government outsourcing. Bribery of government officials is illegal. Bribery of those working in the private sector is also often illegal under local laws and is always contrary to BBA Aviation’s own business standards and prohibited by this policy.

**EMPLOYEE RESPONSIBILITY**

Protecting BBA Aviation’s reputation is every employee’s responsibility. Employees must therefore immediately report suspected violations of the law or of this policy pursuant to the BBA Aviation Disclosure of Unethical Conduct Policy; they will not suffer any adverse company action when doing so, and the matter will be dealt with in the strictest possible confidence.

**COMPLIANCE**

Compliance with this Policy will be treated in the same manner as other BBA Aviation-wide policies. All Managing Directors will be required to sign a disclosure statement twice each year (mid-year and year-end) acknowledging their receipt of a copy of this Policy; their dissemination of the Policy to their direct reports; and their disclosure of any known violations of the Policy, to the extent not previously reported as required under the Policy.

1. Phase 1 Products

(see attached)

1. Warranty

**In accordance with Clause 4.5 of the agreement the following warranty clause will be used for selling to third parties.**

1. The warranty periods for Products delivered and performed by the Supplier under any agreement shall be 12 months from delivery of Product in accordance with completion of the relevant stage of performance in respect of Product (the “Warranty Period”).

2. The Supplier warrants that the Product will be free from defects in material and workmanship under normal use and service for the Warranty Period (the “Warranty”). If, prior to expiry of the relevant Warranty Period, and subject always to the other provisions of this Condition 7:

(a) any Product found to be defective in material or workmanship, the Supplier, at its option, repair or replace such Product at its expense with reasonable promptness;

3. Where a defect in the Product arises after acceptance of the Product, the Distributor shall provide the Supplier with written notice of a claimed defect within 14 days after the defect becomes apparent to the Distributor. Said notice will contain reasonable proof that the claimed defect is covered by the Warranty set-out in these Conditions, and this shall remain subject to reasonable confirmation and verification by the Supplier. The Supplier’s Return Material Authorization (“RMA”) number(s) for any Product the subject of the Warranty claim will be used to authenticate the claim upon receipt by the Distributor. Failure to have the Supplier’s RMA number(s) for Product marked on the Distributor’s notice of claim will invalidate Warranty consideration.

4. Any Product determined by the Supplier to have a No Fault Found (“NFF”) shall result in the Distributor being liable to the Supplier for inspection, test and recertification charges (including, where applicable, transportation charges) and any relevant Product shall be returned to the Supplier FCA (Company’s premises as set out on Acknowledgement of Order) (as defined in Incoterms 2010).

5. If the Supplier approves a Warranty request, the Supplier’s obligation under the Warranty (and the Distributor’s remedy) is limited to the repair or replacement of the relevant Product. In the event that the Supplier agrees to replace defective Product, the Distributor shall dispose of the defective Product in accordance with the Buyer’s instructions. The Supplier shall ship any repaired or replaced Product to the Distributor. The Supplier shall be liable for all shipping/import/export charges related to warranty repairs.

6. The Supplier’s liability under the Warranty applies only to defects appearing before the Distributor whilst the Product and/or other relevant materials are being properly used, handled, maintained or stored in accordance with the Supplier's instructions. In particular the Supplier shall not be liable in the case of defects arising from faulty handling, operation, maintenance or processing by the Distributor or any third party.

7. The Warranty set out herein is exclusive. All warranties, conditions and other terms implied by law (whether by statute, common law or otherwise) (save for the conditions set out in section 12 of the Sale of Goods Act 1979 and Sections 2 and 13 of the Supply of Goods and Services Act 1982) are excluded from this warranty.

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| Signed by  for and on behalf Ontic Engineering & Manufacturing UK Limited | .......................................  Matthew Pritchard \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, Site Director |
| Signed by  for and on behalf of AAR Supply Chain, Inc. | .......................................  Eric Young, Vice President |