



Aerospace Coatings International
370 Knight Drive
Oxford, Alabama 36203

10 September 2018

Dear Customer,

Here at Aerospace Coatings International (ACI) we are striving to improve our ability to meet your business needs by expanding our exchange program to reduce turn-around time.

Offering exchanges introduces risk to our business, which if left unchecked could influence pricing. We have created an exchange clause that will be flowed with each exchange quote. The purpose of the exchange clause is to mitigate business risks associated with the exchange process.

The exchange clause will be referenced on exchange quotes as of 17 September 2018. The exchange clause can be viewed on the ACI website <http://www.aerocoatings.com/Documents.asp>

ACI appreciates your continued business and looks forward to meeting your future business needs.

Eric Beers
Production and Inventory Control Manager
Aerospace Coatings International

Exchange Clause

Approval of this quote affirms the following stipulations and commitments: (i) the terms of this exchange shall supersede and take precedence over any conflicting terms of the Buyer's order, and/or the Seller's obligations or prior commitments to that order as it relates, but not limited to: pricing, turnaround time, scope of work, prior Seller repair quote(s), and/or prior Seller invoice(s); (ii) Buyer releases to Seller all rights, title, and interest in the Buyer Provided Part (BPP) to this exchange and Seller shall take full ownership of said part and use it for its own purposes; (iii) Buyer warrants that the BPP is fit for its intended particular purpose and shall be repairable within the reasonable efforts of Seller in accordance with an OEM or existing Seller developed DER repair; (iv) Buyer warrants that the BPP is of clear title and free of any encumbrances or claims to ownership by third parties, and that if such claim shall arise, Buyer will indemnify, hold harmless, and stand in the shoes of Seller against any claims, allegations, or liabilities arising out of an ownership dispute of the BPP by third parties to this agreement; (v) Buyer acknowledges that the BPP shall act as a lien against the Buyer and its affiliates until said BPP is repaired, and returned to service condition not to exceed a timeframe of twelve (12) months from the date of exchange. If after reasonable repair efforts are undertaken and a declaration is made by Seller that the BPP is Beyond Economical Repair (BER) Seller shall notify Buyer within seven (7) days of said declaration and Seller shall have the right to enforce Buyer's lien at the fair market value of the BPP. Within thirty (30) days of Seller BER notification, Buyer shall have the option to clear the Buyer's lien by: (a) providing a replacement BPP acceptable to Seller, at which point the twelve (12) month lien period will renew upon Seller's acceptance of the replacement BPP, or (b) provide a monetary transfer at the fair market value of the BPP. If either of these two options are not exercised by the Buyer within thirty (30) days from BER notification, Seller reserves the right to enforce the Buyer's lien by taking possession of Buyer's, or its affiliates', inventory within Seller's possession up to the fair market value of the BER designated BPP and/or pursuing any other legal remedies that may exist. As it relates to any seized inventory pursuant to the lien settlement provision of this agreement, Seller shall have the right to liquidate or use for its own purposes, any seized inventory, equal to the lien amount, just the same as if the seized inventory was a BPP to this agreement.