

POINT BLANK ENTERPRISES, Inc. (Buyer*) STANDARD PURCHASE ORDER TERMS AND CONDITIONS

- 1. OFFER TO BUY:** This Purchase Order constitutes an offer to buy goods or services according to the description and other terms set forth on its face and applicable Statement of Work (SOW). Terms on the face shall govern where inconsistent with those in the SOW. No additional or different terms offered by the Seller shall be or become part of this Order nor shall this Order be modified without the express written approval of the Buyer. Seller's acknowledgment, acceptance of payment, or commencement of performance, shall constitute Seller's unqualified acceptance of this Order.
- 2. WARRANTY:** The Seller shall maintain an inspection and process control system acceptable to the Buyer. The Seller warrants that all materials covered by this Purchase Order will be in strict accordance with the specifications, drawings, and other descriptions furnished by the Buyer, and free from defects in material and workmanship. In the event of a recall, by the Buyer or the Buyer's Customer, necessitated by a defect in material or in workmanship in a Seller's part, the Seller will assume full responsibility for the cost of the recall, as well as replacement parts.
- 3. CONSIGNED GOODS:** Any material furnished by the Buyer on a "No Charge" basis shall remain property of the Buyer and be fully accounted for, including scrap. Any such material scrapped because of defective workmanship of Seller shall, at the Buyer's discretion, be replaced or paid for by the Seller.
- 4. CHANGES:** The Buyer may at any time by written notice make changes within the general scope of this Order, in any one or more of the following: 1) drawings, designs or specifications, 2) method of shipping or packing, 3) place of inspection, acceptance, or point of delivery, 4) amount of Buyer-furnished property/material, and (5) delivery schedule. If any such change causes an increase or decrease in the cost of, or the time required for the performance of any work under this Order, whether changed or not changed, an equitable adjustment shall be made in the contract price or delivery schedule or both, and the Order shall be modified in writing accordingly. The Seller shall proceed with the Order as changed unless such changes will result in an increase in the cost or extension of the time of performance. If such changes will so affect the cost and/or time of performance, the Seller must notify the Buyer in writing to that effect within five (5) working days after receipt of changes (such notification will include an estimate of the extent of the effect of the changes on the cost and/or time of performance so that Buyer can determine if it wishes to proceed with the changes in view of the impact on cost and/or time of performance). After such notification, the Buyer shall specifically instruct the Seller in writing to proceed or not proceed with the changes. Any claim by the Seller for adjustment under this clause must be asserted within thirty (30) days from the date of receipt by the Seller of notification the Buyer to proceed with the changes provided, however, that the Buyer, if it so chooses may receive and act upon such claim asserted at any time prior to the final payment under this Order. Nothing in this clause shall excuse the Seller from proceeding with the Order as changed. Where the cost of property made obsolete or excess as the result of a change is included in Seller's claim for adjustment, Buyer shall have the right to prescribe the manner of disposition of such property.
- 5. CANCELLATION:** The Buyer, without waiving any other legal rights, reserves the right to cancel without charge or to postpone deliveries of any of the materials covered by this Order which are not shipped in reasonable time to meet the required date, provided, however, that in the event the Seller suffers delay in performance due to causes beyond reasonable control, such as act of God, war, act of the Government, act of the Buyer, fire, flood, strike, sabotage, or delay in transportation, the required date shall be extended a period of time equal to the period of such delay. The Seller shall give the Buyer notice in writing of the cause of the delay within a reasonable time after the beginning of thereof.
- 6. STOP WORK AND TERMINATION:** Seller shall stop Work for up to ninety (90) days in accordance with any written notice received from Buyer, or for such longer period of time as the parties may agree and shall take all reasonable steps to minimize the incurrence of costs allocable to the Work during the period of Work stoppage. Within such period, Buyer shall either terminate in accordance with the provisions of this Order or continue the Work by written notice to Seller. In the event of a continuation, an equitable adjustment in accordance with the principles of the "Changes" clause shall be made to the price, delivery schedule, or other provision(s) affected by the Work stoppage, if applicable, provided that the claim for equitable adjustment is made within thirty (30) days after date of notice to continue. The Buyer may terminate work on this Order for its own convenience in whole or in part by written notice at any time. In that event any claim arising out of such termination shall be settled by negotiation on the basis of the Seller's costs and commitments properly incurred or made and supported with appropriate documentation, with due allowance for salvage data.
- 7. INDEMNIFICATION AND INSURANCE:** Seller will indemnify and save harmless Buyer, its employees, agents and invitees from and against all liability, demands, claims, loss, cost, damage, and expense by reason or on account of property damage, death and personal injury whatsoever nature or kind arising out of, as a result of or in connection with the performance of this Order which is occasioned by the actions and omissions of Seller or its suppliers. Seller will maintain and carry liability insurance which includes but is not limited to employer's liability, workers' compensation, general liability, public liability, property damage liability, product liability, completed operations liability and contractual liability in amounts set forth in this purchase Order with carrier approved by the Buyer but in no event shall such amounts be less than the minimum statutory requirements, if any. Seller will, if requested by Buyer, furnish certificates of insurance indicating the foregoing coverage. The Seller agrees to perform the work in accordance with the safety rules of the Buyer and all applicable laws and regulations.
- 8. QUANTITIES:** It is the Seller's responsibility to furnish the proper quantity called for on this Order. No variation in the quantities specified herein will be accepted as compliance with this Order, except by prior written agreement. The Buyer may retain any over shipments and consider them as having been delivered within the total price set forth in this Order.
- 9. COMPLIANCE WITH TERMS:** With respect to this Order, the Seller shall (i) comply with all applicable federal, state, local or agency laws, regulations, Orders, rules, ordinances and other directives, (ii) obtain all releases, licenses, permits or other authorizations, and pay all fees and other required charges, and shall comply with all applicable guidelines and directives of any local, state, and/or federal

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governmental authority and (iii) perform all manufacturing, processing and other work related to the production of all Products delivered hereunder within the United States, unless otherwise agreed to in writing by Buyer. Any waiver of strict compliance with the provisions of this Order shall not be deemed a waiver of the Buyer's right to insist upon strict compliance with this Order thereafter.

10. **DELIVERY:** Seller's timely performance is a critical element of this Order. Delivery must be made pursuant to the specified schedule in the purchase order. Goods shipped to the Buyer in advance of schedule previously not authorized by Buyer may be returned at the Seller's expense. Alternatively, and at the Buyer's discretion, payment may be withheld and the discount period will begin from the scheduled date of receipt. Late deliveries caused by the Seller's failure to perform must be expedited. Any additional charges for overtime, expedited freight, or other unusual cost shall be at the Seller's expense. Delivery is completed at the point of receipt and acceptance at Buyer's facility.
11. **PACKING SLIPS:** Unless otherwise specified, all Work is to be packed in accordance with good commercial practice. All shipments must contain packing slips giving part number, description of material, quantity, and the purchase Order number. If shipment is not made FCA Buyer's Destination, the original Bill of Lading must be furnished with invoices. Buyer's count shall be accepted as final on all shipments not accompanied by packing slips.
12. **PACKAGING AND LABELING:** Buyer's purchase Order number shall appear conspicuously on each package, box, keg, bale, bundle, or other type of container. When shipping by weight, the tare weight of the containers should be permanently marked on each container. If this Order covers stationery or printing, a label must also be placed on the outside end of each package showing Buyer's purchase Order number, date Ordered, and quantity and form number. The Seller shall comply with all packaging and labeling requirements set forth in this Order, including any bar coded label requirements.
13. **EXPORT REQUIREMENTS:** All export shipments must be adequately boxed or crated, with any special handling marked, and contents water-proofed, rust protected, and otherwise packaged to prevent damage in transit, and must meet all export shipping requirements. When applicable, the Buyer must be supplied with a proper certificate of origin complying with customs regulations and all proper export documents for customs clearance. Seller is to fax necessary paperwork to Buyer's custom broker/agent at port of entry. To the extent required by law, deliverables of Seller governed by the Export Administration Regulation, (EAR), Commerce Control List, (CCL), and or International Traffic in Arms Regulations, (ITAR), must be so labeled by Seller.
14. **ROUTING INSTRUCTIONS:** The Seller shall make deliveries as instructed. In the absence of specific routing instructions, shipments are to be routed "Best Way." Title and risk of loss pass to the Buyer at the FCA (Incoterms 2010). point designated by Buyer.
15. **DIRECT SHIPMENTS:** When material is invoiced by Seller but shipped by another company, the invoice shall bear the name of the shipper and the point from which shipment originated. Local and warehouse shipments should be marked or tagged in a suitable manner to permit prompt identification upon request.
16. **TOOLING:** All equipment, tools, gauges, dies, fixtures and patterns furnished by the Buyer or which the Buyer specifically authorized the Seller to acquire for work on this Order shall be and remain the property of the Buyer. They shall be listed and maintained in suitable condition due to the work, by and at the expense of the Seller, and returned to the Buyer at any time upon request, F.O.B. Seller's plant. All equipment tooling, dies, etc., shall be maintained and/or replaced as required to produce dimensionally capable products, at the Seller's expense. Seller shall not dispose of Buyer's equipment tooling, dies, etc., without the express written approval of the Buyer.
17. **REJECTIONS:** All materials received by the Buyer may be subject to inspection. At the Buyer's discretion, any or all of the goods in a lot, in which there are materials which do not conform to the terms and conditions of the purchase Order may be returned at the Seller's expense. In the case of a non-conformance a debit memo will be immediately issued with the dollar amount of defective material. Due to schedule or other constraints, the Buyer may elect to sort and/or repair the nonconforming materials at the Buyer's facility, in which case all inspection, sorting and repair costs shall be at the Seller's expense. Seller or any of its subcontractors shall not sell, distribute or use in any manner rejected materials bearing any of Buyer's trademarks, trade names, or Intellectual Property without the prior written consent of Buyer. When Seller receives consigned goods on Buyer's behalf, the Seller is responsible for completing appropriate incoming inspection with respect to count, verification, and any quality inspection that may be required as negotiated with the Buyer. If a count discrepancy occurs, Seller must notify Buyer within two (2) working days. Failure to do so may result in the Seller being responsible for the cost of any related material variances. Failure of the Seller to provide adequate material certification when required shall deem the goods to be rejected and the receipt date delayed until adequate material certification is provided.
18. **PAYMENT:** Unless otherwise provided, terms of payment shall be net forty-five (45) days from the following: (i) Buyer's receipt of the Seller's proper invoice, including any applicable backup documentation; (ii) scheduled delivery date of the Work; or (iii) actual delivery of the Work. Each payment made shall be subject to reduction to the extent of amounts which are found by Buyer or Seller not to have been properly payable, and shall also be subject to reduction for overpayments. Seller shall promptly notify Buyer of any such overpayments found by Seller. Unless otherwise specified, prices include all applicable federal, state, and local taxes, duties, tariffs, and similar fees imposed by any government, all of which shall be listed separately on the invoice.
19. **TAXES:** Any taxes whether sales, goods and services, value added or otherwise shall be shown separately on the invoice.
20. **ASSIGNMENT:** This Order or monies due there under may not be assigned in whole or in part without written consent of the Buyer.

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21. **SET-OFF:** Buyer shall be entitled at all times to set off any amount owing at any time by Seller to Buyer of their respective affiliated companies against any amount payable at any time by Buyer in connection with this Order.
22. **EXTRA CHARGES:** No extra charges of any kind will be allowed unless specifically agreed to in writing by the Buyer.
23. **ADVERTISING:** Seller shall not, without first obtaining the written consent of Buyer, in any manner advertise or publish the fact that Seller has contracted to furnish Buyer the goods or services herein Ordered, or use any trademarks or trade name of Buyer in Seller's advertising or promotional materials. In the event of Seller's breach of this provision, Buyer shall have the right to cancel the undelivered portion of any goods or services covered by this Order and shall not be required to make further payments except for conforming goods delivered or services rendered prior to cancellation.
24. **PATENTS:** Seller shall pay all costs including attorney's fees and any damages finally awarded in any suit for which the Buyer in law may be responsible to the extent based upon an allegation that the design or construction of the goods as furnished infringe an American or Canadian patent (except infringement occurring as a result of incorporating a design or modification at the request of the Buyer, provided that Buyer promptly notifies Seller of any charge of infringement and Seller is given the right to settle such charge and to defend or control the defense of any suit based upon such charge at its expense). This paragraph sets forth the Seller's exclusive liability with respect to patents. If the Subcontractor becomes aware of any such possible infringement in the course of performing Work under this subcontract, the Subcontractor shall immediately notify PBE in writing.
25. **GOVERNING LAW; DISPUTES:** This Order shall be governed by the laws of the State of Florida, USA, without regard to principles of conflicts of laws except that any provision in this Order that is (i) incorporated in full text or by reference from the Federal Acquisition Regulation (FAR); or (ii) incorporated in full text or by reference from any agency regulation that implements or supplements the FAR or; (iii) that is substantially based on any such agency regulation or FAR provision, shall be construed and interpreted according to the federal common law of government contracts as enunciated and applied by federal judicial bodies, boards or contracts appeals, and quasi-judicial agencies of the federal Government. The Parties agree that the U.N. Convention of Contracts for the International Sale of Goods shall not apply to this Order. Any controversy or claim arising out of or relating to the Order, or the breach thereof, shall be determined by arbitration administered by the American Arbitration Association in Miami, Florida, and judgment on the arbitration award may be entered in any court having jurisdiction thereof; provided, however, that Buyer may seek equitable relief to enforce this Order. Buyer and Seller each waive trial by jury.
26. **INDEPENDENT CONTRACTOR RELATIONSHIP:** Seller is an independent contractor in all its operations and activities hereunder. The employees used by Seller to perform Work under the Order shall be Seller's employees exclusively without any relation whatsoever to Buyer. Seller shall be responsible for and hold harmless Buyer and its customers from and against all losses, costs, claims, causes of action, damages, liabilities, and expenses, including attorneys' fees, all expenses of litigation and/or settlement, and court costs, arising from any act or omission of Seller, its officers, employees, agents, suppliers, or subcontractors at any tier in the performance of any of its obligations under the Contract.
27. **INSURANCE ON BUYER'S PROPERTY:** (a) In the event that Seller, its employees, agents, or subcontractors enter the site(s) of Buyer or its customers for any reason in connection with this Order, then Seller and its subcontractors shall procure and maintain for the performance of this Order worker's compensation, comprehensive general liability, bodily injury and property damage insurance in reasonable amounts, and such other insurance as Buyer may require. In addition, Seller and its subcontractors shall comply with all site requirements. Seller shall provide Buyer thirty (30) days advance written notice prior to the effective date of any cancellation or change in the term or coverage of any of Seller's required insurance, provided however such notice shall not relieve Seller of its obligations to procure and maintain the required insurance. If requested, Seller shall send a "Certificate of Insurance" showing Seller's compliance with these requirements. Seller shall name Buyer as an additional insured for the duration of this Order. Insurance maintained pursuant to this clause shall be considered primary as respects the interest of Buyer and is not contributory with any insurance, which Buyer may carry. "Subcontractor" as used in this clause shall include Seller's subcontractors at any tier. Seller's obligations for procuring and maintaining insurance coverages are freestanding and are not affected by any other language in this Order. (b) Seller shall indemnify and hold harmless Buyer, its officers, employees, and agents from any losses, costs, claims, causes of action, damages, liabilities, and expenses, including attorneys' fees, all expenses of litigation and/or settlement, and court costs, by reason of property damage or loss or personal injury to any person caused in whole or in part by the actions or omissions of Seller, its officers, employees, agents, suppliers, or subcontractors.
28. **PRIORITY RATING:** If so identified on the face of the Order, this Order is a "rated order" certified for national defense use, and the Seller shall follow all the requirements of the Defense Priorities and Allocation System Regulation (15 C.F.R. Part 700).
29. **FORCE MAJEURE:** Each Party shall be excused from performance under this Order while, and to the extent that it is unable to perform, for a cause beyond its reasonable control. Force majeure shall not include Supplier/Subcontractor's mechanical failure or failures. In the event either Party is rendered unable wholly or in part by force majeure to carry out its obligations under this Agreement, then the Party affected by force majeure shall give written notice with explanation to the other Party immediately. Following such notice, the affected obligations of the Party giving notice shall be suspended only during the continuance of the events giving rise to the force majeure provided that the affected Party is acting with due diligence to remedy the such events. Notwithstanding the foregoing, however, if Seller is unable to perform for a period of more than 15 days due to any delay, PBE may terminate this Agreement.

* Buyer also includes: The Protective Group, a Point Blank Company, (TPG), Paraclete, Protective Products, or Advanced Technology Group, (ATG), if noted on a purchase order.

Commercial and Military Purchase Order Flow Downs

BALLISTIC SUPPLIER

1. Ballistics must be packaged in a fiberboard box or a black plastic container. Either option must be securely sealed and the packaging must protect the product during transport to Point Blank, must not be compromised upon receipt and continue to protect the product through normal handling with handling equipment. Product arriving in which the packaging does not meet this requirement (incorrect packaging, incorrect sealing, damaged packaging, etc.) may be returned to the producer.
2. The ballistic performance for this material must meet a minimum V50 test value. Please refer to your respective Vendor Material Specification Form that has been issued by Point Blank R and D.
3. The ballistic producer will provide a Certificate of Compliance for each lot of material provided. These documents must contain the required date, sections, information and signatures.
4. The ballistic producer will provide a ballistic test report for each lot of material that contains the required test values and the actual test results along with dates and signatures. The reports will also contain the results of any mechanical or chemistry requirements.
5. The ballistic producer will comply with all paperwork and labeling and identification defined in the packaging and shipment procedure 761010.
6. For ballistics delivered pursuant to a designated US Military Contracts there must be a Berry Compliance Statement received for this material with the shipment paperwork.

ALL OTHER SUPPLIERS

1. The producer will comply with all paperwork and labeling and identification identified in the packaging and shipment procedure 761010. The packaging used must ensure the protection during transit to Point Blank, must not be compromised upon receipt and continue to protect the product through normal handling with handling equipment. Product arriving in which the packaging does not meet this requirement (incorrect packaging, incorrect sealing, damaged packaging, etc.) may be returned to the producer.
2. The producer will provide a Certificate of Compliance for each lot of material provided. These documents must contain the required date, sections, information and signatures.
3. Producers of military products will provide a test report for each lot of material that contains the required test values and the actual test results along with dates and signatures. The reports will also contain the results of any mechanical or chemistry requirements. Producers of commercial products may be asked for this information and when this occurs it will be part of the PO notes.
4. There may be cases on Commercial products that a Berry Statement may be needed. This will be requested if there is a requirement.
5. Applicable FAR Flowdowns, to subcontractors and suppliers may be found in the respective statement of work, (SOW), Purchase Order, or applicable USG solicitation or award to the Buyer.

Other Matters

1. The Protective Group, a Point Blank Company, (TPG) maintains additional vendor requirements including TPG Vendor Expectations, <http://pointblanksolutionsinc.com/download/tpg/Vendors-Expectations-letter-TPGPBE.pdf>
2. TPG has Quality Notes for Defense Items, TPG-QN-01 a current version of which is posted on at: <http://www.pointblankenterprises.com/the-protective-group/vendors.html>.
3. **TPG Quality Standards:** TPG adheres to the AS9100C Quality Standard, all Sellers will comply with the provisions outlined at <http://www.pointblankenterprises.com/the-protective-group/vendors.html>, depending on the nature of the order **Quality Commercial**, or **Quality Defense**.