

KNIGHT'S ARMAMENT COMPANY
GENERAL TERMS AND CONDITIONS OF PURCHASE

All purchases by Buyer are subject to the following terms and conditions and those on the face of any purchase order.

1. **DEFINITIONS:** The following definitions apply unless otherwise specifically stated.

“Buyer” – **Knigh’s Armament Company** or any of its owners, subsidiaries or affiliated companies that issues an Order to the Seller or enters into a contract with the Seller.

“Seller” – the legal entity that accepts an Order from the Buyer or enters into a contract with the Buyer.

“Government” – the Government of the United States and its federal agencies.

“Order” – a purchase order issued by Buyer or any other contract between Buyer and Seller for the purchases by Buyer and sale by Seller of goods or services, including changes thereto.

“Prime Contract” – the Government contract under which an Order is issued, if any.

“FAR” – the Federal Acquisition Regulation and all U.S. Federal Government supplements thereto.

“Contracting Officer” – the Government contracting officer for the Prime Contractor authorized representative.

“Goods” – the products, materials, goods and services to be provided by Seller to Buyer under any Order.

2. **ACCEPTANCE:** The Seller’s acknowledgment of this Order, commencement of work on the goods ordered or shipment of such goods, whichever occurs first, shall be deemed Seller’s acceptance of the Order. Any acceptance of the Order is limited to acceptance of the express terms of the Order. Any proposal for additional or different terms or any attempt by Seller to vary in any degree any of the terms of the Order in Seller’s acceptance is rejected and shall be null and void, but such additional terms shall not operate as a rejection of the Order unless such variances are in the terms of the description, quantity, price, or delivery schedule of the goods. Instead, any such additional terms shall be deemed a material alteration thereof, and the Order shall be deemed accepted by the Seller without said additional or different terms.

3. **PRICES:** The Buyer shall not be required to pay for the goods at prices higher than those specified in the Order or in Buyer’s written price confirmation. Unless otherwise indicated on the face of the Order, the prices specified in the Order or in Buyer’s written price confirmation include all taxes. No charge by Seller for extras or for transportation, storage, drayage, insurance, boxing, packing, or carting will be allowed unless specified in the Order or agreed to by the Buyer in writing. The Seller warrants that the prices for the goods sold to the Buyer under the Order are not less favorable than those currently extended to any other customer for comparable or like goods in equal or lesser quantities. In the event Seller reduces its price for such goods during the term of the Order, Seller agrees to reduce the prices under any Order accordingly.

4. **DELIVERY:** The terms of delivery are as stated in the Order. Time is of the essence and the obligation of Seller to meet the delivery dates, specifications and quantities set forth in the Order is of the essence. Deliveries are to be made both in quantities and at times specified in the Order or if not, such quantities and times are as specified pursuant to Buyer’s written instruction. Shipments in greater or lesser quantities than ordered may be returned at Seller’s expense unless written authorization is issued by Buyer. If Seller’s deliveries fail to meet schedule, Buyer, without limiting its other rights or remedies, may either direct expedited routing or charge excess cost incurred thereby to Seller or cancel all or part of the Order. Buyer shall be entitled to deduct from the Seller’s invoice any charge or expense Buyer incurs as a result of Seller’s delivery delays. Goods which are delivered in advance of schedule are delivered at the risk of Seller and may, at Buyer’s option, be returned at Seller’s expense for proper delivery and/or have payment therefore withheld by Buyer until due based on the date that the goods are actually scheduled for delivery.

5. **INVOICES AND PAYMENT:** Upon delivery of the goods or the performance of services ordered, Seller shall issue an invoice for each such Order containing such information as the Buyer may reasonably request. Invoices shall be paid by the Buyer, net thirty (30) days from the date of invoice receipt or, at the option of the Buyer, subject to a five percent (5%) discount if paid within ten (10) days of the date of invoice receipt. Payment by the Buyer shall be deemed to have occurred when the Buyer deposits a check in the United States mail, or when Buyer receives confirmation of a successful electronic transmission of funds to Seller.

6. **TITLE AND RISK OF LOSS:** The Seller shall bear all risk of loss of all goods until such goods are delivered to Buyer’s facility, unless specifically indicated to the contrary in the Order. Title to the goods shall pass to Buyer upon receipt by Buyer at its facility.

7. **MODIFICATION OF ORDER:** No change in terms of the Order shall be binding upon Buyer unless in writing and signed by Buyer’s authorized agent. Buyer reserves the right to change the Order at any time by submitting a written change Order or a new Order to Seller. Buyer may change an Order, at no cost or liability to Buyer, as follows: (a)

Buyer may terminate or make any changes it desires to an Order (including, but not limited to, with respect to quantities and delivery dates) to the extent the Order provides for delivery of goods on a date that is outside of the Seller's Lead Time, and (b) Buyer may change an Order to delay the delivery of any goods to the extent the Order provides for delivery of goods on a date that is inside the Seller's Lead Time. As used herein, the Seller's "Lead Time" means the lead time for such goods as communicated to the Buyer by the Seller at the time the Order was placed, or ten (10) days if no such Lead Time was communicated by Seller to Buyer at the time the Order was placed. For any change to an Order not covered by (a) or (b) above, if any such change affects the cost or time of performance, Seller must submit a written claim for an equitable adjustment within ten (10) days after receipt of notification of change. Seller shall continue its performance under the Order while the parties negotiate an equitable adjustment.

8. INSPECTION: Payment for the goods delivered hereunder shall not constitute acceptance thereof. Buyer shall have the right to inspect such goods and to reject any or all of said goods which are in Buyer's judgment defective. Buyer and/or its customers also reserve the right to verify and inspect work-in-process at Seller's facility during Seller's normal working hours. Goods rejected and goods supplied in excess of quantities called for in the Order may be returned to the Seller. Buyer may charge the Seller all expenses of unpacking, inspecting, repacking and reshipping such goods. In the event Buyer receives defective goods, Buyer reserves the right to require replacement goods, as well as payment of Buyer's damages.

9. WARRANTIES:

(a) Whether or not Seller is a merchant of goods and services provided by it, Seller warrants that all goods and services provided by it (i) shall be new, (ii) shall only contain materials obtained directly from the original equipment manufacturer (OEM) or an authorized OEM reseller or distributor, (iii) shall not be or contain counterfeit items, (iv) shall be of good quality and workmanship and free from defects, latent or patent, (v) shall conform to all specifications, drawings and descriptions, furnished, specified or adopted by Buyer or its customers, (iv) shall be merchantable and suitable and sufficient for their intended purpose, and (vi) shall be free of any claim of any third party. None of the remedies available to Buyer for the breach of any of the foregoing warranties may be limited except to the extent and in the manner agreed upon by Buyer in a separate agreement specifically designating such limitation and signed by an authorized representative of Buyer. Buyer's inspection and/or acceptance of and payment for goods and services shall not constitute a waiver by it of any warranties. Buyer's approval of any sample or acceptance of any goods shall not relieve Seller from responsibility to deliver goods and to perform service conforming to specifications, drawings and descriptions.

(b) The warranty set forth herein shall inure to the benefit of both Buyer and Buyer's customers. As used herein, "Buyer's customers" shall include its direct and indirect customers, such as direct sale end-users, higher-tier subcontractors, prime contractors and the ultimate user under any contract.

(c) Seller shall defend and indemnify Buyer against all claims, losses, damages, liabilities, fines, penalties and expenses (including attorneys' fees) that Buyer may suffer as a result of the breach of any of these warranties. Without limiting Buyer's other remedies, Buyer may require, at its election, that Seller repair, replace or reimburse the purchase price of any non-conforming goods or services at no cost to Buyer.

10. PATENTS: Seller shall defend any suit or action against Buyer, its customers or against those selling or using the goods or services covered by the Order for alleged infringement of patent, copyright, trademark or other intellectual property rights arising from the sale or use of such goods or services and indemnify Buyer and its customers against all claims, losses, damages, liabilities, fines, penalties and expenses (including attorneys' fee) paid or incurred by Buyer and its customers in connection with any such suit or action.

11. CONFIDENTIALITY: Seller agrees that all information (whether in tangible or intangible form) supplied by or at the request of Buyer or otherwise obtained in connection with its performance under an Order shall be deemed proprietary and confidential information of Buyer. Seller shall use such information solely for the purpose of performing its work under an Order and shall not disclose any such information to a third party. Seller shall not be bound by the obligations of confidentiality created hereunder with respect to any information which Seller can show through written evidence was already known to Seller at the time of disclosure, is or becomes publicly known through no wrongful act of Seller, or is rightfully received by Seller from a third party who has the right to disclose such information without restrictions as to confidentiality. Seller agrees that money damages would not be a sufficient remedy for any breach of its obligations of confidentiality hereunder and, in addition to all other remedies available under applicable law, that Buyer shall be entitled to specific performance and injunctive or other equitable relief as a remedy for any such breach or threatened breach. Seller waives any requirement for the posting of any bond or other security in connection therewith.

12. RIGHTS AND INTELLECTUAL PROPERTY: All intellectual property rights in any information or arising out of any work performed in connection with any Order shall be and remain the sole and exclusive property of Buyer. If the Order provides for Seller to perform any design, engineering, analytical or similar work for Buyer or provides for the delivery of any software, firmware, copyrightable materials or derivative works thereof, all right, title and interest that Seller may have in and to any patentable invention, know-how and trade secrets, copyrightable materials and derivative works thereof that Seller shall conceive, originate or reduce to practice, either individually or jointly with others, in connection with its performance of an Order are hereby assigned to Buyer and shall be the sole and exclusive property of Buyer. Seller shall promptly execute any documents and perform any other tasks reasonably necessary to perfect Buyer's ownership of any intellectual property rights therein.

13. INDEMNIFICATION AND INSURANCE: Seller shall defend and indemnify Buyer against all claims, losses, damages, liabilities, fines, penalties and expenses (including attorneys' fees) arising out of or resulting in any way from any defect in the goods or services purchased hereunder or from any act or omission of Seller, its agents, employees or subcontractors. Seller shall maintain such liability insurance, including products liability, completed operations, contractors liability, automobile liability insurance (including non-owned automobile liability) and worker's compensation, and employer's liability insurance as will adequately protect Buyer against such damages, liabilities, claims, losses and expenses (including attorneys' fees), provided that all such liability insurance policies shall be in an amount of not less than \$2,000,000. Seller agrees to submit certificate of insurance, evidencing its insurance coverage when requested by Buyer.

14. COMPLIANCE WITH LAW:

(a) Seller warrants that the goods to be furnished and the services to be rendered under any Order shall be manufactured, sold, used and rendered in compliance with all relevant federal, state, local law, orders, rules, ordinances, and regulations and in compliance with applicable international prohibitions on child labor. Seller certifies that with respect to the production of the goods and/or the performance of the services covered by the Order, it has fully complied with Sections 6, 7, 12, and 15 of the Fair Labor Standards Act of 1938, as amended, and of regulations and orders of the United States Department of Labor under Section 14 thereof, if applicable.

(b) Seller warrants that all goods delivered under the Order are in conformance with the latest OSHA requirements.

(c) The Seller warrants that in the performance of the Order, it will comply with all applicable U. S. Department of Transportation regulations on hazardous materials and any other pertinent federal, state, or local statutes, laws, rules, or regulations.

(d) Seller warrants that it has complied with the Anti-Kickback Act of 1986 and has not offered or given and will not offer or give to any employee, agent, or representative of Buyer any gratuity or any kickback within the meaning of the Anti-Kickback Act of 1986. Any breach of this warranty shall be a material breach of each and every contract between Buyer and Seller.

(e) Seller shall defend and indemnify Buyer against all claims, losses, damages, liabilities, fines, penalties and expenses (including attorneys' fees) that Buyer may suffer as a result of Seller's failure to comply with this section. The foregoing is in addition to and not in mitigation of any other requirements of the Order.

15. EXPORT/IMPORT CONTROLS:

(a) The Seller hereby certifies that it has registered with the U. S. Department of State Directorate of Defense Trade Controls to the extent required by law and understands its obligations to comply with International Traffic in Arms Regulations ("ITAR") and the Export Administration Regulations ("EAR").

(b) Seller shall control the disclosure of and access to technical data, information and other items received under the Order in accordance with U. S. export control laws and regulations, including but not limited to the ITAR. Seller agrees that no technical data, information or other items provided by the Buyer in connection with the Order shall be provided to any foreign subsidiary of Seller, without the express written authorization of the Buyer and the Seller's obtaining of the appropriate export license, technical assistance agreement or other requisite documentation for ITAR-controlled technical data or items.

(c) Seller shall defend and indemnify Buyer from all claims, losses, damages, liabilities, fines, penalties and expenses (including attorneys' fees) that Buyer may suffer as a result of Seller's failure to comply with this section. The foregoing is in addition to and not in mitigation of any other requirements of the Order.

16. REMEDIES CUMULATIVE: Buyer's remedies shall be cumulative and remedies herein specified do not exclude any remedies allowed by law. Waiver of any breach by Buyer shall not constitute waiver of any other breach of the same or any other provision. Acceptance of any goods or payment therefor by Buyer shall not waive any beach.

17. GOVERNING LAW AND VENUE: This Agreement and the performance by the parties hereunder shall be construed in accordance with the laws of the State of Florida, excluding its conflicts of law provisions. The parties expressly agree to resolve any dispute that arises from, or relates in any way to, this Agreement in a court of competent jurisdiction located in the 18th Judicial Circuit, in and for Brevard County, Florida, which court will have exclusive jurisdiction over the matter.

18. BUYER-FURNISHED PROPERTY: Seller shall not use, reproduce, appropriate or disclose to anyone other than Buyer any material, samples, tooling, dies, drawings, designs, specifications, software, technical information and other property or data furnished by Buyer, nor shall Seller use the same to produce or manufacture articles other than those required hereunder without prior written authorization from Buyer. Where the Government has received from Buyer the right to authorize such use by Seller, Seller may utilize Buyer's data and information in the manufactured articles for direct sale to the Government provided, however, that Seller shall (i) give Buyer prior written notice of each such proposed use, (ii) prominently identify, to the extent possible, each item being provided by Seller for direct sale to the Government, and (iii) make no claim against Buyer which arises out of use by Seller of such data and information. Title to such Buyer-furnished property shall be and remain in Buyer at all times. Buyer does not guarantee the accuracy of any tooling or the quality or suitability of any material supplied by it. Seller shall bear the risk of loss, damage or destruction of the property furnished by Buyer and shall promptly replace or repair without expense to Buyer any property which is lost, damaged or destroyed, unless such loss, damage or destruction is solely, directly and proximately caused by Buyer's negligence. All Buyer-furnished property, together with spoiled and surplus materials shall be returned to Buyer, at no cost to Buyer, at termination or completion of the Order unless Buyer shall direct otherwise in writing. Where Buyer's data, designs or other information are furnished to Seller's suppliers for procurement of supplies or services by Seller for use in the performance of Buyer's Order, Seller shall insert the substance of this provision in its subcontracts. Seller acknowledges that any such data, designs or other information of Buyer are unique, and that Buyer may enforce its rights under this paragraph by specific performance.

19. DELAY: Time is of the essence in performing the Order. Should Seller experience or anticipate any delay in performing the Order, Seller shall immediately notify Buyer of such delay, its expected duration and the reasons thereof. Neither such notification nor an acknowledgement by Buyer shall constitute a waiver of the Order's delivery schedule. The delivery schedule shall not be modified unless the parties agree in writing. Seller shall be liable for any direct or consequential damages resulting from a delay.

20. SPECIFICATION: Unless otherwise directed in the Order, Seller shall manufacture the goods in accordance with the current specifications, drawings and designs for the goods. Seller is responsible for verifying that the Order's specifications, drawings and designs are the current revisions. If Seller determines that any of the specifications, drawings or designs are not the most current revision, Seller shall so notify Buyer immediately.

21. QUALITY AND CERTIFICATIONS: Seller shall perform such inspections of the goods (including in-process inspections), and maintain such quality systems and manufacturing process controls as Buyer may specify from time to time. Seller shall also provide such written certifications of conformance as to the goods as Buyer may request from time to time.

22. SHIPPING: Seller shall be responsible for insuring the proper packaging of goods hereunder. No charges shall be allowed for packing, crating, freight, import and export duties and fees, taxes and/or any other services unless specifically set forth in the Order. Seller shall at all times comply with Buyer's written shipping instructions. Unless otherwise directed in writing, all goods shipped on the same day from and to a single location must be consolidated on one bill of lading or air bill. The Buyer's Order number(s) must appear on all correspondence, shipping labels and shipping documents, including all packing sheets, bills of lading, air bills and invoices.

23. SETOFF AND WITHHOLDING: Buyer may setoff any amount due to Seller or any of its affiliated companies, whether or not under the Order, against any amount owed by Seller to Buyer or any of its affiliated companies. Buyer may withhold from payment to Seller an amount sufficient to reimburse Buyer for all claims, losses, damages, liabilities and expenses (including attorneys' fees), relating to Seller's alleged or actual failure to comply with any requirements of the Order or any other contract between the parties.

24. ASSIGNMENT: Neither the Order nor any interest under it shall be assigned by Seller without the prior written consent of Buyer. If Buyer consents to any such assignment, (i) payment to an assignee of any such claim shall be subject to setoff or recoupment for any present or future claim or claims which Buyer may have against Seller except to the extent that any such claims are expressly waived in writing by Buyer, and (ii) Buyer reserves the right to make direct settlements or adjustments in price with Seller notwithstanding any assignment of claims for monies due or to become due hereunder and without notice to the assignee.

25. TERMINATION:

(a) If either party is in material default of any of its obligations under the Order and such default is not cured within fifteen (15) days after written notice thereof by the party not in default, then such non-defaulting party may terminate this Agreement and/or any Orders, in whole or in part, provided, however, that in the event of Seller's failure to meet the delivery schedule or quality requirements of Buyer, Seller shall be given the opportunity to cure a default only once and thereafter Buyer may terminate any Order, in whole or in part, immediately by written notice to Buyer.

(b) The Buyer may, at any time, terminate any Order for convenience and without cause, in whole or in part, upon written notice to Seller. In such event, Seller shall be entitled to reasonable termination charges equal to (i) the portion of the Order price reflecting the services performed or goods delivered prior to termination, plus (ii) Seller's actual direct costs resulting from termination, minus (iii) the reuse or resale value of the work terminated. Seller shall submit any claim for termination costs in writing within thirty (30) days of receipt of the notice together with documentation to substantiate such costs satisfactory to the Buyer. Notwithstanding the foregoing, no termination charges shall apply if the goods (i) are not custom goods or specially manufactured to the Buyer's specifications pursuant to an Order, and (ii) notice of termination is provided to the Seller at least thirty (30) days prior to the required delivery date. The foregoing termination charges state the entire liability of the Buyer for termination for convenience by the Buyer of any Agreement and/or Order.

(c) In the event of termination of any Order, the terms hereof shall continue to apply to any Orders to the extent performed prior to the effective date of termination and shall continue to apply to any Orders to the extent such Orders have not been terminated.

26. RELEASE OF INFORMATION: Seller shall not advertise, publish or otherwise release any information relating to the Order, including the fact that Buyer has issued the Order, without Buyer's prior written permission.

27. CONSEQUENTIAL DAMAGES: Notwithstanding any other provision herein, Buyer shall under no circumstances be responsible for any consequential, punitive, indirect or special damages.

28. NONWAIVER: No waiver of any provision or failure to perform any provision of the Order shall be effective unless consented to by Buyer in writing nor shall any such waiver constitute a waiver of any other provision or failure to perform.

29. SEVERABILITY: If any provision of the Order, or part thereof, shall be invalid or unenforceable, such provision or part shall be deemed severed and the remainder hereof shall be given full force and effect.

30. CLAUSES INCORPORATED BY REFERENCE: The clauses from the FAR/DFAR that are required as a matter of law or under the terms of the Prime Contractor Buyer's contract with its customer to be incorporated into any Order are hereby incorporated by reference into and made a part of the Order with the same effect as if set forth in full. No other FAR/DFAR clauses are incorporated herein unless specifically set forth in the Order.

31. ENTIRE AGREEMENT: The Order constitutes the entire agreement of sale and purchase of the goods specified in the Order.