

## CONSENT TO ASSIGNMENT

Assignment #1	Original Contract CMS #34406	Assignment CMS # 43977
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### 1 PARTIES

This Consent to Assignment ("**Consent to Assignment**") to the above-referenced Original Contract ("**Contract**") between POINT BLANK SOLUTIONS, INC. ("**Previous Contractor**") and the STATE OF COLORADO acting by and through the DEPARTMENT OF PERSONNEL AND ADMINISTRATION, DIVISION OF FINANCE AND PROCUREMENT, STATE PURCHASING OFFICE ("**State**" or "**Agency**") is hereby entered into by and between POINT BLANK ENTERPRISES, INC. ("**Contractor**") and the State.

### 2 EFFECTIVE DATE AND NOTICE OF NONLIABILITY

This Consent to Assignment shall not be effective or enforceable until it is approved and signed by the Colorado State Controller or designee ("**Effective Date**"). The State shall not be liable to pay or reimburse Contractor for any performance hereunder including, but not limited to, costs or expenses incurred, or be bound by any provision hereof prior to the Effective Date.

### 3 FACTUAL RECITALS

The parties to this Consent to Assignment desire to replace Previous Contractor under the Contract and substitute Contractor to the extent provided for herein. Contractor hereby represents to the State that pursuant to the asset purchase agreement documents (**Attachment A**) dated October 31, 2011 indicating the acquisition of POINT BLANK SOLUTIONS, INC., POINT BLANK BODY ARMOR, INC. PROTECTIVE APPAREL CORPORATION OF AMERICA, collectively, the "Sellers" by POINT BLANK ENTERPRISES, INC., the Previous Contractor has dissolved and the Previous Contractor's staff and officers are no longer available to execute documents, the **Contractor** agrees to the assignment all of Previous Contractor's rights and obligations under the Contract.

### 4 CONSIDERATION-COLORADO SPECIAL PROVISIONS

The parties acknowledge that the mutual promises and covenants contained herein and other good and valuable consideration are sufficient and adequate to support this Consent to Assignment.

### 5 LIMITS OF EFFECT

This Consent to Assignment is incorporated by reference into the Contract, and the Contract and all prior amendments thereto, if any, remain in full force and effect except to the extent specifically modified hereby.

### 6 EFFECT OF ASSIGNMENT

When this Consent to Assignment takes effect, Contractor shall be substituted for Previous Contractor under the Contract, subject to the following provisions:

- a. Contractor shall thereafter perform all obligations under the Contract except to the extent limited by **Attachment A**, if any, (the assignment agreement between Previous Contractor and Contractor), which if attached hereto is incorporated by reference herein. Regarding **Attachment A** (check one):
  - i.  **Attachment A** is attached and does exist.
  - ii.  **Attachment A** is not attached and does not exist.
- b. Contractor shall perform all assigned duties and obligations as if it were the original Contractor, the State shall look to Contractor for all such performance, and Contractor shall correct such performance if requested to do so by the State.
- c. Hereinafter, the term "Contractor" as used in the Contract and any amendment thereto refers to Contractor.

### 7 START DATE

This Consent to Assignment shall not be effective until it is approved and signed by the Colorado State Controller or designee.

### 8 WAIVER

The parties acknowledge that all payments and reimbursements previously made by the State to Previous Contractor, and all other previous actions taken by the State under the Contract, shall be considered to have discharged any State obligations to Previous Contractor thereunder. All payments made by the State after the Effective Date of this Consent to Assignment in the name of or to Previous Contractor shall have the same force and effect as if made to Contractor, and shall constitute a complete discharge of the State's obligations under the Contract to the extent of the amount paid.

### 9 ORDER OF PRECEDENCE

In the event of any conflict, inconsistency, variance, or contradiction between the provisions of this Consent to Assignment and any of the provisions of the Contract hereto, the provisions hereof shall in all respects supersede.

govern, and control.

**10 AVAILABLE FUNDS**

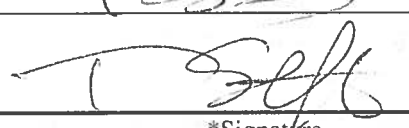
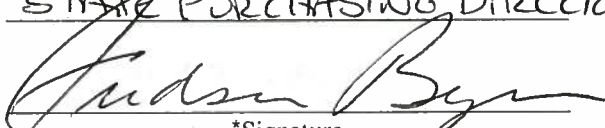
Financial obligations of the State payable after the current fiscal year are contingent upon funds for that purpose being appropriated, budgeted, or otherwise made available.

**11 CONSENT TO ASSIGNMENT**

The State hereby consents to the assignment of this Contract to Contractor subject to the provisions of this Consent to Assignment.

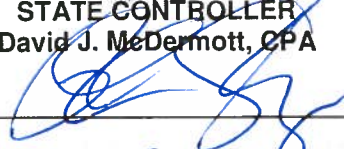
**THE PARTIES HERETO HAVE EXECUTED THIS CONSENT TO ASSIGNMENT**

\* Persons signing for Contractor hereby swear and affirm that they are authorized to act on behalf of the Contractor, and acknowledge that the State is relying on their representation to that effect.

<b>CONTRACTOR</b> Point Blank Enterprises, Inc.	<b>STATE OF COLORADO</b> John W. Hickenlooper, Governor <i>DEPARTMENT OF PERSONNEL AND ADMINISTRATION</i>
By: <u>Tom Steffen</u>	By: <u>JUDSON BYRN</u>
Title: <u>CEO CFO</u>	Title: <u>STATE PURCHASING DIRECTOR</u>
<u></u> *Signature	<u></u> *Signature
Date: <u>5/2/12</u>	Date: <u>5/11/12</u>

**ALL CONTRACTS REQUIRE APPROVAL BY THE STATE CONTROLLER**

CRS §24-30-202 requires the State Controller to approve all State contracts. This Consent to Assignment is not valid until signed and dated below by the State Controller or delegate. Contractor is not authorized to begin performance until such time. If Contractor begins performing prior thereto, the State of Colorado is not obligated to pay Contractor for such performance or for any goods and/or services provided hereunder.

<b>STATE CONTROLLER</b> David J. McDermott, CPA
By: <u></u>
Date: <u>5-11-2012</u>

## ASSET PURCHASE AGREEMENT

**THIS ASSET PURCHASE AGREEMENT** (the “**Agreement**”) is made and entered into as of this 27th day of October, 2011 (the “**Agreement Date**”), by and between Point Blank Enterprises, Inc., a Delaware corporation (the “**Buyer**”), on the one hand, and Point Blank Solutions, Inc., a Delaware corporation (“**PB**”), Point Blank Body Armor, Inc., a Delaware corporation (“**PB Armor**”), and Protective Apparel Corporation of America, a New York corporation (“**PACA**” and collectively with PB and PB Armor, the “**Sellers**” and, together with Buyer, the “**Parties**”), each of the Sellers being a Debtor and Debtor in Possession under Case No. 10-11255 (PJW) (the “**Case**”) in the United States Bankruptcy Court for the District of Delaware (the “**Bankruptcy Court**”). As set forth above its signature block below, PBSS, LLC, a Delaware limited liability company (“**PBSS**”), an affiliate of the Sellers, is joining in this for the limited purpose of agreeing to transfer its right, title and interest, if any, in or to any of the Property to Buyer at the Closing.

### RECITALS

A. Collectively, the Sellers are leading manufacturers and suppliers of bullet, fragmentation, and stab resistant apparel and related ballistic accessories, which are used both domestically and internationally by military, law enforcement, security and corrections personnel, as well as by governmental agencies (the “**Business**”).

B. Sellers wish to sell to Buyer, pursuant to Sections 363 of Chapter 11 of Title 11 of the United States Code (the “**Bankruptcy Code**”), substantially all of the assets of Sellers heretofore used in connection with or arising out of the operation of the Business, all at the price and on the other terms and conditions specified in detail below and Buyer wishes to so purchase and acquire such assets from Sellers.

D. Capitalized terms used but not otherwise defined herein shall have their respective meanings set forth in Exhibit “**E**” hereto.

**NOW, THEREFORE**, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. Transfer of Assets.

1.1 Purchase and Sale of Assets. At the Closing, as hereinafter defined, in consideration of the covenants, representations and obligations of Buyer hereunder, and subject to the conditions hereinafter set forth in this Agreement and entry of the Approval Order (as defined below), Sellers shall sell, assign, transfer, convey and deliver (pursuant to Sections 363 and 365 of the Bankruptcy Code) to the Buyer, free and clear of all Liens to the extent provided in the Approval Order, and Buyer shall purchase from Sellers, the Sellers’ right, title and interest as of the Closing in and to those assets and properties used in connection with the operation of the Business, including, without limitation, the following (collectively, excluding the Excluded Assets (as defined in Section 1.2 below), the “**Property**”):

1.1.1 Leases and Contracts. Each Seller's right, title and interest in and to (i) the lessee's interest under those real property leases described on **Schedule 1.1.1-(i)** attached to this Agreement and incorporated herein by this reference (collectively, the "**Real Property Leases**"), (ii) the lessee's interest under those equipment, personal property and intangible property leases, rental agreements, licenses, contracts, agreements and similar arrangements, if any, described on **Schedule 1.1.1-(ii)** attached to this Agreement and incorporated herein by this reference (collectively, the "**Other Leases**"), (iii) those government contracts, including the contracts with the Department of Defense described on **Schedule 1.1.1-(iii)** attached to this Agreement and incorporated herein by this reference (collectively, the "**Government Contracts**"), and (iv) those other contracts, leases, orders, purchase orders, licenses, contracts, agreements and similar arrangements described on **Schedule 1.1.1-(iv)** attached to this Agreement and incorporated herein by this reference (collectively, the "**Other Contracts**" and together with the Real Property Leases, the Other Leases, the Government Contracts and, if assumed and assigned pursuant to Section 1.4 below, the Pompano Lease and, if assumed and assigned pursuant to Section 1.5, any Consent Contract or Dropped Contract, each a "**Lease or Contract**" and, collectively, the "**Leases and Contracts**").

1.1.2 Personal Property. All of those items of equipment and tangible personal property owned by any of the Sellers and heretofore used in connection with the Business, including, without limitation, all such furniture, vehicles, machinery, equipment, tools, spare parts, computers, fixtures and furnishings and other items of tangible personal property listed or described in **Schedule 1.1.2** attached to this Agreement and incorporated herein by this reference (collectively, the "**Personal Property**"). As used herein, the Personal Property does not include the Inventory (as defined below). The Personal Property shall also expressly exclude any equipment or other tangible property held by any Sellers pursuant to a lease, rental agreement, contract, license or similar arrangement (a "**Contract**") where Buyer does not assume the underlying Contract relating to such personal property at the Closing.

1.1.3 Intangible Property. All intangible personal property owned, licensed to or held by any Seller to the extent heretofore used in connection with the Business, but in all cases only to the extent of such Seller's interest and only to the extent transferable, together with all books, records and like items pertaining to the Business, the goodwill of the Business, patents, processes, trademarks (including "**Interceptor**"), trade names (including the names "**Point Blank Body Armor**", "**Point Blank Solutions**", and "**Protective Apparel Corporation of America**"), service marks, copyrights, designs (all of the foregoing, whether registered or unregistered), catalogues, customer lists and other customer data bases, correspondence with present or prospective customers and suppliers, advertising materials, software programs, and telephone exchange numbers and facsimile numbers, domain names, URL addresses and trade secrets, identified with the Business and any right, title and interest of Sellers in and to those items described on **Schedule 1.1.3** attached hereto and incorporated herein by this reference (collectively, the "**Intangible Property**"). As used in this Agreement, Intangible Property shall in all events exclude (i) any materials containing privileged communications or other information about employees and any materials which are subject to attorney-client or any other privilege, in each case only to the extent precluded from transfer by applicable law; provided that, Buyer agrees to enter into any reasonable arrangement reasonably requested by Sellers in order to

maintain such attorney-client or other privilege, and provided further that, Sellers shall have no obligation to provide, transfer or convey to Buyer any materials described in this clause (i) if such materials do not relate to Buyer's operation of the Business, and (ii) any software or other item of intangible property held by Sellers pursuant to a license or other Contract where Buyer is not assigned the underlying Contract relating to such intangible personal property at the Closing.

1.1.4 Governmental Permits. To the extent transferable and assignable, each Seller's interest in all licenses, certificates of occupancy, permits, registrations, certificates of public convenience and necessity, approvals, licenses, easements, authorizations and operating rights issued or granted by any governmental or similar authority having jurisdiction over the Business to the extent relating to the operation of the Business, including, without limitation, those described on **Schedule 1.1.4** attached hereto and incorporated herein by this reference (collectively, the "**Permits and Licenses**").

1.1.5 Accounts Receivable; Bank Accounts. All accounts and notes receivable (whether current or non-current) and all causes of action specifically pertaining to the collection of the foregoing, in each case to the extent arising out of the operation of the Business (collectively, the "**Accounts Receivable**"). All bank accounts, safety deposit boxes, lock boxes and the like (but excluding the cash and cash equivalents or other contents thereof that constitute Excluded Assets), to the extent transferrable and at Buyer's sole cost and expense.

1.1.6 Inventory. All supplies, goods, materials, work in process, finished goods, replacement parts, maintenance supplies, inventory and stock in trade owned and held by any Sellers or consigned to Sellers for use in connection with the operation of the Business, wherever located (collectively, the "**Inventory**").

1.1.7 Vendor Items. All promotional allowances and vendor rebates and similar items arising in the ordinary course of, and relating to the operation of, the Business (collectively, the "**Vendor-Related Assets**").

1.1.8 Claims, Etc. All claims, prepayments, deposits, warranties, guarantees, refunds, reimbursements, causes of action, rights of recovery, rights of set-off and rights of recoupment to the extent specifically listed or described on **Schedule 1.1.8** attached hereto and incorporated herein by this reference (collectively, the "**Claims**").

1.1.9 Certain Insurance Rights. Sellers' rights under insurance policies to the extent they cover the Property or Assumed Liabilities, or if the policies may not be assigned or transferred, the proceeds of any claims made thereunder to the extent relating to the foregoing. Prior to or at Closing, Sellers shall pay all premiums associated with such insurance policies for periods up to, and including, the Closing Date and, after the Closing, Sellers shall, at Buyer's sole cost and expense, use commercially reasonable efforts to name Buyer as an additional insured under such insurance policies with respect to the right granted under this Section 1.1.9.

1.2 Excluded Assets. Notwithstanding anything to the contrary in this Agreement, the Property shall exclude all of the following (collectively, the "**Excluded Assets**"): (i) those items excluded pursuant to the provisions of Section 1.1 above; (ii) Sellers' rights under this

Agreement and all cash and non-cash consideration payable or deliverable to Sellers pursuant to the terms and provisions hereof; (iii) except only as described on **Schedule 1.1.8** hereto, all cash deposits and prepaid items; (iv) all cash and cash equivalents (including checking account balances, certificates of deposit and other time deposits and petty cash) and marketable and other securities relating to or arising in connection with the operation of the Business, (v) all tax refunds, rebates, credits and similar items relating to or arising out of the operation of the Business and to any period, or portion of any period, on or prior to the Closing Date, except as provided in Section 1.1.7 above and to the extent such items are included in the Final Working Capital Statement; (vi) all insurance proceeds (including, without limitation, any insurance policies held by any Sellers which insure the directors and officers of any Seller against liability and any and all proceeds of any such insurance policies), claims and causes of action other than those described in Section 1.1.9 above; (vii) any executor contract or unexpired lease to which any Seller is a party which (A) is not listed or described on **Schedule 1.1.1-(i)**, **Schedule 1.1.1-(ii)**, **Schedule 1.1.1-(iii)** or **Schedule 1.1.1-(iv)** or (B) is listed or described on **Schedule 1.1.1-(i)**, **Schedule 1.1.1-(ii)**, **Schedule 1.1.1-(iii)** and **Schedule 1.1.1-(iv)** but which is not assumable and assignable as a matter of applicable law (including, without limitation, any with respect to which any consent requirement in favor of the counter-party thereto may not be overridden pursuant to Section 365 of the Bankruptcy Code (collectively, “**Excluded Contracts**”); provided, however, that any executory contract or unexpired lease to which any Seller is a party which is an Excluded Contract pursuant to the foregoing clause (B) of this Section 1.2(vii) (collectively, the “**Consent Contracts**”) shall cease to be an Excluded Contract if and when such third party consent is obtained (and shall automatically become a Lease or Contract at such time) in accordance with, and subject to, Sellers’ obligations in Section 1.5; (viii) all securities, whether capital stock or debt, of any Seller or any other entity, including, without limitation, all equity or other interests of PBSS in LifeStone Materials, LLC (“**LifeStone**”) and all promissory notes receivable owing by LifeStone to PBSS; (ix) all tax records not related to the Business, minute books, stock transfer books and corporate seal of each Seller; (x) any letters of credit or similar financial accommodations issued to any third party(ies) for the account of any Seller and any collateral therefor and other collateral deposits and prepaid items associated with the Property; (xi) except only as described on **Schedule 1.1.8** hereto, all rights, claims and causes of action of Sellers against any person or entity including without limitation any former officers, directors, employees, members, principals, agents, and representatives of any Seller, including, without limitation, any and all claims asserted by 3rd parties against such persons which may result in the payment of proceeds to any Seller which shall, for the avoidance of doubt, include any rights, claims or causes of action asserted by the securities and exchange commission against such persons and/or the proceeds of any civil or criminal forfeiture proceeding with respect to any such person, (xii) all preference or avoidance claims and actions of any of the Sellers, including, without limitation, any such claims and actions arising under Sections 544, 547, 548, 549, and 550 of the Bankruptcy Code; (xiii) all rights, claims and causes of action of any Seller asserted or which may hereafter be asserted in any of the litigation proceedings described on **Schedule 1.2(xiii)** attached hereto and incorporated herein by this reference, and (xiv) those additional assets, if any, listed on **Schedule 1.2(xiv)** attached hereto and incorporated herein by this reference. At any time prior to one day prior to Closing, Buyer may, in its discretion by written notice to Sellers, designate any of the Property as additional Excluded Assets, which notice shall set forth in reasonable detail the Property so designated; provided, however, that no

contract entered into by Sellers after the commencement of the Case may be so designated as an Excluded Asset without the written consent of Sellers, which Sellers may grant or withhold in Sellers' sole discretion. Buyer acknowledges and agrees that there shall be no reduction in the Consideration (or the Assumed Liabilities) if it elects to designate any Property as Excluded Assets. Notwithstanding any other provision hereof, the liabilities of Sellers under or related to any Property excluded under this paragraph will constitute Excluded Liabilities.

1.3 Instruments of Transfer. The sale, assignment, transfer, conveyance and delivery of the Property to Buyer shall be made by deeds, assignments, bill of sale, and other instruments of assignment, transfer and conveyance provided for in Section 3 below and such other instruments as may reasonably be requested by Buyer to transfer, convey, assign and deliver the Property to Buyer, but in all events only to the extent that the same do not impose any monetary obligations upon Sellers or in any other respect increase in any material way the burdens imposed by the other provisions of this Agreement upon Sellers, or any of them.

1.4 Pompano Lease.

1.4.1 For purposes of this Agreement the "**Pompano Lease**" means that certain lease agreement by and between Point Blank Body Armor, Inc. and Atlantic Business Center, L.C. for Sellers' facility located at 2102 SW 2nd St., Pompano Beach, FL, 33069.

1.4.2 Notwithstanding any provision in this Agreement to the contrary, from and after the date hereof through (a) the Closing Date or, with respect to the Pompano Lease, the until the date that is one day prior to the deadline established by the Bankruptcy Court for Sellers to assume or reject the Pompano Lease pursuant to Section 365(d) of the Bankruptcy Code (the "**Pompano Decision Date**"), or (b) the earlier termination of this Agreement, Sellers will not reject, repudiate or disclaim, without the prior consent of Buyer, the Pompano Lease. Notwithstanding anything to the contrary in this Agreement, the Pompano Lease shall not constitute (x) a Lease or Contract or (y) an Excluded Contract unless and until the Pompano Lease is so designated (or deemed designated) in accordance with Section 1.4.3 below.

1.4.3 Notwithstanding any provision in this Agreement to the contrary, pursuant to written notice of Buyer to Sellers no later than the end of the Pompano Decision Date, the Pompano Lease may either be: (a) designated as a Lease and Contract and assumed by Sellers and assigned to Buyer; or (b) designated as an Excluded Contract and promptly rejected by Sellers. If Buyer has not provided written notice of its desire to assume the Pompano Lease by the Pompano Decision Date, the Pompano Lease shall be deemed an Excluded Contract, and Sellers shall promptly reject the Pompano Lease.

1.4.4 Buyer shall compensate Sellers in full for the out of pocket costs and expenses incurred related thereto first arising after the Closing Date and actually incurred by Sellers after the Closing in performing the obligations under the Pompano Lease until the date a final designation is made (or deemed made) by Buyer with respect to the treatment of the Pompano Lease. If the Pompano Lease is assumed and assigned to Buyer, on such date, the Pompano Lease shall be deemed a for all purposes under this Agreement and, to the extent required herein, any applicable Cure Costs determined by order of the Bankruptcy Court shall be



satisfied and paid in accordance with Section 8.1.4. If the Pompano Lease is not assumed and assigned to Buyer (and rejected by Sellers or any of their successors), when such amount is determined, Buyer shall pay Sellers, by wire transfer of immediately available funds to an account designated in writing by Sellers, an amount equal to the actual amount payable to the landlord under the Pompano Lease pursuant to any chapter 11 plan of Sellers on account of any allowed claim for rejection damages arising out of the rejection of the Pompano Lease. All payments to be made by Buyer to Sellers pursuant this Section 1.4.4 shall be made within five Business Days of receipt by Buyer of a reasonably detailed invoice from Sellers with respect thereto.

1.4.5 Notwithstanding any provision in this Agreement to the contrary, with respect to any Excluded Contract which has not been rejected following the Closing Date, upon written request of Buyer, as soon as practicable, Sellers shall take all actions reasonably necessary to assume and assign to Buyer pursuant to Section 365 of the Bankruptcy Code any executory contract or unexpired lease set forth in Buyer's request; provided that any applicable Cure Costs determined by order of the Bankruptcy Court shall be satisfied and paid in accordance with Section 8.1.4.

1.4.6 Sellers hereby grant Buyer a license to use and possess the premises which is leased pursuant to the Pompano Lease. Such license shall commence on the Closing Date and shall terminate on the earlier of (a) the date the Pompano Lease is rejected, (b) the date the Pompano Lease is assumed and assigned to Buyer and (c) the Pompano Decision Date. From and after the Closing, Buyer shall indemnify, defend and hold harmless Sellers against any losses, liabilities, costs, expenses (including, without limitation, reasonable attorneys' fees and all court costs) suffered or incurred by Sellers as a result of the license granted pursuant to this Section 1.4.6 or Buyer's access to or use of such property pursuant to such license.

1.5 Non-Transferrable Property. In the case of permits, licenses, certificates or authorizations included in the Property, the Leases and Contracts, the Consent Contracts or the Dropped Contracts which (a) cannot be transferred or assigned effectively without the consent of third parties, which consent has not been obtained prior to the Closing (after giving effect to the Approval Order and the Bankruptcy Code) or (b) are otherwise not transferable or assignable (after giving effect to the Approval Order and the Bankruptcy Code), Sellers shall, subject to any approval of the Bankruptcy Court that may be required, reasonably cooperate with Buyer to obtain such consent and/or provide to Buyer the benefits thereof in some other manner at Buyer's sole cost and expense (including the exercise of the rights of Sellers thereunder). Buyer shall compensate Sellers in full for the out of pocket costs and expenses first arising after the Closing Date and actually incurred by Sellers after the Closing in performing their obligations under this Section 1.5. Notwithstanding anything herein to the contrary, (a) nothing in this Section 1.5 shall limit or restrict the Sellers' right or power to commence the wind-down and liquidation of their respective estates and (b) from and after the date hereof through (i) the Closing Date or, with respect to any Consent Contract or Dropped Contract, until the date that is one day prior to the deadline established by the Bankruptcy Court for Sellers to assume or reject each such Consent Contract or Dropped Contract pursuant to Section 365(d) of the Bankruptcy Code or (ii) the earlier termination of this Agreement, Sellers will not reject, repudiate or disclaim, without the prior consent of Buyer, any Consent Contract or Dropped Contract.



## 2. Consideration and Liquidated Damages.

2.1 Purchase Price. The aggregate consideration to be paid by Buyer to Sellers for the Property (the "**Consideration**") shall be (a) an amount in cash equal to Thirty-Four Million Dollars (\$34,000,000.00), minus (i) if Working Capital as set forth on the Final Working Capital Statement is less than the Benchmark by more than \$250,000 (the "**Cushion Amount**"), the amount by which Working Capital as set forth on the Final Working Capital Statement is less than the Benchmark, plus (ii) if Working Capital as set forth on the Final Working Capital Statement is greater than the Benchmark by more than the Cushion Amount, the amount by which Working Capital as set forth on the Final Working Capital Statement is greater than the Benchmark (the amount in this subsection (a), the "**Purchase Price**"), and (b) the assumption of the Assumed Liabilities.

### 2.2 Deposit.

2.2.1 Upon the execution of this Agreement, Buyer shall deposit (or cause to be deposited) into an escrow account (the "**Escrow**") an amount equal to \$1,500,000 (the "**Deposit**") in immediately available, good funds pursuant to an Escrow Agreement by and among Buyer, Sellers and Wells Fargo Bank, National Association (the "**Escrow Holder**"), substantially in the form of **Exhibit G** attached hereto.

2.2.2 Upon the termination of this Agreement for any reason other than termination by Sellers pursuant to Section 10.1.6, the Parties shall instruct the Escrow Holder to immediately refund the Deposit, together with all interest earned thereon, to Buyer. The Deposit shall become nonrefundable upon the termination of this Agreement by Sellers pursuant to Section 10.1.6. Upon such termination pursuant to Section 10.1.6, the Parties shall instruct the Escrow Holder to immediately disburse the Deposit and all interest accrued thereon to Sellers to be retained by Sellers for their own account.

2.2.3 The Deposit (and any accrued interest thereon) shall be credited and applied as set forth in Section 2.7.3.

2.2.4 All costs of the Escrow shall be borne and paid 50% Buyer and 50% by Sellers.

### 2.3 Remedies.

2.3.1 SELLERS' LIQUIDATED DAMAGES. BUYER AND SELLERS HEREBY ACKNOWLEDGE THAT, IN THE EVENT THIS AGREEMENT IS TERMINATED BY SELLERS PURSUANT TO SECTION 10.1.6, IT WOULD BE IMPRACTICABLE AND EXTREMELY DIFFICULT TO ESTIMATE THE DAMAGES SELLERS MAY SUFFER OR INCUR IN THE EVENT THAT THE TRANSACTION CONTEMPLATED HEREIN FAILS TO CLOSE BY REASON OF SUCH TERMINATION. ACCORDINGLY, NOTWITHSTANDING ANYTHING TO THE CONTRARY HEREIN BUYER AND SELLERS HEREBY AGREE THAT CONSIDERING ALL OF THE CIRCUMSTANCES EXISTING AT THE EXECUTION OF THIS AGREEMENT, A REASONABLE ESTIMATE

OF THE TOTAL DETRIMENT THAT SELLERS WOULD SUFFER IN THE EVENT THAT THIS AGREEMENT IS TERMINATED BY SELLERS PURSUANT TO SECTION 10.1.6, IS AND SHALL BE AN AMOUNT EQUAL TO THE AMOUNT OF THE DEPOSIT. EXCEPT AS OTHERWISE PROVIDED IN CLAUSES (ii) AND (iii) BELOW, SAID AMOUNT SHALL REPRESENT THE FULL, AGREED, AND LIQUIDATED DAMAGES TO WHICH SELLERS ARE ENTITLED BY REASON OF SUCH TERMINATION AND SELLERS HEREBY EXPRESSLY WAIVE ANY AND ALL OTHER CLAIMS TO DAMAGES OR OTHER REMEDIES (WHETHER AT LAW OR IN EQUITY). THE PAYMENT OF SUCH AMOUNT AS LIQUIDATED DAMAGES IS NOT INTENDED AS A FORFEITURE OR PENALTY WITHIN THE MEANING OF CALIFORNIA CIVIL CODE SECTIONS 3275 OR 3369, BUT RATHER IS INTENDED TO CONSTITUTE LIQUIDATED DAMAGES TO SELLERS PURSUANT TO CALIFORNIA CIVIL CODE SECTIONS 1671, ET. SEQ. UPON TERMINATION OF THIS AGREEMENT BY SELLERS PURSUANT TO SECTION 10.1.6, THIS AGREEMENT SHALL TERMINATE AND EXCEPT FOR (i) SELLERS' RIGHT TO COLLECT THE AMOUNT OF SUCH LIQUIDATED DAMAGES, (ii) ANY PROVISIONS AND OBLIGATIONS OF THIS AGREEMENT WHICH BY THEIR TERMS SURVIVE ANY TERMINATION OF THIS AGREEMENT, AND (iii) THE PARTIES' RESPECTIVE OBLIGATIONS UNDER SECTION 10.4 OF THIS AGREEMENT, THE PARTIES HERETO SHALL BE RELIEVED OF ANY FURTHER LIABILITY OR OBLIGATION UNDER THIS AGREEMENT. BY PLACING THEIR INITIALS IN THE SPACES PROVIDED BELOW, EACH PARTY SPECIFICALLY ACKNOWLEDGES AND CONFIRMS THE ACCURACY OF THE STATEMENTS SET FORTH IN THIS SECTION 2.3.1 AND THAT THEY WERE REPRESENTED BY COUNSEL OF THEIR CHOICE WHO FULLY EXPLAINED THE CONSEQUENCES OF THIS LIQUIDATED DAMAGES PROVISION AT THE TIME OF EXECUTION OF THIS AGREEMENT.

Sellers' Initials: GA Buyer's Initials: \_\_\_\_\_

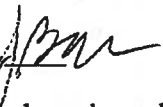
2.3.2 Specific Performance. Buyer and Sellers hereby acknowledge that money damages would not be a sufficient remedy for any breach or termination of or other failure to perform under this Agreement by any of the Sellers, and Buyer shall be entitled to seek specific performance and injunctive or other equitable relief, including attorneys' fees and costs, as a remedy of any such breach, termination (other than as a result of a Buyer Material Breach), or other failure to perform. Buyer and Sellers agree to waive any requirement for the securing or posting of a bond in connection with such remedy, in addition to any other remedy to which Buyer may be entitled, at law or in equity. The remedies set forth in this Section 2.3.2 shall be Buyer's sole and exclusive remedy for any breach or termination of or other failure to perform under this Agreement by any of the Sellers.

#### 2.4 Assumed Liabilities.

2.4.1 Effective as of the Closing, Buyer shall assume the Assumed Liabilities. The "Assumed Liabilities" are specifically as follows (in each case, excluding any such liabilities and obligations that are Excluded Liabilities): (i) all obligations of Sellers first asserted, arising or accruing after the Closing under the Leases and Contracts actually assigned to Buyer at the Closing, (ii) Reserved, (iii) with respect to trade payables of the Business, all

OF THE TOTAL DETRIMENT THAT SELLERS WOULD SUFFER IN THE EVENT THAT THIS AGREEMENT IS TERMINATED BY SELLERS PURSUANT TO SECTION 10.1.6, IS AND SHALL BE AN AMOUNT EQUAL TO THE AMOUNT OF THE DEPOSIT. EXCEPT AS OTHERWISE PROVIDED IN CLAUSES (ii) AND (iii) BELOW, SAID AMOUNT SHALL REPRESENT THE FULL, AGREED, AND LIQUIDATED DAMAGES TO WHICH SELLERS ARE ENTITLED BY REASON OF SUCH TERMINATION AND SELLERS HEREBY EXPRESSLY WAIVE ANY AND ALL OTHER CLAIMS TO DAMAGES OR OTHER REMEDIES (WHETHER AT LAW OR IN EQUITY). THE PAYMENT OF SUCH AMOUNT AS LIQUIDATED DAMAGES IS NOT INTENDED AS A FORFEITURE OR PENALTY WITHIN THE MEANING OF CALIFORNIA CIVIL CODE SECTIONS 3275 OR 3369, BUT RATHER IS INTENDED TO CONSTITUTE LIQUIDATED DAMAGES TO SELLERS PURSUANT TO CALIFORNIA CIVIL CODE SECTIONS 1671, ET. SEQ. UPON TERMINATION OF THIS AGREEMENT BY SELLERS PURSUANT TO SECTION 10.1.6, THIS AGREEMENT SHALL TERMINATE AND EXCEPT FOR (i) SELLERS' RIGHT TO COLLECT THE AMOUNT OF SUCH LIQUIDATED DAMAGES, (ii) ANY PROVISIONS AND OBLIGATIONS OF THIS AGREEMENT WHICH BY THEIR TERMS SURVIVE ANY TERMINATION OF THIS AGREEMENT, AND (iii) THE PARTIES' RESPECTIVE OBLIGATIONS UNDER SECTION 10.4 OF THIS AGREEMENT, THE PARTIES HERETO SHALL BE RELIEVED OF ANY FURTHER LIABILITY OR OBLIGATION UNDER THIS AGREEMENT. BY PLACING THEIR INITIALS IN THE SPACES PROVIDED BELOW, EACH PARTY SPECIFICALLY ACKNOWLEDGES AND CONFIRMS THE ACCURACY OF THE STATEMENTS SET FORTH IN THIS SECTION 2.3.1 AND THAT THEY WERE REPRESENTED BY COUNSEL OF THEIR CHOICE WHO FULLY EXPLAINED THE CONSEQUENCES OF THIS LIQUIDATED DAMAGES PROVISION AT THE TIME OF EXECUTION OF THIS AGREEMENT.

Sellers' Initials: \_\_\_\_\_

Buyer's Initials: 

2.3.2 Specific Performance. Buyer and Sellers hereby acknowledge that money damages would not be a sufficient remedy for any breach or termination of or other failure to perform under this Agreement by any of the Sellers, and Buyer shall be entitled to seek specific performance and injunctive or other equitable relief, including attorneys' fees and costs, as a remedy of any such breach, termination (other than as a result of a Buyer Material Breach), or other failure to perform. Buyer and Sellers agree to waive any requirement for the securing or posting of a bond in connection with such remedy, in addition to any other remedy to which Buyer may be entitled, at law or in equity. The remedies set forth in this Section 2.3.2 shall be Buyer's sole and exclusive remedy for any breach or termination of or other failure to perform under this Agreement by any of the Sellers.

2.4 Assumed Liabilities.

2.4.1 Effective as of the Closing, Buyer shall assume the Assumed Liabilities. The "Assumed Liabilities" are specifically as follows (in each case, excluding any such liabilities and obligations that are Excluded Liabilities): (i) all obligations of Sellers first asserted, arising or accruing after the Closing under the Leases and Contracts actually assigned to Buyer at the Closing, (ii) [Reserved], (iii) with respect to trade payables of the Business, all

obligations of Sellers now existing or hereafter arising or accruing to the extent incurred in the ordinary course after the commencement of the Case and all obligations to customers of Sellers for refunds, rebates, returns and discounts existing as of the Closing Date, (iv) Cure Costs required to be paid pursuant to the Approval Order as a condition to Sellers' assumption and assignment of the Leases and Contracts as provided in Section 8.1.4 (i.e., the sum of (x) the amount of Cure Costs up to but not to exceed Buyer's Cure Threshold, plus (y) the amount, if any, by which the Cure Costs exceed Seller's Cure Cap); provided that, if such amounts are required by the Approval Order be paid at Closing as a condition to Sellers' ability to assume and assign the applicable Leases and Contracts, then such Cure Costs shall be paid concurrently with the Closing rather than be assumed, (v) all accrued, unpaid and unused vacation, sick leave, holiday entitlements and other entitlements to paid time off of the employees of Sellers at Closing and all earned and accrued salary and wages of the employees of Sellers at Closing which remain unpaid or unused as of the Closing Date, and (vi) any such additional liabilities and obligations as may be set forth or described on **Schedule 2.2.1-(vii)** hereto. Buyer shall have not assumed or have any liability for any obligation or liability of Sellers not included within the definition of Assumed Liabilities, whether accrued or unaccrued, whether liquidated or unliquidated and whether due or to become due, including, without limitation, (a) any amounts owing to Galls, an Aramark Company, LLC (f/k/a Galls, Inc.) ("**Galls**"), including the Cure Costs to be paid in connection with the assumption and assignment of the Other Contract described on **Schedule 1.1.1-(iv)** to which Galls is a party, and (b) the obligations and liabilities set forth or described on **Schedule 2.2.1-(vii)** hereto as excluded liabilities (collectively, the "**Excluded Liabilities**").

2.5 Purchase Price Allocation. Not later than five (5) Business Days following the date of the Auction (as defined below), Buyer shall prepare and deliver to Sellers for their review and consideration a schedule (the "**Allocation Schedule**") allocating the Consideration and all other relevant items among the various assets comprising the Property in accordance with Treasury Regulation 1.1060-1 (or any comparable provisions of state or local tax law) or any successor provision. If Sellers disagree with or raise objections to the Allocation Schedule, Buyer and Sellers will negotiate in good faith to resolve such objections. If the Parties are able to agree upon the allocation of the Consideration, Buyer and Sellers shall report and file all tax returns (including any amended tax returns and claims for refund) consistent with such mutually agreed Consideration allocation, and shall take no position contrary thereto or inconsistent therewith (including in any audits or examinations by any taxing authority or any other proceedings). Buyer and Sellers shall file or cause to be filed any and all forms (including U.S. Internal Revenue Service Form 8594), statements and schedules with respect to such allocation, including any required amendments to such forms. If, on the other hand, the Parties are unable mutually to agree upon the manner in which the Consideration should be allocated, Buyer and Sellers shall be free to make their own respective allocations of the Consideration for tax purposes.

2.6 Collection of Accounts Receivable. Sellers agree that, from and after the Closing Date, Buyer shall have the right and authority to collect for its own account the Accounts Receivable and to endorse with the name of the applicable Seller all checks received on account of the Accounts Receivable. Sellers agree that they will, within three (3) Business Days,

transfer, assign and deliver to Buyer all cash and other property which it may receive (in the form it was received) with respect to any Accounts Receivable from and after the Closing Date, and pending any such delivery to Buyer of any such property, the applicable Seller shall hold any such property in trust for the benefit of Buyer separate and apart from the assets of the applicable Seller.

## 2.7 Purchase Price Adjustment.

2.7.1 Sellers and Buyer acknowledge and agree that the Consideration has been based on the “**Working Capital**”, defined as Current Assets less Total Assumed Liabilities as of the opening of business on the Closing Date, being no less than \$23,000,000.00 (the “**Benchmark**”). All computations of Working Capital made pursuant to this Section 2.7 shall include only the elements set forth in the sample computation set forth on **Schedule 2.7.1** attached hereto and incorporated herein by this reference and be made pursuant to, and in accordance with, GAAP.

2.7.2 At least five (5) Business Days prior to the Closing Date, Sellers shall deliver to Buyer a certificate setting forth Sellers’ good faith computation of the Working Capital as of the opening of business on the Closing Date and good faith computation of the Purchase Price resulting therefrom (the “**Estimated Purchase Price**”), together with reasonable supporting documentation, all reasonably acceptable to Buyer.

2.7.3 No later than sixty (60) days after the Closing Date, Buyer shall cause to be prepared and delivered to Sellers, with a copy to DIP Lenders, a certificate (the “**Buyer’s Computation**”) setting forth in reasonable detail Buyer’s computation of the Working Capital, accompanied by supporting documentation. Unless, within fifteen (15) days of Sellers’ receipt of Buyer’s Computation, Sellers shall provide written notice to Buyer of Sellers’ disagreement with Buyer’s Computation (“**Sellers’ Notice**”), then Buyer’s Computation shall become the Final Working Capital Statement and be final and binding upon the Parties. If Sellers dispute Buyer’s Computation, Sellers and Buyer shall work together in good faith to resolve the dispute. If the Parties are unable to resolve the dispute within fifteen (15) days of the date of Sellers’ Notice or such longer period as the Parties agree, then the dispute shall be referred to an independent accountant (the “**Independent Accountant**”) jointly selected by the Parties or, if the Parties cannot agree, selected by the Bankruptcy Court from one choice presented by each Party; provided, however, in no event shall the Independent Accountant be one of the ten (10) largest accounting firms in the United States without Buyer’s prior written consent to the use of such firm. Each Party shall cooperate with the Independent Accountant and sign any reasonable engagement letter requested by the Independent Accountant and shall require the Independent Accountant to make a determination within thirty (30) days of submission by each party of the remaining issues in dispute. Buyer’s Computation shall be deemed final and binding on the Parties upon the earliest of (i) the failure of the Sellers to timely provide a Sellers’ Notice, (ii) the resolution of all disputes, pursuant to this Section 2.7.3, by the Parties and (iii) the resolution of all disputes, pursuant to this Section 2.7.3, by the Independent Accountant. Buyer’s Computation, as finalized and binding in accordance with this Section 2.7.3, is referred to as the “**Final Working Capital Statement.**” The fees and expenses of the Independent Accountant shall be advanced by the Buyer, if any advance of such fees and expenses is required, with the

Parties ultimately bearing and paying 50% each of the Independent Accountant's fees and expenses through a reconciliation to take place concurrently with the disbursement of payments set forth in Section 2.7.4.

2.7.4 Within five (5) days of the determination of the Working Capital becoming final and binding on the Parties under Section 2.7.3, the Purchase Price shall be calculated by giving effect to the final and binding determination of the Working Capital as set forth on the Final Working Capital Statement and (a) if the Purchase Price is greater than the Estimated Purchase Price, Buyer shall pay such excess amount to Sellers by wire transfer of immediately available funds to an account designated in writing by Sellers and (b) if the Estimated Purchase Price is less than the Purchase Price, Sellers shall pay the amount by which the Estimated Purchase Price is less than the Purchase Price to Buyer by wire transfer of immediately available funds to an account designated in writing of the amount of such difference.

2.7.5 Sellers shall obtain the agreement of Sellers' secured lenders to carve out from their collateral thereunder cash necessary for Sellers to timely fund any amounts owing to the Buyer pursuant to this Section 2.7 and to acknowledge that the Sellers' obligations under this Section 2.7 shall be senior to, and have priority over, any Indebtedness of Sellers to such secured lenders, and provision for such carve out shall be made in an amendment to the relevant debtor in possession financing orders entered in the Case. Buyer's claims under this Section 2.7 shall have the priority established by the Approval Order, including, without limitation, Paragraph 15 thereof, and shall survive the termination of this Agreement.

## 2.8 Closing Transactions.

2.8.1 Closing Conference. The Closing of the transactions provided for herein (the "Closing") shall take place at such place or places as the Parties may mutually agree upon.

2.8.2 Closing Date. The Closing shall be held the later of (i) the Business Day of the satisfaction of the last of the conditions set forth in Sections 3.1 and 3.2 below, (ii) Monday, October 31, 2011, (iii) at such date as may be designated by Sellers, or (iv) at such other date as is mutually agreeable to the Parties (the "Closing Date").

2.9 Sellers' Deliveries to Buyer at Closing. At the Closing, Sellers shall make the following deliveries to Buyer:

2.9.1 An Assignment and Assumption of Leases and Contracts substantially in the form and content attached as Exhibit "A" hereto, duly executed by Sellers pursuant to which each Seller shall assign to Buyer such Seller's respective interest in the Leases and Contracts (the "Assignment of Leases").

2.9.2 A Bill of Sale and Assignment, duly executed by Sellers in the form and on the terms of the bill of sale and assignment attached hereto as Exhibit "B," pursuant to which each Seller transfers and assigns to Buyer such Seller's right, title and interest in and to the Personal Property (the "Bill of Sale").

2.9.3 An Assignment of Intangible Property, duly executed by Sellers, in the form and content of the assignment of intangible property attached as Exhibit "C" hereto, pursuant to which each Seller assigns to Buyer such Seller's interest, if any, in and to the Intangible Property (the "**Assignment of Intangible Property**").

2.9.4 Possession and control of the Property, free and clear of all Liens to the extent provided in the Approval Order, excluding, in all events, Buyer's obligations under this Agreement.

2.9.5 A certified copy of the Approval Order authorizing and approving the execution and delivery and performance of this Agreement, all other documents contemplated herein and the transactions contemplated hereby and thereby and the acts of the officers and employees of Sellers in carrying out the terms and provisions hereof.

2.9.6 Any consents, approvals and authorizations of third parties that are necessary, including authorization by the Bankruptcy Court (in form reasonably acceptable to Buyer), for the execution, delivery and consummation of this Agreement, but specifically excluding any such consents, approvals and/or authorizations the need for which is obviated by the entry of the Approval Order.

2.9.7 A counterpart to the Assumption of Liabilities, duly-executed by Sellers.

2.9.8 Each Seller shall deliver to Buyer a non-foreign affidavit dated as of the Closing Date, sworn under penalty of perjury and in form and substance required under the Treasury Regulations issued pursuant to Section 1445 of the Internal Revenue Code of 1986, as amended (the "**Code**") stating that such Seller is not a "foreign person" as defined in Code Section 1445.

2.9.9 A counterpart to a joint written instruction letter, duly executed by Sellers, instructing the Escrow Holder to release the Deposit to Sellers.

2.9.10 Any such other documents, funds or other things reasonably contemplated by this Agreement to be delivered by Sellers to Buyer at the Closing.

2.10 Buyer's Deliveries to Sellers at Closing. On the Closing Date, Buyer shall make or cause the following deliveries to Sellers or the Escrow Holder, as applicable:

2.10.1 The Estimated Purchase Price, less the Deposit.

2.10.2 Counterparts to the Bill of Sale, Assignment of Leases and Assignment of Intangible Property, duly-executed by Buyer.

2.10.3 An Assumption Agreement with respect to the Assumed Liabilities, in the form and content attached as Exhibit "D" hereto and incorporated herein by this reference, duly-executed by Buyer (the "**Assumption of Liabilities**").



2.10.4 A counterpart to a joint written instruction letter, duly executed by Buyer, instructing the Escrow Holder to release the Deposit to Sellers.

2.10.5 Any such other documents, funds or other things reasonably contemplated by this Agreement to be delivered by Buyer to Sellers at the Closing.

2.11 Prorations. Rent, current Tax liabilities related to real or personal property (but, for avoidance of doubt, not income Taxes), prepaid advertising, utilities and similar items of expense (including, without limitation, any prepaid insurance, maintenance, tax or common area or like payments under the Real Property Leases or Other Leases and Contracts) relating to or attributable to the Business and/or the Property shall be prorated between Sellers and Buyer as of the Closing Date. Except as specifically set forth herein, all liabilities and obligations due in respect of periods, or the portion of any period, ending prior to or as of the Closing Date (the “**Pre-Closing Period**”) shall be paid in full or otherwise satisfied by Sellers and shall be Excluded Liabilities (provided that nothing herein shall require Sellers to make payments on account of prepetition claims other than cure payments authorized pursuant to order of the Bankruptcy Court) and all liabilities and obligations due in respect of periods, or the portion of any period, ending after the Closing Date shall be paid in full or otherwise satisfied by Buyer; provided, however, the provisions of this Section 2.11 are subject to Buyer’s obligations to assume liabilities and obligations pursuant to Section 2.4, above. Rent and any Taxes described in this Section 2.11 shall be prorated on the basis of actual days elapsed. For the avoidance of doubt, the prorations made pursuant to this Section 2.11 shall be taken into account in the Working Capital calculations and adjustments made or to be made pursuant to Section 2.7 above.

2.12 Sales, Use and Other Taxes. Any sales, purchase, transfer, stamp, documentary stamp, use or similar Taxes under the laws of the states in which any portion of the Property is located, or any subdivision of any such state, or under any federal law or the laws or regulations of any federal agency or authority, which may be payable by reason of the sale or transfer of the Property under this Agreement or the transactions contemplated herein shall be borne and paid 50% by Buyer and 50% by Sellers. For the avoidance of doubt, notwithstanding anything herein to the contrary, including Sections 2.11 and 2.12, Excluded Taxes are an Excluded Liability for which Buyer shall have no liability hereunder.

2.13 Possession. Right to possession of the Property shall transfer to Buyer at the Closing. Sellers shall transfer and deliver to Buyer on the Closing Date such keys, locks and safe combinations and other similar items as Buyer may reasonably require to obtain occupation and control of the Property, and shall also make available to Buyer at their then existing locations the originals of all documents in Sellers’ actual possession that are required to be transferred to Buyer by this Agreement.

### 3. Conditions Precedent to Closing.

3.1 Conditions to Sellers’ Obligations. Sellers’ obligation to make the deliveries required of Sellers at the Closing and otherwise consummate the transaction contemplated herein shall be subject to the satisfaction or waiver by Sellers of each of the following conditions:

3.1.1 All of the representations and warranties of Buyer contained herein shall continue to be true and correct at the Closing in all material respects.

3.1.2 Buyer shall have executed and delivered to Sellers the Assignment of Leases and the Assumption of Liabilities.

3.1.3 Buyer shall have delivered, or shall be prepared to deliver to Sellers at the Closing, all cash and other documents required of Buyer to be delivered at the Closing.

3.1.4 Buyer shall have delivered to Sellers evidence (in form and content reasonably satisfactory to Sellers) of all necessary entity action by Buyer in connection with the transactions contemplated hereby, including, without limitation: (i) certified copies of resolutions duly adopted by Buyer's manager and/or board of directors approving the transactions contemplated by this Agreement and authorizing the execution, delivery, and performance by Buyer of this Agreement; and (ii) a certificate as to the incumbency of those managers and/or officers of Buyer executing this Agreement and any instrument or other document delivered in connection with the transactions contemplated by this Agreement.

3.1.5 No action, suit or other proceedings shall be pending before any court, tribunal or governmental authority seeking or threatening to restrain or prohibit the consummation of the transactions contemplated by this Agreement, or seeking to obtain substantial damages in respect thereof, or involving a claim that consummation thereof would result in the violation of any law, decree or regulation of any governmental authority having appropriate jurisdiction.

3.1.6 Buyer shall have performed or tendered performance in all material respects of each and every covenant on Buyer's part to be performed which, by its terms, is required to be performed before the Closing.

3.1.7 The Bankruptcy Court shall have entered an order in substantially the form attached hereto as Exhibit "F" (the "**Approval Order**"), and the Approval Order shall not have been modified, rescinded, stayed or vacated as of the Closing Date.

3.2 Conditions to Buyer's Obligations. Buyer's obligation to make the deliveries required of Buyer at the Closing and otherwise consummate the transaction contemplated herein shall be subject to the satisfaction or waiver by Buyer of each of the following conditions:

3.2.1 Sellers shall have performed or tendered performance in all material respects of each and every covenant on Sellers' part to be performed which, by its terms, is required to be performed before the Closing.

3.2.2 All of the representations and warranties of Sellers contained herein, except for that certain representation set forth in Section 4.5(v), shall continue to be true and correct at the Closing in all material respects.

3.2.3 Sellers shall have executed and be prepared to deliver to Buyer the Assignment of Leases, the Assumption of Liabilities, the Bill of Sale, and the Assignment of Intangible Property.

3.2.4 Sellers shall have delivered, or shall be prepared to deliver to Buyer at the Closing, all other documents required of Sellers to be delivered at the Closing.

3.2.5 No action, suit or other proceedings shall be pending before any court, tribunal or governmental authority seeking or threatening to restrain or prohibit the consummation of the transactions contemplated by this Agreement, or involving a claim that consummation thereof would result in the violation of any law, decree or regulation of any governmental authority having appropriate jurisdiction.

3.2.6 Sellers shall have used commercially reasonable efforts to obtain the entry of the Approval Order by the Bankruptcy Court as soon as practicable; provided that, if Sellers are unable to obtain the entry of the Approval Order despite their commercially reasonable efforts, the sale order entered by the Bankruptcy Court shall be no less favorable than, and contain at least the same protections to the buyer as, the Stalking Horse Sale Order.

3.2.7 The Leases and Contracts assigned to Buyer at the Closing (whether by virtue of the effect of the Approval Order rendering consent to assignment unnecessary or by virtue of written consents to assignment obtained from the applicable counterparties) shall include all of the Leases and Contracts described on **Schedule 3.2.7** attached hereto and incorporated herein by this reference) provided, however, to the extent that any Lease or Contract described on **Schedule 3.2.7** cannot be assigned to Buyer at the Closing solely because the Bankruptcy Court has determined that Buyer has failed to demonstrate “**adequate assurance of future performance**” as to that Lease or Contract pursuant to Section 365 of the Bankruptcy Code, then **Schedule 3.2.7** shall automatically be deemed amended to eliminate such Lease or Contract (collectively, “**Dropped Contracts**”) and, after the Closing, Sellers shall, subject to Buyer’s obligations set forth in Section 1.5, cooperate with Buyer to effectuate the assumption and assignment of such Dropped Contracts to Buyer.

3.2.8 The Bankruptcy Court shall have entered an order granting Sellers’ Motion Pursuant to Bankruptcy Code Sections 105 & 363 and Bankruptcy Rule 9019 for Order Approving Settlement Agreement Between the United States and Point Blank Solutions, Inc., Point Blank Body Armor, Inc., and Protective Apparel Corporation of America filed with the Bankruptcy Court by the Sellers on October 24, 2011 (the “**Settlement Approval Order**”), and no party shall have objected to entry of the Settlement Approval Order, and the Settlement Approval Order shall not have been appealed, modified, rescinded, stayed or vacated as of the Closing Date.

Any waiver of a condition shall be effective only if such waiver is stated in writing and signed by the waiving Party; provided, however, that the consent of a Party to the Closing shall constitute a waiver by such Party of any conditions to Closing not satisfied as of the Closing Date.

4. Sellers' Representations and Warranties. Sellers hereby make (each as to themselves only) the following representations and warranties to Buyer:

4.1 Organization, Standing and Power. Sellers are duly organized, validly existing and, except for the amounts set forth in **Schedule 4.1** attached hereto due to the State of Delaware, in good standing under the laws of the states of their respective organization set forth in the preamble to this Agreement. Sellers have all requisite entity power and authority to own, lease and, subject to the provisions of the Bankruptcy Code applicable to debtors in possession, operate its properties, to carry on Sellers' business as now being conducted. Subject to entry of the Approval Order, Sellers have the power and authority to execute, deliver and perform this Agreement and all writings relating hereto.

4.2 Validity and Execution. This Agreement has been duly executed and delivered by Sellers and, upon entry of the Approval Order, will constitute the valid and binding obligation of Sellers enforceable against them in accordance with its terms, except as may be limited by any bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer or other laws (whether statutory, regulatory or decisional), now or hereafter in effect, relating to or affecting the rights of creditors generally or by equitable principles (regardless of whether considered in a proceeding at law or in equity).

4.3 No Conflict. Subject to the entry of the Approval Order, the consummation of the transactions herein contemplated, and the performance of, fulfillment of and compliance with the terms and conditions hereof by Sellers do not and will not: (i) conflict with or result in a breach of the articles of incorporation, by-laws, certificate of formation or operating agreement, as applicable, of Sellers; (ii) violate any statute, law, rule or regulation, or any order, writ, injunction or decree of any court or governmental authority, or (iii) violate or conflict with or constitute a default under any agreement, instrument or writing of any nature to which any Seller is a Party or by which Buyer or its assets or properties may be bound.

4.4 Litigation. Except for the Case and except as set forth on **Schedule 4.4** hereto, to Sellers' Knowledge (which, for purposes of this Agreement means and refers only to the actual knowledge of James Henderson and A. Scott Avila after reasonable inquiry), there is no material Litigation or investigation pending or threatened against or affecting the Property, before any court, arbitrator or governmental authority. To Sellers' Knowledge, except for the Case, Sellers are not subject to any outstanding Litigation or Order, which, individually or in the aggregate, would prevent, or materially delay Sellers from consummating the transactions contemplated by this Agreement, or which would be pursuant to its terms binding on Buyer or the Property.

4.5 Compliance with Law. (i) Except as otherwise set forth on **Schedule 4.5(i)** hereto, Sellers are, and have conducted and continue to conduct the Business and own and operate the Property, in material compliance with, and are not in material default or violation of, any laws, Orders and other material requirements applicable to the Business or by which any of the Property is bound or affected, (ii) Sellers hold all material permits required to conduct the Business and own and operate the Property, such permits are listed on **Schedule 4.5(ii)** hereto, and no Litigation is pending or threatened to revoke such permits; (iii) except as set forth on **Schedule 4.5(iii)** hereto, Sellers have not received any written notice or other communication

from any governmental authority or other Person regarding any actual, alleged, possible or potential breach, violation of or non-compliance with any law, regulation or Order by the Sellers, as it relates, directly or indirectly, to the Business and the Property, (iv) except as otherwise set forth on **Schedule 4.5(iv)** hereto, there is no Order, and the Sellers are not aware of any Order, which would prohibit or restrict Buyer from, or otherwise impose a Material Adverse Effect on Buyer in conducting the Business as it relates, directly or indirectly, to the Property in any jurisdiction in which such Business is now conducted, and (v) Sellers have not violated and will not violate the Foreign Corrupt Practices Act (“FCPA”), directly or indirectly, and have effective disclosure controls and procedures and an internal accounting controls system that is sufficient to provide reasonable assurances that any potential violations of the FCPA will be prevented, detected, and deterred.

4.6 No Other Agreements to Purchase. Except for that certain Amended and Restated Asset Purchase Agreement, dated as of September 23, 2011, by and among Sellers and Barrier Acquisitions, LLC, a Delaware limited liability company, Sellers have not entered into any agreement with any other Person (written or oral) which grants such third party the right or option purchase or acquire from Sellers any of the Property, other than purchase orders for Inventory accepted by Sellers in the ordinary course of business, consistent with past practice.

4.7 Inventory. To Sellers’ Knowledge, **Schedule 4.7** sets forth a true, complete and correct list of Inventory of Sellers and any prepaid deposits for any of the Inventory. To Sellers’ Knowledge, the Inventory consists only of items of a quality and quantity usable or saleable in the ordinary course of business, and within a reasonable period of time. To Sellers’ Knowledge, (i) except as may otherwise be set forth on **Schedule 4.7(i)** hereto, Sellers have good and marketable title to the Inventory free and clear of all Liens, except for Liens which will be removed by the effect of the Approval Order, (ii) except as may otherwise be set forth on **Schedule 4.7(ii)** hereto, the Inventory does not include any items held on consignment, and (iii) except as may otherwise be set forth on **Schedule 4.7(iii)** hereto, Sellers are not under any obligation or liability with respect to accepting returns of items of Inventory or merchandise in the possession of its customers other than in the ordinary course of business consistent with past practice. **Schedule 4.7** contains a complete list of the addresses of all warehouses and other facilities in which any material portion of the Inventory is located at the direction of Sellers.

4.8 Personal Property. To Sellers’ Knowledge, (i) except as may otherwise be set forth on **Schedule 4.8(i)** hereto, Sellers have good and marketable title to all tangible personal property used in the Business, and (ii) except as may otherwise be set forth on **Schedule 4.8(ii)** hereto and with the exception of Liens which will be removed by the effect of the Approval Order, all such tangible personal property is free and clear of all Liens. The tangible assets and premises of the Business are in good condition and repair, normal wear and tear excepted. No entity or Person other than a Seller owns assets, tangible or intangible (other than assets available to the Sellers under leases, licenses or contracts included in the Property) used in the operation of the Business.

4.9 Real Property; Real Property Leases.

4.9.1 Sellers do not own fee simple title to any real property.

4.9.2 There is no lease of real property or rights therein under which Sellers, with respect to the Business, is a lessee or sublessee other than the Real Property Leases. To Sellers' Knowledge, a complete and correct copy of the Real Property Leases and all amendments thereto have been furnished to Buyer. To Sellers' Knowledge, except as may otherwise be set forth on **Schedule 4.9** hereto, no proceeding is pending or threatened in writing for the taking or condemnation of all or any material portion of the property demised under the Real Property Leases.

4.10 Insurance. Sellers maintain insurance of the type and in the amounts required to comply with applicable law and contractual provisions. To Sellers' Knowledge, Sellers have furnished to Buyer true and complete copies of all material insurance policies and fidelity and surety bonds covering the assets, business, equipment, properties and operations of Sellers as it relates to the Property, a list of which (by type, carrier, policy number, limits, premium and expiration date) is, to Sellers' Knowledge, set forth in **Schedule 4.10** hereto.

4.11 Accounts Receivable. To Sellers' Knowledge, (i) a true, complete and accurate list of all Accounts Receivable of Sellers relating to the Business as of the date set forth on such schedule are set forth on **Schedule 4.11** hereto, and (ii) such Accounts Receivable have arisen solely out of bona fide sales and deliveries of goods, performance of services and other business transactions in the ordinary course of the Business.

4.12 Customers and Vendors. To Sellers' Knowledge, **Schedule 4.12** hereto contains a complete and accurate list of the 20 largest customers (based on revenues) and 10 largest vendors (based on expenses) for the Business for the six months ended June 30, 2011 and for the fiscal year ended December 31, 2010. To Sellers' Knowledge, Sellers have not received written notice that any such customer or any such vendor (i) does not plan to continue to do business with Buyer after the Closing Date, (ii) plans to reduce its supplies to or volume of orders from Buyer after the Closing Date, or (iii) expects a material change in terms relative to pricing, quantity, or timing of payment.

4.13 Financial Statements. The Sellers have delivered to the Buyer, and attached as **Schedule 4.13(i)** are, true and complete copies of (a) the unaudited consolidated balance sheets of the Sellers as of December 31, 2010, and the related statements of operations and cash flows for the fiscal years then ended, (b) the unaudited consolidated balance sheets of the Sellers as of the date set forth on such schedule, and the related statements of operations and cash flows for the period then ended (collectively, the "**Financial Statements**"). The Financial Statements (i) present fully and fairly in all material respects the financial position and results of operations of the Sellers, as of the dates of such statements and for the periods covered thereby and (ii) except as set forth on **Schedule 4.13(ii)**, were prepared in accordance with GAAP, applied on a consistent basis with past practice throughout the periods covered thereby.

4.14 Compliance with DIP Budget. A budget (the "**DIP Budget**"), has been prepared on a reasonable basis and in good faith and is based on assumptions believed by the Sellers to be reasonable at the time made and from the best information then available to the Sellers. Pending the Closing, Sellers shall use all commercially reasonable efforts to comply in all material

respects with the DIP Budget (as the same may from time to time be modified pursuant to Sellers' contractual arrangements with the DIP Lenders).

4.15 Absence of Certain Changes. Since June 30, 2011, no event or development has occurred that has had or could reasonably be expected to have a Material Adverse Effect on the Property or the Business, taken as a whole.

4.16 Financial Advisors. No Person has acted, directly or indirectly, as a broker, finder or financial advisor for the Sellers in connection with the transactions contemplated by this Agreement, and no Person is entitled to any fee or commission or like payment from the Buyer or the Sellers in respect thereof, in each case other than as set forth on **Schedule 4.16**.

4.17 Environmental Matters. To Sellers' Knowledge, except as set forth on **Schedule 4.17**, (i) the operations of each Seller are in material compliance with all Environmental Laws; (ii) there has been no Release at any of the properties owned or operated by any Seller or a predecessor in interest, or at any disposal or treatment facility which received hazardous substances generated by any Seller or any predecessor in interest which could have a Material Adverse Effect; (iii) no Environmental Action has been asserted against any Seller or any predecessor in interest nor does any Seller have knowledge or notice of any threatened or pending Environmental Action against any Seller or any predecessor in interest which could have a Material Adverse Effect; (iv) no Environmental Actions have been asserted against any facilities that may have received hazardous substances generated by any Seller or any predecessor in interest which could have a Material Adverse Effect; (v) no property now or formerly owned or operated by a Seller has been used as a treatment or disposal site for any hazardous substance (vi) no Seller has failed to report to the proper governmental authority any Release which is required to be so reported by any Environmental Laws which could have a Material Adverse Effect; (vii) each Seller holds all licenses, permits and approvals required under any Environmental Laws in connection with the operation of the business carried on by it, except for such licenses, permits and approvals as to which a Seller's failure to maintain or comply with could not reasonably be expected to have a Material Adverse Effect; and (viii) no Seller has received any written notification pursuant to any Environmental Laws that (A) any work, repairs, construction or any other expenditures are required to be made in respect of a condition of continued compliance with any Environmental Laws, or any license, permit or approval issued pursuant thereto or (B) any license, permit or approval referred to above is about to be reviewed, made, subject to limitations or conditions, revoked, withdrawn or terminated, in each case, except as would not reasonably be expected to have a Material Adverse Effect.

4.18 Intangible Property. To Sellers' Knowledge, **Schedule 4.18(i)** sets forth an accurate and complete list of all material Intangible Property. To the Sellers' knowledge, Sellers own all right, title and interest to, or are licensees with respect to, the Intangible Property, and, subject to the entry of the Approval Order, can convey such property free and clear of Liens. To the Sellers' Knowledge, except as may otherwise be set forth on **Schedule 4.18(ii)** hereto, (i) no Person is engaging in any activity that materially infringes any Intangible Property and (ii) no claim has been asserted in writing to any Seller that the use of any Intangible Property or the operation of the Business infringes or violates the intangible property rights of any third party.



4.19 Leases and Contracts. To Sellers' Knowledge, a complete and correct copy of the material Contracts, all personal property leases and all amendments to material Contracts or personal property leases have been furnished to Buyer. The Sellers have not, and, to the Sellers' Knowledge, no other party to any Contract to be included among the Property to be transferred to the Buyer at the Closing has, commenced any action against any of the parties to any such Contract or given or received any written notice of any material default or violation under any such Contract that has not been withdrawn or dismissed except to the extent such default or violation will be cured as a result of the payment of the applicable Cure Costs. Each material Contract and real property lease is, or will be upon the Closing, valid, binding and in full force and effect in accordance with its terms.

4.20 Employee Benefits.

(a) To Sellers' Knowledge, **Schedule 4.20(a)** sets forth all “**employee benefit plans**”, as defined in Section 3(3) of ERISA, and all other material employee benefit arrangements, employment agreements or payroll practices maintained by the Sellers or to which the Sellers contribute or are obligated to contribute thereunder for Employees (the “**Benefit Plans**”). To Sellers' Knowledge, except as may otherwise be set forth on **Schedule 4.20(a)** hereto, neither the Sellers nor any of their Affiliates and any trade or business (whether or not incorporated) which is or has ever been under common control, or which is or has ever been treated as a single employer, with any of them under Section 414(b), (c), (m) or (o) of the Internal Revenue Code of 1986, as amended (the “**Code**”), has in the last six years contributed or has been obligated to contribute to any “**employee pension plans**”, as defined in Section 3(2) of ERISA, subject to Title IV of ERISA or Section 412 of the Code, including a “**multiemployer plan**”, as defined in Section 3(37) of ERISA.

(b) None of the Seller Plans provide for post-employment life or health insurance, benefits or coverage for any participant or any beneficiary of a participant, except as may be required under the Consolidate Omnibus Budget Reconciliation Act of 1985, as amended, (“**COBRA**”) and at the expense of the participant or the participant's beneficiary.

(c) To Sellers' Knowledge, Accurate and complete copies of the following documents, with respect to each of the Benefit Plans, have been made available or delivered to the Buyer by the Sellers, to the extent applicable: (i) any plans, all amendments thereto and related trust documents, and amendments thereto; (ii) the most recent Forms 5500 and all schedules thereto; (iii) the most recent IRS determination letter; (iv) the most recent summary plan descriptions; (v) written communications to employees relating to the Benefit Plans; and (vi) written descriptions of all non-written material agreements relating to the Benefit Plans.

4.21 Labor Matters.

(a) Other than as set forth on **Schedule 4.21**, (i) no Seller is a party to any labor or collective bargaining agreement with respect to its Employees, (ii) to Sellers' Knowledge, no Employee of any Seller is represented by any labor organization, (iii) to Sellers' Knowledge, no labor organization or group of Employees of any Seller has made a pending written demand for recognition or written request for certification, (iv) to Sellers' Knowledge,

and there are no representation or certification proceedings or petitions seeking a representation election presently pending or, to Sellers' Knowledge, threatened, to be brought or filed with the National Labor Relations Board or other labor relations tribunal involving any Seller and having jurisdiction over such Seller.

(b) There are no strikes, lockouts, work stoppages or slowdowns pending or, to Sellers' Knowledge, threatened against or involving any Seller.

(c) To Sellers' Knowledge, there are no written complaints, charges, administrative proceedings or claims against any Seller pending or threatened in writing to be brought or filed with any governmental authority based on or arising out of the employment by any Seller of any Employee except those which, individually or in the aggregate would not reasonably be expected to have a Material Adverse Effect.

(d) To Sellers' Knowledge, the Sellers have not incurred any liability or obligation under the WARN Act.

(e) To Sellers' Knowledge, except as set forth on **Schedule 4.21(e)**, the employment of each Employee of the Sellers is at-will. **Schedule 4.21(e)** lists all written (and, to Sellers' Knowledge, includes a summary of all legally binding oral) employment agreements currently in force to which any Seller is a party or by which it is bound. To Sellers' Knowledge, complete and correct copies of the agreements or arrangements listed and summarized on **Schedule 4.21(e)** have been provided or made available to the Buyer.

(f) To Sellers' Knowledge, Buyer has been provided a complete and accurate list of the Employees of the Business including job title, salary, other cash compensation entitlements, severance benefit entitlement, immigration status, and start date for seniority purposes.

(g) Attached as **Schedule 4.21(g)** is a complete and accurate list of incentive, retention, change in control or similar payment obligations that may become due either (i) upon the Closing or (ii) after the Closing, due to the occurrence of a Closing and another event such as termination of employment. A true and complete copy of each contract or plan document setting forth each such obligation has been made available to Buyer.

5. Buyer's Warranties and Representations. In addition to the representations and warranties contained elsewhere in this Agreement, Buyer hereby makes the following representations and warranties to Sellers:

5.1 Organization, Standing and Power. Buyer is a corporation duly organized, validly existing and in good standing under the laws of Delaware. Buyer has all requisite entity power and authority to own, lease and operate its properties, to carry on its business as now being conducted and to execute, deliver and perform this Agreement and all writings relating hereto. Buyer has the power and authority to execute, deliver and perform this Agreement.

5.2 Validity and Execution. This Agreement has been duly executed and delivered by Buyer and constitutes the valid and binding obligation of Buyer enforceable against it in accordance with its terms, except as may be limited by any bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer or other laws (whether statutory, regulatory or decisional), now or hereafter in effect, relating to or affecting the rights of creditors generally or by equitable principles (regardless of whether considered in a proceeding at law or in equity).

5.3 No Conflict. The execution, delivery and performance of this Agreement and all writings relating hereto by Buyer have been duly and validly authorized. The execution and delivery of this Agreement, the consummation of the transactions herein contemplated, and the performance of, fulfillment of and compliance with the terms and conditions hereof by Buyer do not and will not: (i) conflict with or result in a breach of the articles of incorporation or by-laws of Buyer or, if applicable, other organizational documents or agreements of Buyer; (ii) violate any statute, law, rule or regulation, or any order, writ, injunction or decree of any court or governmental authority; or (iii) violate or conflict with or constitute a default under any agreement, instrument or writing of any nature to which Buyer is a Party or by which Buyer or its assets or properties may be bound.

5.4 Litigation. To Buyer's knowledge, there is no material Litigation or investigation pending or threatened against or affecting the Buyer, before any court, arbitrator or governmental authority which, individually or in the aggregate, would prevent, or materially delay Buyer from consummating the transactions contemplated by this Agreement.

5.5 Financial Capability. Buyer (i) has, or has firm commitments for, as of the date hereof, and will have as of the Closing, sufficient funds to pay the Purchase Price and to assume the Assumed Liabilities, (ii) has, as of the date hereof, and will have as of the Closing, the resources and capabilities (financial or otherwise) to perform its obligations hereunder and (iii) has not, as of the date hereof, and will not have as of the Closing, incurred any obligation, commitment, restriction or liability of any kind which would impair or adversely affect such resources and capabilities.

5.6 Equity Commitment. Buyer has delivered to Sellers, concurrently with the execution hereof, an equity commitment from Sun Capital Partners V, L.P. to contribute or otherwise fund (or cause to be contributed or otherwise funded) to Buyer, at or prior to the Closing, directly or indirectly through one or more of its affiliates or other sources of funds, \$34,000,000 in immediately available funds, which commitment provides that Sellers shall be a third party beneficiary thereof.

6. "AS IS" Transaction. Buyer hereby acknowledges and agrees that, except only as provided in Section 4 above, Sellers makes no representations or warranties whatsoever, express or implied, with respect to any matter relating to the Property (including, without limitation, income to be derived or expenses to be incurred in connection with the Property, the physical condition of the Personal Property or Inventory, the environmental condition or other matter relating to the physical condition of any real property or improvements which are the subject of any Real Property Lease, the zoning of the real property or improvements which are the subject of any Real Property Lease, the value of the Property (or any portion thereof), the transferability

of the Property or any portion thereof, the terms, amount, validity, collectability or enforceability of the Accounts Receivable or any Assumed Liabilities or Lease or Contract, the merchantability or fitness of the Personal Property, the Inventory or any other portion of the Property for any particular purpose, whether the assignment of any Lease or Contract without the consent of the counterparties thereto or any Lease or Contract would constitute a breach or default under such Lease or Contract). Without in any way limiting the foregoing, Sellers hereby disclaim any warranty (express or implied) of merchantability or fitness for any particular purpose as to any portion of the Property. Buyer further acknowledges that Buyer has conducted an independent inspection and investigation of the physical condition of all portions the Property and all such other matters relating to or affecting or comprising the Property and/or the Assumed Liabilities (including, without limitation, those matters, if any, disclosed to Buyer pursuant to **Schedule 6** attached hereto and incorporated herein by this reference) as Buyer deemed necessary or appropriate and that in proceeding with its acquisition of the Property, Buyer is doing so based solely upon such independent inspections and investigations. Accordingly, Buyer will accept the Property at the Closing “AS IS,” “WHERE IS,” and “WITH ALL FAULTS.”

7. Operation Pending Closing.

7.1 Except (i) as otherwise expressly contemplated by this Agreement, (ii) with the prior written consent of Buyer, (iii) as prohibited or restricted by the Bankruptcy Code or the DIP Financing Agreements or DIP Order, or (iv) as described on **Schedule 7** attached hereto and incorporated herein by this reference, from the date hereof until the Closing Date, the Sellers shall: (a) conduct the Business in the usual and ordinary course in a manner substantially similar to the manner in which the Sellers have operated, consistent with past practice (including with respect to the payment of accounts payable of Sellers), (b) use commercially reasonable efforts to preserve intact the Business, to keep available the services of its current employees and agents and to maintain its relations and goodwill with its suppliers, customers, distributors and any others with whom or with which it has business relations, (c) maintain appropriate levels of Inventory (consistent with past practice), (d) not knowingly and voluntarily take or fail to take any action that if taken or omitted would give rise to a violation of a representation or warranty set forth in Section 4, (e) operate in compliance with Sellers contractual arrangements with the DIP Lenders and (f) not take any action inconsistent with this Agreement. In the event the Sellers suffer material damage or destruction of their property or assets, whether or not covered by insurance, or to their knowledge are not in material compliance with this Section 7, then notice of such event shall be promptly provided to Buyer in writing.

7.2 Sellers shall provide Buyer and Buyer’s counsel, accountants, lenders, employees and other representatives, during normal business hours from the Agreement Date until the Closing Date, reasonable access to the personnel, facilities, customers, vendors, all of the Acquired Assets and all of the liabilities of Sellers, including the organizational books and records of Sellers; provided, however, such access shall not materially interfere with the ongoing business operations of Sellers, and such access shall not include privileged communications, confidential information or information about any employee, the disclosure of which might violate such employee’s reasonable expectation of privacy or applicable law.

8. Other Covenants of the Parties.

8.1 Bankruptcy Court Approval.

8.1.1 Sellers and Buyer acknowledge that under the Bankruptcy Code, this Agreement and the sale of the Property are subject to Bankruptcy Court approval. Sellers acknowledge and agree that this Agreement represents the highest or otherwise best offer for the sale and purchase of the Property.

8.1.2 [Reserved].

8.1.3 [Reserved].

8.1.4 The parties shall determine the cure costs required to obtain the Approval Order (the “**Cure Costs**”) and attach the list of Cure Costs to this Agreement as a Schedule hereto by written amendment in accordance with the terms hereof. In the event that the Cure Costs as finally determined exceed \$250,000 (the “**Buyer’s Cure Threshold**”), the Sellers shall be required to pay the Cure Costs in excess of the Buyer’s Cure Threshold in an amount not to exceed \$1,200,000.00 in the aggregate (such amount, inclusive of the Cure Costs paid to Galls in connection with the assumption and assignment of the Other Contract described on Schedule 1.1.1-(iv) to which Galls is a party, the “**Sellers’ Cure Cap**”) and the Buyer shall be required to pay any Cure Costs in excess of such amount. Notwithstanding anything to the contrary contained herein, Buyer may, at its sole discretion, pay any Cure Costs for which the Seller is responsible pursuant to this Section 8.1.4 and deduct the amount of such payment from the Estimated Purchase Price.

8.2 Other Filings. Sellers and Buyer shall, if required in connection with the transactions contemplated hereby, (i) promptly take all actions necessary to make the filings required of it or its affiliates by any governmental or quasi-governmental entities (domestic and foreign), (ii) comply at the earliest practicable date with any request for additional information received by it or its affiliates from any governmental or quasi-governmental entities (domestic or foreign), (iii) cooperate with the other parties in connection with resolving any investigation or other inquiry concerning the transactions contemplated by this Agreement commenced by state attorneys general, and (iv) cooperate with the other parties in connection with any other party’s filing, (other than as provided for in subsection (iii) above) as may be required by any governmental or quasi-governmental entities (domestic or foreign). All fees required to be paid in connection with any filings hereunder shall be borne by the party incurring such expense.

8.3 Confidentiality. Following the Closing, Sellers agree to maintain, and shall cause those of their respective Affiliates over whom Sellers have control to maintain, unless disclosure is required by applicable law, the confidentiality of any information in the nature of trade secrets of the Business or other information that Sellers treated as proprietary in the ordinary course of their businesses (collectively, “**Proprietary Information**”) which is in Sellers’ or any of such respective Affiliates’ possession or control. While they remain in existence, Sellers hereby further agree, unless disclosure is required by applicable law or is otherwise necessary for sellers to effect their reorganization, to take all appropriate steps, consistent with Sellers’ past practice, and to cause each of such respective Affiliates to take all reasonable steps taking into account Sellers’ and such Affiliates’ financial condition and circumstances (and specifically excluding

any obligation to initiate, pursue or defend any action or proceeding of any kind in connection with the enforcement of any rights in connection therewith against any third party) to safeguard the Proprietary Information and to protect it against disclosure, misuse, espionage, loss and theft. In furtherance and not in limitation of the foregoing, Sellers shall not, and shall cause such Affiliates not to, unless required by applicable law, disclose to any Person any Proprietary Information regarding the Business, provided, that Proprietary Information shall not include information that becomes generally available to the public other than as a result of the breach of this Section 8.3 or information not otherwise known by the Sellers that becomes available to any Seller from a Person other than Buyer, provided, that Sellers shall be entitled to disclose (i) any information required or reasonably believed by the sellers to necessarily be disclosed by Sellers to the Bankruptcy Court, the United States Trustee, parties in interest in the Case or other Persons bidding on assets of Sellers, (ii) any information required to be disclosed by Sellers pursuant to any applicable law (including, without limitation, the Bankruptcy Code), legal proceeding or governmental authority, or (iii) any information to Sellers' counsel and financial advisor; provided, that, in each case, such disclosure shall be limited to the information that is so required or appropriate to be disclosed and the Person(s) to whom such disclosure is required. Notwithstanding anything in this Section 8.3 to the contrary, unless disclosure is required by applicable law, for so long as Sellers remain in existence, they shall maintain and cause the Affiliates over whom they exercise control to maintain the confidentiality of any trade secrets of the Business in their possession or control to the extent such trade secrets continue to be entitled to protection as trade secrets of the Business.

8.4 Name Change. Within ten (10) Business Days after the Closing, Sellers shall use commercially reasonable efforts to take all steps necessary to effect a change in their respective corporate names to remove the words "**Point Blank**" and "**Protective Apparel**" from such names.

8.5 Novation and Subcontract Agreements. Following the Closing, at the request of Buyer, but subject to the proviso set forth in this Section 8.5, Sellers shall, with the cooperation of Buyer and at Buyer's cost and expense, (a) present novation agreements necessary to transfer and assign the Government Contracts to the applicable governmental authorities for approval and provide such other information required under the FAR to the relevant contracting officers and (b) enter into subcontracting agreements or arrangements with Buyer to perform any and all operations and provide any and all goods, services and other performance obligations, including without limitation billing and accounting with respect thereto, under each Government Contract pursuant to each of such Government Contract's respective terms and conditions; provided, however, Sellers shall not be required to take any action or enter into any agreement pursuant to this Section 8.5 to the extent such action or agreement would expose Sellers to any liability for which they are not indemnified by Buyer or its Affiliates to their satisfaction.

## 9. Employee Matters.

9.1 Prior to the Closing, Buyer shall offer to employ, commencing immediately following the Closing, a sufficient number of all employees of Sellers (at salaries and compensation levels and on terms and conditions of employment applicable to their employment

by Buyer) so that Seller will not incur any liability under the Worker Adjustment and Retraining Notification Act, as amended, and any similar foreign, state or local law (the “WARN Act”) by reason of the consummation of the transactions contemplated herein. Such employees who become employees of Buyer shall be collectively referred to as the “Transferred Employees.”

9.2 To the extent permitted by the plans, Buyer shall give Transferred Employees full credit for purposes of eligibility and vesting and benefit accrual (other than benefit accrual under a defined benefit pension plan) under the employee benefit plans or arrangements maintained by the Buyer in which such Transferred Employees participate for such Transferred Employees’ service with the Sellers, to the same extent such service was recognized under similar Benefit Plans as of Closing.

9.3 With respect to any welfare benefit plans maintained by Buyer for the benefit of Transferred Employees on and after the Closing Date, to the extent permitted by the plans, Buyer shall (i) cause there to be waived any eligibility requirements or pre-existing condition limitations, and (ii) give effect, in determining any deductible and maximum out-of-pocket limitations, amounts paid by such Transferred Employees with respect to benefit plans heretofore maintained by the Sellers.

9.4 Buyer shall indemnify, defend and protect and save hold Seller and Seller’s affiliates, officers, directors, employees, representatives, agents, and shareholders harmless of, from and against for any losses, liabilities, claims, actions, causes of actions, penalties, fines, costs and expenses (including without limitation, all court costs and reasonable attorneys’ fees) suffered, incurred or arising under the WARN Act caused by Buyer’s failure to satisfy the requirements of Section 9.1 above.

9.5 Buyer shall provide group health plan continuation coverage, pursuant to the requirements of COBRA, to all Sellers’ employees, former employees of Sellers receiving group health plan continuation coverage from Sellers on the Closing Date, and former employees of Sellers who are in a COBRA-election period on the Closing Date, each only to the extent that such persons: (i) properly request such coverage; (ii) will not be hired by Buyer; and (iii) timely pay for such coverage.

## 10. Termination.

10.1 Methods of Optional Termination. This Agreement may be terminated at any time prior to the Closing Date:

10.1.1 [Reserved];

10.1.2 [Reserved];

10.1.3 by Buyer or Sellers, if either (A) the Bankruptcy Court hearing on Sellers’ motion seeking entry of the Approval Order is not held within seven (7) days following the auction described in the Bidding Procedures Order or (B) the Bankruptcy Court has not entered the Approval Order within three (3) Business Days following such hearing;



10.1.4 by Buyer or Sellers, if the Closing shall not have occurred by the close of business on the date that is five (5) Business Days after entry of the Approval Order (the “**Outside Date**”); provided, that if the Closing shall not have occurred on or before the Outside Date due to a breach of any material representations, warranties, covenants or agreements contained in this Agreement by a party hereto, then such party may not terminate this Agreement pursuant to this Section 10.1.4;

10.1.5 by Sellers and Buyer by mutual written consent;

10.1.6 (A) by Buyer, in the event of a Seller Material Breach; provided, that Buyer shall not have the right to terminate this Agreement under this Section 10.1.6(A) at a time when Buyer is in material breach of its obligations under this Agreement, and (B) by Sellers, in the event of a Buyer Material Breach; provided, that Sellers shall not have the right to terminate this Agreement under this Section 10.1.6(B) at a time when Seller is in material breach of its obligations under this Agreement;

10.1.7 by Buyer if Sellers enter into (or proposes, accepts or files with the Bankruptcy Court a motion, application or other request for approval regarding) an Alternative Transaction (other than a motion to approve the Back-Up Bid (as defined in the Bidding Procedures Order) in conjunction with the approval of this Agreement and the transactions contemplated hereby as the Successful Bid (as defined in the Bidding Procedures Order));

10.1.8 by Buyer, if a Chapter 11 Plan is filed in the Case by or with the support of Sellers or by any DIP Lender, the official committee of unsecured creditors in the Case or the official equity committee in the Case;

10.1.9 [Reserved].

10.1.10 by Buyer pursuant to Section 12.1;

10.1.11 by Buyer, upon the conversion of the Case to a Chapter 7 liquidation, the dismissal of the Case, or the appointment of a trustee or examiner with extended powers;

10.1.12 by Buyer or Sellers, by written notice to the other Parties if there shall be in effect an Order of a governmental authority of competent jurisdiction restraining, enjoining or otherwise prohibiting the consummation of the transactions contemplated hereby, or the Bankruptcy Court or another court of competent jurisdiction shall modify, rescind, stay or vacate the Approval Order; or

10.1.13 by Buyer, if the condition set forth in Section 3.2.8 is not satisfied.

10.2 [Reserved].

10.3 Notice of Termination. Notice of termination of this Agreement pursuant to Section 10.1 shall be given by the Party or Parties so terminating to the other Parties in writing in accordance with Section 12.4.

10.4 Effect of Termination. Upon termination of this Agreement, the Parties may abandon the transactions contemplated hereby and, to the extent practicable, shall withdraw all filings, applications and other submissions made pursuant to the transactions contemplated hereby from the governmental authority or Person to which made. Except as otherwise provided in this Section 10.4, upon termination of this Agreement, this Agreement shall cease to have any force or effect and the Parties under this Agreement shall cease to have any further obligations or liabilities under this Agreement. Notwithstanding the foregoing, all rights and obligations of any Party pursuant to Section 2.3.1 shall survive such termination unimpaired.

11. Definitions. As used in this Agreement:

“**Alternative Transaction**” means any agreement or transaction which involves the sale (in a single transaction or a series of transactions and whether pursuant to a cash bid or credit bid) of all or substantially all of the Property (as a going concern), or the issuance or sale (in a single transaction or a series of transactions) of all or substantially all of the equity interests, of Sellers or any of their successors, to any Person other than Buyer or a designee of Buyer. For the avoidance of doubt, the disposition of the Property in a liquidation, whether pursuant to a Chapter 7 proceeding or a Chapter 11 liquidating plan (a “**Liquidating Plan**”) or otherwise, shall not be deemed to be an “**Alternative Transaction**” for purposes of this Agreement.

“**Buyer Material Breach**” means any inaccuracy in any of Buyer’s representations or warranties contained in this Agreement or any breach of any of Buyer’s covenants or agreements contained in this Agreement which, individually or in the aggregate with all other such inaccuracies and breaches, (i) would result in a failure of a condition set forth in Section 3.1, and (ii) is either incapable of being cured or, if capable of being cured, is not cured in all material respects within the earlier of (x) fifteen (15) calendar days after written notice thereof and (y) the Outside Date.

“**Chapter 11 Plan**” means any Chapter 11 plan in the Case with respect to any of the debtors other than a Liquidating Plan.

“**Seller Material Breach**” means any inaccuracy in any of Sellers’ representations or warranties contained in this Agreement or any breach of any of Sellers’ covenants or agreements contained in this Agreement which, individually or in the aggregate with all other such inaccuracies and breaches, (i) would result in a failure of a condition set forth in Section 3.1, and (ii) is either incapable of being cured or, if capable of being cured, is not cured in all material respects within the earlier of (x) fifteen (15) calendar days after written notice thereof and (y) the Outside Date.

12. Miscellaneous.

12.1 Risk of Loss; Damage and Destruction; Condemnation. Sellers shall promptly notify Buyer of the occurrence of any material damage to or destruction of the Property that occurs prior to the Closing Date. In the event of any uninsured damage to or destruction of the Property prior to the Closing Date the cost of which to repair would total \$25,000 or less, then such damage or destruction shall have no effect whatsoever on the Consideration or Buyer’s or

Sellers' obligation to close. Should any uninsured damage or destruction to the Property occur prior to the Closing Date the cost of which to repair would total more than \$25,000 but less than \$150,000, then unless Sellers causes the same to be repaired and restored in all material respects prior to the Closing Date (in which case the Consideration shall be unaffected and the parties shall proceed with the Closing as though such damage, destruction or proceedings had never occurred or been initiated), Buyer's sole remedy shall be to receive a dollar-for-dollar reduction in the Purchase Price in an amount equal to the sum of (i) the cost of such repairs, less (ii) the amount of any insurance proceeds with respect thereto assigned to Buyer at the Closing, and consummate the transaction contemplated herein. If any uninsured damage or destruction to the Property occurs prior to the Closing Date the cost of which to repair would total \$150,000 or more, then irrespective of whether the same can be repaired and/or restored prior to the Closing Date, Buyer shall have the right and option to either (i) terminate the transaction contemplated herein, or (ii) elect to receive, as its sole and exclusive remedy by reason of such damage, destruction, a Purchase Price reduction in the amount of the cost of repair of the Property plus 10% of the Purchase Price and consummate the transaction contemplated herein as though the damage or destruction had never occurred or been initiated. In all other events or in the event that Buyer elects to consummate the purchase pursuant to clause (ii) above, (xx) all insurance or condemnation proceeds, including business interruption and rental loss proceeds, collected by or paid to Sellers prior to the Closing Date, shall be credited against the Purchase Price on Buyer's account or the Purchase Price shall be adjusted by an amount agreed between Buyer and Sellers, and (yy) all entitlement to all other insurance or condemnation proceeds arising out of such damage or destruction or proceedings and not collected prior to the Closing Date shall be assigned to Buyer at the Closing. Notwithstanding anything to the contrary in this Agreement, the risk of loss or damage to the Property shall unconditionally shift to the Buyer on the Closing Date. For avoidance of doubt, Buyer and Sellers intend that the provisions of this Section 12.1 shall control over any right or remedy to which the Buyer may otherwise be entitled under this Agreement by reason of the occurrence of any event subject to this Section 12.1.

12.2 Attorneys' Fees. In the event that either Party hereto brings an action or other proceeding to enforce or interpret the terms and provisions of this Agreement, the prevailing Party in that action or proceeding shall be entitled to have and recover from the non-prevailing Party all such fees, costs and expenses (including, without limitation, all court costs and reasonable attorneys' fees) as the prevailing Party may suffer or incur in the pursuit or defense of such action or proceeding.

12.3 Reasonable Access to Records and Certain Personnel. In order to facilitate Sellers' efforts to manage, exploit and dispose of the Excluded Assets (including, without limitation, Sellers' pursuit and defense of pending litigation and Claims included among the Excluded Assets) and administer and close the Case (including, without limitation, the preparation of filings in the Case and state, local and federal tax returns and other filings, reconciliation of claims filed in the Case, removal of corporate and other records and information relating or belonging to entities other than Sellers), for a period of three (3) years following the Closing, (i) the Buyer shall permit Sellers' counsel and other professionals and counsel for any successor to Sellers and its respective professionals (collectively, "**Permitted Access Parties**") reasonable access to the financial and other books and records relating to the Property or the

Business and the systems containing such information, books and records, which access shall include (xx) the right of such Permitted Access Parties to copy or remove, as applicable, at such Permitted Access Parties' expense, such documents and records as they may request in furtherance of the purposes described above, and (yy) Buyer's generating, copying and delivering to the relevant Permitted Access Parties such reports (using historical information concerning Sellers' pre-Closing activities and operation of the Business) documents or records as they may request, but only to the extent such Permitted Access Parties furnish Buyer with reasonably detailed written descriptions of the materials to be so copied and the applicable Permitted Access Party reimburses the Buyer for the reasonable costs and expenses thereof, and (ii) Buyer shall provide the Permitted Access Parties (at no cost to the Permitted Access Parties, except to the extent that such requested access is more than occasional and de minimis) with reasonable access during regular business hours to such Transferred Employees as Sellers may hereafter designate in writing, to assist Sellers and the other Permitted Access Parties in their post-Closing activities (including, without limitation, preparation of tax returns), provided, in the case of each of (i) and (ii) above, that such access does not unreasonably interfere with the Buyer's business operations.

12.4 Notices. Unless otherwise provided herein, any notice, tender, or delivery to be given hereunder by any Party to the other may be effected by personal delivery in writing, or by registered or certified mail, postage prepaid, return receipt requested or by facsimile, and shall be deemed communicated as of the date of mailing or facsimile transmission (with answer back confirmation of such transmission). Mailed notices shall be addressed as set forth below, but each Party may change his address by written notice in accordance with this Section 12.4.

To Sellers:	Point Blank Solutions, Inc. 2102 SW 2nd Street Pompano Beach, Florida 33069 Attn: T. Scott Avila, Jim Henderson and Cooper Crouse Chief Restructuring Officer Facsimile: (310) 919-3751
With a copy to:	Pachulski Stang Ziehl & Jones LLP 919 North Market Street, 17th Floor Wilmington, Delaware 19899 Attn: Laura Davis Jones, Esq. Facsimile: (302) 652-4400
To Buyer:	Point Blank Enterprises, Inc. c/o Sun Capital Partners V, L.P. 5200 Town Center Circle, Suite 600 Boca Raton, Florida 33486 Attn: Jason H. Neimark, G. Brian McGee and C. Deryl Couch Facsimile: (561) 394-0540
With a copy to:	Kirkland & Ellis LLP

300 North LaSalle Street  
Chicago, Illinois 60654  
Attn: Douglas C. Gessner, P.C. and  
Jeremy S. Liss

12.5 Entire Agreement. This instrument and the documents to be executed pursuant hereto contain the entire agreement between the Parties relating to the sale of the Property. Any oral representations or modifications concerning this Agreement or any such other document shall be of no force and effect excepting a subsequent modification in writing, signed by the Party to be charged.

12.6 Modification. This Agreement may be modified, amended or supplemented only by a written instrument duly executed by all the Parties hereto.

12.7 Closing Date. All actions to be taken on the Closing pursuant to this Agreement shall be deemed to have occurred simultaneously, and no act, document or transaction shall be deemed to have been taken, delivered or effected until all such actions, documents and transactions have been taken, delivered or effected.

12.8 Severability. Should any term, provision or paragraph of this Agreement be determined to be illegal or void or of no force and effect, the balance of the Agreement shall survive.

12.9 Captions. All captions and headings contained in this Agreement are for convenience of reference only and shall not be construed to limit or extend the terms or conditions of this Agreement.

12.10 Further Assurances. Each Party hereto will execute, acknowledge and deliver any further assurance, documents and instruments reasonably requested by any other Party for the purpose of giving effect to the transactions contemplated herein or the intentions of the Parties with respect thereto; provided that nothing herein shall be deemed to require any Party to execute or deliver any such further assurance, document or instrument to the extent that the same could in any material way increase the burdens, obligations or liabilities otherwise imposed upon such Party by this Agreement.

12.11 Waiver. No waiver of any of the provisions of this Agreement shall be deemed, or shall constitute, a waiver of other provisions, whether or not similar, nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the Party making the waiver.

12.12 Brokerage Obligations. Sellers and the Buyer each represent and warrant to the other that, other than any success fee to which CRG Partners (the "**Broker**") may be entitled in connection with the consummation of the transactions contemplated herein (which is not an Assumed Liability and shall be handled and paid by Sellers), such Party has incurred no liability to any broker or agent with respect to the payment of any commission or other compensation regarding the consummation of the transaction contemplated hereby. It is agreed that if any

claims for commissions, fees or other compensation, including, without limitation, brokerage fees, finder's fees, or commissions are ever asserted against Buyer or Sellers in connection with this transaction by any party other than the Broker (for whose commission or other compensation Sellers shall be solely responsible), all such claims shall be handled and paid by the Party whose actions form the basis of such claim and such Party shall indemnify, defend (with counsel reasonably satisfactory to the Party entitled to indemnification), protect and save and hold the other harmless from and against any and all such claims or demands asserted by any person, firm or corporation in connection with the transaction contemplated hereby.

12.13 Payment of Fees and Expenses. Except as provided in Section 12.2 above, each Party to this Agreement shall be responsible for, and shall pay, all of its own fees and expenses, including those of its counsel, incurred in the negotiation, preparation and consummation of the Agreement and the transaction described herein.

12.14 Survival. The respective representations and warranties of Buyer and Sellers under this Agreement shall lapse and cease to be of any further force or effect effective upon the Closing. Except as provided in the immediately preceding sentence, the covenants and agreements of Sellers and Buyer herein, or in any certificates or other documents delivered prior to or at the Closing, shall not be deemed waived or otherwise affected by the Closing.

12.15 Assignments. This Agreement shall not be assigned by any Party hereto without the prior written consent of the other Party hereto, which consent the Parties may grant or withhold in their sole and absolute discretion; provided, that the Buyer shall be permitted, without Sellers' consent, to assign its right to purchase all or any portion of the Property to any one or more directly or indirectly wholly-owned subsidiaries of the Buyer; provided, further, that the Buyer or such assignee(s) may pledge this Agreement and the rights of the Buyer hereunder to a lender or other financing source as collateral security for loans made to the Buyer or such assignee(s).

12.16 Binding Effect. Subject to the provisions of Section 12.15, above, this Agreement shall bind and inure to the benefit of the respective heirs, personal representatives, successors, and assigns of the Parties hereto, including, without limitation, any chapter 11 trustee hereinafter appointed in the Case or any trustee appointed in a chapter 7 case if the Case is converted from chapter 11.

12.17 Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware.

12.18 Good Faith. All Parties hereto agree to do all acts and execute all documents required to carry out the terms of this Agreement and to act in good faith with respect to the terms and conditions contained herein before and after Closing.

12.19 Construction. In the interpretation and construction of this Agreement, the Parties acknowledge that the terms hereof reflect extensive negotiations between the Parties and that this Agreement shall not be deemed, for the purpose of construction and interpretation, drafted by either Party hereto.

12.20 Counterparts. This Agreement may be signed in counterparts. The Parties further agree that this Agreement may be executed by the exchange of facsimile signature pages provided that by doing so the Parties agree to undertake to provide original signatures as soon thereafter as reasonable in the circumstances.

12.21 Bankruptcy Court Jurisdiction. **THE PARTIES AGREE THAT IF ANY DISPUTE ARISES OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR ANY OF THE DOCUMENTS EXECUTED HEREUNDER OR IN CONNECTION HERewith, THE BANKRUPTCY COURT SHALL HAVE EXCLUSIVE PERSONAL AND SUBJECT MATTER JURISDICTION AND SHALL BE THE EXCLUSIVE VENUE TO RESOLVE ANY AND ALL DISPUTES RELATING TO THE TRANSACTION CONTEMPLATED BY THIS AGREEMENT. SUCH COURT SHALL HAVE SOLE JURISDICTION OVER SUCH MATTERS AND THE PARTIES AFFECTED THEREBY AND BUYER AND SELLER EACH HEREBY CONSENT AND SUBMIT TO SUCH JURISDICTION.**

12.22 Time is of the Essence. Time is of the essence in this Agreement, and all of the terms, covenants and conditions hereof.

12.23 Interpretation and Rules of Construction. In this Agreement, except to the extent that the context otherwise requires:

12.23.1 when a reference is made in this Agreement to an Article, Section, Exhibit or Schedule, such reference is to an Article or Section of, or an Exhibit or a Schedule to, this Agreement unless otherwise indicated;

12.23.2 the headings and captions used in this Agreement are for reference purposes only and do not affect in any way the meaning or interpretation of this Agreement;

12.23.3 whenever the words “include,” “includes” or “including” are used in this Agreement, they are deemed to be followed by the words “without limitation”;

12.23.4 the words “hereof,” “herein” and “hereunder” and works of similar import, when used in this Agreement, refer to this Agreement as a whole and not to any particular provision of this Agreement;

12.23.5 all terms defined in this Agreement have the defined meanings when used in any certificate or other document made or delivered pursuant hereto, unless otherwise defined therein;

12.23.6 the definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms;

12.23.7 any law defined or referred to herein or in any agreement or instrument that is referred to herein means such law or statute as from time to time amended, modified or supplemented, including by succession of comparable successor laws;



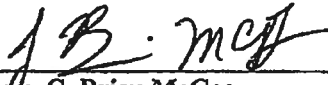
12.23.8 references to a person are also to its permitted successors and assigns;  
and

12.23.9 the use of “or” is not intended to be exclusive unless expressly indicated  
otherwise.

In Witness Whereof, Buyer and Sellers have executed this Asset Purchase Agreement as of the day and year first above written.

**BUYER:**

**Point Blank Enterprises, Inc., a  
Delaware corporation**


By:   
Name: G. Brian McGee  
Its: Vice President

[Signatures for the Asset Purchase Agreement continued on next page]


[Signatures for the Asset Purchase Agreement continued from prior page]

**SELLERS:**


**Point Blank Solutions, Inc., a Delaware corporation and Debtor and Debtor in Possession**

By:   
Name: C. Scott Avila  
Its: C.S.O.

**Point Blank Body Armor, Inc., a New York corporation and Debtor and Debtor in Possession**

By:   
Name: C. Scott Avila  
Its: C.S.O.


**Protective Apparel Corporation of America, a Delaware corporation and Debtor and Debtor in Possession**

By:   
Name: C. Scott Avila  
Its: C.S.O.

[Signatures for the Asset Purchase Agreement continued from prior page]

**THE UNDERSIGNED IS JOINING IN THIS AGREEMENT FOR THE SOLE AND EXCLUSIVE PURPOSE OF AGREEING TO TRANSFER ITS RIGHT, TITLE AND INTEREST IN AND TO THE PROPERTY, IF ANY, TO BUYER AT THE CLOSING:**

**PBSS, LLC, a Delaware limited liability company and Debtor and Debtor in Possession**

By:   
Name: T. Scott Austin  
Its: CEO

**POINT BLANK ENTERPRISES, INC.**

**5200 Town Center Circle, Suite 600**

**Boca Raton, Florida 33486**

SS Body Armor, Inc. I  
SS Body Armor, Inc. II  
SS Body Armor, Inc. III  
2102 SW 2nd Street  
Pompano Beach, Florida 33069  
Attn: T. Scott Avila, Jim Henderson and  
Cooper Crouse, Chief Restructuring Officer

RE: Assignment of Contracts

Dear Messrs. Avila, Henderson and Crouse:

This letter agreement (this "Agreement") is made as of April 10, 2012 by and among Point Blank Enterprises, Inc., a Delaware corporation (the "Buyer"), on the one hand, and SS Body Armor, Inc. I, a Delaware corporation f/k/a Point Blank Solutions, Inc., a Delaware corporation ("PB"), SS Body Armor, Inc. II, a Delaware corporation f/k/a Point Blank Body Armor, Inc. ("PB Armor"), and SS Body Armor, Inc. III, a New York Corporation f/k/a Protective Apparel Corporation of America, a New York corporation ("PACA" and collectively with PB and PB Armor, the "Sellers"). Capitalized terms used but not otherwise defined herein shall have the meaning ascribed to such terms in the Purchase Agreement (as defined below). Reference is made to that certain Asset Purchase Agreement, dated as of October 27, 2011, by and between Buyer and Sellers (the "Purchase Agreement").

Buyer and Sellers acknowledge and agree that the government contracts set forth on Appendix I, attached hereto, were intended by the parties to be set forth on Schedule 1.1.1-(iii) to the Purchase Agreement but were, in fact, omitted from the schedules altogether. To correct this clerical error, Buyer and Sellers hereby acknowledge and agree that each government contract listed on the attached Appendix I shall be treated as having been listed on Schedule 1.1.1-(iii) as of, and at all times after, the date of execution of the Purchase Agreement, including, for the avoidance of doubt, for purposes of that certain Assignment and Assumption of Leases and Contracts, by and between Sellers and Buyer, dated as of October 31, 2011.

\* \* \* \* \*

IN WITNESS WHEREOF, each of the undersigned has caused this Agreement to be executed by the signature of its duly authorized officer as of the date above first written.

**BUYER:**

**POINT BLANK ENTERPRISES, INC.**

By: Tom Steffen  
Name: Tom Steffen  
Its: CFO

**SELLERS:**

**SS BODY ARMOR, INC. I**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

**SS BODY ARMOR, INC. II**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

**SS BODY ARMOR, INC. III**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

IN WITNESS WHEREOF, each of the undersigned has caused this Agreement to be executed by the signature of its duly authorized officer as of the date above first written.

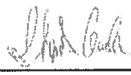
**BUYER:**

**POINT BLANK ENTERPRISES, INC.**

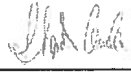
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

**SELLERS:**


**SS BODY ARMOR, INC. I**

By:  \_\_\_\_\_  
Name: T. Scott Avila \_\_\_\_\_  
Its: CRO \_\_\_\_\_

**SS BODY ARMOR, INC. II**

By:  \_\_\_\_\_  
Name: T. Scott Avila \_\_\_\_\_  
Its: CRO \_\_\_\_\_

**SS BODY ARMOR, INC. III**

By:  \_\_\_\_\_  
Name: T. Scott Avila \_\_\_\_\_  
Its: CRO \_\_\_\_\_

CC: Pachulski Stang Ziehl & Jones LLP  
919 North Market Street, 17th Floor  
Wilmington, Delaware 19899  
Attn: Laura Davis Jones, Esq.





Name of other parties to lease (as applicable)	Counterparty (as applicable)	Address	Real Property Lease or Premise Address	Real Property Lease	Equip Lease	Supply	Customer	Benefits	Maintenance	Professional	Other
WCSA Contract 1497 - Oregon	Point Blank Solutions, Inc.	DAS-SSD State Procurement Office, 1225 Ferry Street Salem, OR 97301	N/A								X