

SIG SAUER, INC.

STANDARD TERMS AND CONDITION FOR PURCHASE ORDERS

I. OFFER, ACCEPTANCE AND NOTIFICATION

- A. This Purchase Order together with these Standard Terms and Conditions for Purchase Orders is an offer to Seller by Purchaser (Sig Sauer, Inc.) to enter into an Agreement (hereinafter, collectively the Agreement). Seller shall accept this Purchase Order either in writing, upon the commencement of any work, or by performance of any service or shipment of Goods (as defined in a Purchase Order or elsewhere herein), any of which shall constitute Seller's acceptance of all of the terms and conditions contained herein.
- B. ACCEPTANCE IS EXPRESSLY LIMITED TO THE TERMS OF THIS PURCHASE ORDER. ANY ADDITIONS OR MODIFICATIONS PROPOSED BY SELLER TO THE PURCHASE ORDER OR THESE STANDARD TERMS AND CONDITIONS ARE EXPRESSLY REJECTED BY PURCHASER AND SHALL NOT BECOME PART OF THE PURCHASE ORDER IN THE ABSENCE OF AN AGREEMENT IN WRITING SIGNED BY AN AUTHORIZED REPRESENTATIVE OF PURCHASER.**
- C. Purchaser reserves the right in its sole discretion to purchase certain services, goods and materials (as defined elsewhere herein) which are subject to this Purchase Order from its previous supplier(s) in order to phase out prior Purchase Order(s).
- D. The relevant affirmative action requirements of Executive Order 11246, the Rehabilitation Act of 1973, the Vietnam Era Veterans Readjustment Act of 1974, and the Veteran's Employment Opportunity Act of 1998 (VEOA) and the implementing rules and regulations are incorporated by reference.

II. DELIVERY

Seller shall provide all of the goods, materials, parts, labor and/or services (hereinafter collectively "goods and materials") identified in the Purchase Order. Delivery shall be made in the quantities and at the times specified in Purchaser's release(s), and Seller shall adhere to all shipping directions specified in Purchaser's release(s). Purchaser shall have the right to reject any goods and materials delivered to Purchaser, which are in excess of the quantities specified in Purchaser's release(s). Purchaser may change the rate or time of scheduled shipments or direct temporary suspension of scheduled shipments, neither of which shall entitle Seller to a modification of the price of the goods and materials covered by this Purchase Order.

III. ESTIMATED QUANTITIES (IF APPLICABLE)

Both Seller and Purchaser stipulate and agree that at the time of the issuance of this Purchase Order, Purchaser does not know nor can it realistically know, the exact quantities of the goods and materials which Seller shall be required to provide; however, Seller warrants and represents that it has received from Purchaser, a good faith estimate of the quantity of the goods and materials (hereinafter "Purchaser's estimate" or "estimate") that may be required pursuant to this Purchase Order.

(a) If the quantities of the goods and materials actually ordered exceed Purchaser's estimate by 30% or less (as to each individual part identified in the estimate), then such overage shall be deemed reasonable and Seller shall supply the overage of the goods and materials as to each part at the same price as provided in this Purchase Order and Seller shall not be entitled to any price increase.

(b) If the quantities of the good and materials actually ordered exceed Purchaser's estimate by more than 30% per part (each part being identified in the estimate), then Seller shall have a right of first refusal to supply the goods and materials for said part(s) that exceed the estimates by more than 30%, at the same price as contained in the Purchase Order. If Seller declines, for any reason, to supply the goods and materials that exceed the estimates by more than 30% as referenced herein, Purchaser shall then be free to obtain or purchase said goods and materials from a third-party without any further obligation or liability to Seller.

(c) If the quantities of the goods and materials actually ordered by Purchaser are less than those contained in Purchaser's estimate (as to each part identified in Purchaser's estimate), Purchaser shall have no liability to Seller and said "under-ordering" shall be deemed to be made in good faith.

IV. PREMIUM SHIPMENTS

Premium shipping expenses and/or other related expenses necessary to meet the release(s) shall be Seller's sole responsibility.

V. RISK OF LOSS

Notwithstanding any Purchase Order term concerning payment of freight expenses, delivery shall not have occurred and the risk of loss shall not have shifted to Purchaser until the goods and materials are delivered to Purchaser's applicable facility and have been accepted at that facility.

VI. PACKAGING AND SHIPPING

- A. Packaging must conform to all federal, state and local regulations with regard to the storage and/or transportation of the goods and materials.
- B. Packaging design and construction must provide adequate protection for the goods and materials and Seller shall deliver defect free goods and materials to the Purchaser. Purchaser will assume no responsibility for the Seller's packaging design or performance.

C. Seller agrees:

1. To properly pack, mark and ship the goods and materials in accordance with the requirements of Purchaser.
2. To make no charges for handling, packaging, storage, transportation (including duties, taxes, fees, etc.) or delays unless otherwise provided for in this Purchase Order.
3. To provide with each shipment the appropriate documents (including, but not limited to, the bill of lading) showing the order number, amendment or release number, Purchaser's part number, Seller's part number where applicable, quantities of pieces in shipment, Seller's name and vendor number, if any.

VII. CHANGES AND/OR MODIFICATIONS

Purchaser reserves the right, at any time, to direct changes or cause Seller to make changes to drawings, requirements and/or specifications of the goods and materials or otherwise change the scope of the work covered by this Purchase Order, including work with respect to such matters as inspection, testing or quality control, and Seller agrees to promptly make such changes. Any difference in price or time for performance resulting from such changes shall be equitably adjusted by Purchaser after receipt of documentation in such form and detail as Purchaser may direct. Seller shall have ten (10) days from the first date it was notified of the required changes to provide Purchaser with notice if the change will cause a price or time of delivery increase and/or decrease. If Purchaser does not receive notice of a requested change in price or time of delivery from Seller within the aforementioned ten (10) days, all changes and/or modifications will be made without any adjustment to either the price or the delivery schedule.

VIII. CANCELLATION AND TERMINATION

- A. Cancellation: Purchaser reserves the right to cancel some or all of the goods and materials covered by this Purchase Order without liability to Purchaser if Seller (i) does not make deliveries as specified in this Purchase Order and related release(s); (ii) delivers nonconforming or defective goods and materials; (iii) fails to make progress so as to endanger the performance of Purchaser's work; (iv) does not correct any failure to perform within ten (10) days after receipt of written notice from Purchaser specifying such failure; (v) if Seller breaches any of the terms and conditions contained herein or in Purchaser's release(s); or (vi) if Purchaser's customer(s) cancels or modifies some or all of its parts and/or purchase order(s) with Purchaser
- B. Termination: In addition to any other rights of Purchaser to terminate this Purchase Order, Purchaser may, at its option, immediately terminate all or any part of this Purchase Order at any time and for any reason by giving written notice to Seller.

- C. Upon termination under this Paragraph, Purchaser shall pay to Seller the following amounts without duplication:
 - 1. The Purchase Order price for all completed goods and materials delivered to Purchaser which conform to the requirements of this Purchase Order and not previously paid for; and
 - 2. Seller's reasonable actual cost for the goods and materials that are in the "firm" or "fabrication" stage as identified in Purchaser's release(s).

- D. Purchaser shall not be liable for and shall not be required to make payments to Seller directly or on account of claims by Seller's subcontractors or suppliers for any alleged losses or costs whether denominated as loss of anticipated profit, unabsorbed overhead, interest on claims, product or materials development or engineering costs, facilities and equipment rearrangement costs or rental, unamortized appreciation costs, general and administrative burden charges resulting from any changes or termination of this Purchase Order.

- E. Within twenty (20) days after the effective date of termination under this section, Seller shall furnish to Purchaser its termination claim together with all supporting data, which shall consist exclusively of the items of Purchaser's obligation to Seller that are listed in subsection C above. Purchaser may audit Seller's records before or after payment to verify the amounts requested in Seller's termination claim.

- F. Purchaser may immediately terminate this Purchase Order without any liability to Seller in the event of the occurrence of any of the following or any other similar or comparable events:
 - 1. Insolvency of Seller;
 - 2. Filing of a voluntary petition in bankruptcy by Seller;
 - 3. Filing of an involuntary petition in bankruptcy against Seller;
 - 4. Appointment of a receiver or trustee for Seller; or
 - 5. Execution of an assignment for the benefit of creditors of Seller, provided that such petition, appointment or assignment if made or filed involuntarily against Seller is not vacated or nullified within fifteen (15) days of such event.

IX. INSPECTION

Purchaser shall have the right to enter Seller's facilities at reasonable times to inspect the facilities and/or the goods and materials covered by this Purchase Order. Purchaser's inspection of the goods and materials prior to delivery at Seller's facility shall not constitute acceptance of any of the goods and materials.

X. NONCONFORMING SERVICES, GOODS, AND MATERIALS

Purchaser, at its option, may reject and return at Seller's risk and expense, or retain and correct, any goods and materials (including goods and materials originally supplied to Seller and upon which services have been performed) that fail to conform to the requirements of this Purchase

Order and related release(s), even if the nonconformity does not become apparent to Purchaser until the manufacturing or processing stage of its operation. To the extent Purchaser rejects the goods and materials as nonconforming, the estimated quantities shall not be reduced by the quantity of nonconforming goods and materials unless Purchaser otherwise notifies Seller in writing. Seller shall immediately replace the nonconforming goods and materials with conforming goods and materials unless otherwise notified in writing by Purchaser. Nonconforming goods and materials will be held by Purchaser for disposition in accordance with Seller's written instructions at Seller's risk. Seller's failure to provide written instructions within ten (10) days (or such shorter period as may be commercially reasonable under the circumstances) after notice of nonconformity, shall entitle Purchaser, at Purchaser's option, to charge Seller for storage and handling or to dispose of the goods and materials without liability to Purchaser. In the event that Seller instructs Purchaser, or Purchaser at its option decides, to return the non-conforming goods to Seller, Seller shall ensure that all such returned goods which are either (i) delivered to Purchaser's specification or (ii) which bear Purchaser's trademarks or other identifying marks, are not disposed of in any way without first being destroyed in a manner that would not allow such goods to be used for their intended purpose and such that any Purchaser trademarks or other identifying marks are obliterated.

In the event of any rejection and return, or retention and correction, of nonconforming goods, Seller shall reimburse Purchaser for:

- (a) All amounts paid by Purchaser on account of and for the purchase price of any returned, nonconforming goods and materials within ten (10) days after a debit memo for the amounts paid has been issued by Purchaser;
- (b) All costs of any goods or materials supplied to Seller upon which services were performed by Seller, and which are delivered by Seller in a nonconforming condition following Seller's performance of the services, within ten (10) days after a debit memo for the amounts paid has been issued by Purchaser;
- (c) All costs incurred by Purchaser in connection with the nonconforming goods and materials including, but not limited to, inspection, sorting, testing, evaluation, storage, rework or disposal, within ten (10) days after a debit memo for the cost has been issued by Purchaser;
- (d) All costs of obtaining "cover" goods and materials to replace the rejected or nonconforming goods and materials provided by Seller; also, the cost of obtaining "cover goods if Seller fails to supply the goods and materials pursuant to Purchaser's release(s). Cover as used herein is defined under the Uniform Commercial Code as adopted by the State of New Hampshire in RSA 382-A:2712 et seq., as amended. Payment for the "cover" goods and materials shall be made by Seller within ten (10) days after a debit memo for said cost has been issued by Purchaser.

XI. WARRANTY

Seller expressly warrants that all goods and materials covered by this Purchase Order will conform to the specifications, drawings, samples, or descriptions furnished by Purchaser. In addition, Seller acknowledges that it knows of Purchaser's intended use of the goods and materials and expressly warrants that all goods and materials covered by this Purchase Order based upon Purchaser's intended use will be fit and sufficient for the particular purpose intended by Purchaser.

XII. GOVERNMENT REGULATIONS

In performance of work under this Purchase Order, Seller agrees to:

- (a) Comply with all applicable federal, state or local laws, rules, regulations or ordinances, and
- (b) Satisfy all government safety and environmental regulations with regards to toxic and hazardous materials.
- (c) Seller is advised that material and data associated with this purchase order may be subject to the International Traffic in Arms Regulation (ITAR). Seller agrees to obtain appropriate licensing for any and all ITAR covered products and data transferred to foreign persons.

XIII. SETOFF

In addition to any right of setoff or recoupment provided by law, all amounts due Seller shall be considered net of indebtedness or obligations of Seller to Purchaser, and Purchaser may setoff against or recoup from any amount due or which may become due from Seller to Purchaser.

XIV. PURCHASER'S PROPERTY:

- A. Title to any and all property furnished by Purchaser at no extra charge to Seller in connection with this Purchase Order shall at all times vest in Purchaser, and Seller assumes all liability for loss of or Seller's failure to return such property to Purchaser upon request.
- B. Purchaser holds title to all tools, models, forms, patterns, dies, jigs and fixtures and test equipment ("tools and test equipment") unique to Purchaser's products, and any other tools and test equipment identified in a purchase order. When temporary possession of these items are given to Seller, it shall use these items only for production of Purchaser's parts and shall keep these items in good working condition and shall insure them for the benefit of Purchaser at Seller's expense and shall return them on Purchaser's demand.

- C. Seller shall, at Purchaser's request, provide an inventory listing of all Purchaser's property, tools and test equipment, which is subject to audit by Purchaser.

XV. MODIFICATION OF PURCHASER'S STANDARD TERMS AND CONDITIONS FOR PURCHASE ORDERS.

- A. These Terms and Conditions may be amended from time to time by Purchaser and shall apply to all existing Purchase Orders and for the purchase of Goods from Seller as applicable and as described on the face of each Purchase Order. The term "Goods" as defined in this Section XV shall include without limitation raw materials, components, parts, intermediate assemblies, end products and all services.
- B. Each Purchase Order, including all amendments shall incorporate these Terms and Conditions and shall apply to each Purchase Order as amended or modified in its entirety. These Terms and Conditions and any amendments thereto are available and may be reviewed at www.sigsauer.com. Purchaser may modify these Terms and Conditions at any time by posting notice of such modifications or new Terms and Conditions on the aforementioned corporate website. Seller's continued performance under the Purchase Order without providing written notice to Purchaser of Seller's objections to any modifications or changes to the Terms and Conditions within ten (10) days after any written and/or electronic notice by Purchaser to Seller of such modifications or changes will be subject to and constitute Seller's acceptance of such modifications and/or changes to the Terms and Conditions.
- C. No exception to, deviation from or waiver of these Terms and Conditions shall be valid or binding on Purchaser unless specified in a written document executed by an authorized officer of Purchaser.

XVI. MISCELLANEOUS

- A. **Entire Agreement No Oral Modification:** This Purchase Order constitutes the entire agreement by and between the parties and supersedes any and all prior understandings, representations, warranties or agreements (whether oral or in writing) pertaining to the subject matter of this Purchase Order. No oral agreements, understandings or representations shall change, modify or amend (collectively "amend") any part of this Purchase Order which may only be amended in writing and executed by all the parties hereto.
- B. **Counterparts:** This Purchase Order may be executed in any number of counterparts, each of which shall be deemed an original, and all of which when taken together shall constitute one and the same instrument.
- C. **Governing Law:** This Purchase Order shall be construed and governed in accordance with the domestic laws of the State of New Hampshire without giving effects to the principles of conflict of law.

- D. **Attorney's Fees:** In any action or proceeding to enforce any rights or provision(s) of this Purchase Order, the prevailing party shall be entitled to recover its actual legal fees and expenses.

- E. **No Waiver of Rights:** No failure or delay on the part of any party hereto in the exercise of any power or right hereunder shall operate as a waiver of such power or right with respect to any other term, provision or condition hereof, and all rights and remedies hereunder are cumulative and shall not be deemed exclusive of any other rights or remedies provided by law.

- F. **Time is of the Essence:** Time is of the essence regarding the terms and conditions of this Purchase Order.