

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

Current report filing

Filing Date: 2009-10-30 | Period of Report: 2009-10-29  
SEC Accession No. 0000921895-09-002667

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FILER

**POINT BLANK SOLUTIONS, INC.**

CIK: **899166** | IRS No.: **113129361** | State of Incorpor.: **DE** | Fiscal Year End: **1231**  
Type: **8-K** | Act: **34** | File No.: **001-13112** | Film No.: **091148998**  
SIC: **3842** Orthopedic, prosthetic & surgical appliances & supplies

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): October 29, 2009

**POINT BLANK SOLUTIONS, INC.**

(Exact name of registrant as specified in its charter)

Delaware	001-13112	11-3129361
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)
2102 SW 2nd Street, Pompano Beach, Florida		33069
(Address of principal executive offices)		(Zip Code)

Registrant's telephone number, including area code: (954) 630-0900

N/A

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**Item 1.01. Entry into a Material Definitive Agreement.**

On October 29, 2009, Protective Apparel Corporation of America, Point Blank Body Armor, Inc. and Life Wear Technologies, Inc. (collectively, the “Borrowers”), each a subsidiary of Point Blank Solutions, Inc. (the “Company”), and the Company entered into a Sixteenth Amendment (the “Sixteenth Amendment”) to that certain Amended and Restated Loan and Security Agreement, dated as of April 3, 2007 (the “Loan Agreement”), by and among the Borrowers, as borrowers, the Company, as guarantor, and Bank of America, N.A. (as successor by merger to LaSalle Business Credit, LLC) (“Bank of America”), as administrative agent and collateral agent for itself and all other lenders party to the Loan Agreement. The Loan Agreement provides the Borrowers with financing through a revolving credit line (the “Revolving Loan”) and a term loan (the “Term Loan”).

Pursuant to the Sixteenth Amendment, Bank of America agreed to, among other things, (i) permit the Borrowers to resume borrowing under the Revolving Loan, which now provides for maximum borrowings of \$15 million through January 29, 2010, \$10 million from January 30, 2010 to February 11, 2010, and \$5 million from February 12, 2010 to April 3, 2010, its maturity date, and (ii) increase borrowings under the Term Loan from \$6 million to \$10 million and extend its maturity date to April 3, 2010. The Sixteenth Amendment also, among other things, (i) restated the Borrowers’ financial covenants under the Loan Agreement (which include maximum capital expenditure, minimum EBITDA, minimum net worth and minimum availability requirements), and (ii) increased the interest rate on the Revolving Loan and the Term Loan to the base rate plus 4.00%. In connection with the Sixteenth Amendment, the Borrowers paid Bank of America an amendment fee of \$200,000, and will be obligated to pay Bank of America an additional \$150,000 fee if certain conditions are not met by the Borrowers and the Loan Agreement is not terminated prior to January 31, 2010.

The Term Loan remains supported by a third party guarantee (the “Guarantee”). In connection with the Guarantee, the Borrowers and the Company executed a subordinated note (the “Subordinated Note”) for the benefit of the guarantor in the amount of the lesser of (i) \$10 million, or (ii) such amount as may be advanced by the guarantor to Bank of America on behalf of the Borrowers and the Company to satisfy their obligations under the Term Loan. The Subordinated Note grants to the guarantor a junior subordinated security interest in specified assets of the Borrowers and the Company for the purpose of securing the payment and performance of the Subordinated Note.

The foregoing descriptions of the Sixteenth Amendment and the Subordinated Note do not purport to be complete and are qualified in their entirety by reference to the full text of the Sixteenth Amendment and the Subordinated Note, which are attached as Exhibit 10.1 and Exhibit 10.2 hereto, respectively, and incorporated herein by reference.

**Item 2.03. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.**

The information set forth in Item 1.01 with respect to the Sixteenth Amendment and Subordinated Note is incorporated by reference into this Item 2.03.

**Item 9.01. Financial Statements and Exhibits.**

*(d) Exhibits*

<u>Exhibit No.</u>	<u>Description</u>
10.1	Sixteenth Amendment to Loan and Security Agreement, dated October 29, 2009, by and among Protective Apparel Corporation of America, Point Blank Body Armor, Inc., Life Wear Technologies, Inc., Point Blank Solutions, Inc. and Bank of America, N.A.
10.2	Subordinated Note, dated October 29, 2009, made by Protective Apparel Corporation of America, Point Blank Body Armor, Inc., Life Wear Technologies, Inc. and Point Blank Solutions, Inc.

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## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

POINT BLANK SOLUTIONS, INC.

Dated: October 30, 2009

By: /s/ Michelle Doery

Name: Michelle Doery

Title: Chief Financial Officer

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## EXHIBIT INDEX

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10.2	Subordinated Note, dated October 29, 2009, made by Protective Apparel Corporation of America, Point Blank Body Armor, Inc., Life Wear Technologies, Inc. and Point Blank Solutions, Inc.

**SIXTEENTH AMENDMENT TO LOAN AND SECURITY AGREEMENT**

This SIXTEENTH AMENDMENT TO LOAN AND SECURITY AGREEMENT (this “**Amendment**”) is entered into as of this 29<sup>th</sup> day of October, 2009 by and among BANK OF AMERICA, N.A., as successor by merger to LaSalle Business Credit, LLC, as administrative agent and collateral agent (in such agent capacities, “**Agent**”) for itself and all other lenders from time to time a party hereto (“**Lenders**”), located at 135 South LaSalle Street, Chicago, Illinois 60603-4105, PROTECTIVE APPAREL CORPORATION OF AMERICA, a New York corporation (“**PACA**”), POINT BLANK BODY ARMOR INC., a Delaware corporation (“**Point Blank**”) and LIFE WEAR TECHNOLOGIES, INC., a Florida corporation (“**Life Wear**”, and together with PACA and Point Blank, collectively, the “**Borrowers**” and each, individually, a “**Borrower**”) and POINT BLANK SOLUTIONS, INC., a Delaware corporation (the “**Parent**” and a “**Guarantor**”). Unless otherwise specified herein, capitalized terms used in this Amendment shall have the meanings ascribed to them by the Loan Agreement (as hereinafter defined).

**RECITALS**

WHEREAS, Borrowers, Parent, Agent and Lenders have entered into that certain Amended and Restated Loan and Security Agreement dated as of April 3, 2007 (as amended, supplemented, restated or otherwise modified from time to time, the “**Loan Agreement**”);

WHEREAS, Borrowers, Parent, Agent and Lenders have agreed to the amendments set forth herein;

NOW THEREFORE, in consideration of the foregoing recitals, mutual agreements contained herein and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Borrowers, Parent, Agent and Lenders hereby agree as follows:

**SECTION 1. Amendments.**

(a) The definition of “Applicable Margin” set forth in Section 1 of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

“**Applicable Margin**” means (a) 4.00% for all Term Loans that are Base Rate Loans and (b) 4.00% for all Revolving Loans that are Base Rate Loans.

(b) The definition of “Eligible Accounts” set forth in Section 1 of the Loan Agreement is hereby amended by adding a new sentence to the end thereof to read as follows:

“Notwithstanding any language to the contrary or prior practice by Agent, from and after the Sixteenth Amendment Effective Date, no Account shall be an Eligible Account unless (i) Agent shall have received all documentation requested by it with respect to the Federal Assignment of Claims Act in connection with any Account Debtor that is the United States Government or any department, agency or instrumentality thereof and (ii) the underlying contract shall either explicitly incorporate by reference the “Assignment of Claims (Jan. 1986)” clause including its “Alternate I” as set forth in “48 C.F.R. 52.232-23” or include the actual text of the clause and its Alternate I.”

(c) The definition of “Permitted Liens” set forth in Section 1 of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

“**Permitted Liens**” shall mean (i) liens of lessors under lease agreements and statutory liens of landlords, carriers, warehousemen, processors, mechanics, materialmen or suppliers incurred in the ordinary course of business and securing amounts not yet due or declared to be due by the claimant thereunder; (ii) liens or security interests in favor of Agent; (iii) zoning restrictions and easements, licenses, covenants and other restrictions affecting the use of real property that do not individually or in the aggregate have a material adverse effect on Parent’s or any Borrower’s ability to use such real property for its intended purpose in connection with such Parent’s or Borrower’s business; (iv) liens in connection with purchase money indebtedness and capitalized leases otherwise permitted pursuant to this Agreement; provided, that such liens attach only to the specific assets the purchase of which was financed by such purchase money indebtedness or which is the subject of such capitalized leases; (v) liens securing the payment of taxes not yet due or the payment of which is being contested in good faith and by appropriate proceedings; provided, that (a) adequate reserves for such taxes have been established to the extent required by generally accepted accounting principles, consistently applied, and (b) no notice of any such lien has been filed in any jurisdiction; (vi) deposits under workers compensation, unemployment insurance or social security laws, or to secure the performance of bids, tenders, contracts or leases, or to secure statutory obligations, surety or appeal bonds, or other bonds in the ordinary course of business; (vii) liens securing judgments or awards which do not constitute Events of Default hereunder and which are being appealed while a stay is in effect; (viii) the filing of Uniform Commercial Code financing statements solely as a precautionary measure in connection with operating leases or consignment of goods; (ix) leases or subleases of property of Parent or any Borrower, in each case entered into in the ordinary course of such Person’s business; (x) licenses or sublicenses of intellectual property granted by Parent or any Borrower in the ordinary course of its business and not interfering in any material respect with the conduct of the business of Parent and the Borrowers, taken as a whole; (xi) liens securing Acquired Debt incurred or assumed in connection with any Permitted Acquisition; provided such liens attach only (a) in the case of mortgage indebtedness, to the real estate previously financed by such lienholder, (b) in the case of indebtedness with respect to capitalized leases, to the assets which are the subject of such capitalized leases, or (c) in the case of any other indebtedness in respect of purchase money security interest financing, to the assets which are the subject of such purchase money security interest financing; it being understood and agreed that in no event shall any liens under this clause (xii) attach to any assets constituting Collateral; (xiii) liens securing the Subordinated Indebtedness if a subordination agreement in favor of Agent and Lenders in form and substance acceptable to Agent is executed and delivered to Agent relative thereto (such liens, the “Subordinated Liens”), (xiv) other liens that secure obligations, the aggregate principal amount of which does not exceed, as of any date of determination, One Hundred Thousand and No/100 Dollars (\$100,000); and (xv) liens to which Agent has given its prior written consent.



(d) Section 1 of the Loan Agreement is hereby further amended by the addition of the following definitions, which shall be inserted in their appropriate alphabetical order:

“Sixteenth Amendment” means the Sixteenth Amendment to Loan and Security Agreement dated as of October 29th, 2009 among Borrowers, Parent, the Agent and the Lenders signatory thereto.

“Sixteenth Amendment Effective Date” means the date on which the conditions set forth in Section Two of the Sixteenth Amendment are satisfied.

“Sixteenth Amendment Reserve” means, for the relevant period, (x) the dollar amount of the “Availability Block” set forth below for such period minus (y) settlement costs in respect of the Department of Justice matters regarding Zylon and the investigation commenced by the Securities and Exchange Commission involving Parent and Borrowers (the “Specific Settlement Costs”) paid in cash after the Sixteenth Amendment Effective Date in an aggregate amount not to exceed \$1,000,000:

START DATE	END DATE	AVAILABILITY BLOCK
Sixteenth Amendment Effective Date	November 6, 2009	\$7,500,000
November 7, 2009	November 13, 2009	\$9,000,000
November 14, 2009	November 20, 2009	\$10,500,000
November 21, 2009	November 27, 2009	\$11,500,000
November 28, 2009	December 4, 2009	\$13,500,000
December 5, 2009	December 18, 2009	\$17,500,000
December 19, 2009	December 25, 2009	\$16,500,000
December 26, 2009	January 1, 2010	\$13,500,000
January 2, 2010	January 8, 2010	\$11,000,000
January 9, 2010	January 22, 2010	\$9,000,000
January 23, 2010	January 29, 2010	\$8,500,000
January 30, 2010	April 3, 2010	\$7,500,000

“Specific Settlement Costs” shall have the meaning specified in the defined term “Sixteenth Amendment Reserve.”

“Subordinated Indebtedness” shall have the meaning specified in Section 13(b)(x) hereof.

“Subordinated Lien” shall have the meaning specified in clause (xiii) of the definition “Permitted Liens”.

“Subordination Agreement” means the Subordination and Intercreditor Agreement dated as of October 29th, 2009 between Agent and the Subordinated Creditor (as defined therein) governing the Subordinated Lien and the Subordinated Indebtedness.

(e) The definition of “Maximum Revolving Loan Limit” set forth in Section 2(a) of the Loan Agreement is hereby amended by deleting the reference to the amount of “Thirty Million and No/100 Dollars (\$30,000,000)” and replacing it with the reference “(A) during the period from the Sixteenth Amendment Effective Date through January 29, 2010, Fifteen Million and No/100 Dollars (\$15,000,000), (B) during the period from January 30, 2010 through February 11, 2010, Ten Million and No/100 Dollars (\$10,000,000) and (C) from and after February 12, 2010, Five Million and No/100 Dollars (\$5,000,000)”.

(f) Clause (v) of Section 2(a) of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

“(v) the Sixteenth Amendment Reserve; minus”

(g) Section 2(a) of the Loan Agreement is hereby further amended by adding one new sentence to the end of the penultimate paragraph thereof to read as follows:

“Notwithstanding anything to the contrary herein, all Revolving Loans made on or after the Sixteenth Amendment Effective Date shall be Base Rate Loans.”

(h) Section 2 of the Loan Agreement is hereby amended by amending and restating Section 2(e) to read as follows:

“(e) Term Loan. (i) The parties hereto agree that as of October 31, 2008, a portion of the outstanding principal amount of Revolving Loans equal to \$10,000,000 shall be converted into a separate term loan issued by the Borrowers in the original principal amount of \$10,000,000 (herein, the “Initial Term Loan”) evidenced by this Agreement and any promissory note executed under Section 2(c) of this Agreement and shall be allocated ratably to the Lenders holding Revolving Loans as of such date. Simultaneously with such conversion, the outstanding principal amount of the Revolving Loans shall be deemed to be reduced by \$10,000,000. The Lenders agree to make an incremental term loan to Borrowers on the Sixteenth Amendment Effective Date in an aggregate principal amount equal to \$4,000,000 (herein, the “Incremental Term Loan”, and together with the Initial Term Loan, the “Term Loan”); immediately after giving effect to the Incremental Term Loan, the parties hereto agree that the outstanding principal amount of the Term Loan is \$10,000,000. The obligation of the Borrowers to repay the Term Loan shall be joint and several and the Term Loan, together with all accrued and unpaid interest thereon, shall be repaid in full on April 3, 2010 (“Scheduled Term Loan Maturity Date”) or earlier, if required to be repaid in accordance with Section 16 of this Agreement. The Term Loan shall at all times be a Base Rate Loan and shall bear interest in accordance with Section 4(a) of this Agreement. If the outstanding principal amount of the Term Loan, together with accrued and unpaid interest thereon, is not paid on the Scheduled Term Loan Maturity Date, Agent may make demand under that certain Amended and Restated Corporate Guarantee executed in favor of Agent on October 29, 2009 (as amended, restated or reaffirmed from time to time, the “Amended and Restated Corporate Guarantee”) in addition to any other rights and remedies Agent may exercise under this Agreement and the Other Agreements. In no event shall the Term Loan be prepaid prior to the Scheduled Term Loan Maturity Date without Agent’s prior written consent, except in connection with a permanent prepayment of all the Liabilities and termination of all Revolving Loan Commitments.

(ii) Any Event of Default resulting from the non-payment of any portion of the Term Loan when due and payable shall be deemed waived upon the satisfaction of such payment in full in cash though a payment by the guarantor under the Amended and Restated Corporate Guarantee within three (3) Business Days of such Event of Default.”

(i) Section 2 of the Loan Agreement is hereby further amended by deleting in its entirety subsection (f) thereof.

(j) Section 3(a) of the Loan Agreement is hereby amended by deleting the reference to “Applicable Margin in respect of LIBOR Rate Loans” and replacing it with “Applicable Margin in respect of Revolving Loans that are Base Rate Loans”.

(k) Section 4(c) of the Loan Agreement is hereby amended by adding a new subsection (vi) to the end thereof to read as follows:

“In consideration of the Sixteenth Amendment, a \$350,000 fee shall be earned in full on the Sixteenth Amendment Effective Date and payable by Borrowers to Agent, for the ratable benefit of Lenders executing the Sixteenth Amendment, as follows:

(A) \$200,000 of such fee shall be paid on the Sixteenth Amendment Effective Date and (B) to the extent that on January 31, 2010 (x) all Loans and other Liabilities (other than contingent indemnification obligations as to which no unsatisfied claim has been asserted) have not been paid in full, (y) all Letter of Credit Obligations, if any, are not cash collateralized in an amount equal to 110% of the amount of Letter of Credit Obligations and (z) this Agreement is not terminated, Borrowers shall pay to Agent the remaining \$150,000 on January 31, 2010.”

(l) Section 13(b) of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

“(b) **Indebtedness.** Neither Parent nor any Borrower shall create, incur, assume or become obligated (directly or indirectly), for any loans or other indebtedness for borrowed money other than the Loans and Liabilities, except that Parent or any of the Borrowers may (i) borrow money from a Person other than Agent and Lenders on an unsecured and subordinated basis if a subordination agreement in favor of Agent and Lenders and in form and substance satisfactory to Agent is executed and delivered to Agent relative thereto; (ii) maintain the existing indebtedness listed on Schedule 13(b) hereto; (iii) incur unsecured indebtedness to trade creditors in the ordinary course of business and for the financing of the payment of insurance premiums; (iv) incur indebtedness to extend, renew, replace or refinance any indebtedness expressly permitted hereunder that does not (a) accelerate the scheduled date for payment thereof, (b) increase the principal amounts thereof, (c) materially increase any interest rate or fees applicable thereto, (d) add additional obligors therefor, (e) enhance the collateral thereof or the priority thereof, or (f) include terms and conditions with respect to Parent or any Borrower which are more burdensome or restrictive in any material respect than those included in the indebtedness so extended, renewed, replaced or refinanced; (v) [intentionally omitted]; (vi) incur indebtedness consisting of guaranties or similar contingent obligations if the primary obligations are permitted hereunder (in which case, such guaranties or contingent obligations shall not be considered additional indebtedness); (vii) incur purchase money indebtedness or capitalized lease obligations in connection with Capital Expenditures permitted pursuant to subsection 14(a) hereof in an aggregate principal amount not to exceed One Million and No/100 Dollars (\$1,000,000) during any Fiscal Year; (ix) incur indebtedness on account of intercompany loans permitted under subsection 13(f) hereof; (x) incur indebtedness pursuant to the terms of the Amended and Restated Corporate Guarantee in an amount equal to the cash payments made by the guarantor under the Amended and Restated Corporate Guarantee if a subordination agreement in favor of Agent and Lenders in form and substance acceptable to Agent is executed and delivered to Agent relative thereto (the “Subordinated Indebtedness”) and (xi) incur other unsecured indebtedness up to Two Hundred Fifty Thousand and no/100 Dollars (\$250,000) in principal amount in any Fiscal Year.”

(m) Section 14 of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

“14. FINANCIAL COVENANTS

Parent and the Borrowers shall maintain and keep in full force and effect each of the financial covenants set forth below;

(a) Capital Expenditures.

Parent and Borrowers shall not make any Capital Expenditure if, after giving effect to such Capital Expenditure, the aggregate cost of all such fixed assets purchased or otherwise acquired by Parent and Borrowers would exceed the amounts set forth below for the period set forth below.

<b>Period</b>	<b>Amount</b>
Twelve months ending December 31, 2009	\$1,950,000
One month ending January 31, 2010	\$225,000
Two months ending February 28, 2010	\$450,000
Three months ending March 31, 2010	\$675,000

(b) Minimum EBITDA. Parent and Borrowers on a consolidated basis shall have, at the end of each period set forth below, EBITDA for such period of not less than the following:

<b>Period</b>	<b>Amount</b>
One month ending October 31, 2009	(\$1,750,000)
Two months ending November 30, 2009	(\$1,750,000)
Three months ending December 31, 2009	(\$750,000)
Four months ending January 31, 2010	\$1,000
Five months ending February 28, 2010	\$750,000

(c) [Intentionally Omitted]

(d) Minimum Net Worth. Parent and Borrowers on a consolidated basis shall have, at each date set forth below, Net Worth for such date of not less than the following:

<b>Date</b>	<b>Amount</b>
September 30, 2009	\$6,000,000
October 31, 2009	\$5,000,000
November 30, 2009	\$5,000,000
December 31, 2009	\$5,000,000
January 31, 2010	\$5,250,000
February 28, 2010	\$5,750,000

(e) Minimum Availability. Parent and the Borrowers shall not permit Availability plus unrestricted cash on hand to be less than \$2,000,000 at any time; provided, that the amount of unrestricted cash on hand shall be excluded from the foregoing calculation of \$2,000,000 at any time when the outstanding principal amount of Revolving Loans exceeds \$2,500,000.”

(n) Section 15 of the Loan Agreement is hereby amended by adding a new Section 15(o) to the end thereof to read as follows:

“(o) **Default or Invalidity of Subordination Agreement**.

(i) The occurrence of a default under, or any breach of any provision of, the Subordination Agreement or Amended and Restated Corporate Guarantee or (ii) the Subordination Agreement or Amended and Restated Corporate Guarantee or any material provisions thereof shall at any time and for any reason be declared by a court of competent jurisdiction to be null and void, or a proceeding shall be commenced by Parent or any Borrower or any other person, or by any governmental authority, seeking to establish the invalidity or unenforceability thereof (exclusive of questions of interpretation of any provision thereof).”

(o) Exhibit A to the Loan Agreement (Compliance Certificate) is hereby amended and restated in the form of Annex A to this Amendment.

(p) The Term Note in the principal amount of \$10,000,000 executed on October 31, 2008 by Borrowers in favor of Bank of America, N.A. is hereby amended by deleting the reference to the date “October 30, 2009” and replacing it with the date “April 3, 2010”.

(q) Parent and Borrowers acknowledge and agree to be bound by the terms of the Subordination Agreement and the Amended and Restated Corporate Guarantee.

(r) Agent and Lenders hereby waive any Event of Default arising under Section 15(n) of the Loan Agreement that may arise solely as a result of the incurrence of the Specific Settlement Costs by Parent or any of the Borrowers to the extent the aggregate amount of such Specific Settlement Costs do not exceed \$6,500,000.

**SECTION 2. Effectiveness.** The effectiveness of this Amendment is subject to the satisfaction of each of the following conditions precedent:

- (a) This Amendment shall have been duly executed and delivered by Borrowers and Parent (collectively, “**Amendment Parties**”), Agent and each Lender;
- (b) No Default or Event of Default shall have occurred and be continuing after giving effect to this Amendment;
- (c) The representations and warranties contained herein shall be true and correct in all material respects;

(d) Agent shall have received, for the ratable benefit of the Lenders, an amendment fee in the amount of \$200,000 which shall be fully earned and payable on the date hereof; and

(e) Agent shall have received (i) the Amended and Restated Corporate Guarantee, (ii) an amendment to that certain side letter dated as of October 31, 2008 in favor of Parent, (iii) the note evidencing the Subordinated Indebtedness and the Subordinated Lien and (iv) the Subordination Agreement, in each case in form and substance satisfactory to Agent.

**SECTION 3. Representations and Warranties.** In order to induce Agent and each Lender to enter into this Amendment, each Amendment Party hereby represents and warrants to Agent and each Lender, which representations and warranties shall survive the execution and delivery of this Amendment, that:

(a) all of the representations and warranties contained in the Loan Agreement and in each of the Other Agreements are true and correct in all material respects as of the date hereof after giving effect to this Amendment, except to the extent that any such representations and warranties expressly relate to an earlier date;

(b) the execution, delivery and performance by Amendment Parties of this Amendment has been duly authorized by all necessary corporate action required on their part and this Amendment, the Loan Agreement and the Other Agreements are the legal, valid and binding obligation of Amendment Parties enforceable against Amendment Parties in accordance with their terms, except as their enforceability may be affected by the effect of bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or other similar laws now or hereafter in effect relating to or affecting the rights or remedies of creditors generally, and by general limitations on the availability of equitable remedies;

(c) neither the execution, delivery and performance of this Amendment by Amendment Parties, the performance by Amendment Parties of the Loan Agreement nor the consummation of the transactions contemplated hereby does or shall contravene, result in a breach of, or violate (i) any provision of any Amendment Party's certificate or articles of incorporation or bylaws or other similar documents, or agreements, (ii) any law or regulation, or any order or decree of any court or government instrumentality, or (iii) any indenture, mortgage, deed of trust, lease, agreement or other instrument to which any Amendment Party or any of its Subsidiaries is a party or by which any Amendment Party or any of its Subsidiaries or any of their property is bound, except in any such case to the extent such conflict or breach has been waived or consented to herein or by a written waiver document, a copy of which has been delivered to Agent on or before the date hereof; and

(d) no Default or Event of Default has occurred and is continuing after giving effect to this Amendment.

**SECTION 4. Reference to and Effect Upon the Loan Agreement.**

(a) Except as specifically set forth above, the Loan Agreement and each of the Other Agreements shall remain in full force and effect and are hereby ratified and confirmed; and

(b) the amendments set forth herein are effective solely for the purposes set forth herein and shall be limited precisely as written, and shall not be deemed to (i) be a consent to any amendment, waiver or modification of any other term or condition of the Loan Agreement or any of the Other Agreements except as specifically set forth herein, (ii) operate as a waiver or otherwise prejudice any right, power or remedy that Agent or Lenders may now have or may have in the future under or in connection with the Loan Agreement or any of the Other Agreements except as specifically set forth herein, (iii) constitute a waiver of any provision of the Loan Agreement or any of the Other Agreements, except as specifically set forth herein, or (iv) constitute a waiver of any Event of Default existing on the date hereof or arising after the date hereof except as specifically set forth herein and Agent and Lenders hereby reserve all rights and remedies under the Loan Agreement and the Other Agreements as a result of such Events of Default. Upon the effectiveness of this Amendment, each reference in the Loan Agreement to “this Agreement”, “herein”, “hereof” and words of like import and each reference in the Loan Agreement and the Other Agreements to the Loan Agreement shall mean the Loan Agreement as amended hereby. This Amendment shall be construed in connection with and as part of the Loan Agreement. Each Amendment Party hereby acknowledges and agrees that there is no defense, setoff or counterclaim of any kind, nature or description to the Liabilities or the payment thereof when due.

**SECTION 5. Costs And Expenses.** To the extent provided in Section 4(c)(iv) of the Loan Agreement, Borrowers agree to reimburse Agent for all fees, costs, and expenses, including the reasonable fees, costs, and expenses of counsel or other advisors for advice, assistance, or other representation in connection with this Amendment.

**SECTION 6. GOVERNING LAW.** THIS AMENDMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK.

**SECTION 7. Headings.** Section headings in this Amendment are included herein for convenience of reference only and shall not constitute part of this Amendment for any other purposes.

**SECTION 8. Counterparts.** This Amendment may be executed in any number of counterparts, each of which when so executed shall be deemed an original, but all such counterparts shall constitute one and the same instrument.

[Signature Pages Follow]



IN WITNESS WHEREOF, the parties hereto have executed and delivered this Amendment as of the date first written above.

**BORROWERS:**

**PROTECTIVE APPAREL  
CORPORATION OF AMERICA**

By: /s/ Jim Henderson  
Name: Jim Henderson  
Title: President

**POINT BLANK BODY ARMOR INC.**

By: /s/ Jim Henderson  
Name: Jim Henderson  
Title: President

**LIFE WEAR TECHNOLOGIES, INC.**

By: /s/ Jim Henderson  
Name: Jim Henderson  
Title: President

**PARENT:**

**POINT BLANK SOLUTIONS, INC.**

By: /s/ Jim Henderson  
Name: Jim Henderson  
Title: Chief Executive Officer

[Signature Page to Sixteenth Amendment to Loan and Security Agreement]

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**AGENT AND LENDER:**

**BANK OF AMERICA, N.A., as successor by  
merger to LaSalle Business Credit, LLC**

By: /s/ Patrick M. Cornell  
Name: Patrick M. Cornell  
Title: Senior Vice President

[Signature Page to Sixteenth Amendment to Loan and Security Agreement]

**THIS INSTRUMENT AND THE RIGHTS AND OBLIGATIONS EVIDENCED HEREBY ARE SUBORDINATE IN THE MANNER AND TO THE EXTENT SET FORTH IN THAT CERTAIN SUBORDINATION AND INTERCREDITOR AGREEMENT (THE "SUBORDINATION AGREEMENT") DATED AS OF OCTOBER 29, 2009 BETWEEN SUBORDINATED CREDITOR (AS DEFINED IN THE SUBORDINATION AGREEMENT) AND BANK OF AMERICA, N.A. ("AGENT") TO THE INDEBTEDNESS (INCLUDING INTEREST) OWED BY PROTECTIVE APPAREL CORPORATION OF AMERICA, A NEW YORK CORPORATION ("PACA"), POINT BLANK BODY ARMOR INC., A DELAWARE CORPORATION ("BODY ARMOR"), LIFE WEAR TECHNOLOGIES, INC., A FLORIDA CORPORATION ("LIFE WEAR"), AND POINT BLANK SOLUTIONS, INC., A DELAWARE CORPORATION (THE "POINT BLANK" AND TOGETHER WITH PACA, BODY ARMOR AND LIFE WEAR, THE "COMPANY") PURSUANT TO THAT CERTAIN AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT DATED AS OF APRIL 3, 2007 AMONG THE COMPANY, AGENT AND THE LENDERS FROM TIME TO TIME PARTY THERETO, AS SUCH LOAN AND SECURITY AGREEMENT HAS BEEN AND HEREAFTER MAY BE AMENDED, SUPPLEMENTED OR OTHERWISE MODIFIED FROM TIME TO TIME AND TO INDEBTEDNESS REFINANCING THE INDEBTEDNESS UNDER THAT AGREEMENT AS CONTEMPLATED BY THE SUBORDINATION AGREEMENT; AND EACH HOLDER OF THIS INSTRUMENT, BY ITS ACCEPTANCE HEREOF, IRREVOCABLY AGREES TO BE BOUND BY THE PROVISIONS OF THE SUBORDINATION AGREEMENT.**

**Subordinated Note**

Dated: October 29, 2009

FOR VALUE RECEIVED, the undersigned, PROTECTIVE APPAREL CORPORATION OF AMERICA, a New York corporation ("PACA"), POINT BLANK BODY ARMOR INC., a Delaware corporation ("Body Armor"), LIFE WEAR TECHNOLOGIES, INC., a Florida corporation ("Life Wear"), and POINT BLANK SOLUTIONS, INC., a Delaware corporation ("Point Blank" and collectively, together with PACA, Body Armor and Life Wear, the "Company"), hereby promise to pay on the Maturity Date to Subordinated Creditor (as defined in the Subordination Agreement) the lesser of (i) the principal amount of Ten Million DOLLARS (\$10,000,000) or (ii) such lesser amount as may be advanced by the Subordinated Creditor on behalf of the Company pursuant to the terms of the Guarantee (defined herein), together with all accrued interest on the principal sum outstanding from time to time hereunder. Capitalized terms used and not otherwise defined herein shall have the meanings assigned to them in the Subordination Agreement.

1. Defined Terms. (a) The following terms shall have the following meanings:

"Collateral" has the meaning set forth in Section 5 of this Note.

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“Event of Default” has the meaning set forth in Section 6 of this Note.

“Guarantee” means that certain Amended and Restated Corporate Guarantee dated as of October 29, 2009 made by Subordinated Creditor in favor of Agent.

“Maturity Date” means the earlier of (a) October 31, 2010 or (b) 91<sup>st</sup> day after the date on which all Senior Debt under the BOFA Loan Documents and any Refinancing Senior Debt Documents is paid in full and all commitments under the BOFA Loan Documents and any Refinancing Senior Debt Documents are terminated.

“Subordination Agreement” means that certain Subordination and Intercreditor Agreement dated as of October 29, 2009 among Subordinated Creditor and Agent.

2. Payment of Interest. (a) The Company shall pay interest in kind on the unpaid principal amount hereof from the date such principal is deemed advanced pursuant to the Guarantee until such principal amount is paid in full, quarterly on the last day of each calendar quarter (each, an “Interest Payment Date”), at an interest rate equal to the rate charged to the “Term Loan” under the “Senior Credit Agreement” (as such terms are defined in the Subordination Agreement), and such accrued interest shall be added to the principal balance under this Note on each Interest Payment Date.

(b) All computations of interest shall be made on the basis of a year of 365 days for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is accrued. All accrued interest shall be due and payable in cash on the Maturity Date.

3. Transferability. Subordinated Creditor may not assign (or sell participation interests in) its interest in this Note to any Person without the prior written consent of the Agent. Any assignment made in violation of this Section 3 shall be null and void.

4. Subordination. The Company agrees, and the Subordinated Creditor, by its acceptance thereof, also agrees, that the Subordinated Debt evidenced hereby is, and the liens securing the Subordinated Debt are, and shall be, subordinate to the Senior Debt and the liens securing the Senior Debt pursuant to the terms of the Subordination Agreement. Except with respect to interest that is paid in kind and as otherwise expressly permitted under the Subordination Agreement, the Company will not make, and neither the Subordinated Creditor will accept, any payment or distribution on the Subordinated Debt of any kind directly or indirectly, in cash or other property or by set off or in any other manner, including, without limitation, from or by way of any Collateral.

5. Grant of Security Interest. To secure the prompt and complete payment, performance and observance of the Subordinated Debt evidenced by this Note, each of PACA, Body Armor, Life Wear and Point Blank hereby grants to Subordinated Creditor a junior subordinated security interest in the following property of such company, whether now or hereafter owned, existing, acquired or arising and wherever now or hereafter located: (a) all Accounts; (b) all Chattel Paper, Instruments, Documents and General Intangibles (including, without limitation, all patents, patent applications, trademarks, trademark applications, tradenames, trade secrets, goodwill, copyrights, copyright applications, registrations, licenses, software, franchises, customer lists, tax refund claims, claims against carriers and shippers, guarantee claims, contracts rights, payment intangibles, security interests, security deposits and rights to indemnification); (c) all Inventory; (d) all Goods (other than Inventory), including, without limitation, Equipment, vehicles and Fixtures; (e) all Investment Property; (f) all Deposit Accounts, bank accounts, deposits, cash and such cash equivalents; (g) all Letter-of-Credit Rights; (h) Commercial Tort Claims; (i) all policies and certificates of insurance insuring the property and assets of such company and all policies and certificates of insurance of such company; (j) any other property of such company, now or hereafter in the possession, custody or control of Subordinated Creditor (whether for safekeeping, deposit, collection, custody, pledge, transmission or otherwise) and (k) all additions and accessions to, substitutions for, and replacements, products and Proceeds of the foregoing property, including, without limitation, proceeds of all insurance policies insuring the foregoing property, and all of such company’s books and records relating to any of the foregoing and to such company’s business (collectively, the “Collateral”). Capitalized terms used in this Section 5 and not otherwise defined in this Note shall have the meanings assigned to such terms in the Senior Credit Agreement or the Uniform Commercial Code of the State of New York.

Each of PACA, Body Armor, Life Wear and Point Blank hereby irrevocably authorizes Subordinated Creditor at any time and from time to time to file in any filing office in any Uniform Commercial Code jurisdiction any initial financing statements and amendments thereto that indicate the Collateral as all assets of such company or words of similar effect.

6. Events of Default.

(a) If any of the following events ("Events of Default") shall occur and be continuing:

(i) the Company shall fail to pay the principal amount of this Note on the Maturity Date; or

(ii) The commencement of any proceedings in bankruptcy by or against any Company; provided, however, that if such commencement of proceedings against the Company is involuntary, such action shall not constitute an Event of Default unless such proceedings are not dismissed within forty-five (45) days after the commencement of such proceedings;

then, subject to the Subordination Agreement, and in any such event, the Subordinated Creditor may declare this Note and all interest thereon to be forthwith due and payable, whereupon this Note and all such interest shall become and be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Company.

(b) Subject to the Subordination Agreement, upon acceleration of the Subordinated Debt hereunder, Subordinated Creditor may exercise all rights and remedies of a secured party under applicable law.

7. Miscellaneous. (a) Amendments. No amendment or waiver of any provision of this Note, nor any consent to any departure by the Company under this Note, shall in any event be effective unless the same shall be in writing and signed by the Company and the Subordinated Creditor and with the prior written approval of the Agent and then such amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

(b) Binding Effect. This Note shall be binding upon, and shall inure to the benefit of, the Company and the Subordinated Creditor and their respective successors and permitted assigns.

(c) Governing Law. This Note shall be governed by, and construed in accordance with, the laws of the State of New York, United States.

(d) Jurisdiction. The Company hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of any New York State court or federal court of the United States of America sitting in New York City, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Note or for recognition or enforcement of any judgment, and the Company hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in any such New York State court or, to the extent permitted by law, in such federal court. The Company agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Note shall affect any right that any party may otherwise have to bring any action or proceeding relating to this Note in the courts of any jurisdiction.

(e) Cancellation, Exchange, Conversion or Surrender. Subordinated Creditor may not cancel, exchange, convert or surrender its interests in this Note for consideration of any kind without the prior written consent of the Agent.

(f) JURY TRIAL. THE COMPANY HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS NOTE OR THE ACTIONS OF SUBORDINATED CREDITOR IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE OR ENFORCEMENT THEREOF.

[Signature Page Follows]

IN WITNESS WHEREOF, the Company has caused this Note to be executed by its officer thereunto duly authorized, as of the date first above written.

PROTECTIVE APPAREL CORPORATION OF AMERICA

By:           /s/ Jim Henderson            
Name:           Jim Henderson            
Title:           President          

POINT BLANK BODY ARMOR INC.

By:           /s/ Jim Henderson            
Name:           Jim Henderson            
Title:           President          

LIFE WEAR TECHNOLOGIES, INC.

By:           /s/ Jim Henderson            
Name:           Jim Henderson            
Title:           President          

POINT BLANK SOLUTIONS, INC.

By:           /s/ Jim Henderson            
Name:           Jim Henderson            
Title:           Chief Executive Officer