

POINT BLANK SOLUTIONS, INC.

POLICY ON INSIDER TRADING AND TIPPING

INTRODUCTION

In the normal course of business, officers, directors and employees of Point Blank Solutions, Inc. (“**Company**”) and its subsidiaries may come into possession of significant, sensitive information. In the eyes of the law, this information is considered the property of the Company; you have been entrusted with it. In particular, you may not seek to profit from it by buying or selling securities yourself, or passing on the information to others to enable them to profit. The purpose of this Policy statement is both to inform you of your legal responsibilities in this area and to make clear to you that the misuse of sensitive information is contrary to Company policy and will be dealt with severely.

Material Nonpublic Information

What constitutes “material nonpublic information” is described generally below and is defined more specifically with additional examples in Section III of the Policy. For information to be “material,” it must be a fact that the typical investor would likely consider significant. Chances are, if you learn something that leads you to want to buy or sell stock, that information will be considered material. It is important to keep in mind that material information need not be certain information. Information that something is likely to happen, or even just that it may happen, can be considered material. For example, if you found out that a prototype of a new product was a success, from which you inferred a new product might be launched successfully, you would probably be in possession of material information. So, too, if you learned that the Company was negotiating to acquire another company, even though there was not yet a firm agreement.

“Nonpublic” information is any information that is not reasonably accessible to the investing public. Once the Company releases information through public channels (for instance, a press release), it may take a few additional days for it to be broadly disseminated.

Insider Trading Laws

Trading in securities on the basis of material nonpublic information is a crime. A Securities and Exchange Commission (“**SEC**”) Rule states that trading is “on the basis of” material nonpublic information if you are aware of the material nonpublic information when you purchase or sell securities. Insider trading violations are punishable by fines of up to \$1,000,000 and 10 years in jail. In addition, the SEC may seek a civil penalty of up to three times the profits made or losses avoided from the trading. Insiders who trade must also disgorge any profits made and are often subjected to an injunction against future violation. Finally, insiders who trade may

be subjected to monetary liability in private lawsuits which have become increasingly frequent in recent years.

Employers and other controlling persons (including supervisory personnel) are also at risk under federal law. Controlling persons may, among other things, face penalties of the greater of \$1,000,000 or three times the profits made or losses avoided by the trader if they recklessly fail to take preventive steps to control insider trading.

Thus, it is important both to you and the Company that insider trading violations not occur. You should be aware that stock market surveillance techniques are becoming more sophisticated all the time, and the chance that federal authorities will detect and prosecute even small level insider trading is a significant one. The risk is simply not worth taking.

Trading and Tipping

As an officer, director or employee, you may not seek to benefit personally by buying or selling stock while in possession of material nonpublic information that you have learned as a result of your relationship with the Company. This rule applies, of course, to trading in the Company's own securities (whether Common Stock or options on stock). But it also applies to trading in the securities of other companies if you learn something in the course of your employment or relationship with us that might affect their value. For instance, if you learned that the Company was about to enter into a major contract with ABC Corporation, it would probably be an insider trading violation to buy ABC securities. Even if you learned something about ABC while on a sales call to ABC, buying or selling ABC stock might well be considered illegal.

The insider trading rules apply both to securities purchases (to make a profit based on good news) and securities sales (to avoid a loss or decline in value based on bad news). Keep in mind also that under an SEC regulation, the mere fact that you are aware of material nonpublic information is enough to bar you from trading. It is no excuse that your reasons for trading were not based on that information.

Besides your obligation to refrain from trading while in possession of material nonpublic information, you are also prohibited from "tipping" others. The concept of unlawful tipping includes passing on information to friends, family members or others under circumstances that might permit them to make a profit or avoid a loss. When tipping occurs, both the "tipper" and the "tippee" may be held liable, and this liability may extend to all those to whom the tippee turns around and gives the information. Besides being considered a form of insider trading, of course, tipping is also a serious breach of corporate confidentiality. For this reason, you should be careful to avoid discussing sensitive information in any place (for instance, at lunch, on public transportation, in elevators) where such information may be heard by others.

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Because insider trading liability operates as such a concern to both you and the Company, it is contrary to Company policy to engage in any activity that would be considered unlawful

trading or tipping under the securities laws, whether in our own Company's securities or the securities of another with information gained as a result of your employment or relationship with the Company. Persons violating this policy will be subject to sanctions up to and including immediate termination of employment. It is also Company policy that any investing that you do in Company securities or the securities of any company that has a significant relationship with us be on a "buy and hold" basis. Frequent trading, or short-term speculation, is improper.

I. Scope

A. Persons Covered

This Policy covers all directors, officers and employees of the Company and its subsidiaries, their immediate family members sharing the same household and any entities such as trusts, partnerships, or corporations over which they have or share voting or investment control (collectively referred to as "**Insiders**"). The term "immediate family members" shall mean any children, stepchildren, grandchildren, parents, stepparents, grandparents, spouse, siblings, or any relationships as a result of marriage, and shall include adoptive relationships. This Policy also applies to outsiders such as consultants and contractors whom the Insider Trading Compliance Officer may designate as Insiders because they have access to material nonpublic information concerning the Company.

B. Transactions Covered

The Policy applies to any and all transactions in the Company's securities, including its Common Stock and options to purchase Common Stock, and any other type of securities that the Company may issue, such as preferred stock, bonds, debentures and warrants, as well as to exchange-traded options or other derivative securities.

C. Delivery to Covered Persons

The Policy is being delivered to all directors, officers, employees and designated outsiders and will be delivered to all new directors, officers, employees and designated outsiders at the start of their employment or relationship with the Company and/or its subsidiaries.

D. Restricted Persons

Certain Insiders, by virtue of their position(s) with the Company, are presumed to be in possession of, or have ready access to, nonpublic material information (all such persons being referred to as "**Restricted Persons**"). The Compliance Officer will maintain a list of Restricted Persons at all times. Officers and senior employees may be added to the Restricted Persons' list or removed from the Restricted Persons' list based upon their position with the Company at such time. Restricted Persons must comply with the special restrictions set forth in the Trading Policies and Procedures of Section IV below.

E. Section 16 Individuals

Directors and officers who are subject to Section 16 of the Securities Exchange Act of 1934 ("**Exchange Act**") by virtue of their position(s) with the Company are subject to additional limitations on trading under Section 16 (all such persons being referred to as "**Section 16 Individuals**"). Section 16 Individuals must comply with the Section 16 restrictions in addition to the Trading Policies and Procedures of Section IV below.

II. Insider Trading Compliance Officer

The Company has designated the General Counsel of the Company as its Insider Trading Compliance Officer (the "**Compliance Officer**"). In accordance with the Pre-Clearance Process attached hereto as Attachment A, the Compliance Officer will review and either approve or prohibit all proposed market trades by Restricted Persons and approve or disapprove 10b5-1 Plans (as defined in Section IV.C) proposed to be adopted by Insiders in accordance with the procedures set forth in Section IV.

The Chief Executive Officer or the Audit Committee may designate one or more individuals who may perform the Compliance Officer's duties in the event that the Compliance Officer is unable or unavailable to perform such duties.

III. Definition of "Material Nonpublic Information"

A. "Material" Information

Information about the Company is "material" if it would be expected to affect the investment or voting decisions of the reasonable shareholder or investor, or if the disclosure of the information would be expected to significantly alter the total mix of the information in the marketplace about the Company. In simple terms, material information is any type of information which could reasonably be expected to affect the price of Company securities. While it is not possible to identify all information that would be deemed "material," the following types of information ordinarily would be considered material:

- Financial performance, especially quarterly and year-end earnings, and significant changes in financial performance or liquidity.
- Company projections and strategic plans.
- Potential mergers and acquisitions or the sale of Company assets or subsidiaries.
- New major contracts, orders, suppliers, customers or finance sources, or the loss thereof.
- Significant changes or developments in products or product lines, research or technologies.

- Significant changes or developments in supplies or inventory, including significant product defects, recalls or product returns.
- Significant pricing changes.
- Stock splits, public or private securities/debt offerings, or changes in Company dividend policies or amounts.
- Purchases or redemptions of the Company’s own securities.
- Significant changes in senior management.
- Significant labor disputes or negotiations.
- Actual or threatened major litigation, or the resolution of such litigation.
- Exclusive license and other patent agreements that are significant to the business.
- Capital investment plans and changes in such plans.

B. “Nonpublic” Information

Material information is “nonpublic” if it has not been widely disseminated to the public through major newswire services, national news services and financial news services. For the purposes of this Policy, information will be considered public, i.e., no longer “nonpublic,” after the expiration of twenty-four hours following the Company's first widespread public release of the information.

C. Consult the Compliance Officer for Guidance

Any Insiders who are unsure whether the information that they possess is material or nonpublic must consult the Compliance Officer for guidance before trading in any Company securities.

IV. Trading Policy and Procedures

A. Prohibited Activities

Except as permitted under Section IV.C below:

1. No Insider may trade in (buy or sell) Company securities while possessing material nonpublic information concerning the Company. The prohibition against trading while in possession of material nonpublic information applies to all Insiders and even during the “trading windows” described below. Persons possessing such information may trade during a trading window only after the expiration of twenty-four hours following the Company’s widespread public release of the information.

2. No Restricted Persons or Section 16 Individuals may trade in Company securities outside of the applicable “trading windows” or during any special trading blackout periods designated by the Compliance Officer. A trading window is the period beginning forty-eight hours following the Company’s widespread public release of quarterly or year-end earnings and ending at the close of trading on the second day (or, if this is not a trading day, the immediately preceding trading day) prior to the end of the last calendar month of each fiscal quarter in which the earnings are released. (For example: second fiscal quarter earnings are typically announced in the second week of August. The trading window would begin forty-eight hours following the announcement and would end on September 28th.) The Compliance Officer may, on a case-by-case basis, authorize trading in Company securities outside of the applicable trading windows (but not during special blackout periods) due to financial hardship or other hardships, but only in accordance with the procedures set forth in Section IV.B below.
3. No Restricted Persons or Section 16 Individuals may trade in Company securities unless the trade has first been approved by the Compliance Officer in accordance with the procedures set forth in Section IV.B below.
4. The Compliance Officer may not trade in Company securities unless the trade has been approved by the Chief Executive Officer in accordance with the procedures set forth in Section IV.B below.
5. No Insider may “tip” or disclose material nonpublic information concerning the Company or its subsidiaries to any outside person (including family members, analysts, individual investors, and members of the investment community and news media), unless required as part of that Insider’s regular duties for the Company and authorized by the Compliance Officer. In any instance in which such information is disclosed to outsiders, the Company will take such steps as are necessary to preserve the confidentiality of the information, including requiring the outsider to agree in writing to comply with the terms of this Policy and/or to sign a confidentiality agreement. All inquiries from outsiders regarding material nonpublic information about the Company must be forwarded to the Compliance Officer.
6. No Insider may give trading advice of any kind about the Company to anyone while possessing material nonpublic information about the Company, except that Insiders should advise others not to trade if doing so might violate the law or this Policy. The Company strongly discourages all Insiders from ever giving trading advice concerning the Company to third parties even when the Insiders do not possess material nonpublic information about the Company.
7. No Insider shall engage in any short sale of Company stock, or establish or use a margin account with a broker-dealer for the purpose of buying or selling Company stock.

8. No Insider may (a) trade in the securities of any other public company while possessing material nonpublic information concerning that company, (b) “tip” or disclose material nonpublic information concerning any other public company to anyone, or (c) give trading advice of any kind to anyone concerning any other public company while possessing material nonpublic information about that company.
9. No Restricted Persons or Section 16 Individuals may trade in Company securities during any special blackout periods that the Compliance Officer may designate even though all or a portion of the blackout period may fall within a trading window. No Restricted Persons or Section 16 Individuals may disclose to any outside third party that a special blackout period has been designated.

B. Procedures for Approving Trades

1. Except as permitted under Section IV.C below, no Restricted Persons or Section 16 Individuals may trade in Company securities until:
 - a. the Restricted Person or Section 16 Individual proposing to trade has notified the Compliance Officer in writing of the amount and nature of the proposed trade;
 - b. the Restricted Person or Section 16 Individual proposing to trade has certified to the Compliance Officer in writing no earlier than one business day prior to the proposed trade that he or she is not in possession of material nonpublic information concerning the Company;
 - c. the Insider proposing to trade, if also a Section 16 Individual, has certified to the Compliance Officer in writing that the proposed trade does not violate the trading restrictions of Section 16 of the Exchange Act or Rule 144 under the Securities Act of 1933 (“**Securities Act**”); and
 - d. the Compliance Officer has approved the trade.
2. The Compliance Officer may, on a case-by-case basis, authorize trading in Company securities outside of the applicable trading windows, but not designated blackout periods, due to financial hardship or other hardships only after the Restricted Person or Section 16 Individual proposing to trade has notified the Compliance Officer in writing of the circumstances of the hardship and the amount and nature of the proposed trade and all of the conditions of Section IV.B.1 above have been satisfied. In no event, however, will trading outside a trading window be approved when the Restricted Person or Section 16 Individual proposing to trade is in possession of material nonpublic information.
3. The existence of the foregoing approval procedures does not in any way obligate the Compliance Officer to approve any trades requested by the Restricted Person or Section 16 Individual, including hardship applicants. The Compliance Officer may reject any trading requests in its sole and reasonable discretion.

4. The procedures set forth in this Section IV.B shall be supplemented by Attachment A which is annexed hereto.

C. Rule 10b5-1 Plans

SEC Rule 10b5-1 provides that a trade is not “on the basis of” material nonpublic information if the trader can demonstrate that, before becoming aware of the information, he or she had entered into a binding contract to purchase or sell the security, provided instructions to another person to execute the trade for the trader’s account or adopted a written plan for the purchase or sale of securities. An Insider will be permitted to have trades executed on his or her behalf pursuant to a written plan that meets the requirements of Rule 10b5-1 (a “**Rule 10b5-1 Plan**”) without regard to the provisions of Sections IV.A and IV.B of this Policy if the Insider complies with all of the restrictions imposed by the Company on Rule 10b5-1 Plans, as in effect from time to time, and if such plan is approved by the Compliance Officer.

D. Stock Option Plans

The trading prohibitions and restrictions of this Policy apply to all sales of securities acquired through the exercise of stock options granted by the Company, but not to the acquisition of securities through such exercises.

E. Employee Stock Purchase Plan

The trading prohibitions and restrictions of this Policy do not apply to purchases of Company stock in any employee stock purchase plan resulting from Insiders' periodic contributions of money to the plan pursuant to the election the Insiders made at the time of their enrollment in such a plan. This Policy also does not apply to purchases of Company stock resulting from lump sum contributions to any such plan, provided that the Insider elected to participate by lump-sum payment at the beginning of the applicable enrollment period. This Policy does not apply to Insiders' elections to participate in any such plan for any enrollment period and to Insiders' sales of Company stock purchased pursuant to such a plan, if such Insiders' sales are made pursuant to a written plan that meets the requirements of Rule 10b5-1 (without regard to the provisions of Sections IV.A and IV.B of this Policy) and the Insider complies with all of the restrictions imposed by the Company on Rule 10b5-1 Plans, as in effect from time to time and if such plan is approved by the Compliance Officer.

F. Priority of Statutory or Regulatory Trading Restrictions

The trading prohibitions and restrictions set forth in this Policy will be superseded by any greater prohibitions or restrictions prescribed by federal or state securities laws and regulations, e.g., short-swing trading by Section 16 Individuals or restrictions on the sale of securities subject to Rule 144 under the Securities Act. Any Insider who is uncertain whether other prohibitions or restrictions apply should ask the Compliance Officer.

V. Violations

A. Disciplinary Sanctions

Violation of this Policy or federal or state insider trading or tipping laws by any director, officer or employee, or their family members, may subject the director to dismissal proceedings and the officer or employee to disciplinary action by the Company up to and including termination for cause.

B. Reporting Violations

Any Insider who violates this Policy or any federal or state laws governing insider trading or tipping, or knows of any such violation by any other Insiders, must report the violation immediately to the Compliance Officer. Upon learning of any such violation, the Compliance Officer, in consultation with the Company's legal counsel, will determine whether the Company should release any material nonpublic information, or whether the Company should report the violation to the SEC or other appropriate governmental authority.

VI. Inquiries

Please direct all inquiries regarding any of the provisions or procedures of this Policy to the Compliance Officer.

RECEIPT AND ACKNOWLEDGMENT

I, _____, hereby acknowledge that I have received and read a copy of the Point Blank Solutions, Inc. Policy on Insider Trading and Tipping and agree to comply with its terms. I understand that violation of insider trading or tipping laws or regulations may subject me to severe civil and/or criminal penalties, and that violation of the terms of the above-titled policy may subject me to discipline by the Company up to and including termination for cause.

Signature

Date

PRE-CLEARANCE PROCESS

1. Pre-clearance request needs to be submitted in writing via e-mail or memorandum directed to the Compliance Officer. **Telephone calls will not be processed.** The Compliance Officer will be responsible for the pre-clearance of all submitted transactions. All transactions by the Compliance Officer will be pre-cleared by the Chief Executive Officer of Point Blank Solutions, Inc. ("PBSI").
2. Mandatory pre-clearance is for all Restricted Persons. Other employees of PBSI, while subject to all other provisions of PBSI's insider trading policy, are not required to pre-clear their trades. Notwithstanding the foregoing, PBSI may on a case-by-case basis designate any other employee to be subject to mandatory pre-clearance procedures.
3. Pre-clearance request should be submitted as a general rule at least one (1) business day prior to the intended trade date. Requests submitted the same day are generally strongly discouraged absent clear evidence of hardship and will be evaluated only on a case-by case basis. Processing of pre-clearance on the same day basis will not be guaranteed.
4. Each pre-clearance request must contain description of the proposed transaction. In that regard, the notifying person must inform PBSI whether such person intends to engage in an open market purchase or sale or an option exercise, including the number of shares/options subject to the transaction and the trading price or price range.
5. As a general rule, pre-clearance grant shall remain in effect for a period of three trading days. Requests for longer pre-clearance periods are generally strongly discouraged absent clear evidence of hardship, will be evaluated only on a case-by case basis and require detailed written justification.
6. Each pre-clearance request shall contain the following certifying statement:

"By submitting the request to pre-clear transaction in Point Blank Solutions, Inc.'s common stock described in this e-mail, I hereby represent and warrant that I am not aware of any material non-public information relating to Point Blank Solutions, Inc. and/or any of its subsidiaries and that this proposed transaction will be effected in full compliance with Point Blank Solutions, Inc.'s insider trading policies. I understand and acknowledge that for information to be "material," it must be a fact that the reasonable investor would likely consider significant in connection with trading in Point Blank Solutions, Inc. common stock, and that "nonpublic" information is any information about Point Blank Solutions, Inc., its subsidiaries and/or its business that is not reasonably accessible to the investing public. I acknowledge and agree that Point Blank Solutions, Inc. will rely on my representations set forth above in pre-clearing the transactions described in this e-mail. I agree that I will inform Point Blank Solutions, Inc. immediately by e-mail directed to its Compliance Officer in the event I become aware of any material non-public information before the transaction referred to in this e-mail is effected and I understand that in such event it will be my obligation to inform the

brokerage used by me in executing this transaction to discontinue any further trading activities on my behalf. I understand and acknowledge that any violation of the insider trading laws is a serious offense that may subject me to criminal and civil liability and penalties."