

## **POINT BLANK SOLUTIONS, INC.**

### **AUDIT COMMITTEE CHARTER**

#### **I. Purpose**

The Audit Committee (the “Committee”) is appointed by the Board of Directors (the “Board”) of Point Blank Solutions, Inc. (the “Company”) to assist the Board in its oversight responsibilities relating to (1) the integrity of the financial statements of the Company and its financial reporting process, (2) the qualifications and independence of the Company’s independent registered public accounting firm, (3) internal and external auditing and the performance of the Company’s internal audit function and independent registered public accounting firm, (4) the integrity of the Company’s system of disclosure controls and procedures and internal control over financial reporting, (5) the compliance by Company directors and employees with ethical standards adopted by the Company, and (6) compliance by the Company with legal and regulatory requirements.

#### **II. Committee Membership**

The Committee shall consist of no fewer than three members. Each of the members of the Committee shall meet the independence and experience requirements of (1) any securities exchange or trading system on which the Company’s stock may be listed and (2) applicable law, including Section 121A and Rule 10A-3 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and the Sarbanes-Oxley Act of 2002 (as amended, the “Act”). All members of the Committee must be able to read and understand financial statements at the time of their appointment and at least one member of the Committee shall be an “audit committee financial expert,” as defined under the Act and the regulations promulgated thereunder.

The members of the Committee shall be appointed by the Board. Committee members may be replaced by the Board. No member of the Committee may serve on more than three audit committees (including a member’s service on the Committee), unless the Board determines that such service does not impair such member’s ability to serve on the Committee.

#### **III. Committee Authority and Responsibility**

- The Committee shall be solely responsible for the appointment and retention (or termination) of the independent registered public accounting firm, and shall be solely responsible for the compensation and oversight of the work of such firm. The independent registered public accounting firm shall report directly to the Committee.
- The Committee shall have the authority to engage independent counsel, accounting or other advisors to advise the Committee as it determines appropriate to assist in the full performance of its functions.
- The Committee shall approve in advance all audit services and all non-audit services provided by the independent registered public accounting firm. The Company shall provide the Committee with appropriate funding, as determined by the Committee, to

compensate (i) the independent registered public accounting firm engaged for the purpose of rendering an audit report or related work or performing other audit, review or attestation services, (ii) any advisers employed by the Committee and (iii) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

- The Committee shall meet as often as it determines, but not less frequently than quarterly.
- The Committee may form and delegate authority to subcommittees when appropriate.
- The Committee may request any officer or employee of the Company or the Company's outside counsel or independent registered public accounting firm to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.
- The Committee shall meet with management, the internal auditors and the independent registered public accounting firm in separate executive sessions at least quarterly.
- The Committee may meet with the Company's investment bankers or financial analysts who follow the Company.
- The Committee shall make regular reports to the Board and shall submit the minutes of its meetings to the Board following each Committee meeting.
- The Committee shall review and reassess the adequacy of this Charter at least annually and recommend any proposed changes to the Board for approval.
- The Committee shall prepare the report required by the rules of the Securities and Exchange Commission to be included in the Company's annual proxy statement.
- The Committee shall annually review and evaluate the Committee's own performance.

The Committee's policies and procedures shall remain flexible in order to best react to changing conditions and to help ensure that the Company's accounting and reporting practices are in accord with all requirements and are of the highest quality. In carrying out its responsibilities, the Committee, to the extent it deems necessary or appropriate, may:

#### Financial Statement and Disclosure Matters

1. Review and discuss with management and the independent registered public accounting firm, prior to filing, the annual audited financial statements, including disclosures made in the Company's annual report on Form 10-K and management's discussion and analysis.
2. Recommend to the Board of Directors, based upon a review of the Company's audited financial statements and discussions with management and the independent registered public accounting firm, whether the audited financial statements should be included in the Company's annual report on Form 10-K.
3. Review and discuss with management and the independent registered public accounting firm the Company's quarterly financial statements prior to the filing of its Form 10-Qs,

- including the results of the reviews by the independent registered public accounting firm of the quarterly financial statements.
4. Review management's report on internal control over financial reporting and the attestation of such report by the Company's independent registered public accounting firm.
  5. Hold timely discussions with the independent registered public accounting firm regarding the following:
    - critical accounting policies and practices;
    - alternative treatments of financial information within generally accepted accounting principles that have been discussed with management and the ramifications of such alternative disclosures and treatments, including the treatment preferred by the independent registered public accounting firm; and
    - all other material written communications between the independent registered public accounting firm and management, including (without limitation) any management letter and any schedule of unadjusted differences.
  6. Review analyses prepared by management, setting forth the significant financial reporting issues or judgments made in connection with the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements.
  7. Approve, if appropriate, major changes to the Company's auditing and accounting principles and practices as suggested by the independent registered public accounting firm, management, or the internal auditors.
  8. Discuss with management, prior to release, the Company's earnings press releases, including the use of "pro forma" or "adjusted" non-GAAP information. Review and discuss any earnings guidance and financial information provided to analysts and rating agencies.
  9. Discuss with management and the independent registered public accounting firm the effect of regulatory and accounting developments.
  10. Inquire of management, the internal auditor, and the independent registered public accounting firm about any potential financial risks or exposures and assess the steps management should take or has taken to identify and minimize such risk.
  11. Discuss with the independent registered public accounting firm the matters required to be discussed by Statement on Auditing Standards No. 61, as amended by SAS No. 84 and SAS No. 90, relating to the conduct of the audit, including the management letter and the Company's response to that letter, and any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to requested information, and any significant disagreements with management.

12. Discuss with management, the internal auditor and the independent registered public accounting firm the adequacy and effectiveness of the Company's internal control over financial reporting.
13. Review with the Chief Executive Officer and the Chief Financial Officer the Company's disclosure controls and procedures and review periodically, but in no event less frequently than quarterly, management's conclusions about the efficacy of such disclosure controls and procedures.

#### Oversight of the Company's Relationship with the Independent Registered Public Accounting Firm

14. Review the experience and qualifications of the senior members of the members of the independent registered public accounting firm team assigned to the Company.
15. Obtain and review a report from the independent registered public accounting firm at least annually regarding (a) the auditor's internal quality-control procedures, (b) any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the firm, (c) any steps taken to deal with any issues raised in clause (b) above, and (d) all relationships between the independent registered public accounting firm and the Company. Evaluate the qualifications, performance and independence of the independent registered public accounting firm, including considering whether the auditor's quality controls are adequate and the provision of non-audit services is compatible with maintaining the auditor's independence, taking into account the opinions of management and the internal auditor. The Committee shall present its conclusions to the Board and, if so determined by the Committee, recommend that the Board take additional action to satisfy itself of the qualifications, performance and independence of the independent registered public accounting firm.
16. Adopt a policy of rotating the lead and concurring audit partner every five years and consider whether in order to assure continuing auditor independence, it is appropriate to adopt a policy of rotating the auditing firm itself on a regular basis.
17. Review and discuss significant consultations between the local members of the external auditor team and the national office of the independent registered public accounting firm on matters that are required to be disclosed to the Audit Committee.
18. Meet with the independent registered public accounting firm and management to review the scope of the audit proposed for the current year and the audit procedures to be utilized, and at its conclusion, review the audit, including the comments or recommendations of the independent registered public accounting firm.

#### Oversight of the Company's Internal Audit Function

19. Review the appointment and, if necessary, the replacement of the senior internal auditing executive.
20. Review the significant reports to management prepared by the internal auditing department and management's responses.

21. Review the internal audit function, including the independence and authority of its reporting obligations, the audit plans proposed for the coming year, and the coordination of such plans with the work of the independent registered public accounting firm.
22. Review periodically with the independent registered accounting firm the internal audit function's responsibility, budget and staffing.
23. Periodically review with the senior internal auditing executive any significant difficulties, disagreements with management, or scope restrictions encountered in the course of the internal audit function's work.
24. Annually review and recommend changes (if any) to the internal audit charter.

#### Compliance Oversight Responsibilities

25. Obtain from the independent registered public accounting firm assurance that it is not aware of any circumstances that would require reporting under Section 10A of the Exchange Act.
26. Obtain reports from management and the Company's senior internal auditing executive that the Company is in conformity with applicable legal requirements and the Company's Code of Business Conduct and Ethics and advise the Board with respect to such compliance.
27. Review with management and the independent registered public accounting firm all related party transactions involving the Company and any of the Company's principal stockholders, members of the Board, senior management or any immediate family member of any of the foregoing, for potential conflict of interest situations. If the Committee determines that any such related party transaction creates a conflict of interest situation, the transaction must be approved by the Committee prior to the Company entering into such transaction.
28. Review with management and the independent registered public accounting firm any correspondence with regulators or governmental agencies and any published reports which raise material issues regarding the Company's financial statements or accounting policies.
29. Establish procedures for the receipt, retention and treatment of complaints and employee concerns received by the Company regarding accounting, internal accounting controls or auditing matters. Additionally, the Committee shall ensure that all such complaints are treated confidentially and anonymously.
30. Discuss with the Company's counsel legal and regulatory matters that may have a material impact on the Company's financial statements, and compliance policies and programs, including corporate securities trading policies.
31. Perform any other activities consistent with this Charter as the Committee or the Board may deem necessary or appropriate.

## **Limitation of Committee's Role**

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of the Company's management and independent registered public accounting firm.