

## PROFILE TECHNOLOGIES, INC. INSIDER TRADING POLICY

### 1. PURPOSE

Profile Technologies, Inc. (“Profile” or the “Company”) is adopting this Insider Trading Policy (the “Policy”) for its directors, officers, employees, and certain designated outsiders who have access to Material Nonpublic Information (defined in Section 6) and the family members of each of the foregoing individuals.

This Policy will assist such individuals in complying with federal and state securities laws that restrict the purchase or sale of Profile common stock while the person on whose behalf such purchase or sale is made is in possession of Material Nonpublic Information. This Policy will also facilitate compliance with securities laws governing tipping or disclosing Material Nonpublic Information to outsiders, and will prevent even the appearance of improper insider trading or tipping.

### 2. SCOPE

- (a) This Policy applies to (i) Profile directors and officers, (ii) Profile employees, (iii) any outsiders that the Compliance Officer (defined in Section 4) may, from time to time, designate because they maintain or have access to Profile Material Nonpublic Information (“Designated Outsiders”) and (iv) the family members of each of the foregoing individuals (collectively, the “Insiders”).
- (b) This Policy applies to any and all transactions in Profile common stock, including “non-sale” transactions (such as those undertaken for estate planning purposes and charitable donations), the exercise of stock options and warrants, trades in any interest or position relating to the future price of Profile common stock (such as a put, call or short sale) and all other actions with respect to derivatives of Profile common stock, all of which may be treated as a purchase or sale of Profile common stock under applicable rules and regulations. The trading prohibitions and restrictions of this Policy do not apply to (i) the acquisition of common stock by a Profile director, officer, employee or Designated Outsider directly from Profile pursuant to the exercise of a stock option issued pursuant to an option plan approved by the Profile board of directors, the exercise of a stock option outside of an approved option plan, or the exercise of a warrant, or (ii) the sale of common stock pursuant to a 10b5-1 trading plan properly adopted by the individual stockholder and approved by Profile.
- (c) This Policy will be delivered to all Insiders upon its adoption by Profile. This Policy will be delivered to any new Insiders at the start of their employment or relationship with Profile. Upon first receiving a copy of this Policy or any revised versions, each Insider must sign a Receipt and Acknowledgment, a form of which is attached hereto as Exhibit A, stating that he or she has received a copy of this

Policy and agrees to comply with its terms. Reporting Persons, Informed Employees, and Designated Outsiders (defined in Section 3) may be required to certify compliance with this Policy on an annual basis.

### 3. REPORTING PERSONS AND INFORMED EMPLOYEES AND DESIGNATED OUTSIDERS

#### (a) Reporting Persons

The directors and officers listed on Exhibit B attached hereto (the “Reporting Persons”) have been designated by Profile as the directors and officers<sup>1</sup> who are subject to the reporting provisions and trading restrictions of Section 16 of the Securities Exchange Act of 1934 (the “Exchange Act”). Profile will amend Exhibit B from time to time as necessary to reflect the addition, resignation or departure of Reporting Persons.

Each Reporting Person must obtain prior approval of all trades in Profile common stock in accordance with the procedure set forth in Section 5(a) below.

#### (b) Informed Employees

The persons listed on Exhibit C attached hereto (the “Informed Employees”) have been designated by Profile as the employees who, because of their position with Profile, have access to Material Nonpublic Information. Profile will amend Exhibit C from time to time as necessary to reflect the addition, resignation or departure of Informed Employees.

Each Informed Employee must obtain the prior approval of all trades in Profile common stock in accordance with the procedure set forth in Section 5(a) below.

#### (c) Designated Outsiders

The persons listed on Exhibit D attached hereto (the “Designated Outsiders”) have been designated by Profile as the outsiders who, because of their association with Profile, have access to Material Nonpublic Information. Profile will amend Exhibit D from time to time as necessary to reflect the addition, resignation or departure of Designated Outsiders.

Each Designated Outsider must obtain the prior approval of all trades in Profile common stock in accordance with the procedure set forth in Section 5(a) below.

---

<sup>1</sup> “Reporting Persons” include Profile’s directors, Chief Executive Officer, president, principal financial officer, principal accounting officer, or controller, any vice president in charge of a significant business segment or function, and any other person who performs a policy-making function.

#### 4. COMPLIANCE OFFICER

Profile has designated Heather C. Serres, Profile consulting accountant, to be its Insider Trading Compliance Officer (the “Compliance Officer”). The Compliance Officer will work with McGuireWoods LLP, Profile’s outside counsel, to review and either approve or prohibit certain proposed trades in accordance with the procedure set forth in Section 5(a) below.

The Compliance Officer 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.

In the event that the Compliance Officer, an Insider, wishes to trade Profile common stock, the Compliance Officer must obtain pre-clearance of each proposed trade in Profile common stock from either McGuire Woods LLP or another individual who Profile has designated to perform the Compliance Officer’s duties, in accordance with the procedures set forth in Section 5(a) below.

All correspondence with the Compliance Officer should be directed to: Heather C. Serres, H C Serres, Inc. c/o Profile Technologies, Inc., 11222 S.E. 30<sup>th</sup> Street, Bellevue, WA 98004, Phone: (425) 466-2894.

#### 5. POLICY AND PROCEDURES

##### (a) Procedure for Approving Trades

Reporting persons, Informed Employees and Designated Outsiders may not trade Profile common stock unless the trade(s) have been approved by the Compliance Officer, in consultation with McGuireWoods LLP, in accordance with the following procedure:

- (i) Each Reporting person, Informed Employee and Designated Outsider must contact the Compliance Officer to obtain pre-clearance of each proposed trade at least two (2) business days before the effective date of the proposed transaction(s).<sup>2</sup> In the event the Compliance Officer is not available, please contact Dwight Howes of McGuireWoods LLP, at (412) 667-7902 or Zach Miller of McGuireWoods LLP, at (312) 750-2774.
- (ii) The Compliance Officer will maintain a record, in the form attached hereto as Exhibit E, with respect to each trade submitted for preapproval.

The existence of the foregoing approval procedure does not in any way obligate the Compliance Officer to approve any trades requested by an Insider. The

---

<sup>2</sup> An exception to this requirement is made for transactions made pursuant to 10b5-1 Plans. However, pre-approval must be obtained before entering into a 10b5-1 Plan.

Compliance Officer may reject any trading requests in his sole reasonable discretion.

(b) Blackout Periods

Insiders may not trade Profile common stock during the regular or special blackout periods described below:

(i) Regular Blackout Periods

Profile's blackout periods begin 14 days before the end of each fiscal quarter and extend until 48 hours after Profile formally announces its earnings for that quarter.

(ii) Special Blackout Periods

The Compliance Officer may designate special trading blackout periods during which Insiders may not trade Profile common stock. Insiders may not disclose to any outside third party that a special blackout period has been designated.

(c) Additional Prohibited Activities

- (i) Insiders possessing Material Nonpublic Information concerning Profile may not trade Profile common stock, even outside applicable blackout periods. Persons possessing such information may trade only after the close of trading on the second full trading day following Profile widespread public release of the information. **Please note that, after Profile makes a general public disclosure (e.g. the announcement of an acquisition), certain Insiders may still be prohibited from trading Profile common stock because they continue to maintain specific knowledge relating to additional material facts that have not yet been publicly disclosed.**
- (ii) The Compliance Officer may not trade in Profile common stock unless the trade(s) have been approved by a more senior executive officer or other member of senior management in accordance with the procedures set forth in Section 5(a) below.
- (iii) Insiders may not "tip" or disclose Material Nonpublic Information 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 such Insider's regular duties for Profile and authorized by the Compliance Officer, in consultation with Profile legal counsel. In limited circumstances, the disclosure of Material Nonpublic Information to persons who are under a duty to maintain the

confidentiality of such information may be permissible and will not be considered “tipping;” however, please seek the advice of the Compliance Officer before assuming the existence of any such confidential circumstance.

In any instance in which such information is disclosed to outsiders, subject to its duties under Regulation F-D, Profile 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 must be forwarded to the Compliance Officer.

- (iv) Insiders may not give trading advice of any kind about Profile to anyone while possessing Material Nonpublic Information about Profile, except that Insiders should advise others not to trade if doing so might violate the law or this Policy. Profile strongly discourages all Insiders from giving trading advice concerning Profile to third parties even when the Insiders do not possess Material Nonpublic Information about Profile.
- (v) Insiders may not (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 if, in each case, such material nonpublic information was obtained in breach of a fiduciary duty or other relationship of trust and confidence or was received from an individual who had obtained the material nonpublic information in breach of a fiduciary duty or other relationship of trust and confidence.

(d) Employee Benefit Plans

(i) Employee Stock Purchase Plans

The trading prohibitions and restrictions set forth in this Policy do not apply to periodic contributions by Profile or employees to employee benefit plans (e.g., pension or 401K plans) which are used to purchase Profile common stock pursuant to the employees’ advance instructions. However, no officers or employees may alter their instructions regarding the purchase or sale of Profile common stock in such plans during any blackout period or while in the possession of Material Nonpublic Information.

(ii) Stock Option Plans

The trading prohibitions and restrictions of this Policy apply to all sales of Profile common stock acquired through the exercise of stock options and warrants granted by Profile, but not to the acquisition of Profile common stock through such exercises (as discussed in Section 2(b)).

(e) 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 Reporting Persons 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 consult the Compliance Officer for guidance.

6. DEFINITION OF “MATERIAL NONPUBLIC INFORMATION”

(a) “Material” Information

Information about Profile 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 Profile. In simple terms, material information is any type of information which could reasonably be expected to affect the price of Profile common stock. 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.
- Profile projections and strategic plans.
- Potential mergers and acquisitions or the sale of Profile assets or subsidiaries.
- New major contracts, orders, suppliers, customers, or finance sources, or the loss thereof.
- Major discoveries or 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 Profile dividend policies or amounts.
- Significant changes in senior management.
- Significant labor disputes or negotiations.
- Actual or threatened major litigation, or the resolution of such litigation.

(b) “Nonpublic” Information

Material information is “nonpublic” if it has not been filed with the SEC or otherwise 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 close of trading on the second full trading day following Profile’s 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 should consult the Compliance Officer for guidance.

7. POTENTIAL CIVIL, CRIMINAL AND DISCIPLINARY SANCTIONS

(a) Civil and Criminal Penalties

The consequences of prohibited insider trading or tipping can be severe. Persons violating insider trading or tipping rules may be required to disgorge the profit made or the loss avoided by the trading, pay the loss suffered by the person who purchased securities from or sold securities to the insider tippee, pay certain additional civil penalties, pay certain additional criminal penalties, and potentially serve a jail term. Profile and/or the supervisors of the person violating the rules may also be required to pay major civil or criminal penalties.

(b) Discipline

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

(c) 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 McGuireWoods LLP, will determine whether Profile should release any Material Nonpublic Information, or whether Profile should report the violation to the SEC or other appropriate governmental authority.

## 8. 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 “Insider Trading Policy” 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 Profile up to and including termination for cause.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Signature

Reporting Persons

1. Murphy Evans
2. Henry E. Gemino
3. Philip L. Jones
4. Charles Christenson
5. Richard Palmer
6. Robert Geib

Informed Employees

1. Rosellen Gemino
- 2.
- 3.
- 4.
- 5.

**Exhibit D**

Designated Outsiders

1. Dr. CharlesFrost
2. Leo Sender
3. Ron Focia
4. Heather Serres
- 5.

Pre-clearance Record

1. Name:
2. Proposed Transaction Date:
3. Proposed Transaction:
4. Affiliation with Profile:
  - a. Reporting Person: \_\_\_\_\_
  - b. Informed Employee: \_\_\_\_\_
  - c. Designated Outsider: \_\_\_\_\_
5. Verified Matters:
  - a. Existing Blackout Period?  
Yes: \_\_\_\_\_  
No: \_\_\_\_\_  
Explain:
  - b. Possession of Material Inside Information?  
Yes: \_\_\_\_\_  
No: \_\_\_\_\_  
Explain:
  - c. Potential Violation of Section 16 Short Swing Profit Rules?  
Yes: \_\_\_\_\_  
No: \_\_\_\_\_  
Explain:
  - d. Potential Violation of Rule 144 of the Securities Exchange Act of 1933?  
Yes: \_\_\_\_\_  
No: \_\_\_\_\_  
Explain:
6. Determination:  
Trade Authorized: \_\_\_\_\_  
Trade Not Authorized: \_\_\_\_\_