

**COURT OF CHANCERY
OF THE
STATE OF DELAWARE**

WILLIAM B. CHANDLER III
CHANCELLOR

COURT OF CHANCERY COURTHOUSE
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GEORGETOWN, DELAWARE 19947

Submitted: August 12, 2008
Decided: August 12, 2008

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Re: *Steel Partners II, L.P. v. Point Blank Solutions, Inc.*
Civil Action No. 3695-CC

Dear Counsel:

Before me is the motion of Point Blank Solutions, Inc. ("Point Blank" or the "Company") to postpone its annual meeting of stockholders from August 19, 2008 to November 19, 2008.

On April 8, 2008, Point Blank announced the postponement of its annual meeting, which was originally scheduled for April 22, 2008, until August 19, 2008. The reason for the delay was to allow the Company additional time to pursue possible strategic alternatives, such as a sale of some or all of the Company's stock. The last annual meeting at which directors were elected was held on May 6, 2005, and its last annual meeting was held in October 2005.

On April 16, 2008, after the Company's April 8, 2008 announcement, Steel Partners II, L.P. ("Steel Partners") brought this action pursuant to Section 211¹ to compel the Company to hold an annual meeting of stockholders for the purpose of electing directors. After conferences with this Court on May 9, 2008 and again on May 19, 2008, the parties entered into a stipulation and order, which this Court signed, that provided: "Unless otherwise approved by this Court, for good cause shown and on notice to plaintiff, defendant Point Blank . . . shall hold its annual meeting of stockholders no later than August 19, 2008." Now, Point Blank seeks a ninety-day postponement of the upcoming August 19, 2008 meeting to complete its exploration of strategic alternatives.

In support of its request for postponement, the Company points to its concern that Steel Partners and the former CEO of the Company, David H. Brooks ("Brooks"), together control approximately 40% of the vote. Their combined vote, Point Blank contends, is enough to warrant the requested postponement. First, as to Steel Partners, a potential buyer of the Company that has nominated a slate of directors, Point Blank argues that, if elected, these directors will be conflicted and will seek to purchase the Company for Steel Partners' own investors for the lowest possible price. Second, the Company insists, Brooks has a personal interest adverse to the majority of the Company's stockholders because Brooks is currently litigating his claim to advancement fees against the Company, which has asserted the defense of unclean hands, and is also defending a breach of contract action that the Company filed against him in federal court in New York. In addition, Point Blank notes that Brooks has voting control over 22% of the 29% of the Company's stock he owns with his former wife. Though his former wife has beneficial economic ownership of these shares, Brooks has voting control, highlighting the disparity of Brooks' interests as compared to those of other stockholders.

Though the parties dispute whether the Company, to prevail on this motion, must satisfy the Rule 60(b) "extraordinary circumstances" standard² or instead must show "good cause" under the language used in the May 23, 2008 Order, I find it unnecessary to resolve this question because I determine that the Company has not demonstrated even the lesser burden of good cause.

¹ 8 Del. C. § 211.

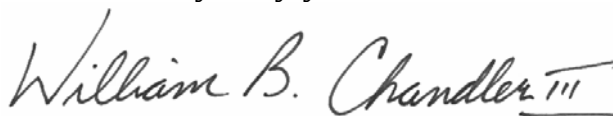
² See Ct. Ch. R. 60(b)(6); see also *Saito v. McCall*, Nos. 17132, 18553, 2004 WL 3048949, at *1 (Del. Ch. Aug. 19, 2004) ("[M]otions brought under [Rule 60(b)](6) require an even stronger showing by the movant for relief to be granted than motions under the other five subparagraphs of the rule, namely the existence of extraordinary circumstances.") (internal citation omitted).

Even though the Company requests the postponement to enable it to complete the strategic process, which was undertaken for the benefit of its stockholders, and it certainly it does not appear that the Company's inability to complete the strategic process is through any fault of its own, I find that these circumstances fail to provide a basis upon which the shareholder franchise may be further impinged by any additional delay of the exercise of that fundamental right.³

Though I do not fail to recognize the influence that Steel Partners and Brooks may have on the outcome of a shareholder vote, the Company's proper recourse under the circumstances is to communicate its concerns directly to its shareholders. Should the Company wish to communicate its concerns with the shareholders to inform them, for example, of the perceived hazards that may befall the Company if the Steel Partners' slate of directors is elected or, for another example, of the report of the findings of the Institutional Shareholder Services, Inc., then the Company certainly may make any and all communications it determines are necessary and appropriate (and in fact appears to already be doing so). After evaluating all the information made available to them, the stockholders will then decide to stay the course with the Company's current management or else elect a new slate of directors. In either case, it is up to the stockholders to vote their prerogative and I find no good cause shown to further delay their ability to do so. Point Blank's motion is therefore denied and the Company is directed to conduct its meeting on August 19, 2008, as previously agreed to.

IT IS SO ORDERED.

Very truly yours,

A handwritten signature in dark ink, reading "William B. Chandler III". The signature is written in a cursive, flowing style. The "III" is written as three vertical lines.

William B. Chandler III

WBCIII:mpd

³ See, e.g., *Blasius Indus., Inc. v. Atlas Corp.*, 564 A.2d 651, 659 (Del. Ch. 1988); see also *MM Companies, Inc. v. Liquid Audio, Inc.*, 813 A.2d 1118, 1127 (Del. 2003) ("This Court and the Court of Chancery have remained assiduous in carefully reviewing any board actions designed to interfere with or impede the effective exercise of corporate democracy by shareholders, especially in an election of directors.") (citing *Unitrin, Inc. v. American Gen. Corp.*, 651 A.2d 1361, 1378 (Del. 1995); *Blasius Indus., Inc.*, 564 A.2d 651, 665–61 (Del. Ch. 1988); *In re Gaylord Container Corp. S'holders Litig.*, 753 A.2d 462 (Del. Ch. 2000)).