

AVP, INC.

POLICY STATEMENT

TRADING IN COMPANY SECURITIES

The Need For a Policy Statement

As you know, the Company's Securities are now publicly traded. Federal securities laws impose a number of obligations on persons possessing material inside information regarding public companies, including their directors, officers and employees.

We have adopted this Policy Statement not only to comply with the law, but to avoid even the appearance of improper conduct on the part of any director, officer or employee of the Company. We have all worked hard over the years to establish our reputation for integrity and ethical conduct and cannot afford to have it damaged.

Our Policy

If a director, officer or employee has material non-public information relating to the Company, it is our policy that neither that person nor any related person may buy or sell securities of the Company or engage in any other action to take advantage of, or pass on to others, that information. This policy also applies to material non-public information relating to any other company, including our customers and suppliers, obtained in the course of employment.

Transactions that may be necessary or justifiable for independent reasons (such as the need to raise money for an emergency expenditure) are no exception. Even the appearance of an improper transaction must be avoided to preserve our reputation for adhering to the highest standards of conduct.

Material Information. Material information is any information that a reasonable investor would consider important in a decision to buy, hold, or sell securities. In short, it is any information that reasonably could be expected to affect the price of a company's securities.

Examples. Common examples of information that will frequently be regarded as material are: the amounts of quarterly or annual earnings or losses; projections of future sales, earnings or losses; gain or loss of a significant contract, customer or supplier; news of a pending or proposed merger, acquisition, tender offer, or significant sale or disposition of assets; internal financial information that departs from what the market would expect; changes in dividend policies or the declaration of a stock split or the offering of additional securities; changes in management; and significant changes in operations. Either positive or negative information may be material.

Twenty-Twenty Hindsight. Remember, if your securities transactions become the subject of scrutiny, they will be viewed after-the-fact with the benefit of hindsight. As a result, before engaging in any transaction you should carefully consider how regulators, prosecutors and others might view your transaction in hindsight.

Transactions by Family Members. The very same restrictions apply to your family members and others living in your household. Employees are expected to be responsible for the compliance of their immediate families and personal households.

Tipping Information to Others. Whether the information is proprietary information about the Company or information that could have an impact on its stock price, employees must not pass the information on to others. The above penalties apply to a person who “tips” the non-public information, whether or not you derive any benefit from another's actions.

When Information is Public. As you can appreciate, it is also improper for an officer, director or employee to trade immediately after the Company has made a public announcement of material information, including earnings releases. Because the Company's shareholders and the investing public should be afforded the time to receive and understand the information and act upon it, as a general rule you should not engage in any transactions until the second business day after the information has been released. Thus, if an announcement is made on a Monday, Wednesday generally would be the first day on which you should trade. If an announcement is made on a Friday, Tuesday generally would be the first day.

Prevention of Insider Trading by Others. If you become aware of a potential insider trading violation, you should immediately advise the General Counsel of the Company. You also should take steps, where appropriate, to prevent persons under your control from using non-public information.

Confidentiality. Serious problems could be caused for our Company by unauthorized disclosure of internal information about our Company, whether or not for the purpose of facilitating improper trading in our Company's securities. Company personnel should not discuss internal Company matters or developments with anyone outside of the Company, except as required in the performance of regular corporate duties.

This prohibition applies specifically (but not exclusively) to inquiries about the Company, which may be made by the financial press, investment analysts or others in the financial community. It is important that all such communications on behalf of the Company be through an appropriately designated officer under carefully controlled circumstances. Unless you are expressly authorized to the contrary, if you receive any inquiries of this nature, you should decline comment and refer the inquirer to the Company's Chief Executive Officer or General Counsel.

You must also refrain from discussing our Company's stock price or business affairs or prospects in or on any Internet chat room or bulletin board, even to correct

erroneous information posted by others. If you see any information that you consider to be seriously misleading, please report it to the Company's Chief Executive Officer and General Counsel.

Inadvertent Disclosure. If you become aware that material non-public information has been improperly disclosed by any employee, officer or director, you should immediately report all the facts to the Company's Chief Executive Officer and General Counsel, so that the Company may take appropriate remedial action.

Additional Prohibited Transactions

Because we believe it is improper and inappropriate for any Company personnel to engage in short-term or speculative transactions involving Company stock, it is the Company's policy that directors, officers and employees must not engage in any of the following activities with respect to securities of the Company:

- Trading in securities on a short-term basis. Any Company stock purchased in the open market must be held for a minimum of six months and ideally longer. The SEC's short-swing profit rule already prevents officers, directors of all public companies and, and owners of more than 10% of their stock from selling any of their company stock at a price higher than a price at which shares were purchased within six months. Whether the purchase preceded or followed the sale is irrelevant. Our policy extends this policy to all employees.
- Short sales.
- Options trading.

Company Assistance

Any person who has any questions about specific transactions may obtain additional guidelines from the General Counsel of the Company or outside counsel for the Company as referred by the General Counsel. Remember, however, the ultimate responsibility for adhering to this Policy Statement and avoiding improper transactions rests with you. In this regard, it is imperative that you use your best judgment.

Pre-Clearance of All Trades by Directors and Officers

To provide assistance in preventing inadvertent violations and avoiding even the appearance of an improper transaction (which could result, for example, where an officer engages in a trade while unaware of a pending major development), we are implementing the following procedure: All transactions in Company stock (acquisitions, dispositions, transfer, etc.) by directors and officers must be pre-cleared by our General Counsel or the outside counsel appointed by the General Counsel to handle such clearance. This

requirement does not apply to stock option exercises, but does apply to market sales of stock purchased upon exercise of stock options.