



IN THE COURT OF CHANCERY FOR THE STATE OF DELAWARE

STEEL PARTNERS II, L.P., )  
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 Plaintiff, )  
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 )  
 v. ) C.A. No. 3695-CC  
 )  
 )  
 POINT BLANK SOLUTIONS, INC., a )  
 Delaware Corporation, )  
 )  
 )  
 Defendant. )

**ANSWER TO VERIFIED COMPLAINT FOR RELIEF PURSUANT TO 8 DEL. C. § 211**

Defendant Point Blank Solutions, Inc. (“Point Blank” or the “Company”), by and through its attorneys, hereby submits its Answer to the Verified Complaint for Relief Pursuant to 8 Del. C. § 211 (the “Complaint”), stating as follows:

1. The allegations in paragraph 1 of the Complaint contain plaintiff’s characterization of the action as to which no response is required. However, to the extent a response is deemed to be required, Point Blank denies the allegations in paragraph 1 of the Complaint, except admits that (i) plaintiff purports to bring this action pursuant to 8 *Del. C.* § 211 to compel the Company to hold an annual meeting of stockholders for the purpose of electing directors, and (ii) the last annual meeting of the Company’s stockholders to elect directors was held on May 6, 2005, and for a further response, denies that plaintiff is entitled to any relief because, among other reasons, the Company already has scheduled its annual meeting of stockholders to elect directors for August 19, 2008.

2. Point Blank denies the allegations in the first sentence of paragraph 2 of the Complaint, except admits that plaintiff is a stockholder of the Company. Point Blank admits the allegations in the second sentence of paragraph 2 of the Complaint. Point Blank denies

knowledge or information sufficient to form a belief as to the truth of the allegations in the third sentence of paragraph 2 of the Complaint.

3. Point Blank admits the allegations in the first sentence of paragraph 3 of the Complaint. Point Blank denies the allegations in the second sentence of paragraph 3 of the Complaint, except admits that the Company may be served in Delaware through its correct registered agent, Corporation Service Company, 2711 Centerville Road, Wilmington, Delaware 19808.

4. The allegations in the first sentence of paragraph 4 of the Complaint state a legal conclusion as to which no response is required. Point Blank admits the allegations in the second sentence of paragraph 4 of the Complaint.

5. Point Blank denies the allegations in the first sentence of paragraph 5 of the Complaint. Point Blank admits the allegations in the second and third sentences of paragraph 5 of the Complaint.

6. Point Blank admits the allegations in the first and second sentences of paragraph 6 of the Complaint. Point Blank denies knowledge or information sufficient to form a belief as to the truth of the allegations in the third sentence of paragraph 6 of the Complaint.

7. Point Blank denies the allegations in paragraph 7 of the Complaint, except admits that, on April 8, 2008, after various meetings with plaintiff and other stockholders of the Company, the Company announced that it had postponed the scheduled April 22, 2008 annual meeting until August 19, 2008 and respectfully refers the Court to the Company's press release dated April 8, 2008 for its true and complete contents (including the Company's reasons for postponing the annual meeting).

8. Point Blank restates and incorporates its responses to paragraphs 1-7 of the Complaint as if fully set forth herein.

9. Point Blank admits the allegations in paragraph 9 of the Complaint, but denies that plaintiff is entitled to any relief because, among other reasons, the Company already has scheduled its annual meeting of stockholders to elect directors for August 19, 2008.

10. Point Blank denies the allegations in paragraph 10 of the Complaint, except admits that no action by written consent of the Company's stockholders in lieu of an annual meeting has been taken to elect directors within the last thirteen months.

11. Point Blank denies the allegations in paragraph 11 of the Complaint.

12. Point Blank denies the allegations in paragraph 12 of the Complaint.

#### **FIRST AFFIRMATIVE DEFENSE**

The Complaint fails to state a claim upon which relief can be granted because, among other reasons, Point Blank already has scheduled its annual meeting of stockholders to elect directors for August 19, 2008.

#### **SECOND AFFIRMATIVE DEFENSE**

To the extent that plaintiff is seeking an order requiring that the Company's annual meeting of stockholders for the election of directors be held on a date earlier than August 19, 2008, such relief would be impracticable and inequitable under the circumstances because, among other reasons, there would be insufficient time for the Company to disseminate the necessary proxy materials and other information necessary for stockholders to make informed decisions and to solicit proxies in connection with an earlier stockholder meeting, and there would be insufficient time for stockholders to make informed decisions, particularly in light of the ongoing sales effort being conducted by the Company. Moreover, an earlier stockholder

meeting date would be disruptive to the ongoing efforts of the Company to pursue strategic alternatives.

In addition, plaintiff's claim for relief should be denied because plaintiff seeks an earlier date for an annual meeting of the Company's stockholders as part of its effort to take over the Company and to further its own pecuniary interests as an aspiring buyer of the Company to the potential detriment of the interests of other stockholders of the Company who are not seeking to purchase the Company and whose interests are in conflict with that of plaintiff. In that regard, an earlier stockholder meeting date may provide plaintiff with an unfair advantage in its efforts to take over the Company and would be contrary to the interests of the other stockholders of the Company because, among other reasons, it would impede the Company's ongoing pursuit of strategic alternatives and would not provide other stockholders with adequate time to be advised of, and to consider, any such strategic alternatives that may be available to them and the Company.

### **THIRD AFFIRMATIVE DEFENSE**

To the extent that plaintiff is seeking an order pursuant to 8 *Del. C.* § 211(c) stating that the shares of stock represented at the annual meeting meeting, whether in person or by proxy, and entitled to vote thereat, shall constitute a quorum for the purpose of such meeting, such relief is not warranted and would be inequitable under the circumstances because, among other reasons, Point Blank already has scheduled its annual meeting of stockholders to elect directors for August 19, 2008.

WHEREFORE, Point Blank respectfully requests that this Court: (i) deny any and all requested relief by plaintiff, (ii) award Point Blank its costs and expenses, including

reasonable attorneys' fees, in defending this action, and (iii) award such other and further relief as this Court may deem just and proper.

MORRIS, NICHOLS, ARSHT & TUNNELL LLP

*/s/ William M. Lafferty*

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