

BOLT TECHNOLOGY CORPORATION

POLICY STATEMENT ON THE PREVENTION OF INSIDER TRADING

In the normal course of business, officers, directors and employees of a public company (the “Company”) may come into possession of significant, sensitive information. In the eyes of the law, this information is considered the property of the Company; you have been entrusted with it. In particular, you may not seek to profit from it by buying or selling securities yourself, or passing on the information to others to enable them to profit. The purpose of this Policy Statement is both to inform you of your legal responsibilities in this area, and to make clear to you that the misuse of sensitive information is contrary to Company policy and will be dealt with severely.

Insider trading is a crime, punishable by a criminal fine and imprisonment. In addition, the Securities and Exchange Commission (“SEC”) may seek the imposition of significant civil penalties. Insider traders must also disgorge any profits made, and are often subjected to an injunction against future violations. Additionally, under some circumstances insider traders may be subjected to civil liability in private lawsuits.

Employers and other controlling persons are also at risk under federal law. The term “controlling persons” includes not only a company and its top management, but also any individuals who might be in a supervisory position over an individual violator. Controlling persons may face civil penalties if they recklessly fail to take preventative steps to control insider trading, as well as a criminal penalties. In fact, the SEC can pursue more than one controlling person for failing to prevent one violation and can get a judgment against each person for the full penalty.

Thus, it is imperative both for you and for the Company that insider trading violations not occur. To protect and promote the Company’s reputation for integrity and ethical conduct and to avoid even the appearance of improper conduct on the part of anyone employed by or associated with the Company, the Company has adopted this Policy Statement. The Company must have the full cooperation of all directors, officers, management, supervisory personnel and employees.

The ultimate responsibility for adhering to this Policy Statement and avoiding improper transactions rests with you.

Insider Trading Laws

As an officer, director or employee of the Company, you may not seek to benefit personally by buying or selling stock while in possession of material, nonpublic information that you have learned in the course of your employment or relationship with the Company.

For information to be “**material**,” it must be a fact that the typical investor would likely consider significant in a decision to buy, hold or sell stock. In short, this includes any information which could reasonably affect the price of the stock. If you learn something in the course of your employment or relationship with the Company that leads you to want to buy or sell stock, it is likely that this information will be considered material. It is important to keep in mind that material information need not be definitive information -- information that something is likely to happen, or even just that it might happen, can be considered material. For example, if you found out that a new product introduction was a success, from which you determined the new product might be successfully marketed, you might well be in possession of material information. So, too, if you learned that the Company was in merger negotiations, even though the deal had not yet been agreed to. Keep in mind also that the SEC takes the view that the mere fact that you know the information is enough to bar you from trading; it is no excuse that your reasons for trading were not based on that information.

Common examples of information that will frequently be regarded as material are:

- projections of future earnings or losses;
- news of a pending or proposed merger, acquisition or tender offer;
- news of a significant sale of assets or the disposition of a subsidiary;
- changes in dividend policies or the declaration of a stock split or the offering of additional securities;
- changes in management;
- significant new products or discoveries;
- impending bankruptcy or financial liquidity problems; and
- the gain or loss of a substantial customer or vendor.

Both positive and negative information may be material.

“**Nonpublic**” information is any information that is not reasonably accessible to the investing public. Once the Company releases information through public channels (for instance, a press release), it may take a few additional days for it to be broadly disseminated.

The rule against buying or selling stock while in possession of material nonpublic information applies, of course, to trading in the Company’s securities. It also applies, however, to trading in the securities of other companies if you learn something in the course of your employment or relationship with the Company that might affect the value of such securities. For instance, if you learned that the Company was about to enter into a major contract with ABC

Corporation, it would probably be an insider trading violation to buy ABC securities. Even if you learned something about ABC while on a sales call to ABC, buying or selling ABC stock might well be considered illegal. The insider trading rules apply both to securities purchases (to make a profit based on good news) and to securities sales (to avoid a loss based on bad news).

Tipping

In addition to your obligation to refrain from trading while in possession of material, nonpublic information, you are also prohibited from “tipping” others. The concept of unlawful tipping includes passing on information to friends or family members under circumstances that suggest that you were trying to help them make a profit or avoid a loss. When tipping occurs, both the “tipper” and the “tippee” may be held liable, and this liability may extend to all those to whom the tippee in turn gives the information. Besides being considered a form of insider trading, tipping is also a serious breach of corporate confidentiality. For this reason, you should be careful to avoid discussing sensitive information in any place (for instance, at lunch, on public transportation, in elevators) where such information may be heard by others.

Communications with financial analysts, securities brokers, members of the press and others who may seek information with regard to the Company’s business prospects involve a great risk of improper disclosure of material, nonpublic information and the dissemination of potentially misleading information, each of which can result in liability. Analysts and other persons may attempt to call or write, indicating that they are writing a report or article, are generally interested in the Company or are attempting to verify certain information regarding the business prospects of the Company. No director, officer or employee of the Company should disseminate in any manner any information, whether favorable or unfavorable, about the Company to any person (including analysts, brokers and the press) other than to another employee, director or officer of the Company or a person specifically authorized by the Company to receive such information. If you are faced with a situation in which someone seeks information which you believe to be material and nonpublic, it is appropriate to respond that you have “no comment” rather than responding inaccurately by denying or stating that you are not aware of any such information.

Company Policy

Because insider trading liability operates as such a threat both to you and to the Company, it is contrary to Company policy to engage in any activity that would be considered unlawful trading or tipping under the securities laws, whether in the Company’s securities or in the securities of another company with information gained as a result of your employment or relationship with the Company. Persons violating this policy will be subject to sanctions, which may include **immediate dismissal** from the Company.

Investment Activity

It is also Company policy that any investing that you do in Company securities, or the securities of any company that has a significant relationship with the Company, be on a “buy and hold” basis. Short-term speculation is improper. It is contrary to Company policy, and may be illegal, to buy or sell any publicly traded option on Company stock, to engage in any short sale of Company stock or to establish or use a margin account with a broker-dealer for the purpose of buying or selling Company stock.

Preclearance of All Trades

As a further preventative measure, all officers, directors and employees of the Company (as well as members of any such person’s family residing in the same household) are to refrain from buying or selling Company securities unless the transaction is approved in advance, in writing, by the Company. You should contact the Company’s Chief Executive Officer or Chief Financial Officer for information regarding preclearance of all trades.

Communications with Analysts and the Press

All inquiries from financial analysts, securities brokers, members of the press and similar persons who may from time to time seek information from the Company with regard to its business prospects must be directed to the Company’s Chief Executive Officer or Chief Financial Officer. No information should be discussed. If the person making the inquiry persists, simply state that you are not at liberty to discuss Company information outside the Company. Anyone receiving such an inquiry should contact the Company’s Chief Executive Officer or Chief Financial Officer immediately and inform him of the name of the person inquiring and the nature of the inquiry. Although the Company has a strong interest in fostering good relations with the investment community, the legal complexities involved in outside communications require specific procedures which will be followed by any spokesperson for the Company.

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Because there are so many “gray areas” in the law, you should not make your own judgments about what is illegal or not. Err on the side of caution: either refrain from trading altogether, or obtain approval from the Company.

For guidance or further information about this policy, please contact the Company’s Chief Executive Officer or Chief Financial Officer. Should you become aware that any other officer, director or employee is violating, or about to violate, this policy, you should report such information to the Company immediately.