

**NOTICE OF SETTLEMENT AND APPROVAL IN
PROTECTIVE PRODUCTS OF AMERICA INC. SECURITIES LITIGATION**

This notice is to all individuals and entities, wherever they may reside or be domiciled (other than Excluded Persons and the Opt-out Parties as defined below), who sold shares of Protective Products of America Inc. (“PPA”) between October 8, 2009 and January 13, 2010 inclusive (the “Class Period”) or who held shares of PPA at the end of the Class Period.

**READ THIS NOTICE CAREFULLY AS IT MAY AFFECT YOUR LEGAL RIGHTS. YOU
MAY NEED TO TAKE PROMPT ACTION**

IMPORTANT DEADLINES

Serving and Filing A Written Objection

February 20, 2014

Approval Hearing

March 6, 2014

Claims Bar Deadline (to file a claim for compensation from the Net Settlement Amount. See page 3 for more details.):

April 5, 2014

Claim Forms will not be accepted after the Claims Bar Deadline. As a result, it is necessary that you act without delay.

THE CLASS ACTION AND PROPOSED SETTLEMENT

In December 2010, the Plaintiffs commenced a proposed class proceeding against certain of PPA’s officers and directors (the “Defendants”) in the Ontario Superior Court of Justice (the “Court”), Court File No. CV-10-415821-CP00 (the “Action”). The Action arose out of PPA’s non-disclosure of allegedly material information in relation to a contract with the U.S. Army for a potential maximum of 736,000 improved outer tactical vests (the “IOTV Contract”). The Plaintiffs allege that PPA knew as of October 8, 2009 that it would be receiving the IOTV Contract and this information was never publicly disclosed to PPA’s shareholders.

The Plaintiffs allege that, as a result of the non-disclosure of this allegedly material information, PPA’s shares traded at artificially deflated prices that did not reflect the positive value of material information relating to the IOTV Contract from October 8, 2009 through January 13, 2010, the date of PPA’s bankruptcy filing (the “Class Period”). Therefore, the Plaintiffs and other Class Members sustained damages on any PPA shares they purchased on or before October 7, 2009 and which they later sold at artificially deflated prices during the Class Period, either through a voluntarily sale or, as alleged in the Action, through an involuntary “forced sale” which occurred upon PPA’s bankruptcy filing. The Defendants have denied the Plaintiffs’ allegations.

On April 24, 2013, with the consent of the Plaintiffs and the Defendants, the Court certified this proceeding as a class action. Pursuant to the court’s certification order, class members who wished to opt-out of the Action were required to do so by September 1, 2013.

On January 14, 2014 the parties to the Action and the parties to an action commenced in the U.S. Bankruptcy Court, Southern District of Florida also based, in part, on PPA’s non-disclosure of the IOTV Contract, executed a global settlement agreement (the “Global Settlement Agreement”). The parties to the Action also entered into an agreement for purposes of implementing the settlement provided under the Global Settlement Agreement (the “Collateral Settlement Agreement”). The Global Settlement

Agreement and the Collateral Settlement Agreement (hereinafter, collectively the "Settlement") are subject to the approval of the Court.

In consideration for full and final settlement of the claims of Class Members, the Global Settlement Agreement provides for the payment of USD\$3,500,000 (the "Initial Settlement Payment") plus 25% of any potential savings on an estimated USD\$1.6 million reserve amount (the "Reserve") which has been established by PPA's insurer XL Specialty Insurance (the "Insurer") against a Directors & Officers Liability Policy (the "Policy") held in the name of PPA (the "Total Settlement Amount").

The Insurer established the Reserve because it is contesting a claim that has been made against the Policy. This claim is unrelated to the Class Action. As of the date of the Settlement Agreement, the claim is still pending and the amount of any savings that could be paid to the Class from the Reserve is unknown.

The Total Settlement Amount includes all legal fees, disbursements, taxes and administration expenses. In return for Initial Settlement Payment, the Defendants receive releases and a dismissal of the Class Action. Despite the releases, and in conjunction with the Global Settlement Agreement, the Insurer will remain obligated to pay the Class 25% of any savings on the Reserve.

The Settlement is a compromise of disputed claims and is not an admission of liability, wrongdoing or fault on the part of any of the Defendants, all of whom have denied, and continue to deny, the allegations against them.

Copies of the Global Settlement Agreement and Collateral Settlement Agreement are available on the website of Class Counsel: www.rochongenova.com

SETTLEMENT APPROVAL HEARING

On March 6, 2014, at 10:00 a.m., the Court will hold a public hearing at Osgoode Hall, 130 Queen Street West, Toronto, Ontario, to determine whether the Settlement should be approved (the "Approval Hearing"). The Court also will consider Class Counsel's application for an award of legal fees and disbursements. This hearing may be continued or rescheduled by the Court without further notice to the Class. Class Members who support the Settlement do not need to appear at the hearing or take any other action to indicate their approval. Class Members who object to the Settlement are not required to attend the Approval Hearing. If you want to be heard orally in opposition to the Settlement, either personally or through your own separate counsel, you must state in your written objection your intention to appear at the Approval Hearing.

If the Settlement is approved by the Court, it will result in a release by the Plaintiffs and all Class Members, including all their heirs, successors in interest, assigns, transferees and grantees (other than those members who timely request to be excluded from the Settlement Class in the manner described below) of all their claims against the Defendants and any other insured under the Policy arising out of or in any way relating to PPA's non-disclosures of allegedly material information about the IOTV Contract or any other claims that could have been asserted in the Action.

Further, if the Court approves the Settlement, Class Counsel will apply to the Court for reasonable legal fees of 30% of the Total Settlement Amount. Class Counsel Fees, disbursements and applicable taxes, will be deducted from the Total Settlement Amount before it is distributed to Class Members. Expenses incurred or payable relating to approval, notification, implementation and administration of the Settlement ("Administration Expenses"), will also be paid from the Settlement Amount before it is distributed to Class Members (estimated to be \$70,000).

The foregoing summary does not supersede the terms of the Settlement, and in the event of any conflict between this notice and the Settlement, the Settlement shall prevail. Copies of the Global Settlement Agreement and the Collateral Settlement Agreement can be found at www.rochongenova.com.

ADMINISTRATOR

Crawford Class Action Services is the Administrator of the Settlement. The Administrator will, among other things: (i) receive and process the Claim Forms; (ii) make determinations of each Class Member's eligibility for compensation pursuant to the Plan of Allocation; (iii) communicate with Class Members regarding their eligibility for compensation; and (iv) manage and distribute the Net Settlement Amount. The Administrator can be contacted at:

Crawford Class Action Services
180 King Street South, Suite 610
Waterloo, Ontario
N2J 1P8
Tel: 1-855-823-0652

CLASS MEMBERS' ENTITLEMENT TO COMPENSATION

Class Members will be eligible for compensation pursuant to the Settlement if they timely submit a complete Claim Form and provide the requested supporting documentation to the Administrator. To be eligible for compensation under the Settlement, Class Members must submit their Claim Form postmarked **no later than** April 5, 2014 (the "Claims Bar Deadline").

"Excluded Persons" are not permitted to participate in the Settlement. Excluded Persons are the Defendants, PPA's past or present subsidiaries, affiliates, legal representatives, heirs, predecessors, successors and assigns, and all members of the Defendants' immediate families, and any entity in which any of the Defendants has or had a controlling interest.

"Opt-out Parties" are also not permitted to participate in the Settlement. Opt-out Parties are those who validly opted-out of the Action before September 1, 2013.

The remainder of the Total Settlement Amount, after deduction of Class Counsel Fees and Administration Expenses (the "Net Settlement Amount") will be distributed to Class Members in accordance with the Plan of Allocation.

The Plan of Allocation uses the following definitions, in addition to those contained in the Settlement:

(a) "Authorized Claimant" means a Class Member who submits a properly completed Claim Form and all required supporting documentation to the Administrator, on or before the Claims Bar Deadline; and

(b) "Net Settlement Amount" means the amount of the Total Settlement Amount remaining in the Escrow Account after payment of Administration Expenses, Class Counsel Fees, and any payments to the representative plaintiffs approved by the Court as compensation on the basis of *quantum meruit*.

(c) "Net Reserve Savings" means the amount of Reserve Savings remaining in the Escrow Account after payment of any administration expenses and, subject to court approval of any additional application by Class Counsel, Class Counsel Fees.

The Net Settlement Amount shall be distributed to all Authorized Claimants *pro rata* based on the number of PPA shares held by the Authorized Claimant as of the close of trading on October 7, 2009. If, following this distribution, any savings from the Reserve are paid into the Escrow Account by the Insurer, the Administrator shall distribute the Net Reserve Savings to the Authorized Claimants *pro rata* based on their holdings of Eligible Shares without further order of the Court.

OBJECTING TO THE SETTLEMENT

If you wish to object to the terms of the Settlement, or to Class Counsel's application for an award of legal fees and disbursements, you or your own lawyer must file with the Court, and send to the Administrator, Class Counsel, and Defendants' counsel, a written objection and supporting papers that contain:

1. The name of this lawsuit, *Frank et al. v. Caldwell et al.*, Court File No. CV-10-415821-CP00;
2. Your full name and current address;
3. The number of PPA shares you held;
4. Each specific reason for your objection;
5. All evidence and supporting papers (including, but not limited to, all briefs, written evidence, and declarations) that you want the Court to consider in support of your objection;
6. Your signature; and
7. The date of your signature.

If you wish to appear at the Approval Hearing, on your own behalf or by your separate counsel, and be heard orally, you may do so only if you state in your written objection your desire to appear personally or by your separate counsel at the Approval Hearing. Objections must be filed with the Court, and separate copies served on Class Counsel and Defendants' counsel by regular mail, no later than February 20, 2014. The copies to be served on Class Counsel, at the address below, and Defendants' counsel at the following address:

DEFENDANTS' COUNSEL

Miller Thomson
 Attn: Adam Stephens
 Scotia Plaza
 40 King Street West, Suite 5800
 P.O. Box 1011
 Toronto, ON M5H 3S1

If you choose to object to the Settlement, you must also make yourself available for examination under oath within 10 days of service of your objection.

If you do not comply with these procedures and the deadline for objections, you will lose any opportunity to have your objection considered at the Approval Hearing or otherwise to contest the approval of the settlement or to appeal from any order or judgment entered by the Court in connection with the settlement.

CLASS COUNSEL

The law firm of Rochon Genova LLP is appointed by the Court as counsel to the Class in the class proceeding. Its contact information is as follows:

Mailing Address:

Protective Products of America Inc. Securities Litigation
 Rochon Genova LLP
 Attn: John Archibald

121 Richmond Street West
Suite 900
Toronto ON
M5H 2K1

Telephone: 1-866-881-2292
Fax: 416-363-0263

Website: www.rochongenova.com

FOLLOWING THE APPROVAL HEARING ON MARCH 6, 2014, NOTICE OF THE OUTCOME OF THE HEARING AND, IF APPLICABLE, A COPY OF THE APPROVAL ORDER, WILL BE PUBLISHED FORTHWITH ON THE WEBSITE NOTED ABOVE.

INTERPRETATION

If there is a conflict between the provisions of this notice and the Settlement, the terms of the Settlement will prevail.

PLEASE DO NOT DIRECT INQUIRIES ABOUT THIS NOTICE TO THE COURT. All inquiries should be directed to the Administrator or Rochon Genova LLP.

DISTRIBUTION OF THIS NOTICE HAS BEEN AUTHORIZED BY
THE ONTARIO SUPERIOR COURT OF JUSTICE