

Statement of Company Policy with Respect to Insider Trading Activities

Puradyn Filter Technologies Incorporated

OUR POLICY

If a director, officer or any employee has material non-public information relating to our 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 information relating to any other company, including our customers or suppliers, obtained in the course of employment. A violation of this policy will be cause for discipline or termination by the Company.

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 stock. In short, any information which could reasonably affect the price of the stock.

Examples

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 supplier. 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 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. Directors, officers and employees are expected to be responsible for the compliance of their immediate family and personal household.

Tipping Information to Others

Whether the information is proprietary information about our Company or information that could have an impact on our stock price, directors, officers and employees must not pass the information on to others. The above penalties apply, whether or not you derive any benefit from another's actions. In fact, the SEC has imposed penalties on tippers even though they did not profit from their tippers' trading.

When Information is Public

As you can appreciate, it is also improper for an officer, director or employee to enter a 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 the information and act upon it, as a general rule you should not engage in any transactions until the **third** business day after the information has been released. (Thus, if an announcement is made on a Monday, Thursday generally would be the first day on which you should trade. If an announcement is made on a Friday, Wednesday generally would be the first day.)

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 should not engage in any of the following activities with respect to securities of the Company:

1. *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. (Note that the SEC's short-swing profit rule already prevents officers and directors from selling any Company stock within six months of a purchase. We are simply expanding this rule to all employees. However, the rule does not apply to stock option exercises, except to the extent required for officers and directors.)
2. Purchasers of Company stock on margin.
3. Short sales.
4. Buying or selling puts or calls

COMPANY ASSISTANCE

Any person who has any questions about specific transactions may obtain additional guidance from this office. More general questions about this policy Statement will be directed to Company counsel. Remember, however, the ultimate responsibility for adhering to the 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, OFFICERS, OTHER KEY (e.g. FINANCIAL, LEGAL, ETC.) PERSONNEL AND EMPLOYEES

To provide assistance in preventing inadvertent violations and avoiding even the appearance of an improper transaction (which could result, for example, whereby an officer, director, key personnel or other employee engages in a trade while unaware of a pending major development), we are implementing the following procedure:

All transactions in Company stock (acquisitions, dispositions, transfers, etc.) by directors, officers and members of management must be pre-cleared by this office. If you contemplate

Statement of Company Policy with Respect to Insider Trading Activities / p.3
Puradyn Filter Technologies Incorporated

a transaction, you should contact us in advance. This requirement does not apply to stock option exercises, but would cover market sales of option stock.

CERTIFICATIONS

All executive personnel, including officers and directors, will be required to certify their understanding of and intent to comply with this Policy Statement. In addition, officers and directors and other key personnel will be required to certify compliance on an annual basis.

RE: *Certification of the Company's Policy Statement on Securities Trades by Company Personnel*

Dear Employee, Consultant or Contract Worker:

You have been given a copy of the Company's Policy Statement covering securities trades by Company personnel. As you will see from the Statement, the consequences of an insider trading violation can be substantial to both the individual involved and the Company.

Please take a few minutes right now to read the enclosed Policy Statement, and then sign and return the attached copy of this letter.

Sincerely,

Edward S. Vittoria
Chief Executive Officer

CERTIFICATION

The undersigned hereby certifies that he/she has read, understands and agrees to comply with the Company's Policy Statement on Securities Trades by Company Personnel, a copy of which was distributed with this letter.

Date

Signature

(Please Print Name)

(Department)

TO BE DISTRIBUTED TO OFFICERS, DIRECTORS AND KEY EMPLOYEES
PURADYN FILTER TECHNOLOGIES INCORPORATED ON AN ANNUAL BASIS

Before engaging in any transactions in Company stock, please read the following:

Both the federal securities laws and Company policy prohibit transactions in Company stock at a time when you may be in possession of material information about the Company which has not been publicly disclosed. This also applies to members of your household as well as all others whose transactions may be attributable to you.

Material information, in short, is any information which could affect the stock price. Either positive or negative information may be material. Once a public announcement has been made, you should wait until the third business day before engaging in any transactions (e.g., announcements on Monday, trade on Thursday; announcements on Friday, trade on Wednesday).

For further information and guidance, please refer to our statement of Company Policy on Securities Trades by Company personnel, or contact this office.

DO NOT FORGET: ALL TRANSACTIONS IN COMPANY STOCK MUST BE PRE-CLEARED BY CONTACTING THIS OFFICE.