



## Insider Trading Policy

### Introduction

Federal and state securities laws prohibit any person who is aware of material non-public information about a company from trading in securities of that company. These laws also prohibit a person from disclosing or tipping material non-public information to other persons who may trade on the basis of that information.

Our company has adopted this policy to promote compliance with these laws and to protect you and our company from the serious liabilities and penalties that can result from violations of these laws.

It is your responsibility to comply with the securities laws and this policy. If you have questions about this policy, please contact our Compliance Officer, which as of the date of this policy is our Chief Financial Officer. Information on how to contact our Compliance Officer is set forth under the heading "Company Assistance".

**You should carefully read this policy and follow its directives at all times. Failure to adhere to this policy will result in immediate disciplinary measures being taken up to and including termination. Legal consequences for trading on or communicating non-public information can be severe and may include a jail term, criminal fines and civil penalties.**

### Persons subject to this policy

If you are an employee, officer or director of The Wet Seal, Inc. or any of its subsidiaries (collectively, the "Company" or "Wet Seal"), or a person identified by our Compliance Officer to be subject to this policy (each, a "Covered Person"), then this policy applies to you.

It also applies to your family members who reside with you, anyone else who lives with you and any other person or entity (such as trusts and partnerships) whose transactions in Wet Seal securities are directed by you, are subject to your influence or control (*i.e.*, your parents or children who do not reside with you), or in which you have a monetary interest. You are responsible for making sure that these other persons and entities comply with this policy.

### Core trading and disclosure restrictions

The following trading and disclosure restrictions apply to all of our employees, officers, directors, each Covered Person as well as the other parties and entities identified under the heading "Persons subject to this policy":

- If you have material non-public information regarding the Company, you must not trade or advise anyone else to trade in the Company's securities until such information has been publicly disclosed by the Company or with the Company's authorization and at least two-trading days have elapsed from the date of disclosure. Exceptions to this prohibition must be approved in writing by the Company's Compliance Officer.
- If you have material non-public information regarding any other company that you obtained from your employment or relationship with the Company, you must not trade or advise anyone else to trade in the securities of that other company, or otherwise disclose such material non-public information, until such information has been publicly disclosed.
- Do not share material non-public information with people in the Company whose jobs do not require them to have the information.
- Do not disclose any non-public information, material or otherwise, concerning the Company to anyone outside the Company (including family members and friends) unless required as part of your duties and the person receiving the information has a reason to know the information for Company business purposes.

### Transactions covered by this policy

This policy applies to any purchase or sale of Wet Seal securities, including the Company's common stock, options to purchase the Company's common stock, any other type of securities that the Company may issue, such as preferred stock, convertible debentures and warrants, as well as exchange-traded options, other derivative securities, and puts, calls and short sales

involving Wet Seal securities.

Notwithstanding this general rule, certain transactions under the Company's benefit plans are not prohibited by this policy. These transactions are discussed in this policy under the heading "Exceptions to this policy for certain transactions under company benefit plans". In addition, trading in Wet Seal securities is not prohibited by this policy if the trades are conducted in compliance with an approved and qualified pre-arranged trading plan (also referred to as a Rule 10b5-1 Trading Plan (as described in more detail below)). These types of plans are discussed in this policy under the heading "Exceptions to this policy for trades pursuant to pre-arranged trading plans".

**PLEASE BE AWARE THAT THESE POLICIES WILL CONTINUE TO APPLY TO YOU AFTER THE TERMINATION OF YOUR EMPLOYMENT OR SERVICE WITH THE COMPANY UNTIL THE COMPLIANCE OFFICER HAS DETERMINED THAT YOU ARE NO LONGER IN POSSESSION OF MATERIAL NON-PUBLIC INFORMATION ABOUT THE COMPANY.**

### **Purchasing and Selling Wet Seal Securities**

The Company has adopted this policy in order to help prevent inadvertent violations and avoid even the appearance of an improper transaction (which could result, for example, if an employee engages in a trade unaware of a pending material development).

***Procedure for purchases and sales of Wet Seal securities.*** Except as provided herein regarding Rule 10b5-1 Trading Plans, the Company's employees, officers, directors, Covered Persons and certain other parties and entities identified under the heading "Persons subject to this policy" shall not make any purchases, sales and other transactions of the Company's securities during "Black-Out Periods". Additional restrictions are applicable to "Designated Persons" as described under the caption, "Supplemental Policies Applicable to Designated Persons", below.

"Purchase" and "sale" are defined broadly under the federal securities law. "Purchase" includes not only the actual purchase of a security, but any contract to purchase or acquire a security. "Sale" includes not only the actual sale of a security, but any contract to sell or dispose of a security. These definitions extend to a broad range of transactions including conventional cash-for-stock transactions, conversions, the exercise of stock options with the assistance of a broker, and acquisitions and exercises of warrants or puts, calls or other options related to a security.

The following shall be deemed Black-Out Periods for purposes of trading in Wet Seal securities:

- o from the first business day of fiscal February up to the opening of business on the seventh business day of fiscal February;
- o from the first business day of fiscal March up to the opening of business on the third business day following the Company's fiscal fourth quarter earnings release;
- o from the eleventh business day of fiscal April up to the opening of business on the third business day following the Company's fiscal first quarter earnings release;
- o from the eleventh business day of fiscal July up to the opening of business on the third day following the Company's fiscal second quarter earnings release;
- o from the eleventh business day of fiscal October up to the opening of business on the third business day of fiscal January following the Company's holiday sales update;
- o from the eleventh business day of fiscal January through the final business day of fiscal January; and
- o certain other periods as may be designated to be, or excepted from, Black-Out Periods from time to time at the discretion of our Compliance Officer, as communicated to our employees, officers, directors and Covered Persons. Such additional Black-Out Periods or exceptions may cover all, or a subset, of the persons subject to this policy. You may not disclose to any outside third party that any such special Black-Out Period has been designated.

Any individual wishing to know more information about the Company's Black-Out Periods should contact our Compliance Officer.

**IN ALL EVENTS, transactions in Wet Seal securities are allowed ONLY during non Black-Out Periods (provided you are not otherwise in possession of material non-public information) or pursuant to Rule 10b5-1 Trading Plans or the Company's benefit plans, upon the terms and conditions set forth below.**

### **Definition of material non-public information**

***Material information.*** Information about the Company is "material" if there is a substantial likelihood that a reasonable shareholder or investor would consider it important in making a decision to purchase, sell or hold Wet Seal securities, or if the disclosure of the information would be expected to significantly alter the total mix of the information in the marketplace about the Company. In simple terms, material information is any type of information that could reasonably be expected to affect the market price of our securities. Both positive and negative information may be material. Information dealing with the following

subjects is reasonably likely to be found material in particular situations:

- earning estimates (including changes of previously announced estimates)
- a significant change in the Company's operations, projections or strategic plans
- a pending merger or acquisition
- a pending sale of significant assets or subsidiaries
- the gain or loss of a major supplier
- a new line of merchandise, a new merchandising strategy or a new store concept
- a significant pricing change in the Company's merchandising
- bank borrowings or other financing transactions
- liquidity or cash problems
- actual or pending defaults under the Company's agreements with third parties
- stock buy-back programs, or redemption of debt or equity
- a declaration of a stock split, a public or private securities offering (debt or equity) by the Company or a change in the Company's dividend policies or amounts
- a change in senior management or information concerning their business or personal lives
- changes in the Company's independent auditors or that the Company may no longer rely on their audit report
- regulatory proceedings and governmental investigations
- an actual or threatened major lawsuit or a significant development in an existing major lawsuit

As noted above, this list is not exhaustive and, depending upon the circumstances, other information may be material. In short, if you would consider the information in making an investment decision, you should presume it is material. Remember that both positive and negative information may be inside information. You should always treat information as material if you have any reason to believe that it may be important.

**Non-public information.** Non-public information is information that is not generally available to the investing public. If you are aware of material non-public information, you may not trade until the information has been widely disclosed to the public (for example, through a press release or a filing with the Securities and Exchange Commission) and the market has had sufficient time to absorb the information. For purposes of this policy, information will generally be considered public after the second full trading day following the Company's public release of the information. For example, if we issued a press release on a Thursday, the first day that trading could occur would be on the following Tuesday.

If you are not sure whether information is material or non-public, please consult with our Compliance Officer for guidance before engaging in any transaction in Wet Seal securities.

### **Unauthorized disclosure of information**

You are prohibited from disclosing to anyone inside or outside the Company any non-public information obtained at or through the Company, except when such disclosure is part of your regular duties and is needed to enable the Company to carry out its business properly and effectively.

The Company is subject to laws that govern the timing of disclosures of material information to the public and others. The Company's policy governing disclosure of Company information provides that only certain specified employees may discuss the Company with the news media, securities analysts and investors. All inquiries from outsiders regarding material non-public information about the Company should be forwarded to the Chief Executive Officer or Chief Financial Officer. Accordingly, when an inquiry is made by an outsider, the following response will generally be appropriate:

*"As to these types of matters, the Company's spokespersons are the Company's Chief Executive Officer and Chief Financial Officer. If there is any comment, they would be the ones to contact."*

The following procedures are appropriate in protecting the confidentiality of the Company's information:

- avoid discussions of confidential matters in places where they might be overheard or otherwise disseminated
- mark sensitive documents "confidential" and use sealed envelopes marked "confidential"
- secure confidential documents and restrict the copying of sensitive documents
- provide instructions to receptionists regarding outside inquiries
- use code names for sensitive projects
- use passwords to restrict computer access
- do not use any Internet message boards or similar medium available to the public to post any unauthorized messages regarding the Company or its business, financial condition, employees, clients or other matters related to the Company

### **Other transactions prohibited by this policy**

The following additional restrictions apply to all Company employees, officers, directors, each Covered Person as well as the other parties and entities identified under the heading "Persons subject to this policy":

- Such persons may not trade in puts or calls or engage in short sales with respect to company securities. Trading in "puts" and "calls" (publicly traded options to sell or buy stock) and engaging in short sales are often perceived as involving insider trading and they may focus your attention on the Company's short-term performance rather than its long-term objectives. Therefore, transactions in puts, calls and other derivative securities with respect to Company securities on an exchange or in any other organized market are prohibited by this policy, as are short sales of Company securities. Note also that in addition to this policy, Section 16(c) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), flatly prohibits executive officers and directors from engaging in short sales.
- Such persons may not engage in hedging transactions with respect to Company securities. Hedging transactions, such as zero-cost collars and forward sale contracts, allow a stockholder to lock in the value of his or her stock holdings, often in exchange for all or a portion of any future appreciation in the stock. The stockholder is then no longer exposed to the full risks of stock ownership and may no longer have the same objectives as the Company's other stockholders. Therefore, such hedging transactions are prohibited under this policy.
- Such persons may not hold Company securities in a margin account, and may not, pledge company securities as collateral for any other loan.

### **Consequences of violating insider trading laws or this policy**

The consequences of violating the securities laws or this policy can be severe. They include the following:

**Civil and criminal penalties.** If you violate the insider trading or tipping laws, you may be required to:

- pay civil penalties up to three times the profit made or loss avoided
- pay a criminal penalty of up to \$5 million (no matter how small the profit)
- serve a jail term of up to 20 years

In addition, the Company and/or the supervisors of a person who violates these laws may also be subject to civil or criminal penalties if they did not take appropriate steps to prevent illegal trading.

**Company Discipline.** If you violate this policy or insider trading or tipping laws, you may be subject to disciplinary action by the Company, up to and including termination for cause. A violation of Company policy is not necessarily the same as a violation of law and we may determine that specific conduct violates our policy, whether or not the conduct also violates the law. The Company is not required to await the filing or conclusion of a civil or criminal action against an alleged violator before taking disciplinary action.

**Reporting of Violations.** Any employee, officer, director or Covered Person who violates this policy or any federal or state laws governing insider trading or tipping, or knows of any such violation by any other employee, officer, director or Covered Person, must report the violation immediately to our Compliance Officer.

### **Exceptions to this policy for certain transactions under Company benefit plans**

Certain transactions in Wet Seal securities under Company benefit plans are not prohibited by this policy. These are:

**Stock Option Exercises.** This policy does not apply to your exercise of an employee stock option for cash or with shares of stock already owned by you. The prohibitions of this policy do apply, however, to sales of shares received upon exercise of an option in the open market, regardless of whether such sale is to pay the exercise price or for tax withholding.

**Net Issuance of Restricted Stock.** This policy does not apply to the net issuance of shares of restricted stock upon vesting in order to facilitate Company payment of withholding taxes.

**401(k) Plan.** This policy does not apply to purchases of Wet Seal stock in the Company's 401(k) plan resulting from your periodic contribution of money to the plan through a payroll deduction election. This policy does apply, however, to certain elections you may make under the Company's 401(k) plan, including (i) an election to increase or decrease the percentage of your periodic contributions that will be allocated to the Wet Seal stock fund, (ii) an election to make an intra-plan transfer of an existing account balance into or out of the Wet Seal stock fund, (iii) an election to borrow money against your 401(k) plan account if the loan will result in a liquidation of some or all of your Wet Seal stock fund balance, and (iv) your election to pre-pay a plan loan if the pre-payment will result in allocation of loan proceeds to the Wet Seal stock fund.

### **Exception to this policy for trades pursuant to pre-arranged trading plans**

The trading restrictions in this policy do not apply to trading in Wet Seal securities if the trades occur pursuant to a pre-arranged trading plan that has been pre-cleared by our Compliance Officer. A Securities and Exchange Commission rule, Rule 10b5-1(c), provides a defense from insider trading liability for trades that occur pursuant to a pre-arranged “trading plan” that meets certain specified conditions. You must pre-clear any such trading plan with our Compliance Officer and you must enter into the trading plan at a time when you were not aware of any material non-public information. As a condition to the approval of any such plan, our Compliance Officer may require the inclusion in the plan of any provisions deemed necessary or advisable to comply with the law and the Company policy. Any changes to a pre-cleared trading plan must be approved by our Compliance Officer before any further transactions can be made pursuant to the trading plan.

Without limiting the general authority of the Compliance Officer to require the inclusion in the trading plan of provisions to comply with Company policy, the Company generally requires a “cooling off” period of at least 30 days between the establishment of a trading plan and the commencement of sales under the trading plan.

You should also note that the revocation of a trading plan prior to scheduled expiration can result in the loss of an affirmative defense for past or future transactions under a trading plan. If an individual revokes a trading plan after the first transaction, then the individual must cancel all outstanding trading plans and agree not to enter into another trading plan until 90 days after revocation of the trading plan. In any event, you should not assume that compliance with the 90-day bar will protect you from possible adverse legal consequences of a trading plan revocation. Amendments to trading plans generally will not be allowed except under very limited circumstances.

We may, if we elect, publicize the decision by any executive officer to enter into a trading plan.

In pre-clearing the implementation, amendment or termination of a trading plan, our Compliance Officer shall not be responsible for determining whether such plan is in compliance with the provisions of Rule 10b5-1(c). Compliance with Rule 10b5-1(c) is solely your responsibility.

### **Supplemental policies applicable to Designated Persons**

In addition to the above provisions of this policy, this section includes supplemental policies that apply to specifically identified persons (“Designated Persons”) as described below. If you are a Designated Person subject to these supplemental policies we will notify you and you will be asked to acknowledge your status as a Designated Person in your compliance certificate.

#### ***Persons subject to these supplemental policies***

These supplemental policies apply to

- each director of the Company;
- each officer of the Company who has been designated by the board of directors as an “executive officer” for purposes of the reporting requirements and trading restrictions of Section 16 of the Exchange Act; and
- any additional persons that the Compliance Officer may from time to time designate as being subject to this policy because of their positions with the Company and access to material nonpublic information.

We will notify you if you are subject to these supplemental policies. We refer to persons subject to this section as “Designated Persons.”

If you are a Designated Person, then these supplemental policies also apply to your family members who reside with you, anyone else who lives with you and any other person or entity (such as trusts and partnerships) whose transactions in Wet Seal securities are directed by you, are subject to your influence or control (*i.e.*, your parents or children who do not reside with you), or in which you have a monetary interest. You are responsible for making sure that these other persons and entities comply with this section in addition to the other policies applicable to them.

#### ***Additional trading restrictions that apply to Designated Persons***

If you are a Designated Person, you are subject to all of the requirements of this policy as set forth above. In addition, you are subject to the following additional restrictions (unless you are trading under an approved and pre-arranged Rule 10b5-1 Trading Plan, in which case you would not be subject to these restrictions):

- **DESIGNATED PERSONS MAY NOT TRADE DURING A TRADING WINDOW WITHOUT PRIOR APPROVAL. DURING A PERIOD THAT IS NOT A BLACK-OUT PERIOD, YOU MAY PURCHASE OR SELL COMPANY SECURITIES ONLY AFTER OBTAINING THE APPROVAL OF THE COMPLIANCE OFFICER.** If you decide to engage in a transaction involving Company securities during a period that is not a Black-Out Period, you must notify the Compliance Officer in writing, including, but not limited to, via e-mail, of the amount and nature of the proposed trade(s) at least two business days prior to the proposed transaction, and certify in writing, including, but not limited to, via e-mail, that you are not in

possession of material nonpublic information concerning the Company. You must not engage in the transaction unless and until the Compliance Officer provides his pre-approval in writing, including, but not limited to, via e-mail. Such pre-approval will be limited in duration to the five successive trading days following such pre-approval, unless otherwise specified by the Compliance Officer when he gives his approval. Upon expiration of the five day period, a new pre-approval must be obtained. Proposed trades by the Chief Executive Officer, the Chief Operating Officer, or the Chief Financial Officer will require approval by the Chairman of the Nominating and Corporate Governance Committee of the board of directors. The existence of these approval procedures does not in any way obligate the Compliance Officer or the Chairman of the Nominating and Corporate Governance Committee of the board of directors to approve any transaction; and

- The functions of the Compliance Officer will be undertaken by the Chief Executive Officer in respect of transactions by the Compliance Officer.

### **Other Exceptions to this Policy**

In addition to the specific exceptions to this policy provided above, exceptions may be made when the person requesting approval does not possess material non-public information, personal circumstances warrant the exception and the exception would not otherwise contravene the law or the purposes of this policy. Any such request for an exception should be made to the Compliance Officer; however if the exception relates to an executive officer or director, any such exception shall also require the pre-approval of the Board of Directors.

### **Company Assistance**

If you have a question about this policy or whether it applies to a particular transaction, contact our Compliance Officer for additional guidance. The present Compliance Officer is Steve Benrubi, and his telephone number is 949-699-3947.

\* \* \*

This policy is intended to inform you of the Company's policies prohibiting insider trading. It is not, however, intended to be a complete explanation of the legal restrictions and consequences of trading in Wet Seal securities. Employees are strongly encouraged to consult with their own legal and tax advisors before engaging in any transaction involving Wet Seal securities or the securities of companies with which the Company does business. **Please remember that you are ultimately responsible for complying with the laws prohibiting insider trading and that violation of such laws can result in both civil and criminal penalties (including jail).**

\* \* \*