

Velocity Express Corporation Insider Trading Policy

I. Introduction and Purpose of Policy

It is the policy of Velocity Express Corporation ("the Corporation" or the "Company") to maintain proper procedures to ensure strict compliance with all applicable securities laws and other ethical standards. In the ordinary course of business, you may learn, be exposed to or have access to confidential and highly sensitive information regarding the Corporation and other companies or businesses with which the Corporation may have or may develop a relationship. Such information may not be adequately disclosed to the general public at the time you become aware of it, but nonetheless may be considered material to an investment decision if it were known ("Inside Information"). Although you may be entrusted with this information due to your relationship with the Corporation, the Inside Information is considered and will be regarded as the property of the Company. Consequently, pursuant to Company policy, as well as various federal and state laws, you may not use Inside Information for personal gain either by purchasing or selling securities yourself or through an agent or by passing the information on to others to enable them to profit through trading.

This Policy was developed to provide you with an overview of the most significant aspects of insider trading. It also was developed generally to advise you of your legal responsibilities in handling Inside Information and the severe repercussions which may be imposed for any misuse of such information, while providing reasonable opportunities for you to purchase or sell the Corporation stock. All directors, officers, executive officers, other management personnel, and employees of the Corporation, whether full-time, part-time, salaried or temporary, as well as all consultants, independent contractors, outside advisors and others who regularly provide services to the Company, even temporarily, are expected to read, abide by and retain this Policy.

II. Individuals and Entities Subject to Policy

This Policy shall apply to all individuals who provide services to the Corporation and for which there is a reasonable likelihood that the individuals will receive or be exposed to Inside Information, such as the Corporation officers and directors, executive officers and other management personnel, full- and part-time employees, salaried employees, temporary employees, consultants, independent contractors, outside advisors and other temporary insiders, including without limitation investment bankers, analysts, accountants and attorneys. This Policy shall also apply to family members and those who share a household with someone otherwise subject to this Policy, as well as independent retirement accounts ("IRAs"), trusts and other entities controlled by those subject to this Policy. In addition, individuals who have recently departed from the Company or otherwise terminated a relationship with the Company will be expected to comply with the terms of this Policy for a minimum of 90 days after the date

of departure or termination of the relationship or for the period of time during which such individuals are in possession of Inside Information until its public release and absorption by the securities market, whichever period is longer. All such individuals and entities identified herein shall be referred to collectively as "Insiders" for purposes of this Policy. Please note that Insiders who engage in investment activities on behalf of the Company may be subject to more restrictive insider trading practices and policies, in addition to those set forth in this Policy.

III. Insider Trading Laws

Securities Covered

The types of securities that may be involved in insider trading include, but are not limited to, common and preferred stock, as well as bonds and other debt securities, puts, calls, straddles, options and other derivative instruments, if and when the Corporation issues them. With respect to your relationship with the Corporation, the insider trading laws cover not only the Corporation's securities, but also the securities of *any* other company if you learn something during the course of your relationship with the Corporation that might affect the value of the other company's stock. By way of example, learning that the Corporation may be entering into a contract with a particular company and then trading in the stock of either company on the basis of such knowledge could be a violation of the Company's Policy, as well as federal and state laws, if the information concerning the proposed contract is not known to the general public. Even trading in the stock of a customer or supplier, for example, on the basis of nonpublic information overheard or learned while at the customer's or supplier's offices may be a violation.

Forms of Inside Information

As noted above, Inside Information is information that is both material and nonpublic. In general, information is considered material if typical investors would likely consider it to be significant in arriving at a decision to buy, sell or hold the stock of a company and/or would view its disclosure as significantly altering the "total mix" of information available to such investors. Information also is material if it would likely cause a substantial change in the price of the company's securities if it became public. Even information pertaining to speculative future events, such as the potential development of a particular business combination, may be considered material.

For such material information to be considered Inside Information, it also must be nonpublic. In general, this means that members of the investing public may not be able to access the information with reasonable efforts or that the information is not available to a significant number of other traders. It is important to note that even after information is disclosed to the general public or the market, it still may be considered nonpublic until it has been disseminated nationally and assimilated in the company's stock price. For this reason, immediate trading may be prohibited.

Examples of information that may be considered Inside Information include:

- Financial information such as revenues, expenses, earnings, earnings estimates, and new sales or investment returns;
- Information about a transaction that may affect the financial condition or performance of the company, including pending or proposed mergers, acquisitions, tender offers, joint ventures, other business combinations and asset changes, bankruptcies and receiverships;
- Information pertaining to new products and customer or supplier developments, such as entering into a significant contract and the gain or loss of a substantial customer;
- Management changes and changes in control;
- Changes in previously announced earnings, changes in auditors or the ability to rely on a previously issued auditor's report; and
- Defaults in senior securities, calls for redemption, repurchase plans, stock splits, dividend changes, changes in stockholders' rights and the public or private sale of additional securities.

The foregoing list is not exhaustive; other types of information may be considered Inside Information at any particular time, depending on the circumstances.

Types of Transactions

Insider trading includes both purchases, which may result in a profit based on positive information about the company, and sales, which may help avoid losses based on negative information about the company. Note, however, the mere fact that you are aware of Inside Information when you trade in a company's stock may subject you to liability, regardless of whether you decided to trade because of that information or whether you profited by the transaction.

Federal and State Regulations

Rule 10b-5 of the Securities Exchange Act of 1934 ("Exchange Act") has been determined by the courts to prohibit an insider from trading in the securities of a company on the basis of Inside Information about that company in breach of a duty of trust or confidence owed to the company that issued the stock, the shareholders of that company or to any other person who is the source of the Inside Information. In addition, Rule 14e-3 of the Exchange Act prohibits the trading of the securities of a company which is the target of a tender offer by any person, other than the offeror, who is in possession of material nonpublic information relating to the tender offer, whether such information is acquired directly or indirectly from the offeror or the company.

The federal securities laws' insider trading restrictions apply not only to insiders who trade on the basis of Inside Information, but also to those who receive tips regarding Inside Information. In unlawful tipping cases, liability would extend to (i) insiders who disclose or tip Inside Information to third parties ("tippers") whether or not the insider personally trades, and (ii) third parties, including relatives, business associates and friends, who have received Inside Information from insiders ("tippees") or from other tippees and trade on the basis of that Inside Information. Liability for an Insider's direct violation or tipping violation under the federal

securities laws or for failure to reasonably supervise and impose preventative measures against such violations also may be imposed on individuals and entities who "control" the Insider, such as the Company itself and certain managing officers and supervisors.

Finally, officers, directors and beneficial owners of more than 10 percent of a company's equity class may be subject to liability under Section 16(b) of the Exchange Act for purchasing and selling or selling and purchasing stock within a six-month period, which is also commonly referred to as "short-swing trading." Possession of material nonpublic information is not required under Section 16(b).

These laws and prohibitions against insider trading apply at all times, regardless of whether the Company is officially observing a scheduled or special "blackout" period.

IV. Trading

An Insider may trade in the Company's securities or other company's securities about which the Insider has gained Inside Information only after three (3) full business days have elapsed following disclosure of all Inside Information to the public through general release to the national news media, which will provide the securities markets a sufficient opportunity to absorb and evaluate the information.

The Company also may, at any time, impose or extend a "blackout" period, during which time no trading of the Corporation stock may occur, to a specified group of Insiders or all Insiders if trading by such Insiders would be considered inappropriate in the Company's sole judgment. The Chief Financial Officer will communicate the imposition or extension of a blackout period to all affected parties.

In addition to the restrictions set forth above, directors, officers, executive officers and groups comprised thereof as well as certain other Insiders designated as having potential access to Inside Information because of their job responsibilities (collectively, "Classified Insiders") may not trade in the Company's securities during specified "blackout" periods commencing on the last business day of each fiscal quarter and concluding at the end of the second business day after the day of a public announcement of quarterly or annual earnings. Trading may occur outside the blackout period unless prohibited under this Policy or the securities laws due to possession of Inside Information or other restriction. However, prior to making any trade in the Corporation stock, Classified Insiders must first obtain the written authorization of the Chief Financial Officer. In addition, such advance approval must be obtained before buying or selling securities in any company that such Classified Insiders know has or is in the process of establishing a significant business relationship with the Corporation, whether as a customer, supplier, affiliate or the like.

Classified Insiders are required to report all transactions undertaken for the Classified Insider's direct or indirect personal benefit (including transactions undertaken by family members or others within the Classified Insider's household) in the Corporation securities or the securities of other companies with which the Corporation may have an existing or proposed future relationship to the Chief Financial Officer within seven calendar days of each transaction. This reporting requirement also pertains to any member of any group to which the Classified Insider belongs. For purposes of this Policy, the term "group" shall mean any one who formally or informally agrees to purchase, sell or vote stock in concert or for a common purpose.

Speculative trading, short-swing trading or short selling of the Corporation stock by Controlling Insiders is expressly prohibited at any time, as is the buying or selling of any publicly traded option on Company stock and the establishment or use of margin accounts with a broker-dealer for the purpose of buying or selling Company stock.

While stock transactions that are not made in the public market, including 401(k) purchases (if and when the Corporation has a 401(k) program in effect) and stock option exercises, are not covered by this Policy, the sale of any shares which are acquired from such transactions are subject to the terms of this Policy.

Notwithstanding any of the procedures set forth herein, no purchases or sales of the Corporation's stock or any other company's securities should be made if the Insider is in possession of material nonpublic information or if the trade would violate a federal or state law or regulatory agency rule or order.

V. Other Prohibitions

Inside Information is strictly confidential and its dissemination to outsiders other than when authorized by the Chairman of the Board of Directors, Chief Executive Officer, Chief Financial Officer or General Counsel is prohibited. The dissemination of information includes the disclosure through written, oral or electronic means to other persons or entities, including friends, family members, business contacts or others. This Policy prohibits any unauthorized communication of Inside Information to others even when there is no intent or expectation that anyone will profit or otherwise benefit from such information.

Even the appearance of improper conduct must be avoided to preserve the Company's reputation for adhering to high ethical standards of conduct. Accordingly, conduct, which merely suggests the possibility of insider trading, may be deemed by the Company in its sole discretion to be a violation of this Policy.

Further, Insiders are prohibited from participating in any manner in Internet or other on-line bulletin boards or chat rooms on matters concerning the Company or related topics unless the Chairman of the Board of Directors, Chief Executive Officer, Chief Financial Officer or General

Counsel authorizes your participation in a planned discussion of non-Inside Information occurring in a Company-sanctioned electronic forum.

VI. Consequences of Insider Trading

Individuals who trade on material nonpublic information or tip information to others can be subject to an array of civil and criminal penalties and regulatory sanctions. Violations are taken seriously by the Securities and Exchange Commission, the federal agency responsible for enforcing the law in this area, as well as Department of Justice, the U.S. Attorney's Office and the State Attorneys General. Potential repercussions include:

- Criminal fines for individuals of up to \$1 million, regardless of whether a sizable profit was made or any profit at all, and up to 10 years of incarceration;
- Disgorgement of profits gained or losses avoided and interest thereon (in unlawful tipping situations, tippees may be subject to disgorgement and disgorgement of both the tipper's and tippees' profits may be obtained from the tipper);
- Civil penalties of up to three times the profit gained or loss avoided (additional civil penalties are available against registered securities professionals if such professionals willfully aid and abet securities law violations);
- Injunctions against future violations or cease and desist proceedings;
- Temporary or permanent bars from serving as a director or officer of a publicly traded company;
- Bars or suspensions from practicing before the Securities and Exchange Commission for certain professionals; and
- Civil liability in private lawsuits.

These penalties can be imposed even if the individual is not a director, officer or executive officer. In addition, separate sanctions may be imposed if a person or entity is charged with related offenses, such as mail or wire fraud or violations of the Racketeer Influenced and Corrupt Organizations Act ("RICO") or the Money Laundering Control Act.

For a company that (i) knew or recklessly disregarded the fact that an employee was likely to engage in illegal trading and (ii) failed to take appropriate steps to prevent the illegal trading, a civil penalty of the greater of \$1.1 million or three times the profit gained or loss avoided as a result of an employee's violation and a criminal fine of up to \$2.5 million may be imposed. There also is likely to be adverse publicity arising from such illegal conduct and a loss of shareholder and customer confidence.

In addition to the potentially severe criminal and civil penalties for the violation of insider trading laws, violation of this Policy may result in the imposition of Company sanctions. Such sanctions include immediate dismissal or termination from the Company.

A conviction or finding of liability for insider trading also can result in individuals being banned from employment in the securities or financial industries or other employment, and even an allegation of insider trading may result in harm to professional and personal reputation.

A transaction that may be necessary or seem justifiable for independent reasons (including a need to raise money for a personal financial emergency) is neither an exception to this Policy nor a safeguard against prosecution for violation of insider trading laws.

VII. Company Assistance, Enforcement of the Policy and Reporting of Violations

There are many "gray areas" in the insider trading laws and you should not try to make your own judgments about what constitutes illegal conduct. If you have any questions concerning this Policy, your responsibilities or the responsibilities of others under this Policy or specific transactions, please contact Wesley Fredenburg, who has been designated by the Corporation to address such questions and oversee the proper implementation of this Policy. In any event, err on the side of caution. If you know or have reason to believe that the Company's Policy has been or is about to be violated, you must report this information immediately to Wesley Fredenburg.

Legally permissible exceptions to this Policy may only be made upon prior written approval of the Chief Financial Officer. Modifications to this Policy may only be made upon the written approval of the Board of Directors.

This Policy was adopted by the Board of Directors of Velocity Express Corporation on February 21, 2002.

Acknowledgement:

I, _____, hereby certify that I have read and understand the foregoing policy.

Signature

Date