



November 25, 2013

Dear Shareholder:

The report for the Q3 is enclosed with this letter. I believe I represent the entire Board and Senior Management in saying that we are neither happy nor satisfied to have to report another loss. Three years ago, when we concluded that the value of the Mace brand was strong and that the company was worth saving, we instituted an aggressive turnaround plan. At that time we believed that we could reach a breakeven quarter sometime in 2013. Although it is now apparent that we are behind that schedule, we are no less optimistic about the future.

When we began this turnaround we were faced with an immediate need for new leadership and additional funding. Board member Michael Smith stepped in as interim CEO and immediately began our forward motion. In fairness to the current shareholders, we raised \$8.5 million through a shareholder rights offering, and immediately began the search for a permanent CEO. In January 2012, the Board selected Cleveland resident, John McCann, a proven leader in small enterprise development.

John hit the ground running, with a complete remaking of our product line, packaging and web presence. Exiting unrelated businesses such as car washes, and dealing with an EPA/ICE suspension and debarment proved more difficult than expected. I am happy to report that these problems are behind us. Equally as important, John has consolidated eight company locations into two highly efficient facilities, and in the process he has significantly cut overhead by eliminating and consolidating personnel.

Reducing overhead is always a given in any successful turnaround, but growing the top line is the real test of success. With most of our cost cutting efforts behind us, increasing sales will become our major thrust in 2014 and beyond. To this end, I am happy to report that we have become the exclusive distributors of pepper spray for accounts such as Kmart, Sears, Ace Hardware, Dicks Sporting Goods, The Sports Authority, Auto Zone and OfficeMax. Additionally, we are hopeful that several additional retailers are close to carrying Mace® branded products in the near term.

In the months ahead, we intend to focus on more solution oriented sales. The need for non-lethal solutions to personal security is growing rapidly. Protecting people in public places as well as in their homes has become a national concern. Our research shows that the Mace® brand is likely to become the brand of choice when people are faced with threatening situations.

In Q4 we will continue to experience some one-time expenses associated with the restructuring. While I am making no specific promises regarding the future, I can tell you that Mace is at an inflection point, transitioning from an emphasis on resolving problems to an emphasis on growing revenue, and gaining market share in a rapidly expanding security market.

Sincerely,

A handwritten signature in black ink, appearing to read "Richard A. Barone".

Richard A. Barone  
Chairman of the Board  
Mace Security International, Inc.