

Memorandum

To: Richard Davis, President

CC: None CONFIDENTIAL

From: Aaron Westrick, Director of Research *AW*

Copy to RCD re 12-18-01

Date: 12/18/01

Re: Zylon Situation

Per our conversation today I am writing this Memo so my view is clear:

- Second Chance should immediately notify our customers of the degradation problems we are experiencing with Ultima armor.
- Second Chance should clarify this issue with major customers that have placed orders and after clarification, cancel orders if requested.
- Second Chance should make the right difficult decisions regarding this issue. Lives and our credibility are at stake.
- You should cease all bonuses' etc. to keep funds within the company.

We will only prevail if we do the right things and not hesitate. This issue should not be hidden for obvious safety issues and because of future litigation.

If Second Chance acts properly we will prevail