



STATITROL

140 SOUTH UNION BOULEVARD
LAKEWOOD, COLORADO 80228
(303) 986-1581

Art Mooney

October 30, 1975

Mr. Charles Waite
Graylock & Company
225 Franklin Street
Boston, Massachusetts 02110

Dear Charley:

My apologies for not being available during your recent visit. However, from the summary provided by Art Mooney, it appears you were well taken care of.

I understand the following requested items have been delivered:

- 1) Resumes of key employees and officers.
- 2) A brief history and outline of corporate progress.
- 3) A list of shareholders with a breakdown of percentage ownership and numbers of shares.
- 4) Semi-technical description of ionization as a principle of smoke detection.

To complete your requests, the following items are attached:

- 1) Recap of sales to Simplex Time Recorder Company for the past few years.
- 2) A short dissertation of the merits of Statitrol ionization detectors compared with competition.
- 3) A brief review of the Teledyne Water Pik contract with implications and possibilities as we see them.
- 4) Price lists for Statitrol products.
- 5) Patent position relative to competition, particularly Pyrotronics.



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- 6) Summary of sales for the past few years to our major customers.
- 7) Summary of sales for the past few years by product class, that is, commercial and residential.

If the enclosed information is insufficient in any way, please do not hesitate to call for more.

I have a tentative appointment for the end of the week of November 2 for Jim Norris of IVA to return for further discussion. He has been delayed due to an operation on one of his eyes. He does express a continuing interest. Personally, I am hopeful they will proceed with the investment as we can benefit from the background of the four principals.

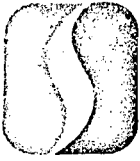
Sincerely yours,

STATITROL

Duane D. Pearsall
President

bc
Enclosures

cc: Blaine E. D'Arcey (w/attachments)
~~Art Mooney~~ (w/attachments)



STATITROL

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225 Franklin Street
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Dear Mr. Waite:

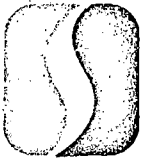
I was sorry that I did not have an opportunity to talk with you during your recent visit. Art Mooney has asked me to respond to the following:

- Item 1: Reasons why the Statitrol "SmokeGard" detector is better than the competition.
- Item 2: General information on the Teledyne Water Pik contract and its implication or impact on Statitrol.

I will have to take a semi-technical approach in explaining some features of our new "SmokeGard" detectors in order to bring out why we have superior features over our competition. There are three main reasons for this superiority: 1) The design of the detection chamber itself, 2) the monitoring circuit for the battery operated detectors, and 3) the use of standard "AA" alkaline batteries.

Ionization Chamber

In the past, we have used the single ionization chamber design in all our detectors with compensation features for changes in temperature and other ambient conditions. Our major competitors in the residential detector field, as well as in the commercial detector field, have utilized what is referred to as a dual chamber concept (two ionization chambers in each device). One chamber is a sensing chamber, while the other chamber is a sealed chamber which acts as a compensator for temperature and other ambient conditions. This has allowed our competitors to use fewer electronic components, since they do not have to use electronics to compensate for some of these ambient conditions. However, in our new detectors we are utilizing a new chamber concept which is really a chamber within a chamber instead of two separate chambers. This allows us to use only one small radioactive ionization source to activate both of our chambers, while competitors have to use two radioactive sources with a radioactivity level that varies from 8 to 15 times more radiation. Irrespective of this, our new chamber appears to have several additional technical features that are very superior to competitive devices. One of these



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features is that our device (utilizing this new chamber design) is relatively insensitive to high velocity air movement across the detector. In our previous detectors, as well as in competitive detectors, an air velocity exceeding 300 to 400 ft./min. would essentially drive the detector to an alarm condition when no smoke was present. This was due primarily to the fact that the ionized particles in the chamber are disrupted by the air movement. This reduces current flow within the chamber and causes an alarm. The same thing happens when smoke enters the chamber, since smoke reduces the ionization current in the chamber and the unit goes into alarm. Our detector, therefore, will have a decided advantage in commercial/industrial buildings and systems. Other technical features of this "Duo-Centric" (trademark) chamber design should also significantly reduce nuisance alarms in both residential and commercial applications. We are hopeful that many of our claims will be allowed by the patent office on this new "Duo-Centric" chamber.

Battery Monitoring Circuit

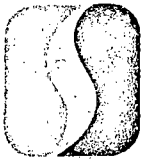
I have enclosed a writeup on the battery monitoring circuit which we utilize on our new Model 800 series of residential detectors. This article titled "Battery Powered Detectors - The Old and The New" was part of our Distributor/Dealer training packets used during the introduction of our new line of "SmokeGard" detectors. This writeup contains a non-technical description of this very important competitive feature in more detail.

Standard Batteries

A major criticism of battery powered detectors has been the difficulty of finding "special" batteries. We are the first to have a design using standard "penlite" batteries which not only extend battery life (and readily available), but also cost less.

Teledyne Water Pik Contract

This is a five year agreement under which we will manufacture the complete circuit board/center portion of our battery powered unit and deliver it to Water Pik. Water Pik will assemble our module into a housing which they produce. This assembly will probably be done at their new Loveland plant. In the initial phase of the contract, they are test marketing and will complete this phase the end of March, 1976. If the test market proves satisfactory, they will then begin purchasing units for nationwide retail distribution.



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The contract calls for a minimum of 100,000 units per year. They will not feel that they have a successful market penetration unless they reach volumes of 500,000 to 1,000,000 units within approximately two years.

Water Pik will be entering their test market phase in four cities next month. Both Water Pik and Statitrol are delighted that General Electric has entered this market area. With the combination of GE, Water Pik and later next year our own "SmokeGard", we feel the consumer-awareness level will increase considerably. We expect at least three more retail marketing organizations to enter into the retail market within the next 12 to 18 months.

At this point in time, I can only make an educated guess as to what volume in units and dollars will represent this Water Pik/Statitrol contract.

FY 1976 - 1977

<u>Units Produced</u>	<u>Dollars Produced</u>
100,000 - 300,000	\$1.4 Million - \$4.2 Million

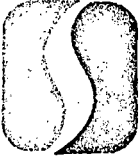
FY 1977 - 1978

300,000 - 600,000	\$4.2 Million - \$8.4 Million
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FY 1978 - 1979

600,000 - 1,000,000	\$8.4 Million - \$14.0 Million
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This gives you a minimum/maximum idea of our feelings at the present time concerning this contract. With General Electric and Water Pik in the market place, we are now given the opportunity to determine how quickly the retail market for smoke detectors will develop. Both GE and Water Pik are willing to make a sizable investment to prove this point and are more financially capable to make this determination than is Statitrol. We will be watching these developments carefully and will be prepared to enter this same market under our own name - with our own retail design - by June, 1976.



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October 30, 1975

I hope this letter and the information attached is sufficient for you. If not, please give me a call and I will go into it in any depth that you desire.

Best regards,

STATITROL

T. A.

T. A. Bellinghausen
Vice President/Marketing

bc

Attachments

cc: Duane Pearsall
Art Mooney
Bob Marsik

BATTERY POWERED DETECTORS - THE OLD AND THE NEW

This is a story which we hope you will find interesting to read. Even more important, we hope it will prove that there is always something new under the sun. Keeping up with the advances in technology is important not only to the company, but also to that company's customers. In mid-1971 when the battery-powered "SmokeGard" Model 700 detector was introduced, we made the first major breakthrough in low cost, early-warning life safety smoke detection designed for the homeowner and his family. Low cost and easy installation made the "SmokeGard" detector an instant hit, and opened the door to what has become a recognized answer to the home fire problem. In fact, this answer has been so readily accepted that early warning smoke detection is now a requirement in all model building codes and mobile home safety standards, as well as being required by FHA and VA minimum property standards.

The low power consumption of a "SmokeGard" ionization detector made battery power practical and, for the first time, the concept of "an effective early warning fire detection device" became practical for every family in the United States. Since 1971, this early warning life safety breakthrough has had a profound impact on the fire industry.

But, not being satisfied to rest on our past laurels, Statitrol has carried on intensive research in new technologies to improve our "SmokeGard" detectors.

We are proud to announce herein one of these new technological breakthroughs, which has been in research and development for over three years. This breakthrough will, we believe, revolutionize the battery-powered detector market. More important, it will provide an expanded margin of fire safety to families and lower the cost of early warning fire detection.

Before explaining this new breakthrough, let's look briefly (and somewhat technically) at batteries and how they are presently applied to ionization smoke detectors--or, for that matter, to any battery-powered or battery-standby detector.

When the "SmokeGard" Model 700 detector was introduced in 1971, its battery circuit was electronically monitored. This was done by constantly measuring the voltage put out by the batteries. Since a smoke detector is constantly consuming power, the batteries were constantly being depleted. This normal power consumption was very small and the detector, by national fire code standards, had to operate for at least 12 months and still be able to give at least a 4-minute audible alarm at the end of 12 months. Sounds easy---but it wasn't. Why?

When a circuit is consuming a small amount of battery current over a long period of time, many things can happen other than a simple decrease in battery voltage. In fact, the chemical and electrical properties of the batteries themselves change. This change is indicated (in one way) by a slowly decreasing battery circuit voltage, which can be measured. By monitoring this voltage, the sensing circuit can be designed to turn on the audible warning circuit and can cause a horn to give short clicks at least once each minute. This clicking tells the homeowner that the batteries need to be replaced.

However---when the horn is turned on to give at least one short click each minute, or when it's energized continuously for four minutes or longer (in case of a fire), the amount of current supplied by the batteries must increase two thousand times over normal. The battery voltage monitoring circuit used in detectors presently on the market could check this circuit right up to the time that the horn might have to sound. At that point, a number of things can happen:

1. If the chemical change within the batteries themselves has progressed enough to increase the internal resistance of the battery - the horn may never turn on and give the audible alarm.
2. If there should be loose battery contacts, or any contact corrosion between the batteries and battery contacts, and a fire occurs, the batteries are called upon to deliver a huge amount of power to the horn. Again, because of the resistance that might be in this circuit, there may not be enough power available to overcome this internal and external battery circuit resistance. In this case, also, the horn may never give an audible alarm.

This can be compared to the kitchen water faucet. If only a trickle of water is normally used, the handle on the water tap would be open only a small amount. Over a year's time, a small rock might become lodged in the water line. This would have no effect on the trickle of water. However, if the handle on the tap were opened all the way, and the rock was in the supply pipe, you would not get full water flow because of the obstruction (the rock).

Increased internal or external battery circuit resistance is similar to the rock in the water line. In this case, however, the trickle of battery power required to operate the detector is sufficient under normal circumstances because there is no fire and therefore no need to operate the horn in the detector. However, if a fire occurs when there is increased resistance in the battery circuit and you need full current flow (like full water flow), you may not get enough flow to make the alarm horn work.

The bad thing about this situation is that you don't know about the "rock" problem until the fire occurs and the detector does not give an audible alarm. If the homeowner tests his detector every week or every month, the problem may be discovered. But, let's face it, how many homeowners test their detectors monthly, let alone weekly?

The solution to the battery resistance problem has, up to now, been based on rigid quality control by the battery manufacturer, or by the production of special batteries for detectors. In fact, some manufacturers of smoke detectors do have "special" batteries made, in an attempt to reduce the cost of the electronics that would normally be used to monitor the battery voltage. This quality control on batteries or use of special batteries with high quality control may cause little problem for the homeowner during the first year. But, at the beginning of the second year, where does the owner go to find replacement batteries? He generally goes to his local hardware, dry goods, or grocery store and checks the battery display rack. Generally, he does not find these special batteries.

Even if he lives in a large city, he may spend hours locating and then traveling to an outlet which carries these batteries. From the time he obtains the right batteries, and over the period of the next year, he is probably asking himself such questions as, "I wonder how long these batteries were on the shelf?" "How good is the quality control, since they were not checked in my detector by the manufacturer?" "Why did I have to pay \$6 for batteries (or \$10 for special batteries)?"

We thought about all these problems and the financial impact they were having on the buyer. We also knew there had to be a better way to assure the homeowner that his detector would work if a crisis arose. So, while other detector manufacturers were busy catching up with the original "SmokeGard" detectors, we have been spending a lot of time and money in research---looking for a foolproof way to get the "rock" out of the detector battery circuit. At the same time, we set out to discover how to make a detector that did not rely on special, hard-to-obtain batteries.

Statitrol is now pleased to be able to announce that we have solved these problems. In fact, the solution is so revolutionary that if you live in or near a small town with a population of only 1,000, you could now purchase the batteries in at least one store, and probably three stores! In fact, batteries for the new "SmokeGard" detectors can be found in over 42,000 retail outlets in the United States alone.

How did we solve the homeowner's battery purchase problem? By discovering a way to use the simple (and readily available) 1.5 volt AA alkaline battery found in hardware stores, mercantile stores, super markets and discount stores nation-wide!

Even better news for the homeowner who purchases a new "SmokeGard" detector: the cost of replacing batteries each year can be as low as \$2.40 to \$3.60, depending on where they're purchased---not the \$6 to \$12 that has to be spent on detectors in the market-place today. Now---before someone mentions power capacity available from a single AA battery, let us point out that a single AA battery can deliver 1,800 milliampere hours of power. This is almost double any battery power capacity used by any detector on the market today and you can purchase these batteries in over 42,000 locations.

We could have stopped here and continued to use a battery voltage monitoring circuit to tell you when the batteries need changing. After all, the original pioneer "SmokeGard" detector used this type of monitoring circuit. In fact, all competitive battery powered detectors have simply followed in the original "SmokeGard" footsteps. Playing "follow the leader" is okay, if playing games is your bag. It's not ours.

Besides, what about the "rock in the water pipe" problem? If we had stopped by simply finding a way to use a readily-available battery, we would not have gone far enough--nor would we have really advanced the State-of-the-Art.

What could we do to assure the homeowner that the "rock" was not in the "water pipe"? Or--how could we give assurance that the internal and external resistance of the battery circuit is ready and able to supply current (water) in a torrent when it's needed (like when you have a fire---in the middle of the night---when asleep---when you may become just another fire statistic)?

The answer: every five to ten seconds (yes, seconds), we could electronically place a full power load on the entire battery circuit and make sure no "rocks" existed that would prevent enough power from getting to the horn. This simple action would guarantee that no "rocks" existed. Well---let's face it---this sounds simple, but it took a while to figure it out. In fact, it is a rather unique circuit---so unique that we found no one else had discovered how to do it, so we now have a U.S. patent (pending) on this circuit.

How good is our new circuit at detecting "rocks"? Well, if you are technically inclined, take anyone else's battery-powered detector and place, say, a 10 ohm resistor (a small "rock") in series with the batteries. Then blow smoke into the detector and see if the horn goes off for one second - let alone four minutes. Then try this on the new "SmokeGard" Model 800A detector. The first thing that happens is that the detector will immediately start clicking, about once every eight to ten seconds, telling you that something is wrong - like the circuit has a "rock" lodged somewhere.

Of course, in normal use, the monitoring circuit in the new "SmokeGard" detector simply tells the homeowner that batteries are getting weak and that he should replace them. It will give that homeowner at least seven days to replace the batteries, since that's how long the horn will "click" as a warning. But---you know what? The homeowner can be away from home for seven to twenty days and return to find the horn still clicking!

Now you know what the new battery circuit does, and you have a general idea of how it's accomplished. "But," you may ask, "How does a homeowner really know that all these neat safeguards are working?" Well, he or she can blow smoke into the detector; that will certainly prove that the horn works. But---sadly---most of us tend to forget this simple test.

What's the answer? It's pretty simple, really. Put in a light that blinks each time the new patented circuit checks the detector. Now the homeowner can glance up at the detector and visually check for proper battery circuit operation.

This is more than enough information for you to absorb about the new "SmokeGard" 800A detector in the first "lesson". There is more--- much more---but we leave that for next time.

We at Statitrol are quite proud of our new "SmokeGard" detectors--- and we really don't mind playing "follow the leader", but only when we are the leader.

October 30, 1975

TO: Charles Waite

Statitrol Patent Position

Pyrotronics, Inc., a Division of Baker Industries, is a licensee for the products of the Cerberus Company, Maennedorf, Switzerland.

The Cerberus company holds two significant patents in all important countries of the World. The first patent involves a characteristic within the ionization chamber related to a voltage gradient of less than 5 volts per centimeter. The second patent covers the use of any alpha emitting isotope for use in a smoke or fire detector.

Our customer, the Simplex Time Recorder Company, along with other competitors, received notice from Cerberus in 1974 that they were infringing on the above two patents in Europe.

After much correspondence and personal negotiations in Germany, we purchased a license right for the use of these patents for all of Europe, essentially for the term of the patents. We paid a lump sum of \$15,000 in September, 1975.

Through our search, we felt we could have easily defended ourselves in this suit if we chose to do so. However, the settlement was less than the cost of legal fees for a successful defense. These patents also exist in the United States. We intentionally withheld any discussion of settlement for our use of these patents in the U.S. because there are certain prior arts in the United States that would be more defensible in this country than in Europe. First, we possess certain patents relative to residential detectors, particularly battery powered, that will be negotiable with Pyrotronics and Cerberus, if needed. The fact is that every detector manufacturer using the ionization principle is currently infringing the Cerberus patents, at least to the extent of our products, or more.

In summary, we have no concern for our ability to continue to distribute and manufacture our products without fear of infringement action. Unlike other competitors, we have an "ace-in-the-hole." Our first product, as early as 1963, incorporated the use of the low voltage gradient - prior to the application date of the Cerberus patent. Therefore, we can prove prior art, a fact that would dilute their ability to license all others.

Statitrol Defensible Patents

We have been issued a patent on our first battery powered home detector that includes the characteristic of a self-supervising battery. It is the opinion of our patent counsel that at least four major competitors, including

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To: Mr. Charles Waite

General Electric, are currently infringing that patent. Before taking action, however, we have asked for a second opinion from a patent attorney who was formerly chief patent counsel for Sylvania. He is completing his initial search to determine the defensibility of this patent prior to advising our competitors of our desire to "help them arrange a license agreement with us."

Pyrotronics has stated they will be out shortly with a battery powered detector. Without a doubt, it too will infringe our patent.

Probably our best patent to date involves a different patent on batteries which is a unique method of monitoring the capacity of batteries rather than just the voltage. No one appears to be infringing this patent, however, as the industry recognizes the need to monitor battery capacity, we anticipate the possibility of further licenses.

As you know, we are working on still another major patent which we are not at liberty to discuss at this time.

DDP:bc

SALES ANALYSIS

<u>Net Sales:</u>	<u>72 - 73</u>	<u>73 - 74</u>	<u>74 - 75</u>	<u>4/1/75 to 9/30/75</u>
All 040 (Commercial)	1,358,540	1,996,470	2,431,222	1,181,289
Door Closer	105,892	619,495	757,491	2,560,150
Duct Housing	161,438	258,428	327,595	176,486
All Residential	942,286	3,315,253	4,772,126	207,017
All Accessories & Other	9,394	11,827	10,513	11,896
Total	2,577,550	6,201,474	8,298,947	4,136,838

MAJOR CUSTOMERS

Commercial:

Simplex (Domestic)	1,089,707	1,328,275	1,803,745	900,617
Simplex (Int'l)	162,974	443,666	601,367	425,965
Rixson-Firemark	179,600	744,806	870,753	233,059
Powers Regulator	85,570	160,266	185,524	83,109

Residential:

Automatic Sprinkler	22,266	177,371	323,505	207,523
Sears, Roebuck & Co.	164,523	478,348	29,737	1,819
All International	9,605	66,049	150,579	138,856
D.H. Bruch Mktg.	45,287	124,004	124,239	24,324
Security Systems	-0-	64,288	155,608	76,826
R.W. French & Co.	57,240	93,020	92,083	51,174
Control Systems	23,740	106,940	55,267	77,542
Caution Enterprises	14,679	86,078	102,934	37,908

COMMERCIAL EQUIPMENT PRICE LIST

April 21, 1975 Revision

MODEL NO.	STANDARD SHIPPING CARTON	SIMPLEX	RIXSON AUTOCALL POWERS REGULATOR	DISTRIBUTOR COST
	TERMS....	1% 10 days, Net 30	Net 30	Net 30
102-040 (24 VDC)	30 unit carton (60 lbs.)	1-24 45.00 25-49 43.00 50-74 41.00 75-UP 40.00	\$50.00,	\$60.00
	Single unit (2 lbs.)			
104-040 (120 VAC)	30 unit carton (60 lbs.)	1-24 55.00 25-49 53.00 50-74 51.00 75-UP 50.00	\$60.00	\$70.00
	Single unit (2 lbs.)			

SIMPLEX INTERNATIONAL

TERMS: Net 90 days from date of shipment

See Below***

Units	Detector (Off white) Without Connector or Mounting Box			Mounting Box	Plug Connector	Duct Housing	Sample Tube
	Low Voltage 102-040	Low Voltage 102-040 VDS	Line Voltage 120 VAC 220 VAC				
-99	\$40.00	\$45.00	\$50.00				
00-999	\$38.00	\$43.00	\$48.00	\$2.00	\$1.00	\$32.00	\$5.00
000-up	\$36.00	\$41.00	\$46.00				

 EX CANADA receives the domestic Simplex unit and is priced the same
 Simplex in the United States.

MODEL NO.	STANDARD SHIPPING CARTON	SIMPLEX	AUTOCALL RIX SON	POWERS	DISTRIBUTOR COST	SIMPLEX INTL.
103-0044 or use with 102-040)	12 unit carton (96 lbs.)	\$35.00	\$40.00	\$35.00 eff 6/1/75 \$40.00	\$45.00	\$30.00 CANADA ONLY
103-0045 or use with 104-040)	12 unit carton (96 lbs.)	\$35.00	\$40.00	\$35.00 eff 6/1/75 \$40.00	\$45.00	\$30. CANADA ONLY

SPECIAL NOTE *** POWERS REGULATOR CAN ORDER A COMPLETE DUCT DETECTOR UNIT (DETECTOR FACTORY INSTALLED IN DUCT HOUSING WITH SAMPLE TUBES) AT PRICE EQUAL TO TOTAL OF SEPARATE PRODUCTS

103-0116 SAMPLE	TUBE:					
1 / 2' - 3½'	1½ lb.					
2 / 3' - 5'	1½ lb.					
3 / 4' - 7'	1 ¾ lb.					
4 / 6' - 10'	2½ lb.					
5 / 9' - 12'	3 lb.			\$5.00		
6 / 5" - 8"	1/3 lb.					
7 / 9" - 11"	½ lb.					
8 / 12" - 17"	½ lb.					
9 / 18" - 23"	¾ lb.					
103-0057 or use with 104-040 or 104-040)	Single unit carton (4½ lbs.)			\$45.00		
103-0058 or use with 104-040 or 104-040)	Single unit carton (4½ lbs.)			\$45.00		
102-0109-002 or use with 102-040)	SHIPPED TO ORDER 1 carton ½ lb.			\$4.00		
102-0109-001 or use with 104-040)	SHIPPED TO ORDER 1 carton ½ lb.			\$4.00		
102-0116	SHIPPED TO ORDER 1 carton - ½ lb.			\$2.00		
102-0111				\$6.00		
102-0112	SHIPPED TO ORDER			\$6.00		
102-0114	Single carton - ½ lb.			\$2.50		
102-0115				\$2.50		
102-050 104-050 104-051 104-052	PACKED TO ORDER			\$71.50		
102-060 104-060 104-061	PACKED TO ORDER			\$46.00		
103-0081	10 to a carton			\$10.00 per carton		
with 102-040	24 unit carton - 50 lbs.			add \$2.00		
with 104-040	1 carton - 2 lbs.			add \$2.00		
102-0103	SHIPPED TO ORDER					
with 102-040	weight with detec.			add \$10.00		
with 104-040	(2 lbs.)			add \$10.00		


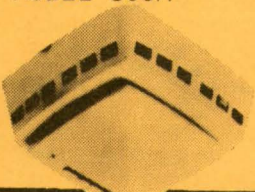
Distributor Price List

SmokeGard®

PRODUCTS

EFFECTIVE SEPTEMBER 8, 1975
SUPERSEDES ALL PREVIOUS PRICE LISTS

BATTERY-POWERED, EARLY WARNING
IONIZATION SMOKE DETECTOR

MODELS	FEATURES	DISTRIBUTOR COST		SUGG. DLR. COST		SUGG. LIST
		72-216	228 and UP	1-11	12-UP	
MODEL 700 	-Battery Powered -Off White Finish -4" Diameter x 4½ High -Shipping Wt.-2Lbs.Ea.	\$30.00	\$28.50	\$38.00	\$36.00	\$59.95
		(PRICES INCLUDE BATTERIES)		(PRICES INCLUDE BATTERIES)		
P/N 108-0138	-Additional Mounting Cap for Model 700A	\$0.50 ea.		\$0.75 Ea		\$1.00Ea
MALLORY PX-21	-Replacement Batteries for Model 700A	\$1.00 Ea. (3 Required)		\$1.25 Ea.		\$1.75Ea
MODEL 800A 	-Battery Powered -Beige Finish -5½" Dia. x 2½ High -Shipping Wt.-2 Lbs.Ea.	\$29.00	\$27.50	\$37.00	\$35.00	\$54.95
		(PRICES INCLUDE BATTERIES)		(PRICES INCLUDE BATTERIES)		
P/N 108-0263	-Additional Mounting Plate for Model 800A	\$0.50 ea.		\$0.75 Ea.		\$1.00Ea
EVEREADY E-91 or MALLORY MN-1500	Replacement batteries for Model 800A -1.5 volt Alkaline Battery (6 req'd)	\$0.30 (Six Required)		\$0.45 Ea.		\$0.70Ea

Individual shipment may consist of a mixture of case lots of units to qualify for volume discounts.

Orders will be accepted and shipments made in standard case lots of each model (12 detectors per case) only.

Terms: Net 30 days from date of invoice, all shipments are F.O.B. Lakewood, Colorado.

Transportation allowed to single destination in continental U.S.A. or U.S. Port of Export on shipments of 72 or more units. Lesser shipments are freight collect.

Factory authorized returns subject to 15% restocking charge. No merchandise returns will be accepted for credit without prior written authorization.

PRICES SUBJECT TO CHANGE WITHOUT NOTICE

Special packing and marking requirements on boxes or cartons are subject to additional charges. (Contact Factory Representative)

STATITROL®
140 SOUTH UNION BOULEVARD
LAKEWOOD, COLORADO 80228

TERMS AND CONDITIONS

Statitrol Corporation

1. The terms and conditions set forth herein are the standard terms and conditions of acceptance of purchase orders by Statitrol Corporation, hereinafter referred to as the "Company," and shall constitute the entire agreement between the Purchaser and the Company.
2. PURCHASE ORDERS, ETC. Any terms or conditions of any customer's order or other instrument which are in addition to or inconsistent with the Company's terms and conditions set forth herein, shall not be binding on the Company and shall not apply to this sale. No waiver, change or modification of any of the terms or conditions set forth herein shall be binding on the Company unless in writing signed by an officer of the Company.
3. TERMS OF PAYMENT AND PRICES. Unless otherwise provided for on the face hereof, terms of payment are:
 - a) Thirty days net from date of invoice on all equipment for destination within the United States and Canada,
 - b) Net cash by irrevocable letter of credit on all equipment for destination outside the United States and Canada,subject to approval of credit by the Company at time of equipment shipment.

All payments shall be in legal currency of the United States.

Before any equipment may be returned to Statitrol Corporation for credit or other billing adjustment (as opposed to returns for repair and/or replacement provided for in the warranty clause set forth below), prior written authorization must be obtained from an officer of the Company together with appropriate shipping instructions for return or transfer of the equipment, prepaid to destination. All authorized returns are subject to a restocking charge and Statitrol Corporation assumes no responsibility whatsoever for unauthorized returns. Prices and terms are subject to change without notice and to correction for error.
4. DELIVERY. Unless otherwise provided for on the face hereof, all shipments are F.O.B. Lakewood, Colorado. Shipment schedules are approximate and are based on conditions at the time of acceptance.

The Company will make every effort to complete shipment as indicated, but assumes no responsibility or liability for loss or damage by reason of delay or inability to ship caused by acts of God, fires, floods, wars, embargoes, labor disputes, acts of sabotage, riots, accidents, delays of carriers, sub-contractors or suppliers, voluntary or mandatory compliance with any government act, regulation or request, shortage of labor, materials or manufacturing facilities, or any other cause or causes beyond the Company's reasonable control. If, by reason of any of these things, the Company's supplies of the materials covered hereby are limited, the Company shall have the right to prorate the available supply in such manner as it, in its discretion, determines.
5. PARTIAL DELIVERIES. Partial deliveries shall be accepted and paid for at contract prices on maturity of bills therefor. If any part of the material is not delivered by the Company or is not in accordance with the order, the order for the remainder of the material and Purchaser's obligation thereunder shall not be affected thereby. The Company may, at its option, replace any or all returned material within a reasonable time after it is finally determined that the returned goods are not in accordance with the contract; and in such event the Company shall not be liable for any damages arising from the defective delivery or delay caused thereby.
6. INSPECTION ON ARRIVAL. The Purchaser shall inspect the material immediately on its arrival and shall within five (5) days of its arrival give written notice to the Company of any claim for shortage of material that does not conform with the terms of the contract. If the Purchaser shall fail to give such notice, the material shall be deemed to conform with the terms of the contract, and the Purchaser shall be bound to accept and pay for the material in accordance with the terms of the contract.
7. WARRANTY. Statitrol Corporation warrants the equipment of its manufacture to be free from defects in workmanship, materials and construction under normal use and service
 - a) for a period of one (1) year from date of purchase with respect to SmokeGard* type early warning detectors and auxiliary residential fire protection/escape devices. (*Trademark)
 - b) for a period of two (2) years from date of purchase with respect to all other smoke detection and/or fire protection devices sold by the Company for commercial or industrial applications.Statitrol Corporation's obligation under this warranty shall be limited to repairing or replacing, and returning—transportation prepaid, any equipment which shall be returned to Statitrol Corporation at its manufacturing facilities, Lakewood, Colorado 80228, with transportation charges prepaid, and which Statitrol Corporation's examination shall disclose to its satisfaction to have been defective.

This warranty is expressly in lieu of all other warranties and representations, express or implied, and all other obligations or liabilities on the part of Statitrol Corporation including, but not limited to, the warranty of fitness for a particular purpose. In no event shall Statitrol Corporation be liable for direct, incidental or consequential loss or damage of any kind connected with the use of its equipment or failure of its equipment to function or operate properly.

This warranty shall not apply to any Statitrol Corporation equipment which has been disassembled, repaired, or altered in any way outside Statitrol Corporation's manufacturing facilities so as to, in Statitrol Corporation's judgment, affect its use, function or reliability or which shall have been subject to misuse, alteration, improper installation, painting, misapplication, negligence or accident.

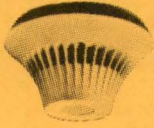
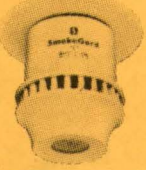
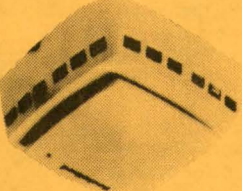
Statitrol Corporation makes no warranty with respect to semi-conductors, batteries, fuses, diodes or any other equipment furnished by Statitrol Corporation but manufactured by another inasmuch as they are normally warranted specifically by their respective manufacturers.
8. TAXES. Unless otherwise provided for on the face hereof, Purchaser warrants that the equipment ordered and/or delivered hereunder is intended for re-sale by the Purchaser and/or his agents and that the amount of any and all present or future taxes or other governmental charges upon the production, shipment, installation or sale of the equipment covered hereby, including sales, use or occupation taxes, will be collected from the ultimate consumer by the purchaser and/or his agents and will be paid by said Purchaser or his agents directly to the taxing authorities.
9. NON-ASSIGNMENT. Neither this order nor any interest therein may be assigned by Purchaser, whether by operation of law or otherwise, without the prior written consent of the Company.
10. CANCELLATION. This contract may be cancelled by the Purchaser only upon the payment of reasonable cancellation charges which shall take into account expenses already incurred for labor and material costs and overhead and other commitments made by the Company. Filing of a petition in bankruptcy or commencement of any insolvency proceeding pursuant to State law shall be deemed a cancellation by the purchaser. In cases where the Purchaser has paid part of the cost of the equipment before delivery and the Company is unable to manufacture and deliver equipment in accordance with the specifications within a reasonable period beyond the shipping estimate, the Company agrees to return all payments by the Purchaser and each agrees to terminate this contract without further liability to the other.
11. PATENTS. Statitrol Corporation agrees to compensate Buyer for any court-awarded damages suffered by reason of actual infringement of any United States patent which actual infringement shall result specifically and solely from use, or resale of, the specific material ordered hereunder; provided, however, that Buyer promptly notifies Statitrol of any infringement suit filed against Buyer's threat thereof and further provided that Buyer tenders to Statitrol Corporation the defense of any such suit.

Distributor Price List

SmokeGard® PRODUCTS

EFFECTIVE SEPTEMBER 8, 1975
SUPERSEDES ALL PREVIOUS PRICE LISTS

120 VAC 50/60 Hz LINE VOLTAGE
EARLY WARNING IONIZATION
SMOKE DETECTORS

MODELS	FEATURES	DISTRIBUTOR COST		SUGG. DLR. COST		SUGG. LIST
		12-60	72-UP	1-12	13-UP	
MODEL 730 	<ul style="list-style-type: none"> - A.C. Line Powered - Cast Aluminum Case, Off White Finish - Mounts on 4" Octagon Box - 6¼" Diameter x 3½" High - Shipping Wt. - 2 Lb. Ea. - Includes Std. 3 Wire Plug 	\$38.00	\$36.00	\$48.00	\$45.00	\$79.95-
OPTION: PART NO. 108-0092	<ul style="list-style-type: none"> - Package of Six-5 Wire Plugs Used in Place of Std. Plug to interconnect up to 6 - Model 730 Detectors 	Package of Six Plugs w/ Leads \$5.00		\$6.65		\$ 9.95
ACCESSORY: PART NO. 195-0008	<ul style="list-style-type: none"> - Relay Package & 4-wire Plug for Remote Alarm Annunciation, Model 730 	Package of 1 Relay & 1 Plug \$15.00		\$19.95		\$29.95
MODEL 770 	<ul style="list-style-type: none"> - A.C. Line Powered - Mounts on 3" Octagon Outlet Box - 4¾" Diameter Off White Adapter Plate - Pre-stripped Wire Leads - Shipping Wt. - 2 Lbs. Ea. 	\$22.50	\$21.50	\$28.65	\$26.85	\$44.95
MODEL 900A 	<ul style="list-style-type: none"> -A.C. Line Powered -Beige Finish -5½" Dia. x 2½" High -Mounts on single gang & 4" sq. outlet box. -Shipping Wt. 2lbs.ea. 	\$21.00	\$19.50	\$25.80	\$24.35	\$39.95

Individual shipment may consist of a mixture of case lots of units to qualify for volume discounts.

Orders will be accepted and shipments made in standard case lots of each model (12 detectors per case) only.

Terms: Net 30 days from date of invoice; all shipments are F.O.B. Lakewood, Colorado.

Transportation allowed to single destination in continental U.S.A. or U.S. Port of Export on shipments of 72 or more units. Lesser shipments are freight collect.

Factory authorized returns subject to 15% restocking charge. No merchandise returns will be accepted for credit without prior written authorization.

PRICES SUBJECT TO CHANGE WITHOUT NOTICE.

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INTEROFFICE MEMORANDUM

October 15, 1975

TO: Duane Pearsall
FROM: Art Mooney
SUBJECT: Mr. Charles Waite

Mr. Waite arrived at 11:00 a.m. this date. I found him to be a very entertaining gentleman.

After the usual formalities, Mr. Waite reviewed the material you had provided in the packet, discussed his objectives and requested the following additional material:

- | <u>ITEM</u> | <u>ASSIGNMENT</u> |
|---|---|
| 1. Resumes of key employees/officers
(later determined to be part and
parcel of packet already provided) | DDP - <u>done</u>
AJM (provided
supplement) <u>done</u> |
| 2. Brief history/outline of the
company progress | AJM - <u>done</u>
(resurrected previous
DDP info to 3M) |
| 3. Recap of sales (\$ and/or units)
to Simplex for past 3-4 years | R. Marsik/AJM - to do |
| 4. List of shareholders and # shares
held by each | AJM - <u>done</u>
(including transactions
FYE 1976 to date) |
| 5. Semi-technical description of
ionization smoke detector products | A. Mayer - <u>done</u> |
| 6. Short dissertation (paragraph or
two) comparing the merits of
Statitrol ionization detectors
with all other ionization detectors
of competitors. | TAB - to do |
| 7. Statitrol products and prices--
at distributor, dealer and con-
sumer levels | TAB - to do
(standard price sheets) |
| 8. Short dissertation concerning
Statitrol's patent position with
respect to competitors, especially
Pyrotronics. | DDP - to do |

F/4 10/21/75

- | <u>ITEM</u> | <u>ASSIGNMENT</u> |
|---|-----------------------|
| 9. Summary (in \$) for last 3 of 4 years of sales to major (top 4 or 5) customers | R. Marsik/AJM - to do |
| 10. Summary (in \$) for last 3 or 4 years of sales by product class, i.e. commercial, residential, etc. | R. Marsik/AJM - to do |
| 11. Short (one or two pages) dissertation concerning the contract details with Teledyne-Water Pik and the implications/possibilities as Statitrol sees them | TAB/DDP - to do |

Mr. Waite had a 12:30 luncheon planned with the Henson Ski Boot people from Boulder, but they cancelled out while he was here, so Al Mayer and I went to lunch with Mr. Waite. (Tom was unavailable from 11:00 a.m. to 1:00 p.m.). Most of Mr. Waite's requests were generated before lunch, but Items 8 and 11 were generated during lunch, at which time Al provided Mr. Waite with a response to Item 5 and provided him with background information which dispelled his view (expressed earlier) that Statitrol was at one time an equity interest of Honeywell.

After lunch (1:40 p.m.) and before he took off for a 2:00 p.m. meeting with the President of First Westland National Bank, I made sure he met briefly with Tom. Tom solicited his phone call should he need any additional marketing information from Statitrol.

Mr. Waite identified his objective as the writing of a "semi-prospectus", (20 or 25 pages) for use with potential buyers of Rixson's equity position. He intends to send both you and Blaine a copy for comment before final printing and/or distribution.

Art Mooney

cc: TAB
Al Mayer