



Executive/Business Summary

I. Overview

Peletech Corporation (“Peletech”), incorporated in Delaware and operating in Seattle, Wash., is a early-stage company developing a patented, proprietary technology known as *Wireless NG911 Location-Enabled Smoke and Carbon Monoxide Alarms*, (“Smart Alarms”) primarily for the residential market in the U.S. Peletech is committed to developing and promoting new technology to save life and property from fire and carbon monoxide dangers.

Peletech’s Smart Alarms overcome the shortcomings of conventional smoke and CO alarms for residential applications. They are self-contained, AC and/or battery operated alarm units interfaced with a multi-mode/band integrated cellular/GPS chipset and wireless network modules that operate in wireless communications and positioning systems. The chipset includes a memory for storing emergency identification data for automated wireless fire incident reporting to a PSAP. Upon sensing the presence of smoke or CO, the alarm automatically transmits a 911 emergency text-message to a PSAP, alerting the dispatchers of the nature and location of the emergency. Other features include time delay/disable circuitry allowing a user to cancel false, unintentional, or non-emergency 911 calls, and RF verification circuitry for allowing a user to verify that the unit has a wireless signal. These technological advantages will reduce overall fire and carbon monoxide dangers, providing extra protection in both occupied and vacant residential structures, and to high-risk populations (including disabled persons, children, and the elderly), and emergency responders.

Since 1999, the co-founders and co-inventors (“founders/inventors”) of Peletech have performed research and development activities including: core technologies, intellectual property, technical standards, legal/regulatory development, market research and promotion, and business development. Peletech is endeavoring to form alliances with other motivated entities in building a dynamic NG911 market ecosystem, monetizing its patents, and acquiring investment for intellectual property (“IP”) business development activities.

II. Peletech’s Technology and IP

Given the evolving nature of technologies relating to NG911, Peletech is continuously researching and developing its Smart Alarm technology. At this time, Peletech has three U.S. utility patents:

- U.S. Patent No. 7,019,646, Combination Smoke and Wireless Location Device;
- U.S. Patent No. 7,319,403, Combination Carbon Monoxide and Wireless E-911 Alarm;
- U.S. Patent No. 7,567,174, Combination Alarm Device with Enhanced Wireless Notification and Position Location Features (CIP of the ‘646 patent).

The above patents have novel combinations of claims relating to devices, features, methods, and systems. Key aspects of the above patents include:

- Novel combinations of alarm and wireless communication/positioning including sensors (e.g. smoke, carbon monoxide, heat), power sources (AC/DC), with wireless communications technologies (e.g. multi-mode/band cellular, WLAN, WiMAX), and wireless positioning technologies (GPS, assisted GPS, digital TV, hybrid);
- Novel means for directly communicating with 911-PSAPs via text/data messaging and direct communication to first responders in the field with computing devices;
- Novel means for the interconnection of Smart Alarms within a building, including wireless interconnection, communication via audible signal, AC-power line carrier signal;
- Novel features including false alarm disable/delay circuitry, and RF signal verification circuitry;
- Novel means for installing Smart Alarms in motor homes, RVs, and travel trailers;
- Novel means for combining smoke and CO sensors in mobile phones.

III. U.S. Market for Smart Alarms

A. Market Overview

The market(s) for Smart Alarms are generally dictated by the ongoing propagation of NG911 systems in state and local jurisdictions across the U.S. Also, given the fact that Smart Alarms qualify as fire/life safety devices, installation in residential structures (primarily in each sleeping area) are required by state and local regulations and other standards.

Viewing the U.S. market as a whole, the National Fire Protection Association (“NFPA”) has found that at least one smoke and CO alarm is installed in 95% of all residences. According to the U.S. Dept. of Commerce and U.S. Census, there are over 110 million single and multi-family residences in the U.S. Further, there is over 300 million sleeping areas in these residences. However, given NG911 systems are currently operating in pockets of areas across the U.S., the number of residences where Smart Alarms can be installed is currently limited but growing. Instead of initially pursuing a “mass market” approach, Peletech has been developing certain underserved/unserved market segments with promising potential growth that could be initial market entry points during the early stages of the technology life cycle.

B. Initial Market Segments

1. Residences with High-Risk Persons (Consumer Segment)

As stated above, high-risk populations include disabled persons, children, and the elderly. For over a decade, the NFPA, and federal and state agencies have focused on fire/life safety for high-risk populations. Further, federal legislation and regulations have focused on enabling disabled populations (e.g. hearing impaired) to use text-messaging (rather than TTY devices) to contact 911-PSAPs in emergencies. According to the U.S. Dept. of Commerce and U.S. Census, of the over 298 million people in the U.S., there are over 99 million persons (over age 65 and under age 14), and over 36 million with some form of disability. Of the people with disabilities, over 10 million have hearing

impairments, and over 5 million elderly persons have hearing impairments. As such, Smart Alarms with specialized features could be developed for this market segment.

2. Vacant Homes (Commercial/Government Segment)

Since the economic downturn in 2008, the U.S. housing market has been in distress with a large number (over 18 million) of residential properties and buildings becoming vacant, through either foreclosure, abandonment, or under construction or renovation. A number of states and the NFPA have identified vacant homes as being high-risk fire dangers, with an average of 31,000 vacant home fires per year. Owners of these vacant buildings range from banks and mortgage companies, to commercial home builders, who desire to save these assets from fire damage. Further, state and local jurisdictions (e.g. Nevada, Florida, California) have a desire to mitigate the property and life safety hazards of these vacant structures. As a result, the above commercial and governmental entities may be promising customers for specialized Smart Alarms to monitor these vacant properties.

3. Other Market Segments (Consumer/Commercial/Enterprise Segments)

Other potential initial market segments include:

- a) Installing Smart Alarms in travel trailers, motor homes, and RVs;
- b) Mobile phones with embedded smoke, heat, and CO sensors;
- c) Mass Residential Market, as NG911 systems go online in more jurisdictions.

IV. Peletech's Funding/Investment Needs

Peletech is seeking an alliance with an entity who has an established position in the emerging NG911 market ecosystem, or a strategic alliance with a number of entities involved in NG911 technologies. We are requesting that such firms provide initial investment(s) to finance further development activities. Among the many investment scenarios, Peletech is offering entities an exclusive license in its three above patents in exchange for an initial investment (subject to a contract), with provisions for further equity or debt related investment(s) for future specified development activities. We welcome any and all offers, and appreciate your consideration.

Entity Relationship Diagram (Emerging Market Ecosystem)

