

Pioneering Technology Corp.

STE technology made mandatory or specified in building guidelines

In January 2008 Peel Regional Housing was the first housing provider in Canada to mandate that all future stove purchases must include the STE cooking system and that design guidelines would be altered to include this feature for stove purchases in all new buildings and all new stove replacements in existing buildings. In this instance the technology was mandated to help provide a new and higher standard of safety and to help protect those who are vulnerable to the dangers of stovetop cooking.

This was a meaningful game changing event in the business development of this product in that they established a precedent for future housing providers. As awareness continues to increase the STE technology is now being mandated or written into the building specifications of more and more multi-residential housing projects throughout North America as both a retrofit or pre-installed on new stoves. Many of these projects are coming from builders who are getting the specifications from their Customers.

Pioneering now has over 250 multi-residential Customers throughout North America that have the STE cooking technology installed in their facilities and this number is growing every day. More and more of these new customers are forging the trial phase and buying in volume on the strength of the mandates and success we have had with other existing large volume Customers.

New product generating revenue - technology now available pre-equipped on new stoves

In early 2008 the STE cooking system was made available pre-installed on a new stove for the first time through a partnership with a leading wholesale supplier of appliances to property managers and builders throughout Canada. This new relationship with wholesalers was driven by housing provider mandates as the wholesalers now

saw the STE as a link to not only stove sales but as a Trojan horse for selling a full suite of appliances to these providers. This was a meaningful game changing event because it created an entirely new SKU and revenue stream. Housing managers continue to purchase retrofits but must work these purchases into their operating budgets. These organizations already have new stove purchases and replacements built into those budgets and therefore they are purchasing the STE on new stoves with greater frequency and predictability.

These Partnerships with Appliance wholesalers are creating new opportunities resulting in consistent monthly sales orders that help the Company to more effectively forecast a base line of monthly sales. The Company continues to grow its wholesale appliance partner base and now enjoys coverage right across Canada and is focused on establishing a similar network for the United States in early 2009.

STE recognized as an "energy savings technology" eligible for subsidies and grants

In 2008 the Region of Waterloo was the first jurisdiction to receive an energy efficiency subsidy from their local Hydro/Power provider (Cambridge Hydro) for the purchase and installation of 249 sets of the STE technology in six senior's buildings in Cambridge, Ontario as a means for saving energy. The STE cooking technology was researched and tested thoroughly by the Region of Waterloo for both its fire safety and energy saving benefits.

The STE reduces the energy required for cooking by an average 25-35%, and up to 70% for burners left on high heat. This substantial energy saving makes an STE purchase eligible for subsidy under a variety of government and NGO energy conservation programs. There are a number of municipalities and utility companies now pursuing similar incentives and subsidies within their jurisdictions. The Ontario Power Authority (OPA) is currently

reviewing the product for incorporation into their province-wide energy reduction program.

This game changing precedent has given the product credibility in the marketplace as not just a life safety technology but also as an energy saving technology. The Company intends to better promote and exploit this benefit going forward.

STE now recognized by Insurers as a means to reducing fire claims

The Company realized its goal of securing its first significant Insurance Customer. The U.S. based Assisted Housing Risk Management Association (AHRMA) purchased 2,000 STE's as part of a fire loss reduction initiative they are rolling out to their 165 Housing Authority Members throughout Illinois, Iowa and Nebraska. AHRMA is a not-for-profit housing authority risk pool, supported by the U.S. Department of Housing (HUD) that provides insurance programs and products to their members. AHRMA intends to equip the 30,000 low income housing units they represent over the next several years. The program outlines the implementation of 3-5,000 new STEs each year.

There are 20 other recognized HUD Insurance Entities throughout the U.S. who the Company is now approaching with a similar fire loss reduction program. In addition the Company is in discussions with private sector insurance companies that provide coverage in our target markets.

University fire safety community recognizes the STE as a "Solution that Works".

Historically fire prevention efforts throughout North America have focused on education with little to no impact on the reduction of stovetop cooking fires. Fire prevention organizations have come to the realization that education alone is not enough and that engineering changes are required to reduce cooking fires.

In late 2008 the STE was awarded



the "Solutions that Work" Award by CSHEMA (Campus Safety Health Environment Management Association) who oversees Fire and Environmental Safety on university campuses around the world. The award was in recognition of a one year pre and post case study conducted by a U.S. University that had received funding for the STE from Homeland Security. The results of the study demonstrated that the STE contributed to the reduction/elimination of cooking fires and false alarms.

This is a game changing event in that it is high profile recognition of an engineering solution that has directly contributed to a reduction in stovetop cooking fires – for the first time. The results of the presented study should be released shortly and the Company intends to leverage this information with Customers in all channels and with key influencers/legislators.

The STE is currently installed in over 60 colleges and universities throughout North America.

STE approved by the U.S. Military as one of two technologies that must be installed on all ranges

The United States Air Force Civil Engineer Support Agency recently

reviewed the suitability of the STE technology for commercial Air Force Base applications and has determined that the product is now acceptable as an alternative means of compliance with their UFC 3-600-01 internal code requirement for a range fire safety system in commercial applications (the most stringent code restrictions on the planet). A range that includes the STE technology is now considered a "fire safe" range.

Until now code restrictions meant that these bases didn't have any alternative to the mandatory range hood suppression systems. Today, the STE is one of only two mandatory technologies, with the difference being that not only does the STE prevent cooking fires as opposed to suppressing them but it can be purchased and installed at less than a quarter of the price of a range hood mounted system and doesn't require regular maintenance. Pioneering Technology is now positioned to supply the STE technology to approximately 100 Air Force Bases and the many hundreds of army and navy bases worldwide. Pioneering currently has installations at the Cape Canaveral Air Force Station, Florida, Wright Patterson AFB, Ohio, Cape Canaveral AFB Florida, Tyndall AFB Flori-

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da, Langley AFB Virginia, Norfolk Naval Base, Virginia, and the Sasebo Naval Base in Japan. There are approximately 1.4 million U.S. military housing units throughout the world that are now potential candidates for the STE system.

STE equipped housing providers receiving tax incentives, subsidies and grants in the U.S.

Projects in housing facilities in the U.S. that cannot afford the cost of purchasing and installing the STE are receiving funding from various sources throughout the U.S. Organizations such as the Department of Homeland Security (DHS), Fire Emergency Management Association (FEMA), the Department of Housing and Urban Development (HUD), the Office of Community Development (OCD), the National Council of State Housing Agencies (NCSHA) and state Housing Finance Corporations have all provided funding, subsidies or tax incentives for the purchase and installation of the STE technology. These organizations have established

precedence for future funding initiatives and have helped to generate significant awareness and reach within communities throughout the U.S.

A few such projects during the period included:

The North Carolina Housing Finance Agency (NCHFA) awarded affordable housing tax credits to an affordable housing apartment complex in Edenton, NC because they included brand new ranges with STE pre-installed as a means to providing a higher level of safety for residents and to save energy. The Affordable Housing Tax Credit Program is a federal program developed by the National Council of State Housing Agencies (NCSHA) to provide an incentive for private investment in affordable rental housing production and preservation.

The Florida Housing Finance Corporation (FHFC) awarded affordable housing tax credits to the Lakeland Housing Authority to assist in funding the construction of a new affordable housing senior's apartment complex in Bartow, FL. which included funding for

brand new ranges complete with the STE technology. Central to this program is technology that saves energy and provides a higher level of safety. This project is due to be completed in Q2 2009.

In Michigan an Affordable Housing Corporation received grant money for the purchase of the STE from The Office of Community Development (OCD) which receives funding from the U.S. Department of Housing & Urban Development (HUD).

The US Department of Homeland Security administers funding through FEMA's Fire Prevention and Safety grant program. The program supports projects that enhance the safety of the public and firefighters and targets high risk populations to mitigate the incidences of death and injury. Universities and Housing Authorities were awarded funds for the STE in both 2007 and 2008.

These are examples of game changing events because housing providers, builders and contractors are now receiving funding, incentives and subsidies for including the STE technology in their facilities. As such

these groups are now writing the technology directly into their design specifications to enjoy the benefits at the local state and federal levels. The tax incentive program is now included in the state design specifications for affordable housing in Connecticut, North Carolina, South Carolina, Michigan and Florida. Other states are now looking to do same. These programs are functioning as meaningful marketing tools for selling the STE and the benefits of this technology.

STE Expands to new international markets

In 2008 the Safe-T-element® received regulatory approval for sale in Australasia. This is meaningful because the product is now applicable to both 110 and 220 volt connections paving the way for further expansion into Europe and SE Asia. The product is now available and saving lives, properties and energy in the United States, Canada, Japan, Australia and New Zealand.



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