

FloLogic Inc.

QUICK DEAL OVERVIEW (QDO)

WHO WE ARE

FloLogic Inc. is a technology and marketing company whose objective is to market its patented and trademarked technology to enable homeowners to reduce or eliminate the economic and personal loss associated with plumbing failures. (i.e. washing machine hoses, water heaters, water pipes and associated fittings) The Company is achieving this objective through the marketing of the FloLogic® System, an automatic leak detection and water shutoff valve (“System”) succinctly known as **“the circuit breaker for your home plumbing system”**® FloLogic Inc. was incorporated during November 1996 as a C corporation in the State of North Carolina. For the period 1996 – 2001 the Company was engaged in research and product development resulting with the release of the FloLogic System 2000 manufactured of CPVC plastic. Resistance from plumbing professionals and regional plumbing codes led to the redesign of the current offering featuring a no-lead cast bronze design introduced during November 2005.

PROBLEM IN THE MARKETPLACE

Property damage resulting from plumbing leaks accounts for over \$7 B in homeowner insurance claims each year. The American Water Work Association has published that a typical single family home uses 69.3 gal of water per person per day of which 13.8% is attributed to plumbing leaks a statistic confirmed by the EPA. The FloLogic System helps solve both of these issues.

TECHNOLOGY

The FloLogic System is composed of two main components, a motorized ball valve (“Valve”) and a programmable keypad that provides the user interface (“Control Panel”). The Valve is designed for installation in the main water supply line anywhere after the water meter but before the point where the line splits to form the various distribution lines that carry water to the plumbing appliances. Monitoring water flowing into a residence from a single point in the main provides coverage to the entire household, similar to an electrical circuit breaker that monitors the electrical service in a home. The Valve is controlled by a microprocessor that monitors water flowing through the main supply line, and signals the Valve to shut the water off to the entire household if the programmed limits have been exceeded. In addition, the FloLogic System can be integrated with all security systems in the market today providing outbound notification to a monitoring system that the water has been shut off. The FloLogic System is a technology that has simply been overlooked in the building products space since the inception of the water meter. The FloLogic System is a technology whose time has come.

CHARACTERISTICS OF THE MARKET FOR OUR PRODUCT

The U.S. market consists of the 128 million existing residences, of which single-family units account for 86.2 million. (US Census 2007 estimates) The Company markets the FloLogic System directly to the existing housing market through a variety of channels including direct online sales, insurance referrals, property management professionals, security/home automation integrators and plumbing professionals who either service the homeowner impacted by a water loss incident or can offer the FloLogic System at a point of sale with an

existing product line. Several property and casualty insurance companies are offering policyholder discounts and/or credits to those who have the FloLogic System installed.

REVENUE MODEL

The majority of the Company's sales are booked through credit card transactions. For those on account (plumbing wholesale) invoices are shipped with the product with terms net 15. A base point shipping cost is included so all customers pay the same shipping and handling costs regardless of proximity to the Company's shipping point. Quantity discounts are provided for large residential and commercial projects. Sales of the FloLogic System 3.0 were initiated in November 2005.

[To learn more about FloLogic Inc. please visit our website to conduct your preliminary investigation of our company. Our website has an Investor Relations link that will lead you to more detailed information.](#)

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