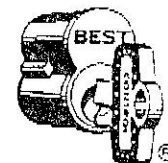



**BEST LOCK CORPORATION**

INDIANAPOLIS, INDIANA 46250



FOR INTER-OFFICE COMMUNICATIONS ONLY

TO: All Representatives**FROM: Darrell Tyler, Senior Marketing Manager** **SALES
LETTER #4303-W****DATE: May 9, 1994****SUBJECT: UPDATE FOR THE FIELD ON BEST v. ILCO**

On Wednesday, May 4, 1994, the attorneys for Best and for Ilco met in a scheduling conference with the federal judge who will hear this case. The parties agreed on a pre-trial discovery schedule and that the restraining order issued against Ilco in August of 1993 when Best filed this case, would remain in force until the trial.

While it had been our hope to litigate this case sooner and lay the issues relating to infringement of our PKS patents to rest, it is with much disappointment that we report to you that the trial date has been moved to February of 1995. While it is a long time off, it is not unheard of that it could take more than a year to go to trial in federal court. The judge has an extremely heavy docket through the Summer and Fall of 1994 and February was the first opportunity he had to try a case that could take several weeks of court time.

Interestingly, Ilco (who is being funded by several other knock off key blank manufacturers to pursue this litigation) has filed many motions and briefs seeking dismissal of the case for jurisdiction, transfer of the case to North Carolina, and/or merger of the case with a patent case it has filed against Best in North Carolina. The judge has denied every motion Ilco filed and has decided the case will be heard in Indianapolis. In addition, the Ilco filed case in North Carolina will be dismissed.

Additionally, Ilco knew in the Fall of 1993 that the first trial date was May of 1994, and did very little to prepare for that trial date. One might question if Ilco is sure of the correctness of its position why it would delay so in seeking a final resolution of this issue.

Given this situation, we ask the field to continue to actively promote our PKS products to prospects and Customers and to continue to document any lost sales. Please be sure to inform all PKS Customers and any new prospects about the litigation so they are able to make sound judgments in their purchasing decisions.

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Don't forget the facts!

- Best Lock has valid design and utility patents issued by the US Patent Office and nothing has occurred to diminish the strength of those patents. If Ilco and its funders are to prove invalidity, they have the burden of establishing by "clear and convincing" evidence that the US Patent Office made a mistake in its examination and issuance of our patents.
- Best petitioned this court for a restraining order to stop the infringement and the order was granted. Ilco petitioned this court to dismiss or transfer the case to North Carolina and was denied. There will be more battles ahead, but litigation in federal court moves slowly, so as laborious as righting this wrong appears, be patient.

Thanks.