



----- STATEMENT AND RESPONSE -----

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In response to the Mine Safety & Health Administration's (MSHA) Procedure Instruction Letter No. I10-V-15 released August 31; CSE Corporation issues the following statement.

CSE has been working actively with MSHA and NIOSH to address the SR-100's oxygen cylinder issue CSE discovered in February 2010. The company will continue to propose diagnostics that allow the user to diagnose promptly if a unit is at risk. Additionally, CSE has provided multiple alternatives to MSHA to deal with the issue and is, in fact, working diligently to satisfy regulators. This includes investigating alternate sources of supply to help ensure adequate caches of units are available in mines and help protect the safety of miners.

CSE continues to work diligently to identify and resolve the root cause of the oxygen cylinder issue. The company is responding quickly to questions raised by regulators on a weekly basis. We issued a halt on sale and production of the SR-100 SCSR in February because we found the primary starter mechanism in one unit out of 582 examined did not deploy oxygen during routine quality-assurance testing. As a result, we stopped production and sale until we could, once again, be confident in the reliability of both the primary and secondary starter features.

It is important to recognize that the SR-100 is the only product on the market equipped with both automatic and manual start capabilities. Users have been reminded that, if for any reason, the automatic start does not initiate, their first recourse is to don another unit, if one is readily available. If a second unit is not readily available, the manual start should be used.

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We have conducted extensive training with our customers on how to initiate the unit's manual start. We also have distributed instruction manuals and CSE's managers are available to all of our customers to explain how to conduct effective training on initiation of the manual start. Since the inception of the Miner Act, more than 25,000 miners practiced starting SR-100's as part of their annual training with no reported failures of oxygen cylinders starters or manual starts.

CSE remains committed to the production of high-quality, reliable SCSRs for the mining industry.

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