



GRAKEN CORP.

PRODUCT DEVELOPMENT PROCESS SUMMARY

GRAKEN's objective is to provide products that meet our CUSTOMER's needs, exactly. Therefore, GRAKEN encourages the design, manufacturing and testing of prototype hardware for new and unusual systems and/or mechanisms when the applications of these products fall outside the scope or range of commonly accepted standards and practices germane to the products' industry. The ultimate responsibility for the appropriateness for any prototype hardware rests with the CUSTOMER.

A prototype, for the purposes of this process summary, is defined as:

1. a new design,
2. modification of an existing design,
3. a CUSTOMER specified design, or
4. a new application for an existing product.

Before we can begin any significant product design effort, our CUSTOMER must provide a specification. Completing the Product Application Form is a very good start toward this end. This may be found on the GRAKEN website under "Forms" in the main menu. It's likely that our Application Engineering personnel will also need to obtain additional information from time to time through discussions with appropriate CUSTOMER personnel.

Engineering personnel will evaluate all information provided and work with the CUSTOMER to interpret that information into a product design specification and fabrication plan. We will submit the product design specification(s) and fabrication plan(s) to the CUSTOMER for their review and approval prior to starting work.

Upon receiving written authorization from the CUSTOMER to proceed, we will commence work under the assumption that the CUSTOMER is bound to do all things necessary to enable us to perform duties and obligations to satisfy the written agreement.

If modifications are required after work begins, as a result of specification changes or previously unknown application requirements or characteristics, the cost of those modifications will be the responsibility of the CUSTOMER. This cost will depend upon the extent of redesign, rework, new components, additional or revised hardware, material changes and testing which may be required. How these costs will be recovered will be agreed upon by the CUSTOMER and GRAKEN before any changes are made.

GRAKEN's standard warranty is to repair, replace or refund the original purchase price of, at our option, any product found to be defective in material or workmanship within one year from the shipment date from our facility if no other written agreement is made. A Return Authorization Number must be obtained before any product can be returned for modification or repair. The unit is to be shipped to GRAKEN freight prepaid, and



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packaged in a manner that it is adequately protected. It may be necessary at times for GRAKEN personnel to visit the product(s) installation site to inspect or evaluate problems encountered with the product. If it is determined upon inspection that the problem is the result of the application rather than from a product defect, GRAKEN may elect to invoice for the service call at prevailing service rates in effect at that time. The decision to visit and the terms for service charges which may apply must be agreed upon by the CUSTOMER and GRAKEN before the visit.

From time to time GRAKEN may identify and/or derive inventions from involvement in work or research thereof or GRAKEN's contracting agencies. Should this occur, the CUSTOMER may be requested to relinquish all or a part of its right to any such invention if, in GRAKEN's judgment, the criteria set forth by the CUSTOMER's contract has been met.

Should a patent filing action commence, GRAKEN assumes the CUSTOMER is bound to the Non-Disclosure Agreements in place at the time of filing and during any periods in which GRAKEN is under contract or for any period during which GRAKEN conceives or develops any invention during the course of the utilization of any GRAKEN prototype mechanism(s), device(s), intellectual property, research facilities, or any gift, grant, or contract research funds received through GRAKEN.