

CONFIDENTIALITY AGREEMENT

This Confidentiality Agreement (“Agreement”) is made as of the Effective Date by and between Kregel Technology, Inc. (“Kregeltech”) a Minnesota corporation with offices located at 600 Shady Ridge Road, Hutchinson, MN 55350 and the individual or entity identified as Corporation #2 on the signature page of this Agreement.

WITNESSETH:

WHEREAS, the parties desire to disclose to each other information which is considered proprietary, confidential and trade secret of each party respectively; and

WHEREAS, unauthorized disclosure of such information to third parties would be very damaging to the parties; and

WHEREAS, the parties desire to protect and preserve the propriety, confidentiality, and secrecy of such information.

NOW, THEREFORE, in consideration of the mutual benefits of the covenants set forth below, the parties hereby agree as follows:

ARTICLE I: RECITALS AND DEFINITIONS

Section 1.01 -- Recitals: The above recitals and identification of parties are true and correct.

Section 1.02 -- Definitions: The following definitions shall apply:

- (1) Adaptations: The term “Adaptations” shall mean any and all Technology developed by the Receiving Party based in whole or in part on the Confidential Information.
- (2) Associate: The term “Associate” shall mean an employee of Kregeltech or an independent contractor hired by Kregeltech.
- (3) Authorized Person: The term “Authorized Person” shall mean employees of the Receiving Party who agree to maintain the confidentiality of such Confidential Information in consideration for receiving such Confidential Information and individuals or organizations who are authorized in writing by the Disclosing Party to receive Confidential Information. For purposes of this definition legal counsel for the Receiving Party shall be deemed as Authorized Persons.
- (4) Confidential Information: The term “Confidential Information” shall mean all information disclosed by Disclosing party to the Receiving Party which is identified by Disclosing Party in writing as proprietary or confidential at the time such information comes into the possession or knowledge of the Receiving Party and which is not: (i) already known to the Receiving Party; (ii) in the public domain; (iii) conveyed to the Receiving Party by a

third party; (iv) released by the Disclosing Party without restriction; (v) independently developed by the Receiving Party; and (vi) required by Court Order to be released by the Receiving Party.

- (5) Disclosing Party: The term “Disclosing Party” shall mean the party to this Agreement who discloses Confidential Information to the other party to this Agreement.
- (6) Effective Date: The term “Effective Date” shall mean the date this Agreement is signed by Kregeltech.
- (7) The Receiving Party: The term “Receiving Party” shall mean the party to the Agreement who receives Confidential Information from the other party to this Agreement.
- (8) Technology: The term “Technology” shall mean information, data; technical, marketing and business reports, plans or studies; evaluation results, applications, methodologies, techniques, ideas, solutions, processes, products, machines, compositions of matter, articles of manufacture, concepts, procedures, software, documentation, flow charts, diagrams, software libraries, data bases, screen displays, graphic interfaces and software utilities developed under this Agreement.
- (9) Term: The term “Term” shall mean a period of time starting on the Effective Date and continuing until this Agreement is terminated under Article III of this Agreement.
- (10) Termination Notice: The term “Termination Notice” shall mean that written notice sent by one party to this Agreement to the other party to this Agreement seeking to terminate this Agreement.

ARTICLE II: CONFIDENTIALITY

Section 2.01 -- Ownership and Title: The Receiving Party hereby acknowledges that title to the Confidential Information, including ownership rights to patents, copyrights, trademarks and trade secrets in connection therewith shall be the exclusive property of Disclosing Party.

Section 2.02 -- Obligation of Confidentiality: The Receiving Party shall hold Confidential Information in strict confidence and shall not duplicate, use or disclose Confidential Information except as permitted under this Agreement.

Section 2.03 -- Licenses: The execution of this Agreement and the disclosure of Confidential Information by Disclosing Party to the Receiving Party hereunder shall not be construed as the grant of a license to the Receiving Party to use the Confidential Information to develop Adaptations, or to use any Adaptations except as otherwise approved by the Disclosing Party.

Section 2.04 -- Authorized Use: The Receiving Party shall not

disclose Confidential Information except to Authorized Persons. The Receiving Party shall use Confidential Information only for the following purposes:

- (1) Services: Providing services to Disclosing Party or retaining the services of Disclosing Party.
- (2) Business Evaluations: Considering whether to pursue joint marketing or research and development opportunities with the Disclosing Party.

Section 2.05-- Employee Pirating: Neither party shall induce or solicit (directly or indirectly) any Associate to leave the employ or hire of the other party. Neither party shall engage (directly or indirectly) the services of such Associate (as an employee, consultant, independent contractor or otherwise) without the prior written consent of the other party.

Section 2.06 -- Continuation: The terms and provisions of this Article II shall survive termination of this Agreement.

ARTICLE III: TERM OF AGREEMENT

Section 3.01 -- Term: This Agreement shall be valid for the Term.

Section 3.02 -- Termination Limitations: This Agreement shall only be terminated as provided under this Article III.

Section 3.03 -- Termination: Either party may terminate this Agreement for convenience upon providing ninety days Termination Notice to the other party.

Section 3.04 -- Mutual Recession: Notwithstanding Section 3.03, Kregeltech and Corporation #2 may agree in writing to terminate this Agreement without notice.

Section 3.05 -- Return of Materials: Upon termination of this Agreement, the Receiving Party shall return to Disclosing Party any and all copies of Confidential Information in the possession or control of the Receiving Party and shall provide Disclosing Party with a certificate of compliance with this Section 3.05 signed by an authorized representative of the Receiving Party.

ARTICLE IV: MISCELLANEOUS

Section 4.01 -- Assurances: Each Party represents and warrants that all representations, warranties, recitals, statements and information provided to the other under this Agreement are true, correct and accurate as of the Effective Date.

Section 4.02 -- Export: Corporation #2 shall not export (as defined in 15 CFR Part 734), directly or indirectly, Confidential Information.

Section 4.03 -- Entire Agreement: This Agreement contains the entire understanding of the parties relating to this Agreement and the Confidential Information and supersedes all previous verbal and written agreements relating to this Agreement and the Confidential Information.

Section 4.04 -- Amendments and Modifications: Any waiver, alteration, modification or amendment of this Agreement shall be void unless such waiver, alteration, modification or amendment is in writing and signed by the parties hereto.

Section 4.05 -- Severability: If a provision of this Agreement is rendered invalid the remaining provisions shall remain in full force and effect.

Section 4.06 -- Captions: The headings and captions of this Agreement are inserted for convenience of reference and do not define, limit or describe the scope or intent of this Agreement or any particular section, paragraph, or provision.

Section 4.07 -- Governing Law: This Agreement shall be governed by the laws of the state of Minnesota and venue shall be Hennepin County Minneapolis, Minnesota.

Section 4.08 -- Notice: All communications shall be in writing. Notices shall be deemed delivered when delivered by Certified or Registered Mail - Return Receipt Requested - or by hand to the addresses set forth below for Kregeltech and to the address set forth on the signature page of this Agreement for Corporation #2. Notice shall be deemed given on the date of receipt, as evidenced in the case of Certified or Registered Mail by Return Receipt.

<u>Corporation #1</u>	<u>Address</u>
Kregel Technology, Inc.	600 Shady Ridge Road Hutchinson, MN 55350

Section 4.09 -- Litigation Expenses: In the event of litigation or arbitration arising out of this Agreement, each party shall pay its own costs and expenses of litigation or arbitration (excluding fees and expenses of arbitrators and administrative fees and expenses of arbitration).

Section 4.10 -- Bankruptcy: If any party must institute, defend, appear or attend a bankruptcy proceeding as a result of the filing of bankruptcy by another party, fees and expenses shall be paid by the filing party. If any party has a bankruptcy proceeding filed against it, the other parties shall recover attorney fees, expert witness fees, and other costs incurred by such other party in connection with the bankruptcy proceeding, hearing or trial.

Section 4.11 -- Waiver: Waiver of a breach of this Agreement shall not constitute a waiver of any other breach. All remedies under this Agreement are in addition to equitable remedies and remedies provided by law and are cumulative. Failure to enforce any provision of this Agreement shall not constitute a waiver or create an estoppel from enforcing such provision.

Section 4.12 -- Assignments: Any and all assignments of rights hereunder by Corporation #2 shall be void.

Section 4.13 -- Public Announcements: All public announcements of the relationship between Corporation #2 and Kregeltech under this Agreement shall be subject to the prior

written approval of Corporation #2 and Kregeltech.

Section 4.14 -- Arbitration: Any controversy or claim arising out of or relating to this Agreement, or breach thereof, shall be settled by arbitration in accordance with Arbitration Rules of the American Arbitration Association in St. Paul, Minnesota. Judgment upon the award rendered by the arbitrators may be entered in any court having jurisdiction thereof. Three qualified Arbitrators shall be selected by the parties in accordance with the Arbitration Rules of the American Arbitration Association. Each party shall have the right of discovery as set forth in the Federal Rules of Civil Procedure. The Arbitration shall be administered by the American Arbitration Association in St. Paul, Minnesota.

IN WITNESS WHEREOF, this Agreement has been executed as of the Effective Date.

CORPORATION # 1:

Kregel Technology, Inc.

BY: _____

Name: Quentin Kregel

Title: President

Date: _____

CORPORATION # 2: _____

By: _____

Print Name: _____

Title: _____

Street Address: _____

City/State/Zip: _____

Date: _____