

EXHIBIT 21

PART 1 OF 2

EXHIBIT 21

PROJECT PROPOSAL



Proposal:
Software ESD Phase I and Phase II

Date:
November 13, 2007

Developed for:
Kelley, Drye & Warren

Primary Contact:
John Winterle
Steven Moore

Patent Agent
Partner/IP counsel

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I. Executive Summary

Kelley, Drye and Warren, LLP, seek the assistance of Nerac in the development of an Examination Support Document (an ESD) required under 37 C.F.R. Sec. 1.265 for patent applications containing more than five independent claims or twenty five total claims (independent and dependent).

II. Project Description

For a certain application, Kelley, Drye and Warren have identified eleven independent claims containing thirty three claim elements (see Appendix B). Under Sec. 1.265, these claim elements must be searched for potential prior art through patent and literature databases, with results submitted to the USPTO in a specified format.

III. Approach

Phase I:

Nerac shall assign one or more project analysts to conduct and/or oversee the conduct of searches hereunder. The scope of this agreement pertains to keyword and key term searches to be conducted utilizing appropriate patent and non-patent literature databases accessible by Nerac (see Appendix B).

It is understood and acknowledged that a number of claim elements of the current request relate to means plus function elements, with no clarification on the means described. Each claim element shall be searched individually, broadly and, as necessary or useful, using Boolean operators. The analysts shall seek to identify a search expression which adequately returns potential prior art meeting the requirements of Sec. 1.265. It is understood and acknowledged that multiple searches may be necessary to accomplish this. Nerac analysts shall not couple any claim elements together or make use of search terms not properly within the scope of each claim element.

Prior experience indicates a reasonable possibility of a claim element search returning in excess of 500. In such event, the analysts will confer with a representative of Kelley, Drye and Warren for direction.

Estimated search time per element: 1 hour (patent and non-patent literature)

33 hours total search time

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Phase II:

It is anticipated that a large number of references are likely to be found in the claim elements searches of phase I. To assist Kelley, Drye and Warren, Nerac proposes to conduct an initial review to the reference patents and non-patent literature. Such review would entail a structured review of each identified reference.

In the case patent claim element searches for returning fewer than 300 patent references, the Nerac analysts shall review each such reference in the context of the specific search which returned the reference. It is understood and agreed that to make such a review effective, Kelley, Drye and Warren shall draft and provide to Nerac a succinct Summary of the Invention such as would be sufficient to allow the analysts to determine accurately the applicability of the returned reference to the invention herein. For patent searches returning more than 300 citations, Kelley, Drye and Warren will be provided the entire set unsorted.

For each patent reference the analyst shall allow 10 minutes per patent reference and shall identify each as:

- Potentially applicable
- Potentially inapplicable
- Unable to be determined without more detailed review

For patent citations not in English, this determination will be performed on the available information in English. The determination of the analysts as to each patent reference shall be recorded and provided to Kelley, Drye and Warren.

In the case of non-patent literature claim element searches returning fewer than 300 references, the Nerac analysts shall review each such reference in the context of the specific search which returned the reference. Using the search parameters of the claim elements searches, the analysts shall review each non-patent literature reference for applicability to the invention herein based on the *abstracted information* only. For literature searches returning more than 300 citations, Kelley, Drye and Warren will be provided the entire set unsorted.

The analyst shall allow 5 minutes per abstracted reference and shall identify each as:

- Potentially applicable
- Potentially inapplicable
- Unable to be determined without more detailed review

The determination of the analysts as to each literature reference shall be recorded and provided to Kelley, Drye and Warren.

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Quotation based on estimates on the number of references to be reviewed:
1000 patents references (10 minutes each)
500 nonpatent references (5 minutes each)

200 hours total sorting time

Phase III

Full-text documents will be provided as required by Kelley, Drye and Warren.

IV. Deliverables

Phase I Deliverable:

Nerac Methodology: A table consisting of: claim element, total number of references found and search strategy(s) performed

Phase II Deliverable:

Results Analysis: Literature and patent citations with the analyst's determination of applicability noted

Phase III Deliverable:

Full-text documents for references selected by Kelley, Drye, and Warren.
A quotation will be provided once the desired citations have been selected.

V. Pricing and Terms

Phase I Price: \$6600

Phase II Price: \$40,000

**** If the number of citations discovered for Phase II varies greatly from the estimate, the pricing will be adjusted as necessary.**

Phase III Price: TBD (based on number of full citations KDW wishes to view)

Terms: Project initiation occurs upon Nerac's receipt of a signed Purchase Order or receipt of a 50% deposit. This proposal is valid for 45 days.

Note: If the research conducted for this project exceeds the time estimated due to scope changes and/or complications arising due to the nature of the research, then the price quoted above will require joint reconsideration to assure that the mutually agreed-upon project goals are met.

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VI. Nerac Project Team

The Nerac associates noted below are contacts for any person at Kelley, Drye & Warren requiring information on the status of this project. Brief biographies are provided for Analyst staff. They can be reached at Nerac headquarters in Tolland, Connecticut at (860) 872-7000. Note: Additional or alternate Nerac staff members may participate in this project, at Nerac's discretion.

Ruth Larabee

Analyst Ruth Larabee works with computer science and aerospace companies and companies dealing with the study, design, development, implementation, support, and management of computer-based information systems, particularly software applications. She also has experience helping companies analyze laser scanning and 3-D reconstruction modeling applications. Before joining Nerac, Ms. Larabee partnered with companies to locate suppliers, manufacturers, and services involved with three-dimensional laser scanning. She also has worked with 3-D laser scanning, digitizing and related software for the Electric Boat division of General Dynamics. Ms. Larabee holds a bachelor's in computer science from State University of New York at New Paltz. Her areas of expertise include computer software design, optical and electrical engineering, computer hardware, military and defense technology and project management.

Areas of Expertise

Software Engineering

Optics

Electrical Engineering

Computer Hardware & Software Design

Military & Defense Technology

Project Management

Industries

Electronics

Credentials

B.S., Computer Science, State University of New York at New Paltz

Thomas A. Perkins

With more than 20 years of industry experience in electronics and computer engineering, Analyst Thomas A. Perkins is a member of the Nerac Intellectual Property Group, focusing on patent and intellectual property issues. He has particular expertise in large patent portfolio analytics and citation analysis. Before joining Nerac, Mr. Perkins worked for Canberra Industries in numerous capacities, including project and product management, technical sales, and systems engineering. He was responsible for delivering specialized

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health physics measurement equipment to the nuclear power industry. Mr. Perkins also worked at Eaton Corporation's Navy Controls Division as a software project manager. He has a broad understanding of electrical engineering, electronics, microprocessor/embedded systems, programming languages, software engineering, nuclear spectroscopy/instrumentation, and project management. He holds a bachelor's degree in computer science from the University of Hartford,

Areas of Expertise

Computer Engineering
Electrical Engineering
Energy/Power
Networks
Software
Embedded Systems
Microprocessor Systems
Programming Languages
Nuclear Spectroscopy/Instrumentation
Project Management

Industries

Electronics

Credentials:

B.S., Computer Science, University of Hartford

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VII. Statement of Work

Nerac Research Project: Software ESD

This Statement of Work is made by and between Nerac Inc., ("Nerac") and

Company: Kelley, Drye & Warren
Office Address: 281 Tresser Blvd., Stamford, CT 06901
Phone: 203-324-1400
Fax: 203-351-8020

as of the date of execution and integrally attached to the Master Service Agreement between the Parties, which is executed concurrently or previously.

SERVICES PROVIDED: Nerac shall complete the proposed project under terms and conditions more fully explained in the attached Project Proposal which has been accepted by both parties.

Company Administrative Representative:
Steve Moore

Company Group or Department: IP

Payment Instructions

- Invoice to:
- Purchase Order #:

Credit Card: **AMEX** **VISA** **Master Card**

Card Number:
Expiration Date:
Name On Credit Card:

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IN WITNESS WHEREOF, the Parties have executed this Statement of Work.

X _____ Date: _____
Kelley, Drye & Warren Representative

X _____ Date: _____
Received and Approved by Nerac, Inc, Tolland CT:

Company # (assigned by Nerac): 106674

Regional Account Executive: Brooke Fredette