

I. ENTIRE AGREEMENT/ORDERS.

This agreement is between VB SEALS and Purchaser. No order for VB SEALS's goods or services shall be binding upon VB SEALS until acknowledged in writing by VB SEALS. That acknowledgement and these Terms and Conditions constitute the entire agreement between VB SEALS and Purchaser. Any purchase order, offer or counter-offer made by Purchaser before or after VB SEALS's acknowledgement is rejected and all documents exchanged prior to VB SEALS's acknowledgement are merely preliminary negotiations and not part of any Agreement between the parties. For example, orders submitted on Purchaser's own purchase order forms modifying, adding to, contrary to, or inconsistent with these Terms and Conditions are expressly rejected and of no force or effect and acceptance is expressly made conditional upon assent to these terms. In no event will VB SEALS be deemed to have in any way changed, enlarged or modified its liabilities or obligations as fixed by these Terms and Conditions including, without limitation, situations in which VB SEALS satisfies an order submitted on Purchaser's own purchase order form.

Purchaser shall have been deemed to agree to these Terms and Conditions upon the earlier of acceptance of VB SEALS's quotation, acceptance of delivery of the goods or services or the issuance of a purchase order to VB SEALS.

No acknowledgement by VB SEALS and no provision of VB SEALS's Terms and Conditions shall be subject to change in any manner except as agreed to in writing by an officer of VB SEALS.

2. PRICES.

Until the written confirmation of acceptance of a purchase order by VB SEALS, all prices are subject to change without notice and quoted in U.S. dollars unless otherwise noted. All prices for goods are quoted FOB point of shipment unless otherwise noted by VB SEALS. Written quotations expire thirty (30) calendar days from the date of quotation unless specified otherwise. Verbal quotations are non-binding with VB SEALS. Prices do not include sales, excise, municipal, state or any other government taxes. All taxes and other governmental charges upon the production, manufacture, distribution, sale or use of goods or services to the extent required or not forbidden by law to be collected by VB SEALS from Purchaser, shall be paid by Purchaser to VB SEALS unless Purchaser furnishes VB SEALS with exemption certificates acceptable to the relevant taxing authorities. VB SEALS reserves the right to revise prices of work in process due to any change in the order on the part of the Purchaser or any factor beyond the control of VB SEALS. Typographical and/or clerical errors made by VB SEALS are subject to correction.

3. TERMS OF PAYMENT.

Invoices are net thirty (30) days from the date of invoice unless specified otherwise and approved in writing by VB SEALS. Past due accounts will bear interest at the rate of 3% per month of the invoiced amount. All invoices are payable in U.S. dollars, unless specified otherwise and approved. Acceptance of bank drafts, checks or other form of payment shall be subject to immediate collection of the full face amount thereof. VB SEALS may, at its discretion, impose a transaction fee on payments processed via wire transfer or by Letter of Credit.

VB SEALS reserves the right at any time and in its sole discretion to demand full or partial payment before proceeding with an Agreement of sale. If delivery is delayed or deferred by Purchaser beyond the scheduled date, payment shall be due in full when VB SEALS is prepared to ship the goods or

perform the services. The goods may thereafter, at VB SEALS's option, be stored at the risk and expense of Purchaser, If Purchaser defaults when any payment is due or becomes insolvent, the whole Agreement price shall become due and payable upon demand or VB SEALS, at its option, without prejudice to other lawful remedies, may defer delivery or cancel the Agreement.

In the event of nonpayment of an invoice when due, VB SEALS shall have the right to suspend further work or the delivery of future goods under this Agreement or any Agreement with Purchaser until such invoice is paid in full; provided, however, that if such invoice remains unpaid for more than five (5) days after written demand by VB SEALS, VB SEALS may terminate this Agreement without penalty.

Order cancellations by the Purchaser are subject to an order cancellation fee as stated with the quotation and incorporated herein.

4. DELIVERY.

VB SEALS shall not be liable for any damage as a result of any non-delivery or delay due to any cause beyond VB SEALS's reasonable control, including, without limitation, an act of God; act of Purchaser; embargo; other government act, regulation or request; fire; accident; strike; war; boycott; slowdown; riot; or delay in transportation or inability to obtain necessary labor, materials, or manufacturing facilities.

VB SEALS reserves the right to substitute suitable alternative materials and components where necessary.

Where the services are to be performed on Purchaser's premises, Purchaser agrees to provide VB SEALS on a timely basis with such access, machine downtime, utilities and equipment as VB SEALS shall reasonably require in order to perform the services in accordance with the Agreement. If Purchaser fails to perform its obligations or shall fail to perform them in a timely manner, Purchaser acknowledges and agrees that VB SEALS shall be entitled to delay performance of the services until such time as Purchaser has complied in all respects with its obligations and to increase the price for the services to reflect any increased cost to VB SEALS caused by Purchaser's failure to perform or late performance.

5. SHIPMENT/RISK OF LOSS.

All shipments of goods are subject to an overrun or shortage of 5% of the quantity specified. Unless otherwise noted, all sales of goods are made FOB point of shipment. Delivery dates given in advance of actual shipment of goods or performance of services are estimates and shall not be deemed to represent fixed or guaranteed delivery dates. Method and route of shipment will be at the discretion of VB SEALS unless specified otherwise by Purchaser and agreed by VB SEALS, and any additional expense of the method or route of shipment specified by Purchaser shall be borne by Purchaser. Claims for shortage or other quantity errors must be made in writing to VB SEALS within five (5) days after receipt of shipment. Failure to give such notice shall constitute unqualified acceptance and a waiver of all such claims by Purchaser.

VB SEALS reserves the right to make delivery of goods in installments, unless otherwise expressly stipulated in the agreement for sale. Such installments, when separately invoiced, shall be paid for when due per invoice without regard to subsequent deliveries. Delay in delivery of any installment shall not relieve Purchaser of its obligations to accept remaining deliveries.

6. TOOLS/DIES.

All tools, patterns and other equipment used in the manufacture of any of VB SEALS's goods or performance of any of VB SEALS's services shall remain the property of VB SEALS unless otherwise expressly agreed in writing. Purchaser shall not permit any third party to use such equipment nor disclose to any third party any technical, dimensional or design details, or any other information in respect of such equipment at any time.

7. WARRANTY/CLAIMS.

Purchaser acknowledges that it has selected and ordered goods based on its own skill and judgment and agrees that it is responsible for ensuring that the goods selected are fit for Purchaser's purpose. VB SEALS warrants only that such goods have been produced in accord with VB SEALS's standard practices with regard to materials and workmanship and no samples or prior description of goods shall constitute an express warranty. If goods are non-conforming, VB SEALS, at its option and subject to the terms of this paragraph 7 and paragraph 9, will either (i) allow Purchaser to return the goods and receive repayment of the price or (ii) repair or replace the goods. No goods are to be returned to VB SEALS without prior written consent of VB SEALS and the assignment of a return goods authorization number by VB SEALS.

Purchaser is liable to pay for all associated costs incurred by VB SEALS due to its selection of noncompliant products. These associated costs are based on any additional costs incurred by VB SEALS in managing the noncompliant products, including, but not limited to, all reworks, investigations and other consequential costs.

VB SEALS shall not be responsible for any selection made by Purchaser and will not have any liability to Purchaser for any loss, damages, costs or expenses suffered by Purchaser as a result thereof.

(a) THIS WARRANTY IS IN LIEU OF ANY EXPRESSED OR IMPLIED WARRANTIES, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE AND ANY OTHER OBLIGATION ON THE PART OF THE SELLER.

(b) VB SEALS shall have no obligation under this warranty if damage to the good occurs because of improper handling or operation, modification of the good, abuse, misuse, unauthorized repairs made or attempted and/or where equipment is operated above rated capacity.

(c) No agent, employee or representative of VB SEALS has authority to bind VB SEALS to any affirmation, representation or warranty concerning the goods sold.

(d) Upon receipt, Purchaser shall inspect the goods. All notice of claims, including claims for alleged defective goods, must be made within (i) thirty (30) days of receipt of such goods; or (ii) prior to the installation of such goods into any other products, whichever period is shorter. If no notice of claim is made within such inspection period, the goods are irrevocably accepted by Purchaser and all claims against VB SEALS are waived and forever barred. Purchaser agrees that any litigation or arbitration relating to any claim must be commenced within one (1) year after date of shipment by VB SEALS. Purchaser hereby expressly assumes all liability for all damage and injury occurring before and after said time periods if notice is not made pursuant to this agreement.

8. PURCHASER SUPPLIED MATERIALS.

Purchaser warrants that any materials, inserts, or parts supplied to VB SEALS will conform to all indicated specifications and will be timely delivered. VB SEALS shall not be liable for any damages related to parts or materials supplied by Purchaser, including damage to the part or material itself, or damage caused by defective materials, inserts, or parts. VB SEALS extends no warranty and shall not be liable for any VB SEALS goods that are defective as a result of Purchaser supplied materials, inserts, or parts and Purchaser shall be required to purchase any goods into which VB SEALS incorporates any Purchaser supplied materials, inserts, or parts at the then applicable price for such goods.

9. LIMITATION OF LIABILITY/INDEMNITY.

VB SEALS's liability on any claim for loss or damage arising out of this transaction or from the performance or breach thereof or connected with any goods or services supplied hereunder, or the sale, resale, operation or use of goods, whether based on Agreement, warranty, tort (including negligence) or other grounds, shall not exceed the price allocable to such goods or services or part thereof involved in the claim, regardless of cause or fault. Purchaser's remedies are limited to the return of non-conforming goods and repayment of the price or to the repair and replacement of non-conforming goods, subject to the provisions of paragraph 6. This limitation of liability and remedies reflects a deliberate and bargained-for allocation of risks between VB SEALS and Purchaser and constitutes the basis of the parties' bargain, without which VB SEALS would not have agreed to the price or terms of this transaction. VB SEALS shall not, under any circumstances, be liable for any charges without its prior written consent.

VB SEALS SHALL NOT IN ANY EVENT BE LIABLE WHETHER AS A RESULT OF BREACH OF AGREEMENT, WARRANTY, TORT (INCLUDING NEGLIGENCE) OR OTHER GROUNDS FOR INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES INCLUDING, BUT NOT LIMITED TO, LOSS OF PROFITS OR REVENUE, LOSS OF USE OF GOODS OR ASSOCIATED PRODUCTS, BUSINESS INIERRUPTION, COST OF CAPITAL, COST OF SUBSTITUTE GOODS, FACILITIES OR SERVICES, DOWNTIME COSTS, OR CLAIMS OF CUSTOMERS OF PURCHASER FOR SUCH DAMAGE. In addition, if VB SEALS furnishes Purchaser with advice or other assistance regarding any goods or services supplied hereunder, or any system or equipment in which any such goods may be installed, and which is not required pursuant to this transaction, the furnishing of the advice or assistance will not subject VB SEALS to any liability, whether based on Agreement, warranty, tort (including negligence) or other grounds.

In the event Purchaser modifies VB SEALS goods or incorporates VB SEALS goods into another product or component part, Purchaser agrees to hold harmless and indemnify VB SEALS from any and all claims, liabilities, losses, costs and expenses (including reasonable attorneys' fees) involving personal injury or property damage. Purchaser also agrees to hold harmless and indemnify VB SEALS from any patent or other intellectual property claims related to (i) any VB SEALS goods made in accordance with Purchaser's designs or specifications; or (ii) the use of any drawings provided to VB SEALS by Purchaser for use in the manufacture, production or assembly of such goods.

10. WAIVER AND CHOICE OF LAW.

The failure of VB SEALS to insist in any one or more instances, upon the performance of any of the Terms and Conditions as set forth herein or the failure of VB SEALS to exercise any of its rights hereunder shall not be construed as a waiver or relinquishment of any such terms, conditions or rights thereunder and shall not effect VB SEALS's right to insist on strict performance and compliance with regard to any future performance of these Terms and Conditions. All transactions shall be governed by the laws of the State of Iowa, United States of America, excluding conflict law rules. The provisions of the United Nations Convention on Agreements for the International Sale of Goods shall not apply.

11. DISPUTE RESOLUTION/ATTORNEYS' FEES.

Any dispute, controversy or claim arising out of or related to this transaction where the matter in controversy does not exceeds the sum of \$50,000, exclusive of interest and costs, shall be resolved by binding arbitration. A demand for arbitration shall be served on the other by certified mail. Within forty-five (45) days after a party demands arbitration, the parties shall select a single arbitrator. The selected arbitrator shall conduct the arbitration in a manner substantially similar to the procedures set forth in the Commercial Arbitration Rule of the American Arbitration Association ("AAA"). If the parties are unable to agree on an arbitrator, the party demanding arbitration shall file a demand for arbitration with the AAA and the arbitration shall then proceed in accordance with the Commercial Arbitration Rules of the AAA. In all circumstances, the arbitration shall take place in Des Moines, IA.

Any dispute, controversy or claim arising out of this transaction where the matter in controversy exceeds the sum of \$50,000, exclusive of interest and costs, shall be adjudicated exclusively by a court of competent jurisdiction in Des Moines, IA. Purchaser consents to personal jurisdiction and venue in Des Moines, IA and agrees not to take any action to challenge such jurisdiction or venue. VB SEALS may bring an action against Purchaser in any jurisdiction or venue.

In the event of any action or proceeding related to this transaction, and VB SEALS is determined to be the prevailing party with regard to some or all claims, Purchaser agrees to pay all of VB SEALS's attorney's fees and litigation costs up through and including any appeal.

12. ASSIGNMENT, WAIVER, ENTIRE AGREEMENT, SEVERABILITY.

Purchaser shall not assign or delegate any of its rights or obligations under this Agreement without the prior written consent of VB SEALS. VB SEALS may assign the Agreement or any part of it to any person, firm or company without notice to Purchaser. VB SEALS may terminate this Agreement upon written notice to Purchaser without any further liability to Purchaser if there is a change of control of Purchaser. The Agreement constitutes the entire agreement between the parties with respect to its subject matter, and supersedes all prior oral or written representations or agreements by the parties with respect to the subject matter of this Agreement. Neither the Agreement nor any of its provisions may be modified, amended or waived, whether orally, through the parties' course of performance, course of dealing or course of conduct, or manifested in any other way, unless in writing and signed by an authorized officer of VB SEALS. It is the express intention of the parties that such requirement for written modifications, amendments or waivers be strictly enforced notwithstanding judicial precedent or statutory provisions to the contrary. Any provision found invalid or unenforceable will

not affect the validity or enforceability of any other provision and the invalid provision may be judicially modified to the extent enforceable.