

General Conditions of Sale and Delivery of Balkhausen Division of Brady GmbH

1. Scope of application

Sales, deliveries and services of Brady GmbH, as well as of the Brady GmbH company divisions Balkhausen and Etimark (hereinafter "the vendor") shall be performed exclusively in accordance with the following General Terms of Sale, Supply and Service, which the client recognises through placing contracts or receiving deliveries. The client's diverging or complementary terms of business shall not apply, even if the vendor does not expressly object to them. These General Terms of Sale, Supply and Service shall also apply for all future legal transactions between the client and the vendor.

2. Conclusion of contract

Balkhausen's offers shall be subject to change. A contract shall only be concluded upon receipt by Balkhausen's written order acknowledgement or delivery of the delivery items and shall exclusively depend on the order acknowledgment's content and the present Conditions of Delivery. Any verbal agreement or commitment shall only apply if confirmed in writing by Balkhausen.

3. Delivery deadlines

3.1 Delivery deadlines and delivery dates shall only be binding if confirmed in writing by Balkhausen and provided that the buyer provided Balkhausen with the necessary information and documents for the delivery's execution in good time and made possible down payments as agreed. Stipulated delivery deadlines shall commence to expire upon order acknowledgment. These deadlines shall be extended accordingly if additional or supplementary orders are placed at a later date.

3.2 Unforeseeable, unavoidable events and any other hindrances beyond the control of Balkhausen such as force majeure, war, natural catastrophes and industrial action shall relieve Balkhausen from its obligation to deliver or render services in time as long as the hindrance or event prevails. Stipulated deadlines shall be extended accordingly and the buyer shall be reasonably informed about the hindrance. If it cannot be foreseen when the hindrance will end or if the hindrance prevails for more than two months, either party shall have the right to withdraw from the contract.

3.3 If Balkhausen's deliveries are delayed, the buyer shall only be entitled to withdraw from the contract provided that Balkhausen is responsible for the delay and no delivery was made during an adequate extension of the original delivery deadline granted by the buyer.

3.4 If the parties agree that the delivery items shall be delivered on buyer's call in instalments, the delivery items shall be called within one year following the contract's conclusion unless otherwise provided.

3.5 If the buyer is in delay in taking delivery or if he fails to comply with other participatory obligations such as, for example, the delivery items' call-off in time, Balkhausen shall be entitled to appropriately store the delivery items at buyer's expense and risk. Balkhausen shall be entitled to withdraw from the contract – without prejudice to any other rights (including the claim for compensation) – if the buyer did not take delivery during an adequate extension of the original deadline.

3.6 Balkhausen shall be entitled to partial delivery if there are good reasons.

3.7 Balkhausen reserves the right to increase or reduce delivery for customized products according to drawings or patterns by ten per cent.

4. Shipment, transfer of risk, insurance

4.1 Unless the buyer has not provided otherwise, shipment of the products shall be effected on an appropriate shipping route and packed to commercial standards.

4.2 The risk shall pass to the buyer upon delivery of the delivery item to the carrier or the buyer. If delivery or shipment is delayed for reasons for which the buyer is responsible the risk shall pass to the buyer on the day the buyer is informed about the delivery item's readiness for dispatch.

4.3 Insurance cover shall only be taken out at the buyer's request and expense.

5. Prices, conditions of payment

5.1 If the contracting parties did not agree on a price, the price shall be determined according to Balkhausen's valid price list at the time of contract conclusion.

5.2 All Balkhausen prices shall be ex works and shall not include the valid legal turnover tax and possible customs duty.

5.3 The vendor shall be entitled to invoice for part-deliveries as defined by clause 3.6.

5.4 Every invoice shall become payable without any deductions 30 days after the invoice date. If payment is effected within 14 days after the invoice date, the buyer shall be granted a two per cent cash discount. Invoices for tools, appliances and machines shall become payable 7 days after the invoice date. Payments shall in general be effected by paying Balkhausen. The buyer's payments shall only be considered effected when Balkhausen has the money available.

5.5 If the buyer is in default of payment, Balkhausen shall be entitled to charge a default interest at the legal rates. Balkhausen reserves the right to assert additional damage due to default.

5.6 Bills of exchange and cheques shall only be accepted clear of charges on account of performance and if previously agreed.

5.7 The buyer shall only be entitled to set-off if its counterclaim has not been contested or has been recognized by declaratory judgment.

5.8 The buyer shall only be entitled to assert a right of retention if its counterclaim has not been contested or has been recognized by declaratory judgment.

5.9 If Balkhausen has reason to believe that the buyer's capacity to pay might substantially worsen after the conclusion of the contract, Balkhausen shall be entitled to effect open deliveries only against advance payments or on security. If such advance payments are not made or security is not provided within a reasonably extended deadline, Balkhausen shall be entitled to partially or completely withdraw from individual or all affected contracts. Balkhausen reserves the right to assert other contractual claims.

6. Quality agreement without warranting

6.1 Balkhausen shall warrant that the delivery item is of the agreed quality upon risk transfer. The quality shall exclusively be determined according to the parties' written agreement on the delivery item's nature, characteristics and performance.

6.2 Balkhausen does not intend to and the contract between the parties does not aim at granting a guarantee for the delivery item's quality exceeding the quality agreement under item 6.2.

6.3 In accordance with item 6.2 information in catalogues, price lists, technical specifications and other information material provided by Balkhausen shall not be understood by the buyer as a guarantee for a special quality of the delivery item.

6.4 If the parties want to agree on a guarantee notwithstanding the items 6.2 and 6.3, such agreement shall be exclusively made in writing.

6.5 Unprocessed self-adhesive products are due to their chemical composition generally subject to a limited product and shelf life. As

a consequence, the warranty period for these products shall be limited to 6 months following the shipment date.

7. Buyer's rights in the event of defects, duty to examine

7.1 The buyer shall only be entitled to assert rights in the event of defects in the delivery items provided that the delivery items are examined after receipt of the goods and notification of defects is submitted to Balkhausen immediately, at the latest within ten days after receipt of the goods; Balkhausen must be notified in writing of hidden defects immediately upon discovery.

7.2 In the event of notifications of defects the vendor shall be entitled to inspect and test the respective delivery item. The client shall grant the vendor the time and opportunity to do so. The vendor may also demand of the client that the respective delivery item be returned to the vendor on the vendor's account. Should a notification of defects by the client transpire to be wilfully or gross negligently unwarranted, the client shall be obliged to compensate the vendor for all expenses (for example, travel or forwarding expenses) incurred in this connection.

7.3 Balkhausen shall be entitled to remedy a defect at Balkhausen's option by gratuitous rework or replacement of the defective part or the whole delivery item ("subsequent performance").

7.4 The buyer shall grant Balkhausen reasonable time and opportunity needed for subsequent performance. The buyer shall only be entitled to remedy the defect itself or to have it remedied by third party following an immediate notification of Balkhausen and to demand from Balkhausen to reimburse the accrued expenses in urgent cases of endangering of operational safety or warding off disproportionately large losses or if Balkhausen is in default as regards the rectification of defects.

7.5 Parts replaced by Balkhausen shall be returned to Balkhausen.

7.6 The client's rights in the event of a defect shall not apply if the defect is caused by circumstances for which the client is responsible, e.g. through inappropriate or improper use, in particular non-observance of the operating instructions, incorrect assembly, incorrect starting up, incorrect treatment, incorrect installation by the client or inappropriate attachments or inappropriate replacement parts or inappropriate repair measures, incorrect storage or through wear and tear, provided the vendor is not responsible for the defects.

7.7 Any material costs, shipping charges and labour costs in connection with the remedy of defects or replacement shall be borne by Balkhausen, unless the buyer does not have to pay for them in accordance with item 7.2, last sentence.

7.8 If the remedy of defects or replacement fails, if it is unreasonable for the buyer or if Balkhausen refused it under § 439, paragraph 3 BGB [German Civil Code] (for example due to unreasonable high costs connected with the remedy or replacement), the buyer shall be entitled to withdraw from the contract, reduce the purchase price and/or claim damages (respectively, if applicable, demand reimbursement of its expenses) in accordance with legal regulations.

7.9 Buyer's rights in the event of defects to subsequent performance, withdrawal from the contract or reduction of the purchase price shall be subject to a limitation period of 12 months upon delivery, while the statutory limitation periods shall apply to the buyer's claim for damages and buyer's rights in the event of fraudulent concealment of a defect or intentionally caused defects.

8. Compensation and limitation of liability

8.1 Except as provided in item 8.2 Balkhausen's legal liability for compensation shall be limited as follows:

(i) Balkhausen shall only pay limited compensation for a loss which was typically foreseeable upon contract conclusion caused by the slightly negligent infringement of material contractual obligations.

(ii) Balkhausen shall not be liable for the slightly negligent infringement of immaterial contractual obligations.

8.2 The above mentioned limitations of liability shall not apply to cases of imperative legal liability (especially under the Product Liability Act) and warranting or personal injuries caused wilfully or by negligence.

8.3 Items 8.1 and 8.2 shall apply to all claims for damages, irrespective of their legal ground, and especially to liability in tort.

8.4 The buyer shall be bound to take appropriate measures to prevent and minimize losses.

9. Retention of title

9.1 Title to the delivered products shall remain with Balkhausen until the buyer has fulfilled all liabilities resulting from its business connection with Balkhausen.

9.2 If current accounts exist, the retained title shall secure the outstanding accounts payable to Balkhausen.

9.3 The client shall not be entitled to hypothecate the conditional goods, to assign them as a security or to dispose of the conditional goods in any other way that might threaten the vendor's ownership. The client may only sell the conditional goods in the context of due business transactions. The client already now cedes receivables from their resale to the vendor; the vendor already now accepts the cession. Until further notice the client shall be authorised to collect receivables ceded to the vendor in trust for the vendor on his own behalf. The vendor may revoke this authorisation and the entitlement to resell the conditional goods if the client is in arrears with substantial obligations such as, for example, with payments due to the vendor; in the event of a revocation the vendor shall be entitled to collect the receivables himself. Is the client sells the conditional goods after they have been processed or reconfigured or combined with other goods or together with other goods, the cession of receivables shall only apply to the amount of the part that corresponds to the price agreed between the vendor and the client plus a safety margin of 10 % of this price.

9.4 Any processing or reconfiguration of the conditional goods by the client shall always be on behalf of the vendor. If the conditional goods are processed together with other objects the vendor acquires co-ownership of the new good to the value of the conditional goods in relation to that of the other processed goods at the time of processing. The same applies for the new good produced through processing as for conditionally delivered products.

9.5 If the conditional goods are combined with other goods the vendor acquires co-ownership of the new good to the value of the conditional goods in relation to that of other processed goods at the time of combination, mixing or blending. If the conditional goods are combined, mixed or blended with other goods in a way that the client's good is to be considered the primary good, it shall be considered as agreed that the client shall transfer proportional co-ownership if the good. The client shall store the thus created jointly-owned good for the vendor.

9.6 If the realizable value of the security exceeds the value of Balkhausen's outstanding accounts by more than 10 per cent, the buyer shall be entitled to demand the release of such excess security.

9.7 If the buyer defaults with material obligations such as, for example, its payments to Balkhausen, Balkhausen shall be entitled – without prejudice to any other rights - to take back the reserved products. The buyer shall then grant immediate access to the reserved products and return them to Balkhausen or Balkhausen's representatives. If Balkhausen demands the goods issue according to this provision,

this shall be understood as a withdrawal from the contract. Balkhausen shall only have the right to realize the reserved products after the withdrawal from the contract.

9.8 In the event of deliveries to other legal systems where the above mentioned retention of title does not have the same security effect as in Germany, the buyer shall do everything in order to immediately grant Brady similar security rights. The buyer shall co-operate in the performance of any measures such as, for example, registration, publication, etc. which are necessary for and promote the effectiveness and enforceability of such security rights.

9.9 The buyer shall take out appropriate insurance cover for the reserved products at Balkhausen's request, furnish Balkhausen with corresponding proof of insurance and assign any claims resulting from the insurance policy to Balkhausen.

10. Product liability

If the buyer resells the delivery items, it shall internally indemnify Balkhausen against third party product liability claims in so far as it is liable for the liability-originating incident.

11. Industrial property rights

If the buyer stipulates how Balkhausen is to manufacture the products to be delivered by giving specific instructions, details, documents, designs or drawings, the buyer shall guarantee that Balkhausen does not infringe third party rights such as patents, registered designs and other property or copyrights. The buyer shall indemnify Balkhausen against any claims asserted by third party against Balkhausen as the consequence of such infringement.

12. General provisions

12.1 Changes and amendments to this contract and/or these terms of delivery, as well as collateral agreements, require the written form. This also applies for changes made to this contract in preparation.

12.2 If the buyer is a merchant, legal person under public law or special fund under public law, exclusive jurisdiction for all disputes arising from the present contract shall be Skye. This provision shall also apply if the buyer has no common jurisdiction in the Federal Republic of Germany or has moved its residence to a foreign country after the conclusion of the present contract. Balkhausen shall nevertheless have the right to file an action against the buyer at any other legal jurisdiction.

12.3 The law of the Federal Republic of Germany applies, to the exclusion of the United Nations Convention on Contracts for the International Sale of Goods (CISG).

13. Acceptance of customized products

13.1 The buyer shall be bound to accept delivery of the delivery items produced in accordance with the contract within one week following Balkhausen's request to do so.

13.1 If the buyer fails to accept the delivery items within the deadline stipulated under item 13.1, Balkhausen shall be entitled to demand that the buyer accepts delivery by granting a reasonable extension. If the buyer fails to accept the delivery items within this extended deadline, the delivery items shall be considered accepted.

14. Tools

14.1 The ownership in tools which were completely or predominantly manufactured at Balkhausen's expense shall remain with Balkhausen and can only be used within the Balkhausen company.

14.2 The ownership in tools which were completely paid by the buyer shall pass to the buyer. The reimbursed costs shall not be amortized. After surrender of the tools or in the event that they are used differently, Balkhausen shall not be liable for any losses or conversion costs caused by the tools' use. Balkhausen shall bear the costs for the tools' storage and maintenance, whereas the buyer shall take over the costs for the necessary replacement of parts or the manufacture of new tools due to wear and tear.

15. Principles of Ethical Conduct

Brady has subjected itself to an ethical and legal code of conduct which complies with all relevant laws and regulations; any breach of law at Brady will be corrected immediately. All employees at Brady will be committed to fair and bona fide treatment of Brady's customers, shareholders, employees, suppliers, supervisory authorities, business partners and competitors and of third parties. No employee at Brady may take advantage of another person by manipulation, suppression, abuse of classified or confidential information, misrepresentation, deceitful conduct or other unfair business practices. Brady's ethical guidelines which are to be observed by all Brady employees, can be viewed at the Brady Corporation web site, www.bradycorp.com.

Whoever believes to have been treated unfairly or that a Brady employee behaved unethically should contact Brady at the 24 hour toll-free hotline: 0-800-225-5288. After the respective entry request, 1 877 781 9309 must be dialled. The Brady Corporation web site may also be visited at www.bradysteels.com and an ethical breach may reported anonymously there. Brady will immediately investigate all reports, on a confidential basis where possible.