BRADY CORP (BRC)

10-K
Annual report pursuant to section 13 and 15(d)
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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended July 31, 2011

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from __________ to __________

Commission file number 1-14959

BRADY CORPORATION

(Exact name of registrant as specified in charter)

Wisconsin *(State or other jurisdiction of incorporation or organization)*	**39-0178960** *(IRS Employer Identification No.)*

6555 West Good Hope Road,
Milwaukee, WI 53223

(Address of principal executive offices) (Zip Code)

(414) 358-6600

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Class A Nonvoting Common Stock, Par Value $.01 per share	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☑

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or four such shorter period that the registrant was required to submit and post such files). Yes ☑ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer", "accelerated filer", and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☑ Accelerated filer ☐ Non-accelerated filer ☐ (Do not check if a smaller reporting company) Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☑

The aggregate market value of the non-voting common stock held by non-affiliates of the registrant as of January 31, 2011, was approximately $1,488,000,246 based on closing sale price of $32.75 per share on that date as reported for the New York Stock Exchange). As of September 20, 2011, there were 49,244,116 outstanding shares of Class A Nonvoting Common Stock (the "Class A Common Stock"), and 3,538,628 shares of Class B Common Stock. The Class B Common Stock, all of which is held by affiliates of the registrant, is the only voting stock.

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PART I

Brady Corporation and Subsidiaries are referred to herein as the "Company," "Brady," or "we".

Item 1. *Business*

(a) *General Development of Business*

The Company, a Wisconsin corporation founded in 1914, currently operates globally in Australia, Belgium, Brazil, Canada, the Cayman Islands, China, Denmark, France, Germany, Hong Kong, India, Italy, Japan, Luxembourg, Malaysia, Mexico, the Netherlands, Norway, the Philippines, Poland, Singapore, Slovakia, South Korea, Spain, Sweden, Thailand, Turkey, the United Arab Emirates, the United Kingdom and the United States. The Company also sells through subsidiaries or sales offices in these countries, with additional sales through a dedicated team of international sales representatives in Hungary, New Zealand, Russia, Taiwan, and Vietnam. The Company further markets its products to parts of Eastern Europe, the Middle East, Africa, and South America. The Company's corporate headquarters are located at 6555 West Good Hope Road, Milwaukee, Wisconsin 53223, and the telephone number is (414) 358-6600. The Company's Internet address is http://www.bradycorp.com.

(b) *Financial Information About Industry Segments*

The information required by this Item is provided in Note 7 of the Notes to Consolidated Financial Statements contained in Item 8 — Financial Statements and Supplementary Data.

(c) *Narrative Description of Business*

Overview

Brady Corporation is an international manufacturer and marketer of identification solutions and specialty products that identify and protect premises, products and people. Brady's core capabilities in manufacturing, channel management, printing systems, precision engineering and materials expertise make it a leading supplier to customers in general manufacturing, maintenance and safety, process industries, construction, electrical, telecommunications, electronics, laboratory/healthcare, airline/transportation, brand protection, education, governmental, public utility, and a variety of other industries. The Company's ability to provide customers with a broad range of differentiated solutions both through the organic development of its existing business and the acquisition of complementary and adjacent businesses, its commitment to quality and service, its global footprint and its diversified sales channels have made it a world leader in many of its markets.

Brady manufactures and markets a wide range of products for use in diverse applications. Major product lines include facility identification; safety and complementary products; wire and cable identification products; sorbent materials; people identification products; regulatory publishing; high-performance identification products for product identification and work-in-process identification; and bar-code labels and precision die-cut components for mobile telecommunications devices, hard disk drives, medical devices and supplies, and automotive and numerous other electronics industry applications. Products are marketed through multiple channels, including distributors, resellers, business-to-business direct marketing and a direct sales force.

The need for the Company's products is driven, in part, by customer specifications, by regulatory compliance requirements imposed by agencies such as the Occupational Safety & Health Administration ("OSHA") and the Environmental Protection Agency ("EPA") in the United States and similar regulatory agencies around the world, and by the need to identify and track assets or to identify, direct, warn, inform, train and protect people or products.

The Company has a broad customer base. No individual customer is 5% or more of total net sales.

Competitive Strengths

The Company believes the following competitive strengths will allow it to achieve its growth and profitability strategies:

Leader in Markets. Brady competes in markets where it believes it is often the leading supplier with the manufacturing expertise, infrastructure, channels and sales resources necessary to provide the required product or comprehensive solution. For example, the Company believes it is the leading supplier of wire identification products to the North American MRO (Maintenance, Repair and Operations) market and of precision die-cut components to the mobile telecommunications market. The Company believes its leadership positions make it a preferred supplier to many of its customers and enables it to be successful in its markets.

Differentiated Solutions and Commitment to Innovation. The Company believes its sophisticated engineering and manufacturing capabilities, as well as its expertise in materials, give it a competitive advantage in supplying customized or high specification product solutions to meet individualized customer needs. The Company has been successful in identifying and incorporating innovative technologies to create integrated and precise solutions. Additionally, it is able to use its materials expertise and its investment in research and development to provide unique products to meet the demands of end-customers in new, faster growing markets adjacent to its traditional markets, such as laboratory identification, aerospace, defense, and mass transit.

Operational Excellence. Brady continues to improve in operational productivity. It employs well-developed problem solving techniques through the Brady Business Performance System ("BBPS") and invests in state-of-the-art equipment to capture efficiencies. The Company is largely vertically integrated and designs, manufactures and markets a majority of the products it sells. The Company has consistently generated positive cash flow from operations by continually reducing costs, improving working capital, and optimizing the efficiency of its manufacturing operations.

Broad Customer Base and Geographic Diversity. Brady believes its global infrastructure and diverse market presence provide a solid platform for further expansion, and enable it to act as a primary supplier to many of its global customers. Sales from international operations increased from 44.4% of net sales in fiscal 2000 to 64.6% of net sales in fiscal 2011. Brady has more than one million end-customers that operate in multiple industries.

Disciplined Acquisition and Integration Strategy. The Company has a dedicated team of experienced professionals that employ a disciplined acquisition strategy and process to acquire companies. It applies strict financial standards to evaluate all acquisitions using an expected return model based on a modified return on invested capital calculation. It also conducts disciplined integration reviews of acquired companies to track progress toward results expected at the time of acquisition. Since 1996, the Company has acquired and integrated 57 companies to increase market share in existing and new geographies, expand the product range it offers to both existing and new customers, as well as add new technological capabilities.

Channel Diversity and Strength. Brady utilizes a wide range of channels to reach customers across a broad array of industries. It employs multi-channel direct marketing expertise to meet its customers' need for convenience. The Company also has long-standing relationships with, and is a preferred supplier to, many of its largest distributors. In addition, the Company employs a global sales team to support both distributors and customers and to serve their productivity, tracking and safety requirements. The Company believes its strong brands and reputation for quality, innovation and on-time delivery contribute to the popularity of its products with distributors, original equipment manufacturers ("OEMs"), resellers and other customers.

Deep and Talented Team. The Company believes that its team of employees has substantial depth in critical operational areas and has demonstrated success in reducing costs, integrating acquisitions and improving processes through economic cycles. The international experience of its management team and its commitment to developing strong management teams in each of its local operations is a competitive advantage. In addition, the Company believes it employs a world-class team of people and dedicates significant resources to recruiting people committed to excellence and investing in their potential. The depth and breadth of knowledge within the entire Brady organization strengthens relationships with its customers and suppliers and enables the Company to provide its customers with a high level of product and industry expertise.

Key Strategies

The Company's primary objectives are to build upon its leading market positions, to improve its performance and profitability and to expand its existing activities through a multi-pronged strategic approach that focuses on revenue expansion and improved productivity. The Company's key strategies include:

• ***Revenue Expansion***

Capitalize on Growing Markets. The Company seeks to leverage its distribution network, global footprint and strength in manufacturing and materials expertise to capitalize on growth in existing markets. Growth prospects are driven primarily by the general expansion of regional economies, changes in legal and regulatory compliance requirements and the increased need of customers to identify and protect their assets and employees, as well as technological advances in markets such as mobile telecommunications and other electronic devices.

Increase Market Share. Many Brady markets are fragmented and populated with smaller regional or local competitors. The Company seeks to leverage its investment in new product development and its global sales, operations and distribution capabilities to increase market share, as well as expand its distribution channels to capture new customers. The Company employs a dedicated and experienced sales team that works closely with existing distributors and customers to identify and capture new opportunities. In addition, Brady continues to leverage the strength of its brands, the quality of its products and its long-standing relationships with key customers to build upon current market positions.

Enter New Markets. The Company looks to leverage its quality products, global infrastructure, channel relationships and selling capabilities to effectively enter new markets, many of which are fragmented and populated with smaller competitors. The Company is also considering entering adjacent markets where its core competencies can be successfully leveraged. The Company reviews its product and market portfolio on a regular basis through its standardized review process in order to identify new opportunities.

Expand Geographically. Brady's long-term strategy involves the pursuit of growth opportunities in a number of markets outside of the United States, including growth in emerging markets where the future growth rate prospects are believed to exceed those of the more established geographies. The Company is committed to being in close proximity to its customers and to low-cost global supply chain capabilities including manufacturing. Brady currently operates in 30 countries and employs approximately 6,500 people. Of the approximately 6,500 global employees, Asia-Pacific accounts for 43%, with the Americas and Europe employing 36%, and 21% of the workforce, respectively. Brady has made strategic acquisitions and has invested heavily in its global infrastructure and flexible manufacturing capacity in order to follow its customers into new geographies. Brady's regional management structure is a key component in effectively entering and competing in new geographies.

Market/Customer Segmentation and Voice of the Customer. The Company employs a systematic process to facilitate its goals for growth into new and/or adjacent market spaces and focuses Company resources on the best and most promising business development opportunities. Market and customer segmentation identifies fast growing, profitable market segments and the most attractive customers within these segments, while voice of the customer provides a more complete understanding of what these customers want and need in terms of products, services, and delivery options.

New Product Development. Through product innovation and development activities, Brady seeks to introduce new technologies and differentiated products that leverage its capabilities in specialty materials, printing systems, and die-cutting. The Company continues to invest in research and development activities, and employs approximately 215 R&D professionals worldwide with the largest R&D centers located in the United States, China, and Singapore. Amounts incurred for research and development activities were 3.2%, 3.4%, and 2.8% of sales in fiscal 2011, 2010, and 2009, respectively.

E-Business Expansion. The Company continues to develop and enhance its e-commerce capabilities in a systematic process to facilitate sales growth over the Internet. This e-business strategy is part of a more comprehensive multi-channel marketing strategy whereby the Company is focusing on multiple channels to reach its customers to provide a better overall buying experience.

Pursue Strategic Acquisitions. The Company intends to continue to make complementary strategic acquisitions to further its goals of strengthening its market positions and entering new markets, new geographies and adjacent markets, where Brady competencies can be applied and social, economic and cultural trends can be positively leveraged. Brady works to drive substantial value creation through capitalizing on its acquisition and integration acumen.

• *Improve Productivity*

Brady Business Performance System. The Company plans to continue its focus on improving operating efficiency and customer service, reducing costs, and improving productivity and return on invested capital. To this end, Brady is continuing the expansion of its Brady Business Performance System ("BBPS") in most of its operations globally. This approach to improving profitability focuses on strategy deployment, implementing scalable business processes, operational efficiencies and lean manufacturing principles to drive cost savings, enhance customer service and improve overall business performance. BBPS started in operations, but its underlying principles have since been deployed beyond the manufacturing floor to functions such as human resources, information technology, finance, and sales and marketing.

Global Strategic Sourcing. Through coordinated supply chain management, the Company looks to increase productivity and efficiency in the process of procuring goods and services ranging from raw materials and products for resale, to travel and other services, as well as energy, communication and building lease costs. Brady's strategic sourcing program focuses on improving vendor performance, reducing both direct and indirect spending, and implementing standard processes globally.

Sales and Marketing Productivity and Effectiveness. The Company continues to focus on improving the effectiveness and efficiency of its sales and marketing professionals and processes to better serve our existing customers and prospective customers while better managing our sales and marketing costs through common processes for sales and marketing activities.

General and Administrative Productivity and Effectiveness. The Company is focusing on the automation, standardization, and simplification of its back-office activities including finance, information technology, human resources, and other functions. This includes the centralization of certain functions in global and regional shared-service centers to better leverage talent and gain economies of scale.

Products

The Company is largely vertically integrated by designing, developing, distributing, and producing the majority of its products internally. Brady materials are developed and manufactured out of a variety of films, many of which are coated by Brady, for applications in the following markets: electronic, industrial, electrical, utility, laboratory, safety and security. Brady also manufactures specialty tapes and related products that are characterized by high-performance printable top coats and adhesives, most of which are formulated by the Company, to meet high-tolerance requirements of the industries in which they are used. The Company also designs, develops and manufactures most of its printing and software systems.

The Company has thousands of stock and custom products which consist of complete identification systems and other products used to create a safer work environment, improve operating efficiencies, and increase the utilization of assets through tracking and inventory process controls. Major product categories include: facility and safety signs, identification tags and markers, pipe and valve markers, asset identification labels, lockout/tagout products, security and traffic control products, printing systems and software for creating safety and regulatory labels and signs, spill control and clean-up products, wire and cable markers, high-performance labels, laboratory identification labels and printing systems, stand-alone printing systems, bar-code and other software, automatic identification and data collection systems, personal identification products, and precision die-cut solutions.

Some of the Company's stock products were originally designed, developed, distributed, and manufactured as custom products for a specific application. However, such products have frequently created wide industry acceptance and have become stock items offered by the Company through direct marketing and distributor sales channels. The Company's most significant types of products are described below.

• ***Safety and Facility Identification***

Informational signs, tags and labels, and do-it-yourself printers for use in a broad range of industrial, utility, commercial, governmental and institutional applications. These products are either self-adhesive or mechanically mounted, designed for both indoor and outdoor use and are manufactured to meet standards issued by the National Safety Council, OSHA and a variety of industry associations in the United States and abroad. The Company's sign products include admittance, directional and exit signs; electrical hazard warnings; energy conservation messages; fire protection and fire equipment signs; hazardous waste labels; hazardous and toxic material warning signs; transformers and power pole markers; personal hazard warnings; housekeeping and operational warnings; pictograms; radiation and laser signs; safety practices signs and regulatory markings; employment law posters; and photo luminescent (glow-in-the-dark) products.

Pipe markers and valve tags including plastic or metal, self-adhesive or mechanically applied stock or custom-designed pieces for the identification of pipes and control valves in the mechanical contractor and process industry markets. These products are designed to help identify and provide information as to the contents, direction of flow and special hazardous properties of materials contained in piping systems, and to facilitate repair or maintenance of the systems.

Asset-identification products that are an important part of an effective asset-management program in a wide variety of markets. These include self-adhesive or mechanically mounted labels or tags made of aluminum, brass, stainless steel, polycarbonate, vinyl, polyester, mylar and paper. These products are also offered in tamper-evident varieties, and can be custom designed to ensure brand protection from counterfeiting.

Lockout/tagout products — under OSHA regulations, all energy sources must be "locked out" while machines are being serviced or maintained to prevent accidental engagement and injury. The Company's products allow its customers to comply with these regulations and to ensure worker safety for a wide variety of energy and fluid transmission systems and operating machinery.

Warehouse identification products including labels, tags, and printing systems used to locate and identify inventory in storage facilities such as warehouses, factories, stockrooms and other industrial facilities.

Security and traffic control products including a variety of security seals, parking permits and wristbands designed for visitor control in financial, governmental, educational and commercial facilities including meeting and convention sites. The Company also offers a wide variety of traffic control devices including traffic signs, directional and warning signs, parking tags and permits, barriers, cones and other products including barricading, visual warning systems, floor-marking products, safety badges, and first aid cabinets/kits, among others.

Spill control and clean-up products including natural and synthetic sorbent materials in a variety of shapes, sizes and configurations; spill kits, containment booms, industrial rugs, absorbing pillows and pads, barrier spill matting and granular absorbents; and other products for absorbing and controlling chemical, oil-based and water-based spills.

• ***Wire and Cable Identification***

Brady manufactures a broad range of wire and cable-marking products, including labels, sleeves, printers and software that allow customers to create their own labels, and printers to print and apply them. These products mark and identify wires, cables and their termination points to facilitate manufacturing, construction, repair or maintenance of equipment, and data communication and electrical wiring systems used in virtually every industrial, power and communication market.

• ***High Performance Identification***

Brady produces a complete line of label materials and printing systems to meet customers' needs for identification requirements for product identification, brand protection labeling, tamper-evident labeling, work in process labeling, finished product identification and bar coding that perform under harsh or demanding conditions. Brady prints stock and custom labels and also sells unprinted materials to enable customers to print their own labels.

• ***Precision Die-Cut Parts***

The Company manufactures customized precision die-cut products that are used to seal, insulate, protect, shield or provide other mechanical performance properties in the assembly of electronic, telecommunications and other equipment, including mobile phones, hard disk drives, computers, displays, and other devices. Solutions not only include the materials and converting, but also automatic placement and other value-added services. The Company also provides converting services to the medical market for materials used in in-vitro diagnostic kits, patient monitoring, and bandaging applications.

• ***People Identification***

The Company offers identification systems and products including photo ID card systems that combine digital imaging and other technologies to positively identify people; self-expiring name tags and software for visitor and employee identification. In addition, the Company provides asset control software identification accessories including lanyards, badge holders, badge reels and attachments, providing security to companies, employees, and company assets.

• ***Software and Printer Systems***

The Company also designs and produces software for inspection automation, industrial thermal-transfer printers and other electromechanical devices to serve the growing and specialized needs of customers in a wide variety of markets. Industrial labeling systems, software, tapes, ribbons and label stocks provide customers with the resources and flexibility to produce signs and labels on demand at their site. The Company also offers poster printers, cutting systems, laminators and supplies to education and training markets.

Marketing and Sales

Brady seeks to offer high quality products with rapid response and superior service so that it can provide solutions to customers that are better, faster and more economical than those available from the Company's competitors. The Company markets and sells its products domestically and internationally through multiple channels including distributors, direct sales, mail-order-catalog marketing, and electronic access through the Internet. The Company has long-standing relationships with a broad range of electrical, safety, industrial and other domestic and international distributors. The Company's sales force seeks to establish and foster ongoing relationships with the end-users and distributors by providing technical application and product expertise.

The Company also direct markets certain products and those of other manufacturers by catalog sales, outbound telemarketing, and electronic access via the Internet in both domestic and international markets. Such products include industrial and facility identification products, safety and regulatory-compliance products and original equipment manufacturer component products, among others. Catalogs are distributed in the United States of America, Australia, Austria, Belgium, Brazil, Canada, China, France, Germany, Italy, the Netherlands, Portugal, Slovakia, Spain, Sweden, Switzerland and the United Kingdom, and include foreign language catalogs.

Brands

The Company goes to market under a variety of brand names. The Brady brand includes high-performance labels, wire identification products, printers, software, safety and facility identification products, lock-out/tag-out products, people identification products, precision die-cut parts and specialty materials. Other die-cut materials are marketed as Balkhausen products. Safety and facility identification products are also marketed under the Safety Signs Service brand, with some lockout/tagout products offered under the Scafftag brands. In addition, identification products for the utility industry are marketed under the Electromark brand and spill-control products are marketed under the Sorbent Products Company and D.A.W.G. brands; poster printers and cutting systems for education and government markets are offered under the Varitronics brand; wire identification products are marketed under the Modernotecnica brand and the Carroll brand; and custom labels and nameplates under the Stickolor brand. Direct Marketing safety and facility identification products are offered under the Seton, Emedco, Signals, Safetyshop, Clement and Personnel Concepts names; direct supplies under the Accidental Health and Safety, Trafalgar, and Securimed brands. Security and identification badges and systems are included in the Temtec, B.I.G., Identicard/Identicam, STOPware, J.A.M. Plastics, PromoVision, Brady People ID, and Quo-Luck brands; hand-held regulatory documentation systems are available under the Tiscor name.

Manufacturing Process and Raw Materials

The Company manufactures the majority of the products it sells, while purchasing certain items from other manufacturers. Products manufactured by the Company generally require a high degree of precision and the application of adhesives with chemical and physical properties suited for specific uses. The Company's manufacturing processes include compounding, coating, converting, printing, melt-blown operations, software development and printer design and assembly. The compounding process involves the mixing of chemical batches for primers, top coatings and adhesives. The coatings and adhesives are applied to a wide variety of materials including polyester, polyimide, cloth, paper, metal and metal foil. The converting process may include embossing, perforating, laminating, die cutting, slitting, and printing or marking the materials as required.

The Company produces the majority of its pressure sensitive materials through vertically integrated manufacturing processes. These integrated manufacturing processes permit greater flexibility to meet customer needs in product design and manufacture, and an improved ability to provide specialized products designed to meet the needs of specific applications. Brady's manufacturing processes and inventory controls are designed to attain profitability in small orders by emphasizing flexibility and the optimal utilization of assets through quick turnaround and delivery, balanced with optimization of lot sizes. Many of the Company's manufacturing facilities have received ISO 9001, 13485, or 14001 certification.

The materials used in the products manufactured by the Company consist primarily of plastic sheets and films, paper, metal and metal foil, cloth, fiberglass, polypropylene, inks, dyes, adhesives, pigments, natural and synthetic rubber, organic chemicals, polymers, solvents and electronic components and subassemblies. In addition, the Company purchases finished products for resale. The Company purchases raw materials, components and finished products from many suppliers. Overall, the Company is not dependent upon any single supplier for its most critical base materials or components; however the Company has chosen in certain situations to sole source materials, components or finished items for design or cost reasons. As a result, disruptions in supply could have an impact on results for a period of time, but generally these disruptions would simply require qualification of new suppliers and the disruption would be modest. In certain instances, the qualification process could be more costly or take a longer period of time and in rare circumstances, such as a global shortage of a critical materials or components, the financial impact could be significant.

Technology and Product Development

The Company focuses its research and development efforts on material development, printing systems design and software development. Material development involves the application of surface chemistry concepts for top coatings and adhesives applied to a variety of base materials. Systems design integrates materials, embedded software and a variety of printing technologies to form a complete solution for customer applications or the Company's own production requirements. The Company's research and development team also supports production and marketing efforts by providing application and technical expertise.

The Company possesses patents covering various aspects of adhesive chemistry, electronic circuitry, printing systems for wire markers, systems for aligning letters and patterns, and visually changing paper. Although the Company believes that its patents are a significant factor in maintaining market position for certain products, technology in the areas covered by many of the patents is evolving rapidly and may limit the value of such patents. The Company's business is not dependent on any single patent or group of patents.

The Company conducts much of its research and development activities at the Frederic S. Tobey Research and Innovation Center (approximately 39,600 sq. ft.) in Milwaukee, Wisconsin and its research and development facilities in Singapore and Beijing, China. The Company spent approximately $43.0 million, $42.6 million, and $34.2 million during the fiscal years ended July 31, 2011, 2010, and 2009, respectively, on its research and development activities. In fiscal 2011, approximately 215 employees were engaged in research and development activities for the Company. Additional research projects were conducted in Company facilities in other locations in the United States, Europe and Asia and under contract with universities, other institutions and consultants.

The Company's name and its registered trademarks are important to each of its business segments. In addition, the Company owns other important trademarks applicable to only certain of its products.

International Operations

In fiscal 2011, 2010, and 2009, sales from international operations accounted for 64.6%, 63.4%, and 61.8%, respectively, of the Company's sales. Its global infrastructure includes subsidiaries in Australia, Belgium, Brazil, Canada, the Cayman Islands, China, Denmark, France, Germany, Hong Kong, India, Italy, Japan, Luxembourg, Malaysia, Mexico, the Netherlands, Norway, the Philippines, Poland, Singapore, Slovakia, South Korea, Spain, Sweden, Thailand, Turkey, the United Arab Emirates, the United Kingdom and the United States of America. The Company also sells through subsidiaries or sales offices in these countries, with additional sales through a dedicated team of international sales representatives in Hungary, New Zealand, Russia, Taiwan, and Vietnam. The Company further markets its products to parts of Eastern Europe, the Middle East, Africa and South America.

Competition

The markets for all of the Company's products are competitive. Brady believes that it is one of the leading producers in its specific markets of wire markers, safety signs, pipe markers, label printing systems, and die-cut. Brady competes for business principally on the basis of production capabilities, engineering, and research and development capabilities, materials expertise, its global footprint, global account management where needed, customer service and price. Product quality is determined by factors such as suitability of component materials for various applications, adhesive properties, graphics quality, durability, product consistency and workmanship. Competition in many of its product markets is highly fragmented, ranging from smaller companies offering only one or a few types of products, to some of the world's major adhesive and electrical product companies offering some competing products as part of their overall product lines. A number of Brady's competitors are larger than the Company and have greater resources. Notwithstanding the resources of these competitors, management believes that Brady provides a broader range of identification solutions than any of them, and that its global infrastructure is a significant competitive advantage in serving large multi-national customers.

Backlog

As of July 31, 2011, the amount of the Company's backlog orders believed to be firm was $27.2 million. This compares with $35.3 million and $27.5 million of backlog orders as of July 31, 2010 and 2009, respectively. The decrease in the backlog from July 31, 2010 to July 31, 2011 was primarily due to the larger amount of backlog related to a one-time brand protection order in the Americas Brady business in the prior year. Average delivery time for the Company's orders varies from same-day delivery to one month, depending on the type of product, customer request or demand, and whether the product is stock or custom-designed and manufactured. The Company's backlog does not provide much visibility for future business.

Environment

The manufacturing processes for the Company's adhesive-based products utilize certain evaporative solvents, which, unless controlled, would be vented into the atmosphere. Emissions of these substances are regulated at the federal, state and local levels. The Company has implemented a number of systems and procedures to reduce atmospheric emissions and/or to recover solvents. Management believes the Company is substantially in compliance with all environmental regulations.

Employees

As of September 20, 2011, the Company employed approximately 6,500 individuals. Brady has never experienced a material work stoppage due to a labor dispute and considers its relations with employees to be good. The mix of employees is changing as the Company employs more people in developing countries where wage rates are lower and employee turnover tends to be higher than in developed countries.

Acquisitions and Divestitures

Information about the Company's acquisitions and divestitures is provided in Note 2 of the Notes to Consolidated Financial Statements contained in Item 8 — Financial Statements and Supplementary Data.

(d) ***Financial Information About Foreign and Domestic Operations and Export Sales***

The information required by this Item is provided in Note 7 of the Notes to Consolidated Financial Statements contained in Item 8 — Financial Statements and Supplementary Data.

(e) ***Information Available on the Internet***

The Company's Corporate Internet address is http://www.bradycorp.com. The Company makes available, free of charge, on or through its Internet website copies of its Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to all such reports as soon as reasonably practicable after such reports are electronically filed with or furnished to the SEC. The Company is not including the information contained on or available through its website as part of, or incorporating such information by reference into, this Annual Report on Form 10-K.

Item 1A. ***Risk Factors***

Before making an investment decision with respect to the Company's stock, you should carefully consider the risks set forth below and all other information contained in this report. If any of the events contemplated by the following risks actually occur, then the Company's business, financial condition, results of operations, cash flow, or liquidity could be materially affected.

The Company's financial condition, results of operations, cash flows, or liquidity may be adversely affected by a prolonged economic downturn or economic uncertainty.

The Company's business and operating results have been and will continue to be affected by global economic conditions. As global economic conditions deteriorate or economic uncertainty continues, our customers and potential customers may experience deterioration of their businesses, which may result in the delay or cancellation of plans to purchase our products. Our sensitivity to economic cycles and any related fluctuations in the businesses of our customers or potential customers may have a material effect on our financial condition, results of operations, cash flows, or liquidity.

Demand for the Company's products may be susceptible to fluctuations in the major markets served that may cause volatility in its results of operations, cash flows, and liquidity.

Sales of the Company's products may be susceptible to changes in market conditions. The Company's business in the safety and facility identification and wire and cable identification product lines tends to vary with the nominal GDP of the local economies in which the Company manufactures and sells. As a result, in periods of economic contraction, the business is likely to decline. In the precision die-cut and high performance identification product lines, the Company may be adversely affected by reduced demand for products due to downturns in the global economy as this is a more volatile business. This can result in higher degrees of volatility in the Company's net sales, results of operations, cash flows, and liquidity. These more volatile markets include, but are not limited to, mobile telecommunication devices, hard disk drives and electronics in personal computers and other electronic devices.

Failure to meet certain financial covenants required by our debt agreements may adversely affect our assets, financial position, cash flows, and liquidity.

The Company's debt and revolving loan agreements require it to maintain certain financial covenants. The June 2004, February 2006, March 2007 and May 2010 debt agreements require the Company to maintain a ratio of debt to the trailing twelve months earnings before interest, taxes, depreciation and amortization ("EBITDA"), as defined in the debt agreements, of not more than a 3.5 to 1.0 ratio (leverage ratio). The October 2006 revolving loan agreement, as amended and extended in May 2008, requires the Company to maintain a ratio of debt to trailing twelve months EBITDA, as defined by the debt agreement, of not more than a 3.0 to 1.0 ratio. Additionally, the revolving loan agreement requires the trailing twelve months earnings before interest and taxes ("EBIT") to interest expense of not less than a 3.0 to 1.0 ratio (interest expense coverage). The October 2006 revolving loan agreement, as amended and extended in May 2008, also requires that the aggregate net book value of the assets sold or otherwise disposed of by the Company and its subsidiaries, as defined in the agreement, in any fiscal year of the Company shall not exceed 15% of consolidated tangible net worth.

If we breach any of these restrictions or covenants and do not obtain a waiver from the lenders, then, subject to applicable cure periods, the outstanding indebtedness (and any other indebtedness with cross-default provisions) could be declared immediately due and payable, which would adversely affect our liquidity and financial condition.

An increase in the Company's level of debt could adversely affect our financial health.

An increase in the Company's level of debt, which historically has occurred to finance acquisitions and for other general corporate purposes, could adversely impact: obligations under existing debt agreements; ability to obtain additional financing for future growth; future interest rates; cash flows available to fund new product development; capital expenditures; working capital and other general corporate activities; and the Company's flexibility in planning and reacting to changes in the business.

The Company's net earnings could be affected by changes in tax legislation or tax rates. Additionally, audits by taxing authorities could result in tax payments for prior periods.

The Company is subject to income taxes in the U.S. and in many non-U.S. jurisdictions. As such the Company's net earnings are subject to risk due to changing tax laws and tax rates around the world. At any point in time, there are a number of tax proposals at various stages of legislation throughout the globe. While it is impossible for us to predict whether some or all of these proposals will be enacted, it is likely they will have an impact on our net earnings.

The Company's tax filings are subject to audit by U.S. federal, state and local tax authorities and by non-U.S. tax authorities. If these audits result in payments or assessments different from our reserves, our future net earnings may be adversely impacted.

The Company reviews the probability of the realization of its deferred tax assets on a quarterly basis based on forecasts of taxable income in both the U.S. and foreign jurisdictions. As part of this review, the Company utilizes historical results, projected future operating results, eligible carry-forward periods, tax planning opportunities, and other relevant considerations. Adverse changes in profitability and financial outlook in both the U.S. and foreign jurisdictions, or changes in its geographic footprint may require changes in the valuation allowances to reduce its deferred tax assets. Such changes could result in material non-cash expenses in the period in which the changes are made and could have a material impact on the Company's net earnings.

The Company may be adversely impacted by an inability to identify, complete and integrate acquisitions.

Our historical growth has included, and our future growth strategy includes, acquisitions. The Company may not be able to identify acquisition targets or successfully complete acquisitions in the future due to the absence of quality companies, economic conditions, or price expectations from sellers. If the Company is unable to complete additional acquisitions, its growth may be limited.

Additionally, as the Company grows through acquisitions, it will continue to place significant demands on its management, operational and financial resources. Recent and future acquisitions will require integration of operations, sales and marketing, information technology, finance and administrative operations. The successful integration of acquisitions will require substantial attention from the Company's management and the management of the acquired businesses, which could decrease the time management, has to serve and attract customers. The Company cannot assure that it will be able to successfully integrate these recent or any future acquisitions, that these acquisitions will operate profitably or that it will be able to achieve the financial or operational success expected from the acquisitions. The Company's financial condition, cash flows and operational results could be adversely affected if it does not successfully integrate the newly acquired businesses or if its other businesses suffer on account of the increased focus on the newly acquired businesses.

If the Company fails to develop new products or its customers do not accept the new products it develops, the Company's business could be adversely affected.

Development of proprietary products is key to the success of the Company's core growth and reasonable gross profit margins now and in the future. Therefore, the Company must continue to develop new and innovative products and acquire and retain the necessary intellectual property rights in these products on an ongoing basis. If it fails to make innovations, launches products with quality problems, or the market does not accept its new products, then the Company's financial condition, results of operations, cash flows, and liquidity could be adversely affected. The Company continues to invest in the development and marketing of new products. These expenditures do not always result in products that will be accepted by the market. Failure to develop successful new products may also cause its customers to buy from a competitor or may cause the Company to lower its prices in order to compete. This could have an adverse impact on the Company's profitability.

The Company operates in competitive markets and may be forced to cut its prices or incur additional costs to remain competitive, which may have a negative impact on its profitability.

The Company faces substantial competition throughout its entire business, but particularly in the precision die-cut business. Competition may force the Company to cut its prices or incur additional costs to remain competitive. The Company competes on the basis of production capabilities, engineering and R&D capabilities, materials expertise, its global footprint, global account management where needed, customer service and price. Present or future competitors may have greater financial, technical or other resources, lower production costs or other pricing advantages, any of which could put the Company at a disadvantage in the affected business by threatening its market share or reducing its profit margins. Additionally, in some of its other businesses, the Company's distributors/customers may seek lower cost sourcing opportunities, which could cause a loss of business that may adversely impact the Company's revenues.

The global nature of our business exposes us to foreign currency fluctuations that could adversely affect the Company's sales, profits, and cash balances.

More than 60 percent of the Company's revenues are derived outside the United States. As such, fluctuations in foreign currency exchange rates can have an adverse impact on its sales and profits as amounts that are measured in foreign currency are translated back to U.S. dollars. Any increase in the value of the U.S. dollar in relation to the value of the local currency will adversely affect operating results from the Company's foreign operations when translated into U.S. dollars. Similarly, any decrease in the value of the U.S. dollar in relation to the value of the local currency will increase operating results in the Company's foreign operations when translated into U.S. dollars. During fiscal 2011, the weakening U.S. dollar versus the majority of other currencies increased the Company's sales by $31.1 million.

At July 31, 2011, approximately 69% of the Company's cash and cash equivalents were held outside the United States. As a result, fluctuations in foreign currency can have an adverse impact on the Company's cash balances. Any increase in the value of the U.S. dollar in relation to the value of various foreign currencies will have a negative impact on cash balances when translated into U.S. dollars. Weakening of the U.S. dollar against foreign currencies will have a positive impact on cash balances when foreign currencies are translated into U.S. dollars. During fiscal 2011, the weakening U.S. dollar versus the majority of other currencies increased the Company's cash and cash equivalents by $22.0 million.

The Company's goodwill or other intangible assets may become impaired, which may negatively impact the Company's profitability.

The Company has a substantial amount of goodwill and other intangible assets on its balance sheet as a result of its acquisitions. As of July 31, 2011, the Company had $800.3 million of goodwill on its balance sheet, representing the excess of the total purchase price for its acquisitions over the fair value of the net assets it acquired, and $90.0 million of other intangible assets, primarily representing the fair value of the customer relationships, patents and trademarks it acquired in its acquisitions. At July 31, 2011, goodwill and other intangible assets represented approximately 48% of the Company's total assets. The Company evaluates goodwill for impairment on an annual basis or more frequently if impairment indicators are present based on the fair value of each operating segment. It assesses the impairment of other intangible assets on an annual basis or more frequently if impairment indicators are present based upon the expected future cash flows of the respective assets. These valuations include management's estimates of sales, profitability, cash flow generation, capital structure, cost of debt, interest rates, capital expenditures, and other assumptions. Significant negative industry or economic trends, disruptions to the Company's business, inability to effectively integrate acquired businesses, unexpected significant changes or planned changes in use of the assets or in entity structure, and divestitures may adversely impact the assumptions used in the valuations. If the estimated fair value of the Company's operating segments change in future periods, it may be required to record an impairment charge related to goodwill or other intangible assets, which would have the effect of decreasing its earnings in such period.

The Company has a concentration of business with several large key customers and distributors and loss of one or more of these customers could significantly affect the Company's results of operations, cash flows, and liquidity.

While the Company has a broad customer base and no individual customer represents 5% or more of total net sales, several of the Company's large key customers in the precision die-cut business together comprise a significant portion of its revenues. Additionally, the Company does business with several large distribution companies. The Company's dependence on these large customers makes its relationships with these customers important to its business. The Company cannot guarantee that it will be able to maintain these relationships and retain this business in the future. Because these large customers account for a significant portion of the Company's revenues, they possess relatively greater capacity to negotiate a reduction in the prices the Company charges for its products. If the Company is unable to provide products to its customers at the quality and prices acceptable to them or adapt to technological changes, some of its customers may in the future elect to shift some or all of this business to competitors or to substitute other manufacturer's products. If one of the Company's key customers consolidates, is acquired by another company or loses market share, the result of that event may have an adverse impact on the Company's business. The loss of or reduction of business from one or more of these large key customers could have a material impact on the Company's financial condition, results of operations, cash flows, and liquidity.

The Company increasingly conducts a sizable amount of its manufacturing outside of the United States, which may present additional risks to its business.

A significant portion of the Company's sales are attributable to products manufactured outside of the United States. More than half of the Company's approximately 6,500 employees and more than half of its manufacturing locations are outside of the United States. The Company's international operations are generally subject to various risks including political, economic and societal instability, the imposition of trade restrictions, local labor market conditions, the effects of income taxes, and differences in business practices. The Company may incur increased costs and experience delays or disruptions in product deliveries and payments in connection with international manufacturing and sales that could cause loss of revenue. Unfavorable changes in the political, regulatory and business climate in countries where the Company has operations could have a material effect on its financial condition, results of operations, and cash flows

Environmental, health and safety laws and regulations could adversely affect the Company's business.

The Company's facilities and operations are subject to numerous laws and regulations relating to climate change, air emissions, wastewater discharges, the handling of hazardous materials and wastes, manufacturing and disposal of certain materials, and regulations otherwise relating to health, safety and the protection of the environment. The Company's products may also be governed by regulations in the countries where they are sold. As a result, the Company may need to devote management time or expend significant resources on compliance, and has incurred and will continue to incur capital and other expenditures to comply with these regulations. Any significant costs may have a material impact on the Company's financial condition, results of operations or cash flows. Further, these laws and regulations are constantly evolving and it is impossible to predict accurately the effect they may have upon the Company's financial condition, results of operations or cash flows.

The Company's businesses are subject to regulation; failure to comply with those regulations could adversely affect its financial condition, results of operations, cash flows, and reputation.

In addition to the environmental regulations noted above, the Company's businesses are subject to extensive regulation by U.S. and non-U.S. governmental and self-regulatory entities at the federal, state and local levels, including the following:

The Company is required to comply with various import laws and export control and economic sanctions laws, which may affect its transactions with certain customers, business partners and other persons and dealings with or between its employees and subsidiaries. In certain circumstances, export control and economic sanctions regulations may prohibit the export of certain products, services and technologies, and in other circumstances the Company may be required to obtain an export license before exporting the controlled item.

The Company also has agreements relating to the sale of products to government entities or supply products to companies who resell these products to government entities and are subject to various statutes and regulations that apply to companies doing business with the government. The laws governing government contracts differ from the laws governing private contracts. The Company is also subject to investigation and audit for compliance with the requirements of government contracts, including requirements related to procurement integrity, export control, employment practices, the accuracy of records and the recording of costs. A failure to comply with these requirements might result in suspension of these contracts and suspension or debarment from government contracting or subcontracting.

The Company cannot provide assurance that its internal controls and compliance systems will always protect the Company from acts committed by the Company's employees, agents or business partners that would violate U.S. and/or non-U.S. laws, including the laws governing payments to government officials, bribery, fraud, anti-kickback and false claims rules, competition, export and import compliance, money laundering and data privacy. Any such improper actions could subject the Company to civil or criminal investigations in the U.S. and in other jurisdictions, could lead to substantial civil or criminal, monetary and non-monetary penalties and related shareholder lawsuits and could damage the Company's reputation.

The Company may be unable to successfully complete its restructuring plans to reduce costs and increase efficiencies in its businesses and, therefore, it may not achieve projected financial statement benefits.

The Company continues to implement several measures to address its cost structure. Successful implementation of such initiatives is critical to the Company's future competitiveness and its ability to improve profitability. Further actions to reduce the Company's cost structure and the charges related to these actions may have a material effect on the Company's results of operations and financial condition.

Item 1B. *Unresolved Staff Comments*

None.

Item 2. *Properties*

The Company currently operates 55 manufacturing or distribution facilities in the following regions:

Americas: Thirteen are located in the United States; three in Brazil, two in Mexico; and one in Canada.

Europe: Four each located in the United Kingdom, Belgium, and Germany; three in France; and one each in the Netherlands, Italy, Norway, Poland, and Sweden.

Asia-Pacific: Seven are located in China; three in Australia; and one each in Japan, Thailand, Singapore, India, South Korea, and Malaysia.

The Company's present operating facilities contain a total of approximately 3.1 million square feet of space, of which approximately 2.1 million square feet is leased. The Company believes that its equipment and facilities are modern, well maintained and adequate for present needs.

Item 3. ***Legal Proceedings***

The Company is, and may in the future be, party to litigation arising in the normal course of business. The Company is not currently a party to any material pending legal proceedings in which management believes the ultimate resolution would have a material effect on the Company's consolidated financial statements.

Item 4. **(Removed and Reserved)**

PART II

Item 5. *Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities*

(a) ***Market Information***

Brady Corporation Class A Nonvoting Common Stock trades on the New York Stock Exchange under the symbol BRC. The following table sets forth the range of high and low daily closing sales prices for the Company's class A stock as reported on the New York Stock Exchange for each of the quarters in the fiscal years ended July 31:

	2011		2010		2009	
	High	Low	High	Low	High	Low
4th Quarter	$ 38.49	$ 29.60	$ 34.75	$ 24.37	$ 29.41	$ 21.33
3rd Quarter	$ 37.71	$ 33.37	$ 35.28	$ 27.19	$ 23.08	$ 14.61
2nd Quarter	$ 33.78	$ 30.83	$ 31.22	$ 26.77	$ 31.07	$ 16.38
1st Quarter	$ 31.33	$ 25.35	$ 33.06	$ 27.08	$ 39.68	$ 25.18

There is no trading market for the Company's Class B Voting Common Stock.

(b) ***Holders***

As of September 20, 2011, there were 808 Class A Common Stock shareholders of record and approximately 7,500 beneficial shareholders. There are three Class B Common Stock shareholders.

(c) ***Issuer Purchases of Equity Securities***

During fiscal 2008 and fiscal 2009, the Company's Board of Directors authorized share repurchase plans for the Company's Class A Nonvoting Common Stock. The share repurchase plans were implemented by purchasing shares in the open market or privately negotiated transactions, with repurchased shares available for use in connection with the Company's stock-based plans and for other corporate purposes. The Company reacquired approximately 102,067, 1,345,000 and 1,349,000 shares of its Class A Common Stock for $2.5 million, $40.3 million and $42.2 million in fiscal 2010, 2009 and 2008, respectively, in connection with its stock repurchase plans. The Company did not reacquire any shares in fiscal 2011. As of July 31, 2011, there remained 204,133 shares to purchase in connection with this share repurchase plan. On September 9, 2011, the Company's Board of Directors authorized a share buyback program for up to an additional 2 million shares of the Company's Class A Common Stock.

(d) ***Dividends***

The Company has historically paid quarterly dividends on outstanding common stock. Before any dividend may be paid on the Class B Common Stock, holders of the Class A Common Stock are entitled to receive an annual, noncumulative cash dividend of $0.01665 per share (subject to adjustment in the event of future stock splits, stock dividends or similar events involving shares of Class A Common Stock). Thereafter, any further dividend in that fiscal year must be paid on all shares of Class A Common Stock and Class B Common Stock on an equal basis. The Company's revolving credit agreement restricts the amount of certain types of payments, including dividends that can be made annually to $50 million plus 75% of the consolidated net income excluding all extraordinary non-cash items for the prior fiscal year. The Company believes that based on its historic dividend practice, this restriction will not impede it in following a similar dividend practice in the future.

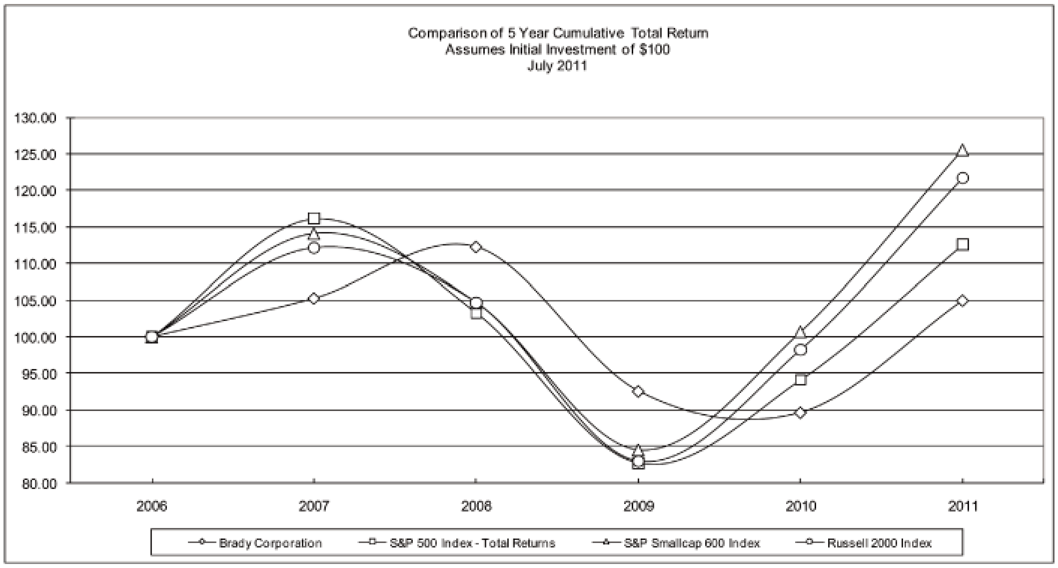
During the two most recent fiscal years and for the first quarter of fiscal 2012, the Company declared the following dividends per share on its Class A and Class B Common Stock for the years ended July 31:

	2012	2011				2010			
	1st Qtr	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr
Class A	$ 0.185	$ 0.18	$ 0.18	$ 0.18	$ 0.18	$ 0.175	$ 0.175	$ 0.175	$ 0.175
Class B	0.16835	0.16335	0.18	0.18	0.18	0.15835	0.175	0.175	0.175

(e) ***Common Stock Price Performance Graph***

The graph below shows a comparison of the cumulative return over the last five fiscal years had $100 been invested at the close of business on July 31, 2006, in each of Brady Corporation Class A Common Stock, The Standard & Poor's (S&P) 500 index, the Standard and Poor's SmallCap 600 index, and the Russell 2000 index.

Comparison of 5 Year Cumulative Total Return*
Among Brady Corporation, The S&P 500 Index,
The S&P SmallCap 600 Index and The Russell 2000 Index



* $100 invested on 7/31/06 in stock or index — including reinvestment of dividends. Fiscal year ended July 31.

	7/31/2006	7/31/2007	7/31/2008	7/31/2009	7/31/2010	7/31/2011
Brady Corporation	100.00	105.28	112.28	92.53	89.61	104.98
S&P 500 Index	100.00	116.13	103.25	82.64	94.08	112.56
S&P SmallCap 600 Index	100.00	114.10	104.66	84.49	100.69	125.58
Russell 2000 Index	100.00	112.13	104.61	82.91	98.20	121.68

Item 6. ***Selected Financial Data***

CONSOLIDATED STATEMENTS OF INCOME AND SELECTED FINANCIAL DATA
Years Ended July 31, 2007 through 2011

	2011	2010	2009	2008	2007
Operating Data (1)					
Net Sales	$ 1,339,597	$ 1,259,096	$ 1,208,702	$ 1,523,016	$ 1,362,631
Gross Margin	656,196	623,297	577,583	744,195	657,044
Operating Expenses:					
Research and development	43,001	42,621	34,181	40,607	35,954
Selling, general and administrative	441,815	435,906	397,180	495,904	449,103
Restructuring charge (2)	9,188	15,314	25,849	—	—
Total operating expenses	494,004	493,841	457,210	536,511	485,057
Operating Income	162,192	129,456	120,373	207,684	171,987
Other Income (Expense):					
Investment and other income — net	3,990	1,168	1,800	4,888	2,875
Interest expense	(22,124)	(21,222)	(24,901)	(26,385)	(22,934)
Net other expense	(18,134)	(20,054)	(23,101)	(21,497)	(20,059)
Income before income taxes	144,058	109,402	97,272	186,187	151,928
Income Taxes	35,406	27,446	27,150	53,999	42,540
Net Income	$ 108,652	$ 81,956	$ 70,122	$ 132,188	$ 109,388
Net Income Per Common Share — (Diluted):					
Class A nonvoting	$ 2.04	$ 1.55	$ 1.32	$ 2.41	$ 2.00
Class B voting	$ 2.03	$ 1.53	$ 1.31	$ 2.39	$ 1.98
Cash Dividends on:					
Class A common stock	$ 0.72	$ 0.70	$ 0.68	$ 0.60	$ 0.56
Class B common stock	$ 0.70	$ 0.68	$ 0.66	$ 0.58	$ 0.54
Balance Sheet at July 31:					
Working capital	$ 456,406	$ 375,184	$ 286,955	$ 390,524	$ 303,359
Total assets	1,861,505	1,746,231	1,583,267	1,850,513	1,698,857
Long-term obligations, less current maturities	331,914	382,940	346,457	457,143	478,575
Stockholders' investment	1,156,192	1,005,027	951,092	1,021,808	891,012
Cash Flow Data:					
Net cash provided by operating activities	$ 167,350	165,238	126,645	225,554	136,018
Depreciation and amortization	48,827	53,022	54,851	60,587	53,856
Capital expenditures	(20,532)	(26,296)	(24,027)	(26,407)	(51,940)

(1) Financial data has been impacted by the acquisitive nature of the Company as one, three, two, and seven acquisitions were completed in fiscal years ended July 31, 2011, 2010, 2008, and 2007, respectively. There were no acquisitions in fiscal 2009. See Note 2 in Item 8 for further information on the acquisitions that were completed.

(2) In fiscal 2009, in response to the global economic downturn, the Company initiated several measures to address its cost structure, including the reduction in its workforce and decreased discretionary spending. The Company continued certain of these measures during fiscal 2011 and 2010.

Item 7. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

Overview

In fiscal 2011, the Company posted sales of $1,339.6 million and net income of $108.7 million, an increase of 6.4% and 32.6%, respectively, from fiscal 2010. Of the 6.4% increase in sales, organic sales increased 2.9%, the effects of fluctuations in the exchange rates used to translate financial results into the United States dollar increased sales by 2.5%, and a fiscal 2011 acquisition, net of divestiture, increased sales by 1.0%. Regionally, fiscal 2011 sales in the Americas, Europe, and Asia-Pacific increased 4.8%, 6.5%, and 9.0% , respectively, as compared to fiscal 2010.

Net income for fiscal 2011 increased 32.6% to $108.7 million or $2.04 per diluted share of Class A Common Stock, compared to $82.0 million, or $1.55 per diluted share of Class A Common Stock in fiscal 2010. Fiscal 2011 net income before restructuring related expenses was $115.2 million, or $2.16 per diluted share of Class A Common Stock compared to 2010 net income before restructuring related expenses of $93.4 million, or $1.76 per diluted share of Class A Common Stock. The improvement in earnings was driven by organic sales growth, the positive impacts of the Company's ongoing process improvement initiatives and restructuring activities as well as benefits from foreign currency translation.

In fiscal 2011, the Company generated $167.4 million of cash from operations, an increase of $2.2 million from the prior fiscal year. The increase in fiscal 2011 net income was mainly offset by improvements in working capital in the prior year.

Results of Operations

Year Ended July 31, 2011, Compared to Year Ended July 31, 2010

The comparability of the operating results for the fiscal years ended July 31, 2011 to July 31, 2010, has been impacted by the following acquisitions and divestitures completed in fiscal 2011.

Acquisition:	**Segment**	**Date Completed**
ID Warehouse	Asia Pacific	November 2010

Divestiture:	**Segment**	**Date Completed**
Teklynx	Americas Europe	December 2010

Fiscal 2011 sales increased $80.5 million, or 6.4% from fiscal 2010. The 6.4% increase in sales consisted of 2.9% growth in organic sales, 2.5% growth due to the effects of the foreign currency translation, and 1.0% growth due to an acquisition net of divesture.

Organic sales, defined as sales in the Company's existing core businesses and regions (exclusive of acquisitions owned less than one year, divestitures, and foreign currency translation effects), were up 2.9% compared to fiscal 2010. Regionally, fiscal 2011 organic sales in the Americas, Europe, and Asia-Pacific increased 3.2%, 4.7%, and 0.4%, respectively, as compared to fiscal 2010. The organic sales increase experienced in the Americas was due primarily to the strong Brady brand sales growth and new products positively received by end—users and distributors. The increase in Europe's organic sales was broad-based with growth in both the Brady business and Direct Marketing business. Geographically, sales were weak in the United Kingdom, offsetting strength in other European markets. Organic sales in the Asia-Pacific segment remained relatively flat. The segment's on-going customer base diversification in the mobile handset and other adjacent markets offset the reduced demand from one of our largest mobile handset customers.

The acquisition net of the divestiture listed above increased sales by $12.7 million or 1.0% in fiscal 2011 as compared to fiscal 2010. The currency growth reflects fluctuations in the exchange rates used to translate financial results into the United States Dollar which increased sales by $31.1 million or 2.5% for the year.

The gross margin as a percentage of sales declined to 49.0% in fiscal 2011 from 49.5% in fiscal 2010. The decline in gross margin as a percentage of sales was primarily due to the increased costs of raw materials which the company was not able to fully offset through continued cost reduction activities or price increases. The Company continues to focus on gross margin improvements through the Brady Business Performance System, lean, and strategic sourcing efforts.

Research and development expenses increased to $43.0 million in fiscal 2011 from $42.6 million in fiscal 2010, and declined as a percentage of sales in fiscal 2011 to 3.2% compared to 3.4% in fiscal 2010. The increase in R&D spending was due to the Company's continued commitment to innovation and new product development. This investment declined as percentage of sales slightly in fiscal 2011 as a result of the elimination of the R&D expenses incurred by the Company's previously owned Teklynx business.

Selling, general, and administrative ("SG&A") expenses increased to $441.8 million in fiscal 2011 as compared to $435.9 million in fiscal 2010. SG&A expenses increased during the fiscal year mainly due to the fluctuations in exchange rates. The Company divested of its Teklynx business resulting in a pre-tax gain of $4.4 million, which is included in SG&A. This pre-tax gain was offset by the associated transaction-related costs and income tax expense, resulting in a net income impact of $0.8 million during fiscal 2011. SG&A also increased in fiscal 2011 as a result of the annual merit increases, and increased advertising campaign expenses. As a percentage of sales, SG&A declined to 33.0% in fiscal 2011 from 34.6% in fiscal 2010 as the Company continues to reduce administrative costs through its cost reduction activities including simplifying, standardizing, and automating processes.

Restructuring charges were $9.2 million and $15.3 million during fiscal 2011 and 2010, respectively. During fiscal 2010 and 2011, the Company incurred restructuring related costs as a result of facility consolidations and continued workforce reduction activities. The costs associated with the workforce reduction primarily include employee separation costs, consisting of severance pay, outplacement services, medical, and other related benefits for the Company's work force.

Interest expense increased to $22.1 million from $21.2 million for fiscal 2011 compared to fiscal 2010. In fiscal 2011, the Company repaid approximately $61.3 million of debt. Interest expense increased due to a full year of interest being recognized on the May 2010 private placement, compared to a partial year of interest in 2010. The increase was partially offset by the lower principal balance under the previously outstanding debt agreements.

Other income and expense increased $2.8 million in fiscal 2011 to $4.0 million from $1.2 million in the prior year. The increase was primarily due to the interest income earned on the Company's money market and depository accounts, in addition to the gains on securities held in executive deferred compensation plans.

The Company's effective tax rate was 24.6% in fiscal 2011, which was relatively consistent with the effective tax rate of 25.1% in fiscal 2010. The Company anticipates that its fiscal 2012 effective tax rate will be consistent with prior periods.

Net income for the fiscal year ended July 31, 2011, increased 32.6% to $108.7 million, compared to $82.0 million for the fiscal year ended July 31, 2010, as a result of the factors noted above. Net income as a percentage of sales increased to 8.1% from 6.5% for the fiscal year ended July 31, 2011 compared to the prior year. Diluted net income per share increased 31.6% to $2.04 per share for fiscal 2011 compared to $1.55 per share for the fiscal year ended July 31, 2010. Fiscal 2011 and 2010 net income before restructuring related expenses was $115.2 million, or $2.16 per diluted share of Class A Common Stock, and $93.4 million, or $1.76 per diluted share of Class A Common Stock, respectively.

Year Ended July 31, 2010, Compared to Year Ended July 31, 2009

The comparability of the operating results for the fiscal years ended July 31, 2010 to July 31, 2009, has been impacted by the following acquisitions completed in fiscal 2010.

Acquisitions:	Segment	Date Completed
Welconstruct Group Limited ("Welco")	Europe	October 2009
Stickolor Industria e Comerciao de Auto Adesivos Ltd ("Stickolor")	Americas	December 2009
Securimed SAS ("Securimed")	Europe	March 2010

Fiscal 2010 sales increased $50.4 million, or 4.2% from fiscal 2009. The 4.2% increase consisted of 0.2% growth in organic sales, 1.3% growth due to acquisitions, and 2.7% growth resulting from the effects of foreign currency translation.

Organic sales, defined as sales in the Company's existing core businesses and regions (exclusive of acquisitions owned less than one year and foreign currency translation effects), were up 0.2% compared to fiscal 2009. The annual organic sales growth of 0.2% varied significantly by quarter. In the first quarter of the year the Company experienced a 15.9% decline in organic sales as the prior year quarter had not yet been impacted by the economic recession. Subsequent to the first quarter the Company experienced sequential growth over the prior period each quarter.

The acquisitions listed above increased sales by $16.2 million or 1.3% in fiscal 2010. The currency growth reflects fluctuations in the exchange rates used to translate financial results into the United States Dollar which increased sales by $32.3 million or 2.7% for the year.

The gross margin as a percentage of sales increased to 49.5% in fiscal 2010 from 47.8% in fiscal 2009. The increase in gross margin as a percentage of sales was primarily due to the cost savings generated from restructuring activities as well as lean and continuous improvement activities in fiscal 2010 and 2009.

Research and development expenses increased to $42.6 million in fiscal 2010 from $34.2 million in fiscal 2009, and increased as a percentage of sales in fiscal 2010 to 3.4% compared to 2.8% in fiscal 2009. The increase was due to the Company's continued commitment to investing in new product development as well as the increased incentive compensation expenses during fiscal 2010.

Selling, general, and administrative ("SG&A") expenses increased to $435.9 million in fiscal 2010 as compared to $397.2 million in fiscal 2009. The increase in SG&A expenses was primarily due to the resumption of payment of certain incentive compensation expenses during fiscal 2010, as well as the effects of the fluctuations in the exchange rates used to translate financial results into the United States dollar. In fiscal 2009, the Company experienced a reduction in SG&A due to the elimination of certain incentive compensation plans during the year. As a percentage of sales, SG&A increased to 34.6% in fiscal 2010 from 32.9% in fiscal 2009.

Restructuring charges were $15.3 and $25.8 million during fiscal 2010 and 2009, respectively. In fiscal 2009, $1.6 million of income tax expense was also incurred related to the anticipated repayment of certain tax holidays due to site consolidation actions. In response to the global economic downturn, the Company implemented a plan to reduce its cost structure. During fiscal 2009 and 2010, the Company incurred costs related to the reduction of its workforce and facility consolidations. Restructuring costs related primarily to employee separation costs, consisting of severance pay, outplacement services, medical, and other related benefits for the Company's work force.

Interest expense decreased to $21.2 million from $24.9 million for fiscal 2010 compared to fiscal 2009. In fiscal 2010, the Company repaid approximately $44.9 million of debt. Interest expense decreased due to the Company's lower principal balance under the previously outstanding debt agreements. The decrease was partially offset by additional interest on the May 2010 private placement, as compared to the prior year.

Other income and expense decreased $0.6 million in fiscal 2010 to $1.2 million from $1.8 million in the prior year. The decrease was primarily due to a decrease in foreign exchange gains, offset by gains on securities held in executive deferred compensation plans.

The Company's effective tax rate was 25.1% for fiscal 2010 compared to 27.9% for fiscal 2009. The decrease in the Company's effective tax rate during fiscal 2010 was primarily due to the mix of profits in low and high tax countries as well as positive impacts from foreign and U.S. income tax audits.

Net income for the fiscal year ended July 31, 2010, increased 16.9% to $82.0 million, compared to $70.1 million for the fiscal year ended July 31, 2009, as a result of the factors noted above. Net income as a percentage of sales increased to 6.5% from 5.8% for the fiscal year ended July 31, 2010 compared the same period in the prior year. Diluted net income per share increased 17.4% to $1.55 per share for fiscal 2010 compared to $1.32 per share for the fiscal year ended July 31, 2009. Fiscal 2010 and 2009 net income before restructuring related expenses was $93.4 million, or $1.76 per diluted share of Class A Common Stock, and $90.2 million, or $1.71 per diluted share of Class A Common Stock, respectively.

Business Segment Operating Results

The Company is organized and managed on a geographic basis by region. Each of these regions, Americas, Europe and Asia Pacific, has a President that reports directly to the Company's chief operating decision maker, its Chief Executive Officer. Each region has its own distinct operations, is managed locally by its own management team, maintains its own financial reports and is evaluated based on regional segment profit. The Company has determined that these regions comprise its operating and reportable segments based on the information used by the Chief Executive Officer to allocate resources and assess performance. Segment results are as follows:

(Dollars in thousands)	Americas	Europe	Asia-Pacific	Total Regions	Corporate and Eliminations	Total Company
SALES TO EXTERNAL CUSTOMERS						
Years ended:						
July 31, 2011	$ 577,428	$ 404,955	$ 357,214	$ 1,339,597	—	$ 1,339,597
July 31, 2010	551,185	380,121	327,790	1,259,096	—	1,259,096
July 31, 2009	534,440	367,156	307,106	1,208,702	—	1,208,702
SALES GROWTH INFORMATION						
Year ended July 31, 2011:						
Organic	3.2%	4.7%	0.4%	2.9%	—	2.9%
Currency	1.1%	0.6%	6.9%	2.5%	—	2.5%
Acquisitions/Divestitures	0.5%	1.2%	1.7%	1.0%	—	1.0%
Total	4.8%	6.5%	9.0%	6.4%	—	6.4%
Year ended July 31, 2010:						
Organic	0.1%	(0.3)%	0.8%	0.2%	—	0.2%
Currency	1.6%	1.4%	5.9%	2.7%	—	2.7%
Acquisitions/Divestitures	1.4%	2.4%	0.0%	1.3%	—	1.3%
Total	3.1%	3.5%	6.7%	4.2%	—	4.2%
SEGMENT PROFIT						
Years ended:						
July 31, 2011	$ 145,516	$ 112,047	$ 50,105	$ 307,668	$ (15,742)	$ 291,926
July 31, 2010	125,169	103,316	52,105	280,590	(14,131)	266,459
July 31, 2009	114,404	99,875	42,575	256,854	(7,952)	248,902

NET INCOME RECONCILIATION

(Dollars in thousands)	Years ended: July 31, 2011	July 31, 2010	July 31, 2009
Total profit for reportable segments	$ 307,668	$ 280,590	$ 256,854
Corporate and eliminations	(15,742)	(14,131)	(7,952)
Unallocated amounts:			
Administrative costs	(120,546)	(121,689)	(102,680)
Restructuring costs	(9,188)	(15,314)	(25,849)
Investment and other income — net	3,990	1,168	1,800
Interest expense	(22,124)	(21,222)	(24,901)
Income before income taxes	144,058	109,402	97,272
Income taxes	(35,406)	(27,446)	(27,150)
Net income	$ 108,652	$ 81,956	$ 70,122

The Company evaluates short-term segment performance based on segment profit or loss and customer sales. Corporate long-term performance is evaluated based on shareholder value enhancement ("SVE"), which incorporates the cost of capital as a hurdle rate for capital expenditures, new product development, and acquisitions. Segment profit or loss does not include certain administrative costs, such as the cost of finance, information technology, human resources, and executive leadership which are managed as global functions. Restructuring charges, equity compensation costs, interest, investment and other income and income taxes are also excluded when evaluating segment performance.

Americas

Americas sales increased 4.8% from fiscal 2010 to fiscal 2011, and increased 3.1% from fiscal 2009 to fiscal 2010. Organic sales grew 3.2% in 2011 and grew 0.1% in 2010. The net impact of the fiscal 2010 acquisition of Stickolor and the fiscal 2011 divestiture of the Teklynx business increased sales of the segment by 0.5% and the fluctuations of the exchange rates used to translate financial results into U.S. dollars increased sales by 1.1% in fiscal 2011. The increase in organic sales in fiscal 2011 was driven by the broad-based improvements in the segment's core markets in additional to the positive results from the segment's sales and marketing productivity initiatives. The segment continues to focus on the sale of new, differentiated products, growth in new markets, while continuing to focus on growth in core products and markets.

The annual organic sales growth of 0.1% in fiscal 2010 varied significantly during the year. In the first quarter the Americas experienced a 15.2% decline in organic sales as the prior year quarter had not yet been impacted by the economic recession. In the second quarter the Americas experienced a 4.3% decline in organic sales as the economic recession began in the prior year quarter. Subsequent to the first half of the year, Americas experienced sequential growth over the prior period each quarter due to modest improvements in the cable and wire ID, industrial identification, and safety and facility identification markets. The Company's sales volumes of sorbent products increased in the fourth quarter of fiscal 2010 as a result of the clean-up of the Gulf of Mexico oil spill. The acquisition of Stickolor increased sales of the segment by 1.4% and the fluctuations of the exchange rates used to translate financial results into U.S. dollars increased sales by 1.6% in fiscal 2010.

In the Americas region, segment profit increased 16.3% to $145.5 million in fiscal 2011 from $125.2 million in fiscal 2010. Segment profit as a percentage of sales increased to 25.2% in 2011 from 22.7% in 2010. This increase was primarily due to the improved gross margin in the segment due to certain facility consolidation actions, operational and sourcing cost savings projects offset by higher inflation, in addition to the actions taken in fiscal 2011 to streamline the segment's selling expense structure. Comparing fiscal 2010 to 2009, segment profit increased 9.4% to $125.2 million in fiscal 2010 from $114.4 million in fiscal 2009. Segment profit as a percentage of sales increased to 22.7% in 2010 from 21.4% in 2009. This increase was primarily due to the segment's commitment to its productivity initiatives including lean manufacturing and strategic sourcing.

Europe

Europe sales increased 6.5% from fiscal 2010 to fiscal 2011, and increased 3.5% from fiscal 2009 to fiscal 2010. Organic sales increased 4.7% in fiscal 2011 and declined 0.3% in fiscal 2010 as compared to prior years. Segment sales increased 1.2% in fiscal 2011 as a result of the fiscal 2010 acquisitions of Welco and Securimed, net of the fiscal 2011 divestiture of the Teklynx business. The segment's organic sales were positively impacted during fiscal 2011 as a result of growth in the Brady business and Direct Marketing business in Germany and Southern Europe due to a combination of improving economies and positive results of sales initiatives, partially offset by the continued depressed conditions in the United Kingdom. Sales were also positively affected by fluctuations in the exchange rates used to translate financial results into the United States dollar, which increased sales within the segment by 0.6% in fiscal 2011.

The annual organic sales decline, in fiscal 2010, of 0.3% varied significantly during the year. In the first quarter Europe experienced a 12.3% decline in organic sales as the prior year quarter had not yet been impacted by the economic recession. In the second quarter Europe experienced a 1.6% decline in organic sales as the economic recession began in the prior year quarter. Subsequent to the first half of the year, Europe experienced sequential growth over the prior period each quarter. The segment's organic sales volumes in direct marketing businesses and electronic industries improved modestly. The increase was offset by the decline in sales to governmental and public utilities. The acquisitions of Welco and Securimed in fiscal 2010 increased sales by 2.4%. Sales were positively affected by fluctuations in the exchange rates used to translate financial results into the United States dollar, which increased sales within the segment by 1.4% in fiscal 2010.

In the Europe region, segment profit increased 8.5% to $112.0 million in fiscal 2011 from $103.3 million in fiscal 2010. Segment profit as a percentage of sales increased to 27.7% in fiscal 2011 from 27.2% in fiscal 2010 and 2009. The increase in the segment's profit was mainly due to the increased sales volumes in addition to the continued efforts to streamline selling expenses through the Company's strategic initiatives. The segment maintained its segment profit as a percentage of sales in fiscal 2010 and was able to offset the increased expenses with cost savings initiatives put in place in fiscal 2009 and 2010.

Asia-Pacific

Asia-Pacific sales increased 9.0% from fiscal 2010 to fiscal 2011, and sales increased 6.7% from fiscal 2009 to fiscal 2010. Organic sales increased 0.4% and 0.8% in fiscal 2011 and 2010, respectively as compared to prior years. Foreign currency translation positively impacted the segment's sales by 6.9% and 5.9% in fiscal 2011 and 2010, respectively, as compared to prior years. Overall, Asia-Pacific organic sales were relatively flat in fiscal 2011. Increased sales from the segment's on-going customer base diversification in the mobile handset and other adjacent markets offset the reduced demand from one of our largest mobile handset customers.

The fiscal 2010 annual organic sales growth of 0.8% varied significantly during the year. In the first quarter Asia experienced a 20.4% decline in organic sales as the prior year quarter had not yet been impacted by the economic recession. In the second quarter Asia experienced a 25.7% growth in organic sales as the impact of the economic recession in the prior quarter was offset by a heightened focus on high end mobile electronics and strong growth in the data storage market. In the third and fourth quarters Asia experienced growth of 9.4% and 5.2%, respectively. The increase in organic sales in fiscal 2010 was primarily due to the success in higher-end solutions in both the mobile electronics and computer and storage markets.

In the Asia-Pacific region, segment profit declined 3.8% to $50.1 million in fiscal 2011 from $52.1 million in fiscal 2010. Segment profit as a percentage of sales declined to 14.0% in fiscal 2011 from 15.9% in fiscal 2010. The decline in the profit in fiscal 2011 was the result of relatively flat organic sales, continued price pressure, and inflation on raw materials and wages. The segment continues to focus on driving operational improvements through lean as well as strategic sourcing initiatives. Comparing fiscal 2010 to 2009, segment profit as a percentage of sales increased to 15.9% in 2010 from 13.9% in 2009. The increase in the segment's profit was primarily due to the commitment to lean manufacturing at all of the segment's facilities.

Liquidity and Capital Resources

Cash and cash equivalents were $390.0 million at July 31, 2011, compared to $314.8 million at July 31, 2010. The increase in cash and cash equivalents of $75.2 million was the result of cash provided by operations of $167.4 million, and the $22.0 million positive effects of foreign currency translation, offset by cash used for acquisitions, capital expenditures, dividends and debt repayments during fiscal 2011.

The Company's working capital excluding cash as a percentage of sales remained flat at 5% in fiscal 2011 and 2010. Accounts receivable balances increased $6.9 million from July 31, 2010 to July 31, 2011. The increase in accounts receivable was due primarily to the impact of foreign currency translation as well as the increase in sales volumes. Inventories increased $9.5 million from July 31, 2010 to July 31, 2011 due to increased business activity and the impact of foreign currency translation, partially offset by focused inventory reduction initiatives. Current liabilities increased $8.1 million over the same period mainly due to the Company's forward foreign exchange currency contracts designated as net investment hedges.

Cash flow from operating activities totaled $167.4 million and $165.2 million in fiscal 2011 and 2010, respectively. The increase was primarily due to the $26.7 million increase in net income partially offset by the change in working capital components outlined above. The increase was also due to the payment of the Company's fiscal 2010 annual incentive compensation during fiscal 2011, whereas no incentive compensation was paid in fiscal 2010 due to the elimination of the annual incentive compensation in fiscal 2009.

Cash used for investing activities totaled $22.6 million and $48.7 million in fiscal 2011 and 2010, respectively. Cash used for acquisitions totaled $8.0 million during fiscal 2011 for the acquisition of ID Warehouse. The Company used $30.4 million for acquisitions of Welco, Stickolor, and Securimed during fiscal 2010; the net cash paid for Welco, Stickolor, and Securimed was $1.8 million, $18.5 million, and $10.1 million, respectively. The Company did not complete any acquisitions in fiscal 2009. Cash received from the divestiture of the Teklynx business was $13.0 million during fiscal 2011.

The investing activities also include the settlement of net investment foreign exchange contracts totaling a $5.5 million loss and a $6.2 million gain in fiscal 2011 and 2010, respectively. The net settlement is accounted for as a component of other comprehensive income ("OCI") on the Consolidated Balance Sheet. Payments of $0.9 million and $0.6 million were made during fiscal 2011 to satisfy the holdback and earnout liabilities of the Asterisco and Securimed acquisitions, respectively. Payments of $0.7 million and $0.7 million were also made during fiscal 2009 to satisfy the earnout and holdback liabilities of the Transposafe and Asterisco acquisitions, respectively.

Capital expenditures were $20.5 million in fiscal 2011, $26.3 million in fiscal 2010, and $24.0 million in fiscal 2009. The decrease in the capital expenditures in fiscal 2011 was due to the fiscal 2010 expenditures related to a new coater in the Americas segment and the increased tooling required for new products in fiscal 2010 which did not repeat in fiscal 2011.

Cash used for financing activities totaled $91.6 million in fiscal 2011 and $160.3 million in fiscal 2009. Financing activities provided a total of $15.3 million in fiscal 2010. Cash used for dividends to shareholders was $38.0 million in fiscal 2011, $36.8 million in fiscal 2010, and $35.8 million in fiscal 2009. Cash received from the exercise of stock options was $8.2 million in fiscal 2011, $3.7 million in fiscal 2010, and $1.7 million in fiscal 2009. The Company made principal payments on its long-term obligations of $61.3 million in fiscal 2011, $44.9 million in fiscal 2010, and $87.2 million in fiscal 2009. The Company purchased treasury stock of $2.5 million in fiscal 2010, and $40.3 million in fiscal 2009. During fiscal 2010, the Company received proceeds of $94.9 million from the May 2010 private placement as discussed below.

On November 24, 2008, the Company filed a shelf registration statement on Form S-3 with the Securities and Exchange Commission ("SEC"), which will allow the Company to issue and sell, from time to time in one or more offerings, an indeterminate amount of Class A Non-Voting Common Stock and debt securities as it deems prudent or necessary to raise capital at a later date. The shelf registration statement became effective upon filing with the SEC. The Company plans to use the proceeds from any future offerings under the shelf registration for general corporate purposes, including, but not limited to, acquisitions, capital expenditures, and refinancing of debt.

On May 13, 2010, the Company completed a private placement of €75.0 million aggregate principal amount of senior unsecured notes to accredited institutional investors. The €75.0 million of senior notes consists of €30.0 million aggregate principal amount of 3.71% Series 2010-A Senior Notes, due May 13, 2017 and €45.0 million aggregate principal amount of 4.24% Series 2010-A Senior Notes, due May 13, 2020, with interest payable on the notes semiannually. This private placement was exempt from the registration requirements of the Securities Act of 1933. The notes were not registered for resale and may not be resold absent such registration or an applicable exemption from the registration requirements of the Securities Act of 1933 and applicable state securities laws. The notes have certain prepayment penalties for repaying them prior to maturity. The notes have been fully and unconditionally guaranteed on an unsecured basis by the Company's domestic subsidiaries. These unsecured notes were issued pursuant to a note purchase agreement, dated May 13, 2010.

During fiscal 2004 through fiscal 2007, the Company completed three private placement note issuances totaling $500 million in ten-year fixed rate notes with varying maturity dates to institutional investors at interest rates varying from 5.14% to 5.33%. The notes must be repaid equally over seven years, with initial payment due dates ranging from 2008 to 2011, with interest payable on the notes due semiannually on various dates throughout the year, which began in December 2004. The private placements were exempt from the registration requirements of the Securities Act of 1933. The notes were not registered for resale and may not be resold absent such registration or an applicable exemption from the registration requirements of the Securities Act of 1933 and applicable state securities laws. The notes have certain prepayment penalties for repaying them prior to the maturity date. Under the debt agreement, the Company made scheduled principal payments of $21.4 million, $44.9 million, and $61.3 million during the years ended July 31, 2009, 2010, and 2011, respectively. In June 2009, the Company also completed a cash tender offer to purchase approximately $65.8 million of its outstanding notes at par without penalty.

On October 5, 2006, the Company entered into a $200 million multi-currency revolving loan agreement with a group of five banks that replaced the Company's previous credit agreement. At the Company's option, and subject to certain standard conditions, the available amount under the credit facility may be increased from $200 million up to $300 million. Under the credit agreement, the Company has the option to select either a base interest rate (based upon the higher of the federal funds rate plus one-half of 1% or the prime rate of Bank of America) or a Eurocurrency interest rate (at the LIBOR rate plus a margin based on the Company's consolidated leverage ratio). A commitment fee is payable on the unused amount of the facility. The agreement restricts the amount of certain types of payments, including dividends, which can be made annually to $50 million plus an amount equal to 75% of consolidated net income for the prior fiscal year of the Company. The Company believes that based on historic dividend practice, this restriction would not impede the Company in following a similar dividend practice in the future. On March 18, 2008, the Company entered into an amendment to the revolving loan agreement which extended the maturity date from October 5, 2011 to March 18, 2013. All other terms of the revolving loan agreement remained the same. As of July 31, 2011, there were no outstanding borrowings under the credit facility.

The Company's debt and revolving loan agreements require it to maintain certain financial covenants. The Company's June 2004, February 2006, March 2007, and May 2010 private placement debt agreements require the Company to maintain a ratio of debt to the trailing twelve months EBITDA, as defined in the debt agreements, of not more than a 3.5 to 1.0 ratio (leverage ratio). As of July 31, 2011, the Company was in compliance with the financial covenant of the June 2004, February 2006, March 2007, and May 2010 private placement debt agreements, with the ratio of debt to EBITDA, as defined by the agreements, equal to 1.7 to 1.0. Additionally, the Company's October 2006 revolving loan agreement, as amended and extended in May 2008, requires the Company to maintain a ratio of debt to trailing twelve months EBITDA, as defined by the debt agreement, of not more than a 3.0 to 1.0 ratio. The revolving loan agreement requires the Company's trailing twelve months earnings before interest and taxes ("EBIT") to interest expense of not less than a 3.0 to 1.0 ratio (interest expense coverage). As of July 31, 2011, the Company was in compliance with the financial covenants of the revolving loan agreement, with the ratio of debt to EBITDA, as defined by the agreement, equal to 1.8 to 1.0 and the interest expense coverage ratio equal to 7.8 to 1.0.

Long-term obligations as a percentage of long-term obligations plus stockholders' investment were 22.3% at July 31, 2011 and 27.6% at July 31, 2010. Long-term obligations decreased by $51.0 million from July 31, 2010 to July 31, 2011 due to debt repayments made during the year, offset by the $10.3 million increase in the USD value of the Euro denominated debt due to foreign exchange fluctuations. The fiscal 2011 debt repayments consisted of the scheduled installment of $26.1 million on the 2004 private placement, an installment of $18.8 million on the 2006 private placement, and an installment of $16.4 million on the 2007 private placement.

Stockholders' investment increased $151.2 million during fiscal 2011 primarily due to net income of $108.7 million offset by the dividends paid on Class A and Class B Common Stock of $35.6 and $2.5 million, respectively. The increase in the accumulated other comprehensive income of $63.0 million was primarily due to positive effects of foreign currency translation.

The Company's cash balances are generated and held in numerous locations throughout the world. At July 31, 2011, approximately 69% of the Company's cash and cash equivalents was held outside the United States. The Company's growth has historically been funded by a combination of cash provided by operating activities and debt financing. The Company believes that its cash from operations, in addition to its borrowing capacity, are sufficient to fund its anticipated requirements for working capital, capital expenditures, restructuring activities, acquisitions, common stock repurchases, scheduled debt repayments, and dividend payments. The Company believes that its current credit arrangements are sound and that the strength of its balance sheet will allow financial flexibility to respond to both internal growth opportunities and those available through acquisition.

Subsequent Events Affecting Liquidity and Capital Resources

On September 9, 2011, the Company announced an increase in the annual dividend to shareholders of the Company's Class A Common Stock, from $0.72 to $0.74 per share. A quarterly dividend of $0.185 will be paid on October 31, 2011, to shareholders of record at the close of business on October 10, 2011. This dividend represents an increase of 2.8% and is the 26th consecutive annual increase in dividends.

On September 9, 2011, the Company's Board of Directors authorized a share buyback program for up to an additional 2 million shares of the Company's Class A Common Stock. The share repurchase plan may be implemented from time to time on the open market or in privately negotiated transactions, with repurchased shares available for use in connection with the Company's stock-based compensation plans and for other corporate purposes.

Off-Balance Sheet Arrangements

The Company does not have material off-balance sheet arrangements or related party transactions. The Company is not aware of factors that are reasonably likely to adversely affect liquidity trends, other than the risks discussed in this filing and presented in other Company filings. However, the following additional information is provided to assist financial statement users.

Operating Leases — These leases generally are entered into for investments in facilities such as manufacturing facilities, warehouses and office space, computer equipment and Company vehicles.

Purchase Commitments — The Company has purchase commitments for materials, supplies, services, and property, plant and equipment as part of the ordinary conduct of its business. In the aggregate, such commitments are not in excess of current market prices and are not material to the financial position of the Company. Due to the proprietary nature of many of the Company's materials and processes, certain supply contracts contain penalty provisions for early termination. The Company does not believe a material amount of penalties will be incurred under these contracts based upon historical experience and current expectations.

Other Contractual Obligations — The Company does not have material financial guarantees or other contractual commitments that are reasonably likely to adversely affect liquidity other than those discussed below under "Payments Due Under Contractual Obligations."

Related Party Transactions — The Company evaluated its affiliated party transactions for the period ended July 31, 2011. Based on the evaluation the Company does not have material related party transactions that affect the results of operations, cash flow or financial condition.

Payments Due Under Contractual Obligations

The Company's future commitments at July 31, 2011, for long-term debt, operating lease obligations, purchase obligations, interest obligations and other obligations are as follows (dollars in thousands):

	Payments Due by Period					
Contractual Obligations	**Total**	**Less than 1 Year**	**1-3 Years**	**3-5 Years**	**More than 5 Years**	**Uncertain Timeframe**
Long-Term Debt Obligations	$ 393,178	$ 61,264	$ 122,528	$ 85,028	$ 124,358	$ —
Operating Lease Obligations	57,026	18,350	23,303	12,816	2,557	—
Purchase Obligations (1)	76,558	61,771	8,072	6,715	—	—
Interest Obligations	79,230	19,404	29,143	17,219	13,464	—
Tax Obligations	22,343	—	—	—	—	22,343
Other Obligations (2)	15,011	1,054	2,232	2,538	9,187	—
Total	$ 643,346	$ 161,843	$ 185,278	$ 124,316	$ 149,566	$ 22,343

(1) Purchase obligations include all open purchase orders as of July 31, 2011.

(2) Other obligations represent expected payments under the Company's postretirement medical, dental, and vision plans as disclosed in Note 3 to the consolidated financial statements, under Item 8 of this report.

Inflation and Changing Prices

Essentially all of the Company's revenue is derived from the sale of its products in competitive markets. Because prices are influenced by market conditions, it is not always possible to fully recover cost increases through pricing. Changes in product mix from year to year, timing differences in instituting price changes, and the large amount of part numbers make it impracticable to accurately define the impact of inflation on profit margins.

Critical Accounting Estimates

Management's discussion and analysis of the Company's financial condition and results of operations are based upon the Company's Consolidated Financial Statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. The Company bases these estimates and judgments on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. Actual results may differ from these estimates and judgments.

The Company believes the following accounting estimates are most critical to an understanding of its financial statements. Estimates are considered to be critical if they meet both of the following criteria: (1) the estimate requires assumptions about material matters that are uncertain at the time the accounting estimates are made, and (2) material changes in the estimates are reasonably likely from period to period. For a detailed discussion on the application of these and other accounting estimates, refer to Note 1 to the Company's Consolidated Financial Statements.

Income Taxes

The Company's effective tax rate is based on pre-tax income and the tax rates applicable to that income in the various jurisdictions in which the Company operates. Significant judgment is required in determining the Company's effective income tax rate and in evaluating its tax positions. The Company establishes liabilities when it is more likely than not that the Company will not realize the full tax benefit of the position. The Company adjusts these liabilities in light of changing facts and circumstances.

Tax regulations may require items of income and expense to be included in a tax return in different periods than the items are reflected in the consolidated financial statements. As a result, the effective income tax rate reflected in the consolidated financial statements may be different than the tax rate reported in the income tax return. Some of these differences are permanent, such as expenses that are not deductible on the income tax return, and some are temporary differences, such as depreciation expense. Temporary differences create deferred tax assets and liabilities. Deferred tax assets generally represent items that can be used as tax deductions or credits in the tax return in future years for which the Company has already recorded the tax benefit in the consolidated financial statements. The Company establishes valuation allowances against its deferred tax assets when it is more likely than not that the amount of expected future taxable income will not support the use of the deduction or credit. The determination of the amount of valuation allowance to be provided on recorded deferred tax assets involves estimates regarding (1) the timing and amount of the reversal of taxable temporary differences, (2) expected future taxable income, and (3) the impact of tax planning strategies, and can also be impacted by changes to tax laws. Deferred tax liabilities generally represent tax expense recognized in the consolidated financial statements for which payment has been deferred or expense for which the Company has already taken a deduction on an income tax return, but has not yet recognized as expense in the consolidated financial statements.

The Company accounts for uncertain tax positions by recognizing the financial statement effects of a tax position only when, based upon the technical merits, it is "more-likely-than-not" that the position will be sustained upon examination. Judgment is required in evaluating tax positions and determining income tax provisions. The Company generally re-evaluates the technical merits of its tax positions and recognizes an uncertain tax benefit when (i) there is completion of a tax audit; (ii) there is a change in applicable tax law including a tax case ruling or legislative guidance; or (iii) there is an expiration of the statute of limitations.

Goodwill and Other Indefinite-lived Intangible Assets

The allocation of purchase price for business combinations requires management estimates and judgment as to expectations for future cash flows of the acquired business and the allocation of those cash flows to identifiable intangible assets in determining the estimated fair value for purchase price allocation purposes. If the actual results differ from the estimates and judgments used in these estimates, the amounts recorded in the financial statements could result in a possible impairment of the intangible assets and goodwill or require acceleration of the amortization expense of finite-lived intangible assets. In addition, accounting guidance requires that goodwill and other indefinite-lived intangible assets be tested at least annually for impairment. If circumstances or events prior to the date of the required annual assessment indicate that, in management's judgment, it is more likely than not that there has been diminution of fair value of a reporting unit below its carrying value, the Company performs an impairment analysis at the time of such circumstance or event. Changes in management's estimates or judgments could result in an impairment charge, and such a charge could have an adverse effect on the Company's financial condition and results of operations. To aid in establishing the value of goodwill and other intangible assets at the time of acquisition, Company policy requires that all acquisitions with a purchase price above $5 million require the use of external valuations.

The Company has identified seven reporting units within its three reportable segments. The Company's methodologies for valuing goodwill are applied consistently on a year-over-year basis; the assumptions used in performing the 2011 impairment calculations were evaluated in light of market and business conditions. Brady continues to believe that the discounted cash flow model and market multiples model provide a reasonable and meaningful fair value estimate based upon the reporting units' projections of future operating results and cash flows and replicates how market participants would value the Company's reporting units. The projections of future operating results, which are based on both past performance and the projections and assumptions used in the Company's current and long range operating plans, are subject to change as a result of changing economic and competitive conditions. Significant estimates used by management in the discounted cash flows methodology include estimates of future cash flows based on expected growth rates, price increases, capital expenditures, working capital levels, income tax rates, the benefits of recent acquisitions and expected synergies, and a weighted-average cost of capital that reflects the specific risk profile of the reporting unit being tested. Significant negative industry or economic trends, disruptions to the Company's business, loss of significant customers, inability to effectively integrate acquired businesses, unexpected significant changes or planned changes in use of the assets or in entity structure, and divestitures may adversely impact the assumptions used in the valuations.

In the event the fair value of a reporting unit is less than the carrying value, including goodwill, the Company would then perform an additional assessment that would compare the implied fair value of goodwill with the carrying amount of goodwill. The determination of implied fair value of goodwill would require management to compare the fair value of the reporting unit to the estimated fair value of the assets and liabilities of the reporting unit; if necessary, the Company may consult valuation specialists to assist with the assessment of the estimated fair value of assets and liabilities for the reporting unit. If the implied fair value of the goodwill is less than the carrying value, an impairment would be recorded.

In performing the Company's annual goodwill impairment assessment the Company performed a sensitivity analysis on the material assumptions used in the discounted cash flow valuation models for each of its reporting units. Based on the Company's fiscal 2011 goodwill impairment testing and assuming a hypothetical 10% decrease in the estimated fair values of each of its reporting units, the hypothetical fair value of each of the Company's reporting units would have been greater than the carrying value. See Note 1 of the Notes to Consolidated Financial Statements contained in Item 8 — Financial Statements and Supplementary Data for further information about goodwill and intangible assets.

The Company also evaluates the recoverability of its indefinite-lived intangible assets by utilizing a relief from royalty valuation methodology that estimates the fair value of the future discounted cash flows of each indefinite-lived intangible asset. The future projections, which are based on both past performance and the projections and assumptions used in the Company's current and long range operating plans, are subject to change as a result of changing economic and competitive conditions. Significant estimates used by management in the relief from royalty valuation methodology include estimates of future revenue streams based on expected growth and royalty rates, income tax rates, expected synergies, and a weighted-average cost of equity that reflects the specific risk profile of the indefinite-lived intangible asset tested. The Company's methodologies for valuing indefinite-lived intangible assets are applied consistently on a year-over-year basis. The Company continues to believe that the relief from royalty valuation methodology provides the most reasonable and meaningful fair value estimate based upon the indefinite-lived intangible assets' projected future revenue streams and replicates how market participants would value the Company's indefinite-lived intangible assets in an orderly transaction.

The Company completed its annual impairment testing of goodwill and other indefinite-lived intangibles assets in the fourth quarter of fiscal 2011. Although the Company consistently uses the same methods in developing the assumptions and estimates underlying the fair value calculations, such estimates are uncertain in nature and can vary from actual results.

Reserves and Allowances

The Company has recorded reserves or allowances for inventory obsolescence, uncollectible accounts receivable, and credit memos. These accounts require the use of estimates and judgment. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. The Company believes that such estimates are made with consistent and appropriate methods. Actual results may differ from these estimates under different assumptions or conditions.

New Accounting Standards

The information required by this Item is provided in Note 1 of the Notes to Consolidated Financial Statements contained in Item 8 — Financial Statements and Supplementary Data.

Forward-Looking Statements

Brady believes that certain statements in this Form 10-K are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. All statements related to future, not past, events included in this Form 10-K, including, without limitation, statements regarding Brady's future financial position, business strategy, targets, projected sales, costs, earnings, capital expenditures, debt levels and cash flows, and plans and objectives of management for future operations are forward-looking statements. When used in this Form 10-K, words such as "may," "will," "expect," "intend," "estimate," "anticipate," "believe," "should," "project" or "plan" or similar terminology are generally intended to identify forward-looking statements. These forward-looking statements by their nature address matters that are, to different degrees, uncertain and are subject to risks, assumptions and other factors, some of which are beyond Brady's control, that could cause actual results to differ materially from those expressed or implied by such forward-looking statements. For Brady, uncertainties arise from the length or severity of the current worldwide economic downturn or timing or strength of a subsequent recovery; future financial performance of major markets Brady serves, which include, without limitation, telecommunications, manufacturing, electrical, construction, laboratory, education, governmental, public utility, computer, transportation; difficulties in making and integrating acquisitions; risks associated with newly acquired businesses; Brady's ability to develop and successfully market new products; changes in the supply of, or price for, parts and components; increased price pressure from suppliers and customers; fluctuations in currency rates versus the US dollar; unforeseen tax consequences; potential write-offs of Brady's substantial intangible assets; Brady's ability to retain significant contracts and customers; risks associated with international operations; Brady's ability to maintain compliance with its debt covenants; technology changes; business interruptions due to implementing business systems; environmental, health and safety compliance costs and liabilities; future competition; interruptions to sources of supply; Brady's ability to realize cost savings from operating initiatives; difficulties associated with exports; risks associated with restructuring plans; risks associated with obtaining governmental approvals and maintaining regulatory compliance; and numerous other matters of national, regional and global scale, including those of a political, economic, business, competitive and regulatory nature contained from time to time in Brady's U.S. Securities and Exchange Commission filings, including, but not limited to, those factors listed in the "Risk Factors" section located in Item 1A of Part I of this Form 10-K. These uncertainties may cause Brady's actual future results to be materially different than those expressed in its forward-looking statements. Brady does not undertake to update its forward-looking statements except as required by law.

Risk Factors

Please see the information contained in Item 1A — Risk Factors.

Item 7A. ***Quantitative and Qualitative Disclosures about Market Risk***

The Company's business operations give rise to market risk exposure due to changes in foreign exchange rates. To manage that risk effectively, the Company enters into hedging transactions, according to established guidelines and policies that enable it to mitigate the adverse effects of this financial market risk.

The global nature of the Company's business requires active participation in the foreign exchange markets. As a result of investments, production facilities and other operations on a global scale, the Company has assets, liabilities and cash flows in currencies other than the U.S. Dollar. The objective of the Company's foreign currency exchange risk management is to minimize the impact of currency movements on non-functional currency transactions and minimize the foreign currency translation impact of the Company's foreign operations. To achieve this objective, the Company hedges a portion of known exposures using forward contracts. Main exposures are related to transactions denominated in the British Pound, the Euro, Canadian Dollar, Australian Dollar, Japanese Yen and the Swiss Franc currency. As of July 31, 2011, the notional amount of outstanding forward contacts designated as cash flow hedges was $80.8 million. The Company also uses forward foreign exchange currency contracts of €38.7 million (approximately $50.0 million USD) and euro-denominated debt of €75.0 million designated as a hedge instrument to hedge portions of the Company's net investments in its European foreign operations.

The Company could be exposed to interest rate risk through its corporate borrowing activities. The objective of the Company's interest rate risk management activities is to manage the levels of the Company's fixed and floating interest rate exposure to be consistent with the Company's preferred mix. The interest rate risk management program allows the Company to enter into approved interest rate derivatives if there is a desire to modify the Company's exposure to interest rates. Such activities require approval of the Board of Directors. As of July 31, 2011, the Company had no interest rate derivatives.

The Company is subject to the risk of changes in foreign currency exchange rates due to its operations in foreign countries. The Company has manufacturing facilities and sells and distributes its products throughout the world. As a result, the Company's financial results could be significantly affected by factors such as changes in foreign currency exchange rates or weak economic conditions in the foreign markets in which the Company manufactures, distributes and sells its products. Changes in foreign currency exchange rates for the Company's foreign subsidiaries reporting in local currencies are generally reported as a component of stockholders' investment. The Company's favorable and unfavorable currency translation adjustment recorded in fiscal 2011 and 2010 as a separate component of stockholders' investment was $63.0 million and ($1.2) million, respectively. As of July 31, 2011 and 2010, the Company's foreign subsidiaries had net current assets (defined as current assets less current liabilities) subject to foreign currency translation risk of $427.7 million and $240.4 million, respectively. The potential decrease in the net current assets as of July 31, 2011 from a hypothetical 10 percent adverse change in quoted foreign currency exchange rates would be approximately $42.8 million. This sensitivity analysis assumes a parallel shift in all major foreign currency exchange rates versus the U.S. dollar. Exchange rates rarely move in the same direction relative to the U.S. dollar due to positive and negative correlations of the various global currencies. This assumption may overstate the impact of changing exchange rates on individual assets and liabilities denominated in a foreign currency.

Item 8. ***Financial Statements and Supplementary Data***

BRADY CORPORATION & SUBSIDIARIES

INDEX TO FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of

Brady Corporation

Milwaukee, WI

We have audited the accompanying consolidated balance sheets of Brady Corporation and subsidiaries (the "Company") as of July 31, 2011 and 2010, and the related consolidated statements of income, stockholders' investment, and cash flows for each of the three years in the period ended July 31, 2011. Our audits also included the financial statement schedule listed in the Index at Item 15. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Brady Corporation and subsidiaries at July 31, 2011 and 2010, and the results of their operations and their cash flows for each of the three years in the period ended July 31, 2011, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of July 31, 2011, based on the criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated September 27, 2011, expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ DELOITTE & TOUCHE LLP

Milwaukee, WI

September 27, 2011

BRADY CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
July 31, 2011 and 2010

	2011	2010
	(Dollars in thousands)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 389,971	$ 314,840
Accounts receivable — net	228,483	221,621
Inventories:		
Finished products	62,152	52,906
Work-in-process	14,550	13,146
Raw materials and supplies	27,484	28,620
Total inventories	104,186	94,672
Prepaid expenses and other current assets	35,647	37,839
Total current assets	758,287	668,972
Other assets:		
Goodwill	800,343	768,600
Other intangibles assets	89,961	103,546
Deferred income taxes	53,755	39,103
Other non-current assets	19,244	20,808
Property, plant and equipment:		
Cost:		
Land	6,406	6,265
Buildings and improvements	104,644	101,138
Machinery and equipment	305,557	289,727
Construction in progress	11,226	9,873
	427,833	407,003
Less accumulated depreciation	287,918	261,501
Property, plant and equipment — net	139,915	145,502
Total	$1,861,505	$1,746,531
LIABILITIES AND STOCKHOLDERS' INVESTMENT		
Current liabilities:		
Accounts payable	$ 98,847	$ 96,702
Wages and amounts withheld from employees	69,798	67,285
Taxes, other than income taxes	7,612	7,537
Accrued income taxes	9,954	10,138
Other current liabilities	54,406	50,862
Current maturities on long-term obligations	61,264	61,264
Total current liabilities	301,881	293,788
Long-term obligations, less current maturities	331,914	382,940
Other liabilities	71,518	64,776
Total liabilities	705,313	741,504
Commitments and contingencies (See Note 9)		
Stockholders' investment:		
Common stock:		
Class A Nonvoting — Issued 51,261,487 and 51,261,487 shares, respectively; (aggregate liquidation preference of $42,803 and $42,628 at July 31, 2011 and 2010, respectively)	513	513
Class B Voting — Issued and outstanding 3,538,628 shares	35	35
Additional paid-in capital	307,527	304,205
Earnings retained in the business	789,100	718,512
Treasury stock —1,667,235 and 2,175,771 shares, respectively of Class A nonvoting common stock, at cost	(50,017)	(66,314)
Accumulated other comprehensive income	113,898	50,905
Other	(4,864)	(2,829)
Total stockholders' investment	1,156,192	1,005,027
Total	$1,861,505	$1,746,531

See notes to consolidated financial statements.

BRADY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
Years Ended July 31, 2011, 2010 and 2009

	2011	2010	2009
	(In thousands, except per share amounts)		
Net sales	$ 1,339,597	$ 1,259,096	$ 1,208,702
Cost of products sold	683,401	635,799	631,119
Gross margin	656,196	623,297	577,583
Operating expenses:			
Research and development	43,001	42,621	34,181
Selling, general and administrative	441,815	435,906	397,180
Restructuring charges	9,188	15,314	25,849
Total operating expenses	494,004	493,841	457,210
Operating income	162,192	129,456	120,373
Other income (expense):			
Investment and other income — net	3,990	1,168	1,800
Interest expense	(22,124)	(21,222)	(24,901)
Net other expense	(18,134)	(20,054)	(23,101)
Income before income taxes	144,058	109,402	97,272
Income taxes	35,406	27,446	27,150
Net income	$ 108,652	$ 81,956	$ 70,122
Net income per common share:			
Class A Nonvoting:			
Basic	$ 2.06	$ 1.56	$ 1.33
Diluted	$ 2.04	$ 1.55	$ 1.32
Dividends	$ 0.72	$ 0.70	$ 0.68
Class B Voting:			
Basic	$ 2.04	$ 1.55	$ 1.32
Diluted	$ 2.03	$ 1.53	$ 1.31
Dividends	$ 0.70	$ 0.68	$ 0.66
Weighted average Class A and Class B common shares outstanding			
Basic	52,639	52,402	52,559
Diluted	53,133	52,946	52,866

See notes to consolidated financial statements.

BRADY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' INVESTMENT
Years Ended July 31, 2011, 2010 and 2009

	Common Stock	Additional Paid-In Capital	Earnings Retained in the Business	Treasury Stock	Accumulated Other Comprehensive Income	Other	Total Comprehensive Income
	(In thousands, except per share amounts)						
Balances at July 31, 2008	$ 548	$ 292,769	$ 639,059	$ (33,234)	$ 128,161	$ (5,495)	
Net income	—	—	70,122	—	—	—	$ 70,122
Net currency translation adjustment and other (Note 1)	—	—	—	—	(75,110)	—	(75,110)
Total comprehensive income							$ (4,988)
Issuance of 138,934 shares of Class A Common Stock under stock option plan	—	(1,995)	—	3,678	—	—	
Other (Note 6)	—	(1,744)	—	—	—	1,003	
Tax benefit from exercise of stock options and deferred compensation distributions	—	1,336	—	—	—	—	
Stock-based compensation expense (Note 1)	—	8,099	—	—	—	—	
Purchase of 1,344,664 shares of Class A Common Stock	—	—	—	(40,267)	—	—	
Cash dividends on Common Stock							
Class A — $0.68 per share	—	—	(33,492)	—	—	—	
Class B — $0.66 per share	—	—	(2,347)	—	—	—	
Balances at July 31, 2009	$ 548	$ 298,466	$ 673,342	$ (69,823)	$ 53,051	$ (4,492)	
Net income	—	—	81,956	—	—	—	$ 81,956
Net currency translation adjustment and other (Note 1)	—	—	—	—	(2,146)	—	(2,146)
Total comprehensive income							$ 79,810
Issuance of 215,447 shares of Class A Common Stock under stock option plan	—	(2,788)	—	6,505	—	—	
Other (Note 6)	—	(2,512)	—	(459)	—	1,663	
Tax benefit from exercise of stock options and deferred compensation distributions	—	1,318	—	—	—	—	
Stock-based compensation expense (Note 1)	—	9,721	—	—	—	—	
Purchase of 102,067 shares of Class A Common Stock	—	—	—	(2,537)	—	—	
Cash dividends on Common Stock							
Class A — $0.70 per share	—	—	(34,368)	—	—	—	
Class B — $0.68 per share	—	—	(2,418)	—	—	—	
Balances at July 31, 2010	$ 548	$ 304,205	$ 718,512	$ (66,314)	$ 50,905	$ (2,829)	
Net income	—	—	108,652	—	—	—	$ 108,652
Net currency translation adjustment and other (Note 1)	—	—	—	—	62,993	—	62,993
Total comprehensive income							$ 171,645
Issuance of 524,144 shares of Class A Common Stock under stock option plan	—	(5,684)	—	13,877	—	—	
Other (Note 6)	—	(1,964)	—	2,420	—	(2,035)	
Tax benefit from exercise of stock options and deferred compensation distributions	—	1,140	—	—	—	—	
Stock-based compensation expense (Note 1)	—	9,830	—	—	—	—	
Cash dividends on Common Stock							
Class A — $0.72 per share	—	—	(35,575)	—	—	—	
Class B — $0.70 per share	—	—	(2,489)	—	—	—	
Balances at July 31, 2011	$ 548	$ 307,527	$ 789,100	$ (50,017)	$ 113,898	$ (4,864)	

See notes to consolidated financial statements.

BRADY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended July 31, 2011, 2010 and 2009

	2011	2010	2009
	(Dollars in thousands)		
Operating activities:			
Net income	$ 108,652	$ 81,956	$ 70,122
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	48,827	53,022	54,851
Deferred income taxes	(8,161)	(6,834)	(8,640)
Gain on the sale of business (pre-tax)	(4,394)	—	—
Non-cash portion of stock-based compensation expense	9,830	9,721	7,731
Non-cash portion of restructuring	2,155	2,260	2,469
Changes in operating assets and liabilities (net of effects of business acquisitions):			
Accounts receivable	7,680	(29,479)	53,389
Inventories	(2,886)	426	34,749
Prepaid expenses and other assets	5,624	(3,502)	(2,423)
Accounts payable and accrued liabilities	(3,365)	52,410	(75,930)
Income taxes	3,388	5,258	(9,673)
Net cash provided by operating activities	167,350	165,238	126,645
Investing activities:			
Acquisitions of businesses, net of cash acquired	(7,970)	(30,431)	—
Purchase price adjustment	—	—	3,514
Payments of contingent consideration	(1,528)	—	(1,405)
Divestiture of business, net of cash retained in business	12,980	—	—
Purchases of property, plant and equipment	(20,532)	(26,296)	(24,027)
Settlements of net investment hedges	(5,542)	6,248	—
Other	(39)	1,798	2,874
Net cash used in investing activities	(22,631)	(48,681)	(19,044)
Financing activities:			
Payment of dividends	(38,064)	(36,786)	(35,839)
Proceeds from issuance of common stock	8,193	3,717	1,683
Principal payments on debt	(61,264)	(44,893)	(87,224)
Proceeds from issuance of debt	—	94,915	—
Purchase of treasury stock	—	(2,537)	(40,267)
Income tax benefit from the exercise of stock options and deferred compensation distributions, and other	(439)	859	1,336
Net cash (used in) provided by financing activities	(91,574)	15,275	(160,311)
Effect of exchange rate changes on cash	21,986	(5,148)	(17,489)
Net increase (decrease) in cash and cash equivalents	75,131	126,684	(70,199)
Cash and cash equivalents, beginning of year	314,840	188,156	258,355
Cash and cash equivalents, end of year	$ 389,971	$ 314,840	$ 188,156
Supplemental disclosure of cash flow information:			
Cash paid during the year for:			
Interest, net of capitalized interest	$ 21,298	$ 21,626	$ 26,047
Income taxes, net of refunds	35,851	30,870	48,766
Acquisitions:			
Fair value of assets acquired, net of cash	$ 4,624	$ 15,366	$ —
Liabilities assumed	(1,446)	(5,201)	—
Goodwill	4,792	20,266	—
Net cash paid for acquisitions	$ 7,970	$ 30,431	$ —

See notes to consolidated financial statements.

BRADY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended July 31, 2011, 2010 and 2009
(In thousands except share and per share amounts)

1. Summary of Significant Accounting Policies

Nature of Operations — Brady Corporation is an international manufacturer and marketer of identification solutions and specialty products which identify and protect premises, products and people. Brady's core capabilities in manufacturing, printing systems, precision engineering and materials expertise make it a leading supplier to the Maintenance, Repair and Operations ("MRO") market and to the Original Equipment Manufacturing ("OEM") market.

Principles of Consolidation — The accompanying consolidated financial statements include the accounts of Brady Corporation and its subsidiaries ("Brady" or the "Company"), all of which are wholly-owned. All intercompany accounts and transactions have been eliminated in consolidation.

Basis of Presentation — The Company has reclassified certain prior year financial statement amounts to conform to their current year presentation. The operating activities including "Other liabilities" and "Accounts payable and accrued liabilities," which were previously disclosed as single line items, have been combined and reported as "Accounts payable and accrued liabilities" on the Consolidated Statement of Cash Flows for the years ending July 2010 and 2009. The financing activities including "Other" and "Income tax benefit from the exercise of stock options and deferred compensation distribution," which were previously disclosed as single line items, have been combined and reported as "Income tax benefit from the exercise of stock options and deferred compensation distribution, and other" on the Consolidated Statement of Cash Flows for the years ending July 2010 and 2009. This reclassification had no effect on cash provided by operating activities, cash used in financing activities, total assets, net income, or earnings per share.

Use of Estimates — The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events — On September 9, 2011, the Company announced an increase in the annual dividend to shareholders of the Company's Class A Common Stock, from $0.72 to $0.74 per share. A quarterly dividend of $0.185 will be paid on October 31, 2011, to shareholders of record at the close of business on October 10, 2011. This dividend represents an increase of 2.8% and is the 26th consecutive annual increase in dividends.

On September 9, 2011, the Company's Board of Directors authorized a share buyback program for up to an additional 2 million shares of the Company's Class A Common Stock. The share repurchase plan may be implemented from time to time on the open market or in privately negotiated transactions, with repurchased shares available for use in connection with the Company's stock-based compensation plans and for other corporate purposes.

Fair Value of Financial Instruments — The Company believes the carrying amount of its financial instruments (cash and cash equivalents, accounts receivable and accounts payable) is a reasonable estimate of the fair value of these instruments due to their short-term nature. The Company adopted guidance related to fair value measurements on August 1, 2008 as it relates to financial assets and liabilities. The Company adopted the new accounting guidance on fair value measurements for its nonfinancial assets and liabilities on August 1, 2009. See Note 5 for more information regarding the fair value of long-term debt and Note 10 for fair value measurements.

Cash Equivalents — The Company considers all highly liquid investments with original maturities of three months or less when acquired to be cash equivalents, which are recorded at cost. The Company's cash equivalents as of July 31, 2010, included variable rate demand note securities ("VRDN") issued by various agencies that include a put feature to the original issuer or the issuer's agent. The Company's VRDN investments are generally federal tax-exempt instruments of high credit quality, secured by direct-pay letters of credit from major financial institutions. These investments have variable rates tied to short-term interest rates. Interest rates are reset weekly and these VRDN investments can be tendered for sale upon notice (generally no longer than seven days). Although the Company's VRDN securities are issued and rated as long-term securities (with maturities through 2029), they are priced and traded as short-term investments.

The Company classified the variable rate demand note securities with put features, where the issuer holds the obligation, as cash equivalents. The investments are carried at cost or par value, which approximates the fair value. As of July 31, 2010, the recorded values of the VRDNs held by the Company were $66.1 million and there were no realized or unrealized gains or losses related to the Company's securities. As of July 31, 2010, all VRDNs held by the Company were classified as "cash and cash equivalents" on the Consolidated Balance Sheets. The Company did not hold any VRDNs as of July 31, 2011.

Accounts Receivables — Accounts receivables are stated net of allowances for doubtful accounts of $6,183 and $7,137 as of July 31, 2011 and 2010, respectively. No single customer comprises more than 10% of the Company's consolidated net sales in 2011, 2010, or 2009, or 10% of the Company's consolidated accounts receivable as of July 31, 2011 or 2010. Specific customer provisions are made when a review of significant outstanding amounts, utilizing information about customer creditworthiness and current economic trends, indicates that collection is doubtful. In addition, provisions are made for the remainder of accounts receivable at different rates, based upon the age of the receivable and the Company's historical collection experience.

Inventories — Inventories are stated at the lower of cost or market. Cost has been determined using the last-in, first-out ("LIFO") method for certain domestic inventories (approximately 16% of total inventories at July 31, 2011 and approximately 20% of total inventories at July 31, 2010) and the first-in, first-out ("FIFO") or average cost methods for other inventories. Had all domestic inventories been accounted for on a FIFO basis instead of on a LIFO basis, the carrying value would have increased by $9,168 and $9,178 on July 31, 2011 and 2010, respectively.

Plant, Property, and Equipment — Plant, property, and equipment are recorded at cost. The cost of buildings and improvements and machinery and equipment is being depreciated over their estimated useful lives using primarily the straight-line method for financial reporting purposes. The estimated useful lives range from 3 to 33 years as shown below.

Asset Category	**Range of Useful Lives**
Buildings and improvements	10 to 33 Years
Computer systems	5 Years
Machinery and equipment	3 to 10 Years

Fully depreciated assets are retained in property and accumulated depreciation accounts until disposal. Upon disposal, assets and related accumulated depreciation are removed from the accounts and the net amount, less proceeds from disposal, is charged or credited to operations. Leasehold improvements are depreciated over the shorter of the lease term or the estimated useful life of the respective asset. Depreciation expense was $28,997, $31,560, and $32,023 for the years ended July 31, 2011, 2010 and 2009, respectively.

Goodwill and Other Intangible Assets — The cost of intangible assets with determinable useful lives is amortized to reflect the pattern of economic benefits consumed on a straight-line basis, over the estimated periods benefited. Intangible assets with indefinite useful lives and goodwill are not subjected to amortization. These assets are assessed for impairment annually or more frequently as deemed necessary. Goodwill at July 31, 2011 and 2010 did not include any accumulated impairment losses.

Changes in the carrying amount of goodwill for the years ended July 31, 2011 and 2010 are as follows:

	Americas	**Europe**	**Asia-Pacific**	**Total**
Balance as of July 31, 2009	$ 410,135	$ 166,251	$ 174,787	$ 751,173
Current year acquisitions	13,370	6,896	—	20,266
Translation adjustments and other	1,513	(9,958)	5,606	(2,839)
Balance as of July 31, 2010	$ 425,018	$ 163,189	$ 180,393	$ 768,600
Current year acquisitions	—	—	4,792	4,792
Current year divestitures	(3,696)	(8,380)	—	(12,076)
Translation adjustments and other	4,256	16,429	18,342	39,027
Balance as of July 31, 2011	$ 425,578	$ 171,238	$ 203,527	$ 800,343

Goodwill increased $31,743 during fiscal 2011 due to the net effects of foreign currency translation and recent acquisition activity, offset by recent divestitures. Of the $31,743 increase, $39,027 was due to the positive effects of foreign currency translation and $4,792 resulted from the acquisition of ID Warehouse during the second quarter of fiscal 2011. The increase was offset by a $12,076 decrease in goodwill as a result of the divestiture of the Company's Teklynx business during the second quarter of fiscal 2011. See Note 2, "Acquisitions and Divestitures" for further discussion.

Goodwill increased $17,427 during fiscal 2010 due to the acquisition activity in the period offset by the net effects of foreign currency translation. Of the $17,427 increase in goodwill, $778 resulted from the acquisition of certain assets of Welco, a division of Welconstruct Group Limited ("Welco") in the first quarter of fiscal 2010, $13,370 resulted from the acquisition of Stickolor Industria e Comerciao de Auto Adesivos Ltda. ("Stickolor") in the second quarter of fiscal 2010, and $6,118 resulted from the acquisition of Securimed SAS ("Securimed") in the third quarter of fiscal 2010. The increase in goodwill was offset by the negative net effect of foreign currency translation of $2,839 during fiscal 2010.

Other intangible assets include patents, trademarks, customer relationships, non-compete agreements and other intangible assets with finite lives being amortized in accordance with accounting guidance for other intangible assets. The net book value of these assets was as follows:

	July 31, 2011				July 31, 2010			
	Weighted Average Amortization Period (Years)	Gross Carrying Amount	Accumulated Amortization	Net Book Value	Weighted Average Amortization Period (Years)	Gross Carrying Amount	Accumulated Amortization	Net Book Value
Amortized other intangible assets:								
Patents	5	$ 9,784	$ (8,556)	$ 1,228	5	$ 9,314	$ (7,855)	$ 1,459
Trademarks and other	7	9,448	(6,599)	2,849	7	8,823	(5,685)	3,138
Customer relationships	7	165,566	(119,977)	45,589	7	152,720	(95,996)	56,724
Non-compete agreements and other	4	16,432	(15,760)	672	4	15,239	(14,356)	883
Unamortized other intangible assets:								
Trademarks and tradenames	N/A	39,623	—	39,623	N/A	41,342	—	41,342
Total		$ 240,853	$ (150,892)	$ 89,961		$ 227,438	$ (123,892)	$ 103,546

The value of other intangible assets in the Consolidated Balance Sheet at July 31, 2011, differs from the value assigned to them in the allocation of purchase price due to the effect of fluctuations in the exchange rates used to translate financial statements into the United States dollar between the date of acquisition and July 31, 2011.

Amortization expense of intangible assets during fiscal 2011, 2010, and 2009 was $19,830, $21,462, and $22,828, respectively. The amortization over each of the next five fiscal years is projected to be $16,883, $11,029, $5,946, $5,540, and $4,353 for the years ending July 31, 2012, 2013, 2014, 2015 and 2016, respectively.

Impairment of Long-Lived and Other Intangible Assets — The Company evaluates whether events and circumstances have occurred that indicate the remaining estimated useful life of long-lived and other finite-lived intangible assets may warrant revision or that the remaining balance of an asset may not be recoverable. The measurement of possible impairment is based on fair value of the assets generally estimated by the ability to recover the balance of assets from expected future operating cash flows on an undiscounted basis. If impairment is determined to exist, any related impairment loss is calculated based on the fair value of the asset.

Impairment of Goodwill and Indefinite-lived Intangible Assets— Goodwill and other indefinite-lived intangible assets are tested for impairment annually or more frequently if events or changes in circumstances indicate that the assets might be impaired. Annual impairment tests are performed by the Company in the fourth quarter of each year.

During the fourth quarter of fiscal 2011, the Company conducted a goodwill impairment assessment. The assessment included comparing the carrying amount of net assets, including goodwill, of each reporting unit to its respective fair value as of May 1, 2011, the Company's assessment date. Fair value was determined using the weighted average of a discounted cash flow and market participant analysis for each reporting unit. The Company's methodologies for valuing goodwill are applied consistently on a year-over-year basis. No indications of impairment have been identified between the date of the interim assessments and July 31, 2011.

During the fourth quarter of fiscal 2011, the Company conducted an indefinite-lived intangible asset impairment assessment. The assessment included comparing the carrying amount of the indefinite-lived intangible asset to the fair value of those assets as of May 1, 2011, the Company's assessment date. Fair value was determined using a discounted revenue stream analysis for each indefinite-lived intangible based on a relief from royalty valuation methodology. The Company's methodologies for valuing indefinite-lived intangible assets are applied consistently on a year-over-year basis. No indications of impairment have been identified between the date of the interim assessments and July 31, 2011.

Catalog Costs and Related Amortization — The Company accumulates all direct costs incurred, net of vendor cooperative advertising payments, in the development, production, and circulation of its catalogs on its balance sheet until such time as the related catalog is mailed. The catalog costs are subsequently amortized into selling, general, and administrative expense over the expected sales realization cycle, which is one year or less. Consequently, any difference between the estimated and actual revenue stream for a particular catalog and the related impact on amortization expense is neutralized within a period of one year or less. The estimate of the expected sales realization cycle for a particular catalog is based on the Company's historical sales experience with identical or similar catalogs, and an assessment of prevailing economic conditions and various competitive factors. The Company tracks subsequent sales realization, reassesses the marketplace, and compares its findings to the previous estimate, and adjusts the amortization of future catalogs, if necessary. At July 31, 2011 and 2010, $11,892 and $11,496, respectively, of prepaid catalog costs were included in prepaid expenses and other current assets.

Revenue Recognition — Revenue is recognized when it is both earned and realized or realizable. The Company's policy is to recognize revenue when title to the product, ownership, and risk of loss have transferred to the customer, persuasive evidence of an arrangement exists, and collection of the sales proceeds is reasonably assured, all of which generally occur upon shipment of goods to customers. The majority of the Company's revenue relates to the sale of inventory to customers, and revenue is recognized when title and the risks and rewards of ownership pass to the customer. Given the nature of the Company's business and the applicable rules guiding revenue recognition, the Company's revenue recognition practices do not contain estimates that materially affect the results of operations, with the exception of estimated returns and credit memos. The Company provides for an allowance for estimated product returns and credit memos which is recognized as a deduction from sales at the time of the sale. As of July 31, 2011 and 2010, the Company had a reserve of $4,491 and $3,963, respectively.

Sales Incentives — The Company accounts for cash consideration (such as sales incentives and cash discounts) given to its customers or resellers as a reduction of revenue rather than an operating expense.

Shipping and Handling Fees and Costs —Amounts billed to a customer in a sale transaction related to shipping and handling fees are reported as net sales and the related costs incurred for shipping and handling are reported as cost of goods sold.

Advertising Costs — Advertising costs are expensed as incurred, except catalog and mailer costs as outlined above. Advertising expense for the years ended July 31, 2011, 2010, and 2009 were $79,326, $72,000, and $77,395, respectively.

Stock-Based Compensation — The Company has an incentive stock plan under which the Board of Directors may grant nonqualified stock options to purchase shares of Class A Nonvoting Common Stock or restricted shares of Class A Nonvoting Common Stock to employees. Additionally, the Company has a nonqualified stock option plan for non-employee directors under which stock options to purchase shares of Class A Nonvoting Common Stock are available for grant. The stock options have an exercise price equal to the fair market value of the underlying stock at the date of grant and generally vest ratably over a three-year period, with one-third becoming exercisable one year after the grant date and one-third additional in each of the succeeding two years. Stock options issued under these plans, referred to herein as "service-based" stock options, generally expire 10 years from the date of grant. The Company also grants stock options to certain executives and key management employees that vest upon meeting certain financial performance conditions over the vesting schedule described above; these options are referred to herein as "performance-based" stock options. Performance-based stock options expire 10 years from the date of grant. Restricted shares have an issuance price equal to the fair market value of the underlying stock at the date of grant. The Company granted restricted shares in fiscal 2008 and fiscal 2011 that have an issuance price equal to the fair market value of the underlying stock at the date of grant. The restricted shares granted in fiscal 2008 were amended in fiscal 2011 to allow for vesting after either a five-year period or a seven-year period based upon both performance and service conditions. The restricted shares granted in fiscal 2011 vest ratably at the end of years 3, 4 and 5 upon meeting certain performance and service conditions. The restricted shares granted in fiscal 2008 and 2011 are referred to herein as "performance-based restricted shares."

As of July 31, 2011, the Company has reserved 5,799,017 shares of Class A Nonvoting Common Stock for outstanding stock options and restricted shares and 737,000 shares of Class A Nonvoting Common Stock for future issuance of stock options and restricted shares under the various plans. The Company uses treasury stock or will issue new Class A Nonvoting Common Stock to deliver shares under these plans.

The Company recognizes the compensation cost of all share-based awards on a straight-line basis over the vesting period of the award. Total stock compensation expense recognized by the Company during the years ended July 31, 2011, 2010, and 2009 was $9,830 ($5,996 net of taxes), $9,721 ($5,930 net of taxes), and $7,731 ($4,716 net of taxes), respectively. As of July 31, 2011, total unrecognized compensation cost related to share-based compensation awards was $18,551 pre-tax, net of estimated forfeitures, which the Company expects to recognize over a weighted-average period of 2.2 years.

The Company has estimated the fair value of its performance-based and service-based option awards granted after August 1, 2005 using the Black-Scholes option-pricing model. The weighted-average assumptions used in the Black-Scholes valuation model are reflected in the following table:

	2011		2010		2009	
Black-Scholes Option Valuation Assumptions	**Performance-Based Options**	**Service-Based Options**	**Performance-Based Options**	**Service-Based Options**	**Performance-Based Options**	**Service-Based Options**
Expected term (in years)	6.57	5.91	6.57	5.94	N/A	5.96
Expected volatility	39.39%	40.22%	38.72%	39.88%	N/A	36.07%
Expected dividend yield	1.96%	1.94%	3.02%	3.01%	N/A	2.03%
Risk-free interest rate	2.35%	1.65%	3.03%	2.63%	N/A	1.75%
Weighted-average market value of underlying stock at grant date	$ 28.43	$ 29.13	$ 28.73	$ 28.68	N/A	$ 21.26
Weighted-average exercise price	$ 28.35	$ 29.13	$ 29.78	$ 28.68	N/A	$ 21.26
Weighted-average fair value of options granted	$ 9.87	$ 9.59	$ 8.70	$ 8.77	N/A	$ 6.30

The Company uses historical data regarding stock option exercise behaviors to estimate the expected term of options granted based on the period of time that options granted are expected to be outstanding. Expected volatilities are based on the historical volatility of the Company's stock. The expected dividend yield is based on the Company's historical dividend payments and historical yield. The risk-free interest rate is based on the U.S. Treasury yield curve in effect on the grant date for the length of time corresponding to the expected term of the option. The market value is calculated as the average of the high and the low stock price on the date of grant.

Effective July 20, 2011, the Compensation Committee of the Board of Directors of the Company approved an amendment to the fiscal 2008 performance-based restricted shares to provide for an additional two-year vesting period. These awards originally vested five years from the grant date upon meeting certain financial performance and service conditions. This modification resulted in a one-time cumulative reduction of $1.2 million to share-based compensation expense in order to align the expense recognition with the amended vesting terms. The Company's Chief Executive Officer, Chief Financial Officer, and the other three named executive officers currently have the following performance-based restricted shares affected by this amendment: Frank M. Jaehnert, 50,000 shares; Thomas J. Felmer, 35,000 shares; Peter C. Sephton, 35,000 shares; Matthew O. Williamson, 35,000 shares; and Robert L. Tatterson, 20,000 shares.

The Company granted 100,000 shares of performance-based restricted stock to Frank M. Jaehnert, the Company's President and Chief Executive Officer in August of 2010, with a grant price and fair value of $28.35 per share. The Company also granted 210,000 shares of performance-based restricted stock during fiscal 2008, with a grant price and fair value of $32.83. As of July 31, 2011, 310,000 performance-based restricted shares were outstanding.

The Company granted 465,000 performance-based stock options during fiscal 2011, with a weighted average exercise price of $28.35 and a weighted average fair value of $9.87. The Company also granted 900,500 service-based stock options during fiscal 2011, with a weighted average exercise price of $29.13 and a weighted average fair value of $9.59.

Research and Development — Amounts expended for research and development are expensed as incurred.

Other comprehensive income — Other comprehensive income consists of foreign currency translation adjustments, net unrealized gains and losses from cash flow hedges and net investment hedges, and the unamortized gain on the post-retirement medical, dental and vision plans net of their related tax effects.

The following table illustrates the changes in the balances of each component of accumulated other comprehensive income for the periods presented.

	Unrealized (loss) gain on cash flow hedges	Amortization of gain on post-retirement medical, dental and vision plan	Foreign currency translation adjustments	Accumulated other comprehensive income
Beginning balance, July 31, 2008	$ (971)	$ 2,493	$ 126,639	$ 128,161
Current-period change	918	(551)	(75,477)	(75,110)
Ending balance, July 31, 2009	$ (53)	$ 1,942	$ 51,162	$ 53,051
Current-period change	(268)	(585)	(1,293)	(2,146)
Ending balance, July 31, 2010	$ (321)	$ 1,357	$ 49,869	$ 50.905
Current-period change	(833)	831	62,995	62,993
Ending balance, July 31, 2011	$ (1,154)	$ 2,188	$ 112,864	$ 113,898

The increase in accumulated other comprehensive income for the year ended July 31, 2011 as compared to the years ended July 31, 2010 and 2009 was primarily due to the depreciation of the U.S. dollar against other currencies. The foreign currency translation adjustments line in the table above includes the impact of foreign currency translation in addition to the settlements of the net investment hedges, net of tax.

Foreign Currency Translation — Foreign currency assets and liabilities are translated into United States dollars at end of period rates of exchange, and income and expense accounts are translated at the weighted average rates of exchange for the period. Resulting translation adjustments are included in other comprehensive income.

Income Taxes — The Company accounts for income taxes in accordance with the applicable accounting guidance, which requires an asset and liability approach to financial accounting and reporting for income taxes. Deferred income tax assets and liabilities are computed for differences between the financial statement and tax basis of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense is the tax payable or refundable for the period plus or minus the change during the period in deferred tax assets and liabilities. The Company recognizes the effect of income tax positions only if sustaining those positions is more likely than not. Changes in recognition or measurement are reflected in the period in which a change in judgment occurs.

Risk Management Activities — The Company is exposed to market risk, such as changes in interest rates and currency exchange rates. The Company does not hold or issue derivative financial instruments for trading purposes.

Foreign Currency Hedging —The objective of the Company's foreign currency exchange risk management is to minimize the impact of currency movements on non-functional currency transactions and minimize the foreign currency translation impact on the Company's foreign operations. While the Company's risk management objectives and strategies are driven from an economic perspective, the Company attempts, where possible and practical, to ensure that the hedging strategies it engages in qualify for hedge accounting and result in accounting treatment where the earnings effect of the hedging instrument provides substantial offset (in the same period) to the earnings effect of the hedged item. Generally, these risk management transactions will involve the use of foreign currency derivatives to protect against exposure resulting from transactions in a currency differing from the respective functional currency.

The Company utilizes forward foreign exchange currency contracts to reduce the exchange rate risk of specific foreign currency denominated transactions. These contracts typically require the exchange of a foreign currency for U.S. dollars at a fixed rate at a future date, with maturities of less than 18 months. These instruments may or may not qualify as hedges under the accounting guidance for derivative instruments and hedging activities based upon the intended objective of the contract. The fair value of these instruments at July 31, 2011 and 2010 was a liability of $6,109 and $673, respectively. As of July 31, 2011, the notional amount of these outstanding forward exchange contracts was $80.8 million. See Note 12 for more information regarding the Company's derivative instruments and hedging activities.

The Company has designated a portion of its foreign exchange contracts as cash flow hedges and recorded these contracts at fair value on the Consolidated Balance Sheets. For these instruments, the effective portion of the gain or loss on the derivative is reported as a component of other comprehensive income ("OCI") and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. At July 31, 2011 and July 31, 2010, unrealized losses of $1,535 and $493 have been included in OCI, respectively. All balances are expected to be reclassified from OCI to earnings during the next fifteen months when the hedged transactions impact earnings.

The Company has designated a portion of its foreign exchange contracts as net investment hedges of the Company's net investments in European foreign operations and recorded these contracts at fair value on the Consolidated Balance Sheets. For net investment hedges that meet the effectiveness requirements, the net gains or losses attributable to changes in spot exchange rates are recorded in cumulative translation within other comprehensive income. Any ineffective portions are to be recognized in earnings. Recognition in earnings of amounts previously recorded in cumulative translation is limited to circumstances such as complete or substantially complete liquidation of the net investment in the hedged foreign operation. At July 31, 2011 and July 31, 2010, unrealized losses of $4,589 and unrealized gains of $6,248 have been included in OCI, respectively.

The Company also utilizes Euro-denominated debt designated as hedge instruments to hedge portions of the Company's net investments in European foreign operations. As of July 31, 2011, the Company had €75.0 million foreign denominated debt outstanding designated as a net investment hedge of the Company's net investment in its European foreign operations. See Note 12 for more information regarding the Company's derivative instruments and hedging activities. For net investment hedges that meet the effectiveness requirements, the net gains or losses attributable to changes in spot exchange rates are recorded in cumulative translation within other comprehensive income. Any ineffective portions are to be recognized in earnings. Recognition in earnings of amounts previously recorded in cumulative translation is limited to circumstances such as complete or substantially complete liquidation of the net investment in the hedged foreign operation. At July 31, 2011 and July 31, 2010, unrealized losses of $13,070 and $2,833 have been included in OCI, respectively.

The Company also enters into forward exchange contracts to create economic hedges to manage foreign exchange risk exposure. The fair value of these instruments at July 31, 2011 and 2010 was $1 and $40, respectively. The Company has not designated these derivative contracts as hedge transactions, and accordingly, the mark-to-market impact of these derivatives is recorded each period in current earnings.

Hedge effectiveness is determined by how closely the changes in the fair value of the hedging instrument offset the changes in the fair value or cash flows of the hedged item. Hedge accounting is permitted only if the hedging relationship is expected to be highly effective at the inception of the hedge and on an on-going basis. Gains or losses on the derivative related to hedge ineffectiveness are recognized in current earnings. The amount of hedge ineffectiveness was not significant for the fiscal years ended July 31, 2011, 2010, and 2009.

New Accounting Standards — In June 2011, the Financial Accounting Standards Board ("FASB") amended its authoritative guidance related to the presentation of comprehensive income, requiring entities to present items of net income and other comprehensive income either in one continuous statement or in two separate consecutive statements. This guidance becomes effective for the Company's fiscal 2013 first quarter. The Company has evaluated the impact of adopting this guidance but believes that it will result only in changes in the presentation of its financial statements and will not have a material impact on the Company's results of operations, financial position or cash flows.

In May 2011, the FASB amended its authoritative guidance related to fair value measurements to provide a consistent definition and measurement of fair value, as well as similar disclosure requirements between U.S. GAAP and International Financial Reporting Standards. This guidance clarifies the application of existing fair value measurement and expands the existing disclosure requirements. This guidance becomes effective for the Company's fiscal 2012 third quarter. This guidance is not expected to have a material impact on the Company's results of operations, financial position or cash flows, but may require certain additional disclosures.

In December 2010, the FASB amended its authoritative guidance related to Step 1 of the goodwill impairment test for reporting units with zero or negative carrying amounts. For those reporting units, an entity is required to perform Step 2 of the goodwill impairment test if it is more likely than not that goodwill impairment exists. In determining whether it is more likely than not that a goodwill impairment exists, consideration should be made as to whether there are any adverse qualitative factors indicating that an impairment may exist. This guidance becomes effective for the Company in fiscal 2012. The adoption of this standard is not expected to have a material impact on the Company's consolidated financial statements.

2. Acquisitions and Divestitures

The Company completed one business acquisition during the fiscal year ended July 31, 2011 and three business acquisitions during the fiscal year ended July 31, 2010. The Company did not complete any business acquisitions during the fiscal year ended July 31, 2009. All of these transactions were accounted for using the purchase method of accounting; therefore, the results of the acquired operations are included in the accompanying consolidated financial statements only since their acquisition dates.

The Company also divested of one business during the fiscal year ended July 31, 2011. The Company did not complete any divestitures during the fiscal years ended July 31, 2010 or 2009.

Fiscal 2011

In November 2010, the Company acquired ID Warehouse, based in New South Wales, Australia for $7,970. ID Warehouse offers security identification and visitor management products including identification card printers, access control cards, wristbands, tamper-evident security seals and identification accessories. The business is included in the Company's Asia-Pacific segment. The purchase price allocation resulted in $4,792 assigned to goodwill, $1,846 assigned to customer relationships, and $487 assigned to non-compete agreements. The amounts assigned to the customer relationships and non-compete agreements are being amortized over 10 and 5 years, respectively. The Company expects the acquisition to further strengthen its position in the people identification business in Australia and the segment.

The following table summarizes the combined estimated fair values of the assets acquired and liabilities assumed at the date of the acquisition:

Current assets net of cash	$	1,876
Property, plant & equipment		415
Goodwill		4,792
Customer relationships		1,846
Non-compete agreements		487
Total assets acquired net of cash		9,416
Liabilities assumed		1,446
Net assets acquired	$	7,970

The results of the operations of the acquired business have been included since the date of acquisition in the accompanying consolidated financial statements. Pro forma information related to the acquisition of ID Warehouse was not included because the impact on the Company's consolidated results of operations is considered to be immaterial.

In December 2010, the Company sold its Teklynx business, a barcode software company. The Teklynx business had operations primarily in the Company's Americas and Europe segments. The Company received proceeds of $12,980, net of cash retained in the business. The transaction resulted in a pre-tax gain of $4,394, which was accounted for in "Selling, general, and administrative expenses" ("SG&A") on the Consolidated Statement of Income for the year ended July 31, 2011. The divestiture of the Teklynx business was part of the Company's continued long-term growth strategy to focus the Company's energies and resources on growth of the Company's core business.

Fiscal 2010

In March 2010, the Company acquired Securimed SAS ("Securimed"), based in Coudekerque, France for $10,132. Securimed is a leading French supplier and distributor of customized first-aid kits and supplies, and related healthcare products including personal protection, disinfection and hygiene products, diagnosis materials, and products for emergency response. The Securimed business is included in the Company's Europe segment.

In December 2009, the Company acquired Stickolor Industria e Comercio de Auto Adesivos Ltda. ("Stickolor"), based in São Paulo, Brazil for $18,459. Stickolor manufactures screen-printed custom labels, overlays and nameplates for automobiles, tractors, motorcycles, electronics, white goods and general industrial markets. The Stickolor business is included in the Company's Americas segment.

In October 2009, the Company acquired certain assets of the Welco division of Welconstruct Group Limited, based in the United Kingdom for $1,840. The Welco division conducts a direct marketing business consisting of sales of storage, handling, office and workplace products, and equipment via catalog and the internet to industrial and commercial markets under the name and title "Welco." The Welco business is included in the Company's Europe segment.

The following table summarizes the combined estimated fair values of the assets acquired and liabilities assumed at the date of the acquisitions.

Current assets net of cash	$	5,313
Property, plant & equipment		743
Goodwill		20,266
Customer relationships		7,970
Trademarks		1,340
Total assets acquired net of cash		35,632
Liabilities assumed		5,201
Net assets acquired	$	30,431

Purchased identifiable intangible assets for the three business acquisitions closed during the twelve months ended July 31, 2010 totaled $9,310 and will be amortized on a straight-line basis over lives ranging from three to ten years.

The results of the operations of the acquired businesses have been included since the respective dates of acquisition in the accompanying consolidated financial statements. Pro forma information related to the acquisitions during the twelve months ended July 31, 2010 is not included because the impact on the Company's consolidated results of operations is considered to be immaterial.

3. Employee Benefit Plans

The Company provides postretirement medical, dental and vision benefits (the "Plan") for eligible regular full and part-time domestic employees (including spouses) outlined by the plan. Postretirement benefits are provided only if the employee was hired prior to April 1, 2008, and retires on or after attainment of age 55 with 15 years of credited service. Credited service begins accruing at the later of age 40 or date of hire. All active employees first eligible to retire after July 31, 1992, are covered by an unfunded, contributory postretirement healthcare plan where employer contributions will not exceed a defined dollar benefit amount, regardless of the cost of the program. Employer contributions to the plan are based on the employee's age and service at retirement.

The accounting guidance on defined benefit pension and other postretirement plans requires full recognition of the funded status of defined benefit and other postretirement plans on the balance sheet as an asset or a liability. The guidance also continues to require that unrecognized prior service costs/credits, gains/losses, and transition obligations/assets be recorded in Accumulated Other Comprehensive Income, thus not changing the income statement recognition rules for such plans.

The Plan is unfunded and recorded as a liability in the accompanying consolidated balance sheets as of July 31, 2011 and 2010. The following table provides a reconciliation of the changes in the Plan's accumulated benefit obligations during the years ended July 31:

		2011		2010
Obligation at beginning of year	$	15,277	$	14,311
Service cost		666		662
Interest cost		694		795
Actuarial (gain)/loss		(955)		967
Benefit payments		(671)		(834)
Plan amendments		—		(169)
Settlements		—		(455)
Obligation at end of fiscal year	$	15,011	$	15,277

The voluntary retiree medical savings account plan was terminated effective December 31, 2009. Employer match account balances were prorated and paid to participants through a settlement of $455, and the remaining reduction in the liability resulted in a plan amendment of $169 as of July 31, 2010.

As of July 31, 2011 and 2010, amounts recognized as liabilities in the accompanying consolidated balance sheets consist of:

	2011	2010
Current liability	$ 1,054	$ 1,060
Noncurrent liability	13,957	14,217
	$ 15,011	$ 15,277

As of July 31, 2011 and 2010, pre-tax amounts recognized in accumulated other comprehensive income in the accompanying consolidated balance sheets consist of:

	2011	2010
Net actuarial gain	$ 3,131	$ 2,252
Prior service credit	503	585
	$ 3,634	$ 2,837

Net periodic benefit cost for the Plan for fiscal years 2011, 2010, and 2009 includes the following components:

	Years Ended July 31,		
	2011	2010	2009
Net periodic postretirement benefit cost included the following components:			
Service cost — benefits attributed to service during the period	$ 666	$ 662	$ 672
Prior service credit	(82)	(64)	(70)
Interest cost on accumulated postretirement benefit obligation	694	795	842
Amortization of unrecognized gain	(76)	(206)	(308)
Curtailment loss	—	—	393
Periodic postretirement benefit cost	$ 1,202	$ 1,187	$ 1,529

The estimated actuarial gain and prior service credit that will be amortized from accumulated other comprehensive income into net periodic postretirement benefit cost over the next fiscal year are $178 and $82, respectively. The termination of the voluntary retiree medical savings account plan resulted in a reduction in the liability for the one-time settlement of $455 and the one-time plan amendment of $169 as of July 31, 2010. The reduction in workforce resulted in a one-time curtailment gain of $679 and the accelerated recognition of the previously unrecognized prior service cost of $106, offset by a one-time separation benefit charge of $1,178, resulting in a net curtailment loss of $393 as of July 31, 2009.

The following assumptions were used in accounting for the Plan:

	2011	2010	2009
Weighted average discount rate used in determining accumulated postretirement benefit obligation liability	4.5%	4.5%	5.5%
Weighted average discount rate used in determining net periodic benefit cost	4.5%	5.5%	6.8%
Assumed health care trend rate used to measure APBO at July 31	8.0%	8.0%	8.0%
Rate to which cost trend rate is assumed to decline (the ultimate trend rate)	5.5%	5.5%	5.5%
Fiscal year the ultimate trend rate is reached	2017	2016	2015

The assumed health care cost trend rate has a significant effect on the amounts reported for the Plan. A one-percentage point change in assumed health care cost trend rates would have the following effects:

	One-Percentage Point Increase	One-Percentage Point Decrease
Effect on future service and interest cost	$ 13	$ (12)
Effect on accumulated postretirement benefit obligation at July 31, 2011	185	(170)

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid during the years ending July 31:

2012	$ 1,054
2013	1,084
2014	1,148
2015	1,234
2016	1,304
2017 through 2021	7,791

The Company has retirement and profit-sharing plans covering substantially all full-time domestic employees and certain of its foreign subsidiaries. Contributions to the plans are determined annually or quarterly, according to the respective plans, based on earnings of the respective companies and employee contributions. At July 31, 2011 and 2010, $7,293 and $7,540, respectively, of accrued retirement and profit-sharing contributions were included in other current liabilities and other long-term liabilities on the accompanying consolidated balance sheets.

The Company also has deferred compensation plans for directors, officers and key executives which are discussed below. At July 31, 2011 and 2010, $12,299 and $10,398, respectively, of deferred compensation was included in current and other long-term liabilities in the accompanying consolidated balance sheets.

During fiscal 1998, the Company adopted a new deferred compensation plan that invests solely in shares of the Company's Class A Nonvoting Common Stock. Participants in a predecessor phantom stock plan were allowed to convert their balances in the old plan to this new plan. The new plan was funded initially by the issuance of shares of Class A Nonvoting Common Stock to a Rabbi Trust. All deferrals into the new plan result in purchases of Class A Nonvoting Common Stock by the Rabbi Trust. No deferrals are allowed into a predecessor plan. Shares held by the Rabbi Trust are distributed to participants upon separation from the Company as defined in the plan agreement.

During fiscal 2002, the Company adopted a new deferred compensation plan that allows future contributions to be invested in shares of the Company's Class A Nonvoting Common Stock or in certain other investment vehicles. Prior deferred compensation deferrals must remain in the Company's Class A Nonvoting Common Stock. All participant deferrals into the new plan result in purchases of Class A Nonvoting Common Stock or certain other investment vehicles by the Rabbi Trust. Balances held by the Rabbi Trust are distributed to participants upon separation from the Company as defined in the plan agreement. On May 1, 2006, the plan was amended to require that deferrals into the Company's Class A Nonvoting Common Stock must remain in the Company's Class A Nonvoting Common Stock and be distributed in shares of the Company's Class A Nonvoting Common Stock.

The amounts charged to expense for the retirement and profit sharing described above were $14,911, $12,547, and $11,765 during the years ended July 31, 2011, 2010, and 2009, respectively.

4. Income Taxes

Income (loss) before income taxes consists of the following:

	Years Ended July 31,		
	2011	2010	2009
United States	$ 29,913	$ 4,423	$ (383)
Other Nations	114,145	104,979	97,655
Total	$ 144,058	$ 109,402	$ 97,272

Income taxes consist of the following:

	Years Ended July 31,		
	2011	2010	2009
Current income tax expense:			
United States	$ 5,784	$ 474	$ 3,486
Other Nations	37,384	32,800	31,223
States (U.S.)	399	1,006	1,081
	43,567	34,280	35,790
Deferred income tax (benefit) expense:			
United States	(5,161)	(4,604)	(7,633)
Other Nations	(3,746)	(1,942)	(1,693)
States (U.S.)	746	(288)	686
	(8,161)	(6,834)	(8,640)
Total	$ 35,406	$ 27,446	$ 27,150

Deferred income taxes result from temporary differences in the recognition of revenues and expenses for financial statement and income tax purposes.

The approximate tax effects of temporary differences are as follows:

	July 31, 2011		
	Assets	Liabilities	Total
Inventories	$ 5,328	$ (37)	$ 5,291
Prepaid catalog costs	18	(3,038)	(3,020)
Employee benefits	892	—	892
Accounts receivable	1,979	(75)	1,904
Other, net	8,429	(2,363)	6,066
Current	16,646	(5,513)	11,133
Fixed Assets	2,189	(7,672)	(5,483)
Intangible Assets	1,964	(33,798)	(31,834)
Capitalized R&D expenditures	2,807	—	2,807
Deferred compensation	23,654	—	23,654
Postretirement benefits	6,764	—	6,764
Tax credit carry-forwards and net operating losses	62,638	—	62,638
Less valuation allowance	(27,476)	—	(27,476)
Other, net	2,453	—	2,453
Noncurrent	74,993	(41,470)	33,523
Total	$ 91,639	$ (46,983)	$ 44,656

	July 31, 2010		
	Assets	Liabilities	Total
Inventories	$ 6,666	$ —	$ 6,666
Prepaid catalog costs	16	(2,299)	(2,283)
Employee benefits	1,910	7	1,917
Accounts receivable	2,033	—	2,033
Other, net	6,512	(1,519)	4,993
Current	17,137	(3,811)	13,326
Fixed Assets	1,734	(9,270)	(7,536)
Intangible Assets	1,970	(26,969)	(24,999)
Capitalized R&D expenditures	7,953	—	7,953
Deferred compensation	22,100	—	22,100
Postretirement benefits	7,573	—	7,573
Tax credit carry-forwards and net operating losses	48,140	—	48,140
Less valuation allowance	(27,510)	—	(27,510)
Other, net	199	(6,429)	(6,230)
Noncurrent	62,159	(42,668)	19,491
Total	$ 79,296	$ (46,479)	$ 32,817

Tax loss carry-forwards at July 31, 2011 are comprised of:

- Foreign net operating loss carry-forwards of $84,182, of which $73,388 have no expiration date and the remainder of which expire within the next 5 years.
- State net operating loss carry-forwards of $71,880, which expire from 2014 to 2030.
- Foreign tax credit carry-forwards of $28,304, which expire from 2018 to 2021.
- State research and development credit carry-forwards of $346, which expire from 2017 to 2029.

The valuation allowance decreased by $34 during the fiscal year ended July 31, 2011 and increased by $1,840 during the fiscal year ended July 31, 2010. If realized or reversed in future periods, substantially all of the valuation allowance would impact the income tax rate.

Rate Reconciliation

A reconciliation of the tax computed by applying the statutory U.S. federal income tax rate to income before income taxes to the total income tax expense is as follows:

	Years Ended July 31,		
	2011	2010	2009
Tax at statutory rate	35.0%	35.0%	35.0%
State income taxes, net of federal tax benefit	0.0%	0.6%	1.6%
International rate differential	(6.3)%	(9.8)%	(8.6)%
Non-creditable withholding taxes	0.8%	1.8%	—
Rate variances arising from foreign subsidiary distributions	(6.5)%	(2.6)%	(3.4)%
Adjustments to tax accruals and reserves	3.8%	(0.5)%	5.8%
Research and development tax credits	(1.1)%	(0.3)%	(1.5)%
Other, net	(1.1)%	0.9%	(1.0)%
Effective tax rate	24.6%	25.1%	27.9%

The Company is eligible for tax holidays on the earnings of certain subsidiaries in Asia, including China, India, Thailand, and the Philippines. The benefits realized as a result of these tax holidays reduced the consolidated effective tax rate by approximately 1.5%, 2.3%, and 3.3% during the years ended July 31, 2011, 2010, and 2009, respectively. These tax holidays are in the process of expiring and are anticipated to be fully exhausted by March 31, 2014.

Uncertain Tax Positions

On August 1, 2007, the Company adopted guidance regarding uncertain tax positions. The guidance requires application of a "more likely than not" threshold to the recognition and derecognition of tax positions.

A reconciliation of unrecognized tax benefits (excluding interest and penalties) is as follows:

Balance at July 31, 2008	$	**16,017**
Additions based on tax positions related to the current year		2,526
Additions for tax positions of prior years(1)		4,056
Reductions for tax positions of prior years		(934)
Lapse of statute of limitations		(944)
Settlements with tax authorities		60
Cumulative Translation Adjustments and other		(1,319)
Balance at July 31, 2009	$	**19,462**
Additions based on tax positions related to the current year		1,989
Additions for tax positions of prior years		3,934
Reductions for tax positions of prior years		(6,672)
Lapse of statute of limitations		(194)
Settlements with tax authorities		(1,054)
Cumulative Translation Adjustments and other		203
Balance at July 31, 2010	$	**17,668**
Additions based on tax positions related to the current year		5,147
Additions for tax positions of prior years		2,387
Reductions for tax positions of prior years		(291)
Lapse of statute of limitations		(2,803)
Settlements with tax authorities		(728)
Cumulative Translation Adjustments and other		963
Balance at July 31, 2011	$	**22,343**

(1) Includes acquisitions.

With the exception of Cumulative Translation Adjustments, the entire amount of unrecognized tax benefits, if recognized, would affect the Company's effective income tax rate.

The Company recognizes interest and penalties related to unrecognized tax benefits within the provision for income taxes on the consolidated statements of income.

Interest expense is recognized on the amount of potentially underpaid taxes associated with the Company's tax positions, beginning in the first period in which interest starts accruing under the respective tax law and continuing until the tax positions are settled. During the years ended July 31, 2011, 2010, and 2009, the Company recognized a $990 reduction in interest expense, and a $33 and $427 increase in interest expense, respectively, and $500, $780 and $414 of penalties, respectively, related to the reserve for uncertain tax positions, net of amounts reversing due to reductions for tax positions of prior years, statute of limitations, and settlements. At July 31, 2011 and 2010, the Company had $1,507 and $2,473, respectively, accrued for interest on unrecognized tax benefits. Penalties are accrued if the tax position does not meet the minimum statutory threshold to avoid the payment of a penalty. At July 31, 2011 and 2010, the Company had $2,229 and $1,592, respectively, accrued for penalties on unrecognized tax benefits.

The Company estimates that it is reasonably possible that the unrecognized tax benefits may be reduced by $2,351 within twelve months as a result of the resolution of worldwide tax matters, tax audit settlements, and/or statute expirations.

During the year ended July 31, 2011, the Company recognized tax benefits associated with certain international and domestic tax positions being resolved and the lapse of statutes of limitations.

The Company and its subsidiaries file income tax returns in the U.S., various state, and foreign jurisdictions. The following table summarizes the open tax years for the Company's major jurisdictions:

Jurisdiction	Open Tax Years
United States — Federal	F'09 — F'11
France	F'08 — F'11
Germany	F'03 — F'11
United Kingdom	F'09 — F'11

Unremitted Earnings

The Company does not provide for U.S. deferred taxes on cumulative earnings of non-U.S. affiliates and associated companies that have been reinvested indefinitely. These earnings relate to ongoing operations and at July 31, 2011, were approximately $455,812. These earnings have been reinvested in non-U.S. business operations and the Company does not intend to repatriate these earnings to fund U.S. operations. It is not practicable to determine the income tax liability that would be payable if such earnings were not indefinitely reinvested.

5. Long-Term Obligations

On May 13, 2010, the Company completed a private placement of €75.0 million aggregate principal amount of senior unsecured notes to accredited institutional investors. The €75.0 million of senior notes consists of €30.0 million aggregate principal amount of 3.71% Series 2010-A Senior Notes, due May 13, 2017 and €45.0 million aggregate principal amount of 4.24% Series 2010-A Senior Notes, due May 13, 2020, with interest payable on the notes semiannually. This private placement was exempt from the registration requirements of the Securities Act of 1933. The notes were not registered for resale and may not be resold absent such registration or an applicable exemption from the registration requirements of the Securities Act of 1933 and applicable state securities laws. The notes have certain prepayment penalties for repaying them prior to maturity. The notes have been fully and unconditionally guaranteed on an unsecured basis by the Company's domestic subsidiaries. These unsecured notes were issued pursuant to a note purchase agreement, dated May 13, 2010.

During fiscal 2004 through fiscal 2007, the Company completed three private placement note issuances totaling $500 million in ten-year fixed rate notes with varying maturity dates to institutional investors at interest rates varying from 5.14% to 5.33%. The notes must be repaid equally over seven years, with initial payment due dates ranging from 2008 to 2011, with interest payable on the notes due semiannually on various dates throughout the year, which began in December 2004. The private placements were exempt from the registration requirements of the Securities Act of 1933. The notes were not registered for resale and may not be resold absent such registration or an applicable exemption from the registration requirements of the Securities Act of 1933 and applicable state securities laws. The notes have certain prepayment penalties for repaying them prior to the maturity date. Under the debt agreement, the Company made scheduled principal payments of $21.4 million, $44.9 million, and $61.3 million during the years ended July 31, 2009, 2010, and 2011, respectively. In June 2009, the Company also completed a cash tender offer to purchase approximately $65.8 million of its outstanding notes at par without penalty.

On October 5, 2006, the Company entered into a $200 million multi-currency revolving loan agreement with a group of five banks that replaced the Company's previous credit agreement. At the Company's option, and subject to certain standard conditions, the available amount under the credit facility may be increased from $200 million up to $300 million. Under the credit agreement, the Company has the option to select either a base interest rate (based upon the higher of the federal funds rate plus one-half of 1% or the prime rate of Bank of America) or a Eurocurrency interest rate (at the LIBOR rate plus a margin based on the Company's consolidated leverage ratio). A commitment fee is payable on the unused amount of the facility. The agreement restricts the amount of certain types of payments, including dividends, which can be made annually up to $50 million plus an amount equal to 75% of consolidated net income for the prior fiscal year of the Company. The Company believes that based on historic dividend practice, this restriction would not impede the Company in following a similar dividend practice in the future. On March 18, 2008, the Company entered into an amendment to the revolving loan agreement which extended the maturity date from October 5, 2011 to March 18, 2013. All other terms of the revolving loan agreement remained the same. As of July 31, 2011, there were no outstanding borrowings under the credit facility.

The Company's debt and revolving loan agreements require it to maintain certain financial covenants. The Company's June 2004, February 2006, March 2007, and May 2010 private placement debt agreements require the Company to maintain a ratio of debt to the trailing twelve months EBITDA, as defined in the debt agreements, of not more than a 3.5 to 1.0 ratio (leverage ratio). As of July 31, 2011, the Company was in compliance with the financial covenant of the June 2004, February 2006, March 2007, and May 2010 private placement debt agreements, with the ratio of debt to EBITDA, as defined by the agreements, equal to 1.7 to 1.0. Additionally, the Company's October 2006 revolving loan agreement, as amended and extended in May 2008, requires the Company to maintain a ratio of debt to trailing twelve months EBITDA, as defined by the debt agreement, of not more than a 3.0 to 1.0 ratio. The revolving loan agreement requires the Company's trailing twelve months earnings before interest and taxes ("EBIT") to interest expense of not less than a 3.0 to 1.0 ratio (interest expense coverage). As of July 31, 2011, the Company was in compliance with the financial covenants of the revolving loan agreement, with the ratio of debt to EBITDA, as defined by the agreement, equal to 1.8 to 1.0 and the interest expense coverage ratio equal to 7.8 to 1.0.

Long-term obligations consist of the following as of July 31:

	2011	2010
Euro-denominated notes payable in 2017 at a fixed rate of 3.71%	$ 43,194	$ 45,615
Euro-denominated notes payable in 2020 at a fixed rate of 4.24%	64,791	52,132
USD-denominated notes payable through 2014 at a fixed rate of 5.14%	56,250	75,000
USD-denominated notes payable through 2016 at a fixed rate of 5.30%	130,714	156,857
USD-denominated notes payable through 2017 at a fixed rate of 5.33%	98,229	114,600
	$ 393,178	$ 444,204
Less current maturities	$ (61,264)	$ (61,264)
	$ 331,914	$ 382,940

The estimated fair value of the Company's long-term obligations, based on the quoted market prices for similar issues and on the current rates offered for debt of similar maturities, was $416,694 and $467,479 at July 31, 2011 and July 31, 2010, respectively, as compared to the carrying value of $393,178 and $444,204 at July 31, 2011 and July 31, 2010, respectively.

Maturities on long-term debt are as follows:

Years Ending July 31,	
2012	$ 61,264
2013	61,264
2014	61,264
2015	42,514
2016	42,514
Thereafter	124,358
Total	$ 393,178

The Company had outstanding letters of credit of $1,466, and $1,564 at July 31, 2011 and 2010, respectively.

6. Stockholders' Investment

Information as to the Company's capital stock at July 31, 2011 and 2010 is as follows:

	July 31, 2011			July 31, 2010		
	Shares Authorized	Shares Issued	(thousands) Amount	Shares Authorized	Shares Issued	(thousands) Amount
Preferred Stock, $.01 par value	5,000,000			5,000,000		
Cumulative Preferred Stock: 6% Cumulative	5,000			5,000		
1972 Series	10,000			10,000		
1979 Series	30,000			30,000		
Common Stock, $.01 par value:						
Class A Nonvoting	100,000,000	51,261,487	$ 513	100,000,000	51,261,487	$ 513
Class B Voting	10,000,000	3,538,628	35	10,000,000	3,538,628	35
			$ 548			$ 548

Before any dividend may be paid on the Class B Common Stock, holders of the Class A Common Stock are entitled to receive an annual, noncumulative cash dividend of $.01665 per share. Thereafter, any further dividend in that fiscal year must be paid on each share of Class A Common Stock and Class B Common Stock on an equal basis.

Other than as required by law, holders of the Class A Common Stock are not entitled to any vote on corporate matters, unless, in each of the three preceding fiscal years, the $.01665 preferential dividend described above has not been paid in full. Holders of the Class A Common Stock are entitled to one vote per share for the entire fiscal year immediately following the third consecutive fiscal year in which the preferential dividend is not paid in full. Holders of Class B Common Stock are entitled to one vote per share for the election of directors and for all other purposes.

Upon liquidation, dissolution or winding up of the Company, and after distribution of any amounts due to holders of Cumulative Preferred Stock, holders of the Class A Common Stock are entitled to receive the sum of $0.835 per share before any payment or distribution to holders of the Class B Common Stock. Thereafter, holders of the Class B Common Stock are entitled to receive a payment or distribution of $0.835 per share. Thereafter, holders of the Class A Common Stock and Class B Common Stock share equally in all payments or distributions upon liquidation, dissolution or winding up of the Company.

The preferences in dividends and liquidation rights of the Class A Common Stock over the Class B Common Stock will terminate at any time that the voting rights of Class A Common Stock and Class B Common Stock become equal.

During fiscal 2008 and fiscal 2009, the Company's Board of Directors authorized share repurchase plans for the Company's Class A Nonvoting Common Stock. The share repurchase plans were implemented by purchasing shares in the open market or privately negotiated transaction, with repurchased shares available for use in connection with the Company's stock-based plans and for other corporate purposes. The Company reacquired approximately 102,067, 1,345,000 and 1,349,000 shares of its Class A Common Stock for $2.5 million, $40.3 million and $42.2 million in fiscal 2010, 2009 and 2008, respectively, in connection with its stock repurchase plans. The Company did not reacquire any shares in fiscal 2011. As of July 31, 2011, there remained 204,133 shares to purchase in connection with this share repurchase plan.

The following is a summary of other activity in stockholders' investment for the years ended July 31, 2011, 2010, and 2009:

	Unearned Restricted Stock	Deferred Compensation	Shares Held in Rabbi Trust, at cost	Total
Balances at July 31, 2008	$ (6,182)	$ 13,643	$ (12,956)	$ (5,495)
Shares at July 31, 2008		690,539	690,539	
Sale of shares at cost	—	(1,655)	1,223	(432)
Purchase of shares at cost	—	1,294	(1,294)	—
Amortization of restricted stock	1,435	—	—	1,435
Balances at July 31, 2009	$ (4,747)	$ 13,282	$ (13,027)	$ (4,492)
Shares at July 31, 2009		671,650	671,650	
Sale of shares at cost	—	(1,247)	1,536	289
Purchase of shares at cost	—	813	(813)	—
Amortization of restricted stock	1,374	—	—	1,374
Balances at July 31, 2010	$ (3,373)	$ 12,848	$ (12,304)	$ (2,829)
Shares at July 31, 2010		614,988	614,988	
Sale of shares at cost	—	(1,421)	1,375	(46)
Purchase of shares at cost	—	666	(666)	—
Issuance of restricted stock	(2,835)	—	—	(2,835)
Amortization of restricted stock	846	—	—	846
Balances at July 31, 2011	$ (5,362)	$ 12,093	$ (11,595)	$ (4,864)
Shares at July 31, 2011		560,078	560,078	

Prior to 2002, all Brady Corporation deferred compensation was invested in the Company's Class A Nonvoting Common Stock. In 2002, the Company adopted a new deferred compensation plan which allowed investing in other investment funds in addition to the Company's Class A Nonvoting Common Stock. Under this plan, participants were allowed to transfer funds between the Company's Class A Nonvoting Common Stock and the other investment funds. On May 1, 2006 the plan was amended with the provision that deferrals into the Company's Class A Nonvoting Common Stock must remain in the Company's Class A Nonvoting Common Stock and be distributed in shares of the Company's Class A Nonvoting Common Stock. At July 31, 2011, the deferred compensation balance in stockholders' investment represents the investment at the original cost of shares held in the Company's Class A Nonvoting Common Stock for the deferred compensation plan prior to 2002 and the investment at the cost of shares held in the Company's Class A Nonvoting Common Stock for the plan subsequent to 2002, adjusted for the plan amendment on May 1, 2006. The balance of shares held in the Rabbi Trust represents the investment in the Company's Class A Nonvoting Common Stock at the original cost of all the Company's Class A Nonvoting Common Stock held in deferred compensation plans.

The Company's Employee Monthly Stock Investment Plan (the "Investment Plan") provides that eligible employees may authorize a fixed dollar amount between $20 and $500 per month to be deducted from their pay. The funds deducted are forwarded to the Investment Plan administrator and are used to purchase the Company's Class A Nonvoting Common Stock at the market price. As part of the Investment Plan, Brady pays all brokerage fees for stock purchases and dividend reinvestments.

The Company has an incentive stock plan under which the Board of Directors may grant nonqualified stock options to purchase shares of Class A Nonvoting Common Stock or restricted shares of Class A Nonvoting Common Stock to employees. Additionally, the Company has a nonqualified stock option plan for non-employee directors under which stock options to purchase shares of Class A Nonvoting Common Stock are available for grant. The options have an exercise price equal to the fair market value of the underlying stock at the date of grant and generally vest ratably over a three-year period, with one-third becoming exercisable one year after the grant date and one-third additional in each of the succeeding two years. Options issued under these plans, referred to herein as "service-based" options, generally expire 10 years from the date of grant. The Company also grants stock options to certain executives and key management employees that vest upon meeting certain financial performance conditions over the vesting schedule described above. These options are referred to herein as "performance-based" options. Performance-based stock options expire 10 years from the date of grant. Restricted shares have an issuance price equal to the fair market value of the underlying stock at the date of grant. The shares generally vest at the end of either a five-year or seven-year period upon meeting certain financial performance conditions. These shares are referred to herein as "performance-based restricted shares."

As of July 31, 2011, the Company has reserved 5,799,017 shares of Class A Nonvoting Common Stock for outstanding stock options and restricted shares and 737,000 shares of Class A Nonvoting Common Stock remain for future issuance of stock options and restricted shares under the various plans. The Company uses treasury stock or will issue new Class A Nonvoting Common Stock to deliver shares under these plans.

Changes in the options are as follows:

	Option Price	Options Outstanding	Weighted Average Exercise Price
Balance, July 31, 2008	$ 9.59 – $40.37	3,985,205	$ 29.43
Options granted	17.23 – 35.42	614,000	21.26
Options exercised	9.59 – 38.19	(138,934)	15.75
Options cancelled	20.95 – 38.31	(479,665)	35.02
Balance, July 31, 2009	$ 13.31-$40.37	3,980,606	$ 27.96
Options granted	24.78 – 33.28	1,446,500	29.08
Options exercised	14.16 – 31.54	(241,403)	18.16
Options cancelled	15.28 – 38.31	(76,967)	31.91
Balance, July 31, 2010	$ 13.31-$40.37	5,108,736	$ 28.69
Options granted	28.35 – 37.95	1,365,500	28.86
Options exercised	14.16 – 29.78	(417,888)	19.62
Options cancelled	16.39 – 38.31	(330,331)	31.37
Balance, July 31, 2011	$ 13.31 – $40.37	5,726,017	$ 29.24

The total fair value of options vested during the fiscal years ended July 31, 2011, 2010, and 2009 was $6,822, $5,548, and $6,559, respectively. The total intrinsic value of options exercised during the fiscal years ended July 31, 2011, 2010, and 2009 was $5,701, $3,004, and $2,156, respectively.

There were 3,316,815, 3,100,955, and 2,831,311 options exercisable with a weighted average exercise price of $29.83, $28.85, and $27.46 at July 31, 2011, 2010, and 2009, respectively. The cash received from the exercise of options during the fiscal years ended July 31, 2011, 2010, and 2009 was $8,193, $3,717, and $1,683, respectively. The tax benefit on options exercised during the fiscal years ended July 31, 2011, 2010, and 2009 was $682, $866, and $779, respectively.

The following table summarizes information about stock options outstanding at July 31, 2011:

	Options Outstanding			Options Outstanding and Exercisable	
Range of Exercise Prices	Number of Shares Outstanding at July 31, 2011	Weighted Average Remaining Contractual Life (in years)	Weighted Average Exercise Price	Shares Exercisable at July 31, 2011	Weighted Average Exercise Price
Up to $14.99	200,000	1.6	$ 13.31	200,000	$ 13.31
$15.00 to $29.99	3,900,515	7.2	26.68	1,516,313	24.07
$30.00 and up	1,625,502	5.0	37.33	1,600,502	37.34
Total	5,726,017	6.4	29.24	3,316,815	29.83

As of July 31, 2011, the aggregate intrinsic value (defined as the amount by which the fair value of the underlying stock exceeds the exercise price of an option) of options outstanding and the options exercisable was $14,864 and $11,727, respectively.

Effective July 20, 2011, the Compensation Committee of the Board of Directors of the Company approved an amendment to the fiscal 2008 performance-based restricted shares to provide for an additional two year vesting period. These awards originally vested five years from the grant date upon meeting certain financial performance and service conditions. This modification resulted in a one-time,$1.2 million reduction in share-based compensation expense to align the expense recognition with the amended vesting terms. The Company's Chief Executive Officer, Chief Financial Officer, and the other three named executive officers currently have the following performance-based restricted shares affected by this amendment: Frank M. Jaehnert, 50,000 shares; Thomas J. Felmer, 35,000 shares; Peter C. Sephton, 35,000 shares; Matthew O. Williamson, 35,000 shares; and Robert L. Tatterson, 20,000 shares.

The Company granted 100,000 shares of performance-based restricted stock to Frank M. Jaehnert, the Company's President and Chief Executive Officer, in August of 2010, with a grant price and fair value of $28.35. The Company also granted 210,000 shares of performance-based restricted stock during fiscal 2008, with a grant price and fair value of $32.83. As of July 31, 2011, 310,000 performance-based restricted shares were outstanding.

The Company granted 465,000 performance-based stock options during fiscal 2011, with a weighted average exercise price of $28.35 and a weighted average fair value of $9.87. The Company also granted 900,500 service-based stock options during fiscal 2011, with a weighted average exercise price of $29.13 and a weighted average fair value of $9.59.

7. Segment Information

The Company evaluates short-term segment performance based on segment profit or loss and customer sales. Corporate long-term performance is evaluated based on shareholder value enhancement ("SVE"), which incorporates the cost of capital as a hurdle rate for capital expenditures, new product development, and acquisitions. Segment profit or loss does not include certain administrative costs, such as the cost of finance, information technology, human resources, and executive leadership which are managed as global functions. Restructuring charges, equity compensation costs, interest, investment and other income and income taxes are also excluded when evaluating segment performance.

The Company is organized and managed on a geographic basis by region. Each of these regions, Americas, Europe and Asia-Pacific, has a President that reports directly to the Company's chief operating decision maker, its Chief Executive Officer. Each region has its own distinct operations, is managed locally by its own management team, maintains its own financial reports and is evaluated based on regional segment profit. The Company has determined that these regions comprise its operating and reportable segments based on the information used by the Chief Executive Officer to allocate resources and assess performance.

Intersegment sales and transfers are recorded at cost plus a standard percentage markup. Intercompany profit is eliminated in consolidation. It is not practicable to disclose enterprise-wide revenue from external customers on the basis of product or service.

	Americas	Europe	Asia-Pacific	Total Region	Corporate and Eliminations	Total Company
Year ended July 31, 2011:						
Revenues from external customers	$ 577,428	$ 404,955	$ 357,214	$ 1,339,597	$ —	$ 1,339,597
Intersegment revenues	41,638	3,054	24,500	69,192	(69,192)	—
Depreciation and amortization expense	15,682	8,147	15,515	39,344	9,483	48,827
Segment profit	145,516	112,047	50,105	307,668	(15,742)	291,926
Assets	735,003	333,977	389,465	1,458,445	403,060	1,861,505
Expenditures for property, plant and equipment	8,212	2,626	8,620	19,458	1,074	20,532
Year ended July 31, 2010:						
Revenues from external customers	$ 551,185	$ 380,121	$ 327,790	$ 1,259,096	$ —	$ 1,259,096
Intersegment revenues	43,136	4,456	18,188	65,780	(65,780)	—
Depreciation and amortization expense	21,142	8,088	15,749	44,979	8,043	53,022
Segment profit	125,169	103,316	52,105	280,590	(14,131)	266,459
Assets	754,753	313,204	362,653	1,430,610	315,921	1,746,531
Expenditures for property, plant and equipment	8,502	1,535	9,946	19,983	6,313	26,296
Year ended July 31, 2009:						
Revenues from external customers	$ 534,440	$ 367,156	$ 307,106	$ 1,208,702	$ —	$ 1,208,702
Intersegment revenues	45,853	4,310	18,534	68,697	(68,697)	—
Depreciation and amortization expense	22,022	8,467	15,957	46,446	8,405	54,851
Segment profit	114,404	99,875	42,575	256,854	(7,952)	248,902
Assets	703,559	298,717	341,605	1,343,881	239,386	1,583,267
Expenditures for property, plant and equipment	8,422	3,326	5,848	17,596	6,431	24,027

	Years Ended July 31, 2011	2010	2009
Net income reconciliation:			
Total profit for reportable segments	$ 307,668	$ 280,590	$ 256,854
Corporate and eliminations	(15,742)	(14,131)	(7,952)
Unallocated amounts:			
Administrative costs	(120,546)	(121,689)	(102,680)
Restructuring costs	(9,188)	(15,314)	(25,849)
Investment and other income — net	3,990	1,168	1,800
Interest expense	(22,124)	(21,222)	(24,901)
Income before income taxes	144,058	109,402	97,272
Income taxes	(35,406)	(27,446)	(27,150)
Net income	$ 108,652	$ 81,956	$ 70,122

	Revenues* Years Ended July 31,			Long-Lived Assets** As of Years Ended July 31,		
	2011	2010	2009	2011	2010	2009
Geographic information:						
United States	$ 535,412	$ 521,318	$ 510,703	$ 488,571	$ 507,481	$ 519,932
China	164,640	156,842	199,893	118,945	118,953	123,078
Other	708,737	646,716	566,589	422,703	391,214	375,905
Eliminations	(69,192)	(65,780)	(68,483)	—	—	—
Consolidated total	$ 1,339,597	$ 1,259,096	$ 1,208,702	$ 1,030,219	$ 1,017,648	$ 1,018,915

* Revenues are attributed based on country of origin.

** Long-lived assets consist of property, plant, and equipment, other intangible assets and goodwill.

8. Net Income Per Common Share

Net income per Common Share is computed by dividing net income (after deducting restricted stock dividends and the applicable preferential Class A Common Stock dividends) by the weighted average Common Shares outstanding of 52,639,355 for 2011, 52,402,387 for 2010, and 52,558,657 for 2009. The preferential dividend on the Class A Common Stock of $.01665 per share has been added to the net income per Class A Common Share for all years presented.

In June 2008, the Financial Accounting Standards Board ("FASB") issued accounting guidance addressing whether instruments granted in share-based payment transactions are participating securities prior to vesting, and therefore need to be included in the earnings allocation in computing earnings per share. This guidance requires that all outstanding unvested share-based payment awards that contain rights to non-forfeitable dividends be considered participating securities in undistributed earnings with common shareholders. The Company adopted the guidance during the first quarter of fiscal 2010. As a result, the dividends on the Company's performance-based restricted shares are included in the basic and diluted earnings per share calculations for the respective periods presented.

Reconciliations of the numerator and denominator of the basic and diluted per share computations for the Company's Class A and Class B common stock are summarized as follows:

	Years ended July 31,		
	2011	2010	2009
Numerator			
Net income (numerator for basic and diluted Class A net income per share)	$ 108,652	$ 81,956	$ 70,122
Less:			
Restricted stock dividends	(223)	(147)	(144)
Numerator for basic and diluted Class A net income per share	$ 108,429	$ 81,809	$ 69,978
Less:			
Preferential dividends	(820)	(816)	(823)
Preferential dividends on dilutive stock options	(6)	(11)	(11)
Numerator for basic and diluted Class B net income per share	$ 107,603	$ 80,982	$ 69,144
Denominator:			
Denominator for basic net income per share for both Class A and B	52,639	52,402	52,559
Plus: effect of dilutive stock options	494	544	307
Denominator for diluted net income per share for both Class A and B	53,133	52,946	52,866
Class A common stock net income per share calculation:			
Basic	$ 2.06	$ 1.56	$ 1.33
Diluted	$ 2.04	$ 1.55	$ 1.32
Class B common stock net income per share calculation:			
Basic	$ 2.04	$ 1.55	$ 1.32
Diluted	$ 2.03	$ 1.53	$ 1.31

Options to purchase 3,049,611, 2,832,337, and 2,764,308 shares of Class A common stock were excluded from the computations of diluted net income per share for years ended July 31, 2011, 2010, and 2009, respectively, because the option exercise prices were greater than the average market price of the common shares and, therefore, the effect would be anti-dilutive.

9. Commitments and Contingencies

The Company has entered into various non-cancellable operating lease agreements. Rental expense charged to operations on a straight-line basis was $22,213, $23,712, and $25,971 for the years ended July 31, 2011, 2010, and 2009, respectively. Future minimum lease payments required under such leases in effect at July 31, 2011 are as follows, for the years ending July 31:

2012	$	18,350
2013		12,636
2014		10,667
2015		7,338
2016		5,478
Thereafter		2,557
	$	57,026

In the normal course of business, the Company is named as a defendant in various lawsuits in which claims are asserted against the Company. In the opinion of management, the liabilities, if any, which may ultimately result from lawsuits are not expected to have a material effect on the consolidated financial statements of the Company.

10. Fair Value Measurements

The Company adopted new accounting guidance on fair value measurements on August 1, 2008 as it relates to financial assets and liabilities. The Company adopted the new accounting guidance on fair value measurements for its nonfinancial assets and liabilities on August 1, 2009. The accounting guidance applies to other accounting pronouncements that require or permit fair value measurements, defines fair value based upon an exit price model, establishes a framework for measuring fair value, and expands the applicable disclosure requirements. The accounting guidance indicates, among other things, that a fair value measurement assumes that a transaction to sell an asset or transfer a liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability.

The accounting guidance on fair value measurements establishes a fair market value hierarchy for the pricing inputs used to measure fair market value. The Company's assets and liabilities measured at fair market value are classified in one of the following categories:

Level 1 — Assets or liabilities for which fair value is based on quoted market prices in active markets for identical instruments as of the reporting date.

Level 2 — Assets or liabilities for which fair value is based on valuation models for which pricing inputs were either directly or indirectly observable.

Level 3 — Assets or liabilities for which fair value is based on valuation models with significant unobservable pricing inputs and which result in the use of management estimates.

The following tables set forth by level within the fair value hierarchy, the Company's financial assets and liabilities that were accounted for at fair value on a recurring basis at July 31, 2011, and July 31, 2010, according to the valuation techniques the Company used to determine their fair values.

	Fair Value Measurements Using Inputs Considered as				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Fair Value**	**Balance Sheet Classification**
July 31, 2011:					
Trading Securities	$ 10,897	$ —	$ —	$ 10,897	Other assets
Foreign exchange contracts — cash flow hedges	—	16	—	16	Prepaid expenses and other current assets
Foreign exchange contracts	—	3	—	3	Prepaid expenses and other current assets
Total Assets	**$ 10,897**	**$ 19**	**$ —**	**$ 10,916**	
Foreign exchange contracts — cash flow hedges	$ —	$ 830	$ —	$ 830	Other current liabilities
Foreign exchange contracts — net investment hedges	—	5,295	—	5,295	Other current liabilities
Foreign exchange contracts	—	2	—	2	Other current liabilities
Foreign currency denominated debt — net investment hedge	—	107,985	—	107,985	Long term obligations, less current maturities
Total Liabilities	**$ —**	**$ 114,112**	**$ —**	**$114,112**	
July 31, 2010:					
Trading Securities	$ 8,757	$ —	$ —	$ 8,757	Other assets
Foreign exchange contracts — cash flow hedges	—	156	—	156	Prepaid expenses and other current assets
Foreign exchange contracts	—	24	—	24	Prepaid expenses and other current assets
Total Assets	**$ 8,757**	**$ 180**	**$ —**	**$ 8,937**	
Foreign exchange contracts — cash flow hedges	$ —	$ 829	$ —	$ 829	Other current liabilities
Foreign exchange contracts	—	64	—	64	Other current liabilities
Foreign currency denominated debt — net investment hedge	—	97,747	—	97,747	Long term obligations, less current maturities
Total Liabilities	**$ —**	**$ 98,640**	**$ —**	**$ 98,640**	

The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

Trading Securities: The Company's deferred compensation investments consist of investments in mutual funds. These investments were classified as Level 1 as the shares of these investments trade with sufficient frequency and volume to enable the Company to obtain pricing information on an ongoing basis.

Foreign currency exchange contacts: The Company's foreign currency exchange contracts were classified as Level 2, as the fair value was based on the present value of the future cash flows using external models that use observable inputs, such as interest rates, yield curves and foreign currency exchange rates. See Note 12, "Derivatives and Hedging Activities" for additional information.

Foreign currency denominated debt — net investment hedge: The Company's foreign currency denominated debt designated as a net investment hedge was classified as Level 2, as the fair value was based on the present value of the future cash flows using external models that use observable inputs, such as interest rates, yield curves and foreign currency exchange rates. See Note 12, "Derivatives and Hedging Activities" for additional information.

There have been no transfers of assets or liabilities between the fair value hierarchy levels, outlined above, during the fiscal years ended July 31, 2011 and 2010.

The Company's financial instruments, other than those presented in the disclosures above, include cash and cash equivalents, accounts receivable, accounts payable, accrued liabilities and short-term and long-term debt. See Note 5, "Long-Term Obligations" for fair value of long-term debt. The fair values of cash and cash equivalents, accounts receivable, accounts payable, and accrued liabilities approximated carrying values because of the short-term nature of these instruments.

Disclosures for nonfinancial assets and liabilities that are measured at fair value, but are recognized and disclosed at fair value on a nonrecurring basis, were required prospectively beginning August 1, 2009. During fiscal 2011, the Company had no significant measurements of assets or liabilities at fair value on a nonrecurring basis subsequent to their initial recognition other than for the acquisition of ID Warehouse and divestiture of the Teklynx business. See Note 2, "Acquisitions and Divestitures" for further information. The Company also tested goodwill and intangible assets for impairment during the fourth quarter of fiscal 2011. See Note 1, "Summary of Significant Accounting Policies" for further information.

11. Restructuring

In fiscal 2009, in response to the global economic downturn, the Company took several measures to address its cost structure. In addition to a company-wide salary freeze and decreased discretionary spending, the Company reduced its workforce by 25%. The Company reduced its workforce through voluntary and involuntary separation programs, voluntary retirement programs, and facility consolidations. As a result of these actions, the Company recorded restructuring charges of $25,849 in fiscal 2009. The restructuring charges included $21,279 of employee separation costs, $2,101 of non-cash fixed asset write-offs, $1,194 of other facility closure related costs, and $1,275 of contract termination costs. Of the $25,849 of restructuring charges recorded during the year ended July 31, 2009, $13,928 was incurred in the Americas, $7,730 was incurred in Europe, and $4,191 was incurred in Asia-Pacific.

In fiscal 2010, the Company continued the execution of its restructuring actions announced in fiscal 2009. As a result of these actions, the Company recorded restructuring charges of $15,314 in fiscal 2010. The restructuring charges included $10,850 of employee separation costs, $2,260 of non-cash fixed asset write-offs, $1,493 of other facility closure related costs, and $711 of contract termination costs. Of the $15,314 of restructuring charges recorded during the fiscal year ended July 31, 2010, $7,158 was incurred in the Americas, $5,350 was incurred in Europe, and $2,806 was incurred in Asia-Pacific.

In fiscal 2011, the Company continued executing its restructuring actions initiated in the prior periods and recorded restructuring charges of $9,188. The fiscal 2011 restructuring charges consisted of $6,341 of employee separation costs, $2,155 of non-cash fixed asset write-offs, $449 of other facility closure related costs, and $243 of contract termination costs. Of the $9,188 of restructuring charges recorded during the fiscal year ended July 31, 2011, $5,445 was incurred in the Americas, $3,340 was incurred in Europe, and $403 was incurred in Asia-Pacific. The costs related to these restructuring activities have been recorded on the consolidated statements of income as restructuring charges. The Company expects the majority of the remaining cash payments to be made within the next twelve months.

A reconciliation of the Company's restructuring activity for fiscal 2009, 2010 and 2011 is as follows:

	Employee Related	Asset Write-offs	Other	Total
Beginning balance, July 31, 2008	$ —	$ —	$ —	$ —
Restructuring charge	21,279	2,101	2,469	25,849
Non-cash write-offs	(368)	(2,101)		(2,469)
Other separation benefits	(1,178)			(1,178)
Cash payments	(15,288)	—	(1,592)	(16,880)
Ending balance, July 31, 2009	$ 4,445	$ —	$ 877	$ 5,322
Restructuring charge	10,850	2,260	2,204	15,314
Non-cash write-offs	—	(2,260)	—	(2,260)
Cash payments	(9,240)	—	(2,975)	(12,215)
Ending balance, July 31, 2010	$ 6,055	$ —	$ 106	$ 6,161
Restructuring charge	6,341	2,155	692	9,188
Non-cash write-offs	—	(2,155)	—	(2,155)
Cash payments	(10,189)	—	(749)	(10,938)
Ending balance, July 31, 2011	$ 2,207	$ —	$ 49	$ 2,256

12. Derivatives and Hedging Activities

The Company utilizes forward foreign exchange currency contracts to reduce the exchange rate risk of specific foreign currency denominated transactions and net investments. These contracts typically require the exchange of a foreign currency for U.S. dollars at a fixed rate at a future date, with maturities of 18 months or less, which qualify as either cash flow hedges or net investment hedges under the accounting guidance for derivative instruments and hedging activities. The primary objectives of the Company's foreign currency exchange risk management are to minimize the impact of currency movements due to transactions in other than the respective subsidiaries' functional currency and to minimize the impact of currency movements on the Company's net investment denominated in a currency other than the U.S. dollar. To achieve this objective, the Company hedges a portion of known exposures using forward foreign exchange currency contracts. As of July 31, 2011 and July 31, 2010, the notional amount of outstanding forward exchange contracts was $80,807 and $45,328, respectively.

Hedge effectiveness is determined by how closely the changes in the fair value of the hedging instrument offset the changes in the fair value or cash flows of the hedged item. Hedge accounting is permitted only if the hedging relationship is expected to be highly effective at the inception of the hedge and on an on-going basis. Gains or losses on the derivative related to hedge ineffectiveness are recognized in current earnings. The amount of hedge ineffectiveness was not significant for the twelve-month periods ended July 31, 2011 and 2010.

The Company hedges a portion of known exposure using forward exchange contracts. Main exposures are related to transactions denominated in the British Pound, the Euro, Canadian Dollar, Australian Dollar, Japanese Yen, Swiss Franc. Generally, these risk management transactions will involve the use of foreign currency derivatives to protect against exposure resulting from sales and identified inventory or other asset purchases.

The Company has designated a portion of its foreign exchange contracts as cash flow hedges and recorded these contracts at fair value on the Consolidated Balance Sheets. For these instruments, the effective portion of the gain or loss on the derivative is reported as a component of other comprehensive income ("OCI") and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. At July 31, 2011 and 2010, unrealized losses of $1,535 and $493 have been included in OCI, respectively. All balances are expected to be reclassified from OCI to earnings during the next fifteen months when the hedged transactions impact earnings.

At July 31, 2011 and July 31, 2010, the Company had $16 and $156 of forward exchange contracts designated as cash flow hedges included in "Prepaid expenses and other current assets" on the accompanying Consolidated Balance Sheets. At July 31, 2011 and July 31, 2010, the Company had $830 and $829, respectively, of forward exchange contracts designated as cash flow hedges included in "Other current liabilities" on the accompanying Consolidated Balance Sheets. At July 31, 2011 and July 31, 2010, the U.S. dollar equivalent of these outstanding forward foreign exchange contracts totaled $30,519 and $32,020, respectively, including contracts to sell Euros, Canadian Dollars, Australian Dollars, British Pounds, U.S. Dollars, and Swiss Franc.

On May 13, 2010, the Company completed the private placement of €75.0 million aggregate principal amount of senior unsecured notes to accredited institutional investors. This Euro-denominated debt obligation was designated as a net investment hedge to hedge portions of the Company's net investment in Euro-denominated foreign operations. As net investment hedges, the currency effects of the debt obligations are reflected in the foreign currency translation adjustments component of accumulated other comprehensive income where they offset gains and losses recorded on the Company's net investment in Euro-denominated operations. The Company's foreign denominated debt obligations are valued under a market approach using publicized spot prices.

During the three and twelve month period ended July 31, 2011, the Company used forward foreign exchange currency contracts designated as net investment hedges to hedge portions of the Company's net investments in Euro-denominated foreign operations. For hedges that meet the effectiveness requirements, the net gains or losses attributable to changes in spot exchange rates are recorded in the foreign exchange translation adjustment component of accumulated other comprehensive income where it offsets gains and losses recorded on the Company's net investment in Euro-denominated foreign operations. Any ineffective portions are recognized in earnings. Recognition in earnings of amounts previously recorded in cumulative translation is limited to circumstances such as complete or substantially complete liquidation of the net investment in the hedged foreign operation. At July 31, 2011, the Company had $5,295 of forward foreign exchange currency contracts designated as net investment hedges included in "Other current liabilities" on the Consolidated Balance Sheet. At July 31, 2011, the U.S dollar equivalent of these outstanding forward foreign exchange contracts totaled $50,000. There were no forward foreign exchange contracts designated as net investment hedges outstanding as of July 31, 2010.

Fair values of derivative instruments in the Consolidated Balance Sheets were as follows:

	Asset Derivatives				Liability Derivatives			
	July 31, 2011		July 31, 2010		July 31, 2011		July 31, 2010	
Derivatives designated as hedging instruments	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Cash flow hedges								
Foreign exchange contracts	Prepaid expenses and other current assets	$ 16	Prepaid expenses and other current assets	$ 156	Other current liabilities	$ 830	Other current liabilities	$ 829
Net investment hedges								
Foreign exchange contracts	Prepaid expenses and other current assets	$ —	Prepaid expenses and other current assets	$ —	Other current liabilities	$ 5,295	Other current liabilities	$ —
Foreign currency denominated debt	Prepaid expenses and other current assets	$ —	Prepaid expenses and other current assets	$ —	Long term obligations, less current maturities	$ 107,985	Long term obligations, less current maturities	$ 97,747
Total derivatives designated as hedging instruments		$ 16		$ 156		$ 114,110		$ 98,576
Derivatives not designated as hedging instruments								
Foreign exchange contracts	Prepaid expenses and other current assets	$ 3	Prepaid expenses and other current assets	$ 24	Other current liabilities	$ 2	Other current liabilities	$ 64
Total derivatives not designated as hedging instruments		$ 3		$ 24		$ 2		$ 64

The pre-tax effects of derivative instruments designated as cash flow hedges on the Consolidated Statements of Income consisted of the following:

Derivatives in Cash Flow Hedging Relationships	Amount of Gain or (Loss) Recognized in OCI on Derivative (Effective Portion) As of July 31, 2011	2010	Location of Gain or (Loss) Reclassified From Accumulated OCI into Income (Effective Portion)	Amount of Gain or (Loss) Reclassified From Accumulated OCI Into Income (Effective Portion) Year Ended July 31, 2011	2010	Location of Gain or (Loss) Recognized in Income on Derivative (Ineffective Portion)	Amount of Gain or (Loss) Recognized in Income on Derivative (Ineffective Portion) Year Ended July 31, 2011	2010
Foreign exchange contracts	$ (1,535)	$ (493)	Cost of goods sold	$ (1,781)	$ (80)	Cost of goods sold	$ —	$ —
Total	$ (1,535)	$ (493)		$ (1,781)	$ (80)		$ —	$ —

The pre-tax effects of derivative instruments designated as net investment hedges on the Consolidated Balance Sheet consisted of the following:

Derivatives in Net Investment Hedging Relationships	Amount of Gain or (Loss) Recognized in OCI on Derivative (Effective Portion) As of July 31, 2011	2010	Location of Gain or (Loss) Reclassified From Accumulated OCI into Income (Effective Portion)	Amount of Gain or (Loss) Reclassified From Accumulated OCI Into Income (Effective Portion) Year Ended July 31, 2011	2010	Location of Gain or (Loss) Recognized in Income on Derivative (Ineffective Portion)	Amount of Gain or (Loss) Recognized in Income on Derivative (Ineffective Portion) Year Ended July 31, 2011	2010
Foreign exchange contracts	$ (4,589)	$ 6,248	Investment and other income — net	$ —	$ —	Investment and other income — net	$ —	$ —
Foreign currency denominated debt	$ (13,070)	$ (2,833)	Investment and other income — net	$ —	$ —	Investment and other income — net	$ —	$ —
Total	$ (17,659)	$ 3,415		$ —	$ —		$ —	$ —

The pre-tax effects of derivative instruments not designated as hedging instruments on the Consolidated Statements of Income consisted of the following:

Derivatives Not Designated as Hedging Instruments	Location of Gain or (Loss) Recognized in Income on Derivative	Amount of Gain or (Loss) Recognized in Income on Derivative 2011	2010
Foreign exchange contracts	Other income (expense)	$ (945)	$ (40)
Total		$ (945)	$ (40)

13. Unaudited Quarterly Financial Information

	Quarters First	Second	Third	Fourth	Total
2011					
Net Sales	$ 329,588	$ 329,009	$ 337,896	$ 343,104	$ 1,339,597
Gross Margin	164,512	159,010	167,638	165,036	656,196
Operating Income*	41,603	37,080	40,871	42,638	162,192
Net Income	26,281	24,199	28,589	29,583	108,652
Net Income Per Class A Common Share:					
Basic	$ 0.50	$ 0.46	$ 0.54	$ 0.56	$ 2.06
Diluted **	0.50	0.46	0.54	0.56	2.04
2010					
Net Sales	$ 318,486	$ 295,829	$ 321,887	$ 322,894	$ 1,259,096
Gross Margin	157,443	146,918	160,197	158,739	623,297
Operating Income*	35,557	23,902	35,914	34,083	129,456
Net Income	21,668	15,001	23,695	21,592	81,956
Net Income Per Class A Common Share:					
Basic	$ 0.41	$ 0.29	$ 0.45	$ 0.41	$ 1.56
Diluted **	0.41	0.29	0.45	0.41	1.55

* Fiscal 2011 had before tax restructuring charges by quarter of $3,641, $2,134, $1,211, and $2,202 for a total of $9,188. Fiscal 2010 had before tax restructuring charges by quarter of $3,601, $3,649, $2,347, and $5,717 for a total of $15,314.

** The sum of the quarters does not equal the year-to-date total due to rounding.

Item 9. ***Changes in and Disagreements with Accountants on Accounting and Financial Disclosure***

None.

Item 9A. ***Controls and Procedures***

Disclosure Controls and Procedures:

Brady Corporation maintains a set of disclosure controls and procedures that are designed to ensure that information required to be disclosed by the Company in the reports filed by the Company under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by the Company in the reports the Company files under the Exchange Act is accumulated and communicated to the Company's management, including the Company's principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. The Company carried out an evaluation, under the supervision and with the participation of its management, including its President and Chief Executive Officer and its Executive Vice President and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Rule 13a-15 of the Exchange Act. Based on that evaluation, the Company's President and Chief Executive Officer and Executive Vice President and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective as of the end of the period covered by this report.

Management's Report on Internal Control Over Financial Reporting:

The management of Brady Corporation and its subsidiaries is responsible for establishing and maintaining adequate internal control over financial reporting for the Company, as such term is defined in Rule 13a-15(f) under the Securities Exchange Act of 1934. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

With the participation of the Chief Executive Officer and the Chief Financial Officer, management conducted an evaluation of the effectiveness of our internal control over financial reporting as of July 31, 2011, based on the framework and criteria established in *Internal Control — Integrated Framework*, issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on the assessment, management concluded that, as of July 31, 2011, the Company's internal control over financial reporting is effective based on those criteria. The Company's internal control over financial reporting, as of July 31, 2011, has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report, which is included herein.

Because of the inherent limitations of internal control over financial reporting, misstatements may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Changes in Internal Control Over Financial Reporting:

There were no changes in the Company's internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) that occurred during the Company's most recently completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of

Brady Corporation

Milwaukee, WI

We have audited the internal control over financial reporting of Brady Corporation and subsidiaries (the "Company") as of July 31, 2011, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying management report (Management's Report on Internal Control over Financial Reporting). Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of July 31, 2011, based on the criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements and financial statement schedule as of and for the year ended July 31, 2011, of the Company and our report dated September 27, 2011, expressed an unqualified opinion on those financial statements and financial statement schedule.

/s/ DELOITTE & TOUCHE LLP

Milwaukee, WI

September 27, 2011

Item 9B. ***Other Information***

By unanimous written consent effective September 26, 2011, the holders of the Company's Class B Common Stock, by unanimous written consent covering 100% of the 3,538,628 outstanding shares, approved the Brady Corporation 2012 Omnibus Incentive Stock Plan (the "2012 Omnibus Plan"). Under the terms of the 2012 Omnibus Plan, pursuant to which 5,500,000 shares of the Company's Class A Common Stock have been authorized for issuance, the Company may grant unrestricted stock, nonqualified stock options, incentive stock options, shares of restricted stock and restricted stock units to eligible employees and Directors of the Company and its affiliates. The 2012 Omnibus Plan, which became effective upon shareholder approval, provides that after December 31, 2011, no further awards or grants shall be made under the Company's 2010 Omnibus Incentive Stock Plan or the Company's 2010 Stock Option Plan for Non-Employee Directors. The foregoing description of the 2012 Omnibus Plan does not purport to be complete and is qualified in its entirety by reference to the full text of the 2012 Omnibus Plan, which is filed as Exhibit 10.38 to this Form 10-K and is incorporated herein by reference. Forms of granting agreements under the 2012 Omnibus Plan are filed as Exhibits 10.39, 10.40. and 10.41 to this Form 10-K.

PART III

Item 10. ***Directors and Executive Officers of the Registrant***

Name	Age	Title
Frank M. Jaehnert	53	President, CEO and Director
Thomas J. Felmer	49	Senior V.P., CFO
Stephen Millar	50	President — Brady Asia-Pacific and V.P., Brady Corporation
Peter C. Sephton	52	President — Brady Europe and V.P., Brady Corporation
Matthew O. Williamson	55	President — Brady Americas and V.P., Brady Corporation
Allan J. Klotsche	46	Senior V.P. — Human Resources
Robert L. Tatterson	46	V.P. and Chief Technology Officer
Bentley N. Curran	49	V.P. and Chief Information Officer
Kathleen M. Johnson	57	V.P. and Chief Accounting Officer
Aaron J. Pearce	40	V.P. and Treasurer
Conrad G. Goodkind	67	Director
Elizabeth Pungello	44	Director
Frank W. Harris	69	Director
Chan W. Galbato	48	Director
Patrick W. Allender	64	Director
Bradley C. Richardson	53	Director
Gary S. Balkema	56	Director

Frank M. Jaehnert — Mr. Jaehnert has served on the Company's Board of Directors and as the Company's President and CEO since 2003. Mr. Jaehnert joined the Company in 1995 and served in leadership positions in a variety of different functions and businesses, including that of CFO from 1996 to 2002, before his promotion to President and CEO in 2003. Previously, he served in a variety of financial roles at Robert Bosch, GmbH, including treasurer of a subsidiary. His broad operating and functional experience and in-depth knowledge of Brady's businesses are particularly valuable given the diverse nature of Brady's portfolio. These experiences, combined with Mr. Jaehnert's talent for leadership and his long-term strategic perspective, have helped drive the Company's growth and performance during his tenure as Director and CEO.

Thomas J. Felmer — Mr. Felmer joined the Company in 1989 and has held several sales and marketing positions until being named Vice President and General Manager of Brady's U.S. Signmark Division in 1994. In 1999, Mr. Felmer moved to Europe where he led the European Signmark business for two years, then gained additional responsibility for the European direct marketing businesses, which he also led for two years. In 2003, Mr. Felmer returned to the United States where he was responsible for Brady's global sales and marketing processes, Brady Software businesses, and integration leader of the EMED acquisition. In June 2004, he was appointed President-Direct Marketing Americas, and was named Chief Financial Officer in January 2008.

Stephen Millar — Mr. Millar joined the Company in 1999 as Managing Director of Brady Australia, a position he held until 2008 when he joined Brady Americas' leadership team as Vice-President and General Manager responsible for its portfolio of people identification, medical and education businesses. In 2010, he returned to Asia in the role of MRO Director for the region. He was appointed to his current position, President-Brady Asia Pacific in March 2011. Prior to joining Brady, Mr. Millar served in a variety of leadership positions in Australia and New Zealand with GNB Technologies, a global manufacturer of automotive and industrial batteries. He holds a Bachelor of Commerce and Administration degree from Victoria University of Wellinton, New Zealand and is a member of the institute of Chartered Accountants of New Zealand.

Peter C. Sephton — Mr. Sephton joined the Company in 1997 as Managing Director — Seton-U.K. From 2001 to 2003 he served as managing director for Brady's Identification Solutions Business in Europe. In April 2003, he was appointed to his current position, President-Brady Europe. Before joining Brady, he served in a variety of international managerial roles with Tate and Lyle Plc, Sutcliffe Speakman Plc and Morgan Crucible Plc. He is a graduate in accountancy and law from The University of Wales (UCC).

Matthew O. Williamson — Mr. Williamson joined the Company in 1979. From 1979 to 1994, he served in a variety of sales and marketing leadership roles. From 1995 to 2003, Mr. Williamson served as the V.P. and General Manager of Brady's specialty tape and identification solution businesses. From 1996 to 1998, Mr. Williamson served as the V.P. and General Manager of the Identification Solutions and Specialty Tapes Division. From 1998 to 2001, he served as V.P. and General Manager of the Identification Solutions Division. From 2001 to 2003, he served as V.P. and General Manager of the Global High Performance Identification Business. In April 2003, he was appointed President of the Brady Americas business. In addition to his role as President of the Brady Americas business, in January of 2008, Mr. Williamson assumed responsibility for the Direct Marketing Americas, and is currently serving as President of the Americas region. He holds a BBA in marketing from the University of Wisconsin-Milwaukee.

Allan J. Klotsche — Mr. Klotsche joined the Company in 1989. He served in a variety of sales, marketing, technical, and management roles until 1998, when he was appointed V.P. and General Manager of the Precision Tapes Group. He served as President — Brady Asia Pacific from 2003 until his current appointment as Senior Vice President leading Brady's global human resource function in October 2010. Mr. Klotsche also serves as President of the Brady Corporation Foundation. He holds an MBA from the University of Wisconsin-Milwaukee.

Robert L. Tatterson — Dr. Tatterson joined the Company in 2006 as Vice President and Chief Technology Officer. Before joining Brady, he held a variety of positions with increasing responsibility at GE since 1992. Most recently, Dr. Tatterson served as Technology General Manager for GE Plastics' Display and Optical Film business in Mt. Vernon, Indiana. He is a 6 Sigma Master Blackbelt and holds a Ph.D. in chemical engineering from the University of Michigan in Ann Arbor.

Bentley N. Curran — Mr. Curran joined the Company in 1999 as global information technology director charged with building and deploying a common technology infrastructure. Prior to joining Brady, he held various management and consultant positions for Compucom and Speed Queen Company. He is a graduate of Marian University and holds a bachelor of business degree and an associate of science degree in electronics and engineering systems.

Kathleen M. Johnson — Ms. Johnson joined the Company in 1989 as controller of a division of Brady and became group finance director in 1996. In 2000 she was appointed Vice President. In 2008 she was appointed Chief Accounting Officer. Prior to joining Brady, she spent six years with Kraft Food Service. She started her career as a CPA with Deloitte & Touche LLP. She holds a bachelor's degree in accounting from the University of Wisconsin-Whitewater.

Aaron J. Pearce— Mr. Pearce joined the Company in 2004 as Director of Internal Audit. From 2006 to 2008, he served as Finance Director for Brady's Asia Pacific Region. From 2008 to 2009, he served as the Global Tax Director. In January 2010, he assumed the role of Treasurer and Director of Investor Relations. Prior to Brady, Mr. Pearce was with Deloitte & Touche LLP and started his career in banking. He holds a bachelors degree in business administration from the University of Wisconsin-Milwaukee and is a certified public accountant.

Conrad G. Goodkind — Mr. Goodkind was elected to the Board of Directors in 2007. He currently serves as Brady's Lead Independent Director. He also serves as the Chair of the Corporate Governance Committee and as a member of the Finance Committee. He previously served as Secretary of the Company from 1999 to 2007. Mr. Goodkind was a partner in the law firm of Quarles & Brady, LLP, where his practice concentrated in corporate and securities law from 1979 to 2009. Prior to 1979, he served as Wisconsin's Deputy Commissioner of Securities. Mr. Goodkind previously served as a director of Cade Industries, Inc. and Able Distributing, Inc. His extensive experience in advising companies on a broad range of transactional matters, including mergers and acquisitions and securities offerings, and historical knowledge of the Company provides the Board with expertise and insight into governance, business and compliance issues that the Company encounters.

Elizabeth Pungello, Ph. D — Dr. Pungello was elected to the Board of Directors in 2003. She serves as a member of the Compensation, Corporate Governance, and Technology Committees. Dr. Pungello is a Scientist at the Frank Porter Graham Development Institute, a Research Assistant Professor in the Developmental Psychology Program at the University of North Carolina at Chapel Hill, and Mentor Faculty at the Center for Developmental Science. She serves on the editorial board of the Journal of Marriage and Family and as a reviewer for several other journals. Dr. Pungello is the President of the Brady Education Foundation in Chapel Hill, N.C. and serves on a number of other non-profit boards. She is the granddaughter of William H. Brady, Jr., the founder of Brady Corporation. As a result of her substantial ownership stake in the Company, as well as her family's history with the Company, she is well positioned to understand, articulate and advocate for the rights and interests of the Company's shareholders.

Frank W. Harris, Ph.D — Dr. Harris was elected to the Board of Directors in 1991. He serves as the Chair of the Technology Committee and as a member of the Corporate Governance Committee. He served as the Distinguished Professor of Polymer Science and Biomedical Engineering at the University of Akron from 1983 to 2008 and Professor of Chemistry at Wright State University from 1970 to 1983. He is the founder of several technology based companies including Akron Polymer Systems where he serves as President and CEO. Dr. Harris is the inventor of several commercialized products including an optical film that realized over one billion dollars in sales. His extensive experience in technology and engineering solutions provides the Board with important expertise in new product development.

Chan W. Galbato — Mr. Galbato was elected to the Board of Directors in 2006. He serves as chairman of the Compensation Committee and is a member of the Audit and Technology Committees. He has extensive executive leadership experience including his current role as a senior operating executive with Cerberus Operations and Advisory Company, LLC. Mr. Galbato was President and CEO of the Controls division of Invensys plc. Prior to that, Mr. Galbato held positions as President of Services at The Home Depot, President and CEO of Armstrong Floor Products, CEO of Choice Parts LLC, and CEO of Coregis Insurance Company, a GE Capital company. Mr. Galbato is Chairman of the Board of Blue Bird Corporation and North American Bus Industries, Inc., Guilford Mills, Inc., and NewPage Corporation and is a member of the Board of Tower International, Inc. His public company leadership experience gives him insight into business strategy, leadership and executive compensation and his public company and private equity experience give him insight into technology trends, acquisition strategy and financing, each of which represents an area of key strategic opportunity for the Company.

Patrick W. Allender — Mr. Allender was elected to the Board of Directors in 2007. He serves as the Chair of the Finance Committee and as a member of the Audit and Compensation Committees. He served as Executive Vice President and CFO of Danaher Corporation from 1998 to 2005 and Executive Vice President from 2005 to 2007. Additionally, he served as a public accountant at Arthur Andersen LLC from 1968 to 1985. He has served as a director of Colfax Corporation since 2008 and Diebold, Inc. since May 2011. Mr. Allender's strong background in finance and accounting, as well as his past experience as the CFO of a public company, provides the Board with financial expertise and insight.

Bradley C. Richardson — Mr. Richardson was elected to the Board of Directors in 2007. He serves as the Chair of the Audit Committee and is a member of the Finance Committee. He is the Executive Vice President and CFO of Diebold, Inc. He previously served as the Executive Vice President Corporate Strategy and CFO of Modine Manufacturing from 2003 to 2009. Prior to Modine, he spent 21 years with BP Amoco serving in various financial and operational roles with assignments in North America, South America, and Europe. Mr. Richardson has served on the boards of Modine Manufacturing and Tronox, Inc. He brings to the Company extensive knowledge and experience in the areas of operations, strategy, accounting, tax accounting, and finance, which are areas of critical importance to the Company as a global public company.

Gary S. Balkema — Mr. Balkema was elected to the Board of Directors in 2010. From 2000 to 2011, he served as the President of Bayer Healthcare LLC and Worldwide Consumer Care Division, which has four billion dollars in sales and over 5,400 employees. He was also responsible for overseeing Bayer LLC USA's compliance program. He has over 20 years of general management experience. Mr. Balkema brings strong experience in consumer marketing skills and mergers and acquisitions and integrations. His broad operating and functional experience are valuable to the Company given the diverse nature of the Company's portfolio.

All directors serve until their respective successors are elected at the next annual meeting of shareholders. Officers serve at the discretion of the Board of Directors. None of the Company's directors or executive officers has any family relationship with any other director or executive officer.

Board Leadership Structure — The Board does not have a formal policy regarding the separation of the roles of Chief Executive Officer and Chairman of the Board as the Board believes it is in the best interests of the Company to make that determination based on the position and direction of the Company and the membership of the Board. The Board currently has not appointed a Chairman of the Board. In fiscal 2010, the Board formalized the position of Lead Independent Director, which is elected on an annual basis from among the independent Directors of the Board based upon the recommendation of the Corporate Governance Committee. The duties of the Lead Independent Director include, among others, chairing executive sessions of the non-management Directors, meeting periodically with the Chief Executive Officer on current significant issues facing the Company, facilitating effective communication among the Chief Executive Officer and all members of the Board, and overseeing the Board's shareholder communication policies and procedures. Mr. Goodkind, Chair of the Corporate Governance Committee, currently serves as the Lead Independent Director.

The Board believes that its current leadership structure has enhanced the Board's oversight of, and independence from, Company management; the ability of the Board to carry out its roles and responsibilities on behalf of our shareholders; and our overall corporate governance.

Risk Oversight — The Board oversees the Company's risk management processes directly and through its committees. In general, the Board oversees the management of risks inherent in the operation of the Company's businesses, the implementation of its strategic plan, its acquisition and capital allocation program and its organizational structure. Each of the Board's committees also oversees the management of Company risks that fall within the committee's areas of responsibility. The Company's management is responsible for reporting significant risks to executives at the quarterly disclosure committee meeting. The significance of the risk is assessed by executive management and escalation to the respective board committee and Board of Directors is determined. The Company reviews its risk assessment with the Audit Committee annually.

Audit Committee Financial Expert — The Company's Board of Directors has determined that at least one Audit Committee financial expert is serving on its Audit Committee. Messrs. Richardson, Chair of the Audit Committee, and Allender and Galbato, members of the Audit Committee, are financial experts and are independent as that term is used in Item 7(d)(3)(iv) of Schedule 14A under the Exchange Act.

Director Independence — A majority of the directors must meet the criteria for independence established by the Board in accordance with the rules of the New York Stock Exchange. In determining the independence of a director, the Board must find that a director has no relationship that may interfere with the exercise of his or her independence from management and the Company. Based on these guidelines all directors, with the exception of Mr. Jaehnert, President and CEO, are deemed independent. All members of the Audit, Compensation, and Corporate Governance Committees are deemed independent.

Meetings of Non-management Directors — The non-management directors of the Board regularly meet alone without any members of management present. Mr. Goodkind, Lead Independent Director and Chair of Corporate Governance Committee, is the presiding Director at these sessions. In fiscal 2011, there were 6 executive sessions. Interested parties can raise concerns to be addressed at these meetings by calling the confidential Brady hotline at 1-800-368-3613.

Audit Committee Members — The Audit Committee, which is a separately-designated standing committee of the Board of Directors, is composed of Mr. Richardson (Chairman), Mr. Galbato, and Mr. Allender. Each member of the Audit Committee has been determined by the Board to be independent under the rules of the SEC and NYSE. The charter for the Audit Committee is available on the Company's corporate website at www.bradycorp.com.

Code of Ethics — For a number of years, the Company has had a code of ethics for its employees. This code of ethics applies to all of the Company's employees, officers and Directors. The code of ethics can be viewed at the Company's corporate website, www.bradycorp.com, or may be obtained in print by any person, without charge, by contacting Brady Corporation, Investor Relations, P.O. Box 571, Milwaukee, WI 53201. The Company intends to satisfy the disclosure requirements under Item 5.05 of Form 8-K regarding an amendment to, or a waiver from, a provision of its code of ethics by placing such information on its Internet website.

Corporate Governance Guidelines — Brady's Corporate Governance Principles, as well as the charters for the Audit Committee, Corporate Governance Committee, and Compensation Committee, are available on the Company's Corporate website, www.bradycorp.com. Shareholders may request printed copies of these documents from Brady Corporation, Investor Relations, P.O. Box 571, Milwaukee, WI 53201.

Director Qualifications — Brady's Corporate Governance Committee reviews the individual skills and characteristics of the Directors, as well as the composition of the Board as a whole. This assessment includes a consideration of independence, diversity, age, skills, expertise, and industry backgrounds in the context of the needs of the Board and the Company. Although the Company has no policy regarding diversity, the Corporate Governance Committee seeks a broad range of perspectives and considers both the personal characteristics and experience of Directors and prospective nominees to the Board so that, as a group, the Board will possess the appropriate talent, skills, and expertise to oversee the Company's businesses.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires the Company's directors and executive officers, and persons who own more than ten percent of a registered class of the Company's equity securities, to file with the SEC initial reports of ownership and reports of changes in ownership of Common Stock and other equity securities of the Company. Executive officers, directors and greater than ten percent stockholders are required by SEC regulation to furnish the Company with copies of all Section 16(a) forms they file.

To the Company's knowledge, based solely on a review of the copies of such reports furnished to the Company and written representations that no other reports were required, during the fiscal year ended July 31, 2011, all Section 16(a) filing requirements applicable to its officers, directors and greater than 10 percent beneficial owners were complied with, other than with respect to the following:

- Thomas J. Felmer's Form 4 filing on October 27, 2010 contained one transaction made on October 21, 2010 that was inadvertently reported late.

- Gary S. Balkema's Form 4 filing on February 22, 2011 reported the acquisition of 2,000 shares made on September 14, 2010 that was inadvertently reported late.

- Each of the Form 4 filings made on October 4, 2010 on behalf of Conrad G. Goodkind, Bradley C. Richardson, Frank W. Harris, Patrick W. Allender, Elizabeth P. Pungello, Chan W. Galbato, and Gary S. Balkema contained one transaction made on September 24, 2010 that was inadvertently reported late.

Item 11. *Executive Compensation*

Compensation Discussion and Analysis

The Compensation Discussion and Analysis explains the compensation philosophy, policies and practices of the Company with respect to its executives and management. The following information and analyses focuses primarily on the compensation provided to the Company's principal executive officer, principal financial officer and its other three most highly compensated executives, who are collectively referred to in this section as the "named executive officers." Brady's named executive officers are Frank M. Jaehnert, President, Chief Executive Officer and Director; Thomas J. Felmer, Senior Vice President and Chief Financial Officer; Peter C. Sephton, President — Brady Europe and Vice President, Brady Corporation; Robert L. Tatterson, Vice President — R&D and Chief Technology Officer; and Matthew O. Williamson, President — Brady Americas and Vice President, Brady Corporation.

Executive Compensation Overview and Philosophy

Our executive compensation program is designed to attract and retain exceptional leadership talent and properly incentivize them to create a top-tier performance company by encouraging behaviors and actions that build long-term value for our shareholders. We have structured our compensation program around the following principles:

a) Provide a competitive total compensation package to attract and retain exceptional leadership talent.

b) Incentivize long-term shareholder value creation by encouraging behaviors to facilitate long-term success without undue risk taking.

c) Reinforce top-tier company performance through a merit-based, pay-for-performance culture that is in-line with the Company's values.

The Compensation Committee of the Board of Directors is responsible for monitoring and approving the compensation of the Company's named executive officers. In compliance with this responsibility, the Committee annually reviews the individual performance of these executives and approves any changes in their base salary, the payment of an annual cash incentive and grant of equity awards. The Committee periodically utilizes the services of an independent executive compensation consulting firm to assist with the review and evaluation of compensation levels and policies. Their expertise may also be utilized in modifying any existing or proposing any new compensation arrangements. During fiscal 2011, the Compensation Committee engaged the services of an independent compensation consultant; however, the total fees for the consultant's services did not exceed $120,000. The Committee considers this professional advice and other available competitive information and data in making executive compensation decisions. The Committee is flexible in the application of this information and does not rely on rigid guidelines or formulas when determining or modifying executive compensation.

In order to successfully achieve our Company objectives, a combination of short-term and long-term incentives has been developed. The Compensation Committee believes a proper balance between these elements is necessary and should include a combination of cash and equity, with fixed and performance-based components. Our short-term incentive is in the form of cash, while the long-term incentive is equity based and includes performance-based and time-based stock options, along with performance-based restricted shares. These programs are designed to provide a balance between annual Company performance and the generation of long-term shareholder value. We also believe these programs further enhance the performance of the Company by providing effective tools to attract, retain, and motivate a group of highly skilled executives. This results in strong financial and operational performance, which supports the preservation and enhancement of shareholder value over time, without incurring undue risk to our shareholders.

Annually, the Chief Executive Officer recommends a proposal to the Compensation Committee for compensation for each named executive officer other than himself, with respect to whom the Compensation Committee formulates and determines compensation. The Compensation Committee reviews the proposal for each officer and ultimately approves a compensation arrangement for them. The resulting approved compensation levels, including the President and Chief Executive Officer's compensation, are then reported by the Compensation Committee to the full Board of Directors.

Elements of Executive Compensation for Fiscal 2011

As noted above, it is the Compensation Committee's philosophy that an executive compensation program should be used to promote both the short and long-term financial objectives of the Company, encourage the executives to act in the long-term best interest of the Company and attract and retain people who are qualified, motivated and committed to excellence. The Compensation Committee believes this can be accomplished through compensation programs that provide a balanced mix of performance-based cash and equity compensation. The annual bonus and equity compensation plans provide incentives commensurate with performance.

The Compensation Committee is responsible for reviewing the overall level of compensation, as well as the various elements of compensation for each of the named executive officers. In addition to the specific process discussed below for base salaries, annual cash incentives and long-term equity compensation, the Compensation Committee reviews individual comprehensive total compensation summaries that include the annual cash and equity grants, along with all other benefits over a trailing four-year period.

Base Salary

Individual performance and competitiveness in the market are key components in determining base salary and any changes in base salary. On an annual basis, the Compensation Committee obtains compensation surveys from nationally recognized compensation consultants to assist in understanding compensation levels in the marketplace. A regression analysis is then performed based on the appropriate organization level (company, group, division) and sales volume of the appropriate Brady business. The base salary is designed to compensate executives for their level of responsibility and sustained individual performance. One consideration is the comparison of the individual base salaries to the median for like positions and responsibilities based on these nationally recognized compensation surveys. Further, the Compensation Committee has flexibility to increase base salaries above the median to retain or attract key employees whose performance merits higher base salaries, or to set base salary below the median where individuals are new to the job and performance is being evaluated. The Compensation Committee annually reviews base salaries to ensure, on the basis of responsibility and performance, that executive compensation is meeting the Compensation Committee's principles. The determination of base salary also affects the annual bonus payout since an individual's annual bonus target is expressed as a percentage of base salary.

In addition to the nationally recognized compensation surveys, the Compensation Committee has historically used peer group data for similar positions nationally to test the reasonableness and competitiveness of several components of compensation, including base salaries, annual incentives, and long term incentives by position. The Compensation Committee also uses judgment to determine the appropriate level of base salary, which we believe reflects individual performance and responsibilities, and calibrates with the most recently available market compensation data. A total compensation benchmarking analysis of our industry and selected peer companies, which resulted in a modified listing of peer group companies, was conducted by an outside consultant and assisted the Compensation Committee in the review of fiscal 2011 compensation levels for the named executive officers. The criteria utilized by the Committee to determine the group of peer companies included revenue size, industry, financial performance relative to the S&P 600 and the availability of information.

The peer group utilized in setting fiscal 2011 compensation levels included 30 companies that are in a similar industry with annual revenues up to approximately $5 billion: A.O. Smith Corporation, Actuant Corporation, Ameron International Corporation, AMETEK, Inc., Bio-Rad Laboratories, Inc., Cubic Corporation, Curtiss-Wright Corporation, Dentsply International Inc., Donaldson Company, Inc., Garmin Ltd., Graco Inc., Greif, Inc., Herman Miller Inc., Hexcel Corporation, HNI Corporation, IDEX Corporation, Lincoln Electric Holdings Inc., Matthews International Corporation, MetroPCS Communications Inc., Mine Safety Appliances Company, MSC Industrial Direct Company, Inc., Plexus Corporation, Rayonier Inc., Regal Beloit Corporation, Snap-On Inc., Temple Inland Inc., Thomas & Betts Corporation, Toro Corporation, Tupperware Brands Corporation and Warnaco Group Inc. This list may vary in the future due to changes in our business or the business of the companies utilized as peers.

As a result of the benchmarking study conducted during the summer of 2010, it was determined by the Compensation Committee that fiscal 2011 base salary merit increases for the named executive officers would range from 3.2% to 7.2%.

Annual Cash Incentive Bonus

All named executive officers participate in an annual cash incentive plan, which is primarily based on fiscal year financial results. The largest component of the plan is corporate earnings per share growth. Other components include consolidated organic sales growth, segment organic sales growth, segment profit, and working capital improvement. Each component is based on the individual's role at either the corporate or segment level.

As part of the annual review of compensation, the Compensation Committee takes into account total annual cash compensation in the marketplace. Salary, combined with annual target bonus levels that have been established as a percentage of salary, are intended to approximate the median of the market total annual cash compensation, as defined in nationally recognized compensation surveys. Annual bonus payouts will vary above or below the targeted amount based on the actual performance of the Company during the fiscal year. Payouts for the Company's named executives can range from 0% to 250% of the target based on the performance of the Company and the segment for which they are responsible. The management team recommends performance targets for the annual incentive plans which are aligned with the performance of our peer group. After review of these recommendations, the Compensation Committee sets the final targets ensuring they are aligned externally and support a balance between annual Company performance and the generation of long-term shareholder value. The plan is designed so that current fiscal year results must exceed prior year results before any payout is made. In the event that current year results do not exceed prior year, as was the case in fiscal year 2009, named executive officers will not be eligible for a cash incentive bonus. An employee must also hold a position within the Company on the last day of the fiscal year to be eligible to receive a bonus payment.

The Compensation Committee annually reviews the components of these plans, the required performance levels at each target payout level, the calculation of the individual bonus awards, and also monitors projected bonus payouts throughout the year once the targets are set. Sales and net income must exceed the prior year in order for these components of the bonus plan to pay out.

The individual incentive target amounts are set at a percentage of base salary and the target amounts are larger for individuals with greater levels of responsibility. The target bonus percentage for Mr. Jaehnert is 100% of his base salary, and for Messrs. Felmer, Sephton, Tatterson and Williamson are 70% of their base salaries. The following table provides the components of the target bonus percentages for fiscal 2011.

Name	Consolidated Net Organic Sales Growth	Earnings Per Share Growth	Working Capital Improvement	Segment Organic Sales Growth (1)	Segment Profit (1)	Target Payout
Frank M. Jaehnert	10.0%	80.0%	10.0%	NA	NA	100.0%
Thomas J. Felmer	10.0%	80.0%	10.0%	NA	NA	70.0%
Peter C. Sephton	NA	40.0%	10.0%	10.0%	40.0%	70.0%
Robert L. Tatterson	10.0%	80.0%	10.0%	NA	NA	70.0%
Matthew O. Williamson	NA	40.0%	10.0%	10.0%	40.0%	70.0%

(1) Segment sales and profit for Messrs. Sephton and Williamson are based on organic sales growth and profit for their respective segment excluding the impact of currency.

For the fiscal year ended July 31, 2011, the Company paid the following annual cash incentive bonuses:

Name	Bonus ($)	Salary %
Frank M. Jaehnert	1,632,548	205.8%
Thomas J. Felmer	523,349	144.1%
Peter C. Sephton	341,190	95.6%
Robert L. Tatterson	462,338	144.1%
Matthew O. Williamson	462,461	128.4%

The 2011 allocation of the annual cash incentive bonuses by component is as follows:

Name	Consolidated Organic Sales	Earnings Per Share (1)	Working Capital	Segment Organic Sales	Segment Profit	Actual Payout
Frank M. Jaehnert	58.0%	250.0%	0.0%	NA	NA	205.8%
Thomas J. Felmer	58.0%	250.0%	0.0%	NA	NA	205.8%
Peter C. Sephton	NA	250.0%	0.0%	94.0%	68.0%	136.6%
Robert L. Tatterson	58.0%	250.0%	0.0%	NA	NA	205.8%
Matthew O. Williamson	NA	250.0%	100.0%	62.8%	168.0%	183.5%

(1) Earnings per share as utilized in the individual bonus plans is calculated using a fixed amount of 53 million shares. Weighted average diluted shares outstanding were 53.1 million for fiscal year 2011.

Targets and actual performance for the above mentioned bonus plans are as follows:

Plan Component	Target	Actual Performance
Total Company Organic Sales Growth	5%	2.9%
Segment Organic Sales Growth	5%	3.1% - 4.7%
Total Company Earnings per Share Growth	10%	32.6%
Segment Profit Growth	10%	8.4% - 16.8%
Total Company Working Capital Improvement	5%	0.0%
Segment Working Capital Improvement	5%	0.0% - 4.0%

Effective September 1, 2011, the holders of the Company's Class B Common Stock approved an amendment to the Brady Corporation Incentive Compensation Plan For Elected Corporate Officers (the "Current Plan") increasing the annual limitation on bonus awards granted to any participant under the Current Plan from $1.5 million to $2.0 million. In addition, the holders of the Company's Class B Common Stock approved the Brady Corporation Incentive Compensation Plan for Senior Executives (the "New Plan"), which is intended to replace the Current Plan beginning with fiscal 2012 awards.

For fiscal 2012, the Company will place a greater emphasis on organic sales growth. As a result, the corporate and regional bonus plans were modified to increase the weight of the organic sales component, remove working capital improvement as a component of the plan and replace earnings per share growth with net income growth.

Equity Incentives: Long-term Incentive Compensation

The Company utilizes a combination of performance-based stock options, time-based stock options and performance-based restricted shares to attract, retain, and motivate key employees who directly impact the long-term performance of the Company. A combination of performance-based stock options, time-based stock options and performance-based restricted shares is utilized to provide a balance between annual Company performance and the generation of long-term shareholder value. Equity-based plans are influenced by Brady's stock price, which directly affects the amount of compensation the executive receives upon exercising the options. The size and type of equity awards is determined by the Compensation Committee with periodic input from its outside consultant. A study by the Committee's external compensation consultant was recently conducted and assisted the Compensation Committee in the review of fiscal 2011 long-term incentive awards for the named executive officers.

By unanimous written consent effective September 24, 2010, the holders of the Company's Class B Common Stock approved an amendment to the Brady Corporation 2010 Omnibus Incentive Stock Plan (the "2010 Omnibus Plan"). Under the terms of the amended 2010 Omnibus Plan, the maximum number of equity awards that could be granted to a participant in a calendar year was increased from 200,000 to 400,000 shares.

By unanimous written consent effective September 26, 2011, the holders of the Company's Class B Common Stock approved the Brady Corporation 2012 Omnibus Incentive Stock Plan (the "2012 Omnibus Plan"). Under the terms of the 2012 Omnibus Plan, pursuant to which 5,500,000 shares of the Company's Class A Common Stock have been authorized for issuance, the Company may grant unrestricted stock, nonqualified stock options, incentive stock options, shares of restricted stock and restricted stock units to eligible employees and Directors of the Company and its affiliates. The 2012 Omnibus Plan, which became effective upon shareholder approval, provides that no further grants will be made under the Company's 2010 Omnibus Incentive Stock Plan after December 31, 2011.

Performance-based Stock Options:

The Compensation Committee believes that performance-based stock options serve as an important motivator and a required component of the Company's overall compensation program. Performance-based stock options were granted in fiscal 2011 with two vesting criteria. The performance criterion for two-thirds of the performance-based options is based upon annual earnings per share growth targets, while the performance criterion for the remaining one-third of the performance-based options is based upon a relative measure of the Company's three year earnings per share growth compared to the S&P 600 Index. These options have a ten year life and were granted on the first working day of the Company's fiscal year.

In July 2011, the Compensation Committee determined that the performance-based stock options to be granted during fiscal 2012 would include vesting criteria based upon year over year diluted EPS growth, including an opportunity to vest over a two or three year period if the compound annual growth rate exceeds the annual target.

Time-based Stock Options:

Time-based stock option grants in fiscal 2011 were reviewed and approved by the Compensation Committee on September 8, 2010, with an effective grant date of September 24, 2010. The grant price was the fair market value of the stock on the grant date, which was calculated as the average of the high and low stock price on that date. The time-based stock options generally vest one-third each year for the first three years and have a ten-year life.

Performance-based Restricted Stock:

Periodically, the Company issues restricted stock grants to key executives as an element of their overall compensation. In January 2008, the Compensation Committee approved the issuance of performance-based restricted stock awards to six of Brady's senior executives. A total of 210,000 restricted shares were issued and included both a performance vesting requirement (earnings per share) and a service vesting requirement (five years). In addition to the original vesting criteria, the restricted stock awards were amended effective July 20, 2011 to include an additional vesting opportunity based upon earnings per share growth for the fiscal years ending July 31, 2013 or July 31, 2014, and a service vesting requirement through July 31, 2014.

Based upon input from an external compensation consultant and the Committee's desire to provide an incentive for retention and improved Company performance, effective August 2, 2010, a grant of 100,000 shares of performance-based restricted stock was issued to Mr. Jaehnert. This grant of performance-based restricted stock included both a performance vesting requirement based upon earnings per share growth and a service vesting requirement prorated at July 31, 2013, July 31, 2014 and July 31, 2015.

Employment and Post-Employment Benefits

General Benefits:

The named executive officers receive the same basic benefits that are offered by the Company to other employees, including medical, dental, vision, disability and life insurance.

Retirement Benefits:

Brady employees (including named executive officers) in the United States and certain expatriate employees working for its international subsidiaries are eligible to participate in the Brady Corporation Matched 401(k) Plan (the "Employee 401(k) Plan"). In addition, named executive officers in the United States and employees at many of our United States locations are also eligible to participate in the Brady Corporation's Funded Retirement Plan ("Funded Retirement Plan"). The Company agrees to contribute certain amounts to both Plans. Under the Funded Retirement Plan, the Company contributes 4% of the eligible earnings of each employee covered by the Funded Retirement Plan. In addition, participants may elect to have their annual pay reduced by up to 5% and have the amount of this reduction contributed to their 401(k) Plan and matched by an additional 4% contribution by the Company. Participants may also elect to have up to another 45% of their eligible earnings contributed to the Employee 401(k) Plan (without an additional matching contribution by the Company). The assets of the Employee 401(k) Plan and Funded Retirement Plan credited to each participant are invested by the trustee of the Plans as directed by each plan participant in a variety of investment funds as permitted by the Employee 401(k) Plan and the Funded Retirement Plan.

Due to the IRS income limitations for participating in the Employee 401(k) Plan and the Funded Retirement Plan, the named executive officers are eligible to participate in the Brady Restoration Plan, which is a non-qualified deferred compensation plan that allows an equivalent benefit to the Employee 401(k) Plan and the Funded Retirement Plan for their income above the IRS participation limits.

Benefits are generally payable upon the death, disability, or retirement of the participant, or upon termination of employment before retirement, although benefits may be withdrawn from the employee 401(k) Plan and paid to the participant if required for certain emergencies. Under certain specified circumstances, the employee 401(k) Plan allows loans to be drawn on a participant's account. The participant is immediately fully vested with respect to employee contributions; all other contributions become fully vested over a two-year period of continuous service for the employee 401(k) Plan and after six years of continuous service for the Funded Retirement Plan.

Deferred Compensation Arrangements — During fiscal 2002, the Company adopted the Brady Corporation Executive Deferred Compensation Plan ("Executive Deferred Compensation Plan"), under which executive officers, corporate staff officers and certain key management employees of the Company are permitted to defer portions of their salary and bonus into a plan account, the value of which is measured by the fair value of the underlying investments. The assets of the Executive Deferred Compensation Plan are held in a Rabbi Trust and are invested by the trustee as directed by the participant in several investment funds as permitted by the Executive Deferred Compensation Plan. The investment funds available in the Executive Deferred Compensation Plan include Brady Corporation Class A Nonvoting Common Stock and various mutual funds that are provided in the Employee 401(k) Plan. On May 1, 2006, the plan was amended to require that deferrals into the Company's Class A Nonvoting Common Stock must remain in the Company's Class A Nonvoting Common Stock and be distributed in shares of the Company's Class A Nonvoting Common Stock.

At least one year prior to termination of employment, the executive must elect whether to receive their account balance following termination of employment in a single lump sum payment or by means of distribution under an Annual Installment Method. If the executive does not submit an election form or has not submitted one timely, then payment shall be made each year for a period of ten years. The first payment must be one-tenth of the balance held; the second one-ninth; and so on, with the balance held in the Rabbi Trust reduced by each payment. Distributions of the Company Class A Nonvoting Common Stock are made in-kind; distributions of other assets are in cash.

Effective January 1, 2008, the Executive Deferred Compensation Plan was amended and restated to comply with the provisions of Section 409A of the Internal Revenue Code. Amounts deferred prior to January 1, 2005 (which were fully vested under the terms of the plan), including past and future earnings credited thereon, will remain subject to the terms in place prior to January 1, 2005.

Perquisites:

Brady provides the named executive officers with the following perquisites that are not available to other non-executive employees:

- Annual allowance for financial and tax planning
- Enhanced long-term disability insurance
- Company car
- Long-term care insurance
- Personal liability insurance

Stock Ownership Guidelines

We believe that the interests of shareholders and executives become aligned when executives become shareholders in possession of a meaningful amount of Company stock. Furthermore, this stock ownership encourages positive performance behaviors and discourages executive officers from taking undue risk. In order to encourage our executive officers and directors to acquire and retain ownership of a significant number of shares of the Company's stock, stock ownership guidelines have been established.

The Board of Directors has established the following stock ownership guidelines for our named executive officers:

Frank M. Jaehnert	100,000 shares
Thomas J. Felmer	30,000 shares
Peter C. Sephton	30,000 shares
Robert L. Tatterson	30,000 shares
Matthew O. Williamson	30,000 shares

The stock ownership guideline for each director is 5,000 shares of Company stock.

Mr. Jaehnert met his respective ownership levels in 2011. Named executive officers other than the Company's CEO have until fiscal year 2013 to achieve their respective ownership levels. If an executive does not meet the above ownership level or certain interim levels, the Compensation Committee may direct that the executive's after-tax payout on any incentive plans will be in Class A Nonvoting Common Stock to bring the executive up to the required level. The Compensation Committee reviews the actual stock ownership levels of each of the named executive officers on an annual basis to ensure the guidelines are met.

For purposes of determining whether an executive meets the required ownership level, Company stock owned outright, Company stock held in the Executive Deferred Compensation Plan and Company stock owned in the Employee 401(k) Plan or pension plan is included. In addition, twenty percent of any vested stock options that are "in the money" are included.

Employment and Change of Control Agreements

The Board of Directors of Brady Corporation approved change of control agreements for certain executive officers of the Company, including all the named executive officers. The agreements applicable to all of the named executive officers other than Mr. Jaehnert provide a payment of an amount equal to two times their annual base salary and two times the average bonus payment received in the three years immediately prior to the date the change of control occurs in the event of termination or resignation upon a change of control. The agreements also provides for reimbursement of any excise taxes imposed and up to $25,000 of attorney fees to enforce the executive's rights under the agreement. Payments under the agreement will be spread over two years.

In May 2003, the Board approved a Change of Control Agreement for Mr. Jaehnert, which was subsequently amended and restated in December 2008 to comply with Internal Revenue Code Section 409A. The agreement applicable to Mr. Jaehnert provides a payment of an amount equal to three times his annual base salary and three times the average bonus payment received in the three years immediately prior to the date the change of control occurs in the event of termination or resignation upon a change of control. The agreement will also reimburse a maximum of $25,000 of legal fees incurred by Mr. Jaehnert in order to enforce the change of control agreement, in which he prevails. Payments under the agreement will be spread over three years.

Compliance with Tax Regulations Regarding Executive Compensation

Section 162(m) of the Internal Revenue Code, added by the Omnibus Budget Reconciliation Act of 1993, generally disallows a tax deduction to public companies for compensation over $1 million paid to the Company's chief executive officer and the other named executive officers. Qualifying performance-based compensation will not be subject to the deduction limit if certain requirements are met. The Company's executive compensation program, as currently constructed, is not likely to generate significant nondeductible compensation in excess of these limits. The Compensation Committee will continue to review these tax regulations as they apply to the Company's executive compensation program. It is the Compensation Committee's intent to preserve the deductibility of executive compensation to the extent reasonably practicable and to the extent consistent with its other compensation objectives.

Compensation Committee Interlocks and Insider Participation

During fiscal 2011, the Board's Compensation Committee was composed of board members Allender, Buchanan, Galbato and Pungello. None of these persons has at any time been an employee of the Company or any of its subsidiaries. Mr. Buchanan's Board services ended on November, 18, 2010. There are no relationships among the Company's executive officers, members of the Compensation Committee or entities whose executives serve on the Board that require disclosure under applicable SEC regulations.

Compensation Committee Report

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis with management; and based on the review and discussions, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in the Company's annual report on Form 10-K.

Chan W. Galbato, Chairman

Patrick W. Allender

Elizabeth P. Pungello

Compensation Policies and Practices

The Company's compensation policies for executive officers and all other employees are designed to avoid incentives to create undue risks to the Company. The Company's compensation programs are weighted towards offering long-term incentives that reward sustainable performance; do not offer significant short-term incentives that might drive high-risk investments at the expense of the long-term Company value; and are set at reasonable and sustainable levels, as determined by a review of the Company's economic position, as well as the compensation offered by comparable companies. The Company's compensation policies and practices were evaluated to ensure that they do not foster risk taking above the level of risk associated with the Company's business model. The Company has also reviewed its compensation policies and practices and determined they will not create risk that is reasonably likely to have a material adverse effect on the Company.

Summary Compensation Table

The following table sets forth compensation awarded to, earned by, or paid to the named executive officers, who served as executive officers during the fiscal year ended July 31, 2011 for services rendered to the Company and its subsidiaries during the fiscal years ended July 31, 2011, July 31, 2010 and July 31, 2009.

Name And Principal Position	Fiscal Year	Salary ($)	Restricted Stock Awards ($)(1)	Option Awards ($)(2)	Non-Equity Incentive Plan Compensation ($)(3)	All Other Compensation ($)(4)	Total ($)
F.M. Jaehnert	2011	793,269	2,803,500	2,470,157	1,632,548	223,329	7,922,803
President &	2010	768,269	—	1,868,047	1,193,891	127,590	3,957,797
Chief Executive Officer	2009	750,000	—	389,421	—	179,761	1,319,182
T.J. Felmer	2011	363,285	(22,050)	914,386	523,349	93,163	1,872,133
Senior Vice President &	2010	339,659	—	833,224	369,481	65,242	1,607,606
Chief Financial Officer	2009	318,269	—	194,710	—	65,322	578,301
P.C. Sephton (4)	2011	356,818	(22,050)	790,878	341,190	92,158	1,558,994
President — Brady Europe	2010	334,827	—	833,224	188,441	118,801	1,475,293
	2009	325,710	—	194,710	—	86,787	607,207
R.L. Tatterson	2011	320,935	(12,600)	667,370	462,338	75,398	1,513,441
Vice President — R&D &	2010	307,235	—	659,100	334,210	45,579	1,346,124
Chief Technology Officer	2009	300,000	—	161,000	—	66,321	527,321
M.O. Williamson	2011	360,071	(22,050)	790,878	462,461	73,093	1,664,453
President — Brady Americas	2010	343,244	—	833,224	234,505	53,695	1,464,668
	2009	326,843	—	194,710	—	65,265	586,818

(1) Represents the grant date fair value computed in accordance with accounting guidance for equity grants made or modified in the applicable year for restricted stock awards. The grant date fair value is calculated based on the number of shares of Common Stock underlying the restricted stock awards, times the average of the high and low trade prices of Brady Common Stock on the date of grant. The actual value of a restricted stock award will depend on the market value of the Company's Common Stock on the date the stock is sold. The restricted stock award granted on January 8, 2008 was amended effective July 20, 2011 so that the shares will vest upon meeting a performance vesting requirement based upon earnings per share growth at either July 31, 2013 or July 31, 2014, provided that the senior executives meet the service vesting requirement of an additional two years. The reduction in the incremental fair value of the restricted share grant as of the modification date is included in the table above.

Effective August 2, 2010, a grant of 100,000 shares of performance-based restricted stock was issued to Mr. Jaehnert, which included both a performance vesting requirement based upon earnings per share growth and a service vesting requirement prorated at July 31, 2013, July 31, 2014 and July 31, 2015.

(2) Represents the grant date fair value computed in accordance with accounting guidance for equity grants made or modified in the applicable year for performance-based and time-based stock options. The assumptions used to determine the value of the awards, including the use of the Black-Scholes method of valuation by the Company, are discussed in Note 1 of the Notes to Consolidated Financial Statements of the Company contained in Item 8 of this Form 10-K, for the fiscal year ended July 31, 2011. The actual value, if any, which an option holder will realize upon the exercise of an option will depend on the excess of the market value of the Company's Common Stock over the exercise price on the date the option is exercised, which cannot be forecasted with any accuracy.

(3) Reflects incentive plan compensation earned during the listed fiscal years, which was paid during the next fiscal year. Consistent with the Company's incentive compensation plan, there were no bonuses paid to executives for fiscal year 2009 because Company performance did not exceed fiscal year 2008 levels.

(4) The amounts in this column for Messrs. Jaehnert, Felmer, Sephton, Tatterson and Williamson include: matching contributions to the Company's Matched 401(k) Plan, Funded Retirement Plan and Restoration Plan, the costs of group term life insurance for each named executive officer, use of a Company car and associated expenses, the cost of long-term care insurance, the cost of personal liability insurance, the cost of disability insurance and other perquisites. The perquisites may include an annual allowance for financial and tax planning and the cost of an annual physical health exam. The amounts in this column for Mr. Sephton include: contributions for the Brady U.K. Pension Plan, the cost of group term life insurance, vehicle allowance and associated expenses and other perquisites as listed above.

Name	Fiscal Year	Retirement Plan Contributions ($)	Group Term Life Insurance ($)	Company Car ($)	Long-term Care Insurance ($)	Personal Liability Insurance ($)	Temporary/ Total Disability ($)	Other ($)	Total ($)
F.M. Jaehnert	2011	158,281	2,740	24,057	5,141	2,654	23,760	6,696	223,329
	2010	61,923	3,042	28,070	5,141	2,654	23,760	3,000	127,590
	2009	116,284	3,042	27,698	4,863	2,654	23,760	1,460	179,761
T.J. Felmer	2011	57,931	828	25,311	3,737	—	—	5,356	93,163
	2010	27,157	713	29,995	3,737	—	—	3,640	65,242
	2009	32,528	890	26,401	4,863	—	—	640	65,322
P.C. Sephton(4)	2011	57,091	3,267	31,800	—	—	—	—	92,158
	2010	85,162	2,695	30,944	—	—	—	—	118,801
	2009	52,114	1,749	32,924	—	—	—	—	86,787
R.L. Tatterson	2011	50,793	732	16,074	3,506	—	—	4,293	75,398
	2010	25,966	653	13,560	2,630	—	—	2,770	45,579
	2009	42,132	670	14,974	5,755	—	—	2,790	66,321
M. O. Williamson	2011	47,059	820	14,436	5,501	—	—	5,277	73,093
	2010	27,648	724	16,422	5,501	—	—	3,400	53,695
	2009	40,038	919	18,309	4,863	—	—	1,136	65,265

(4) The amounts in this table for Mr. Sephton, who works and lives in the United Kingdom, were paid to him in British Pounds. The amounts shown in U.S. dollars in the table above were converted from British Pounds at the average exchange rate for fiscal 2011: $1 = £0.6250, 2010: $1 = £0.6358, fiscal 2009: $1 = £0.6294.

Grants of Plan-Based Awards for 2011

The following table summarizes grants of plan-based awards made during fiscal 2011 to the named executive officers.

Name	Grant Date	Compen-sation Committee Approval Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards (1)			All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Securities Under-lying Options (#)	Exercise or Base Price of Stock or Option Awards Options (2)(3) & (4) (#)	Grant Date Fair Value of Stock and Option Awards ($)
			Threshold ($)	Target ($)	Maximum ($)				
F.M. Jaehnert	8/1/2010	7/19/2010	—	793,269	1,983,173				
	8/2/2010	7/19/2010	—	—	—	100,000		28.35	2,835,000
	8/2/2010	7/19/2010	—	—	—		150,000	28.35	1,473,548
	9/24/2010	9/8/2010	—	—	—		100,000	29.10	996,609
	1/8/2008	7/20/2011	—	—	—	50,000		32.20	(31,500)
T.J. Felmer	8/1/2010	7/19/2010	—	254,300	635,749				
	8/2/2010	7/19/2010	—	—	—		52,500	28.35	515,742
	9/24/2010	9/8/2010	—	—	—		40,000	29.10	398,644
	1/8/2008	7/20/2011	—	—	—	35,000		32.20	(22,050)
P.C. Sephton	8/1/2010	7/19/2010	—	249,773	624,432				
	8/2/2010	7/19/2010	—	—	—		45,000	28.35	442,064
	9/24/2010	9/8/2010	—	—	—		35,000	29.10	348,813
	1/8/2008	7/20/2011	—	—	—	35,000		32.20	(22,050)
R.L. Tatterson	8/1/2010	7/19/2010	—	224,654	561,636				
	8/2/2010	7/19/2010	—	—	—		37,500	28.35	368,387
	9/24/2010	9/8/2010	—	—	—		30,000	29.10	298,983
	1/8/2008	7/20/2011	—	—	—	20,000		32.20	(12,600)
M.O. Williamson	8/1/2010	7/19/2010	—	252,050	630,124				
	8/2/2010	7/19/2010	—	—	—		45,000	28.35	442,064
	9/24/2010	9/8/2010	—	—	—		35,000	29.10	348,813
	1/8/2008	7/20/2011	—	—	—	35,000		32.20	(22,050)

(1) The awards were made under the Company's annual cash incentive plan. The structure of the plan is described in the Compensation Discussion and Analysis above. Award levels are set prior to the beginning of the fiscal year and payouts can range from 0% to 250% of the target.

(2) Effective August 2, 2010, a grant of 100,000 shares of performance-based restricted stock was issued to Mr. Jaehnert, which included both a performance vesting requirement based upon earnings per share growth and a service vesting requirement prorated at July 31, 2013, July 31, 2014 and July 31, 2015.

(3) The performance-based stock options granted on August 2, 2010 become exercisable as follows: Two-thirds of the shares vest in equal annual installments over a three-year period, with the vesting date being the date the Audit Committee accepts the results of the fiscal year audit confirming the achievement of annual EPS growth levels. The remaining one-third of the shares vest at plan year three depending upon the Corporation's EPS growth for fiscal 2013 over fiscal 2010 in comparison with other corporations in the S&P 600 Index. The time-based stock options granted on September 24, 2010 become exercisable as follows: one-third of the shares on September 24, 2011, one-third of the shares on September 24, 2012 and one-third of the shares on September 24, 2013. These options have a term of ten years and were calculated using the grant date fair value.

(4) Effective July 20, 2011, the Compensation Committee of the Board of Directors of the Company approved an amendment to the granting agreement under which the Company issued performance-based restricted stock on January 8, 2008. In addition to the original vesting criteria, the shares may also vest upon meeting certain financial performance criteria for the fiscal years ending July 31, 2013 or July 31, 2014, provided that the senior executives meet the service vesting requirement of an additional two years. The average of the high and low trade prices of the Company's Class A Common Stock as reported by the New York Stock Exchange on the a date of the performance-based restricted stock was $32.20, and the incremental reduction in the fair value of the grant as of the modification date is reported within the table above.

(5) The exercise price is the average of the high and low sale prices of the Company's Class A Common Stock as reported by the New York Stock Exchange on the date of the grant. The average of the high and low sale prices of the Company's Class A Common Stock as reported by the New York Stock Exchange on the grant dates was $28.35 per share on August 2, 2010 and $29.10 on September 24, 2010.

Outstanding Equity Awards at 2011 Fiscal Year End

		Option Awards (1)				Stock Awards	
Name	**Number of Securities Underlying Unexercised Options Exercisable (#)**	**Number of Securities Underlying Unexercised Options Unexercisable (#)**	**Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)**	**Option Exercise Price ($)**	**Option Expiration Date**	**Equity Incentive Plan Awards; Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)**	**Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)**
F.M. Jaehnert	200,000			13.3100	2/24/2013		
	72,000			17.3250	11/20/2013		
	60,000			22.6325	8/2/2014		
	60,000			28.8425	11/18/2014		
	60,000			33.8900	8/1/2015		
	50,000			37.8300	11/30/2015		
	50,000			38.1900	11/30/2016		
	50,000			38.3100	12/4/2017		
	33,334	16,666(2)		20.9500	12/4/2018		
	28,334	99,166(3)		29.7800	8/3/2019		
	23,334	46,666(5)		28.7300	9/25/2019		
		150,000(6)		28.3500	8/2/2020		
		100,000(7)		29.1000	9/24/2020		
						50,000(4)	1,480,000
						100,000(8)	2,960,000

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Name	Option Awards (1)					Stock Awards	
	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options Unexercisable (#)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date	Equity Incentive Plan Awards; Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)
T.J. Felmer	8,000			16.0000	10/16/2011		
	10,000			16.3875	11/14/2012		
	10,000			17.3250	11/20/2013		
	20,000			22.6325	8/2/2014		
	30,000			28.8425	11/18/2014		
	30,000			33.8900	8/1/2015		
	25,000			37.8300	11/30/2015		
	25,000			38.1900	11/30/2016		
	25,000			38.3100	12/4/2017		
	16,667	8,333(2)		20.9500	12/4/2018		
	11,667	40,833(3)		29.7800	8/3/2019		
	11,667	23,333(5)		28.7300	9/25/2019		
		52,500(6)		28.3500	8/2/2020		
		40,000(7)		29.1000	9/24/2020		
						35,000(4)	1,036,000
P.C. Sephton	14,000			17.3250	11/20/2013		
	30,000			22.6325	8/2/2014		
	30,000			28.8425	11/18/2014		
	30,000			33.8900	8/1/2015		
	25,000			37.8300	11/30/2015		
	25,000			38.1900	11/30/2016		
	25,000			38.3100	12/4/2017		
	16,667	8,333(2)		20.9500	12/4/2018		
	11,667	40,833(3)		29.7800	8/3/2019		
	11,667	23,333(5)		28.7300	9/25/2019		
		45,000(6)		28.3500	8/2/2020		
		35,000(7)		29.1000	9/24/2020		
						35,000(4)	1,036,000
R. L. Tatterson	25,000			38.1900	11/30/2016		
	25,000			38.3100	12/4/2017		
	16,667	8,333(2)		20.9500	12/4/2018		
	10,000	35,000(3)		29.7800	8/3/2019		
	10,000	20,000(5)		28.7300	9/25/2019		
		37,500(6)		28.3500	8/2/2020		
		30,000(7)		29.1000	9/24/2020		
						20,000(4)	592,000
M.O. Williamson	7,500			16.3875	11/14/2012		
	14,000			17.3250	11/20/2013		
	30,000			22.6325	8/2/2014		
	30,000			28.8425	11/18/2014		
	30,000			33.8900	8/1/2015		
	25,000			37.8300	11/30/2015		
	25,000			38.1900	11/30/2016		
	25,000			38.3100	12/4/2017		
	16,667	8.333(2)		20.9500	12/4/2018		
	11,667	40,833(3)		29.7800	8/3/2019		
	11,667	23,333(5)		28.7300	9/25/2019		
		45,000(6)		28.3500	8/2/2020		
		35,000(7)		29.1000	9/24/2020		
						35,000(4)	1,036,000

(1) Adjusted for a two-for-one stock split in the form of a 100% stock dividend, effective December 31, 2004.

(2) All shares vest on December 4, 2011.

(3) Two-thirds of the shares vest in equal annual installments over a three-year period, with the vesting date being the date the Audit Committee accepts the results of the fiscal year audit confirming the achievement of annual EPS growth levels. The remaining one-third of the shares vest at plan year three depending upon the Corporation's EPS growth for fiscal 2012 over fiscal 2008 in comparison with other corporations in the S&P 600 Index.

(4) Effective July 20, 2011, the Compensation Committee of the Board of Directors of the Company approved an amendment to the granting agreement under which the Company issued performance-based restricted stock on January 8, 2008. Pursuant to the amendment, the shares will vest upon meeting a financial performance vesting requirement at either July 31, 2013 or July 31, 2014, provided that the senior executives meet the service vesting requirement of an additional two years.

(5) One-half of the options vest on September 25, 2011 and one-half of the options vest on September 25, 2012.

(6) Two-thirds of the shares vest in equal installments over a three-year period, with the vesting date being the date the Audit Committee accepts the results of the fiscal year audit confirming the achievement of annual EPS growth levels. The remaining one-third of the shares vest at plan year three depending upon the Corporation's EPS growth for fiscal 2013 over fiscal 2010 in comparison with other corporations in the S&P 600 Index.

(7) One-third of the options vest on September 24, 2011, one-third of the options vest on September 24, 2012, and one-third of the options vest on September 24, 2013.

(8) Effective August 2, 2010, a grant of 100,000 shares of performance-based restricted stock was issued to Mr. Jaehnert, which included both a performance vesting requirement based upon earnings per share growth and a service vesting requirement prorated at July 31, 2013, July 31, 2014 and July 31, 2015.

Option Exercises for Fiscal 2011

The following table summarizes option exercises completed during fiscal 2011 to the named executive officers. No shares of restricted stock held by the named executive officers vested in fiscal 2011.

	Option Awards	
Name	**Number of Shares Acquired on Exercise (#)**	**Value Realized on Exercise ($)**
F.M. Jaehnert	76,000	1,518,095
T.J. Felmer	8,000	128,760
P.C. Sephton	None	None
R.L. Tatterson	None	None
M.O. Williamson	None	None

Non-Qualified Deferred Compensation for Fiscal 2011

The following table summarizes the activity within the Executive Deferred Compensation Plan and the Brady Restoration Plan during fiscal 2011 for the named executive officers.

Name	Executive Contributions in Last Fiscal Year ($)	Registrant Contributions in Last Fiscal Year ($)	Aggregate Earnings in Last Fiscal Year ($)	Aggregate Withdrawals/ Distributions ($)	Aggregate Balance at Last Fiscal Year End ($)
F.M. Jaehnert	69,648	138,681	424,023	—	3,844,683
T.J. Felmer	322,045	37,870	169,524	—	1,332,339
P.C. Sephton	—	—	—	—	—
R.L. Tatterson	51,057	32,115	41,071	—	383,877
M.O. Williamson	13,561	27,121	75,046	—	713,419

See discussion of the Company's nonqualified deferred compensation plan in the Compensation Discussion and Analysis. The executive contribution amounts reported here are derived from the salary and non-equity incentive plan compensation columns of the Summary Compensation Table. The registrant contribution amounts reported here are reported in the all other compensation columns of the Summary Compensation Table.

Potential Payments Upon Termination or Change in Control

As described in the Employment and Change of Control Agreements section of the Compensation Discussion and Analysis above, the Company has entered into change of control agreements with each of the named executive officers. The terms of the change of control agreement are triggered if, within a 24 month period beginning with the date a change of control occurs, (i) the executive's employment with the Company is involuntarily terminated other than by reason of death, disability or cause or (ii) the executive's employment with the Company is voluntarily terminated by the executive subsequent to (a) any reduction in the total of the executive's annual base salary, exclusive of fringe benefits, and the executive's target bonus in comparison with the executive's annual base salary and target bonus immediately prior to the date the change of control occurs, (b) a significant diminution in the responsibilities or authority of the executive in comparison with the executive's responsibility and authority immediately prior to the date the change of control occurs, or (c) the imposition of a requirement by the Company that the executive relocate to a principal work location more than 50 miles from the executive's principal work location immediately prior to the date the change of control occurs.

Following termination due to a change in control, executives shall be paid a multiplier of their annual base salary in effect immediately prior to the date the change of control occurs, plus a multiplier of their average bonus payment received over a three-year period prior to the date the change of control occurs. The Company will also reimburse the executive for any excise tax incurred by the executive as a result of Section 280(G) of the Internal Revenue Code. The Company will also reimburse a maximum of $25,000 of legal fees incurred by the executive in order to enforce the change of control agreement, in which the executive prevails.

The following information and tables set forth the amount of payments to each named executive officer in the event of termination of employment as a result of a change of control. No other employment agreements have been entered into between the Company and any of the named executive officers.

Assumptions and General Principles.

The following assumptions and general principles apply with respect to the tables that follow in this section.

- The amounts shown in the tables assume that each named executive officer terminated employment on July 31, 2011. Accordingly, the tables reflect amounts earned as of July 31, 2011, and include estimates of amounts that would be paid to the named executive officer upon the occurrence of a change in control. The actual amounts that would be paid to a named executive officer can only be determined at the time of termination.

- The tables below include amounts the Company is obligated to pay the named executive officer as a result of the executed change in control agreement. The tables do not include benefits that are paid generally to all salaried employees or a broad group of salaried employees. Therefore, the named executive officers would receive benefits in addition to those set forth in the tables.

- A named executive officer is entitled to receive base salary earned during his term of employment regardless of the manner in which the named executive officer's employment is terminated. As such, this amount is not shown in the tables.

Frank M. Jaehnert

The following table shows the amount payable assuming that the terms of the change of control agreement were triggered on July 31, 2011 and the named executive officer had to legally enforce the terms of the agreement.

Base Salary ($)(1)	Bonus ($) (2)	Restricted Stock Award Acceleration Gain $(3)	Stock Option Acceleration Gain $ (4)	Excise Tax Reimbursement ($)	Legal Fee Reimbursement ($) (5)	Total ($)
2,400,000	1,897,445	4,440,000	422,260	1,663,980	25,000	10,848,685

(1) Represents three times the base salary in effect at July 31, 2011.

(2) Represents three times the average bonus payment received in the last three fiscal years ended July 31.

(3) Represents the closing market price of $29.60 on 150,000 unvested awards that would vest due to the change in control.

(4) Represents the difference between the closing market price of $29.60 and the exercise price on 313,332 unvested stock options in-the-money that would vest due to the change in control.

(5) Represents the maximum reimbursement of legal fees allowed.

Thomas J. Felmer

The following table shows the amount payable assuming that the terms of the change of control agreement were triggered on July 31, 2011 and the named executive officer had to legally enforce the terms of the agreement.

Base Salary ($)(1)	Bonus ($) (2)	Restricted Stock Award Acceleration Gain $(3)	Stock Option Acceleration Gain $ (4)	Excise Tax Reimbursement ($)	Legal Fee Reimbursement ($) (5)	Total ($)
740,000	311,739	1,036,000	178,006	358,880	25,000	2,649,625

(1) Represents two times the base salary in effect at July 31, 2011.

(2) Represents two times the average bonus payment received in the last three fiscal years ended July 31.

(3) Represents the closing market price of $29.60 on 35,000 unvested awards that would vest due to the change in control.

(4) Represents the difference between the closing market price of $29.60 and the exercise price on 124,166 unvested stock options in-the-money that would vest due to the change in control.

(5) Represents the maximum reimbursement of legal fees allowed.

Peter C. Sephton

The following table shows the amount payable assuming that the terms of the change of control agreement were triggered on July 31, 2011 and the named executive officer had to legally enforce the terms of the agreement.

Base Salary ($)(1)	Bonus ($) (2)	Restricted Stock Award Acceleration Gain $(3)	Stock Option Acceleration Gain $ (4)	Excise Tax Reimbursement ($)	Legal Fee Reimbursement ($) (5)	Total ($)
721,636	300,562	1,036,000	166,131	322,231	25,000	2,571,560

(1) Represents two times the base salary in effect at July 31, 2011. As Mr. Sephton works and lives in the United Kingdom, his base salary is paid to him in British Pounds. The amount shown in U.S. dollars was converted from British Pounds at the July 2011 month-end exchange rate: $1 = £0.6358.

(2) Represents two times the average bonus payment received in the last three fiscal years ended July 31.

(3) Represents the closing market price of $29.60 on 35,000 unvested awards that would vest due to the change in control.

(4) Represents the difference between the closing market price of $29.60 and the exercise price on 111,666 unvested stock options in-the-money that would vest due to the change in control.

(5) Represents the maximum reimbursement of legal fees allowed.

Robert L. Tatterson

The following table shows the amount payable assuming that the terms of the change of control agreement were triggered on July 31, 2011 and the named executive officer had to legally enforce the terms of the agreement.

Base Salary ($) (1)	Bonus ($) (2)	Restricted Stock Award Acceleration Gain $ (3)	Stock Option Acceleration Gain $ (4)	Excise Tax Reimbursement ($)	Legal Fee Reimbursement ($) (5)	Total ($)
650,000	373,905	592,000	151,356	315,928	25,000	2,108,189

(1) Represents two times the base salary in effect at July 31, 2011.

(2) Represents two times the average bonus payment received in the last three fiscal years ended July 31.

(3) Represents the closing market price of $29.60 on 20,000 unvested awards that would vest due to the change in control.

(4) Represents the difference between the closing market price of $29.60 and the exercise price on 95,833 unvested stock options in-the-money that would vest due to the change in control.

(5) Represents the maximum reimbursement of legal fees allowed.

Matthew O. Williamson

The following table shows the amount payable assuming that the terms of the change of control agreement were triggered on July 31, 2011 and the named executive officer had to legally enforce the terms of the agreement.

Base Salary ($) (1)	Bonus ($) (2)	Restricted Stock Award Acceleration Gain $ (3)	Stock Option Acceleration Gain $ (4)	Excise Tax Reimbursement ($)	Legal Fee Reimbursement ($) (5)	Total ($)
730,000	278,610	1,036,000	166,131	347,133	25,000	2,582,874

(1) Represents two times the base salary in effect at July 31, 2011.

(2) Represents two times the average bonus payment received in the last three fiscal years ended July 31.

(3) Represents the closing market price of $29.60 on 35,000 unvested awards that would vest due to the change in control.

(4) Represents the difference between the closing market price of $29.60 and the exercise price on 111,666 unvested stock options in-the-money that would vest due to the change in control.

(5) Represents the maximum reimbursement of legal fees allowed.

Potential Payments Upon Termination Due to Death or Disability

In the event of termination due to death or disability, all unexercised, unexpired stock options would immediately vest and all restricted stock awards would immediately become unrestricted and fully vested. The following table shows the amount payable to the named executive officers should this event occur on July 31, 2011.

Name	Unvested Shares of Restricted Stock as of July 31, 2011	Restricted Stock Award Acceleration Gain $ (1)	Unvested Stock Options In-the Money as of July 31, 2011	Stock Option Acceleration Gain $ (2)
F.M. Jaehnert	150,000	4,440,000	313,332	422,260
T.J. Felmer	35,000	1,036,000	124,166	178,006
P.C. Sephton	35,000	1,036,000	111,666	166,131
R.L. Tatterson	20,000	592,000	95,833	151,356
M.O. Williamson	35,000	1,036,000	111,666	166,131

(1) Represents the closing market price of $29.60 on unvested shares that would vest due to the change in control.

(2) Represents the difference between the closing market price of $29.60 and the exercise price on unvested stock options in-the-money that would vest due to death or disability.

Compensation of Directors

To ensure competitive compensation for the Directors, surveys prepared by various consulting firms and the National Association of Corporate Directors are reviewed by the Corporate Governance Committee and the Compensation Committee in making recommendations to the Board of Directors regarding Director compensation. Directors who are employees of the Company receive no additional compensation for service on the Board or on any committee of the Board. The annual cash retainer paid to non-management Directors is $45,000. The remaining components of Director compensation include $6,000 for each committee chair ($10,000 for the Audit Committee Chair) and $1,500 plus expenses for each meeting of the Board or any committee thereof, which they attend and are a member or $1,000 for single issue telephonic committee meetings of the Board. Directors also receive $1,000 for each meeting they attend of any committee for which they are not a member and $500 for each telephonic committee meeting they attend of any committee for which they are not a member. In addition, non-management Directors are eligible to receive compensation of up to $1,000 per day for special assignments required by management or the Board of Directors, so long as the compensation does not impair independence and is approved as required by the Board.

On September 9, 2011, the Corporation's Board of Directors authorized an increase in compensation paid to its non-management Directors. Effective with the annual Board of Directors meeting to be held on November 17, 2011, the annual committee chair fees will increase from $6,000 to $10,000 for each of the Chairs of the Compensation, Corporate Governance, Finance, and Technology Committees and from $10,000 to $15,000 for the Chair of the Audit Committee.

On November 18, 2010, the Board of Directors of the Corporation, upon the recommendation of its Corporate Governance Committee, increased the annual Lead Independent Director fee from $10,000 to $15,000. The current chair of the Corporate Governance Committee, Mr. Conrad Goodkind, is serving as the Lead Independent Director.

By unanimous written consent effective September 26, 2011, the holders of the Company's Class B Common Stock approved the Brady Corporation 2012 Omnibus Incentive Stock Plan (the "2012 Omnibus Plan"). Under the terms of the 2012 Omnibus Plan, pursuant to which 5,500,000 shares of the Company's Class A Common Stock have been authorized for issuance, the Board has full and final authority to designate the non-management Directors to whom awards will be granted, the date on which awards will be granted and the number of shares of stock covered by each grant. On September 9, 2011, the Board approved an annual stock-based compensation award of approximately $75,000, half in time-based stock options and half in unrestricted shares of Class A Common Stock, for each non-management Director effective September 30, 2011.

Directors are also eligible to defer portions of their fees into the Brady Corporation Director Deferred Compensation Plan ("Director Deferred Compensation Plan"), the value of which is measured by the fair value of the underlying investments. On September 9, 2011, the Board approved an amendment to the Director Deferred Compensation Plan to incorporate rules for the deferral of compensation payable in the form of Brady Corporation common stock. The assets of the Director Deferred Compensation Plan are held in a Rabbi Trust and are invested by the trustee as directed by the participant in several investment funds as permitted by the Director Deferred Compensation Plan. The investment funds available in the Director Deferred Compensation Plan include Brady Corporation Class A Nonvoting Common Stock and various mutual funds that are provided in the Employee 401(k) Plan.

At least one year prior to termination from the Board, the Director must elect whether to receive his/her account balance following termination in a single lump sum payment or by means of distribution under an Annual Installment Method. If the Director does not submit an election form or has not submitted one timely, then payment shall be made each year for a period of ten years. The first payment must be one-tenth of the balance held; the second one-ninth; and so on, with the balance held in the Trust reduced by each payment. Distributions of the Company Class A Nonvoting Common Stock are made in-kind; distributions of other assets are in cash.

Effective January 1, 2008, the Director Deferred Compensation Plan was amended and restated to comply with the provisions of Section 409A of the Internal Revenue Code.

Director Compensation Table — Fiscal 2011

Name	Fees Earned or Paid in Cash ($)	Option Awards ($) (1)	Total ($)
Elizabeth P. Pungello	71,000	83,600	154,600
Robert C. Buchanan (2)	27,250	83,600	110,850
Frank W. Harris	75,500	83,600	159,100
Chan W. Galbato	93,500	83,600	177,100
Patrick W. Allender (3)	92,500	83,600	176,100
Conrad G. Goodkind	100,000	83,600	183,600
Bradley C. Richardson	87,000	83,600	170,600
Gary S. Balkema	77,000	181,739	258,739

(1) Represents the grant date fair value computed in accordance with accounting guidance for equity grants made in the applicable year for time-based stock options. The assumptions used to determine the value of the awards, including the use of the Black-Scholes method of valuation by the Company, are discussed in Note 1 of the Notes to Consolidated Financial Statements of the Company contained in Item 8 of this Form 10-K for the fiscal year ended July 31, 2011. The grant date fair value of options granted in fiscal 2011 was $83,600 for Ms. Pungello, Mr. Buchanan, Mr. Harris, Mr. Galbato, Mr. Allender, Mr. Goodkind, and for Mr. Richardson.

The grant date fair value of options granted in fiscal 2011 was $181,739 for Mr. Balkema, who in addition to the grant received by the other non-management Directors, also received a grant of 10,000 options two weeks after the date he joined the Board. The actual value, if any, which an option holder will realize upon the exercise of an option will depend on the excess of the market value of the Company's common stock over the exercise price on the date the option is exercised, which cannot be forecasted with any accuracy.

Outstanding option awards at July 31, 2011 for each individual serving as a director on that date include the following: Ms. Pungello, 52,800 shares; Mr. Harris, 52,800 shares; Mr. Galbato, 38,800 shares; Mr. Allender, 38,800 shares; Mr. Goodkind, 38,800 shares; Mr. Richardson, 32,800 shares; and Mr. Balkema, 18,400.

(2) Mr. Buchanan's Board services ended on November 18, 2010.

(3) Includes $5,000 paid for special assignments.

Item 12. *Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters*

(a) ***Security Ownership of Certain Beneficial Owners***

The following table sets forth the current beneficial ownership of shareholders who are known by the Company to own more than five percent (5%) of any class of the Company's voting shares on August 15, 2011. As of that date, nearly all of the voting stock of the Company was held by two trusts controlled by direct descendants of the Company's founder, William H. Brady, as follows:

Title of Class	Name and Address of Beneficial Owner	Amount of Beneficial Ownership	Percent of Ownership(2)
Class B Common Stock	Brady Corporation Class B Common Stock Trust(1) c/o Elizabeth P. Pungello 2002 S. Hawick Ct. Chapel Hill, NC 27516	1,769,304	50%
	William H. Brady III Revocable Trust of 2003(3) c/o William H. Brady III 249 Rosemont Ave. Pasadena, CA 91103	1,769,304	50%

(1) The trustee is Elizabeth P. Pungello, who has sole voting and dispositive power and who is the remainder beneficiary. Elizabeth Pungello is the great-granddaughter of William H. Brady and currently serves on the Company's Board of Directors.

(2) An additional 20 shares are owned by a third trust with different trustees.

(3) William H. Brady III is special trustee of this trust and has sole voting and dispositive powers with respect to these shares. William H. Brady III is the grandson of William H. Brady.

(b) ***Security Ownership of Management***

The following table sets forth the current beneficial ownership of each class of equity securities of the Company by each Director or Nominee and by all Directors and Officers of the Company as a group as of July 31, 2011. Unless otherwise noted, the address for each of the listed persons is c/o Brady Corporation, 6555 West Good Hope Road, Milwaukee, Wisconsin 53223. Except as otherwise indicated, all shares are owned directly.

Title of Class	Name of Beneficial Owner & Nature of Beneficial Ownership	Amount of Beneficial Ownership(4)	Percent of Ownership
Class A Common Stock	Elizabeth P. Pungello(1)	1,352,095	2.6%
	Frank M. Jaehnert(2)	925,161	1.8
	Peter C. Sephton	305,402	0.6
	Thomas J. Felmer	298,808	0.6
	Matthew O. Williamson	285,973	0.5
	Robert L. Tatterson	129,833	0.2
	Conrad G. Goodkind	91,510	0.2
	Frank W. Harris	72,245	0.1
	Patrick W. Allender	39,736	0.1
	Chan W. Galbato	32,694	0.1
	Bradley C. Richardson	25,083	*
	Gary S. Balkema	11,468	*
	All Officers and Directors as a Group (17 persons)(3)	4,105,264	7.8
Class B Common Stock	Elizabeth P. Pungello(1)	1,769,304	50.0%

* Indicates less than one-tenth of one percent.

(1) Ms. Pungello's holdings of Class A Common Stock include 1,352,095 shares owned by a trust for which she is a trustee and has sole dispositive and voting authority**.** Ms. Pungello's holdings of Class B Common Stock include 1,769,304 shares owned by a trust over which she has sole dispositive and voting authority.

(2) Of the amount reported, Mr. Jaehnert's spouse owns 5,446 shares of Class A Common Stock directly.

(3) The amount shown for all officers and directors individually and as a group (17 persons) includes options to acquire a total of 2,443,174 shares of Class A Common Stock, which are currently exercisable or will be exercisable within 60 days of July 31, 2011, including the following: Ms. Pungello, 42,400 shares; Mr. Jaehnert, 805,336 shares; Mr. Sephton, 264,002 shares; Mr. Felmer, 271,336 shares; Mr. Williamson, 271,502 shares; Mr. Tatterson, 125,001 shares; Mr. Goodkind, 28,400 shares; Mr. Harris, 42,400 shares; Mr. Allender, 28,400 shares; Mr. Galbato, 28,400 shares; Mr. Richardson, 22,400 shares; Mr. Balkema, 9,468 shares; Mr. Klotsche, 275,402 shares; Mr. Curran, 101,890 shares; Ms. Johnson, 58,001 shares; Mr. Millar, 39,501 shares; and Mr. Pearce, 29,335 shares. It does not include other options for Class A Common Stock which have been granted at later dates and are not exercisable within 60 days of July 31, 2011.

(4) The amount shown for all officers and directors individually and as a group (17 persons) includes Class A Common Stock owned in deferred compensation plans totaling 163,759 shares of Class A Common Stock, including the following: Ms. Pungello, 2,163 shares; Mr. Jaehnert, 88,343 shares; Mr. Sephton, 0 shares; Mr. Felmer, 10,618 shares; Mr. Williamson, 14,471 shares; Mr. Tatterson, 0 shares; Mr. Goodkind, 13,059 shares; Mr. Harris, 0 shares; Mr. Allender, 11,336 shares; Mr. Galbato, 4,293 shares; Mr. Richardson, 2,683 shares; Mr. Balkema, 0 shares; Mr. Klotsche, 7,823 shares; Mr. Curran, 104 shares; Ms. Johnson, 5,832 shares; Mr. Millar, 0 shares; and Mr. Pearce, 3,034 shares.

(c) ***Changes in Control***

No arrangements are known to the Company, which may, at a subsequent date, result in a change in control of the Company.

(d) ***Equity Compensation Plan Information***

	As of July 31, 2011		
Plan Category	**Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)**	**Weighted-average exercise price of outstanding options, warrants and rights (b)**	**Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)**
Equity compensation plans approved by security holders	5,799,017	$ 29.24	737,000
Equity compensation plans not approved by security holders	None	None	None
Total	5,799,017	$ 29.24	737,000

The Company's equity compensation plans allow the granting of stock options to various officers, directors and other employees of the Company at prices equal to fair market value at the date of grant. The Company has reserved 3,000,000 and 200,000 shares of Class A Nonvoting Common Stock for issuance under the Brady Corporation 2010 Omnibus Incentive Stock Plan and the Brady Corporation 2010 Nonqualified Stock Option Plan for Non-employee Directors, respectively. Generally, options will not be exercisable until one year after the date of grant, and will be exercisable thereafter, to the extent of one-third per year and have a maximum term of ten years.

In August 2004, 2005, 2006, 2007, 2009, and 2011 certain executives and key management employees were issued stock options that vest upon meeting certain financial performance conditions in addition to the vesting schedule described above. Performance-based options expire 10 years from the date of grant. All grants under the equity plans are at market price on the date of the grant. The Company granted 210,000 performance-based restricted shares during fiscal 2008, with a grant price and fair value of $32.83. Effective July 20, 2011, the Compensation Committee of the Board of Directors of the Company approved an amendment to the fiscal 2008 performance-based restricted shares to provide for an additional two year vesting period. See "Exhibit 10.35", incorporated by reference, for the full text of the amendment. The Company did not grant any performance-based restricted shares during fiscal 2010 or 2009. The Company granted 100,000 shares of performance-based restricted stock to Frank M. Jaehnert, the Company's President and Chief Executive Officer, in August of 2010, with a grant price and fair value of $28.35. As of July 31, 2011, 310,000 performance-based restricted shares were outstanding.

Item 13. ***Certain Relationships, Related Transactions, and Director Independence***

The Company annually solicits information from its Directors in order to ensure there are no conflicts of interest. The information gathered annually is reviewed by the Company and if any transactions are not in accordance with the rules of the New York Stock Exchange or are potentially in violation of the Company's Corporate Governance Principles, the transactions are referred to the Corporate Governance Committee for approval, ratification, or other action. Further, potential affiliated party transactions are discussed at the Company's quarterly disclosure committee meetings. In addition pursuant to its charter, the Company's Audit Committee periodically reviews reports and disclosures of insider and affiliated party transactions with the Company, if any. Furthermore, the Company's directors are expected to be mindful of their fiduciary obligations to the Company and to report any potential conflicts to the Corporate Governance Committee for review. Based on the Company's consideration of all relevant facts and circumstances, the Corporate Governance Committee will decide whether or not to approve such transactions and will approve only those transactions that are in the best interest of the Company. Additionally, the Company has processes in place to educate executives and employees about affiliated transactions. The Company maintains an anonymous hotline by which employees may report potential conflicts of interest such as affiliated party transactions. Based on these evaluations the Company has determined that it does not have material related party transactions that affect the results of operations, cash flow or financial condition. The Company has also determined that no transactions occurred in fiscal 2011, or are currently proposed, that would require disclosure under Item 404 (a) of Regulation S-K.

See Item 10 — Directors and Executive Officers of the Registrant for a discussion of director independence.

Item 14. ***Principal Accounting Fees and Services***

The following table presents the aggregate fees incurred for professional services by Deloitte & Touche LLP and Deloitte Tax LLP during the years ended July 31, 2011 and 2010. Other than as set forth below, no professional services were rendered or fees billed by Deloitte & Touche LLP or Deloitte Tax LLP during the years ended July 31, 2011 and 2010.

	2011	2010
	(Dollars in thousands)	
Audit, audit-related and tax compliance		
Audit fees(1)	$ 1,374	$ 1,425
Tax fees — compliance	949	549
Subtotal audit, audit-related and tax compliance fees	2,323	1,974
Non-audit related		
Tax fees — planning and advice	479	723
Other fees (2)	275	281
Subtotal non-audit related fees	754	1,004
Total fees	$ 3,077	$ 2,978

(1) Audit fees consist of professional services rendered for the audit of the Company's annual financial statements, attestation of management's assessment of internal control, reviews of the quarterly financial statements and statutory reporting compliance.

(2) All other fees relate to expatriate activities.

	2011	2010
Ratio of Tax Planning and Advice Fees and All Other Fees to Audit Fees, Audit-Related Fees and Tax Compliance Fees	.3 to 1	.5 to 1

Pre-Approval Policy — The services performed by the Independent Registered Public Accounting Firm ("Independent Auditors") in fiscal 2010 and 2011 were pre-approved in accordance with the pre-approval policy and procedures adopted by the Audit Committee at its November 19, 2003 meeting. The policy requires the Audit Committee to pre-approve the audit and non-audit services performed by the Independent Auditors in order to assure that the provision of such services does not impair the auditor's independence. Unless a type of service to be performed by the Independent Auditors has received general pre-approval, it will require specific pre-approval by the Audit Committee. Any proposed services exceeding pre-approved cost levels will require specific pre-approval by the Audit Committee.

PART IV

Item 15. ***Exhibits and Financial Statement Schedules***

Item 15 (a) — The following documents are filed as part of this report:

1) & 2) Consolidated Financial Statement Schedule —

Schedule II Valuation and Qualifying Accounts

All other schedules are omitted as they are not required, or the required information is shown in the consolidated financial statements or notes thereto.

3) Exhibits — See Exhibit Index at page 93 of this Form 10-K.

EXHIBIT INDEX

Exhibit Number	Description
3.1	Restated Articles of Incorporation of Brady Corporation (1)
3.2	By-laws of Brady Corporation, as amended (23)
*10.1	Form of Change of Control Agreement, amended as of December 23, 2008, entered into with Thomas J. Felmer, Allan J. Klotsche, Peter C. Sephton, Robert L. Tatterson, and Matthew O. Williamson (12)
*10.2	Brady Corporation BradyGold Plan, as amended (2)
*10.3	Executive Additional Compensation Plan, as amended (2)
*10.4	Executive Deferred Compensation Plan, as amended (16)
*10.5	Directors' Deferred Compensation Plan, as amended (25)
*10.6	Forms of Non-Qualified Employee Stock Option Agreement, Director Stock Option Agreement, and Employee Performance Stock Option Agreement under 2006 Omnibus Incentive Stock Plan (10)
*10.7	Brady Corporation 2004 Omnibus Incentive Stock Plan, as amended (10)
*10.8	Form of Brady Corporation 2004 Nonqualified Stock Option Agreement under the 2004 Omnibus Incentive Stock Plan, as amended (13)
10.9	Brady Corporation Automatic Dividend Reinvestment Plan (4)
*10.10	Brady Corporation 2005 Nonqualified Plan for Non-employee Directors, as amended (3)
*10.11	Forms of Nonqualified Stock Option Agreements under 2005 Non-qualified Plan for Non-employee Directors, as amended (8)
*10.12	Brady Corporation 1997 Omnibus Incentive Stock Plan, as amended (10)
*10.13	Brady Corporation 1997 Nonqualified Stock Option Plan for Non-Employee Directors, as amended (10)
10.14	Revolving Credit Facility Credit Agreement (14)
*10.15	Brady Corporation 2006 Omnibus Incentive Stock Plan, as amended (10)
*10.16	Brady Corporation Incentive Compensation Plan for Elected Corporate Officers, as amended (15)
10.17	First Amendment to Revolving Credit Facility Credit Agreement (6)
*10.18	Form of Amendment, dated March 4, 2009, to granting agreement for performance-based stock options issued on August 2, 2004 to Frank M. Jaehnert, Thomas J. Felmer, Peter C. Sephton, Matthew O. Williamson, and Allan J. Klotsche (12)
*10.19	Form of Performance-based Restricted Stock Agreement under Brady Corporation 2006 Omnibus Incentive Stock Plan (7)
*10.20	Change of Control Agreement, amended as of December 23, 2008, entered into with Frank M. Jaehnert (12)
*10.21	Restated Brady Corporation Restoration Plan (5)
*10.22	Brady Corporation 2001 Omnibus Incentive Stock Plan, as amended (10)
*10.23	Brady Corporation 2003 Omnibus Incentive Stock Plan, as amended (10)
10.24	Brady Note Purchase Agreement dated June 28, 2004 (11)
10.25	First Supplement to Note Purchase Agreement, dated February 14, 2006 (9)
10.26	Second Supplement to Note Purchase Agreement, dated March 23, 2007 (24)
*10.27	Form of Change of Control Agreement, amended as of December 23, 2008, entered into with Kathleen Johnson (12)
*10.28	Brady Corporation 2010 Omnibus Incentive Stock Plan, as amended (22)
*10.29	Brady Corporation 2010 Nonqualified Stock Option Plan for Non-employee Directors (17)
*10.30	Form of Non-Qualified Employee Stock Option Agreement and Employee Performance Stock Option Agreement under 2010 Omnibus Incentive Stock Plan (17)
*10.31	Form of Director Stock Option Agreement under 2010 Nonqualified Stock Option Plan for Non-employee Directors (17)
*10.32	Form of Amendment, dated February 17, 2010, to granting agreement for performance-based stock options issued on August 1, 2005 to Frank M. Jaehnert, Thomas J. Felmer, Peter C. Sephton, Matthew O. Williamson and Allan J. Klotche (18)
10.33	Brady Note Purchase Agreement dated May 13, 2010 (19)
*10.34	Performance-based Restricted Stock Agreement with Frank M. Jaehnert, dated August 2, 2010 (20)
*10.35	Form of Amendment to January 8, 2008 Brady Corporation Performance-Based Restricted Stock Agreement, dated July 20, 2011 (21)
*10.36	Brady Corporation Incentive Compensation Plan for Senior Executives (15)
*10.37	Form of Fiscal 2012 Performance Stock Option under the 2010 Omnibus Incentive Stock Plan
*10.38	Brady Corporation 2012 Omnibus Incentive Stock Plan
*10.39	Form of Non-Qualified Employee Stock Option Agreement under 2012 Omnibus Incentive Stock Plan
*10.40	Form of Non-Qualified Employee Performance Stock Option Agreement under 2012 Omnibus Incentive Stock Plan
*10.41	Form of Director Stock Option Agreement under 2012 Omnibus Incentive Stock Plan
21	Subsidiaries of Brady Corporation

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Exhibit Number	Description
23	Consent of Deloitte & Touche LLP, Independent Registered Public Accounting Firm
31.1	Rule 13a-14(a)/15d-14(a) Certification of Frank M. Jaehnert
31.2	Rule 13a-14(a)/15d-14(a) Certification of Thomas J. Felmer
32.1	Section 1350 Certification of Frank M. Jaehnert
32.2	Section 1350 Certification of Thomas J. Felmer
101	Interactive Data File

* Management contract or compensatory plan or arrangement

(1) Incorporated by reference to Registrant's Registration Statement No. 333-04155 on Form S-3

(2) Incorporated by reference to Registrant's Annual Report on Form 10-K filed for the fiscal year ended July 31, 1989

(3) Incorporated by reference to Registrant's Current Report on Form 8-K filed November 25, 2008

(4) Incorporated by reference to Registrant's Annual Report on Form 10-K for the fiscal year ended July 31, 1992

(5) Incorporated by reference to Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended January 31, 2008

(6) Incorporated by reference to Registrant's Current Report on Form 8-K filed March 19, 2008

(7) Incorporated by reference to Registrant's Current Report on Form 8-K filed January 9, 2008

(8) Incorporated by reference to Registrant's Current Report on Form 8-K filed December 4, 2006

(9) Incorporated by reference to Registrant's Current Report on Form 8-K filed February 17, 2006

(10) Incorporated by reference to Registrant's Annual Report on Form 10-K for the fiscal year ended July 31, 2008

(11) Incorporated by reference to Registrant's 8-K/A filed August 3, 2004

(12) Incorporated by reference to Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended January 31, 2009

(13) Incorporated by reference to Registrant's Annual Report on Form 10-K for the fiscal year ended July 31, 2005

(14) Incorporated by reference to Registrant's Annual Report on Form 10-K for the fiscal year ended July 31, 2006

(15) Incorporated by reference to Registrant's Current Report on Form 8-K filed September 2, 2011

(16) Incorporated by reference to Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended April 30, 2011

(17) Incorporated by reference to Registrant's Annual Report on Form 10-K for the fiscal year ended July 31, 2009

(18) Incorporated by reference to Registrant's Current Report on Form 8-K filed February 23, 2010

(19) Incorporated by reference to Registrant's Current Report on Form 8-K filed May 14, 2010

(20) Incorporated by reference to Registrant's Current Report on Form 8-K filed August 4, 2010

(21) Incorporated by reference to Registrant's Current Report on Form 8-K/A filed July 28, 2011

(22) Incorporated by reference to Registrant's Current Report on Form 8-K filed September 27, 2010

(23) Incorporated by reference to Registrant's Current Report on Form 8-K filed November 23, 2010

(24) Incorporated by reference to Registrant's Current Report on Form 8-K filed March 26, 2007

(25) Incorporated by reference to Registrant's Current Report on Form 8-K filed September 15, 2011

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SCHEDULE
VALUATION AND QUALIFYING ACCOUNTS

BRADY CORPORATION AND SUBSIDIARIES
SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS

Description	Year ended July 31, 2011	2010	2009
	(Dollars in thousands)		
Valuation accounts deducted in balance sheet from assets to which they apply — Accounts receivable — allowance for doubtful accounts:			
Balances at beginning of period	$ 7,137	$ 7,931	$10,059
Additions — Charged to expense	1,287	2,005	1,278
Due to acquired businesses	52	80	—
Deductions — Bad debts written off, net of recoveries	(2,293)	(2,879)	(3,406)
Balances at end of period	$ 6,183	$ 7,137	$ 7,931
Inventory — reserve for slow-moving inventory:			
Balances at beginning of period	$15,944	$22,288	$22,148
Additions — Charged to expense	3,750	1,646	5,138
Due to acquired businesses	632	129	—
Deductions — Inventory write-offs	(7,317)	(8,119)	(4,998)
Balances at end of period	$13,009	$15,944	$22,288

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized this 27th day of September 2011.

BRADY CORPORATION

By: /s/ THOMAS J. FELMER
Thomas J. Felmer
Senior Vice President & Chief Financial Officer

(Principal Financial Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capabilities and on the dates indicated.*

Signature	Title
/s/ FRANK M. JAEHNERT Frank M. Jaehnert	President and Chief Executive Officer; Director (*Principal Executive Officer*)
/s/ KATHLEEN M. JOHNSON Kathleen M. Johnson	Vice President and Chief Accounting Officer *(Principal Accounting Officer)*
/s/ BRADLEY C. RICHARDSON Bradley C. Richardson	Director
/s/ PATRICK W. ALLENDER Patrick W. Allender	Director
/s/ CHAN W. GALBATO Chan W. Galbato	Director
/s/ FRANK W. HARRIS Frank W. Harris	Director
/s/ CONRAD G. GOODKIND Conrad G. Goodkind	Director
/s/ ELIZABETH P. PUNGELLO Elizabeth P. Pungello	Director
/s/ GARY S. BALKEMA Gary S. Balkema	Director

* Each of the above signatures is affixed as of September 27, 2011.

EXHIBIT 10.37

BRADY CORPORATION

PERFORMANCE STOCK OPTION

Upon management's recommendation, the Compensation Committee (the "Committee") of the Brady Corporation Board of Directors has awarded to _____________________ ("Employee") a non-qualified performance stock option (the "Option") effective ___________ X, 20XX, pursuant to the terms of the Brady Corporation 2010 Omnibus Incentive Stock Plan (the "Plan").

1. Number of Shares Optioned; Option Price

The Corporation grants to the Employee the right and option to purchase, on the terms and conditions hereof, all or any part of an aggregate of XXXX (X,XXX) shares of the presently authorized Class A Common Stock of the Corporation (the "Option Shares"), $.01 par value, whether unissued or issued and reacquired by the Corporation, at the price of $XX.XX per share (the "Option Price"). Vesting of the Option Shares shall be based upon the Company's annual year-over-year growth in earnings per share ("EPS") for fiscal 2012, 2013 and 2014. For this purpose EPS shall be determined using the Corporation's diluted earnings per share for its Class A common stock.

2. Conditions of Exercise of Options During Employee's Lifetime; Vesting of Option

Except as provided in this paragraph and in paragraph 3, this Option may not be exercised (a) unless Employee is, at the date of the exercise, in the employ of the Corporation or a Subsidiary, and (b) the performance conditions provided below have been met; provided, however, that in no event shall this Option be exercisable for any shares after the expiration date provided in paragraph 7.

Vesting of the Option Shares shall be determined as follows, with the vesting date in each situation being the date the Audit Committee accepts the results of the fiscal year audit.

Year 1 (2012 Option Shares)

Quantity: 1/3 of Option Shares (the "2012 Option Shares")

Performance Criteria: The 2012 Option Shares will vest if the EPS for fiscal 2012 exceed the EPS for fiscal 2011 by 15% or more. If the 2012 Option Shares do not become vested because the EPS for 2012 does not exceed the EPS for 2011 by at least 15%, the 2012 Option Shares will become vested if the Compound Annual Growth Rate ("CAGR") of the Corporation's EPS since fiscal year 2011, for fiscal 2013 or fiscal 2014 is 15% or more.

Year 2 (2013 Option Shares)

Quantity: 1/3 of Option Shares (the "2013 Option Shares")

Performance Criteria: The 2013 Option Shares will vest if the EPS for fiscal 2013 exceed the EPS for fiscal 2012 by 15% or more. If the 2013 Option Shares do not become vested because the EPS for 2013 do not exceed the EPS for 2012 by at least 15%, the 2013 Option Shares will become vested if the CAGR for 2013 or 2014 as compared to the base year of 2011 is 15% or more.

Year 3 (2014 Option Shares)

Quantity: 1/3 of Option Shares (the "2014 Option Shares")

Performance Criteria: The 2014 Option Shares will vest if the EPS for fiscal 2014 exceed the EPS for fiscal 2013 by 15% or more. If the 2014 Option Shares do not become vested because the EPS for 2014 do not exceed the EPS for 2013 by at least 15%, the 2014 Option Shares will become vested if the CAGR for 2014 as compared to the base year of 2011 is 15% or more.

For example in the event of the following distributions the Option Shares would vest:

	YOY EPS Growth	CAGR	1st Vesting Opportunity	2nd Vesting Opportunity
Year 1:	10%		No	Yes (after year three)
Year 2:	16%	13%	Yes	N/A
Year 3:	30%	18%	Yes	N/A

	YOY EPS Growth	CAGR	1st Vesting Opportunity	2nd Vesting Opportunity
Year 1:	30%		Yes	N/A
Year 2:	15%	22%	Yes	N/A
Year 3:	3%	15%	No	Yes

If Employee shall cease to be employed by the Corporation or a Subsidiary for any reason other than as provided in paragraph 3, Employee may, at any time within 90 days of such termination, but in no event later than the date of expiration of this Option, exercise this Option to the extent Employee was entitled to do so on the date of such termination. However, if Employee was dismissed for cause, of which the Compensation Committee of the Board of Directors of the Corporation shall be the sole judge, this Option shall forthwith expire. This Agreement does not confer upon Employee any right of continuation of employment by the Corporation or a Subsidiary, nor does it impair any right the Corporation or any Subsidiary may have to terminate the Employee's employment at any time.

3. Termination of Employment

Notwithstanding the provisions of paragraph 2 hereof, other than in the event of a termination for cause, if the Employee:

(a) is terminated by the death of the Employee, any unexercised, unexpired Stock Options granted hereunder to the Employee shall be 100% vested and fully exercisable, in whole or in part, at any time within one year after the date of death, by the Employee's personal representative or by the person to whom the Stock Options are transferred under the Employee's last will and testament or the applicable laws of descent and distribution;

(b) dies within 90 days after termination of employment by the Corporation or its Affiliates, other than for cause, any unexercised, unexpired Stock Options granted hereunder to the Employee and exercisable as of the date of such termination of employment shall be exercisable, in whole or in part, at any time within one year after the date of death, by the Employee's personal representative or by the person to whom the Stock Options are transferred under the Employee's last will and testament or the applicable laws of descent and distribution;

(c) is terminated as a result of the disability of the Employee (a disability means that the Employee is disabled as a result of sickness or injury, such that he or she is unable to satisfactorily perform the material duties of Employee's job, as determined by the Board of Directors, on the basis of medical evidence satisfactory to it), any unexercised, unexpired Stock Options granted hereunder to the Employee shall become 100% vested and fully exercisable, in whole or in part, at any time within one year after the date of disability;

(d) is terminated as a result of the Employee's retirement (after age 55 with ten years of employment with the Corporation or a Subsidiary or after age 65), any unexercised, unexpired Stock Options granted hereunder to the Employee shall continue to vest as provided in paragraph 2 hereof and any option that is or becomes vested may be exercised in whole or in part prior to the expiration date of such option.

4. Deferral of Exercise

Although the Corporation intends to exert its best efforts so that the shares purchasable upon the exercise of this Option will be registered under, or exempt from, the registration requirements of, the Securities Act of 1933 (the "Act") and any applicable state securities law at the time or times this Option (or any portion of this Option) first becomes exercisable, if the exercise of this Option would otherwise result in a violation by the Corporation of any provision of the Act or of any state securities law, the Corporation may require that such exercise be deferred until the Corporation has taken appropriate action to avoid any such violation.

5. **Method of Exercising Option**

This Option shall be exercised by delivering to the Corporation, at the office of its Treasurer, a written notice of the number of shares with respect to which this Option is at the time being exercised and by paying the Corporation in full the Option Price of the shares being acquired at the time.

6. **Method of Payment**

Payment shall be made either (i) in cash; (ii) by delivering shares of the Corporation's Class A Common Stock which have been beneficially owned by the Employee, the spouse of the Employee, or both of them, for a period of at least six months prior to the time of exercise ("Delivered Stock"); (iii) by surrendering to the Corporation shares of Class A Common Stock otherwise receivable upon exercise of the Option (a "Net Exercise"); or (iv) any combination of the foregoing. Payment in the form of Delivered Stock shall be in the amount of the Fair Market Value of the stock at the date of exercise, determined in accordance with paragraph 9.

7. **Expiration Date**

This Option shall expire ten years after the date on which this Option was granted.

8. **Withholding Taxes**

The Corporation may require, as a condition to the exercise of this Option, that the Employee concurrently pay to the Corporation any taxes which the Corporation is required to withhold by reason of such exercise. In lieu of part or all of any such payment, the Employee may elect, subject to such rules and regulations as the Committee may adopt from time to time, to have the Corporation withhold from the shares to be issued upon exercise that number of shares having a Fair Market Value, determined in accordance with paragraph 9, equal to the amount which the Corporation is required to withhold.

9. **Method of Valuation of Stock**

The "Fair Market Value" of the Class A Common Stock of the Corporation on any date shall mean, if the stock is then listed and traded on a registered national securities exchange, or is quoted in the NASDAQ National Market System, the average of the high and low sales price recorded in composite transactions for such date (rounding up to the nearest cent) or, if such date is not a business day or if no sales of shares shall have been reported with respect to such date, the next preceding business date with respect to which sales were reported. In the absence of reported sales or if the stock is not so listed or quoted, but is traded in the over-the-counter market, Fair Market Value shall be the average of the closing bid and asked prices for such shares on the relevant date (rounding up to the nearest cent.

10. No Rights in Shares Until Certificates Issued

Neither the Employee nor his heirs nor his personal representative shall have any of the rights or privileges of a stockholder of the Corporation in respect of any of the shares issuable upon the exercise of the Option herein granted, unless and until certificates representing such shares shall have been issued or shares in book entry form shall have been recorded in the records of the Corporation's transfer agent.

11. Option Not Transferable

No portion of the Option granted hereunder shall be transferable or assignable (or made subject to any pledge, lien, obligation or liability of an Employee) except (a) by last will and testament or the laws of descent and distribution (and upon a transfer or assignment pursuant to an Employee's last will and testament or the laws of descent and distribution, any Option must be transferred in accordance therewith); (b) during the Employee's lifetime, nonqualified stock Options may be transferred by an Employee to the Employee's spouse, children or grandchildren or to a trust for the benefit of such spouse, children or grandchildren, provided that the terms of any such transfer prohibit the resale of shares acquired upon exercise of the option at a time during which the transferor would not be permitted to sell such shares under the Corporation's policy on trading by insiders and are subject to the provisions of paragraph 9.

12. Prohibition Against Pledge, Attachment, Etc.

Except as otherwise herein provided, the Option herein granted and the rights and privileges pertaining thereto shall not be transferred, assigned, pledged or hypothecated in any way (whether by operation of law or otherwise) and shall not be subject to execution, attachment or similar process.

13. Changes in Stock

In the event there are any changes in the Class A Common Stock of the Corporation through merger, consolidation, reorganization, recapitalization, stock dividend, stock split, combination or exchange of shares, rights offering or any other change affecting the Class A Common Stock of the Corporation, appropriate changes will be made by the Compensation Committee in the aggregate number of shares and the purchase price and kind of shares subject to this Option, to prevent substantial dilution or enlargement of the rights granted to or available for Employee.

14. Dissolution or Merger

Anything contained herein to the contrary notwithstanding upon the dissolution or liquidation of the Corporation, or upon any merger in which the Corporation is not the surviving corporation, at any time prior to the expiration date of the termination of this Option, the Employee shall have the right within sixty (60) days prior to the effective date of such dissolution, liquidation or merger, to surrender all or any unexercised portion of this Option to the Corporation for cash, subject to the discretion of the Compensation Committee as to the exact timing of said surrender. Notwithstanding the foregoing, however, in the event

Employee has retired or died, Employee's right to surrender all or any unexercised portion of this Option under this paragraph shall be available only to the extent at the time of any such surrender, Employee would have been entitled to exercise this Option under paragraphs 2 or 3 hereof, as the case may be. The amount of cash to be paid to Employee for the portion of this Option so surrendered, shall be equal to the number of shares of Class A Common Stock subject to the surrendered Option multiplied by the difference between the Option Price per share, as described in paragraph 1 hereof, and the Fair Market Value per share, determined in accordance with paragraph 9 hereof, as of the time of surrender.

15. Notices

Any notice to be given to the Corporation under the terms of this Agreement shall be addressed to the Corporation in care of its Chief Financial Officer, and any notice to be given to the Employee may be addressed at the address as it appears on the Corporation's records, or at such other address as either party may hereafter designate in writing to the other. Except as provided in paragraph 5 hereof, any such notice shall be deemed to have been duly given, if and when enclosed in a properly sealed envelope addressed as aforesaid, and deposited, postage prepaid, in the United States mail.

16. Provisions of Plan and Corporate Records Controlling

This Option is subject in all respects to the provisions of the Plan. In the event of any conflict between any provisions of this Option and the provisions of the Plan, the provisions of the Plan shall control, except to the extent that the Plan permits the Committee to modify the terms of an Option grant and has done so herein. Terms defined in the Plan where used herein shall have the meanings as so defined. Employee acknowledges receipt of a copy of the Plan. The Corporation's records shall be the official record of the Option grant described herein and , in the event of any conflict between this description and the Corporation's records, the Corporation's records shall control.

17. Wisconsin Contract

This Option has been granted in Wisconsin and shall be construed under the laws of that state.

EXHIBIT 10.38

BRADY CORPORATION

2012 OMNIBUS INCENTIVE STOCK PLAN

I. INTRODUCTION

1.01 Purpose. This plan shall be known as the Brady Corporation 2012 Omnibus Incentive Stock Plan. The purpose of the Plan is to provide an incentive for directors and employees of Brady Corporation and its Affiliates to improve corporate performance on a long-term basis, and to attract and retain directors and employees by enabling them to participate in the future successes of the Corporation, and by associating the long term interests of directors and employees with those of the Corporation and its shareholders. It is intended that the Plan and its operation comply with the provisions of Rule 16b-3 under the Securities Exchange Act of 1934 (or any successor rule). The Plan is intended to permit the grant of Nonqualified Stock Options, Incentive Stock Options, shares of Restricted Stock, Restricted Stock Units and shares of Unrestricted Stock. The proceeds received by the Corporation from the sale of Corporation Stock pursuant to the Plan shall be used for general corporate purposes.

1.02 Effective Date. The effective date of the Plan shall be September 1, 2011, subject to approval of the Plan by holders of a majority of the outstanding voting common stock of the Corporation. Any Award granted prior to such shareholder approval shall be expressly conditioned upon shareholder approval of the Plan.

1.03 Effect on Prior Plan. After December 31, 2011, no further awards or grants will be made under the Brady Corporation 2010 Omnibus Incentive Stock Plan or the 2010 Stock Option Plan for Non-Employee Directors.

II. PLAN DEFINITIONS

For Plan purposes, except where the context clearly indicates otherwise, the following terms shall have the meanings set forth below:

(a) "Administrator" means the administrator as described in Section 4.01.

(b) "Affiliates" means any "subsidiary corporation" or "parent corporation" as such terms are defined in Section 424 of the Code.

(c) "Agreement" means a written agreement (including any amendment or supplement thereto) between the Corporation and a Participant specifying the terms and conditions of an Award.

(d) "Award" shall mean the grant of any form of Stock Option, Restricted Stock, Restricted Stock Units or Unrestricted Stock.

(e) "Board" shall mean the Board of Directors of the Corporation.

(f) "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.

(g) "Committee" shall mean the committee described in Section 4.01.

(h) "Corporation" shall mean Brady Corporation, a Wisconsin corporation.

(i) "Corporation Stock" shall mean the Corporation's Class A Non-Voting Common Stock, $.01 par value, and such other stock and securities as may be substituted therefor pursuant to Section 3.02.

(j) "Eligible Individual" shall mean any director or regular salaried employee of the Corporation or an Affiliate, who satisfies the requirements of Section 5.01.

(k) "Exercise Period" shall mean the period of time provided pursuant to Section 6.05 within which a Stock Option may be exercised.

(l) "Fair Market Value" on any date shall mean, with respect to Corporation Stock, if the stock is then listed and traded on a registered national securities exchange, or is quoted in the NASDAQ National Market System, the average of the high and low sale prices recorded in composite transactions for such date (rounding up to the nearest cent) or, if such date is not a business day or if no sales of Corporation Stock shall have been reported with respect to such date, the next preceding business date with respect to which sales were reported. In the absence of reported sales or if the stock is not so listed or quoted, but is traded in the over-the-counter market, Fair Market Value shall be the average of the closing bid and asked prices for such shares on the relevant date.

(m) "Participant" means an Eligible Individual who has been granted an Award under this Plan.

(n) "Performance Goals" means the performance goals established by the Administrator prior to the grant of any Award of Stock Options, Restricted Stock or Restricted Stock Units intended to qualify as "performance-based compensation" under Section 162(m) of the Code. Performance Goals may be established at the Company or business unit level and may be based upon the attainment of goals relating to one or more of the following business criteria measured on an absolute basis or in terms of growth or reduction: revenue, expenses, net income (pre-tax or after-tax), earnings per share, return on equity, return on assets, return on tangible book value, operating income, earnings before interest, taxes, depreciation and amortization (EBITDA), loss ratio, expense ratio, increase in stock price, total shareholder return, economic value added and operating cash flow. The Administrator may establish other subjective or objective performance goals, including individual goals, which it deems appropriate. In measuring the degree of attainment of a Performance Goal, Unusual and Unforeseen Charges may be included or excluded as determined by the Administrator in its discretion or as otherwise provided in an Award Agreement. "Unusual and Unforeseen Charges" may include but are not limited to any one of the following events creating positive or negative adjustments to the attainment of a performance metric so long as the inclusion or exclusion would not jeopardize the status of the compensation as "performance-based compensation" under Section 162(m) of the Code: (i) restructurings, discontinued operations, impairment of goodwill or long-lived assets, follow on stock offerings, extraordinary items, and other unusual or non-recurring charges, (ii) an event either not directly related to the operations of the Corporation or not within the reasonable control of the Corporation's management, (iii) the cumulative effects of tax or accounting changes in accordance with generally accepted accounting principles, (iv) changes in tax regulations or laws, or (v) the effect of a merger or acquisition.

(o) "Person" means any individual or entity, and the heirs, personal representatives, executors, administrators, legal representatives, successors and assigns of such Person as the context may require.

(p) "Plan" shall mean the Brady Corporation 2012 Omnibus Incentive Stock Plan, as set forth herein, as it may be amended from time to time.

(q) "Restricted Stock" means shares of Corporation Stock granted to a Participant under Article VII.

(r) "Restricted Stock Unit" means an Award granted to a Participant under Article VIII.

(s) "Stock Option" means an option to purchase a stated number of shares of Corporation Stock at the price set forth in an Agreement. A Stock Option may be either a Nonqualified Stock Option or an Incentive Stock Option.

(t) "Unrestricted Stock" means shares of Corporation Stock granted to a Participant under Article IX.

III. SHARES SUBJECT TO AWARD

3.01 Available Shares. Subject to adjustments under Section 3.02, the total number of shares of Corporation Stock authorized for issuance shall not exceed five million five hundred thousand (5,500,000) shares, all of which may be issued in the form of ISOs. No individual may be granted an Award or Awards under the Plan covering more than five hundred thousand (500,000) shares of Corporation Stock in any calendar year (determined without regard to grants under any other plan or program). The shares authorized for issuance under the Plan may consist, in whole or in part, of authorized but unissued Corporation Stock, or of treasury stock of the Corporation. Shares subject to and not issued under an Award that expires, terminates, is canceled or forfeited for any reason under the Plan shall again become available for the granting of Awards.

3.02 Changes in Corporation Stock. In the event of any change in the Corporation Stock resulting from a reorganization, recapitalization, stock split, stock dividend, merger, consolidation, rights offering or like transaction, the Administrator shall proportionately and appropriately adjust: (a) the aggregate number and kind of shares authorized for issuance under the Plan; and (b) in the case of previously-granted Stock Options, the option price and the number and kind of shares subject to the Stock Options, without any change in the aggregate purchase price to be paid for the Stock Options.

IV. ADMINISTRATION

4.01 Administration. For purposes of the power to grant Awards to directors, the Administrator shall consist of the entire Board, which may delegate any or all of its authority to a committee of the Board. For purposes of the power to grant Awards to employees, the Administrator shall be a committee designated by the Board to administer the Plan and shall initially be the Compensation Committee of the Board. The Committee shall be constituted to permit the Plan to comply with the provisions of Rule 16b-3 under the Securities Exchange Act of 1934 (or any successor rule) and Section 162(m) of the Code. A majority of the members of the Committee shall constitute a quorum. The approval of such a quorum, expressed by a majority vote at a meeting held either in person or by conference telephone call, or the unanimous consent of all members in writing without a meeting, shall constitute the action of the Committee and shall be valid and effective for all purposes of the Plan.

4.02 Administrator Powers. Subject to Section 11.06, the Administrator is empowered to adopt, amend and rescind such rules, regulations and procedures and take such other action as it shall deem necessary or proper for the administration of the Plan and, in its discretion, may modify, extend or renew any Award theretofore granted. The Administrator shall also have authority to interpret the Plan, and the decision of the Administrator on any questions concerning the interpretation of the Plan shall be final and conclusive. The express grant in the Plan of any specific power to the Administrator shall not be construed as limiting any power or authority of the Administrator. The Administrator shall not incur any liability for any action taken in good faith with respect to the Plan or any Award.

Subject to the provisions of the Plan, the Administrator shall have full and final authority to:

(a) designate the Eligible Individuals to whom Awards shall be granted;

(b) grant Awards in such form and amount as the Administrator shall determine;

(c) impose such limitations, restrictions and conditions upon any such Award as the Administrator shall deem appropriate, including conditions (in addition to those contained in this Plan) (i) on the exercisability of all or any portion of a Stock Option, (ii) on the transferability or forfeitability of Restricted Stock or (iii) requiring an Eligible Individual to retain all or a portion of the Corporation Stock for a period of time following the exercise of a Stock Option, the vesting of Restricted Stock or the payment of Restricted Stock Units;

(d) prescribe the form of Agreement with respect to each Award;

(e) waive in whole or in part any limitations, restrictions or conditions imposed upon any such Award as the Administrator shall deem appropriate (including accelerating the time at which any Stock Option may be exercised or the time at which Restricted Stock may become transferable or nonforfeitable);

(f) make adjustments in the terms and conditions of a Performance Goal in recognition of unusual or nonrecurring events affecting the Company or the financial statements of the Company or of changes in applicable laws, regulations, or accounting principles, whenever the Administrator determines that such adjustments are appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan, provided that no such adjustment shall be authorized to the extent that such adjustment would be inconsistent with the Plan's or any Performance Award meeting the requirements of Section 162(m) of the Code; and

(g) determine the extent to which leaves of absence for governmental or military service, illness, temporary disability and the like shall not be deemed interruptions of continuous service.

V. PARTICIPATION

5.01 Eligibility. Any director or employee of the Corporation and its Affiliates who, in the sole opinion of the Administrator, has contributed or can be expected to contribute to the profits, growth and success of the Corporation shall be eligible for Awards under the Plan. From among all such Eligible Individuals, the Administrator shall determine from time to time those Eligible Individuals to whom Awards shall be granted. No Eligible Individual shall have any right whatsoever to receive an Award unless so determined by the Administrator.

5.02 No Employment or Service Rights. The Plan shall not be construed as conferring any rights upon any person for a continuation of employment or service, nor shall it interfere with the rights of the Corporation or any Affiliates to terminate the employment or service of any person or to take any other action affecting such person.

VI. STOCK OPTIONS

6.01 Stock Options; General. Stock Options granted under the Plan shall be in the form of Nonqualified Stock Options ("NSOs"), Incentive Stock Options ("ISOs") or a combination thereof; provided that incentive stock options may only be granted to individuals who are employed by the Corporation or an Affiliate. Each Stock Option granted under the Plan shall be evidenced by an Agreement which shall contain the terms and conditions required by this Article VI, and such other terms and conditions, not inconsistent herewith, as the Administrator may deem appropriate in each case. A Stock Option granted under the Plan shall not be treated as an Incentive Stock Option unless the Stock Option Agreement specifically designates the option as an Incentive Stock Option.

6.02 Stock Option Holder's Rights as a Shareholder. The holder of a Stock Option shall not have any rights as a shareholder with respect to the shares covered by a Stock Option until such shares have been delivered to him or her.

6.03 Option Price. The price at which each share of Corporation Stock covered by a Stock Option may be purchased shall be not less than 100% of the Fair Market Value of such stock on the date on which the option is granted. The option price shall be subject to adjustment as provided in Section 3.02 hereof.

6.04 Date Stock Option Granted. For purposes of the Plan, a Stock Option shall be considered as having been granted on the date on which the Administrator authorized the grant of the Stock Option except where the Administrator has designated a later date, in which event the later date shall constitute the date of grant of the Stock Option; provided, however, that notice of the grant of the Stock Option shall be given to the Participant within a reasonable time.

6.05 Exercise Period. The Administrator shall have the power to set the time or times within which each Option shall be exercisable, and to accelerate the time or times of exercise; provided, however, that no Stock Option shall be exercisable after the expiration of ten (10) years from the date the Stock Option is granted. Each Agreement with respect to a Stock Option shall state the period or periods of time within which the Stock Option may be exercised by the Participant, in whole or in part.

Subject to the foregoing, unless the Agreement with respect to a Stock Option expressly provides otherwise, a Stock Option shall be exercisable in accordance with the following schedule:

Years After Date of Grant	Percentage of Shares
Less than 1	0%
1 but less than 2	33-1/3%
2 but less than 3	66-2/3%
3 or more	100%

6.06 Method of Exercise. Subject to Section 6.05, each Stock Option may be exercised in whole or in part from time to time as specified in the Agreements provided, however, that each Participant may exercise a Stock Option in whole or in part by giving written notice of the exercise to the Corporation, specifying the number of shares to be purchased by payment in full of the purchase price therefor. The purchase price may be paid (a) in cash, (b) by check, (c) with the approval of the Administrator, or if the applicable Agreement so provides, by delivering shares of Corporation Stock ("Delivered Stock"), (d) by surrendering to the Corporation shares of Corporation Stock otherwise receivable upon exercise of the Stock Option (a "Net Exercise"), or (e) any combination of the foregoing. For purposes of the foregoing, Delivered Stock shall be valued at its Fair Market Value determined as of the business day immediately preceding the date of exercise of the Stock Option and shares of Corporation Stock used in a Net Exercise shall be valued at their Fair Market Value determined as of the date of exercise of the Stock Option. No Participant shall be under any obligation to exercise any Stock Option hereunder.

6.07 Dissolution or Liquidation. Anything contained herein to the contrary notwithstanding, on the effective date of any dissolution or liquidation of the Corporation, any unexercised Stock Options shall be deemed cancelled, and the holder of any such unexercised Stock Options shall be entitled to receive payment under Section 12.04.

6.08 Special Rules for Incentive Stock Options. For so long as Section 422 (or any successor provision) of the Code so provides:

(a) The aggregate Fair Market Value of Corporation Stock (determined as of the date the stock option is granted) with respect to which ISOs are exercisable for the first time during a calendar year may not exceed $100,000. To the extent that the value of the stock subject to options exceeds that amount, the excess shall be considered to be NSOs, with the determination to be made in the order the options are granted.

(b) Employees who own, directly or indirectly, within the meaning of Code Section 425(d), more than 10% of the voting power of all classes of stock of the Corporation or any parent or subsidiary corporation shall not be eligible to receive an ISO hereunder unless the purchase price per share under such option is at least 110% of the Fair Market Value of the stock subject to the option and such option by its terms is not exercisable after the expiration of five (5) years from the date such option is granted

(c) To obtain favorable ISO tax treatment, the option must be exercised while the Participant is an employee, or within three months after the Participant's termination as an employee; provided that, in the case of termination on account of disability (as defined in Section 22(e)(3) of the Code), the exercise period may be extended to one year; and further provided that the employment requirement is waived in the case of the participant's death.

VII. RESTRICTED STOCK

7.01 Administration. Shares of Restricted Stock may be issued either alone or in addition to other Awards granted under the Plan. The Administrator shall determine the Eligible Individuals to whom and the time or times at which grants of Restricted Stock will be made, the number of shares to be granted, the time or times within which such Awards may be subject to forfeiture or otherwise restricted and any other terms and conditions of the Awards. The restrictions may be based upon specified Performance Goals, the Participant's continued service with the Corporation or its Affiliates or such other factors or criteria as the Administrator shall determine. Subject to Sections 7.02 and 7.03 hereof the provisions of Restricted Stock Awards need not be the same with respect to each recipient.

7.02 Terms and Conditions. Shares of Restricted Stock shall be subject to the following terms and conditions:

(a) Any Restricted Stock Award granted hereunder may be evidenced in such manner as the Administrator may deem appropriate, including, without limitation, book-entry registration or issuance of a stock certificate or certificates.

(b) Until the applicable restrictions lapse, the Participant shall not be permitted to sell, assign, transfer, exchange, pledge, hypothecate or otherwise dispose of or encumber shares of Restricted Stock.

(c) Unless and until a forfeiture of the Restricted Stock, the Participant shall have, with respect to the shares of Restricted Stock, all of the rights of a shareholder of the Corporation, including the right to vote the shares (if applicable) and the right to receive any cash dividends. Unless otherwise determined by the Administrator, cash dividends shall be automatically paid in cash and dividends payable in Corporation Stock shall be paid in the form of additional Restricted Stock.

(d) Except to the extent otherwise provided in the applicable Restricted Stock Agreement and (e) below, all shares still subject to restriction shall be forfeited by the Participant upon termination of a Participant's service for any reason.

(e) In the event of hardship or other special circumstances of a Participant whose service is involuntarily terminated (other than for cause), the Administrator may waive in whole or in part any or all remaining restrictions with respect to such Participant's shares of Restricted Stock.

(f) If and when the applicable restrictions lapse, unlegended certificates for such shares shall be delivered to the Participant.

(g) Each Award shall be confirmed by, and be subject to the terms of, a Restricted Stock Agreement.

VIII. RESTRICTED STOCK UNITS

8.01 Administration. Restricted Stock Units may be issued either alone or in addition to other Awards granted under the Plan. The Administrator shall determine the Eligible Individuals to whom and the time or times at which grants of Restricted Stock Units will be made, the number of units to be granted, the time or times within which such Awards may be subject to forfeiture or otherwise restricted and any other terms and conditions of the Awards. The restrictions may be based upon specified Performance Goals, the Participant's continued service with the Corporation or its Affiliates or such other factors or criteria as the Administrator shall determine. The provisions of Restricted Stock Awards need not be the same with respect to each recipient.

8.02 Form and Timing of Payment of Restricted Stock Units. Timing of payment of earned Restricted Stock Units shall be determined by the Administrator at its sole discretion. The Administrator, in its sole discretion, may pay earned Restricted Stock Units in the form of cash or in shares of Corporation Stock (or in a combination thereof), which have an aggregate Fair Market Value equal to the value of the earned Restricted Stock Units.

IX. UNRESTRICTED STOCK

9.01 Administration. Shares of Unrestricted Stock may be issued either alone or in addition to other Awards granted under the Plan. The Administrator shall determine the Eligible Individuals to whom and the time or times at which grants of Unrestricted Stock will be made, the number of shares to be granted, and any other terms and conditions of the Awards. It is anticipated that shares of Unrestricted Stock will only be granted to directors.

X. WITHHOLDING TAXES

10.01 General Rule. Pursuant to applicable federal and state laws, the Corporation is or may be required to collect withholding taxes upon the exercise of a Stock Option or the lapse of stock restrictions. The Corporation may require, as a condition to the exercise of a Stock Option or the issuance of a stock certificate, that the Participant concurrently pay to the Corporation (either in cash or, at the request of Participant, but subject to such rules and regulations as the Administrator may adopt from time to time, in shares of Delivered Stock) the entire amount or a portion of any taxes which the Corporation is required to withhold by reason of such exercise or lapse of restrictions, in such amount as the Administrator or the Corporation in its discretion may determine. If and to the extent that withholding of any federal, state or local tax is required in connection with the exercise of an Option or the lapse of stock restrictions, the Participant may, subject to such rules and regulations as the Corporation may adopt from time to time, elect to have the Corporation hold back from the shares to be issued upon the exercise of the Stock Option or the lapse of stock restrictions, the number of shares of Corporation Stock having a Fair Market Value equal to such withholding obligation.

10.02 Special Rule for Insiders. Any such request or election (to satisfy a withholding obligation using shares) by an individual who is subject to the provisions of Section 16 of the Securities Exchange Act of 1934 (an "Insider") shall be made in accordance with the rules and regulations of the Securities and Exchange Commission promulgated thereunder.

XI. GENERAL

11.01 Nontransferability. No Award granted under the Plan shall be transferable or assignable (or made subject to any pledge, lien, obligation or liability of a Participant) except by last will and testament or the laws of descent and distribution. Upon a transfer or assignment pursuant to a Participant's last will and testament or the laws of descent and distribution, any Stock Option must be transferred in accordance therewith. During the Participant's lifetime, Stock Options shall be exercisable only by the Participant or by the Participant's guardian or legal representative. Notwithstanding the foregoing, NSOs may be transferred by a Participant to the Participant's spouse, children or grandchildren or to a trust for the benefit of such spouse, children or grandchildren; provided that the terms of any such transfer prohibit the resale of shares acquired upon exercise of the option at a time during which the transferor would not be permitted to sell such shares under the Corporation's policy on trading by insiders.

11.02 General Restriction. Each Award shall be subject to the requirement that if at any time the Board or the Committee shall determine, in its discretion, that the listing, registration, or qualification of securities upon any securities exchange or under any state or federal law, or the consent or approval of any government regulatory body, is necessary or desirable as a condition of, or in connection with, the granting of such Stock Option or the issue or purchase of securities thereunder, such Stock Option may not be exercised in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Board or the Committee. The Administrator shall have the right to rely on an opinion of its counsel as to whether any such listing, registration, qualification, consent or approval shall have been effected or obtained.

11.03 Effect of Termination of Service, Disability or Death. Except as otherwise provided by the Administrator upon any Award, all rights under any Stock Option granted to a Participant shall terminate and any Restricted Stock or Restricted Stock Unit granted to a Participant shall be forfeited on the date such Participant's service with the Corporation or its subsidiaries terminates, except that

(a) if the Participant's service is terminated by the death of the Participant, any unexercised, unexpired Stock Options granted hereunder to the Participant shall be 100% vested and fully exercisable, in whole or in part, at any time within one year after the date of death, by the Participant's personal representative or by the person to whom the Stock Options are transferred under the Participant's last will and testament or the applicable laws of descent and distribution;

(b) if the Participant dies within 90 days after termination of service by the Corporation or its Affiliates, other than for cause, any unexercised, unexpired Stock Options granted hereunder to the Participant and exercisable as of the date of such termination of service shall be exercisable, in whole or in part, at any time within one year after the date of death, by the Participant's personal representative or by the person to whom the Stock Options are transferred under the Participant's last will and testament or the applicable laws of descent and distribution;

(c) if the Participant's service is terminated as a result of the disability of the Participant (a disability means that the Participant is disabled as a result of sickness or injury, such that he or she is unable to satisfactorily perform the material duties of his or her job, as determined by the Board of Directors, on the basis of medical evidence satisfactory to it), any unexercised, unexpired Stock Options granted hereunder to the Participant shall become 100% vested and fully exercisable, in whole or in part, at any time within one year after the date of disability;

(d) Notwithstanding (a), (b), or (c) if a director's service terminates for any reason after serving on the Board for at least three years or an employee's service is terminated as a result of the Participant's retirement (after age 55 with ten years of service with the Corporation or an Affiliate or after age 65), any unexercised, unexpired Stock Options granted hereunder to the Participant shall continue to vest as provided in Section 6.05 hereof and any Stock Option that is or becomes vested may be exercised in whole or in part prior to the expiration date of such Stock Option; and

(e) if the Participant's service is terminated by the Company or an Affiliate for any reason other than the Participant's death, disability or retirement of the Participant or for cause, any unexercised, unexpired Stock Options granted hereunder and exercisable as of the date of such termination of service shall be exercisable in whole or in part at any time within 90 days after such date of termination.

If a Participant's service is terminated for cause (as determined by the Administrator in its sole discretion), all of the Participant's unexercised Stock Options shall expire and all of the Participant's Restricted Stock and Restricted Stock Units shall be forfeited. Notwithstanding the foregoing, no Stock Option shall be exercisable after the date of expiration of its term.

11.04 Merger, Consolidation or Reorganization. In the event of (a) the merger or consolidation of the Corporation with or into another corporation or corporations in which the Corporation is not the surviving corporation, (b) the adoption of any plan for the dissolution of the Corporation, or (c) the sale or exchange of all or substantially all the assets of the Corporation for cash or for shares of stock or other securities of another corporation, all then-unexercised Stock Options shall become fully exercisable, and all restrictions imposed on any then-Restricted Stock and Restricted Stock Units shall terminate (such that any Restricted Stock shall become fully transferable) immediately prior to any such merger or consolidation in which the Corporation is not the surviving corporation. The Administrator may elect to cancel any then-unexercised Stock Options. If any Stock Option is canceled, the Corporation, or the corporation assuming the obligations of the Corporation hereunder, shall pay the Participant an amount of cash or stock, as determined by the Administrator, equal to the Fair Market Value per share of the Corporation Stock immediately preceding such cancellation over the option price, multiplied by the number of shares subject to such cancelled Stock Option.

11.05 Expiration and Termination of the Plan. This Plan shall remain in effect until all of the Awards made under the Plan have been exercised, the restrictions thereon have lapsed or the Awards have expired, terminated, or been canceled or forfeited. Notwithstanding the foregoing, no Awards shall be granted under the Plan, after that date which is ten years after the Plan is approved by the Board; or such earlier date as the Board determines in its sole discretion.

11.06 Amendments. The Board may from time to time amend, modify, suspend or terminate the Plan; provided, however, that no such action shall (a) impair without the Participant's consent any Award theretofore granted under the Plan or deprive any Participant of any shares of Corporation Stock which he may have acquired through or as a result of the Plan or (b) be made without shareholder approval where such approval would be required as a condition of compliance with Rule 16b-3.

11.07 Wisconsin Law. Except as otherwise required by applicable federal laws, the Plan shall be governed by, and construed in accordance with, the laws of the State of Wisconsin.

11.08 Unfunded Plan. The Plan, insofar as it provides for Awards, shall be unfunded and the Corporation shall not be required to segregate any assets that may at any time be represented by Awards under this Plan. Any liability of the Corporation to any Person with respect to any Award under this Plan shall be based solely upon any contractual obligations that may be created pursuant to this Plan. No such obligation of the Corporation shall be deemed to be secured by any pledge of, or other encumbrance on, any property of the Corporation.

11.09 Rules of Construction. Headings are given to the articles and sections of this Plan solely as a convenience to facilitate reference. The reference to any statute, regulation, or other provision of law shall be construed to refer to any amendment to or successor of such provision of law.

11.10 Gender and Number. Except when otherwise required by the context, words in the masculine gender shall include the feminine, the singular shall include the plural, and the plural the singular.

11.11 Deferral. The Administrator may, in its discretion and as provided in the applicable Award Agreement, permit a Participant to defer the recognition of income with respect to an Award pursuant to the terms of any deferred compensation plan maintained by the Corporation.

11.12 Section 409A Compliance. To the extent applicable, it is intended that the Plan and all Awards hereunder comply with the requirements of Section 409A of the Code, and the Plan and all Agreements shall be interpreted and applied by the Administrator in a manner consistent with this intent in order to avoid the imposition of any additional tax under Section 409A of the Code. In the event that any provision of the Plan or an Agreement is determined by the Administrator to not comply with the applicable requirements of Section 409A of the Code, the Administrator shall have the authority to take such actions and to make such changes to the Plan or an Agreement as the Administrator deems necessary to comply with such requirements, provided that no such action shall adversely affect any outstanding Award without the consent of the affected Participant.

EXHIBIT 10.39

BRADY CORPORATION

NONQUALIFIED STOCK OPTION

Upon management's recommendation, the Compensation Committee (the "Committee") of the Brady Corporation Board of Directors has awarded to XXXXXX ("Employee") a non-qualified stock option (the "Option") effective XXXXXXX, pursuant to the terms of the Brady Corporation 2012 Omnibus Incentive Stock Plan (the "Plan"). The Corporation's records shall be the official record of the Option grant described herein and, in the event of any conflict between this description and the Corporation's records, the Corporation's records shall control.

1. Number of Shares Optioned; Option Price

The Corporation grants to the Employee the right and option to purchase, on the terms and conditions hereof, all or any part of an aggregate of XXXXXX shares of the presently authorized Class A Common Stock of the Corporation, $.01 par value, whether unissued or issued and reacquired by the Corporation, at the price of $XXXX per share (the "Option Price").

2. Conditions of Exercise of Options During Employee's Lifetime; Vesting of Option

Except as provided in this paragraph and in paragraph 3, this Option may not be exercised (a) unless Employee is at the date of the exercise in the employ of the Corporation or a Subsidiary, and (b) until Employee shall have been continuously so employed for a period of at least one year from the date hereof. Thereafter, this Option shall be exercisable for any amount of shares up to the maximum percentage of shares covered by this Option (rounded up to the nearest whole share), as follows (but in no event shall this Option be exercisable for any shares after the expiration date provided in paragraph 7):

Number of Completed Years After Date of Grant of this Option	Maximum Percentage of Shares For Which Option is Exercisable
Less than 1	Zero
At least 1 but less than 2	33-1/3%
At least 2 but less than 3	66-2/3%
At least 3	100%

If Employee shall cease to be employed by the Corporation or a Subsidiary for any reason other than as provided in paragraph 3 after Employee shall have been continuously so employed for one year after the grant of this Option, Employee may, at any time within 90 days of such termination, but in no event later than the date of expiration of this Option, exercise this Option to the extent Employee was entitled to do so on the date of such termination. However, if Employee was dismissed for cause, of which the Committee shall be the sole judge, this Option shall forthwith expire. This Agreement does not confer upon Employee any right of continuation of employment by the Corporation or a Subsidiary, nor does it impair any right the Corporation or any Subsidiary may have to terminate the Employee's employment at any time.

3. Termination of Employment

Notwithstanding the provisions of paragraph 2 hereof, if the Employee:

(a) is terminated by the death of the Employee, any unexercised, unexpired Stock Options granted hereunder to the Employee shall be 100% vested and fully exercisable, in whole or in part, at any time within one year after the date of death, by the Employee's personal representative or by the person to whom the Stock Options are transferred under the Employee's last will and testament or the applicable laws of descent and distribution;

(b) dies within 90 days after termination of employment by the Corporation or its Affiliates, other than for cause, any unexercised, unexpired Stock Options granted hereunder to the Employee and exercisable as of the date of such termination of employment shall be exercisable, in whole or in part, at any time within one year after the date of death, by the Employee's personal representative or by the person to whom the Stock Options are transferred under the Employee's last will and testament or the applicable laws of descent and distribution;

(c) is terminated as a result of the disability of the Employee (a disability means that the Employee is disabled as a result of sickness or injury, such that he or she is unable to satisfactorily perform the material duties of Employee's job, as determined by the Board of Directors, on the basis of medical evidence satisfactory to it), any unexercised, unexpired Stock Options granted hereunder to the Employee shall become 100% vested and fully exercisable, in whole or in part, at any time within one year after the date of disability; or

(d) is terminated as a result of the Employee's retirement (after age 55 with ten years of employment with the Corporation or an Affiliate or after age 65), any unexercised, unexpired Stock Options granted hereunder to the Employee shall continue to vest as provided in paragraph 2 hereof and any option that is or becomes vested may be exercised in whole or in part prior to the expiration date of such option.

4. Deferral of Exercise

Although the Corporation intends to exert its best efforts so that the shares purchasable upon the exercise of this Option will be registered under, or exempt from, the registration requirements of, the Securities Act of 1933 (the "Act") and any applicable state securities law at the time or times this Option (or any portion of this Option) first becomes exercisable, if the exercise of this Option would otherwise result in a violation by the Corporation of any provision of the Act or of any state securities law, the Corporation may require that such exercise be deferred until the Corporation has taken appropriate action to avoid any such violation.

5. **Method of Exercising Option**

This Option shall be exercised by delivering to the Corporation, at the office of its Treasurer, a written notice of the number of shares with respect to which this Option is at the time being exercised and by paying the Corporation in full the Option Price of the shares being acquired at the time.

6. **Method of Payment**

Payment shall be made either (i) in cash; (ii) by delivering shares of the Corporation's Class A Common Stock which have been beneficially owned by the Employee, the spouse of the Employee, or both of them, for a period of at least six months prior to the time of exercise ("Delivered Stock"); (iii) by surrendering to the Corporation shares of Class A Common Stock otherwise receivable upon exercise of the Option (a "Net Exercise"); or (iv) any combination of the foregoing. Payment in the form of Delivered Stock shall be in the amount of the Fair Market Value of the stock at the date of exercise, determined in accordance with paragraph 9.

7. **Expiration Date**

This Option shall expire ten years after the date on which this Option was granted.

8. **Withholding Taxes**

The Corporation may require, as a condition to the exercise of this Option, that the Employee concurrently pay to the Corporation any taxes which the Corporation is required to withhold by reason of such exercise. In lieu of part or all of any such payment, the Employee may elect, subject to such rules and regulations as the Committee may adopt from time to time, to have the Corporation withhold from the shares to be issued upon exercise that number of shares having a Fair Market Value, determined in accordance with paragraph 9, equal to the amount which the Corporation is required to withhold.

9. **Method of Valuation of Stock**

The "Fair Market Value" of the Class A Common Stock of the Corporation on any date shall mean, if the stock is then listed and traded on a registered national securities exchange, or is quoted in the NASDAQ National Market System, the average of the high and low sales price recorded in composite transactions for such date or, if such date is not a business day or if no sales of shares shall have been reported with respect to such date, the next preceding business date with respect to which sales were reported. In the absence of reported sales or if the stock is not so listed or quoted, but is traded in the over-the-counter market, Fair Market Value shall be the average of the closing bid and asked prices for such shares on the relevant date.

10. <u>No Rights in Shares Until Certificates Issued</u>

Neither the Employee nor his heirs nor his personal representative shall have any of the rights or privileges of a stockholder of the Corporation in respect of any of the shares issuable upon the exercise of the Option herein granted, unless and until certificates representing such shares shall have been issued or shares in book entry form shall have been recorded in the records of the Corporation's transfer agent.

11. <u>Option Not Transferable</u>

No portion of the Option granted hereunder shall be transferable or assignable (or made subject to any pledge, lien, obligation or liability of an Employee) except (a) by last will and testament or the laws of descent and distribution (and upon a transfer or assignment pursuant to an Employee's last will and testament or the laws of descent and distribution, any Option must be transferred in accordance therewith); (b) during the Employee's lifetime, nonqualified stock Options may be transferred by an Employee to the Employee's spouse, children or grandchildren or to a trust for the benefit of such spouse, children or grandchildren, provided that the terms of any such transfer prohibit the resale of shares acquired upon exercise of the option at a time during which the transferor would not be permitted to sell such shares under the Corporation's policy on trading by insiders.

12. <u>Prohibition Against Pledge, Attachment, Etc.</u>

Except as otherwise herein provided, the Option herein granted and the rights and privileges pertaining thereto shall not be transferred, assigned, pledged or hypothecated in any way (whether by operation of law or otherwise) and shall not be subject to execution, attachment or similar process.

13. <u>Changes in Stock</u>

In the event there are any changes in the Class A Common Stock of the Corporation through merger, consolidation, reorganization, recapitalization, stock dividend, stock split, combination or exchange of shares, rights offering or any other change affecting the Class A Common Stock of the Corporation, appropriate changes will be made by the Committee in the aggregate number of shares and the purchase price and kind of shares subject to this Option, to prevent substantial dilution or enlargement of the rights granted to or available for Employee.

14. **Dissolution or Merger**

Anything contained herein to the contrary notwithstanding, upon the dissolution or liquidation of the Corporation, or upon any merger in which the Corporation is not the surviving corporation, at any time prior to the expiration date of the termination of this Option, the Employee shall have the right within 60 days prior to the effective date of such dissolution, liquidation or merger, to surrender all or any unexercised portion of this Option to the Corporation for cash, subject to the discretion of the Committee as to the exact timing of said surrender. Notwithstanding the foregoing, however, in the event Employee has retired or died, Employee's right to surrender all or any unexercised portion of this Option under this paragraph shall be available only to the extent that at the time of any such surrender, Employee would have been entitled to exercise this Option under paragraphs 2 or 3 hereof, as the case may be. The amount of cash to be paid to Employee for the portion of this Option so surrendered, shall be equal to the number of shares of Class A Common Stock subject to the surrendered Option multiplied by the difference between the Option Price per share, as described in paragraph 1 hereof, and the Fair Market Value per share, determined in accordance with paragraph 9 hereof, as of the time of surrender.

15. **Notices**

Any notice to be given to the Corporation under the terms of this Agreement shall be addressed to the Corporation in care of its Chief Financial Officer, and any notice to be given to the Employee may be addressed at the address as it appears on the Corporation's records, or at such other address as either party may hereafter designate in writing to the other. Except as provided in paragraph 5 hereof, any such notice shall be deemed to have been duly given, if and when enclosed in a properly sealed envelope addressed as aforesaid, and deposited, postage prepaid, in the United States mail.

16. **Provisions of Plan Controlling**

This Option is subject in all respects to the provisions of the Plan. In the event of any conflict between any provisions of this Option and the provisions of the Plan, the provisions of the Plan shall control, except to the extent the Plan permits the Committee to modify the terms of an Option grant and has done so herein. Terms defined in the Plan where used herein shall have the meanings as so defined. Employee acknowledges receipt of a copy of the Plan.

17. **Wisconsin Contract**

This Option has been granted in Wisconsin and shall be construed under the laws of that state.

EXHIBIT 10.40

BRADY CORPORATION

PERFORMANCE STOCK OPTION

Upon management's recommendation, the Compensation Committee (the "Committee") of the Brady Corporation Board of Directors has awarded to ______________________ ("Employee") a non-qualified performance stock option (the "Option") effective ___________ X, 20XX, pursuant to the terms of the Brady Corporation 2012 Omnibus Incentive Stock Plan (the "Plan").

1. Number of Shares Optioned; Option Price

The Corporation grants to the Employee the right and option to purchase, on the terms and conditions hereof, all or any part of an aggregate of XXXX (X,XXX) shares of the presently authorized Class A Common Stock of the Corporation (the "Option Shares"), $.01 par value, whether unissued or issued and reacquired by the Corporation, at the price of $XX.XX per share (the "Option Price"). Vesting of the Option Shares shall be based upon the Company's annual year-over-year growth in earnings per share ("EPS") for fiscal 2012, 2013 and 2014. For this purpose EPS shall be determined using the Corporation's diluted earnings per share for its Class A common stock.

2. Conditions of Exercise of Options During Employee's Lifetime; Vesting of Option

Except as provided in this paragraph and in paragraph 3, this Option may not be exercised (a) unless Employee is, at the date of the exercise, in the employ of the Corporation or a Subsidiary, and (b) the performance conditions provided below have been met; provided, however, that in no event shall this Option be exercisable for any shares after the expiration date provided in paragraph 7.

Vesting of the Option Shares shall be determined as follows, with the vesting date in each situation being the date the Audit Committee accepts the results of the fiscal year audit.

Year 1 (2012 Option Shares)

Quantity: 1/3 of Option Shares (the "2012 Option Shares")

Performance Criteria: The 2012 Option Shares will vest if the EPS for fiscal 2012 exceed the EPS for fiscal 2011 by 15% or more. If the 2012 Option Shares do not become vested because the EPS for 2012 does not exceed the EPS for 2011 by at least 15%, the 2012 Option Shares will become vested if the Compound Annual Growth Rate ("CAGR") of the Corporation's EPS since fiscal year 2011, for fiscal 2013 or fiscal 2014 is 15% or more.

Year 2 (2013 Option Shares)

Quantity: 1/3 of Option Shares (the "2013 Option Shares")

Performance Criteria: The 2013 Option Shares will vest if the EPS for fiscal 2013 exceed the EPS for fiscal 2012 by 15% or more. If the 2013 Option Shares do not become vested because the EPS for 2013 do not exceed the EPS for 2012 by at least 15%, the 2013 Option Shares will become vested if the CAGR for 2013 or 2014 as compared to the base year of 2011 is 15% or more.

Year 3 (2014 Option Shares)

Quantity: 1/3 of Option Shares (the "2014 Option Shares")

Performance Criteria: The 2014 Option Shares will vest if the EPS for fiscal 2014 exceed the EPS for fiscal 2013 by 15% or more. If the 2014 Option Shares do not become vested because the EPS for 2014 do not exceed the EPS for 2013 by at least 15%, the 2014 Option Shares will become vested if the CAGR for 2014 as compared to the base year of 2011 is 15% or more.

For example in the event of the following distributions the Option Shares would vest:

	YOY EPS Growth	CAGR	1st Vesting Opportunity	2nd Vesting Opportunity
Year 1:	10%		No	Yes (after year three)
Year 2:	16%	13%	Yes	N/A
Year 3:	30%	18%	Yes	N/A

	YOY EPS Growth	CAGR	1st Vesting Opportunity	2nd Vesting Opportunity
Year 1:	30%		Yes	N/A
Year 2:	15%	22%	Yes	N/A
Year 3:	3%	15%	No	Yes

If Employee shall cease to be employed by the Corporation or a Subsidiary for any reason other than as provided in paragraph 3, Employee may, at any time within 90 days of such termination, but in no event later than the date of expiration of this Option, exercise this Option to the extent Employee was entitled to do so on the date of such termination. However, if Employee was dismissed for cause, of which the Compensation Committee of the Board of Directors of the Corporation shall be the sole judge, this Option shall forthwith expire. This Agreement does not confer upon Employee any right of continuation of employment by the Corporation or a Subsidiary, nor does it impair any right the Corporation or any Subsidiary may have to terminate the Employee's employment at any time.

3. **Termination of Employment**

Notwithstanding the provisions of paragraph 2 hereof, other than in the event of a termination for cause, if the Employee:

(a) is terminated by the death of the Employee, any unexercised, unexpired Stock Options granted hereunder to the Employee shall be 100% vested and fully exercisable, in whole or in part, at any time within one year after the date of death, by the Employee's personal representative or by the person to whom the Stock Options are transferred under the Employee's last will and testament or the applicable laws of descent and distribution;

(b) dies within 90 days after termination of employment by the Corporation or its Affiliates, other than for cause, any unexercised, unexpired Stock Options granted hereunder to the Employee and exercisable as of the date of such termination of employment shall be exercisable, in whole or in part, at any time within one year after the date of death, by the Employee's personal representative or by the person to whom the Stock Options are transferred under the Employee's last will and testament or the applicable laws of descent and distribution;

(c) is terminated as a result of the disability of the Employee (a disability means that the Employee is disabled as a result of sickness or injury, such that he or she is unable to satisfactorily perform the material duties of Employee's job, as determined by the Board of Directors, on the basis of medical evidence satisfactory to it), any unexercised, unexpired Stock Options granted hereunder to the Employee shall become 100% vested and fully exercisable, in whole or in part, at any time within one year after the date of disability;

(d) is terminated as a result of the Employee's retirement (after age 55 with ten years of employment with the Corporation or a Subsidiary or after age 65), any unexercised, unexpired Stock Options granted hereunder to the Employee shall continue to vest as provided in paragraph 2 hereof and any option that is or becomes vested may be exercised in whole or in part prior to the expiration date of such option.

4. **Deferral of Exercise**

Although the Corporation intends to exert its best efforts so that the shares purchasable upon the exercise of this Option will be registered under, or exempt from, the registration requirements of, the Securities Act of 1933 (the "Act") and any applicable state securities law at the time or times this Option (or any portion of this Option) first becomes exercisable, if the exercise of this Option would otherwise result in a violation by the Corporation of any provision of the Act or of any state securities law, the Corporation may require that such exercise be deferred until the Corporation has taken appropriate action to avoid any such violation.

5. Method of Exercising Option

This Option shall be exercised by delivering to the Corporation, at the office of its Treasurer, a written notice of the number of shares with respect to which this Option is at the time being exercised and by paying the Corporation in full the Option Price of the shares being acquired at the time.

6. Method of Payment

Payment shall be made either (i) in cash; (ii) by delivering shares of the Corporation's Class A Common Stock which have been beneficially owned by the Employee, the spouse of the Employee, or both of them, for a period of at least six months prior to the time of exercise ("Delivered Stock"); (iii) by surrendering to the Corporation shares of Class A Common Stock otherwise receivable upon exercise of the Option (a "Net Exercise"); or (iv) any combination of the foregoing. Payment in the form of Delivered Stock shall be in the amount of the Fair Market Value of the stock at the date of exercise, determined in accordance with paragraph 9.

7. Expiration Date

This Option shall expire ten years after the date on which this Option was granted.

8. Withholding Taxes

The Corporation may require, as a condition to the exercise of this Option, that the Employee concurrently pay to the Corporation any taxes which the Corporation is required to withhold by reason of such exercise. In lieu of part or all of any such payment, the Employee may elect, subject to such rules and regulations as the Committee may adopt from time to time, to have the Corporation withhold from the shares to be issued upon exercise that number of shares having a Fair Market Value, determined in accordance with paragraph 9, equal to the amount which the Corporation is required to withhold.

9. Method of Valuation of Stock

The "Fair Market Value" of the Class A Common Stock of the Corporation on any date shall mean, if the stock is then listed and traded on a registered national securities exchange, or is quoted in the NASDAQ National Market System, the average of the high and low sales price recorded in composite transactions for such date (rounding up to the nearest cent) or, if such date is not a business day or if no sales of shares shall have been reported with respect to such date, the next preceding business date with respect to which sales were reported. In the absence of reported sales or if the stock is not so listed or quoted, but is traded in the over-the-counter market, Fair Market Value shall be the average of the closing bid and asked prices for such shares on the relevant date (rounding up to the nearest cent.

10. No Rights in Shares Until Certificates Issued

Neither the Employee nor his heirs nor his personal representative shall have any of the rights or privileges of a stockholder of the Corporation in respect of any of the shares issuable upon the exercise of the Option herein granted, unless and until certificates representing such shares shall have been issued or shares in book entry form shall have been recorded in the records of the Corporation's transfer agent.

11. Option Not Transferable

No portion of the Option granted hereunder shall be transferable or assignable (or made subject to any pledge, lien, obligation or liability of an Employee) except (a) by last will and testament or the laws of descent and distribution (and upon a transfer or assignment pursuant to an Employee's last will and testament or the laws of descent and distribution, any Option must be transferred in accordance therewith); (b) during the Employee's lifetime, nonqualified stock Options may be transferred by an Employee to the Employee's spouse, children or grandchildren or to a trust for the benefit of such spouse, children or grandchildren, provided that the terms of any such transfer prohibit the resale of shares acquired upon exercise of the option at a time during which the transferor would not be permitted to sell such shares under the Corporation's policy on trading by insiders and are subject to the provisions of paragraph 9.

12. Prohibition Against Pledge, Attachment, Etc.

Except as otherwise herein provided, the Option herein granted and the rights and privileges pertaining thereto shall not be transferred, assigned, pledged or hypothecated in any way (whether by operation of law or otherwise) and shall not be subject to execution, attachment or similar process.

13. Changes in Stock

In the event there are any changes in the Class A Common Stock of the Corporation through merger, consolidation, reorganization, recapitalization, stock dividend, stock split, combination or exchange of shares, rights offering or any other change affecting the Class A Common Stock of the Corporation, appropriate changes will be made by the Compensation Committee in the aggregate number of shares and the purchase price and kind of shares subject to this Option, to prevent substantial dilution or enlargement of the rights granted to or available for Employee.

14. Dissolution or Merger

Anything contained herein to the contrary notwithstanding upon the dissolution or liquidation of the Corporation, or upon any merger in which the Corporation is not the surviving corporation, at any time prior to the expiration date of the termination of this Option, the Employee shall have the right within sixty (60) days prior to the effective date of such dissolution, liquidation or merger, to surrender all or any unexercised portion of this Option to the Corporation for cash, subject to the discretion of the Compensation Committee as to the exact timing of said surrender. Notwithstanding the foregoing, however, in the event Employee has retired or died, Employee's right to surrender all or any unexercised portion of this Option under this paragraph shall be available only to the extent at the time of any such surrender, Employee would have been entitled to exercise this Option under paragraphs 2 or 3 hereof, as the case may be. The amount of cash to be paid to Employee for the portion of this Option so surrendered, shall be equal to the number of shares of Class A Common Stock subject to the surrendered Option multiplied by the difference between the Option Price per share, as described in paragraph 1 hereof, and the Fair Market Value per share, determined in accordance with paragraph 9 hereof, as of the time of surrender.

15. Notices

Any notice to be given to the Corporation under the terms of this Agreement shall be addressed to the Corporation in care of its Chief Financial Officer, and any notice to be given to the Employee may be addressed at the address as it appears on the Corporation's records, or at such other address as either party may hereafter designate in writing to the other. Except as provided in paragraph 5 hereof, any such notice shall be deemed to have been duly given, if and when enclosed in a properly sealed envelope addressed as aforesaid, and deposited, postage prepaid, in the United States mail.

16. Provisions of Plan and Corporate Records Controlling

This Option is subject in all respects to the provisions of the Plan. In the event of any conflict between any provisions of this Option and the provisions of the Plan, the provisions of the Plan shall control, except to the extent that the Plan permits the Committee to modify the terms of an Option grant and has done so herein. Terms defined in the Plan where used herein shall have the meanings as so defined. Employee acknowledges receipt of a copy of the Plan. The Corporation's records shall be the official record of the Option grant described herein and , in the event of any conflict between this description and the Corporation's records, the Corporation's records shall control.

17. Wisconsin Contract

This Option has been granted in Wisconsin and shall be construed under the laws of that state.

EXHIBIT 10.41

BRADY CORPORATION

DIRECTOR NONQUALIFIED STOCK OPTION AGREEMENT

Option granted on ____________________ X, 20XX, by Brady Corporation, a Wisconsin corporation (hereinafter called the "Company"), to _________________________ (hereinafter called the "Director") pursuant to the terms of the Brady Corporation 2012 Omnibus Incentive Stock Plan. The Corporation's records shall be the official record of the Option grant described herein and, in the event of any conflict between this description and Corporation's records, the Corporation's records shall control.

1. Number of Shares Optioned; Option Price. The Company grants to the Director the right and option to purchase, on the terms and conditions hereof, all or any part of an aggregate of XXXX (XXX) shares of the presently authorized Class A Common Stock of the Company, $.01 par value, whether unissued or issued and reacquired by the Company, at the price of ____________________ ($XX.XX) per share (the "Option Price").

2. Conditions of Exercise of Options During Director's Lifetime; Vesting of Option. Except as provided hereinafter in this paragraph and in paragraph 3, this Option may not be exercised (a) unless Director is at the date of the exercise a Director of the Company and (b) until Director shall have been continuously a Director for a period of at least one year from the date hereof. Thereafter, this Option shall be exercisable for any amount of shares up to the maximum percentage of shares covered by this Option (rounded up to the nearest whole share) as follows (but in no event shall this Option be exercisable for any shares after the expiration date provided in paragraph 7):

Number of Completed Years After Date of Grant of this Option	Maximum Percentage of Shares for Which Option is Exercisable
Less than 1	Zero
At least 1 but less than 2	33-1/3%
At least 2 but less than 3	66-2/3%
At least 3	100%

If Director shall cease to be a Director of the Company for any reason (except death or disability, or if the Director has been a member of the Board of Directors for at least three years) after Director shall have been continuously a Director for one year after the grant of this Option, Director may, at any time within three months of such termination, but in no event later than the date of expiration of this Option, exercise this Option to the extent Director was entitled to do so on the date of such termination. This Agreement does not confer upon Director any right to continue as a Director of the Company.

3. Termination of Directorship, Etc. A. Notwithstanding the provisions of paragraph 2 hereof, in the event of the termination of the Directorship with the Company prior to three years from date of grant, due to death or disability, this Option shall become 100% vested and fully exercisable.

For purposes of this Agreement, "Disability" means that the Director is disabled as a result of sickness or injury, such that he is unable satisfactorily to perform the Director's duties as determined by the Board of Directors, on the basis of medical evidence satisfactory to it.

B. (i) If the Directorship is terminated by the death of the Director, any unexercised, unexpired Stock Options granted hereunder to the Director shall be exercisable, in whole or in part, at any time within one year after the date of death, by the Director's personal representative or by the person to whom the Stock Options are transferred under the Director's last will and testament or the applicable laws of descent and distribution. (ii) If the Directorship is terminated as a result of the disability of the Director, any unexercised, unexpired Stock Options granted hereunder to the Director shall be exercisable, in whole or in part, at any time within one year after the date of disability. (iii) If the Directorship is terminated after the Director has been a member of the Board for at least three years, any unexercised, unexpired Stock Options granted hereunder to the Director shall continue to vest as provided in paragraph 2 and any option that is or becomes vested may be exercised within the term of such option.

C. In the event of (a) the merger or consolidation of the Company with or into another corporation or corporations in which the Company is not the surviving corporation, (b) the adoption of any plan for the dissolution of the Company, or (c) the sale or exchange of all or substantially all the assets of the Company for cash or for shares of stock or other securities of another corporation, this Option shall become fully vested and exercisable immediately prior to any such event in which the Company is not the surviving corporation.

4. Deferral of Exercise. Although the Company intends to exert its best efforts so that the shares purchasable upon the exercise of this Option will be registered under, or exempt from the registration requirements of, the Federal Securities Act of 1933 (the "Act") and any applicable state securities law at the time or times this Option (or any portion of this Option) first becomes exercisable, if the exercise of this Option would otherwise result in the violation by the Company of any provision of the Act or of any state securities law, the Company may require that such exercise be deferred until the Company has taken appropriate action to avoid any such violation.

5. Method of Exercising Option. This Option shall be exercised by delivering to the Company, at the office of its Treasurer, a written notice of the number of shares with respect to which this Option is at the time being exercised and by paying the Company in full the Option Price of the shares being acquired at the time.

6. Method of Payment. Payment shall be made either (i) in cash; (ii) by delivering shares of the Company's Class A Common Stock which have been beneficially owned by the Director, the spouse of the Director, or both of them, for a period of at least six months prior to the time of exercise ("Delivered Stock"); (iii) by surrendering to the Company shares of Class A Common Stock otherwise receivable upon exercise of the Option (a "Net Exercise"); or (iv) any combination of the foregoing. Payment in the form of Delivered Stock shall be in the amount of the Fair Market Value of the stock at the date of exercise, determined in accordance with paragraph 9.

7. Expiration Date. This Option shall expire ten years after the date on which this Option was granted.

8. Withholding Taxes. The Company may require payment of or withhold any tax which it believes is payable as a result of the exercise of this Option, and the Company may defer making delivery with respect to the shares until arrangements satisfactory to the Company have been made with regard to any such withholding obligations. In lieu of part or all of any such payment, the Director, in satisfaction of all withholding taxes (including, without limitation, Federal income, FICA (Social Security and Medicare) and any state and local income taxes) payable as a result of such exercise, may elect, subject to such rules and regulations as the Company may adopt from time to time, to have the Company withhold that number of shares (valued at Fair Market Value on the date of exercise and rounded upward) required to settle such withholding taxes.

9. Method of Valuation of Stock. The "Fair Market Value" of the Class A Common Stock of the Company on any date shall mean, if the stock is then listed and traded on a registered national securities exchange, or is quoted in the NASDAQ National Market System, the average of the high and low sale prices recorded in composite transactions for such date or, if such date is not a business day or if no sales of shares shall have been reported with respect to such date, the next preceding business date with respect to which sales were reported. In the absence of reported sales or if the stock is not so listed or quoted, but is traded in the over-the-counter market, Fair Market Value shall be the average of the closing bid and asked prices for such shares on the relevant date.

10. No Rights in Shares Until Certificates Issued. Neither the Director nor his heirs nor his personal representative shall have any of the rights or privileges of a stockholder of the Company in respect of any of the shares issuable upon the exercise of the Option herein granted, unless and until certificates representing such shares shall have been issued.

11. Option Not Transferable During Director's Lifetime. This Option shall not be transferable by the Director other than by his will or by the laws of descent and distribution and shall be exercisable during his lifetime only by him.

12. Prohibition Against Pledge, Attachment, Etc. Except as otherwise herein provided, the Option herein granted and the rights and privileges pertaining thereto shall not be transferred, assigned, pledged or hypothecated in any way (whether by operation of law or otherwise) and shall not be subject to execution, attachment or similar process.

13. Changes in Stock. In the event there are any changes in the Class A Common Stock of the Company through merger, consolidation, reorganization, recapitalization, stock dividend, stock split, combination or exchange of shares, rights offering or any other change affecting the Class A Common Stock of the Company, appropriate changes shall be made by the Board of Directors of the Company, in the aggregate number of shares and the purchase price and kind of shares subject to this Option, to prevent substantial dilution or enlargement of the rights granted to or available for Director.

14. Dissolution or Merger. Anything contained herein to the contrary notwithstanding, upon the dissolution or liquidation of the Company, or upon any merger in which the Company is not the surviving corporation, at any time prior to the expiration date of the termination of this Option, the Director shall have the right immediately prior to the effective date of such dissolution, liquidation or merger, to surrender all or any unexercised portion of this Option to the Company for cash, subject to the discretion of the Board of Directors as to the exact timing of said surrender. Notwithstanding the foregoing, however, in the event Director has retired or died, Director's right to surrender all or any unexercised portion of this Option under this paragraph shall be available only to the extent that at the time of any such surrender, Director would have been entitled to exercise this Option under paragraphs 2 or 3 hereof, as the case may be. The amount of cash to be paid to Director for the portion of this Option so surrendered, shall be equal to the number of shares of Class A Common Stock subject to the surrendered Option multiplied by the difference between the Option Price per share, as described in paragraph 1 hereof, and the Fair Market Value per share, determined in accordance with paragraph 9 hereof, as of the time of surrender.

15. Notices. Any notice to be given to the Company under the terms of this Agreement shall be addressed to the Company in care of its Vice President and Chief Financial Officer, and any notice to be given to the Director may be addressed at the address as it appears on the Company's records, or at such other address as either party may hereafter designate in writing to the other. Any such notice shall be deemed to have been duly given if and when enclosed in a properly sealed envelope addressed as aforesaid, and deposited, postage prepaid, in the United States mail.

16. Provisions of Plan Controlling. This Option is subject in all respects to the provisions of the Plan. In the event of any conflict between any provisions of this Option and the provisions of the Plan, the provisions of the Plan shall control, except to the extent the Plan permits the Committee to modify the terms of an Option grant and has done so herein. Terms defined in the Plan where used herein shall have the meanings as so defined. Director acknowledges receipt of a copy of the Plan.

17. Wisconsin Contract. This Option has been granted in Wisconsin and shall be construed under the laws of that state.

Exhibit 21

SCHEDULE OF SUBSIDIARIES OF BRADY CORPORATION
July 31, 2011

Name of Company	**State (Country) Of Incorporation**	**Percentage of Voting Securities Owned**
Brady Corporation	Wisconsin	Parent
Tricor Direct, Inc.	Delaware	100%
Doing Business As:		
Seton		
Seton Name Plate Company		
D&G Sign and Label		
Seton Identification Products		
Emedco		
Champion America		
DAWG, Inc.		
Worldmark of Wisconsin Inc.	Delaware	100%
Brady Investment Co.	Nevada	100%
AIO Acquisition Inc.	Delaware	100%
Doing Business As:		
All-In-One Products		
Personnel Concepts		
Personnel Concepts Limited		
Personnel Concepts Ltd.		
PC Limited		
USA Printing & Mailing		
Dual Core LLC	Wisconsin	100%
Doing Business As:		
Identicard Systems Worldwide		
Brady People ID		
JAM Plastics		
PromoVision Palomino		
Temtec		
Stopware		
BIG Badges		
Brady Mexico Holding LLC	Delaware	100%
Brady Precision Converting, LLC	Wisconsin	100%
Doing Business As Brady Medical		
Clement Communications, Inc.	Pennsylvania	100%
Visual Wear LLC	Massachusetts	100%
Doing Business As 1888LANYARD.com		
Brady International Co.	Wisconsin	100%
Brady Worldwide, Inc.	Wisconsin	100%
Also Doing Business As:		
Brandon International		
Varitronic Systems		
Sorbent Products Company		
TISCOR		
Electromark		
Brady Australia Holdings Pty. Ltd.	Australia	100%
Brady Australia Pty. Ltd.	Australia	100%
Seton Australia Pty. Ltd.	Australia	100%
Accidental Health & Safety Pty. Ltd.	Australia	100%
Trafalgar First Aid Pty. Ltd.	Australia	100%
Carroll Australasia Pty. Ltd.	Australia	100%

Name of Company	State (Country) Of Incorporation	Percentage of Voting Securities Owned
Scafftag Australia Pty. Ltd.	Australia	100%
Visisign Pty. Ltd.	Australia	100%
ID Warehouse Pty. Ltd.	Australia	100%
Mix Group Australasia Pty. Ltd.	Australia	100%
Transposafe Systems Belgium NV/SA	Belgium	100%
W.H. Brady, N.V.	Belgium	100%
Stickolor Industria e Comércio de Auto Adesivos Ltda.	Brazil	100%
W.H.B. do Brasil Ltda.	Brazil	100%
BRC Financial	Canada	100%
W.H.B. Identification Solutions Inc.	Canada	100%
Doing Business As:		
Brady		
Identicam Systems		
Seton		
Varitronics Canada		
Brady Cayman Finance Company	Cayman Islands	100%
Brady Investment Management (Shanghai) Co., Ltd.	China	100%
Brady Technology (Wuxi) Co. Ltd.	China	100%
Brady (Beijing) Co. Ltd.	China	100%
Brady (Shenzhen) Co., Ltd.	China	100%
Brady Technology (Dongguan) Co., Ltd.	China	100%
Suzhou Dicel EMC Co., Ltd.	China	100%
Brady Technology (Langfang) Co., Ltd.	China	100%
Tradex Converting (Suzhou) Co., Ltd.	China	100%
Brady (Xiamen) Co., Ltd.	China	100%
Brady A/S	Denmark	100%
Braton Europe S.A.R.L	France	100%
Brady Groupe S.A.S	France	100%
Doing Business As:		
Seton		
Signals		
BIG		
Securimed S.A.S.	France	100%
Brady GmbH	Germany	100%
Doing Business As:		
Seton		
Balkhausen		
Etimark		
Brady Holdings GmbH & Co. KG	Germany	100%
Brady Holdings Verwaltungs GmbH	Germany	100%
Transposafe Systems Deutschland GmbH	Germany	100%
Quo-Luck Company Limited	Hong Kong	100%
Bakee Metal Manufactory Company Limited	Hong Kong	100%
Brady Corporation Hong Kong Limited	Hong Kong	100%
Brady Company India Private Limited	India	100%
Brady Italia, S.r.l.	Italy	100%
Nippon Brady K.K.	Japan	100%
Brady Luxembourg S.à r.l.	Luxembourg	100%
Brady Finance Luxembourg S.à r.l.	Luxembourg	100%
Brady Technology SDN. BHD.	Malaysia	100%
W. H. Brady S. de R.L. de C.V.	Mexico	100%
Brady Servicios, S. de R.L. de C.V.	Mexico	100%
Brady B.V.	Netherlands	100%
Brady Finance B.V.	Netherlands	100%
Holland Mounting Systems B.V.	Netherlands	100%
Transposafe Systems Holland B.V.	Netherlands	100%
Brady AS	Norway	100%
Brady Philippines Direct Marketing Inc.	Philippines	100%
Transposafe Systems Polska Sp. Z.o.o.	Poland	100%

Name of Company	State (Country) Of Incorporation	Percentage of Voting Securities Owned
Brady Corporation S.E.A. Pte. Ltd.	Singapore	100%
Brady Corporation Asia Pte. Ltd.	Singapore	100%
Brady Asia Holding Pte. Ltd.	Singapore	100%
Brady Corporation Asia Pacific Pte. Ltd.	Singapore	100%
Brady Asia Pacific Pte. Ltd.	Singapore	100%
Brady s.r.o.	Slovakia	100%
Brady Korea LLP	South Korea	100%
Brady Identificación S.L.U.	Spain	100%
Brady AB	Sweden	100%
Brady Sweden Holding AB	Sweden	100%
Brady Holding i Kungälv AB	Sweden	100%
Brady Converting AB	Sweden	100%
Tradex AB	Sweden	100%
Brady Technologies (Thailand) Co. Ltd.	Thailand	100%
Brady Etiket ve Isaretleme Ticaret Ltd. Sirketi	Turkey	100%
Brady Middle East FZE	United Arab Emirates	100%
B.I. (UK) Limited	United Kingdom	100%
Brady Corporation Limited	United Kingdom	100%
Brady European Finance Limited	United Kingdom	100%
Brady European Holdings Limited	United Kingdom	100%
Scafftag Limited	United Kingdom	100%
Safetrak Limited	United Kingdom	100%

Exhibit 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-38857, 333-38859, 333-44505, 333-92417, 333-99615, 333-110949, 333-122867, 333-134503, 333-137686, 333-141402 and 333-162538 on Form S-8 and 333-128023 and 333-155632 on Form S-3 of our reports dated September 27, 2011, relating to the consolidated financial statements and financial statement schedule of Brady Corporation and the effectiveness of Brady Corporation's internal control over financial reporting, appearing in this Annual Report on Form 10-K of Brady Corporation for the year ended July 31, 2011.

/s/ DELIOTTE & TOUCHE LLP

Milwaukee, WI

September 27, 2011

EXHIBIT 31.1

RULE 13a-14(a)/15d-14(a) CERTIFICATION

I, Frank M. Jaehnert, certify that:

(1) I have reviewed this annual report on Form 10-K of Brady Corporation;

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

(4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

(5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ FRANK M. JAEHNERT
(Frank M. Jaehnert)
President and Chief Executive Officer

Date: September 27, 2011

EXHIBIT 31.2

RULE 13a-14(a)/15d-14(a) CERTIFICATION

I, Thomas J. Felmer, certify that:

(1) I have reviewed this annual report on Form 10-K of Brady Corporation;

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

(4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

(5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ THOMAS J. FELMER
(Thomas J. Felmer)
Senior Vice President and Chief Financial Officer

Date: September 27, 2011

EXHIBIT 32.1

SECTION 1350 CERTIFICATION

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Brady Corporation (the "Company") certifies to his knowledge that:

(1) The Annual Report on Form 10-K of the Company for the year ended July 31, 2011 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in that Form 10-K fairly presents, in all material respects, the financial conditions and results of operations of the Company.

/s/ FRANK M. JAEHNERT
(Frank M. Jaehnert)
President and Chief Executive Officer

Date: September 27, 2011

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

SECTION 1350 CERTIFICATION

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Brady Corporation (the "Company") certifies to his knowledge that:

(1) The Annual Report on Form 10-K of the Company for the year ended July 31, 2011 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in that Form 10-K fairly presents, in all material respects, the financial conditions and results of operations of the Company.

/s/ THOMAS J. FELMER
(Thomas J. Felmer)
Senior Vice President and Chief Financial Officer

Date: September 27, 2011

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.