
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): November 20, 2008

BRADY CORPORATION

(Exact name of registrant as specified in its charter)

Commission File Number 1-14959

Wisconsin
(State of Incorporation)

39-0971239
(IRS Employer Identification No.)

6555 West Good Hope Road
Milwaukee, Wisconsin 53223
(Address of Principal Executive Offices and Zip Code)

(414) 358-6600
(Registrant's Telephone Number)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On November 20, 2008, Brady Corporation (the "Corporation") issued a press release announcing its fiscal 2009 first quarter financial results. A copy of the press release is being furnished to the Securities and Exchange Commission as Exhibit 99.1 attached herewith and is incorporated herein by reference.

Item 5.02(c) DEPARTURE OF DIRECTORS OR CERTAIN OFFICERS; ELECTION OF DIRECTORS; APPOINTMENT OF CERTAIN OFFICERS; COMPENSATORY ARRANGEMENTS OF CERTAIN OFFICERS

On November 20, 2008, the Corporation appointed Kathleen M. Johnson as its Chief Accounting Officer. Ms. Johnson, age 54, joined the Company in 1989 and has served as Vice President of Finance since 2000. Ms. Johnson has no family relationship with any director or executive officer of the Corporation, nor is she party to any related party transactions with the Corporation. Pursuant to the Corporation's Bylaws, Ms. Johnson will serve in her executive position at the discretion of the Corporation's Board of Directors. Prior to Ms. Johnson's appointment, Thomas J. Felmer, Senior Vice President and Chief Financial Officer of the Corporation, performed the duties of this function.

Item 8.01 OTHER EVENTS

Workforce Reduction

On November 20, 2008, the Corporation issued a press release announcing a global workforce reduction of approximately 10 percent to be implemented in the second quarter of fiscal 2009.

Director Compensation

On November 20, 2008, the Corporation's Board of Directors implemented an indefinite delay in the previously announced compensation increases for its directors. Pursuant to the Board action, the annual cash retainer paid to Directors will remain at \$35,000 (previously slated to increase to \$45,000 as of December 1, 2008) and the annual grant of stock options will remain at 6,000 (previously slated to increase to 6,600 as of December 1, 2008). A copy of the Brady Corporation 2005 Nonqualified Stock Option Plan for Non-Employee Directors, as amended to reflect these actions, is attached hereto as Exhibit 10.1 and is incorporated herein by reference.

Item 9.01 FINANCIAL STATEMENTS AND EXHIBITS.

(d) Exhibits.

The following are filed as Exhibits to this Report.

Exhibit No.	Description of Exhibit
10.1	Brady Corporation 2005 Nonqualified Stock Option Plan for Non-Employee Directors, as amended November 20, 2008
99.1	Press Release of Brady Corporation, dated November 20, 2008, relating to the Corporation's fiscal 2009 first quarter financial results

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

BRADY CORPORATION

Date: November 25, 2008

/s/ Thomas J. Felmer

Thomas J. Felmer
Senior Vice President &
Chief Financial Officer

EXHIBIT INDEX

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BRADY CORPORATION
2005 NONQUALIFIED STOCK OPTION PLAN
FOR NON-EMPLOYEE DIRECTORS

1. Purpose.

The 2005 Stock Option Plan for Non-Employee Directors (the "Plan") is intended to attract and retain the services of experienced and knowledgeable non-employee directors of Brady Corporation (the "Corporation") for the benefit of the Corporation and its shareholders and to provide additional incentive for such directors to continue to work for the best interest of the Corporation and its shareholders.

2. Shares Subject to the Plan.

There are reserved for issuance upon the exercise of options granted under the Plan 300,000 Class A Non-Voting Common Shares \$.01 par value, of the Corporation (the "Stock"). Such Stock may be authorized and unissued Stock or previously outstanding Stock then held in the Corporation's treasury. If any option granted under the Plan shall expire or terminate for any reason without having been exercised in full, the Stock subject to the unexercised portion thereof shall again be available for the purposes of issuance upon the exercise of options granted under the Plan.

3. Administration.

The Plan shall be administered by the Board of Directors of the Corporation (the "Board"), which may delegate any or all of its authority to a Committee of the Board. Subject to the express provisions of the Plan, the Board shall have authority to interpret the Plan, to prescribe, amend and rescind rules and regulations relating to it, to determine the terms and provisions of the option grants and agreements (which shall comply with and be subject to the terms and conditions of the Plan) and to make all other determinations necessary or advisable for the administration of the Plan. The Board's determination of the matters referred to in this Paragraph 3 shall be conclusive.

4. Eligibility.

For purposes of the Plan, "Non-Employee Director" means a member of the Board who is not an employee of the Corporation or a subsidiary of the Corporation. After the effective date of the Plan, each Non-Employee Director who first becomes a Director on an annual meeting date after July 26, 2005 shall automatically be granted an option to purchase 10,000 shares of Stock on a date that is 14 days after the annual meeting date, or if such person first becomes a Director on a date other than the annual meeting date, the option shall automatically be granted on a date that is 14 days after first becoming a Director. On a date that is 14 days after each subsequent annual meeting of the shareholders of the Corporation on or subsequent to the effective date of the Plan, each Non-Employee Director who will continue to serve as an Non-Employee Director after such annual meeting shall automatically be granted an option to purchase 6,000 shares of Stock.

Only non-statutory stock options shall be granted under the Plan.

5. Option Grants.

(a) The purchase price of the Stock under each option granted under the Plan shall be 100% of the Fair Market Value of the Stock on the date such option is granted. For purposes of the Plan "Fair Market Value" on any date shall mean, with respect to 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 or, if such date is not a business day or if no sales of the 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 Stock on the relevant date.

(b) All options 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%

The term of each option shall be ten years from the date of grant, or such shorter period as is prescribed in Paragraphs 5(c) and 5(d). Except as provided in Paragraphs 5(c) and 5(d), no option may be exercised at any time unless the holder is then a director of the Corporation.

Each option may be exercised in whole or in part from time to time as specified in the agreements provided, however, that each holder may exercise an 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 Board, or if the applicable agreement so provides, by delivering shares of Stock ("Delivered Stock"), (d) by surrendering to the Corporation shares of Stock otherwise receivable upon exercise of the 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 option and shares of Stock used in a Net Exercise shall be valued at their Fair Market Value determined as of the date of exercise of the option. No holder shall be under any obligation to exercise any option hereunder.

Upon exercise, the option price is to be paid in full in cash or, at the discretion of the Board, in Stock owned by the optionee having a Fair Market Value on the date of exercise equal to the aggregate option price or, at the discretion of the Board, in a combination of cash and Stock.

(c) All rights under any option shall terminate on the date such Participant ceases to be a Director of the Corporation, except that (a) if the Directorship is terminated by the death of the Director, any unexercised, unexpired Stock Options granted hereunder to the Director 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 Director's personal representative or by the person to whom the options are transferred under the Director's last will and testament or the applicable laws of descent and distribution; (b) if the Directorship is terminated as a result of the disability of the Director (a disability means that the Director is disabled as a result of sickness or injury, such that he or she is unable satisfactorily to perform the Director duties, as determined by the Board of Directors, on the basis of medical evidence satisfactory to it), any unexercised, unexpired options granted hereunder to the Director shall become 100% vested and fully exercisable, in whole or in part, at any time within one year after the date of disability; (c) if the Directorship is terminated and the Director has been a member of the Board of Directors for at least three years, any unexercised, unexpired options granted hereunder to the Director shall continue to vest as provided in Paragraph 5(b) and any option that is or becomes vested may be exercised within the term of such option; and (d) if the Directorship is terminated for any reason other than (a), (b) or (c) above, any unexercised, unexpired options granted hereunder and exercisable as of the date of such termination shall be exercisable in whole or in part at any time within 90 days after such date of termination.

(d) In the event of (a) a merger, consolidation, or reorganization with another corporation in which the Corporation is not the surviving corporation or a merger, consolidation or reorganization with another corporation in which the Corporation is the surviving corporation, but the Stock ceases to be publicly traded, (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 options shall become fully exercisable immediately prior to any such event.

(e) Nothing in the Plan or in any option granted pursuant to the Plan shall confer on any individual any right to continue as a director of the Corporation.

6. Transferability and Shareholder Rights of Holders of Options.

No options granted under the Plan shall be transferable otherwise than by will or by the laws of descent and distribution, and an option may be exercised, during the lifetime of an optionee, only by the optionee or optionee's guardian or legal representative. An optionee shall have none of the rights of a shareholder of the Corporation until the option has been exercised and the Stock subject to the option has been registered in the name of the optionee on the transfer books of the Corporation.

7. Adjustments upon Changes in Capitalization.

Notwithstanding any other provisions of the Plan, the number and class of shares subject to the options and the option prices of options covered thereby shall be proportionately adjusted in the event of changes in the outstanding Stock by reason of stock dividends, stock splits, recapitalizations, mergers, consolidations, combinations or exchanges of shares, split-ups, split-offs, spin-offs, liquidations or other similar changes in capitalization, or any distribution to

common shareholders other than cash dividends and, in the event of any such change in the outstanding Stock, the aggregate number and class of shares available under the Plan and the number of shares as to which options may be granted shall be appropriately adjusted by the Board.

8. Amendment and Termination.

Unless the Plan shall theretofore have been terminated as hereinafter provided, the Plan shall terminate on, and no awards of options shall be made after, the tenth anniversary of the effective date of the Plan; provided, however, that such termination shall have no effect on options granted prior thereto. The Plan may be terminated, modified or amended by the shareholders of the Corporation. The Board may also terminate the Plan or modify or amend the Plan in such respects as it shall deem advisable in order to conform to any change in any law or regulation applicable thereto, or in other respects which shall not change (i) the total number of shares of Stock as to which options may be granted, (ii) the class of persons eligible to receive options under the Plan, (iii) the manner of determining the option prices, (iv) the period during which options may be granted or exercised or (v) the provisions relating to the administration of the Plan by the Board.

9. Withholding.

Upon the issuance of Stock as a result of the exercise of an option, the Corporation shall have the right to retain or sell without notice sufficient Stock to cover the amount of any tax required by any government to be withheld or otherwise deducted and paid with respect to such Stock being issued, remitting any balance to the optionee; provided, however, that the optionee shall have the right to provide the Corporation with the funds to enable it to pay such tax.

10. Effectiveness of the Plan.

The Plan shall become effective on the day following the date the Plan is approved by the vote of the holders of a majority of the outstanding shares of the Corporation's Class B Voting Common Stock. The Board may in its discretion authorize the granting of options which shall be expressly subject to the conditions that (i) the Stock reserved for issue under the Plan shall have been duly listed, upon official notice of issuance, upon each stock exchange in the United States upon which the Stock is traded and (ii) a registration statement under the Securities Act of 1933 with respect to such shares shall have become effective.

For more information:

Investor contact: Barbara Bolens 414-438-6940

Media contact: Carole Herbstreit 414-438-6882

Brady Corporation reports sales and earnings for fiscal 2009 first quarter and announces global workforce reduction

MILWAUKEE (November 20, 2008)—Brady Corporation (NYSE:BRC) reports sales and earnings for its fiscal 2009 first quarter ended October 31, 2008.

Sales for the quarter declined 0.5 percent to \$378.3 million compared to \$380.1 million in the first quarter of fiscal 2008. Organic sales declined 2.5 percent in the quarter, acquisitions contributed 2.1 percent to sales growth and currency exchange had a negative 0.1 percent impact on sales growth. By segment, sales were down 7.9 percent in the Americas and 0.6 percent in Europe; sales increased 13.2 percent in Asia/Pacific.

Net income increased 2.0 percent in the fiscal 2009 first quarter to \$37.1 million compared to \$36.4 million in the same quarter last year. Earnings per diluted Class A Common share were \$0.69 in the first quarter of fiscal 2009, up 4.5 percent compared to \$0.66 per diluted share in the prior year's quarter. Earnings per share results reflect the repurchase of approximately 1.15 million shares in the quarter.

"Our proactive measures to control costs helped to mitigate the effects of a deteriorating economy, and combined with other factors including a lower effective tax rate, resulted in slight net income growth in the first quarter. This was despite a decline in organic sales caused by a marked slowdown in our markets in the later part of the quarter. We expect a continuation of the challenging global economy and are taking additional steps to reduce our costs. These steps include a global workforce reduction of approximately 10 percent to be implemented in the second quarter, a company-wide salary freeze, the continued reduction of discretionary spending and contingency plans for further reductions in the event of more severe business contraction," said Frank M. Jaehnert, Brady's president and chief executive officer.

"We expect restructuring charges of approximately \$30 million pretax during fiscal 2009. Savings from our cost reduction actions should be approximately \$30 million in fiscal 2009," said Brady Chief Financial Officer Thomas J. Felmer. "Based on current exchange rates and as a result of these unprecedented economic conditions, we expect high single-digit declines in organic sales for the remainder of the fiscal year. We are revising our net income guidance for fiscal 2009 and now expect net income of between \$75 and \$85 million after restructuring charges of \$20 million after tax (previously \$140 to \$145 million), and earnings per diluted share including restructuring charges of between \$1.40 and \$1.59 (previously \$2.54 to \$2.63).

Excluding restructuring charges, we expect net income of \$95 to \$105 million and earnings per diluted share of between \$1.78 and \$1.97."

"Brady is a financially strong company, with a solid balance sheet and good cash flow, and we are committed to taking all steps necessary to protect the long-term health of the company in these challenging times. To ensure our competitiveness when the current economic crisis subsides, we will continue to invest in growth strategies including new product development, acquisitions, e-business and the Brady Business Performance System, which focuses on 'lean' thinking and continuous improvement," added Jaehnert.

A web cast regarding fiscal 2009 first quarter results will be available at www.investor.bradycorp.com.

Brady Corporation is an international manufacturer and marketer of complete solutions that identify and protect premises, products and people. Its products include high-performance labels and signs, safety devices, printing systems and software, and precision die-cut materials. Founded in 1914, the company has more than 500,000 customers in electronics, telecommunications, manufacturing, electrical, construction, education, medical and a variety of other industries. Brady is headquartered in Milwaukee and employs nearly 8,000 people at operations in the Americas, Europe and Asia/Pacific. Brady's fiscal 2008 sales were approximately \$1.523 billion. More information is available on the Internet at www.bradycorp.com.

Brady believes that certain statements in this news release 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 news release, 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 news release, 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 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 retain significant contracts and customers; future competition; 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; interruptions to sources of supply; environmental, health and safety compliance costs and liabilities; Brady's ability to realize cost savings from operating initiatives; Brady's ability to attract and retain key talent; difficulties associated with exports; risks associated with international operations; fluctuations in currency rates versus the US dollar; technology changes; potential write-offs of Brady's substantial intangible assets; risks associated with obtaining governmental approvals and maintaining regulatory compliance for new and existing products; business interruptions due to implementing business systems; 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 Brady's Form 10-K for the year ended July 31, 2008. 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.

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BRADY CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Dollars in Thousands)

	(Unaudited)		
	Three Months Ended October 31,		
	2008	2007	Percentage Change
Net sales	\$378,317	\$380,134	-0.5%
Cost of products sold	197,171	192,467	2.4%
Gross margin	181,146	187,667	-3.5%
Operating expenses:			
Research and development	9,056	8,978	0.9%
Selling, general and administrative	115,896	120,351	-3.7%
Total operating expenses	124,952	129,329	-3.4%
Operating income	56,194	58,338	-3.7%
Other income and (expense):			
Investment and other income	1,852	118	1469.5%
Interest expense	(6,361)	(6,720)	-5.3%
Income before income taxes	51,685	51,736	-0.1%
Income taxes	14,575	15,366	-5.1%
Net income	<u>\$ 37,110</u>	<u>\$ 36,370</u>	2.0%
Per Class A Nonvoting Common Share:			
Basic net income	\$ 0.70	\$ 0.67	4.5%
Diluted net income	\$ 0.69	\$ 0.66	4.5%
Dividends	\$ 0.17	\$ 0.15	13.3%
Per Class B Voting Common Share:			
Basic net income	\$ 0.68	\$ 0.65	4.6%
Diluted net income	\$ 0.67	\$ 0.64	4.7%
Dividends	\$ 0.15	\$ 0.13	15.4%
Weighted average common shares outstanding (in thousands):			
Basic	53,291	54,350	
Diluted	53,938	55,121	

BRADY CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

(IN THOUSANDS)

	(Unaudited)	
	October 31, 2008	July 31, 2008
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 178,792	\$ 258,355
Accounts receivable, less allowance for losses (\$9,066 and \$10,059, respectively)	243,219	262,461
Inventories:		
Finished products	68,267	75,665
Work-in-process	21,586	21,187
Raw materials and supplies	40,852	37,767
Total inventories	130,705	134,619
Prepaid expenses and other current assets	46,669	43,650
Total current assets	599,385	699,085
Other assets:		
Goodwill	724,072	789,107
Other intangible assets, net	124,593	144,791
Deferred income taxes	25,576	25,943
Other	17,820	21,381
Total other assets	892,061	981,222
Property, plant and equipment:		
Cost:		
Land	6,169	6,490
Buildings and improvements	92,509	98,646
Machinery and equipment	265,097	282,232
Construction in progress	9,453	6,040
	373,228	393,408
Less accumulated depreciation	216,891	223,202
Net property, plant and equipment	156,337	170,206
Total	\$ 1,647,783	\$1,850,513
LIABILITIES AND STOCKHOLDERS' INVESTMENT		
Current liabilities:		
Accounts payable	\$ 109,083	\$ 118,209
Wages and amounts withheld from employees	52,396	82,354
Taxes, other than income taxes	8,033	10,234
Accrued income taxes	13,764	21,523
Other current liabilities	49,365	54,810
Short-term borrowings and current maturities on long-term debt	21,430	21,431
Total current liabilities	254,071	308,561
Long-term obligations, less current maturities	457,143	457,143
Other liabilities	56,298	63,001
Total liabilities	767,512	828,705
Stockholders' investment:		
Common stock:		
Class A Nonvoting common stock — Issued 51,261,487 and 51,261,487 shares, respectively and outstanding 48,926,466 and 50,005,296 shares, respectively	513	513
Class B Voting common stock — Issued and outstanding, 3,538,628 shares	35	35
Additional paid-in capital	294,181	292,769
Earnings retained in the business	667,108	639,059
Treasury stock — 2,125,021 and 1,046,191 shares, respectively of Class A nonvoting common stock, at cost	(67,539)	(33,234)
Accumulated other comprehensive income	(8,839)	128,161
Other	(5,188)	(5,495)
Total stockholders' investment	880,271	1,021,808
Total	\$ 1,647,783	\$1,850,513

BRADY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in Thousands)

	(Unaudited) Three Months Ended October 31	
	2008	2007
Operating activities:		
Net income	\$ 37,110	\$ 36,370
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	13,712	14,168
Non-cash portion of stock-based compensation expense	2,092	3,257
Other	(198)	46
Changes in operating assets and liabilities (net of effects of business acquisitions):		
Accounts receivable	(12,571)	(10,880)
Inventories	(10,360)	1,337
Prepaid expenses and other assets	(8,147)	(4,417)
Accounts payable and accrued liabilities	(21,679)	(13,278)
Income taxes	(3,513)	6,086
Other liabilities	(1,167)	1,201
Net cash (used in) provided by operating activities	(4,721)	33,890
Investing activities:		
Payments of contingent consideration	—	(1,200)
Purchases of short-term investments	—	(5,150)
Sales of short-term investments	—	7,860
Purchases of property, plant and equipment	(6,429)	(7,395)
Other	1,300	(1,375)
Net cash used in investing activities	(5,129)	(7,260)
Financing activities:		
Payment of dividends	(9,061)	(8,100)
Proceeds from issuance of common stock	1,162	4,134
Principal payments on debt	(1)	(5)
Purchase of treasury stock	(36,508)	—
Income tax benefit from the exercise of stock options and deferred compensation distributions	667	2,712
Net cash (used in) financing activities	(43,741)	(1,259)
Effect of exchange rate changes on cash	(25,972)	2,382
Net (decrease) increase in cash and cash equivalents	(79,563)	27,753
Cash and cash equivalents, beginning of period	258,355	142,846
Cash and cash equivalents, end of period	<u>178,792</u>	<u>170,599</u>
Supplemental disclosures:		
Cash paid during the period for:		
Interest, net of capitalized interest	\$ 9,298	\$ 9,298
Income taxes, net of refunds	15,605	1,782

Information by regional segment for the three months ended October 31, 2008 and 2007 is as follows:

(in thousands)	Americas	Europe	Asia-Pacific	Subtotals	Corporate and Eliminations	Total
SALES TO EXTERNAL CUSTOMERS						
Three months ended:						
October 31, 2008	\$160,916	\$108,215	\$109,186	\$378,317	—	\$378,317
October 31, 2007	174,775	108,914	96,445	380,134	—	380,134

SALES GROWTH INFORMATION

Three months ended October 31, 2008:						
Base	-8.2%	-5.3%	11.0%	-2.5%	—	-2.5%
Currency	-0.3%	-1.6%	2.2%	-0.1%	—	-0.1%
Acquisitions	0.6%	6.3%	0.0%	2.1%	—	2.1%
Total	-7.9%	-0.6%	13.2%	-0.5%	—	-0.5%

SEGMENT PROFIT (LOSS)

Three months ended:						
October 31, 2008	\$ 35,524	\$ 31,138	\$ 22,401	\$ 89,063	(\$2,307)	\$ 86,756
October 31, 2007	44,107	\$ 29,900	\$ 19,390	93,397	(\$2,237)	91,160
Percentage increase (decrease)	-19.5%	4.1%	15.5%	-4.6%	3.1%	-4.8%

NET INCOME RECONCILIATION (in thousands)

	Three months ended:	
	October 31, 2008	October 31, 2007
Total profit for reportable segments	\$ 89,063	\$ 93,397
Corporate and eliminations	(2,307)	(2,237)
Unallocated amounts:		
Administrative costs	(30,562)	(32,822)
Investment and other income	1,852	118
Interest expense	(6,361)	(6,720)
Income before income taxes	51,685	51,736
Income taxes	(14,575)	(15,366)
Net income	<u>\$ 37,110</u>	<u>\$ 36,370</u>

RECONCILIATION OF GAAP MEASURES TO NON-GAAP MEASURES

(in thousands)

	Fiscal 2008				
	Q1	Q2	Q3	Q4	Total
EBITDA (1)					
Net income	\$ 36,370				\$ 36,370
Interest expense	6,720				6,720
Income taxes	15,366				15,366
Depreciation and amortization	14,168				14,168
 EBITDA (non-GAAP measure)	 \$ 72,624	 \$ —	 \$ —	 \$ —	 \$ 72,624
	Fiscal 2009				
	Q1	Q2	Q3	Q4	Total
EBITDA (1)					
Net income	\$ 37,110				\$ 37,110
Interest expense	6,361				6,361
Income taxes	14,575				14,575
Depreciation and amortization	13,712				13,712
 EBITDA (non-GAAP measure)	 \$ 71,758	 \$ —	 \$ —	 \$ —	 \$ 71,758

- (1) Brady is presenting EBITDA because it is used by many of our investors and lenders, and is presented as a convenience to them. EBITDA represents net income before interest expense, income taxes and depreciation and amortization. EBITDA is not a calculation based on generally accepted accounting principles (GAAP). The amounts included in the EBITDA calculation, however, are derived from amounts included in the Condensed Consolidated Statements of Income data. EBITDA should not be considered as an alternative to net income or operating income as an indicator of the company's operating performance, or as an alternative to operating cash flows as a measure of liquidity. The EBITDA measure presented may not always be comparable to similarly titled measures reported by other companies due to differences in the components of the calculation.