

**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): **October 6, 2013**

**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))

**Item 5.02 DEPARTURE OF DIRECTORS OR CERTAIN OFFICERS; ELECTION OF DIRECTORS; APPOINTMENT OF CERTAIN OFFICERS;  
COMPENSATORY ARRANGEMENTS OF CERTAIN OFFICERS**

On October 7, 2013, Brady Corporation (the "Company") issued a press release announcing that Frank M. Jaehnert has retired as the Company's President and Chief Executive Officer, effective October 7, 2013 (the "Effective Date"). In connection with his retirement, Mr. Jaehnert also resigned his position on the Board of Directors of the Company as of the Effective Date. Pursuant to the terms of a Complete and Permanent Release and Retirement Agreement between the Company and Mr. Jaehnert dated as of October 6, 2013 (the "Retirement Agreement"), Mr. Jaehnert will remain employed by the Company and receive his current salary and benefits from the Effective Date until December 31, 2013, during which time he will be available in a consultative position to assist with respect to transition issues. Under the Retirement Agreement, Mr. Jaehnert will receive a severance package including, among other items, \$800,000 to be paid in equal installments throughout the calendar year following his separation from employment on December 31, 2013. The Retirement Agreement also contains 12-month non-competition and non-solicitation provisions, as well as standard confidentiality, waiver and non-disparagement provisions. The Retirement Agreement is subject to legal revocation rights.

The Company also announced that as of October 7, 2013, Thomas J. Felmer has been appointed as Interim President and Chief Executive Officer during the search for Mr. Jaehnert's permanent replacement. Mr. Felmer will also retain his positions of Senior Vice President and CFO of the Company during the pendency of the CEO search. In recognition of Mr. Felmer's increased duties, the Management Development and Compensation Committee (the "Committee") of the Board authorized an award of 5,000 shares of restricted stock to Mr. Felmer, effective October 7, 2013, with restrictions to lapse upon the earlier of the end of his service as Interim President and CEO or the Board appointment of a permanent President and CEO. No other immediate changes were made to Mr. Felmer's compensation, as more fully described in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on September 30, 2013 (the "2013 Form 10-K").

In order to retain the services during this transition period of Allan J. Klotsche, the Company's Senior Vice President—Human Resources who recently announced his intent to resign, the Committee has approved an arrangement with Mr. Klotsche pursuant to which he will be paid an additional \$15,000 per month as a stay bonus, provided he remain with the Company for at least three months following the Effective Date. No other immediate changes were made to Mr. Klotsche's compensation, as more fully described in the Company's 2013 Form 10-K.

A copy of the Company's press release announcing Mr. Jaehnert's retirement and Mr. Felmer's appointment is attached hereto as Exhibit 99.1 and is incorporated herein by reference. The foregoing description of the Retirement Agreement is qualified in its entirety by reference to the full text of such agreement, a copy of which is attached hereto as Exhibit 10.1 and is incorporated herein by reference.

(d) Exhibits.

The following are filed as Exhibits to this Report.

| <u>Exhibit No.</u> | <u>Description of Exhibit</u>                                                                                             |
|--------------------|---------------------------------------------------------------------------------------------------------------------------|
| 10.1               | Complete and Permanent Release and Retirement Agreement between the Company and Mr. Jaehnert dated as of October 6, 2013. |
| 99.1               | Press Release of Brady Corporation, dated October 7, 2013.                                                                |

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#### 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.

Date: October 7, 2013

BRADY CORPORATION

/s/ Thomas J. Felmer  
 Thomas J. Felmer  
 Interim President and CEO,  
 Senior Vice President &  
 Chief Financial Officer

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#### EXHIBIT INDEX

| <u>EXHIBIT<br/>NUMBER</u> | <u>DESCRIPTION</u>                                                                                                        |
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**COMPLETE AND PERMANENT RELEASE AND RETIREMENT AGREEMENT**

Frank Jaehnert ("Mr. Jaehnert") and Brady Corporation ("the Company") hereby enter into this Complete and Permanent Release and Retirement Agreement to resolve all matters relating to Mr. Jaehnert's employment with and retirement from the Company. Mr. Jaehnert and the Company hereby agree as follows:

**1. Retirement.**

Effective 12:01 a.m. on October 7, 2013 (CDT), (the "Effective Date"), Mr. Jaehnert hereby retires and resigns from his position as President and Chief Executive Officer of the Company, and provides notice to the Company of his resignation from the Board of Directors, as well as all officer and director positions of all Brady entities. From the Effective Date to December 31, 2013 (the "Separation Date"), Mr. Jaehnert will remain employed by the Company and receive his current salary and fringe benefits. During that time, Mr. Jaehnert will be available to consult with respect to transition issues as requested by the Company. The Separation Date shall be deemed to be the "Qualifying Event" for insurance continuation and benefit plan purposes under state and federal law. As of the Effective Date, Mr. Jaehnert shall no longer be entitled to participate in any and all Equity Agreements with the Brady Corporation, except as described in this Agreement.

**2. Retirement Plan; Equity Agreements.**

All of Mr. Jaehnert's balances, including Company stock, within any Company retirement plan will be paid out in accordance with the provisions of each plan and Mr. Jaehnert's instructions under such plans. In addition, Mr. Jaehnert shall have all of his preexisting rights with respect to stock options and restricted stock in accordance with the equity plans and granting agreements governing such equity. Following the Effective Date, Mr. Jaehnert will be provided with a summary of outstanding grants and post-termination exercise periods under those equity agreements. Pursuant to the terms of the equity agreements, Mr. Jaehnert's retirement will have the following effects, among others:

- (a) The exercise period for options issued in 2004 and 2005 will be shortened to the earlier of one year following the Separation Date or the ten-year term of the option;
- (b) The 2008 grant of restricted stock will be forfeited as of the Separation Date; and

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- (c) 68,334 shares of the 2010 grant of restricted stock will be deemed vested as of the Separation Date (including 33,333 previously vested shares) and the remaining 31,666 shares will be forfeited.

**3. Severance Pay.**

In addition to the foregoing, and assuming Mr. Jaehnert accepts and does not revoke this Agreement, Mr. Jaehnert will be provided severance payments in the gross amount of \$800,000, less required withholding, payable over the one year period following the Separation Date in accordance with the Company's normal payroll practices, with the first such payment to be made on the first pay date occurring after the Separation Date or, only to the extent required by Section 409A, on the six-month anniversary of the Separation Date. Each severance installment payable under this Section 3 shall constitute a separate "payment" within the meaning of Treasury Regulation Section 1.409A-2(b)(2).

Mr. Jaehnert will also be provided retiree health insurance benefits, outplacement services up to a total value of \$20,000, prorated Company retirement contributions from the Effective Date to the Separation Date, the option to purchase his Company vehicle for 80% of its assessed value as of the Effective Date, the right to retain his Company computer/cell phone/iPad fully wiped of all Company-related data and information, and the payment by the Company of legal expenses not to exceed \$10,000 incurred by Mr. Jaehnert in connection with the review and delivery of this Agreement (such legal expenses to be invoiced directly to the Company in acceptable form).

**4. Adequate Consideration.**

Mr. Jaehnert acknowledges that the Company is under no pre-existing obligation to pay him any of the severance payments or benefits described in paragraph 3 above, that no amounts are due and owing Mr. Jaehnert other than vested benefits to which he is otherwise entitled ("vested benefits"), and that the foregoing benefits are adequate consideration for Mr. Jaehnert's commitments in this Agreement. The parties agree that the foregoing constitute all of the payments and benefits to be provided to Mr. Jaehnert under this Agreement, and that they are in full settlement of all payments and benefits, including but not limited to, claims for wages, vacation pay, sick pay, bonuses, commissions, relocation costs, severance payments, stock options, or any other compensation.

**5. Mutual Release Of All Claims.**

In consideration of the payments and benefits described above, and to the fullest extent allowed by law, Mr. Jaehnert, for himself, his spouse, heirs, successors and assigns, hereby releases and forever discharges the Company, its owners, parents, successors, affiliates, directors, officers, employees and all other representatives, from any and all charges, claims, suits and expenses (including attorneys' fees and costs), whether known or unknown, including, but not limited to, claims of age or other discrimination, breach of contract, wrongful discharge, constructive discharge, claims under the Wisconsin Fair Employment Act, § 111.31, et seq. Wis. Stats.; Title VII of The Civil Rights Act of 1964, as amended, 42 U.S.C. § 2000e, et seq.; the Age Discrimination in Employment Act, 29 U.S.C. § 621 et seq.; the common law of Wisconsin, or any other federal, state or local law relating to employment. This release includes any and all matters in connection with or relating in any way to Mr. Jaehnert's employment with the Company and his retirement from the Company, provided, however, that nothing herein shall release, diminish, or otherwise affect Mr. Jaehnert's vested benefits. Notwithstanding the foregoing, this release excludes any claims: (a) arising after the execution of this Agreement; (b) to enforce the terms of this Agreement; or (c) for rights to indemnification. Mr. Jaehnert may have pursuant to the Company's Bylaws, Articles of Incorporation or applicable laws.

The Company, on behalf of its owners, parents, successors, affiliates, directors, officers, employees and all other representatives, hereby releases and forever discharges Mr. Jaehnert from any and all charges, claims, suits and expenses (including attorneys' fees and costs) within the actual knowledge of the Board of Directors as of the Effective Date which it ever had or may presently have against Mr. Jaehnert from the beginning of time up to and including the date of Mr. Jaehnert's execution of this Agreement. Notwithstanding the foregoing, this release excludes any claims: (a) arising after the execution of this Agreement; or (b) to enforce the terms of this Agreement.

**6. Non-Admission.**

Mr. Jaehnert and the Company agree that this Complete and Permanent Release and Retirement Agreement shall not constitute an admission by the Company that it has acted wrongfully with respect to Mr. Jaehnert or that it has discriminated against him or against any other individual.

**7. Confidential Agreement.**

Except as permitted below, Mr. Jaehnert hereby agrees to keep the terms of this Complete and Permanent Release and Retirement Agreement confidential, and he agrees that he shall neither directly nor indirectly disclose the terms of this Agreement to any other person or entity except to his attorneys, tax preparers or financial advisors, and immediate family members, but

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only on the condition that they agree to abide by the terms of this confidentiality clause, unless compelled by law or until such time as it has been publicly disclosed by the Company.

**8. Mutual Non-Disparagement.**

Mr. Jaehnert agrees that at no time will he make disparaging remarks about the Company, its officers, directors, or employees, its products or practices including, but not limited to, its personnel practices. For its part, the Company agrees that its Officers and Directors shall not make disparaging remarks about Mr. Jaehnert.

**9. Confidentiality, Non-Solicitation and Non-Compete.**

Mr. Jaehnert and the Company specifically agree that the payments under paragraph 3 above shall be deemed to fully satisfy any obligation the Company may have to provide salary payments to Mr. Jaehnert under any Confidential Information or Non-Compete Agreement he may have signed. All Confidentiality, Non-Solicitation and Non-Compete restrictions and responsibilities to which Mr. Jaehnert will be subject after execution of this Agreement are set forth in this Paragraph 9. In addition, and as further consideration for this Agreement, Mr. Jaehnert agrees to, understands and acknowledges the following:

- (a) During Mr. Jaehnert's employment with the Company, he was provided with Confidential Information relating to the Company, its business and clients, the disclosure or misuse of which would cause severe and irreparable harm to the Company. Mr. Jaehnert agrees that all Confidential Information is and shall remain the sole and absolute property of the Company. Upon the Separation Date, Mr. Jaehnert shall immediately return to the Company all documents and materials that contain or constitute Confidential Information, in any form whatsoever, including but not limited to, all copies, abstracts, electronic versions, and summaries thereof. Mr. Jaehnert further agrees that, without the written approval of the Board of Directors of the Company, he will not disclose, use, copy or duplicate, or otherwise permit the use, disclosure, copying or duplication of any Confidential Information of the Company. Mr. Jaehnert agrees to take all reasonable steps and precautions to prevent any unauthorized disclosure, use, copying or duplication of Confidential Information. For purposes of this Agreement, Confidential Information means any and all financial, technical, commercial or other information concerning the business and affairs of the Company that is confidential and proprietary to the Company, including without limitation,
  - (i) information relating to the Company's past and existing customers and vendors and development of prospective customers and vendors, including specific customer product requirements, pricing

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arrangements, payments terms, customer lists and other similar information;

- (ii) inventions, designs, methods, discoveries, works of authorship, creations, improvements or ideas developed or otherwise produced, acquired or used by the Company;
- (iii) the Company's proprietary programs, processes or software, consisting of but not limited to, computer programs in source or object code and all related documentation and training materials, including all upgrades, updates, improvements, derivatives and modifications thereof and including programs and documentation in incomplete stages of design or research and development;
- (iv) the subject matter of the Company's patents, design patents, copyrights, trade secrets, trademarks, service marks, trade names, trade dress, manuals, operating instructions, training materials, and other industrial property, including such information in incomplete stages of design or research and development; and
- (v) other confidential and proprietary information or documents relating to the Company's products, business and marketing plans and techniques, sales and distribution networks and any other information or documents which the Company protects as being confidential.

- (b) Mr. Jaehnert further agrees that, without the written approval of the Board of Directors of the Company, he shall not engage in any of the conduct described in subsection (i) below, either directly or indirectly, or as an employee, contractor, consultant, partner, officer, director or stockholder, other than a stockholder of less than 5% of the equities of a publicly traded corporation, or in any other capacity for any person, firm, partnership or corporation:
- (i) For a period of 12 months following the Separation Date, Mr. Jaehnert will not: (A) perform duties as or for a Competitor that are the same as or similar to the duties performed by him for the Company at any time during any part of the 24 month period preceding the termination of his employment with Company; or (B) participate in the inducement of or otherwise encourage Company employees, clients, or vendors to currently and/or prospectively breach, modify, or terminate any agreement or relationship they have or had with Company during any part of the 24 month period preceding the Separation Date.

For purposes of this Agreement, a Competitor shall mean any corporation, person,

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firm or organization (or division or part thereof) engaged in or about to become engaged in research and development work on, or the production and/or sale of, any product or service anywhere in the world which is directly competitive with one with respect to which Mr. Jaehnert acquired Confidential Information by reason of his work with the Company.

- (c) Mr. Jaehnert acknowledges and agrees that compliance with this paragraph 9 is necessary to protect the Company, and that a breach of any portion of this paragraph 9 will result in irreparable and continuing damage to the Company for which there will be no adequate remedy at law. In the event of a breach of this paragraph 9, or any part thereof, the Company, and its successors and assigns, shall be entitled to injunctive relief and to such other and further relief as is proper under the circumstances. The Company shall institute and prosecute proceedings in any Court of competent jurisdiction either in law or in equity to obtain damages for any such breach of this paragraph 9, or to enjoin Mr. Jaehnert from performing services in breach of paragraph 9(b) during the term of employment and for a period of 12 months following the Separation Date. Mr. Jaehnert hereby agrees to submit to the jurisdiction of any Court of competent jurisdiction in any disputes that arise under this Agreement.
- (d) Mr. Jaehnert further agrees that, in the event of a breach of this paragraph 9, the Company shall also be entitled to recover the value of any amounts previously paid or payable under this Agreement.
- (e) MR. JAEHNERT HAS READ THIS PARAGRAPH 9 AND AGREES THAT THE CONSIDERATION PROVIDED BY THE COMPANY IS FAIR AND REASONABLE AND FURTHER AGREES THAT GIVEN THE IMPORTANCE TO THE COMPANY OF ITS CONFIDENTIAL AND PROPRIETARY INFORMATION, THE FOREGOING RESTRICTIONS ON HIS ACTIVITIES ARE LIKEWISE FAIR AND REASONABLE.

#### **10. Assignment**

If Mr. Jaehnert should die while any amounts are still payable to him pursuant to this Agreement, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to Mr. Jaehnert's devisee, legatee, or other designee, or if there be no such designee, to his estate.

#### **11. Section 409A**

The intent of the parties is that the payments and benefits under this Agreement comply with or be exempt from Section 409A of the Internal Revenue Code of 1986, as amended, and

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the regulations and guidance promulgated thereunder (collectively, "Section 409A") and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted to be in compliance therewith. If Mr. Jaehnert or the Company believes, at any time, that any payment pursuant to this Agreement is subject to taxation under Section 409A of the Code, then (i) it shall advise the other and (ii) to the extent such correction is possible to avoid taxation under Section 409A without any material diminution in the value of the payments or benefits to Mr. Jaehnert, the Company and Mr. Jaehnert shall reasonably cooperate in good faith to take such steps as necessary, including amending (and, as required, consenting to the amendment of) the terms of any plan or program under which such payments are to be made, in the least restrictive manner necessary in order to comply with the provisions of Section 409A and the Section 409A Regulations in order to avoid taxation under Section 409A.

Notwithstanding anything contained herein to the contrary, if at Mr. Jaehnert's separation from service, (a) he is a specified employee as defined in Section 409A and (b) any of the payments or benefits provided hereunder constitute deferred compensation under Section 409A, then, and only to the extent required by such provisions, the date of payment of such payments or benefits otherwise provided shall be delayed for a period of six months following the separation from service.

#### **12. Entire Agreement.**

This Complete and Permanent Release and Retirement Agreement sets forth the entire agreement between the parties and fully supersedes any and all prior agreements or understandings between Mr. Jaehnert and the Company. Mr. Jaehnert acknowledges that he is hereby advised to seek legal counsel before signing this Agreement, that he has twenty-one (21) days to consider this Agreement, that upon his acceptance he has seven (7) days to revoke his acceptance, and that this Agreement will not become effective until that seven (7) day period has expired. Mr. Jaehnert agrees that he has read, understands and voluntarily accepts its terms.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Frank Jaehnert

BRADY CORPORATION

\_\_\_\_\_  
October 6, 2013  
Date

By:           /s/ Conrad Goodkind            
      Its Authorized Representative

October 7, 2013

For More Information:  
 Aaron Pearce 414-438-6895  
[aaron\\_pearce@bradycorp.com](mailto:aaron_pearce@bradycorp.com)

**For Immediate Release**

**Brady Corporation President and CEO Retires, CFO Named Interim Leader**

MILWAUKEE — Brady Corporation (NYSE: BRC) today announced the retirement of President and Chief Executive Officer Frank M. Jaehnert and the appointment of current Senior Vice President and Chief Financial Officer Thomas J. Felmer as Interim President and CEO. At the request of the Board, Mr. Jaehnert will remain with the Company in a consultative position until December 31, 2013, to ensure a sound transition.

“We are grateful for the service and leadership Frank has provided over the past decade, and we wish him well in the future,” said Conrad Goodkind, the Lead Independent Director of Brady’s Board. “Over the last 10 years, he has led the company through acquisitions and international expansion and Brady has more than doubled its revenues. More recently, he has spearheaded a reorganization that has positioned us for future growth. The Board is committed to this process. On behalf of the entire Board, I express our appreciation to Frank.”

“I have enjoyed working with an exceptional group of talented and special people, and I want to thank all of Brady’s employees, leadership team and the Board of Directors for their support over the years. I am confident that the company is positioned well for the future and will succeed in its plans and continue to be a leader in its markets. I wish Tom Felmer, the executive management team and the Board all the best as they continue to transform the company,” Jaehnert said.

Goodkind said that Felmer will retain his responsibilities as CFO and Senior Vice President while the Board conducts a search for a new President and CEO.

“Tom has broad business experience and nearly 25 years with Brady. The Board is confident that he will do a great job while the search for Brady’s next leader is conducted,” Goodkind added. “We have a strong leadership team in place that is committed to growing shareholder value and continuing our goal of exceeding customer expectations.”

Goodkind said the changes are effective immediately and that the search for a new President and CEO will begin as soon as possible.

Brady Corporation is an international manufacturer and marketer of complete solutions that identify and protect premises, products and people. Brady’s products help customers increase safety, security, productivity and performance and include high-performance labels, signs, safety devices, printing systems and software, and precision die-cut materials. Founded in 1914, the company has a diverse customer base in electronics, telecommunications, manufacturing, electrical, construction, education, medical and a variety of other industries. Brady is headquartered in Milwaukee, Wisconsin and as of July 31, 2013 employed approximately 7,400 people in its worldwide businesses. Brady stock trades on the New York Stock Exchange under the symbol BRC. More information is available on the Internet at [www.bradycorp.com](http://www.bradycorp.com).

In this news release, statements that are not reported financial results or other historic information are “forward-looking statements.” These forward-looking statements relate to, among other things, the Company’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. The use of 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: Implementation of the Workplace Safety strategy; 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, hard disk drive, manufacturing, electrical, construction, laboratory, education, governmental, public utility, computer, healthcare and transportation; future competition; changes in the supply of, or price for, parts and components; increased price pressure from suppliers and customers; Brady’s ability to retain significant contracts and customers; fluctuations in currency rates versus the U.S. dollar; risks associated with international operations; difficulties associated with exports; risks associated with obtaining governmental approvals and maintaining regulatory compliance; Brady’s ability to develop and successfully market new products; risks associated with identifying, completing, and integrating acquisitions; risks associated with divestitures and businesses held for sale; risks associated with restructuring plans; environmental, health and safety compliance costs and liabilities; risk associated with loss of key talent; risk associated with product liability claims; technology changes and potential security violations to the Company’s information technology systems; Brady’s ability to maintain compliance with its debt covenants; increase in our level of debt; potential write-offs of Brady’s substantial intangible assets; unforeseen tax consequences; risk, associated with our

ownership structure; 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 within Item 1A of Part I of Brady’s Form 10-K for the year ended July 31, 2013. 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.