
**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): September 11, 2007

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 September 12, 2007, Brady Corporation (the “Corporation”) issued a press release announcing its fiscal 2007 fourth quarter financial results. A copy of the press release is being furnished to the Securities and Exchange Commission as Exhibit 99.1 attached hereto and is incorporated herein by reference.

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

(e) On September 12, 2007, the Corporation amended the Brady Corporation Deferred Compensation Plan, Brady Corporation Directors’ Deferred Compensation Plan, and Brady Corporation Restoration Plan so that the plans remain compliant with the regulations recently issued under Section 409A of the Internal Revenue Code. The amendments, which are technical in nature and are not intended to materially alter the content of the plans, become effective on January 1, 2008. The foregoing description of the amendments does not purport to be complete and is qualified in its entirety by reference to the full text of the Brady Corporation Deferred Compensation Plan, Brady Corporation Directors’ Deferred Compensation Plan, and Brady Corporation Restoration Plan, copies of which are filed herewith as Exhibit 10.1, 10.2 and 10.3, respectively, and are incorporated herein by reference.

Item 8.01 OTHER EVENTS

On September 11, 2007, the Corporation announced that its Board of Directors had increased the quarterly cash dividend on its Class A Common Stock from \$0.14 to \$0.15 per share. The dividend will be paid on October 31, 2007, to shareholders of record as of the close of business on October 10, 2007. A copy of the press release regarding the dividend is attached hereto as Exhibit 99.2 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 Deferred Compensation Plan, as amended.
10.2	Brady Corporation Directors’ Deferred Compensation Plan, as amended.
10.3	Brady Corporation Restoration Plan, as amended.
99.1	Press Release of Brady Corporation, dated September 12, 2007, relating to fourth quarter fiscal 2007 financial results.
99.2	Press Release of Brady Corporation, dated September 11, 2007, relating to increase in quarterly dividend.

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: September 17, 2007

BRADY CORPORATION

/s/ David Mathieson

David Mathieson

Senior Vice President & Chief Financial Officer

EXHIBIT INDEX

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BRADY CORPORATION
EXECUTIVE DEFERRED COMPENSATION PLAN
AS AMENDED AND RESTATED EFFECTIVE JANUARY 1, 2008

ARTICLE I
INTRODUCTION

For periods prior to calendar year 2005, Brady Corporation has maintained the Brady Corporation Executive Deferred Compensation Plan by means of a series of individual deferred compensation agreements with covered executives. Amounts deferred prior to January 1, 2005 (which were all fully vested under Plan terms), including past and future earnings credited thereon, shall remain subject to the terms of those individual agreements as previously in effect (the "Frozen Agreements") but no further amounts shall be deferred under the Frozen Agreements. All deferrals to the Plan for periods on or after January 1, 2005 shall be governed by the terms and provisions of this document. Except as provided in Sections 4.2(b)(x) and 6.1(a)(iii)(C) below, nothing in this document shall apply to amounts deferred prior to 2005 and past and future earnings credited thereon. This document is intended to comply with the provisions of Section 409A of the Internal Revenue Code and shall be interpreted accordingly. If any provision or term of this document would be prohibited by or inconsistent with the requirements of Section 409A of the Code, then such provision or term shall be deemed to be reformed to comply with Section 409A of the Code.

ARTICLE II
DEFINITIONS

The following definitions shall be applicable throughout the Plan:

2.1 "Account" means the account credited from time to time with bookkeeping amounts equal to the portions of a Participant's compensation deferred pursuant to Section 3.2 and earnings credited on such amounts in accordance with Article IV.

2.2 "Administrator" means the Compensation Committee of the Board of Directors of Brady Corporation.

2.3 "Beneficiary" means the person, persons, or entity designated by the Participant to receive any benefits payable under the Plan on or after the Participant's death. Each Participant shall be permitted to name, change or revoke the Participant's designation of a Beneficiary in writing on a form and in the manner prescribed by the Corporation; provided, however, that the designation on file with the Corporation at the time of the Participant's death shall be controlling. Should a Participant fail to make a valid Beneficiary designation or leave no named Beneficiary surviving, any benefits due shall be paid to such Participant's spouse, if living; or if not living, then any benefits due shall be paid to such Participant's estate. A Participant may designate a primary beneficiary and a contingent beneficiary;

provided, however, that the Corporation may reject any such instrument tendered for filing if it contains successive beneficiaries or contingencies unacceptable to it. If all Beneficiaries who survive the Participant shall die before receiving the full amounts payable hereunder, then the payments shall be paid to the estate of the Beneficiary last to die.

2.4 “Code” means the Internal Revenue Code of 1986, including any subsequent amendments.

2.5 “Corporation” means Brady Corporation, and each of its affiliates which has adopted the Plan or may adopt the Plan. Currently, the additional sponsoring affiliates are Tricor Direct, Inc. and Brady Worldwide, Inc. The term “Corporation” as used throughout this Plan shall include references to those affiliates of Brady Corporation which have also adopted the Plan; provided, however, that for purposes of the power to amend or terminate the Plan or take any other action under or with respect to the Plan, except for the payment of benefits, the term “Corporation” shall refer only to Brady Corporation.

2.6 “Effective Date” means January 1, 2008. This document describes how this Plan has been administered for periods after 2004 and prior to January 1, 2008 and how it shall be administered for periods after 2007.

2.7 “ERISA” means the Employee Retirement Income Security Act of 1974, including any subsequent amendments.

2.8 “Fiscal Year” means the period beginning August 1 and ending July 31.

2.9 “Participant” means a key management or highly compensated employee designated as eligible to participate in the Plan for a Plan Year under Section 3.1 (such persons shall be known as “Active Participants” for such Plan Year) and any person who previously participated in the Plan and is entitled to benefits.

2.10 “Performance Based Bonus” means bonus compensation, the amount of which or entitlement to, is based on services performed over a period of at least 12 consecutive months which is contingent on the satisfaction of pre-established organizational or individual performance criteria, which performance criteria are not substantially certain to be met at the time a deferral election is permitted. Performance Based Bonus compensation may include payments based upon subjective performance criteria, but (i) any subjective performance criteria must relate to the performance of the Participant service provider, a group of service providers that includes the Participant service provider, or a business unit for which the Participant provides services (which may include the entire organization) and (ii) the determination that any subjective performance criteria have been met must not be made by the Participant or a family member of the Participant (as defined in Code Section 267(c)(4) applied as if the family of an individual includes the spouse of any family member). Organizational or individual performance criteria are considered pre-established if established in writing by not later than 90 days after the commencement of the period of service to which the criteria relate, provided that the outcome is substantially uncertain at the time the criteria are established. A Performance Based Bonus may include payments based on performance criteria that are not approved by the Administrator or by the stockholders of the Corporation. A Performance Based Bonus shall not include any amount or portion of any amount that will be paid either regardless of performance, or based upon a level of performance that is substantially certain to be met at the time the criteria are established. Whether a bonus is performance based shall be determined in accordance with the requirements of IRS Reg. Section 1.409A-1 (e) which are summarized in part in this Section 2.10.

2.11 “Plan” means the Brady Corporation Executive Deferred Compensation Plan, as set forth herein, as applicable to amounts deferred after calendar year 2004, and as it may be amended from time to time.

2.12 “Plan Year” means the calendar year.

2.13 “Separation from Service” shall have the meaning set forth in IRS Regulation Section 1.409A-1 the requirements of which are summarized in part as follows:

(a) In General. The Participant shall have a Separation from Service with the Corporation if the Participant dies, retires, or otherwise has a termination of employment with the Corporation. However, for purposes of this Section 2.13, the employment relationship is treated as continuing intact while the individual is on military leave, sick leave, or other bona fide leave of absence if the period of such leave does not exceed six months, or if longer, so long as the individual retains a right to reemployment with the Corporation under an applicable statute or by contract. For purposes of this paragraph (a) of this Section 2.13, a leave of absence constitutes a bona fide leave of absence only if there is a reasonable expectation that the Participant will return to perform services for the Corporation. If the period of leave exceeds six months and the individual does not retain a right to reemployment under an applicable statute or by contract, the employment relationship is deemed to terminate on the first date immediately following such six-month period. Notwithstanding the foregoing, where a leave of absence is due to any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than six months, where such impairment causes the Participant to be unable to perform the duties of his or her position of employment or any substantially similar position of employment, a 29-month period of absence may be substituted for such six-month period.

(b) Termination of Employment. Whether a termination of employment has occurred is determined based on whether the facts and circumstances indicate that the Corporation and Participant reasonably anticipated that no further services would be performed after a certain date or that the level of bona fide services the Participant would perform after such date (whether as an employee or as an independent contractor) would permanently decrease to no more than 20 percent of the average level of bona fide services performed (whether as an employee or an independent contractor) over the immediately preceding 36-month period (or, the full period of services to the Corporation if the Participant has been providing services to the Corporation less than 36 months). Facts and circumstances to be considered in making this determination include, but are not limited to, whether the Participant continues to be treated as an employee for other purposes (such as continuation of salary and participation in employee benefit programs), whether similarly situated service providers have been treated consistently, and whether the Participant is permitted, and realistically available, to perform services for other service recipients in the same line of business. The Participant is presumed to have Separated from Service where the level of bona fide services performed decreases to a level equal to 20 percent or less of the average level of services performed by the employee during the immediately preceding 36-month period. The Participant will be presumed not to have Separated from Service where the level of bona fide services performed continues at a level that is 50 percent or more of the average level of service performed by the Participant during the immediately preceding 36-month period. No presumption applies to a decrease in the level of bona fide services performed to a level that is more than 20 percent and less than 50 percent of the average level of bona fide services performed during the immediately preceding 36-month period. The presumption is rebuttable by demonstrating that the Corporation and the Participant

reasonably anticipated that as of a certain date the level of bona fide services would be reduced permanently to a level less than or equal to 20 percent of the average level of bona fide services provided during the immediately preceding 36-month period or the full period of services to the Corporation if the Participant has been providing services to the Corporation less than 36 months (or that the level of bona fide services would not be so reduced). For example, the Participant may demonstrate that the Corporation and the Participant reasonably anticipated that the Participant would cease providing services, but that, after the original cessation of services, business circumstances such as termination of the Participant's replacement caused the Participant to return to employment. Although the Participant's return to employment may cause the Participant to be presumed to have continued in employment because the Participant is providing services at a rate equal to the rate at which the Participant was providing services before the termination of employment, the facts and circumstances in this case would demonstrate that at the time the Participant originally ceased to provide services, the Corporation reasonably anticipated that the Participant would not provide services in the future. For purposes of this paragraph (b), for periods during which the Participant is on a paid bona fide leave of absence (as defined in paragraph (a) of this Section 2.13) and has not otherwise terminated employment pursuant to paragraph (a) of this Section 2.13, the Participant is treated as providing bona fide services at a level equal to the level of services that the Participant would have been required to perform to receive the compensation paid with respect to such leave of absence. Periods during which the Participant is on an unpaid bona fide leave of absence (as defined in paragraph (a) of this Section 2.13) and has not otherwise terminated employment pursuant to paragraph (a) of this Section 2.13, are disregarded for purposes of this paragraph (b) of this Section 2.13 (including for purposes of determining the applicable 36-month (or shorter) period).

(c) Asset Purchase Transactions. Where as part of a sale or other disposition of assets by the Corporation as seller to an unrelated service recipient (buyer), a Participant of the Corporation would otherwise experience a Separation from Service with the Corporation, the Corporation and the buyer may retain the discretion to specify, and may specify, whether a Participant providing services to the Corporation immediately before the asset purchase transaction and providing services to the buyer after and in connection with the asset purchase transaction has experienced a Separation from Service, provided that the asset purchase transaction results from bona fide, arm's length negotiations, all service providers providing services to the Corporation immediately before the asset purchase transaction and providing services to the buyer after and in connection with the asset purchase transaction are treated consistently (regardless of position at the Corporation) for purposes of applying the provisions of any nonqualified deferred compensation plan, and such treatment is specified in writing no later than the closing date of the asset purchase transaction. For purposes of this paragraph (c), references to a sale or other disposition of assets, or an asset purchase transaction, refer only to a transfer of substantial assets, such as a plant or division or substantially all the assets of a trade or business.

(d) Dual Status. If a Participant provides services both as an employee of the Corporation and as an independent contractor of the Corporation, the Participant must separate from service both as an employee and as an independent contractor to be treated as having Separated from Service. If a Participant ceases providing services as an independent contractor and begins providing services as an employee, or ceases providing services as an employee and begins providing services as an independent contractor, the Participant will not be considered to have a Separation from Service until the Participant has ceased providing services in both capacities. Notwithstanding the foregoing, if a Participant provides services both as an employee of the Corporation and a member of the board of directors of the Corporation, the services

provided as a director are not taken into account in determining whether the Participant has a Separation from Service as an employee for purposes of this Plan unless this Plan is aggregated with any plan in which the Participant participates as a director under IRS Regulation Section 1.409A-1(c)(2)(ii).

2.14 “Specified Employee” shall have the meaning set forth in IRS Regulation Section 1.409A-1 the requirements of which are summarized in part as follows:

(a) In General. “Specified Employee” means a Participant who as of the date of his Separation from Service is a “key employee” as defined in Code Section 416(i) (disregarding Section 416(i)(5)), i.e., an employee who at any time during the 12 month period ending on an identification date is an officer of the Corporation or one of its affiliates having an annual compensation as defined in IRS Regulation Section 1.409A-1(i)(2) greater than \$130,000, a 5% owner of the Corporation or one of its affiliates or a 1% owner of the Corporation or one of its affiliates having compensation of more than \$150,000. The \$130,000 amount described in the preceding sentence shall be adjusted for cost of living increases in such amounts and at such times as specified by the Internal Revenue Service. Further, no more than 50 employees (or, if lesser, the greater of 3 or 10% of the employees) shall be treated as officers. The foregoing definition shall be interpreted at all times in a manner consistent with such regulations as may be adopted from time to time by the Internal Revenue Service for purposes of applying the key employee definition of Section 416(i) to the requirements of Code Section 409A. If a person is a key employee as of an identification date, the person is treated as a Specified Employee for the 12-month period beginning on the first day of the fourth month following the identification date. The “identification date” is December 31.

(b) In the event of a public offering, merger, acquisition, spin-off, reorganization or other corporate transaction, “Specified Employees” shall be determined as provided in IRS Reg. Section 1.409A-1(i)(6).

2.15 “Unforeseeable Emergency” means a severe financial hardship to a Participant resulting from an illness or accident of the Participant or the Participant’s spouse or dependent (as defined in Section 152(a) of the Code), loss of the Participant’s property due to casualty (including the need to rebuild a home following damage to a home not otherwise covered by insurance, for example, as a result of a natural disaster), or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant. For example, the imminent foreclosure of or eviction from the Participant’s primary residence may constitute an Unforeseeable Emergency. In addition, the need to pay for medical expenses, including non-refundable deductibles, as well as for the costs of prescription drug medication, may constitute an Unforeseeable Emergency. Finally, the need to pay for funeral expenses of a spouse or a dependent (as defined in Code section 152(a)) may also constitute an Unforeseeable Emergency. Except as otherwise provided above, the purchase of a home and the payment of college tuition are not Unforeseeable Emergencies. Whether a Participant is faced with an Unforeseeable Emergency is to be determined based on the relevant facts and circumstances of each case.

ARTICLE III
PARTICIPATION AND DEFERRALS

3.1 Determination of Participants. Within a reasonable period of time prior to the beginning of a Plan Year or at any time during a Plan Year, the Administrator will designate employees who will be eligible to become Active Participants in the Plan for that Plan Year (or the remainder of such Plan Year). An employee designated as an Active Participant for a Plan Year shall remain an Active Participant until the employee's Separation from Service or the Administrator or the Board of Directors of the Corporation takes action to terminate such employee's participation effective on the first day of any Plan Year subsequent to the date of such action by the Administrator or the Board.

3.2 Deferral Elections.

(a) Salary Payments. An Active Participant may elect to defer a specified percentage of his salary for services performed during a Plan Year by completing and filing such forms as required by the Corporation prior to the first day of the Plan Year. A Participant's deferrals shall be taken at a uniform percentage rate from each of his salary payments during the year. Compensation deferred shall be retained by the Corporation, credited to the Participant's Account pursuant to Section 4.1 and paid in accordance with the terms and conditions of the Plan. An employee who is not already eligible to participate in any other deferred compensation plan of the account balance type who becomes an Active Participant for the first time during a Plan Year (for example, an employee designated to be a Participant by the Administrator upon hire or promotion) may within 30 days after the effective date of participation make an election to defer a specified percentage of salary to be paid to him for services to be performed subsequent to the deferral election.

(b) Bonus Payments. An Active Participant may elect to defer a portion of any and all bonus payments made to him during a Plan Year by completing and filing such forms as required by the Corporation. To the extent a bonus payment represents a payment of a Performance Based Bonus, to be effective the deferral election with respect to such bonus must be filed with the Corporation at least seven months prior to the end of the period in which the bonus payment is earned. If a bonus payment is not a Performance Based Bonus but is calculated on a Fiscal Year basis, then to be effective the deferral election must be filed prior to the beginning of the Fiscal Year during which the Participant first renders any services giving rise to the payment of the bonus. If a bonus is not a Performance Based Bonus and is not calculated on a Fiscal Year basis, to be effective, the deferral election must be filed prior to the beginning of the first Plan Year in which are performed any services for which such bonus is payable. An employee who is not already eligible to participate in any other deferred compensation plan sponsored by the Corporation of the account balance type who becomes an Active Participant for the first time during a Plan Year (for example, an employee designated to be a Participant by the Administrator upon hire or promotion) may within 30 days after the effective date of participation make an election to defer a specified percentage of any bonus payment for which the service period has already begun and, in such event, the election shall apply to the portion of bonus compensation equal to the total bonus compensation to be paid to the Participant with respect to that service period multiplied by a fraction of which the numerator is the number of days remaining in the performance period and the denominator is the total number of days in the performance period.

3.3 Continued Effect of Elections.

(a) Salary Payments. An Active Participant's deferral election with respect to a Plan Year under Section 3.2(a) shall be irrevocable after the last date upon which it may be filed pursuant to Section 3.2(a) and shall continue in effect each subsequent Plan Year until prospectively revoked or amended in writing. For a revocation or amendment to be effective with respect to salary payments during a Plan Year, it must be filed by the last date for which an effective deferral election is permitted to be filed with respect to those salary payments under Section 3.2(a).

(b) Bonus Payments. An Active Participant's deferral election under Section 3.2(b) with respect to a bonus shall be irrevocable after the last date upon which it may be filed pursuant to Section 3.2(b) and shall continue in effect with respect to bonuses earned in subsequent performance periods until prospectively revoked or amended in writing. For a revocation or amendment to be effective for any bonus payment, it must be filed by the last date for which an effective deferral election is permitted to be filed with respect to that bonus payment under Section 3.2(b).

3.4 Prior Deferral Elections. Any deferral election made prior to calendar year 2005 under a Frozen Agreement shall be treated as a deferral election described in Section 3.2(a) and/or Section 3.2(b), as the case may be, and shall continue in effect until modified as described in Section 3.3 above unless modified earlier pursuant to Section 8.14(a) below.

3.5 Unforeseeable Emergency. In the event that a Participant makes application for a hardship distribution under Section 6.3 and the Administrator determines that an Unforeseeable Emergency exists, all deferral elections otherwise in effect under this Article III and any other nonqualified deferred compensation plan of the account balance type sponsored by the Corporation shall immediately terminate upon such determination. To resume deferrals thereafter, a Participant must make an election satisfying the provisions of Section 3.2(a) and/or (b), as the case may be, as those provisions apply to someone who is already an Active Participant in the Plan.

3.6 401(k) Hardship. Any deferral elections in effect under this Article III shall be cancelled as required due to a hardship distribution described in IRS Regulation Section 1.401(k)-1(d)(3) or any successor thereto. To resume deferrals after the required suspension period, a Participant must make an election satisfying the provisions of Section 3.2(a) and/or (b), as the case may be, as those provisions apply to someone who is already an Active Participant in the Plan.

ARTICLE IV

ACCOUNTS

4.1 Credits to Account. Bookkeeping amounts equal to the amounts deferred by a Participant pursuant to Section 3.2 shall be credited to such Participant's Deferral Account as soon as practicable after the deferred compensation would otherwise have been paid to such Participant in the absence of deferral.

4.2 Valuation of Account.

(a) The Participant's Account shall be credited or charged with deemed earnings or losses as if it were invested in accordance with paragraph (b) below.

(b) (i) The investment funds available hereunder for the deemed investment of the Account shall be the Brady Stock Fund and such other funds as the Administrator shall from time to time determine. However, in no event shall the Corporation be required to make any such investment in the Brady Stock Fund or any other investment fund and, to the extent such investments are made, such investments shall remain an asset of the Corporation subject to the claims of its general creditors.

(ii) On the date credited to the Participant's Account, deferrals shall be deemed to be invested in one or more of the investment funds designated by the Participant for such deemed investment. Once made, the Participant's investment designation shall continue in effect for all future deferrals until changed by the Participant. Any such change may be prospectively elected by the Participant at the times established by the Administrator, which shall be no less frequently than quarterly, and shall be effective only for deferrals, credited from and after its effective date. Until such time as the Administrator takes action to the contrary, such changes may be elected at the same times as changes may be elected with respect to the Brady Matched 401(k) Plan.

(iii) A Participant's balance in the Brady Stock Fund shall be determined as though the Participant's deferrals allocated to that Fund are invested in shares of Class A non-voting common stock of Brady Corporation by purchase at the fair market value price of such stock on the date the deferrals are credited to the Participant's Brady stock account.

(iv) The portion of a Participant's Account invested in the Brady Stock Fund shall be called the Brady Stock Sub-account. The remaining portion of the Participant's Account shall be referred to as the General Investment Sub-account.

(v) The value of the Brady Stock Sub-account on any particular date will be based upon the value of the shares of Class A non-voting common stock of Brady Corporation which the sub-account is deemed to hold on that date. The shares of such stock deemed to be held in such sub-account shall be credited with dividends at the time they are credited with respect to actual shares of Class A non-voting common stock of Brady Corporation and such dividends shall be deemed to be used to purchase additional shares of Class A non-voting common stock of Brady Corporation on the day following the crediting of such dividends at the then fair market value price of such stock. The sub-account shall also be credited from time to time with additional shares of Class A non-voting common stock of Brady Corporation equal in number to the number of shares granted in any stock dividend or split to which the holder of a like number of shares of Class A non-voting common stock would be entitled. All other distributions with respect to shares of Class A non-voting common stock of Brady Corporation shall be similarly applied. In the event of a distribution of preferred stock, such preferred stock shall be valued at its par value (or its voluntary liquidating price, if it does not have a par value).

(vi) The valuation of the funds held in the General Investment Sub-account shall be accomplished in the same manner as though the deemed investment in such

funds had actually been made and are valued at their fair market value price on valuation dates hereunder.

(vii) A Participant's Account shall be valued as of December 31 each year and at such other times established by the Administrator, which shall be no less frequently than quarterly. Until such time as the Administrator takes action to the contrary, such valuation shall be at the same time as valuations made of Brady matched 401(k) plan assets.

(viii) All elections and designations under this section shall be made in accordance with procedures prescribed by the Administrator. The Administrator may prescribe uniform percentages for such elections and designations.

(ix) A Participant may prospectively elect to reallocate his Account balance among the investment funds at the times established by the Administrator, which shall be no less frequently than quarterly. Until such time as the Administrator takes action to the contrary, such changes may be elected at the same times as changes may be elected with respect to the Brady Matched 401(k) Plan. Notwithstanding any other provision of this Plan to the contrary, a Participant may not make (i) any election or transaction in the Brady Stock Fund at a time when the Participant is in possession of any material non-public information or at a time not permitted under the Corporation's policy on insider trading or (ii) an opposite way election with respect to the Brady Stock Fund within six months of a prior election regarding the Brady Stock Fund.

(x) Notwithstanding subparagraph (ix) above, from and after May 1, 2006, a Participant may not shift any amounts from his Brady Stock Sub-account to his General Investment Sub-account or vice-versa. Notwithstanding Article I and Section 2.11 of this Plan to the contrary, the rule of this subparagraph (x) shall apply to all amounts held for a Participant under a Frozen Agreement as well, meaning that from and after May 1, 2006, a Participant shall not be entitled to transfer any amount to or from the portion of his account held in the Brady Stock Fund under the Frozen Agreement. The preceding sentence shall not apply to a Participant who has had a Separation from Service prior to May 1, 2006.

(c) The Corporation shall provide annual reports to each Participant showing (a) the value of the Account as of the most recent December 31st, (b) the amount of deferral made by the Participant for the Plan Year ending on such date and (c) the amount of any investment gain or loss and the costs of administration credited or debited to the Participant's Account.

(d) Notwithstanding any other provision of this Agreement that may be interpreted to the contrary, the deemed investments are to be used for measurement purposes only and shall not be considered or construed in any manner as an actual investment of the Participant's Account balance in any such fund. In the event that Brady Corporation or the trustee of any grantor trust which Brady Corporation may choose to establish to finance some or all of its obligations hereunder, in its own discretion, decides to invest funds in any or all of the funds, the Participant shall have no rights in or to such investments themselves. Without limiting the foregoing, the Participant's Account balance shall at all times be a bookkeeping entry only and shall not represent any investment made on the Participant's behalf by the Corporation or any trust; the Participant shall at all times remain an unsecured creditor of the Corporation.

ARTICLE V

VESTING

5.1 Full Vesting. A Participant shall be fully vested and nonforfeitable at all times in his or her Account hereunder.

ARTICLE VI

MANNER AND TIMING OF DISTRIBUTION

6.1 Payment of Benefits.

(a) After a Participant's Separation from Service the Participant's Account shall be paid to the Participant (or in the event of the Participant's death, to the Participant's Beneficiary). Payment shall be made in one of the following forms as specified in the Participant's payment election pursuant to Section 6.2:

(i) Single Sum. A single sum distribution of the value of the balance of the Account on the first day of October following the Participant's Separation from Service; or

(ii) Installments. The value of the balance of the Account shall be paid in annual installments on the first day of October each year with the first of such installments to be paid on the first day of October following the Participant's Separation from Service. Annual installments shall be paid in one of the alternative methods specified below over the number of years selected by the Participant in the payment election made pursuant to Section 6.2, but not to exceed 10. The earnings (or losses) provided for in Section 4.2 shall continue to accrue on the balance remaining in the Account during the period of installment payments. The alternative methods available are as follows:

(A) Fractional Method. The annual installment shall be calculated by multiplying the most recent July 31 value of the Account by a fraction, the numerator of which is one, and the denominator of which is the remaining number of annual payments due the Participant. By way of example, if the Participant elects a 10 year annual installment method, the first payment shall be one-tenth (1/10) of the Account balance. The following year, the payment shall be one-ninth (1/9) of the Account balance.

(B) Percentage or Fixed Dollar Method. The annual installment shall be calculated by multiplying the most recent July 31 value of the Account, in the case of the percentage method, by the percentage selected by the Participant and paying out the resulting amount or, in the case of the fixed dollar method, by paying out the fixed dollar amount selected by the Participant for the number of years selected by the Participant. However, in the event the dollar amount selected is more than the value of the Account in any given year, the entire value of the Account will be distributed. Further, regardless of the method

selected by the Executive, the final installment payment will include 100% of the then remaining July 31 Account value.

(iii) In Cash or In Stock. Prior to May 1, 2006 all payments shall be made in cash. From and after May 1, 2006, payments shall be made in cash and/or Class A non-voting common stock of Brady Corporation pursuant to the following:

(A) If distribution is made in a single sum, the value of the portion of the Participant's Account which consists of the General Investment Sub-account shall be paid in cash while the value of the portion of the Account which consists of the Brady Stock Sub-account shall be paid by distributing the number of shares of Class A non-voting stock of Brady Corporation which represent the number of deemed shares held in the Brady Stock Sub-Account, except, however, that any fractional shares shall be valued and distributed in cash.

(B) If distribution is made in installments, a portion of each installment shall be distributed in cash and a portion in Class A non-voting shares of common stock of Brady Corporation. The portion to be distributed in cash shall be that portion of the total installment payment which is the same percentage as derived by dividing the value of the Balance in the General Investment Sub-account by the value of the total Account balance and the portion to be distributed in stock shall be the same percentage as determined by dividing the value of the balance of the Brady Stock Sub-account by the value of the total Account balance. The number of shares of Class A non-voting shares of common stock of Brady Corporation to be distributed shall be the number having the same value as the portion of the installment to be paid in such stock, except, however, that any fractional shares shall be distributed in cash.

(C) Notwithstanding Article I and Section 2.11 of this Plan to the contrary, the rule of this sub-paragraph (iv) shall apply to amounts held for a Participant under a Frozen Agreement from and after May 1, 2006. The preceding sentence shall not apply to a Participant who has had a Separation from Service prior to May 1, 2006.

(b) In the case of a Participant who is a Specified Employee, payment pursuant to paragraph (a) above shall commence no earlier than the first day of the seventh month following the Participant's Separation from Service. This delay in distribution rule does not apply if the payment is being made as a result of the Participant's death or disability. For this purpose, "disability" means that the Participant:

(i) is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, or

(ii) is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continued period of not less than 12 months, receiving income replacement benefits for a period of not less than three months under an accident and health plan covering the employees of the Corporation or one of its affiliates in which the Participant is covered.

6.2 Payment Election. An individual who first becomes an Active Participant at the beginning of a Plan Year who is provided with prior written notice of the effective date of participation shall complete a payment election form specifying the form of payment applicable to such Participant's Account under the Plan. Absent an actual election by such Participant by the effective date of participation, the Participant shall be deemed to have elected payment in the five (5) annual installment payment form. An individual who first becomes an Active Participant other than on the first day of a Plan Year shall complete a payment election form specifying the form of payment applicable to such Participant's Account no later than 30 days after the effective date of participation. In the event such a Participant does not make an actual election within such 30 day period, the Participant shall be deemed to have elected the five (5) annual installment payment form; provided, however, that if such Participant is already a participant in any other nonqualified plan or plans sponsored by the Corporation of the account balance type, the most recent payment election with respect to any one of those plans shall be the payment election form deemed elected under this Plan regardless of whether the individual elects a different payment election form during that initial 30 day period. A Participant may change the form of payment by completing and filing a new payment election form with the Corporation, and the payment election form on file with the Corporation as of the date of the Participant's Separation from Service shall be controlling. Notwithstanding the foregoing, a payment election form changing the Participant's form of payment shall not be effective if the Participant has a Separation from Service within twelve months after the date on which the election change is filed with the Corporation. Any change in payment method must have the effect of delaying the commencement of payments to a date which is at least five (5) years following the initially scheduled commencement date of payment previously in effect. For purposes of compliance with Section 409A of the Internal Revenue Code, a series of five year installment payments, ten year installment payments and twenty year installment payments are each designated as a single payment rather than a right to a series of separate payments; therefore, a Participant who has elected (or is deemed to have elected) any option under Section 6.1 may substitute any of the other options for the option originally elected as long as the foregoing one-year and five year rules are satisfied. A switch from the percentage method to the fixed dollar method or vice versa and a switch from either of those methods to the fractional method or vice versa is considered a substitution of a new option for the original option for purposes of this rule even if the number of yearly installments is not changed. The five year delay rule does not apply if the revised payment method applies only upon the Participant's death or disability. For this purpose, disability has the same meaning as in Section 6.1(b). In the event that the Participant's new payment election would not be effective under the foregoing rules, the payment election form previously in effect shall be controlling.

6.3 Financial Hardship. A partial or total distribution of the Participant's Account shall be made prior to Separation from Service upon the Participant's request and a demonstration by the Participant of severe financial hardship as a result of an Unforeseeable Emergency. Such distribution shall be made in a single sum as soon as administratively practicable following the Administrator's determination that the foregoing requirements have been met. In any case, a distribution due to Unforeseeable Emergency may not be made to the extent that such emergency is or may be relieved through reimbursement or compensation from insurance or otherwise, by liquidation of the Participant's assets, to the extent the liquidation of such assets would not cause severe financial hardship, or by cessation of deferrals under Section 3.2 and any other nonqualified deferred compensation plan of the account balance type sponsored by the Corporation. Distributions because of an Unforeseeable Emergency must be limited to the amount reasonably necessary to satisfy the emergency need (which may include amounts necessary to pay any Federal, state, or local income taxes or penalties reasonably anticipated to result from the distribution). Determinations of amounts reasonably necessary to satisfy the emergency need must take into account any additional compensation that is available because of cancellation of a deferral election under Section 3.2 and any other nonqualified deferred compensation plan of the account balance type sponsored by the Corporation upon a payment due to an Unforeseeable

Emergency. The payment may be made from any arrangement in which the Participant participates that provides for payment upon an Unforeseeable Emergency, provided that the arrangement under which the payment was made must be designated at the time of payment.

6.4 Delayed Distribution.

(a) A payment otherwise required to be made pursuant to the provisions of this Article VI shall be delayed if the Corporation reasonably anticipates that the Corporation's deduction with respect to such payment would be limited or eliminated by application of Code Section 162(m); provided, however that such payment shall be made on the earliest date on which the Corporation anticipates that the deduction of the payment of the amount will not be limited or eliminated by application of Code Section 162(m). In any event, such payment shall be made no later than the last day of the calendar year in which the Participant has a Separation from Service or, in the case of a Specified Employee, the last day of the calendar year in which occurs the six (6) month anniversary of such Separation from Service.

(b) A payment otherwise required under this Article VI shall be delayed if the Corporation reasonably determines that the making of the payment will jeopardize the ability of the Corporation to continue as a going concern; provided, however, that payments shall be made on the earliest date on which the Corporation reasonably determines that the making of the payment will not jeopardize the ability of the Corporation to continue as a going concern.

(c) A payment otherwise required under this Article VI shall be delayed if the Corporation reasonably anticipates that the making of the payment will violate federal securities laws or other applicable law; provided, however, that payments shall nevertheless be made on the earliest date on which the Corporation reasonably anticipates that the making of the payment will not cause such violation. (The making of a payment that would cause inclusion in gross income or the applicability of any penalty provision or other provision of the Code is not treated as a violation of applicable law.)

(d) A payment otherwise required under this Article VI shall be delayed upon such other events and conditions as the Internal Revenue Service may prescribe in generally applicable guidance published in the Internal Revenue Bulletin.

6.5 Inclusion in Income Under Section 409A. Notwithstanding any other provision of this Article VI, in the event this Plan fails to satisfy the requirements of Code Section 409A and regulations thereunder with respect to any Participant, there shall be distributed to such Participant as promptly as possible after the Administrator becomes aware of such fact of noncompliance such portion of the Participant's Account balance hereunder as is included in income as a result of the failure to comply, but no more. Any such distribution shall be taken on a pro rata basis from the Participant's General Investment Sub-account and Brady Stock Sub-account in the manner described in Section 6.1(a)(iv)(B).

6.6 Domestic Relations Order. Notwithstanding any other provision of this Article VI, payments shall be made from an account of a Participant in this Plan to such individual or individuals (other than the Participant) and at such times as are necessary to comply with a domestic relations order (as defined in Code Section 414(p)(1)(B)). Any such distribution shall be taken on a pro rata basis from the Participant's General Investment Sub-account and Brady Stock Sub-account in the manner described in Section 6.1(a)(iv)(B).

6.7 De Minimis Amounts. Notwithstanding any other provision this Article VI, a Participant's Account balance under this Plan and all other nonqualified deferred compensation plans of the account balance type shall automatically be distributed to the Participant on or before the later of December 31 of the calendar year in which occurs the Participant's Separation from Service or the 15th day of the third month following the Participant's Separation from Service if the total amount in such Account balance at the time of distribution, when aggregated with all other amounts payable to the Participant under all arrangements benefiting the Participant described in Section 1.409A-1(c) or any successor thereto, do not exceed the amount described in Code Section 402(g)(1)(B). The foregoing lump sum payment shall be made automatically and any other distribution elections otherwise applicable with respect to the individual in the absence of this provision shall not apply.

ARTICLE VII

ADMINISTRATION

7.1 Compensation Committee as Administrator. The Plan shall be administered by the Administrator, which shall be the Compensation Committee of the Corporation's Board of Directors. The Administrator shall have all authority that may be appropriate for administering the Plan, including the authority to adopt rules and regulations for the conduct of its affairs and for implementing, amending and carrying out the Plan, interpreting the provisions of the Plan and determining a Participant's entitlement to benefits hereunder. The Administrator shall be entitled to rely upon the Corporation's records as to information pertinent to calculations or determinations made pursuant to the Plan.

The Administrator may also delegate any of its clerical or other administrative duties to one or more officers or employees of the Corporation, who may assist the Administrator in the performance of any of its functions hereunder. In the event of such delegation, a reference to the Administrator shall be deemed to refer to such officer(s) or employee(s).

7.2 Authority of Administrator. The Administrator shall have full and complete discretionary authority to determine eligibility for benefits under the Plan, to construe the terms of the Plan and to decide any matter presented through the claims procedure. Any final determination by the Administrator shall be binding on all parties and afforded the maximum deference allowed by law. If challenged in court, such determination shall not be subject to de novo review and shall not be overturned unless proven to be arbitrary and capricious based upon the evidence considered by the Administrator at the time of such determination.

7.3 Administrator Actions. The Administrator may authorize one or more of its members to execute on its behalf instructions or directions to any interested party, and any such interested party may rely upon the information contained therein. The members may also act at a meeting or by unanimous written consent. A majority of the members shall constitute a quorum for the transaction of business and shall have full power to act hereunder. All decisions shall be made by vote of the majority present at any meeting at which a quorum is present, except for actions in writing without a meeting, which must be unanimous.

7.4 Minor or Incompetent Payees. If a person to whom a benefit is payable is a minor or is otherwise incompetent by reason of a physical or mental disability, the Corporation may cause the payments due to such person to be made to another person for the first person's benefit without any

responsibility to see to the application of such payment. Such payments shall operate as a complete discharge of the obligations to such person under the Plan.

7.5 No Liability. Except as otherwise provided by law, neither the Administrator, nor any member thereof, nor any director, officer or employee of the Corporation involved in the administration of the Plan shall be liable for any error of judgment, action or failure to act hereunder or for any good faith exercise of discretion, excepting only liability for gross negligence or willful misconduct. The Corporation shall hold harmless and defend any individual in the employment of the Corporation and any director of the Corporation against any claim, action or liability asserted against him in connection with any action or failure to act regarding the Plan, except as and to the extent that any such liability may be based upon the individual's own gross negligence or willful misconduct. This indemnification shall not duplicate but may supplement any coverage available under any applicable insurance.

7.6 Claims Procedure.

(a) If the Participant or the Participant's Beneficiary (hereinafter referred to as a "Claimant") is denied all or a portion of an expected benefit under the Plan for any reason, he or she may file a claim with the Administrator or its designee. The Administrator or its designee shall notify the Claimant within 60 days of allowance or denial of the claim, unless the Claimant receives written notice prior to the end of the sixty (60) day period stating that special circumstances require an extension of the time for decision and specifying the expected date of decision. The notice of the such decision shall be in writing, sent by mail to the Claimant's last known address, and if a denial of the claim, must contain the following information:

(i) the specific reasons for the denial;

(ii) specific reference to pertinent provisions of the Plan on which the denial is based;

(iii) if applicable, a description of any additional information or material necessary to perfect the claim, an explanation of why such information or material is necessary, and an explanation of the claims review procedure; and

(iv) a description of the Plan's claims review procedure, including a statement of the Claimant's right to bring a civil action under Section 502 of ERISA if the Claimant's claim is denied upon review.

(b) A Claimant is entitled to request a review of any denial of his claim. The request for review must be submitted in writing to the Administrator within 60 days after receipt of the notice of the denial. The timely filing of such a request is necessary to preserve any legal recourse which may be available to the Claimant and, absent the submission of request for review within the 60-day period, the claim will be deemed to be conclusively denied. Upon submission of a written request for review, the Claimant or his representative shall be entitled to review all pertinent documents, and to submit issues and comments in writing for consideration by the Administrator. The Administrator shall fully and fairly review the matter and shall consider all information submitted in the review request, without regard to whether or not such information was submitted or considered in the initial claim determination. The Administrator shall promptly respond to the Claimant, in writing, of its decision within 60 days after receipt of the review request. However, due to special circumstances, if no response has been provided within the first 60 days, and notice of the need for additional time has been furnished within such period, the

review and response may be made within the following 60 days. The Administrator's decision shall include specific reasons for the decision, including references to the particular Plan provisions upon which the decision is based, notification that the Claimant can receive or review copies of all documents, records and information relevant to the claim, and information as to the Claimant's right to file suit under Section 502(a) of ERISA.

(c) If a determination of disability for purposes of Section 6.1(b) or 6.2 becomes necessary and if such determination is considered to be with respect to a claim for benefits based on disability for purposes of 29 CFR Section 2560.503-1, then the Administrator shall adopt and administer a special procedure for considering such disability claims meeting the requirements of 29 CFR Section 2560.503-1 for disability benefit claims.

ARTICLE VIII

MISCELLANEOUS

8.1 Amendment or Termination. The Corporation (through its Board of Directors or authorized officers or employees and/or the Compensation Committee) reserves the right to alter or amend the Plan, or any part thereof, in such manner as it may determine, at any time and for any reason. Further, the Board of Directors of the Corporation reserves the right to terminate the Plan, at any time and for any reason. Notwithstanding the foregoing, in no event shall any amendment or termination deprive any Participant or Beneficiary of any amounts credited to him under this Plan as of the date of such amendment or termination; provided, however, that the Corporation may prospectively change the manner in which earnings are credited or discontinue the crediting of earnings and, further, the Corporation may make any amendment it deems necessary or desirable for purposes of compliance with the requirements of Code Section 409A and regulations thereunder.

If the Plan is amended to freeze benefit accruals, no additional deferrals or contributions shall be credited to any Participant Account hereunder. Following such a freeze of benefit accruals, Participants' Accounts shall be paid at such time and in such form as provided under Article VI of the Plan. If the Corporation terminates the Plan and if the termination is of the type described in regulations issued by the Internal Revenue Service pursuant to Code Section 409A, then the Corporation shall distribute the then existing Account balances of Participants and beneficiaries in a lump sum within the time period specified in such regulations and, following such distribution, there shall be no further obligation to any Participant or beneficiary under this Plan. However, if the termination is not of the type described in such regulations, then following Plan termination Participants' Accounts shall be paid at such time and in such form as provided under Article VI of the plan.

8.2 Applicable Law. This Plan shall be governed by the laws of the State of Wisconsin, except to the extent preempted by the provisions of ERISA or other applicable federal law.

8.3 Relationship to Other Programs. Participation in the Plan shall not affect a Participant's rights to participate in and receive benefits under any other plans of the Corporation, nor shall it affect the Participant's rights under any other agreement entered into with the Corporation, unless expressly provided otherwise by such plan or agreement. Any amount credited under or paid pursuant to this Plan shall not be treated as wages, salary or any other type of compensation or otherwise taken into account in the determination of the Participant's benefits under any other plans of the Corporation, unless expressly provided otherwise by such plan.

8.4 Non-Assignability by Participant. No Participant or Beneficiary shall have any right to commute, sell, assign, pledge, convey, or otherwise transfer any rights or claims to receive benefits hereunder, nor shall such rights or claims be subject to garnishment, attachment, execution or levy of any kind except to the extent otherwise required by law.

8.5 Status of Plan Under ERISA. The Plan is intended to be an unfunded plan maintained by the Corporation primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees, as described in Section 201(2), Section 301(a)(3), Section 401(a)(1) and Section 4021(b)(6) of ERISA.

8.6 Withholding. The Corporation shall comply with all applicable tax and governmental withholding requirements. To the extent required by law, the Corporation shall withhold any taxes required to be withheld by the federal or any state or local government from payments made hereunder or from any other amounts paid to a Participant by the Corporation. If FICA taxes must be withheld in connection with amounts credited hereunder before payments are otherwise due hereunder and if there are no other wages from which to withhold them, the Corporation shall pay such FICA taxes generated by such payment (and taxes under Code Section 3401 triggered thereby and additional taxes under Section 3401 attributable to pyramiding of Section 3401 wages and taxes) but no more and the Participant's Account hereunder shall be reduced by an amount equal to the payments made by the Corporation. Any such distribution shall be taken on a pro rata basis from the Participant's General Investment Sub-account and Brady Stock Sub-account in the manner described in Section 6.1(a)(iv)(B).

8.7 No Right to Continued Employment. Neither participation in this Plan, nor the payment of any benefit hereunder, shall be construed as giving to a Participant any right to be retained in the service of the Corporation, or limiting in any way the right of the Corporation to terminate the Participant's service at any time. Nor does participation in this Plan guarantee the Participant the right to be continued in service in any particular position or at any particular rate of compensation.

8.8 Assignability by Corporation. The Corporation shall have the right to assign all of its right, title and obligation in and under this Plan upon a merger or consolidation in which the Corporation is not the surviving entity or to the purchaser of substantially its entire business or assets or the business or assets pertaining to a major product line, provided such assignee or purchaser assumes and agrees to perform after the effective date of such assignment all of the terms, conditions and provisions imposed by this Plan upon the Corporation. Upon such assignment, all of the rights, as well as all obligations, of the Corporation under this Plan shall thereupon cease and terminate.

8.9 Unsecured Claim; Grantor Trust. The right of a Participant to receive payment hereunder shall be an unsecured claim against the general assets of the Corporation, and no provisions contained herein, nor any action taken hereunder shall be construed to give any individual at any time a security interest in any asset of the Corporation, of any affiliated corporation, or of the stockholders of the Corporation. The liabilities of the Corporation to a Participant hereunder shall be those of a debtor pursuant to such contractual obligations as are created hereunder and to the extent any person acquires a right to receive payment from the Corporation hereunder, such right shall be no greater than the right of any unsecured general creditor of the Corporation.

The Corporation may establish a grantor trust (but shall not be required to do so) to which the Corporation may in its discretion contribute (subject to the claims of the general creditors of the Corporation) the amounts credited to the Account. If a grantor trust is so established, payment by the trust of the amounts due the Participant or his Beneficiary hereunder shall be considered a payment by the Corporation for purposes of this Plan.

8.10 Notices or Filings. Any notice or filing required or permitted to be given to the Administrator hereunder shall be sufficient if in writing and hand-delivered, or sent by registered or certified mail, to the address below:

Corporate Treasurer
Brady Corporation
P.O. Box 571
Milwaukee, WI 53201-0571

Such notice shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification.

Any notice or filing required or permitted to be given to a Participant hereunder shall be sufficient if in writing and hand-delivered, or sent by mail, to the last known address of the Participant.

8.11 Special rules for 2005-2007. Notwithstanding the usual rules required regarding the deferral elections and distribution elections:

(a) A Participant may on or before March 15, 2005 make a new deferral election to apply to amounts which would otherwise be paid in calendar year 2005; provided that such amounts have not been paid or become payable at the time of the election. Such election shall remain in effect for future years until modified pursuant to Section 3.3(a) and/or (b), as the case may be.

(b) On or before December 31, 2007, a Participant may make an election as to distribution of his Account from among the choices described at Section 6.1 hereof without complying with the rules described in Section 6.2 hereof as long as the effect of the election is not to accelerate payments into 2006 or to defer payments which would otherwise have been made in 2006, and as long as the effect of the election is not to accelerate the payments into 2007 or to defer payments which would otherwise have been made in 2007. Such election shall become effective after the last day upon which it is permitted to be made. However, in order to subsequently change such special election after December 31, 2007, the requirements of Section 6.2 hereof must be satisfied. (This election will not apply to distribution of the Participant's accounts holding amounts earned and vested prior to January 1, 2005, if any, (and earnings credited thereon) since such accounts are not governed by this document but are governed by the Frozen Plan.)

IN WITNESS WHEREOF, the Corporation has caused its duly authorized officer to execute this Plan document on its behalf this 17th day of September, 2007.

BRADY CORPORATION

By: /s/ Frank M. Jaehnert

Attest: /s/ David Mathieson

BRADY CORPORATION
DIRECTORS' DEFERRED COMPENSATION PLAN
AS AMENDED AND RESTATED EFFECTIVE JANUARY 1, 2008

ARTICLE I
INTRODUCTION

1.1 For periods prior to calendar year 2005, Brady Corporation has maintained the Brady Corporation Directors' Deferred Compensation Plan by means of a series of individual deferred compensation agreements with covered directors. This document amends and restates those prior agreements effective as of January 1, 2005 with respect to both investment and distribution of amounts deferred before 2005 and after 2004 and with respect to rules for making deferrals after 2004. This document is intended to comply with the provisions of Section 409A of the Internal Revenue Code and shall be interpreted accordingly. If any provision or term of this document would be prohibited by or inconsistent with the requirements of Section 409A of the Code, then such provision or term shall be deemed to be reformed to comply with Section 409A of the Code. This document describes how this Plan has been administered for periods after 2004 and prior to January 1, 2008 and how it shall be administered for periods after 2007.

ARTICLE II
DEFINITIONS

The following definitions shall be applicable throughout the Plan:

2.1 "Account" means the account credited from time to time with bookkeeping amounts equal to the portions of a Participant's compensation deferred pursuant to Section 3.1 and earnings credited on such amounts in accordance with Article IV.

2.2 "Administrator" means the Board of Directors of Brady Corporation.

2.3 "Beneficiary" means the person, persons, or entity designated by the Participant to receive any benefits payable under the Plan on or after the Participant's death. Each Participant shall be permitted to name, change or revoke the Participant's designation of a Beneficiary in writing on a form and in the manner prescribed by the Corporation; provided, however, that the designation on file with the Corporation at the time of the Participant's death shall be controlling. Should a Participant fail to make a valid Beneficiary designation or leave no named Beneficiary surviving, any benefits due shall be paid to such Participant's spouse, if living; or if not living, then any benefits due shall be paid to such Participant's estate. A Participant may designate a primary beneficiary and a contingent beneficiary; provided, however, that the Corporation may reject any such instrument tendered for filing if it contains successive beneficiaries or contingencies unacceptable to it. If all Beneficiaries who survive Participant shall die before receiving the full amounts payable hereunder, then the payments shall be paid to the estate of the Beneficiary last to die.

2.4 “Code” means the Internal Revenue Code of 1986, including any subsequent amendments.

2.5 “Corporation” means Brady Corporation.

2.6 “Distribution Date” means the date specified by the Participant pursuant to Section 6.2 upon which distribution shall be made or commenced following the Participant’s Separation from Service or In-Service Payment Event Date, as the case may be. The Distribution Date selected by the Participant must be on the first day of a calendar quarter and may be no later than 12 months after the Participant’s Separation from Service or In-Service Payment Event Date, whichever is the cause of the distribution. If the distribution is payable other than in a single installment, subsequent installments shall be paid on anniversaries of the Distribution Date.

2.7 “In-Service Payment Event Date” means the date, if any, specified by the Participant pursuant to Section 6.2 as the reference date following which distribution of his Account shall begin. An In-Service Payment Event Date may be no earlier than January 1, 2007.

2.8 “Participant” means a director of Brady Corporation currently eligible to make deferrals (an “Active Participant”) and any former director who previously participated in the Plan and is entitled to benefits.

2.9 “Payment Event” means the earlier of the date of a Participant’s Separation From Service or the date the Participant specifies as his In-Service Payment Event Date.

2.10 “Plan” means the Brady Corporation Directors’ Deferred Compensation Plan, as set forth herein and as it may be amended from time to time.

2.11 “Plan Year” means the calendar year.

2.12 “Separation from Service” means expiration or termination of the arrangement with the Corporation pursuant to which the Participant performed services as a director of the Corporation if such expiration or termination constitutes a good faith and complete termination of the relationship and all other independent contractor relationships the Participant has with the Corporation. A good faith and complete termination of a relationship shall not be deemed to have occurred if the Corporation anticipates a renewal of a contractual relationship or anticipates that the Participant shall become an employee of the Corporation. For this purpose, the Corporation is considered to anticipate the renewal of a contractual relationship with the Participant if it intends to contract again for the services provided under the expired arrangement, and neither the Corporation nor the Participant has eliminated the Participant as a possible provider of services under any such new arrangement. Further, the Corporation is considered to intend to contract again for the services provided under an expired arrangement if the Corporation’s doing so is conditioned only upon incurring a need for the services, the availability of funds or both. The foregoing requirements are deemed satisfied if no amount will be paid to the Participant before a date at least 12 months after the day on which the arrangement expires pursuant to which the Participant performed services for the Corporation (or, in the case of more than one arrangement, all such arrangements expire) and no amount payable to the Participant on that date will be paid to the Participant if, after the expiration of the arrangement (or arrangements) and before that date, the Participant performs services for the Corporation as a director or other independent contractor or an employee. If a Participant provides services both as an employee of the Corporation and as a member of the board of directors of the Corporation, the services provided as an employee are not taken into account in determining whether the Participant has a Separation from Service as a director for purposes of this Plan because this Plan is not aggregated with any plan in which the Participant participates as an employee pursuant to IRS Regulation Section 1.409A-1(c)(2)(ii).

2.13 “Unforeseeable Emergency” means a severe financial hardship to a Participant resulting from an illness or accident of the Participant or the Participant’s spouse or dependent (as defined in Section 152(a) of the Code), loss of the Participant’s property due to casualty (including the need to rebuild a home following damage to a home not otherwise covered by insurance, for example, as a result of a natural disaster), or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant. For example, the imminent foreclosure of or eviction from the Participant’s primary residence may constitute an Unforeseeable Emergency. In addition, the need to pay for medical expenses, including non-refundable deductibles, as well as for the costs of prescription drug medication, may constitute an Unforeseeable Emergency. Finally, the need to pay for funeral expenses of a spouse or a dependent (as defined in Code section 152(a)) may also constitute an Unforeseeable Emergency. Except as otherwise provided above, the purchase of a home and the payment of college tuition are not Unforeseeable Emergencies. Whether a Participant is faced with an Unforeseeable Emergency is to be determined based on the relevant facts and circumstances of each case.

ARTICLE III

DEFERRALS

3.1 Deferral Elections. An Active Participant may elect to defer a specified percentage of his fees for services performed as a director of the Corporation during a Plan Year by completing and filing such forms as required by the Corporation prior to the first day of the Plan Year. A Participant’s deferrals shall be taken at a uniform percentage rate from each of the payments made to him by the Corporation during the Plan Year. Compensation deferred shall be retained by the Corporation, credited to the Participant’s Account pursuant to Section 4.1 and paid in accordance with the terms and conditions of the Plan. A director who is not already eligible to participate in any other deferred compensation plan of the account balance type sponsored by the Corporation who becomes an Active Participant for the first time during a Plan Year (i.e., first becomes a director) may within 30 days after the effective date of participation make an election to defer a specified percentage of compensation to be paid to him for services to be performed subsequent to the deferral election.

3.2 Continued Effect of Elections. An Active Participant’s deferral election with respect to a Plan Year under Section 3.1 shall be irrevocable after the last date upon which it may be filed pursuant to Section 3.1 and shall continue in effect each subsequent Plan Year until prospectively revoked or amended in writing. For a revocation or amendment to be effective with respect to payments during a Plan Year, it must be filed by the last date for which an effective deferral election is permitted to be filed with respect to those payments under Section 3.1.

3.3 Prior Deferral Elections. Any deferral election made prior to calendar year 2005 under an individual agreement shall be treated as a deferral election described in Section 3.1 and shall continue in effect until modified as described in Section 3.2 above unless modified earlier pursuant to Section 8.12(a) below.

3.4 Unforeseeable Emergency. In the event that a Participant makes application for a hardship distribution under Section 6.3 and the Administrator determines that an Unforeseeable Emergency exists, all deferral elections otherwise in effect under this Article III and any other nonqualified deferred compensation plan of the account balance type sponsored by the Corporation shall immediately terminate upon such determination. To resume deferrals thereafter, a Participant must make an election satisfying the provisions of Section 3.1, as the case may be, as those provisions apply to someone who is already an Active Participant in the Plan.

ARTICLE IV

ACCOUNTS

4.1 Credits to Account. Bookkeeping amounts equal to the amounts deferred by a Participant pursuant to Section 3.1 shall be credited to such Participant's Deferral Account as soon as practicable after the deferred compensation would otherwise have been paid to such Participant in the absence of deferral.

4.2 Valuation of Account.

(a) The Participant's Account shall be credited or charged with deemed earnings or losses as if it were invested in accordance with paragraph (b) below.

(b) (i) The investment funds available hereunder for the deemed investment of the Account shall be the Brady Stock Fund and such other funds as the Administrator shall from time to time determine. However, in no event shall the Corporation be required to make any such investment in the Brady Stock Fund or any other investment fund and, to the extent such investments are made, such investments shall remain an asset of the Corporation subject to the claims of its general creditors.

(ii) On the date credited to the Participant's Account, deferrals shall be deemed to be invested in one or more of the investment funds designated by the Participant for such deemed investment. Once made, the Participant's investment designation shall continue in effect for all future deferrals until changed by the Participant. Any such change may be prospectively elected by the Participant at the times established by the Administrator, which shall be no less frequently than quarterly, and shall be effective only for deferrals, credited from and after its effective date. Until such time as the Administrator takes action to the contrary, such changes may be elected at the same times as changes may be elected with respect to the Brady Matched 401(k) Plan.

(iii) The portion of a Participant's Account invested in the Brady Stock Fund shall be called the Brady Stock Sub-account. The remaining portion of the Participant's Account shall be referred to as the General Investment Sub-account.

(iv) A Participant's balance in the Brady Stock Fund shall be determined as though the Participant's deferrals allocated to that Fund are invested in shares of Class A non-voting common stock of Brady Corporation by purchase at the fair market value price of such stock on the date the deferrals are credited to the Participant's Brady Stock Fund Sub-account.

(v) The value of the Brady Stock Sub-account on any particular date will be based upon the value of the shares of Class A non-voting common stock of Brady Corporation which the sub-account is deemed to hold on that date. The shares of such stock deemed to be held in such sub-account shall be credited with dividends at the time they are credited with respect to actual shares of Class A non-voting common stock of Brady Corporation and such dividends shall be deemed to be used to purchase additional shares of Class A non-voting common stock of Brady Corporation on the day following the crediting of such dividends at the then fair market value price of such stock. The sub-account shall also be credited from time to time with additional shares of Class A non-voting common stock of Brady Corporation equal in number to the number of shares

granted in any stock dividend or split to which the holder of a like number of shares of Class A non-voting common stock would be entitled. All other distributions with respect to shares of Class A non-voting common stock of Brady Corporation shall be similarly applied. In the event of a distribution of preferred stock, such preferred stock shall be valued at its par value (or its voluntary liquidating price, if it does not have a par value).

(vi) The valuation of the funds held in the General Investment Sub-account shall be accomplished in the same manner as though the deemed investment in such funds had actually been made and are valued at their fair market value price on valuation dates hereunder.

(vii) A Participant's Account shall be valued as of December 31 each year and at such other times established by the Administrator, which shall be no less frequently than quarterly. Until such time as the Administrator takes action to the contrary, such valuation shall be at the same time as valuations made of Brady matched 401(k) plan assets.

(viii) All elections and designations under this section shall be made in accordance with procedures prescribed by the Administrator. The Administrator may prescribe uniform percentages for such elections and designations.

(ix) A Participant may prospectively elect to reallocate his Account balance among the investment funds at the times established by the Administrator, which shall be no less frequently than quarterly. Until such time as the Administrator takes action to the contrary, such changes may be elected at the same times as changes may be elected with respect to the Brady Matched 401(k) Plan. Notwithstanding any other provision of this Plan to the contrary, a Participant may not make (i) any election or transaction in the Brady Stock Fund at a time when the Participant is in possession of any material non-public information or at a time not permitted under the Corporation's policy on insider trading or (ii) an opposite way election with respect to the Brady Stock Fund within six months of a prior election regarding the Brady Stock Fund.

(x) Notwithstanding subparagraph (ix) above, from and after May 1, 2006, a Participant may not shift any amounts from his Brady Stock Sub-account to his General Investment Sub-account or vice-versa. The preceding sentence shall not apply to a Participant who has had a Separation from Service prior to May 1, 2006. A Participant shall, on or after February 16, 2006 and prior to May 1, 2006, be entitled to reallocate up to 50% of the balance of the portion of his Account attributable to pre-2004 deferrals from investments in the Brady Stock Fund to the other investment funds available hereunder; and, thereafter, the portion of such account attributable to pre-2004 deferrals held in the Brady Stock Fund must remain in the Brady Stock Fund but the director may continue to make new investment choices from among available investment funds with respect to remaining portions of that account. The preceding sentence shall not apply to a Participant who has a Separation from Service before reallocation under such sentence has taken place.

(c) The Corporation shall provide annual reports to each Participant showing (a) the value of the Account as of the most recent December 31st, (b) the amount of deferral made by the Participant for the Plan Year ending on such date and (c) the amount of any investment gain or loss and the costs of administration credited or debited to the Participant's Account.

(d) Notwithstanding any other provision of this Agreement that may be interpreted to the contrary, the deemed investments are to be used for measurement purposes only and shall not be considered or construed in any manner as an actual investment of the Participant's Account balance in any such fund. In the event that Brady Corporation or the trustee of any grantor trust which Brady Corporation may choose to establish to finance some or all of its obligations hereunder, in its own discretion, decides to invest funds in any or all of the funds, the Participant shall have no rights in or to such investments themselves. Without limiting the foregoing, the Participant's Account balance shall at all times be a bookkeeping entry only and shall not represent any investment made on the Participant's behalf by the Corporation or any trust; the Participant shall at all times remain an unsecured creditor of the Corporation.

ARTICLE V

VESTING

5.1 Full Vesting. A Participant shall be fully vested and nonforfeitable at all times in his or her Account hereunder.

ARTICLE VI

MANNER AND TIMING OF DISTRIBUTION

6.1 Payment of Benefits. After a Participant's Payment Event the Participant's Account shall be paid to the Participant (or in the event of the Participant's death, to the Participant's Beneficiary). Payment shall be made in a Single Sum or Installments as specified in the Participant's payment election pursuant to Section 6.2:

(i) Single Sum. A single sum distribution of the value of the balance of the Account on the Distribution Date following the Participant's Payment Event. If the Participant receives a single sum distribution before Separation from Service with the result that additional amounts are subsequently deposited in the Participant's Account, a distribution shall be made on each succeeding Distribution Date of the entire value of the then balance of the Account.

(ii) Installments. The value of the balance of the Account shall be paid in annual installments on the Distribution Date each year with the first of such installments to be paid on the Distribution Date following the Participant's Payment Event. Annual installments shall be paid in one of the alternative methods specified below over the number of years selected by the Participant in the payment election made pursuant to Section 6.2, but not to exceed 10. The earnings (or losses) provided for in Section 4.2 shall continue to accrue on the balance remaining in the Account during the period of installment payments. The alternative methods available are as follows:

(A) Fractional Method. The annual installment shall be calculated by multiplying the value of the Account by a fraction, the numerator of which is one, and the denominator of which is the remaining number of annual payments due the Participant. By way of example, if the Participant elects a 10 year annual installment method, the first payment shall be one-tenth (1/10) of the Account balance. The following year, the payment shall be one-ninth (1/9) of the Account

balance. Further, regardless of the method selected by the Participant, the final installment payment will include 100% of the then remaining Account value.

(B) Percentage or Fixed Dollar Method. The annual installment shall be calculated by multiplying the value of the Account, in the case of the percentage method, by the percentage selected by the Participant and paying out the resulting amount or, in the case of the fixed dollar method, by paying out the fixed dollar amount selected by the Participant for the number of years selected by the Participant. However, in the event the dollar amount selected is more than the value of the Account in any given year, the entire value of the Account will be distributed. Further, regardless of the method selected by the Participant, the final installment payment will include 100% of the then remaining Account value.

(iii) In Cash or In Stock. Prior to May 1, 2006 all payments shall be made in cash, except that amounts held in the Brady Stock Sub-account attributable to pre-2004 deferrals shall be distributed by means of Class A non-voting common stock of Brady Corporation. From and after May 1, 2006, payments shall be made in cash and/or Class A non-voting common stock of Brady Corporation pursuant to the following:

(A) If distribution is made in a single sum, the value of the portion of the Participant's Account which consists of the General Investment Sub-account shall be paid in cash while the value of the portion of the Account which consists of the Brady Stock Sub-account shall be paid by distributing the number of shares of Class A non-voting stock of Brady Corporation which represent the number of deemed shares held in the Brady Stock Sub-Account, except, however, that any fractional shares shall be valued and distributed in cash.

(B) If distribution is made in installments, a portion of each installment shall be distributed in cash and a portion in Class A non-voting shares of common stock of Brady Corporation. The portion to be distributed in cash shall be that portion of the total installment payment which is the same percentage as derived by dividing the value of the Balance in the General Investment Sub-account by the value of the total Account balance and the portion to be distributed in stock shall be the same percentage as determined by dividing the value of the balance of the Brady Stock Sub-account by the value of the total Account balance. The number of shares of Class A non-voting shares of common stock of Brady Corporation to be distributed shall be the number having the same value as the portion of the installment to be paid in such stock, except, however, that any fractional shares shall be distributed in cash.

6.2 Payment Election. An individual who first becomes a Participant at the beginning of a Plan Year shall, prior to his date of participation, complete a payment election form specifying the form of payment applicable to such Participant's Account under the Plan, whether an In-Service Payment Event Date shall apply and the applicable Distribution Date. An individual who first becomes a Participant other than on the first day of a Plan Year shall, no later than 30 days after the effective date of participation, complete a payment election form specifying the form of payment applicable to such Participant's Account, whether an In-Service Payment Event Date shall apply and the applicable Distribution Date; provided, however, that if such Participant is already a participant in any other nonqualified plan or plans sponsored by the Corporation of the account balance type, the most recent payment election with respect to any one of those plans shall be the form of payment election deemed elected under this Plan regardless of whether the individual elects a different form of payment during that

initial 30 day period, there shall be no In-Service Payment Event Date, and the Distribution Date shall be the same distribution date which would apply under that other plan. A “payment election form” shall mean the form established from time to time by the Administrator which a Participant completes, signs and returns to the Administrator to make an election under the Plan. To the extent authorized by the Administrator, such form may be provided electronically and, in such case, need not be signed by the Participant. A Participant may change the form of payment, or change a previously elected In-Service Payment Event Date and/or applicable Distribution Date by completing and filing a new payment election form with the Corporation, and the payment election form on file with the Corporation as of the date of the Participant’s Payment Event shall be controlling. Notwithstanding the foregoing, a payment election form changing the Participant’s form of payment or changing a previously elected In-Service Payment Date and/or applicable Distribution Date shall not be effective if the Participant has a Payment Event within twelve months after the date on which the election change is filed with the Corporation. Any change in the In-Service Payment Event Date must have the effect of delaying the In-Service Payment Event Date to a date which is at least five (5) years after the In-Service Payment Event Date previously in effect. Any change in payment method must have the effect of delaying the commencement of payments to a date which is at least five (5) years after the initially scheduled commencement date of payment previously in effect. Any change in the Distribution Date must have the effect of delaying the commencement of payments to a date which is at least five (5) years after the initially scheduled Distribution Date. For purposes of compliance with Code Section 409A, a series of installment payments is designated as a single payment rather than a right to a series of separate payments; therefore, a Participant who has elected (or is deemed to have elected) any option under Section 6.1(a)(i) or (ii) may substitute any of the other options for the option originally selected as long as the foregoing one-year and five year rules are satisfied. A switch from the percentage method to the fixed dollar method or vice versa and a switch from either of those methods to the fractional method or vice versa is considered a substitution of a new option for the original option for purposes of this rule even if the number of yearly installments is not changed. The five year delay rule does not apply if the revised payment method applies only upon the Participant’s death or disability. For this purpose, “disability” means that the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months.

6.3 Financial Hardship. A partial or total distribution of the Participant’s Account shall be made prior to a Payment Event upon the Participant’s request and a demonstration by the Participant of severe financial hardship as a result of an Unforeseeable Emergency. Such distribution shall be made in a single sum as soon as administratively practicable following the Administrator’s determination that the foregoing requirements have been met. In any case, a distribution due to Unforeseeable Emergency may not be made to the extent that such emergency is or may be relieved through reimbursement or compensation from insurance or otherwise, by liquidation of the Participant’s assets, to the extent the liquidation of such assets would not cause severe financial hardship, or by cessation of deferrals under Section 3.1 and any other nonqualified deferred compensation plan of the account balance type sponsored by the Corporation. Distributions because of an Unforeseeable Emergency must be limited to the amount reasonably necessary to satisfy the emergency need (which may include amounts necessary to pay any Federal, state, or local income taxes or penalties reasonably anticipated to result from the distribution). Determinations of amounts reasonably necessary to satisfy the emergency need must take into account any additional compensation that is available because of cancellation of a deferral election under Section 3.1 and any other nonqualified deferred compensation plan of the account balance type sponsored by the Corporation upon a payment due to an Unforeseeable Emergency. The payment may be made from any arrangement in which the Participant participates that provides for payment upon an Unforeseeable Emergency, provided that the arrangement under which the payment was made must be designated at the time of payment.

6.4 Delayed Distribution.

(a) A payment otherwise required under this Article VI shall be delayed if the Corporation reasonably anticipates that the making of the payment will violate a term of a loan agreement to which the Corporation is a party, or other similar contract to which the Corporation is a party, and such violation will cause material harm to the Corporation; provided, however, that payments shall be made on the earliest date on which the Corporation reasonably anticipates that the making of the payment will not cause such violation, or such violation will not cause material harm to the Corporation, and provided that the facts and circumstances indicate that the Corporation entered into the loan agreement (including such covenant) or other similar contract for legitimate reasons, and not to avoid the restrictions on deferral elections and subsequent deferral elections under Code Section 409A.

(b) A payment otherwise required under this Article VI shall be delayed if the Corporation reasonably determines that the making of the payment will jeopardize the ability of the Corporation to continue as a going concern; provided, however, that payments shall be made on the earliest date on which the Corporation reasonably determines that the making of the payment will not jeopardize the ability of the Corporation to continue as a going concern.

(c) A payment otherwise required under this Article VI shall be delayed upon such other events and conditions as the Internal Revenue Service may prescribe in generally applicable guidance published in the Internal Revenue Bulletin.

6.5 Inclusion in Income Under Section 409A. Notwithstanding any other provision of this Article VI, in the event this Plan fails to satisfy the requirements of Code Section 409A and regulations thereunder with respect to any Participant, there shall be distributed to such Participant as promptly as possible after the Administrator becomes aware of such fact of noncompliance such portion of the Participant's Account balance hereunder as is included in income as a result of the failure to comply, but no more. Any such distribution shall be taken on a pro rata basis from the Participant's General Investment Sub-account and Brady Stock Sub-account in the manner described in Section 6.1(a)(iv)(B).

6.6 Domestic Relations Order. Notwithstanding any other provision of this Article VI, payments shall be made from an account of a Participant in this Plan to such individual or individuals (other than the Participant) and at such times as are necessary to comply with a domestic relations order (as defined in Code Section 414(p)(1)(B)). Any such distribution shall be taken on a pro rata basis from the Participant's General Investment Sub-account and Brady Stock Sub-account in the manner described in Section 6.1(a)(iv)(B).

6.7 De Minimis Amounts. Notwithstanding any other provision of this Article VI, a Participant's entire Account balance under this Plan and all other nonqualified deferred compensation plans of the account balance type shall automatically be distributed to the Participant on or before the later of December 31 of the calendar year in which occurs the Participant's Separation from Service or the 15th day of the third month following the Participant's Separation from Service if the total amount in such Account balance at the time of distribution, when aggregated with all other amounts payable to the Participant under all arrangements benefiting the Participant described in Section 1.409A-1(c) or any successor thereto, do not exceed the amount described in Code Section 402(g)(1)(B). The foregoing lump sum payment shall be made automatically and any other distribution elections otherwise applicable with respect to the individual in the absence of this provision shall not apply.

ARTICLE VII
ADMINISTRATION

7.1 Administrator. The Plan shall be administered by the Administrator, which shall be the Corporation's Board of Directors. The Administrator shall have all authority that may be appropriate for administering the Plan, including the authority to adopt rules and regulations for the conduct of its affairs and for implementing, amending and carrying out the Plan, interpreting the provisions of the Plan and determining a Participant's entitlement to benefits hereunder. The Administrator shall be entitled to rely upon the Corporation's records as to information pertinent to calculations or determinations made pursuant to the Plan.

The Administrator may also delegate any of its clerical or other administrative duties to one or more officers or employees of the Corporation, who may assist the Administrator in the performance of any of its functions hereunder. In the event of such delegation, a reference to the Administrator shall be deemed to refer to such officer(s) or employee(s).

7.2 Authority of Administrator. The Administrator shall have full and complete discretionary authority to determine eligibility for benefits under the Plan, to construe the terms of the Plan and to decide any matter presented through the claims procedure. Any final determination by the Administrator shall be binding on all parties and afforded the maximum deference allowed by law. If challenged in court, such determination shall not be subject to de novo review and shall not be overturned unless proven to be arbitrary and capricious based upon the evidence considered by the Administrator at the time of such determination.

7.3 Administrator Actions. The Administrator may authorize one or more of its members to execute on its behalf instructions or directions to any interested party, and any such interested party may rely upon the information contained therein. The members may also act at a meeting or by unanimous written consent. A majority of the members shall constitute a quorum for the transaction of business and shall have full power to act hereunder. All decisions shall be made by vote of the majority present at any meeting at which a quorum is present, except for actions in writing without a meeting, which must be unanimous.

7.4 Minor or Incompetent Payees. If a person to whom a benefit is payable is a minor or is otherwise incompetent by reason of a physical or mental disability, the Corporation may cause the payments due to such person to be made to another person for the first person's benefit without any responsibility to see to the application of such payment. Such payments shall operate as a complete discharge of the obligations to such person under the Plan.

7.5 No Liability. Except as otherwise provided by law, neither the Administrator, nor any member thereof, nor any director, officer or employee of the Corporation involved in the administration of the Plan shall be liable for any error of judgment, action or failure to act hereunder or for any good faith exercise of discretion, excepting only liability for gross negligence or willful misconduct. The Corporation shall hold harmless and defend any individual in the employment of the Corporation and any director of the Corporation against any claim, action or liability asserted against him in connection with any action or failure to act regarding the Plan, except as and to the extent that any such liability may be based upon the individual's own gross negligence or willful misconduct. This indemnification shall not duplicate but may supplement any coverage available under any applicable insurance.

7.6 Claims Procedure.

(a) If the Participant or the Participant's Beneficiary (hereinafter referred to as a "Claimant") is denied all or a portion of an expected benefit under the Plan for any reason, he or she may file a claim with the Administrator or its designee. The Administrator or its designee shall notify the Claimant within 60 days of allowance or denial of the claim, unless the Claimant receives written notice prior to the end of the sixty (60) day period stating that special circumstances require an extension of the time for decision and specifying the expected date of decision. The notice of the such decision shall be in writing, sent by mail to the Claimant's last known address, and if a denial of the claim, must contain the following information:

- (i) the specific reasons for the denial;
- (ii) specific reference to pertinent provisions of the Plan on which the denial is based;
- (iii) if applicable, a description of any additional information or material necessary to perfect the claim, an explanation of why such information or material is necessary, and an explanation of the claims review procedure; and
- (iv) a description of the Plan's claims review procedure, including a statement of the Claimant's right to bring a civil action under Section 502 of ERISA if the Claimant's claim is denied upon review.

(b) A Claimant is entitled to request a review of any denial of his claim. The request for review must be submitted in writing to the Administrator within 60 days after receipt of the notice of the denial. The timely filing of such a request is necessary to preserve any legal recourse which may be available to the Claimant and, absent the submission of request for review within the 60-day period, the claim will be deemed to be conclusively denied. Upon submission of a written request for review, the Claimant or his representative shall be entitled to review all pertinent documents, and to submit issues and comments in writing for consideration by the Administrator. The Administrator shall fully and fairly review the matter and shall consider all information submitted in the review request, without regard to whether or not such information was submitted or considered in the initial claim determination. The Administrator shall promptly respond to the Claimant, in writing, of its decision within 60 days after receipt of the review request. However, due to special circumstances, if no response has been provided within the first 60 days, and notice of the need for additional time has been furnished within such period, the review and response may be made within the following 60 days. The Administrator's decision shall include specific reasons for the decision, including references to the particular Plan provisions upon which the decision is based, notification that the Claimant can receive or review copies of all documents, records and information relevant to the claim, and information as to the Claimant's right to file suit under Section 502(a) of ERISA.

(c) If a determination of disability for purposes of Section 6.1(b) or 6.2 becomes necessary and if such determination is considered to be with respect to a claim for benefits based on disability for purposes of 29 CFR Section 2560.503-1, then the Administrator shall adopt and administer a special procedure for considering such disability claims meeting the requirements of 29 CFR Section 2560.503-1 for disability benefit claims.

7.7 Conflict of Interest. No person who is covered under the Plan may vote or decide upon any matter relating solely to himself or vote in any case in which his individual right to any benefit under

the Plan is particularly involved. Decisions shall be made by remaining members of the Corporation's Board of Directors.

ARTICLE VIII

MISCELLANEOUS

8.1 Amendment or Termination. The Corporation (through its Board of Directors or authorized officers or employees) reserves the right to alter or amend the Plan, or any part thereof, in such manner as it may determine, at any time and for any reason. Further, the Board of Directors of the Corporation reserves the right to terminate the Plan, at any time and for any reason. Notwithstanding the foregoing, in no event shall any amendment or termination deprive any Participant or Beneficiary of any amounts credited to him under this Plan as of the date of such amendment or termination; provided, however, that the Corporation may prospectively change the manner in which earnings are credited or discontinue the crediting of earnings and, further, the Corporation may make any amendment it deems necessary or desirable for purposes of compliance with the requirements of Code Section 409A and regulations thereunder.

If the Plan is amended to freeze benefit accruals, no additional contributions shall be credited to any Participant Account hereunder. Following such a freeze of benefit accruals, Participants' Accounts shall be paid at such time and in such form as provided under Article VI of the Plan. If the Corporation terminates the Plan and if the termination is of the type described in regulations issued by the Internal Revenue Service pursuant to Code Section 409A, then the Corporation shall distribute the then existing Account balances of Participants and beneficiaries in a lump sum within the time period specified in such regulations and, following such distribution, there shall be no further obligation to any Participant or beneficiary under this Plan. However, if the termination is not of the type described in such regulations, then following Plan termination Participants' Accounts shall be paid at such time and in such form as provided under Article VI of the plan.

8.2 Applicable Law. This Plan shall be governed by the laws of the State of Wisconsin, except to the extent preempted by the provisions of ERISA or other applicable federal law.

8.3 Relationship to Other Programs. Participation in the Plan shall not affect a Participant's rights to participate in and receive benefits under any other plans of the Corporation, nor shall it affect the Participant's rights under any other agreement entered into with the Corporation, unless expressly provided otherwise by such plan or agreement. Any amount credited under or paid pursuant to this Plan shall not be treated as any type of compensation or otherwise taken into account in the determination of the Participant's benefits under any other plans of the Corporation, unless expressly provided otherwise by such plan.

8.4 Non-Assignability by Participant. No Participant or Beneficiary shall have any right to commute, sell, assign, pledge, convey, or otherwise transfer any rights or claims to receive benefits hereunder, nor shall such rights or claims be subject to garnishment, attachment, execution or levy of any kind except to the extent otherwise required by law.

8.5 No Right to Continued Service. Neither participation in this Plan, nor the payment of any benefit hereunder, shall be construed as giving to a Participant any right to be retained in the service of the Corporation, or limiting in any way the right of the Corporation to terminate the Participant's service at any time.

8.6 Assignability by Corporation. The Corporation shall have the right to assign all of its right, title and obligation in and under this Plan upon a merger or consolidation in which the Corporation is not the surviving entity or to the purchaser of substantially its entire business or assets or the business or assets pertaining to a major product line, provided such assignee or purchaser assumes and agrees to perform after the effective date of such assignment all of the terms, conditions and provisions imposed by this Plan upon the Corporation. Upon such assignment, all of the rights, as well as all obligations, of the Corporation under this Plan shall thereupon cease and terminate.

8.7 Unsecured Claim; Grantor Trust. The right of a Participant to receive payment hereunder shall be an unsecured claim against the general assets of the Corporation, and no provisions contained herein, nor any action taken hereunder shall be construed to give any individual at any time a security interest in any asset of the Corporation, of any affiliated corporation, or of the stockholders of the Corporation. The liabilities of the Corporation to a Participant hereunder shall be those of a debtor pursuant to such contractual obligations as are created hereunder and to the extent any person acquires a right to receive payment from the Corporation hereunder, such right shall be no greater than the right of any unsecured general creditor of the Corporation. The Corporation may establish a grantor trust (but shall not be required to do so) to which the Corporation may in its discretion contribute (subject to the claims of the general creditors of the Corporation) the amounts credited to the Account. If a grantor trust is so established, payment by the trust of the amounts due the Participant or his Beneficiary hereunder shall be considered a payment by the Corporation for purposes of this Plan.

8.8 Notices or Filings. Any notice or filing required or permitted to be given to the Administrator hereunder shall be sufficient if in writing and hand-delivered, or sent by registered or certified mail, to the address below:

Corporate Treasurer
Brady Corporation
P.O. Box 571
Milwaukee, WI 53201-0571

Such notice shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification.

Any notice or filing required or permitted to be given to a Participant hereunder shall be sufficient if in writing and hand-delivered, or sent by mail, to the last known address of the Participant.

8.9 Special rules for 2005-2007. Notwithstanding the usual rules required regarding the deferral elections and distribution elections:

(a) A Participant may on or before March 15, 2005 make a new deferral election to apply to amounts which would otherwise be paid in calendar year 2005; provided that such amounts have not been paid or became payable at the time of the election. Such election shall remain in effect for future years until modified pursuant to Section 3.2.

(b) On or before December 31, 2007, a Participant may elect an In-Service Payment Event Date and/or make an election as to distribution of his Account from among the choices described at Section 6.1 hereof without complying with the rules described in Section 6.2 hereof as long as the effect of the election is not to accelerate payments into 2006 or to defer payments which would otherwise have been made in 2006 and not to accelerate payments into 2007 or to defer payments which would otherwise have been made in 2007. Such election shall become effective after the last day upon which it is permitted to be made or, if earlier, the first day of the calendar year in which payments under the election are scheduled to commence. In order to change any such election after December 31, 2007, the requirements of Section 6.2 hereof must

be satisfied. Any individual who has on or before December 31, 2006 elected an In-Service Payment Event Date of January 1, 2007 and a Distribution Date of April 1, may on or before December 31, 2007 elect to change the Distribution Date to be applicable in calendar year 2008 and subsequent years from April 1 to January 1.

IN WITNESS WHEREOF, the Corporation has caused its duly authorized officer to execute this Plan document on its behalf this 17th day of September, 2007, to replace any prior version of this Plan previously adopted by the Corporation.

BRADY CORPORATION

By: /s/ Frank M. Jaehnert

Attest: /s/ David Mathieson

BRADY CORPORATION RESTORATION PLAN

Restated Effective as of January 1, 2008

TABLE OF CONTENTS

		<u>Page</u>
ARTICLE I	INTRODUCTION	1
1.1	Establishment and Effective Date	1
1.2	Purpose	1
1.3	Section 409A	1
ARTICLE II	DEFINITIONS	2
2.1	Account	2
2.2	Additional Employer Contribution	2
2.3	Additional Matching Contribution	2
2.4	Affiliate	2
2.5	Beneficiary	2
2.6	Board	2
2.7	Code	2
2.8	Committee	2
2.9	Compensation	2
2.10	Elective Deferral	3
2.11	Elective Deferral Account	3
2.12	Eligible Employee	3
2.13	Employee	3
2.14	Employer	3
2.15	Employer Contribution	3
2.16	Employer Contribution Account	3
2.17	Excess Compensation	3
2.18	Matching Contribution	3
2.19	Matching Contribution Account	3
2.20	Participant	3
2.21	Plan	3
2.22	Plan Year	3
2.23	Qualified 401(k) Plan	3
2.24	Separation from Service	3
2.25	Specified Employee	6
2.26	Unforeseeable Emergency	7
ARTICLE III	PARTICIPATION	8
3.1	Eligibility to Participate	8
3.2	Continuation of Eligibility	8

		<u>Page</u>
ARTICLE IV	DEFERRALS	9
4.1	Elective Deferrals	9
4.2	Additional Rules Governing Deferral Elections	9
4.3	Matching Contribution	10
4.4	Employer Contribution	10
4.5	Additional Matching Contribution	10
4.6	Additional Employer Contribution	10
ARTICLE V	ACCOUNTS AND CREDITS	11
5.1	Credits to Accounts	11
5.2	No Funding	11
5.3	Deemed Investment of Accounts	11
5.4	Reports to Participants	12
ARTICLE VI	VESTING	13
ARTICLE VII	MANNER AND TIMING OF DISTRIBUTION	14
7.1	Payment of Benefits	14
7.2	Payment Election	15
7.3	Financial Hardship	16
7.4	Delayed Distribution	16
7.5	Inclusion in Income Under Section 409A	17
7.6	Domestic Relations Order	17
7.7	De Minimis Amounts	18
ARTICLE VIII	PLAN OPERATION AND ADMINISTRATION	19
8.1	Administrator	19
8.2	Committee	19
8.3	Authority to Act	19
8.4	Information from Participants	19
8.5	Committee Discretion	19
8.6	Committee Members' Conflict of Interest	20
8.7	Governing Law	20
8.8	Expenses	20
8.9	Minor or Incompetent Payees	20
8.10	Withholding	20
8.11	Indemnification	21
ARTICLE IX	CLAIMS PROCEDURE	22
9.1	Claims	22

		<u>Page</u>
9.2	Review	22
9.3	Disability	23
ARTICLE X	AMENDMENT AND TERMINATION	24
ARTICLE XI	MISCELLANEOUS PROVISIONS	25
11.1	Headings	25
11.2	No Contract of Employment	25
11.3	Rights of Participants and Beneficiaries	25
11.4	Nonalienation of Benefits	25
11.5	Tax Treatment	25
11.6	Other Plans and Agreements	25
11.7	Number and Gender	26
11.8	Plan Provisions Controlling	26
11.9	Severability	26
11.10	Evidence Conclusive	26
11.11	Status of Plan Under ERISA	26
11.12	Name and Address Changes	27
11.13	Assignability by Corporation	27
11.14	Special rule for 2005-2007	27

ARTICLE I
INTRODUCTION

1.1 Establishment and Effective Date

Brady Corporation established the Brady Corporation Restoration Plan effective as of January 1, 2000, and it is hereby restated effective as of January 1, 2008. This document describes how this Plan has been administered for periods after 2004 and prior to January 1, 2008 and how it shall be administered for periods after 2007.

1.2 Purpose

The Plan is intended to restore to key management employees of Brady and its affiliates income deferral opportunities and employer contributions they would have had under the Company's tax qualified Brady Matched 401(k) Plan and Brady Funded Retirement Plan but for the limitations of the Internal Revenue Code of 1986, as amended and to provide certain additional benefits.

1.3 Section 409A

This document is intended to comply with the provisions of Section 409A of the Internal Revenue Code and shall be interpreted accordingly. If any provision or term of this document would be prohibited by or inconsistent with the requirements of Section 409A of the Code, then such provision or term shall be deemed to be reformed to comply with Section 409A of the Code.

ARTICLE II
DEFINITIONS

The following terms, when used in the Plan with initial capital letters, shall have the meaning given to them in this Article.

- 2.1 **Account** shall mean the account maintained to record a Participant's interest in the Plan and shall be composed of the following subaccounts: Elective Deferral Account, Matching Contribution Account and Employer Contribution Account.
- 2.2 **Additional Employer Contribution** shall mean the amount credited to a Participant pursuant to Section 4.6.
- 2.3 **Additional Matching Contribution** shall mean the amount credited to a Participant pursuant to Section 4.5.
- 2.4 **Affiliate** shall mean each incorporated or unincorporated trade or business in which Brady Corporation directly or indirectly owns, as applicable, eighty percent (80%) of the voting stock or eighty percent (80%) of the capital or profits interest.
- 2.5 **Beneficiary** means the person, persons, or entity designated by the Participant to receive any benefits payable under the Plan on or after the Participant's death. Each Participant shall be permitted to name, change or revoke the Participant's designation of a Beneficiary in writing on a form and in the manner prescribed by the Employer; provided, however, that the designation on file with the Employer at the time of the Participant's death shall be controlling. Should a Participant fail to make a valid Beneficiary designation or leave no named Beneficiary surviving, any benefits due shall be paid to such Participant's spouse, if living; or if not living, then any benefits due shall be paid to such Participant's estate. A Participant may designate a primary beneficiary and a contingent beneficiary; provided, however, that the Employer may reject any such instrument tendered for filing if it contains successive beneficiaries or contingencies unacceptable to it. If all Beneficiaries who survive the Participant shall die before receiving the full amounts payable hereunder, then the payments shall be paid to the estate of the Beneficiary last to die.
- 2.6 **Board** shall mean the Board of Directors of Brady Corporation.
- 2.7 **Code** shall mean the Internal Revenue Code of 1986, as amended, and any regulations issued thereunder.
- 2.8 **Committee** shall mean the Compensation Committee of the Board.
- 2.9 **Compensation** shall mean the total compensation payable to a Participant by the Employer for any period (prior to elective deferrals under this Plan or any other plan or deferral agreement) required to be reported as wages on the Employee's Form W-2 for income tax purposes, but reduced by all of the following items (even if includable in

gross income); reimbursements or other expense allowances, fringe benefits (cash and non-cash), moving expenses and welfare benefits.

- 2.10 **Elective Deferral** shall mean the portion of a Participant's Compensation that is reduced and credited to his Elective Deferral Account pursuant to his election under Section 4.1.
- 2.11 **Elective Deferral Account** shall mean the account maintained to record a Participant's interest in the Plan attributable to his Elective Deferrals.
- 2.12 **Eligible Employee** shall mean an Employee eligible under Section 3.1 and 3.2(a).
- 2.13 **Employee** shall mean an employee of the Employer.
- 2.14 **Employer** shall mean Brady Corporation and any Affiliate that adopts the Plan with the approval of the Board.
- 2.15 **Employer Contribution** shall mean the amount credited to a Participant pursuant to Section 4.4.
- 2.16 **Employer Contribution Account** shall mean the account maintained to record a Participant's interest in the Plan attributable to Employer Contributions and Additional Employer Contributions on his behalf.
- 2.17 **Excess Compensation** shall mean the portion of Compensation earned by a Participant during a Plan Year after the date the Compensation he has earned during the Plan Year equals the limit in Code Section 401(a)(17) for such Plan Year.
- 2.18 **Matching Contribution** shall mean the amount credited to a Participant pursuant to Section 4.3.
- 2.19 **Matching Contribution Account** shall mean the account maintained to record a Participant's interest in the Plan attributable to Matching Contributions and Additional Matching Contributions on his behalf.
- 2.20 **Participant** shall mean (i) an Eligible Employee under Section 3.1 and 3.2(a) or (ii) a former Eligible Employee who has an Account under the Plan.
- 2.21 **Plan** shall mean the Brady Corporation Restoration Plan, as set forth in this document, as the same may be amended or restated from time to time.
- 2.22 **Plan Year** shall mean the calendar year.
- 2.23 **Qualified 401(k) Plan** shall mean the Brady Matched 401(k) Plan (or any successor plan thereto qualified under Code §§ 401(a) and 401(k)).
- 2.24 **Separation from Service** shall have the meaning set forth in IRS Regulation Section 1.409A-1 the requirements of which are summarized in part as follows:

- (a) In General. The Participant shall have a Separation from Service with the Employer if the Participant dies, retires, or otherwise has a termination of employment with the Employer. However, for purposes of this Section 2.24, the employment relationship is treated as continuing intact while the individual is on military leave, sick leave, or other bona fide leave of absence if the period of such leave does not exceed six months, or if longer, so long as the individual retains a right to reemployment with the Employer under an applicable statute or by contract. For purposes of this paragraph (a) of this Section 2.24, a leave of absence constitutes a bona fide leave of absence only if there is a reasonable expectation that the Participant will return to perform services for the Employer. If the period of leave exceeds six months and the individual does not retain a right to reemployment under an applicable statute or by contract, the employment relationship is deemed to terminate on the first date immediately following such six-month period. Notwithstanding the foregoing, where a leave of absence is due to any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than six months, where such impairment causes the Participant to be unable to perform the duties of his or her position of employment or any substantially similar position of employment, a 29-month period of absence may be substituted for such six-month period.
- (b) Termination of Employment. Whether a termination of employment has occurred is determined based on whether the facts and circumstances indicate that the Employer and Participant reasonably anticipated that no further services would be performed after a certain date or that the level of bona fide services the Participant would perform after such date (whether as an employee or as an independent contractor) would permanently decrease to no more than 20 percent of the average level of bona fide services performed (whether as an employee or an independent contractor) over the immediately preceding 36-month period (or, the full period of services to the Employer if the Participant has been providing services to the Employer less than 36 months). Facts and circumstances to be considered in making this determination include, but are not limited to, whether the Participant continues to be treated as an employee for other purposes (such as continuation of salary and participation in employee benefit programs), whether similarly situated service providers have been treated consistently, and whether the Participant is permitted, and realistically available, to perform services for other service recipients in the same line of business. The Participant is presumed to have Separated from Service where the level of bona fide services performed decreases to a level equal to 20 percent or less of the average level of services performed by the employee during the immediately

preceding 36-month period. The Participant will be presumed not to have Separated from Service where the level of bona fide services performed continues at a level that is 50 percent or more of the average level of service performed by the Participant during the immediately preceding 36-month period. No presumption applies to a decrease in the level of bona fide services performed to a level that is more than 20 percent and less than 50 percent of the average level of bona fide services performed during the immediately preceding 36-month period. The presumption is rebuttable by demonstrating that the Employer and the Participant reasonably anticipated that as of a certain date the level of bona fide services would be reduced permanently to a level less than or equal to 20 percent of the average level of bona fide services provided during the immediately preceding 36-month period or the full period of services to the Employer if the Participant has been providing services to the Employer less than 36 months (or that the level of bona fide services would not be so reduced). For example, the Participant may demonstrate that the Employer and the Participant reasonably anticipated that the Participant would cease providing services, but that, after the original cessation of services, business circumstances such as termination of the Participant's replacement caused the Participant to return to employment. Although the Participant's return to employment may cause the Participant to be presumed to have continued in employment because the Participant is providing services at a rate equal to the rate at which the Participant was providing services before the termination of employment, the facts and circumstances in this case would demonstrate that at the time the Participant originally ceased to provide services, the Employer reasonably anticipated that the Participant would not provide services in the future. For purposes of this paragraph (b), for periods during which the Participant is on a paid bona fide leave of absence (as defined in paragraph (a) of this Section 2.24) and has not otherwise terminated employment pursuant to paragraph (a) of this Section 2.24, the Participant is treated as providing bona fide services at a level equal to the level of services that the Participant would have been required to perform to receive the compensation paid with respect to such leave of absence. Periods during which the Participant is on an unpaid bona fide leave of absence (as defined in paragraph (a) of this Section 2.24) and has not otherwise terminated employment pursuant to paragraph (a) of this Section 2.24, are disregarded for purposes of this paragraph (b) of this Section 2.24 (including for purposes of determining the applicable 36-month (or shorter) period).

- (c) Asset Purchase Transactions. Where as part of a sale or other disposition of assets by the Employer as seller to an unrelated service recipient (buyer), a Participant of the Employer would otherwise experience a Separation from Service with the Employer, the Employer and the buyer may retain the discretion to specify, and may specify, whether a Participant providing services to the Employer immediately before the asset purchase transaction and providing services to the buyer after and in connection with the asset purchase transaction has experienced a Separation from Service, provided that the asset purchase transaction results from bona fide, arm's length negotiations, all service providers providing services to the Employer immediately before the asset purchase transaction and providing services to the buyer after and in connection with the asset purchase transaction are treated consistently (regardless of position at the Employer) for purposes of applying the provisions of any nonqualified deferred compensation plan, and such treatment is specified in writing no later than the closing date of the asset purchase transaction. For purposes of this paragraph (c), references to a sale or other disposition of assets, or an asset purchase transaction,

refer only to a transfer of substantial assets, such as a plant or division or substantially all the assets of a trade or business.

- (d) Dual Status. If a Participant provides services both as an employee of the Employer and as an independent contractor of the Employer, the Participant must separate from service both as an employee and as an independent contractor to be treated as having Separated from Service. If a Participant ceases providing services as an independent contractor and begins providing services as an employee, or ceases providing services as an employee and begins providing services as an independent contractor, the Participant will not be considered to have a Separation from Service until the Participant has ceased providing services in both capacities. Notwithstanding the foregoing, if a Participant provides services both as an employee of the Employer and a member of the board of directors of the Employer, the services provided as a director are not taken into account in determining whether the Participant has a Separation from Service as an employee for purposes of this Plan unless this Plan is aggregated with any plan in which the Participant participates as a director under IRS Regulation Section 1.409A-1(c)(2)(ii).

2.25 **Specified Employee** shall have the meaning set forth in IRS Regulation Section 1.409A-1 the requirements of which are summarized in part as follows:

- (a) In General. “Specified Employee” means a Participant who as of the date of his separation from service is a “key employee” as defined in Code Section 416(i) (disregarding Section 416(i)(5)), i.e., an employee who at any time during the 12 month period ending on an identification date is an officer of the Employer or one of its affiliates having an annual compensation as defined in IRS Regulation Section 1.409A-1(i)(2) greater than \$130,000, a 5% owner of the Employer or one of its affiliates or a 1% owner of the Employer or one of its affiliates having compensation of more than \$150,000. The \$130,000 amount described in the preceding sentence shall be adjusted for cost of living increases in such amounts and at such times as specified by the Internal Revenue Service. Further, no more than 50 employees (or, if lesser, the greater of 3 or 10% of the employees) shall be treated as officers. The foregoing definition shall be interpreted at all times in a manner consistent with such regulations as may be adopted from time to time by the Internal Revenue Service for purposes of applying the key employee definition of Section 416(i) to the requirements of Code Section 409A. If a person is a key employee as of an identification date, the person is treated as a Specified Employee for the 12-month period beginning on the first day of the fourth month following the identification date. The “identification date” is December 31.
- (b) In the event of a public offering, merger, acquisition, spin-off, reorganization or other corporate transaction, “Specified Employees” shall be determined as provided in IRS Reg. Section 1.409A-1(i)(6).

2.26 **Unforeseeable Emergency** means a severe financial hardship to a Participant resulting from an illness or accident of the Participant or the Participant's spouse or dependent (as defined in Section 152(a) of the Code), loss of the Participant's property due to casualty (including the need to rebuild a home following damage to a home not otherwise covered by insurance, for example, as a result of a natural disaster), or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant. For example, the imminent foreclosure of or eviction from the Participant's primary residence may constitute an Unforeseeable Emergency. In addition, the need to pay for medical expenses, including non-refundable deductibles, as well as for the costs of prescription drug medication, may constitute an Unforeseeable Emergency. Finally, the need to pay for funeral expenses of a spouse or a dependent (as defined in Code section 152(a)) may also constitute an Unforeseeable Emergency. Except as otherwise provided above, the purchase of a home and the payment of college tuition are not Unforeseeable Emergencies. Whether a Participant is faced with an Unforeseeable Emergency is to be determined based on the relevant facts and circumstances of each case.

ARTICLE III
PARTICIPATION

3.1 Eligibility to Participate

An Employee shall be eligible to elect deferrals and receive Employer contributions in accordance with the provisions of Article IV beginning on the date the Committee advises the Employee he is eligible because the Committee in its discretion has determined that the Employee may reasonably be anticipated to earn Compensation from the Employer in excess of the limit described in Code Section 401(a)(17).

3.2 Continuation of Eligibility

- (a) An Employee shall continue to be eligible to elect deferrals and receive Employer contributions in accordance with the provisions of Article IV only for so long as he continues in employment with the Employer.
- (b) An individual who has a Separation from Service shall cease to be eligible and shall again be eligible to elect deferrals and receive Employer contributions in accordance with the provisions of Article IV only in accordance with Section 3.1.

ARTICLE IV
DEFERRALS

4.1 Elective Deferrals

- (a) An Eligible Employee may elect an Elective Deferral of up to four percent (4%) of his Excess Compensation for services performed during a Plan Year by completing and filing such forms as may be required by the Employer.
- (b) An Eligible Employee's Elective Deferral election under paragraph (a) of this Section shall apply to and reduce his Excess Compensation, i.e., the portion of his Compensation earned during a Plan Year after the date the Compensation he has earned during the Plan Year equals the limit in Code Section 401(a)(17) for such Plan Year.

4.2 Additional Rules Governing Deferral Elections

- (a) An Eligible Employee's election under Section 4.1 shall (i) if made within the thirty (30) day period following the date he is first eligible to participate in the Plan, be effective for that portion of his Excess Compensation to be paid for services performed subsequent to the election, and (ii) if not made within said thirty (30) day period, be effective for Excess Compensation paid for services performed during the Plan Year following the date the election is received by the Employer, or its designee.
- (b) An Eligible Employee's election for a Plan Year under this Article IV shall be irrevocable after the last day upon which such election is permitted to be made for such Plan Year and shall continue in effect for subsequent Plan Years until changed or revoked pursuant to paragraph (c) below.
- (c) An Eligible Employee may change or revoke his election which would otherwise be effective for a Plan Year by completing and filing such forms as may be required by the Employer by the last day of the preceding Plan Year.
- (d) Notwithstanding paragraphs (a), (b) and (c), in the event that a Participant makes application for a hardship distribution under Section 7.3 and the Administrator determines that an Unforeseeable Emergency exists, his deferral election otherwise in effect under this Article IV and any other nonqualified deferred compensation plan of the account balance type shall immediately terminate upon such determination. To resume deferrals thereafter, a Participant must make an election satisfying the provisions of paragraph (c).
- (e) Notwithstanding paragraphs (a), (b) and (c), if an Eligible Employee receives a withdrawal of his elective contributions under the Qualified 401(k) Plan or any other 401(k) plan (i.e., a qualified cash or deferred arrangement) of the Employer (or any affiliate treated under the Code as a single employer with the Employer

for purposes of the 401(k) plan) due to financial hardship pursuant to IRS Regulation Section 1.40(k)-1(d)(3) or its successor, his deferral election under this Section 4.1 shall be revoked automatically (effective on the date such hardship withdrawal is paid). In addition, such Eligible Employee shall not be eligible to have another deferral election in effect until the first day of the Plan Year which begins after a six month suspension period that begins on the first day of the calendar month following the date the hardship withdrawal is paid. Such Eligible Employee may then resume deferrals by making an election, pursuant to the rules of paragraph (c) above, effective for any Plan Year which begins after the end of such suspension period.

4.3 Matching Contribution

An Eligible Employee shall be credited with a Matching Contribution for a Plan Year in an amount equal to the amount of the Elective Deferral made on the Eligible Employee's behalf for the Plan Year.

4.4 Employer Contribution

An Eligible Employee shall be credited with an Employer Contribution for a Plan Year in an amount equal to 4% of the Eligible Employee's Excess Compensation for the Plan Year; provided the Eligible Employee remains in the Employer's employ on the last day of such Plan Year.

4.5 Additional Matching Contribution

There shall be credited to the Participant's Matching Contribution Account for a Plan Year an amount in addition to amounts credited under Section 4.3 for the same year. The amount credited under this Section 4.5 shall be equal to $.04(X-(Y-Z))$ where X is the limit in Code Section 401(a)(17) for such Plan Year, Y is the Participant's Compensation for the Plan Year as defined in Section 2.9 and Z is the amount of elective deferrals for the Plan Year under all nonqualified deferred compensation plans and agreements (including this Plan) of the Employer covering the Participant. No amount shall be credited under this Section if X does not exceed the remainder of Y minus Z.

4.6 Additional Employer Contribution

As of the last day of a Plan Year, there shall be credited to the Participant's Employer Contribution Account an amount in addition to amounts credited under Section 4.4 for the same year. The amount credited under this Section 4.6 shall be equal to $.04(X-(Y-Z))$ where X is the limit in Code Section 401(a)(17) for such Plan Year, Y is the Participant's Compensation for the Plan Year as defined in Section 2.9 and Z is the amount of elective deferrals for the Plan Year under all nonqualified deferred compensation plans and agreements (other than this Plan) of the Employer covering the Participant. No amount shall be credited under this Section if X does not exceed the remainder of Y minus Z."

ARTICLE V
ACCOUNTS AND CREDITS

5.1 Credits to Accounts

- (a) An amount equal to the amount by which a Participant's Compensation has been reduced pursuant to his deferral election under Section 4.1 shall be credited to his Elective Deferral Account.
- (b) Matching Contributions and Additional Matching Contributions on a Participant's behalf shall be credited to his Matching Contribution Account.
- (c) Employer Contributions and Additional Employer Contributions on a Participant's behalf shall be credited to his Employer Contribution Account.
- (d) Said credits shall be made at times established by the Committee but no later than 60 days after the last day of the Plan Year to which they relate.
- (e) Each Account shall also be credited or charged with deemed earnings and losses as if it were invested in accordance with Section 5.3.

5.2 No Funding

- (a) The right of any individual to receive payment under the provisions of this Plan shall be an unsecured claim against the general assets of the Employer, and no provisions contained in this Plan, nor any action taken pursuant to this Plan, shall be construed to give any individual at any time a security interest in any asset of the Employer, of any affiliated company, or of the stockholders of the Employer. The liabilities of the Employer to any individual pursuant to this Plan shall be those of a debtor pursuant to such contractual obligations as are created by this Plan and, to the extent any person acquires a right to receive payment from the Employer under this Plan, such right shall be no greater than the right of any unsecured general creditor of the Employer.
- (b) The Employer may establish a grantor trust (but shall not be required to do so) to which shall be contributed (subject to the claims of the general creditors of the Employer) the amounts credited to the Accounts. If a grantor trust is so established, except as specifically provided otherwise by the terms of the trust agreement for the trust, payment by the trust of the amounts due to a Participant or his Beneficiary under the Plan shall be considered a payment by the Employer for purposes of the Plan.

5.3 Deemed Investment of Accounts

- (a) The Committee shall select one or more investment funds for the deemed investment of Accounts. However, in no event shall the Employer be required to

make any such investment in the investment funds, and to the extent such investments are made, such investments shall remain an asset of the Employer subject to the claims of its general creditors.

- (b) On the date credited to the respective Account, a Participant's Elective Deferrals, Matching Contributions, Additional Matching Contributions, Employer Contributions and Additional Employer Contributions shall be deemed to be invested in one or more of the investment funds designated by the Participant for such deemed investment. Once made, the Participant's investment designation shall continue in effect for all future Elective Deferrals, Matching Contributions, Additional Matching Contributions, Employer Contributions and Additional Employer Contributions until changed by the Participant. Any such change may be elected by the Participant at the times established by the Committee, which shall be no less frequently than quarterly, and shall be effective only for Elective Deferrals, Matching Contributions, Additional Matching Contributions, Employer Contributions and Additional Employer Contributions credited from and after its effective date.
- (c) A Participant may elect to reallocate the balance of his Accounts deemed to be invested in the investment funds under this Section at the times established by the Committee, which shall be no less frequently quarterly.
- (d) All elections and designations under this Section shall be made in accordance with procedures prescribed by the Committee. The Committee may prescribe uniform percentages for such elections and designations.
- (e) Any distribution of a Participant's Account which is not a distribution of the entire account shall be taken pro rata from each of the investment funds in which the account is deemed to be invested.

5.4 **Reports to Participants**

The Employer shall provide annual reports to each Participant showing (a) the value of the Account as of the most recent December 31st (b) the amount of contributions made by the Employer for the year ending on such date and (c) the amount of any investment earnings or loss credited or debited to the Participant's Account.

ARTICLE VI

VESTING

A Participant shall be fully vested and nonforfeitable at all times in all of his Accounts herein.

ARTICLE VII

MANNER AND TIMING OF DISTRIBUTION

7.1 Payment of Benefits

- (a) After a Participant's Separation from Service the Participant's Account shall be paid to the Participant (or in the event of the Participant's death, to the Participant's Beneficiary). Payment shall be made in one of the following forms as specified in the Participant's payment election pursuant to Section 7.2:
- (i) Single Sum. A single sum distribution of the value of the balance of the Account on the first day of the second month following the Participant's Separation from Service; or
 - (ii) Installments. This subparagraph (ii) shall only be applicable after April 30, 2006. The value of the balance of the Account shall be paid in annual installments with the first of such installment to be paid on the first day of the second month following the Participant's Separation from Service and with subsequent annual installments to be paid on an anniversary of the payment of the first installment. Annual installments shall be paid in one of the alternative methods specified below over the number of years selected by the Participant in the payment election made pursuant to Section 7.2, but not to exceed 10. The earnings (or losses) provided for in Section 5.1(e) shall continue to accrue on the balance remaining in the Account during the period of installment payments. The alternative methods available are as follows:
 - (A) Fractional Method. The annual installment shall be calculated by multiplying the most recent value of the Account by a fraction, the numerator of which is one, and the denominator of which is the remaining number of annual payments due the Participant. By way of example, if the Participant elects a 10 year annual installment method, the first payment shall be one-tenth (1/10) of the Account balance. The following year, the payment shall be one-ninth (1/9) of the Account balance.
 - (B) Percentage or Fixed Dollar Method. The annual installment shall be calculated by multiplying the most recent value of the Account, in the case of the percentage method, by the percentage selected by the Participant and paying out the resulting amount or, in the case of the fixed dollar method, by paying out the fixed dollar amount selected by the Participant for the number of years selected by the Participant. However, in the event the dollar amount selected is more than the value of the Account in any given year, the entire value of the Account will be distributed. Further, regardless of the method selected by the Executive,

the final installment payment will include 100% of the then remaining Account value.

- (b) In the case of a Participant who is a Specified Employee, payment pursuant to paragraph (a) above shall commence no earlier than the first day of the seventh month following the Participant's Separation from Service. This delay in distribution rule does not apply if the payment is being made as a result of the Participant's death or disability. For this purpose, "disability" means that the Participant:
- (i) is unable to engage in any substantial gainful activity by reason of any medically determinable or physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, or
 - (ii) is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continued period of not less than 12 months, receiving income replacement benefits for a period of not less than three months under an accident and health plan covering the employees of the Employer or one of its affiliates in which the Participant is covered.

7.2 Payment Election

An individual who first becomes a Participant at the beginning of a Plan Year shall, prior to his date of participation, complete a payment election form specifying the form of payment applicable to such Participant's Account under the Plan. Absent an actual election by such Participant by the effective date of participation, the Participant shall be deemed to have elected the five (5) annual installment payment form. An individual who first becomes a Participant other than on the first day of a Plan Year shall, no later than 30 days after the effective date of participation, complete a payment election form specifying the form of payment applicable to such Participant's Account. In the event such a Participant does not make an actual election within such 30 day period, the Participant shall be deemed to have elected the five (5) annual installment payment form; provided, however, that if such Participant is already a participant in any other nonqualified plan or plans sponsored by the Employer of the account balance type, the most recent payment election with respect to any one of those plans shall be the payment election form deemed elected under this Plan regardless of whether the individual elects a different payment election form during that initial 30 day period. Elections shall be made on a "payment election form" — the form established from time to time by the Committee which a Participant completes, signs and returns to the Committee to make an election under the Plan. To the extent authorized by the Committee, such form may be provided electronically and, in such case, need not be signed by the Participant. A Participant may change the form of payment by completing and filing a new payment election form with the Committee, and the payment election form on file with the Committee as of the date of the Participant's Separation from Service shall be controlling. Notwithstanding the

foregoing, a payment election form changing the Participant's form of payment shall not be effective if the Participant has a Separation from Service within twelve months after the date on which the election change is filed with the Committee. Any change in payment method must have the effect of delaying the commencement of payments to a date which is at least five (5) years following the initially scheduled commencement date of payment previously in effect. For purposes of compliance with Code Section 409A, a series of installment payments is designated as a single payment rather than a right to a series of separate payments; therefore, a Participant who has elected (or is deemed to have elected) any option available under Section 7.1(a)(i) or (ii) may substitute any of the other options for the option originally selected as long as the foregoing one-year and five year rules are satisfied. A switch from the percentage method to the fixed dollar method or vice versa and a switch from either of those methods to the fractional method or vice versa is considered a substitution of a new option for the original option for purposes of this rule even if the number of yearly installments is not changed. The five year delay rule does not apply if the revised payment method applies only upon the Participant's death or disability. For this purpose, disability has the same meaning as in Section 7.1(b). In the event that the Participant's new payment election would not be effective under the foregoing rules, the payment election previously in effect shall be controlling.

7.3 Financial Hardship

A partial or total distribution of the Participant's Account shall be made prior to Separation from Service upon the Participant's request and a demonstration by the Participant of severe financial hardship as a result of an Unforeseeable Emergency. Such distribution shall be made in a single sum as soon as administratively practicable following the Committee's determination that the foregoing requirements have been met. In any case, a distribution due to Unforeseeable Emergency may not be made to the extent that such emergency is or may be relieved through reimbursement or compensation from insurance or otherwise, by liquidation of the Participant's assets, to the extent the liquidation of such assets would not cause severe financial hardship, or by cessation of deferrals under Article IV and any other nonqualified deferred compensation plan of the account balance type sponsored by the Employer. Distributions because of an Unforeseeable Emergency must be limited to the amount reasonably necessary to satisfy the emergency need (which may include amounts necessary to pay any Federal, state, or local income taxes or penalties reasonably anticipated to result from the distribution). Determinations of amounts reasonably necessary to satisfy the emergency need must take into account any additional compensation that is available because of cancellation of a deferral election under Article IV and any other nonqualified deferred compensation plan of the account balance type sponsored by the Employer upon a payment due to an Unforeseeable Emergency. The payment may be made from any arrangement in which the Participant participates that provides for payment upon an Unforeseeable Emergency, provided that the arrangement under which the payment was made must be designated at the time of payment.

7.4 Delayed Distribution

- (a) A payment otherwise required to be made pursuant to the provisions of this Article VII shall be delayed if the Employer reasonably anticipates that the Employer's deduction with respect to such payment would be limited or eliminated by application of Code Section 162(m); provided, however that such payment shall be made on the earliest date on which the Employer anticipates that the deduction of the payment of the amount will not be limited or eliminated by application of Code Section 162(m). In any event, such payment shall be made no later than the last day of the calendar year in which the Participant has a Separation from Service or, in the case of a Specified Employee, the last day of the calendar year in which occurs the six (6) month anniversary of such Separation from Service.
- (b) A payment otherwise required under this Article VII shall be delayed if the Employer reasonably determines that the making of the payment will jeopardize the ability of the Employer to continue as a going concern; provided, however, that payments shall be made on the earliest date on which the Employer reasonably determines that the making of the payment will not jeopardize the ability of the Employer to continue as a going concern.
- (c) A payment otherwise required under this Article VII shall be delayed if the Employer reasonably anticipates that the making of the payment will violate federal securities laws or other applicable law; provided, however, that payments shall nevertheless be made on the earliest date on which the Employer reasonably anticipates that the making of the payment will not cause such violation. (The making of a payment that would cause inclusion in gross income or the applicability of any penalty provision or other provision of the Code is not treated as a violation of applicable law.)
- (d) A payment otherwise required under this Article VII shall be delayed upon such other events and conditions as the Internal Revenue Service may prescribe in generally applicable guidance published in the Internal Revenue Bulletin.

7.5 Inclusion in Income Under Section 409A

Notwithstanding any other provision of this Article VII, in the event this Plan fails to satisfy the requirements of Code Section 409A and regulations thereunder with respect to any Participant, there shall be distributed to such Participant as promptly as possible after the Administrator becomes aware of such fact of noncompliance such portion of the Participant's Account balance hereunder as is included in income as a result of the failure to comply, but no more.

7.6 Domestic Relations Order

Notwithstanding any other provision of this Article VII, payments shall be made from the Account of a Participant in this Plan to such individual or individuals (other than the

Participant) and at such times as are necessary to comply with a domestic relations order (as defined in Code Section 414(p)(1)(B)).

7.7 De Minimis Amounts

Notwithstanding any other provision of this Article VII hereof, a Participant's Account balance under this Plan and all other nonqualified deferred compensation plans of the account balance type shall automatically be distributed to the Participant on or before the later of December 31 of the calendar year in which occurs the Participant's Separation from Service or the 15th day of the third month following the Participant's Separation from Service if the total amount in such Account balance at the time of distribution, when aggregated with all other amounts payable to the Participant under all arrangements benefiting the Participant described in IRS Regulations Section 1.409A-1(c) (or any successor thereto), do not exceed the amount described in Code Section 402(g)(1)(B). The foregoing lump sum payment shall be made automatically and any other distribution elections otherwise applicable with respect to the individual in the absence of this provision shall not apply.

ARTICLE VIII
PLAN OPERATION AND ADMINISTRATION

8.1 Administrator

The Committee shall be the plan administrator and shall be responsible for and perform the duties imposed on a plan administrator.

8.2 Committee

The Committee shall have the power and duty to administer the Plan in accordance with its terms, including, but not limited to, the following:

- (a) to make and enforce such rules and regulations as it may deem necessary or desirable for the efficient administration of the Plan;
- (b) to interpret the Plan, including the right to remedy possible ambiguities, inconsistencies or omissions;
- (c) to decide all questions related to participation in, and payment of amounts under, the Plan, including all factual questions related thereto; and
- (d) to maintain all necessary records for the administration of the Plan.

8.3 Authority to Act

Brady Corporation or the Committee may authorize one or more of Brady Corporation's employees, members, representatives or agents, as applicable, to execute on its behalf instructions or directions to any interested party, and any such interested party may rely thereupon and the information contained therein.

8.4 Information from Participants

Each Participant and Beneficiary shall furnish the Committee in the form prescribed by it and at its request, such personal data, affidavits, authorizations to obtain information, or other information as the Committee deems necessary or desirable for the administration of the Plan.

8.5 Committee Discretion

The Committee has full and complete discretionary authority to determine eligibility for benefits, to construe the terms of the Plan and to decide any matter presented through the claims review procedure. Any final determination by the Committee (including claims decisions made pursuant to Article IX) shall be binding on all parties and afforded the maximum deference allowed by law. If challenged in court, such determination shall not be subject to de novo review and shall not be overturned unless proven to be arbitrary and

capricious upon the evidence considered by the Committee at the time of such determination.

8.6 Committee Members' Conflict of Interest

A member of the Committee who is covered hereunder may not vote or decide upon any matter relating solely to himself or vote in any case in which his individual right to any benefit under the Plan is particularly involved. Decisions shall be made by remaining Committee or Board members even if there is no quorum under normal Committee or Board rules.

8.7 Governing Law

This Plan shall be construed in accordance with the laws of the State of Wisconsin to the extent not preempted by the provisions of the Employee Retirement Income Security Act of 1974, as amended, or other federal law.

8.8 Expenses

All expenses and costs incurred in connection with the administration and operation of the Plan shall be borne by the Employer and/or the Trust.

8.9 Minor or Incompetent Payees

If a person to whom a benefit is payable is a minor or is otherwise incompetent by reason of a physical or mental disability, the Committee may cause the payments due to such person to be made to another person for the first person's benefit without any responsibility to see to the application of such payment. Such payments shall operate as a complete discharge of the obligations to such person under the Plan.

8.10 Withholding

The Employer shall comply with all applicable tax and governmental withholding requirements. To the extent required by law, the Employer shall withhold any taxes required to be withheld by the federal or any state or local government from payments made hereunder or from any other amounts paid to a Participant by the Employer. If FICA taxes must be withheld in connection with amounts credited hereunder before payments are otherwise due hereunder and if there are no other wages from which to withhold them, the Employer shall pay such FICA taxes generated by such payment (and taxes under Code Section 3401 triggered thereby and additional taxes under Section 3401 attributable to pyramiding of Section 3401 wages and taxes) but no more and the Participant's Account hereunder shall be reduced by an amount equal to the payments made by the Employer.

8.11 Indemnification

Except as otherwise provided by law, neither the Board nor the Committee nor any individual member of the Board or the Committee, nor the Employer, nor any officer, shareholder or employee of the Employer shall be liable for any error of judgment, action or failure to act hereunder or for any good faith exercise of discretion, excepting only liability for gross negligence or willful misconduct. Such individuals and entities shall be indemnified and held harmless by the Employer against any and all claims, damages, liabilities, costs and expenses (including attorneys' fees) arising by reason of any good faith error of omission or commission with respect to any responsibility, duty or action hereunder. Nothing herein contained shall preclude the Employer from purchasing insurance to cover potential liability of one or more persons who serve in an administrative capacity with respect to the Plan.

ARTICLE IX
CLAIMS PROCEDURE

9.1 Claims

If the Participant or the Participant's Beneficiary (hereinafter referred to as a "Claimant") is denied all or a portion of an expected benefit under the Plan for any reason, he or she may file a claim with the Committee or its designee. The Committee or its designee shall notify the Claimant within 60 days of allowance or denial of the claim, unless the Claimant receives written notice prior to the end of the sixty (60) day period stating that special circumstances require an extension of the time for decision and specifying the expected date of decision. The notice of the such decision shall be in writing, sent by mail to the Claimant's last known address, and if a denial of the claim, must contain the following information:

- (a) the specific reasons for the denial;
- (b) specific reference to pertinent provisions of the Plan on which the denial is based;
- (c) if applicable, a description of any additional information or material necessary to perfect the claim, an explanation of why such information or material is necessary, and an explanation of the claims review procedure; and
- (d) a description of the Plan's claims review procedure, including a statement of the Claimant's right to bring a civil action under Section 502 of ERISA if the Claimant's claim is denied upon review.

9.2 Review

A Claimant is entitled to request a review of any denial of his claim. The request for review must be submitted in writing to the Committee within 60 days after receipt of the notice of the denial. The timely filing of such a request is necessary to preserve any legal recourse which may be available to the Claimant and, absent the submission of request for review within the 60-day period, the claim will be deemed to be conclusively denied. Upon submission of a written request for review, the Claimant or his representative shall be entitled to review all pertinent documents, and to submit issues and comments in writing for consideration by the Committee. The Committee shall fully and fairly review the matter and shall consider all information submitted in the review request, without regard to whether or not such information was submitted or considered in the initial claim determination. The Committee shall promptly respond to the Claimant, in writing, of its decision within 60 days after receipt of the review request. However, due to special circumstances, if no response has been provided within the first 60 days, and notice of the need for additional time has been furnished within such period, the review and response may be made within the following 60 days. The Committee's decision shall include specific reasons for the decision, including references to the particular Plan provisions upon which the decision is based, notification that the Claimant can receive or review

copies of all documents, records and information relevant to the claim, and information as to the Claimant's right to file suit under Section 502(a) of ERISA.

9.3 **Disability**

If a determination of disability for purposes of Section 7.1(b) or 7.2 becomes necessary and if such determination is considered to be with respect to a claim for benefits based on disability for purposes of 29 CFR Section 2560.503-1, then the Committee shall adopt and administer a special procedure for considering such disability claims meeting the requirements of 29 CFR Section 2560.503-1 for disability benefit claims.

ARTICLE X
AMENDMENT AND TERMINATION

Brady Corporation (through its Board of Directors or authorized officers or employees and/or the Committee) reserves the right to alter or amend the Plan, or any part thereof, in such manner as it may determine, at any time and for any reason. Further, the Board of Directors of Brady Corporation reserves the right to terminate the Plan, at any time and for any reason. Notwithstanding the foregoing, in no event shall any amendment or termination deprive any Participant or Beneficiary of any amounts credited to him under this Plan as of the date of such amendment or termination; provided, however, that Brady Corporation may prospectively change the manner in which earnings are credited or discontinue the crediting of earnings and, further, Brady Corporation may make any amendment it deems necessary or desirable for purposes of compliance with the requirements of Code Section 409A and regulations thereunder.

If the Plan is amended to freeze benefit accruals, no additional deferrals or contributions shall be credited to any Participant Account hereunder. Following such a freeze of benefit accruals, Participants' Accounts shall be paid at such time and in such form as provided under Article VII of the Plan. If the Employer terminates the Plan and if the termination is of the type described in regulations issued by the Internal Revenue Service pursuant to Code Section 409A, then the Employer shall distribute the then existing Account balances of Participants and beneficiaries in a lump sum within the time period specified in such regulations and, following such distribution, there shall be no further obligation to any Participant or beneficiary under this Plan. However, if the termination is not of the type described in such regulations, then following Plan termination Participants' Accounts shall be paid at such time and in such form as provided under Article VII of the plan.

ARTICLE XI

MISCELLANEOUS PROVISIONS

11.1 Headings

The headings of the Plan have been inserted for convenience of reference and shall be ignored in the construction of the provisions herein.

11.2 No Contract of Employment

The existence of the Plan shall not create or change any contract, express or implied, between the Employer and its employees and shall not affect the Employer's right to take any action with respect to its employees.

11.3 Rights of Participants and Beneficiaries

The interest and rights of a Participant and Beneficiary under the Plan shall be those of a general unsecured creditor of the Employer, and with respect to the creditors of the Employer, no Participant or Beneficiary shall have any preferred claims on, or any beneficial ownership in, the assets of the Employer, including any assets in which the Employer may invest to aid in meeting its obligations under the Plan.

11.4 Nonalienation of Benefits

All benefits payable hereunder are for the sole use and benefit of the Participants and their Beneficiaries and, to the extent permitted by law, shall be free, clear and discharged of and from, and are not to be in any way liable for, debts, contracts or agreements, now contracted or which may hereafter be contracted and from all claims and liabilities now or hereafter incurred by any Participant or Beneficiary covered by this Plan. No Participant or Beneficiary covered by this Plan shall have the right to anticipate, surrender, encumber, alienate or assign, whether voluntarily or involuntarily, any of the benefits to become due hereunder unto any person or person upon any terms whatsoever, and any attempt to do so shall be void.

11.5 Tax Treatment

There is no commitment or guarantee with respect to the tax treatment to be accorded to a Participant or Beneficiary under the Plan.

11.6 Other Plans and Agreements

- (a) Participation in the Plan shall not affect a Participant's rights to participate in and receive benefits under any other plans of the Employer, nor shall it affect his rights under any other agreement entered into with the Employer, unless explicitly provided otherwise by such agreement.

- (b) Any amount credited under or paid pursuant to the Plan shall not be treated as wages, salary or any other type of compensation or otherwise taken into account in the determination of the Participant's benefits under any other plans of the Employer, unless explicitly provided otherwise by such plan.

11.7 Number and Gender

The use of the singular shall be interpreted to include the plural and the plural the singular, as the context shall require. The use of the masculine, feminine or neuter shall be interpreted to include the masculine, feminine or neuter, as the context shall require.

11.8 Plan Provisions Controlling

In the event of any conflict between the provisions of the Plan and the provisions of a summary or description of the Plan or the terms of any agreement or instrument related to the Plan, the provisions of the Plan shall be controlling.

11.9 Severability

If any provisions of the Plan shall be held illegal or invalid for any reason, such illegality or invalidity shall not affect the remaining parts of the Plan, but this Plan shall be construed and enforced as if the illegal and invalid provisions had never been included herein.

11.10 Evidence Conclusive

The Employer, the Committee and any person or persons involved in the administration of the Plan shall be entitled to rely upon any certification, statement, or representation made or evidence furnished by any person with respect to any facts required to be determined under any of the provisions of the Plan, and shall not be liable on account of the payment of any monies or the doing of any act or failure to act in reliance thereon. Any such certification, statement, representation, or evidence, upon being duly made or furnished, shall be conclusively binding upon the person furnishing it but not upon the Employer, the Committee or any other person involved in the administration of the Plan. Nothing herein contained shall be construed to prevent any of such parties from contesting any such certification, statement, representation, or evidence or to relieve any person from the duty of submitting satisfactory proof of any fact.

11.11 Status of Plan Under ERISA

The Plan is intended to be an unfunded plan maintained by an Employer primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees, as described in Section 201(2), Section 301(a)(3), Section 401(a)(1) and Section 4021(b)(6) of the Employee Retirement Income Security Act of 1974, as amended.

11.12 Name and Address Changes

Each Participant shall keep his name and address on file with the Employer and shall promptly notify the Employer of any changes in his name or address. All notices required or contemplated by this Plan shall be deemed to have been given to a Participant if mailed with adequate postage prepaid thereon addressed to him at his last address on file with the Employer. If any check in payment of a benefit hereunder (which was mailed to the last address of the payee as shown on the Employer's records) is returned unclaimed, further payments shall be discontinued unless evidence is furnished that the recipient is still alive.

11.13 Assignability by Corporation

The Employer shall have the right to assign all of its right, title and obligation in and under this Plan upon a merger or consolidation in which the Employer is not the surviving entity or to the purchaser of substantially its entire business or assets or the business or assets pertaining to a major product line, provided such assignee or purchaser assumes and agrees to perform after the effective date of such assignment all of the terms, conditions and provisions imposed by this Plan upon the Employer. Upon such assignment, all of the rights, as well as all obligations, of the Employer under this Plan shall thereupon cease and terminate.

11.14 Special rule for 2005-2007.

Notwithstanding the usual rules regarding distribution elections contained in Article VII, a Participant, on or before December 31, 2007, may make an election as to distribution of his Account from among the choices described in Section 7.1 hereof without complying with the rules described in Section 7.2 hereof as long as the effect of the election is not to accelerate payments into 2006 or to defer payments which would otherwise have been made in 2006 or to accelerate payments into 2007 or to defer payments which would otherwise have been made in 2007. Such election shall become effective after the last day upon which it is permitted to be made. In order to change any such election after it has become effective, the requirements of Section 7.2 hereof must be satisfied.

IN WITNESS WHEREOF, the Employer has caused its duly authorized officer to execute this Plan document on its behalf this 17th day of September, 2007.

BRADY CORPORATION

By: /s/ Frank M. Jaehnert

Attest: /s/ David Mathieson

For More Information:

Investor contact: Barbara Bolens 414-438-6940

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For Immediate Release

Brady Corporation reports sales and net income for fiscal 2007 fourth quarter and year end

MILWAUKEE (September 12, 2007)—Brady Corporation (NYSE: BRC) today reported record results for its fiscal 2007 fourth quarter and fiscal year ended July 31, 2007.

Sales in the fiscal 2007 fourth quarter rose 26 percent to \$362.8 million compared to sales in the fourth quarter of fiscal 2006 of \$288.3 million. The increase was comprised of organic growth of 5 percent compared to the prior year's quarter, with acquisitions adding 17 percent, and foreign currency translation contributing 4 percent to sales growth. Regionally, sales were up 25 percent in the Americas, 28 percent in Europe, and 25 percent in Asia/Pacific.

Net income for the fiscal 2007 fourth quarter was up 17 percent to \$26.2 million or \$0.48 per diluted Class A Common share, compared with \$22.5 million or \$0.43 per diluted Class A Common Share in the fourth quarter of fiscal 2006. Net income results include cost reduction charges of \$5.4 million after tax in the quarter, or \$0.10 per share.

Brady's fiscal 2007 net sales rose 34 percent to \$1.363 billion compared to \$1.018 billion in sales in fiscal 2006. Organic growth was 4 percent, acquisitions added 26 percent and foreign currency translation contributed 4 percent to total sales results.

Net income for fiscal 2007 rose 5 percent to \$109.4 million or \$2.00 per diluted Class A Common Share, compared to \$104.2 million or \$2.07 per diluted Class A Common in fiscal 2006. Net income results for the year include cost reduction charges of \$8.3 million after tax, or \$0.15 per share. Average shares outstanding in fiscal 2007 were 54.7 million versus 50.4 million in fiscal 2006 due to last year's equity offering.

"Fiscal 2007 was a very busy year for Brady, and included 7 acquisitions, 16 SAP implementations, and further expansions in Mexico, Thailand, Malaysia, India, China and the Philippines among other geographic areas. In spite of this high-level of activity throughout the year and challenges in some of our markets, we continued to grow at a rapid pace and reached record sales and net income for the year. Our strategy for sustainable growth is positioning us well to provide long-term shareholder value," said Brady President and Chief Executive Officer Frank M. Jaehnert.

“A particular highlight for our fiscal 2007 fourth quarter was the resumption of operating income margin expansion. Excluding charges for cost reductions, our operating income in the fourth quarter increased 31 percent outpacing the sales increase of 26 percent. Net income also increased despite significant cost reduction charges which exceeded our original estimates,” said Brady Senior Vice President and Chief Financial Officer David Mathieson.

The company also issued guidance for fiscal 2008 of sales between \$1.430 and \$1.460 billion, net income between \$129 and \$135 million, and diluted earnings per share between \$2.31 and \$2.42. In keeping with prior practice, this guidance does not assume any future acquisitions.

A Webcast regarding fiscal 2007 results will be available at www.investor.bradycorp.com beginning at 9:30 a.m. Central Daylight Time today.

Brady Corporation is an international manufacturer and marketer of complete solutions that identify and protect premises, products and people. Its products help customers increase safety, security, productivity and performance and 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 more than 8,600 people at operations in the Americas, Europe and Asia/Pacific. More information is available on the Internet at www.bradycorp.com.

Information by regional segment for the three and twelve months ended July 31, 2007 and 2006 is as follows:

<u>(in Thousands)</u>	<u>Americas</u>	<u>Europe</u>	<u>Asia</u>	<u>Subtotals</u>	<u>Corporate and Eliminations</u>	<u>Total</u>
SALES TO EXTERNAL CUSTOMERS						
Three months ended:						
July 31, 2007	\$ 169,063	\$ 114,035	\$ 79,667	\$ 362,765	—	\$ 362,765
July 31, 2006	135,470	88,966	63,897	288,333	—	288,333
Twelve months ended:						
July 31, 2007	\$ 609,855	\$ 416,513	\$ 336,263	\$ 1,362,631	—	\$ 1,362,631
July 31, 2006	498,916	319,432	200,088	1,018,436	—	\$ 1,018,436

SALES GROWTH INFORMATION

Three months ended July 31, 2007:						
Base	5.1%	8.6%	0.3%	5.1%	—	5.1%
Currency	0.9%	7.8%	6.8%	4.3%	—	4.3%

Acquisitions	18.8%	11.8%	17.6%	16.4%	—	16.4%
Total	24.8%	28.2%	24.7%	25.8%	—	25.8%

Twelve months ended July 31, 2007:

Base	3.3%	8.3%	-0.4%	4.2%	—	4.2%
Currency	0.5%	9.0%	5.1%	4.1%	—	4.1%
Acquisitions	18.4%	13.1%	63.3%	25.5%	—	25.5%
Total	22.2%	30.4%	68.0%	33.8%	—	33.8%

SEGMENT PROFIT (LOSS)

Three months ended:

July 31, 2007	\$ 39,143	\$ 32,574	\$ 10,845	\$ 82,562	(\$2,475)	\$ 80,087
July 31, 2006	30,337	21,899	12,192	64,428	(2,893)	61,535
Percentage increase (decrease)	29.0%	48.7%	-11.0%	28.1%	-14.4%	30.1%

Twelve months ended:

July 31, 2007	\$ 142,306	\$ 107,552	\$ 57,236	\$ 307,094	(\$8,208)	\$ 298,886
July 31, 2006	122,525	83,970	49,316	255,811	(10,633)	245,178
Percentage increase (decrease)	16.1%	28.1%	16.1%	20.0%	-22.8%	21.9%

NET INCOME RECONCILIATION (in thousands)

	Three months ended:		Twelve months ended:	
	July 31, 2007	July 31, 2006	July 31, 2007	July 31, 2006
Total profit for reportable segments	\$ 82,562	\$ 64,428	\$ 307,094	\$ 255,811
Corporate and eliminations	(2,475)	(2,892)	(8,208)	(10,633)
Unallocated amounts:				
Administrative costs	(39,068)	(24,651)	(126,899)	(88,662)
Investment and other income	1,958	(356)	2,875	2,403
Interest expense	(6,527)	(5,311)	(22,934)	(14,231)
Income before income taxes	36,450	31,218	151,928	144,688
Income taxes	(10,206)	(8,741)	(42,540)	(40,513)
Net income	\$ 26,244	\$ 22,477	\$ 109,388	\$ 104,175

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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 II of Brady’s Annual Report on Form 10-K for the period ended July 31, 2006. 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.

BRADY CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Dollars in Thousands)

	(Unaudited)					
	Three Months Ended July 31st			Twelve Months Ended July 31st		
	2007	2006	Percentage Change	2007	2006	Percentage Change
Net sales	\$ 362,765	\$ 288,333	25.8%	\$ 1,362,631	\$ 1,018,436	33.8%
Cost of products sold	189,161	144,429	31.0%	705,587	492,681	43.2%
Gross margin	173,604	143,904	20.6%	657,044	525,755	25.0%
Operating expenses:						
Research and development	9,601	9,766	-1.7%	35,954	30,443	18.1%
Selling, general and administrative	122,984	97,253	26.5%	449,103	338,796	32.6%
Total operating expenses	132,585	107,019	23.9%	485,057	369,239	31.4%
Operating income	41,019	36,885	11.2%	171,987	156,516	9.9%
Other income and (expense):						
Investment and other income	1,958	(356)	-650.0%	2,875	2,403	19.6%
Interest expense	(6,527)	(5,311)	22.9%	(22,934)	(14,231)	61.2%
Income before income taxes	36,450	31,218	16.8%	151,928	144,688	5.0%
Income taxes	10,206	8,741	16.8%	42,540	40,513	5.0%
Net income	<u>\$ 26,244</u>	<u>\$ 22,477</u>	16.8%	<u>\$ 109,388</u>	<u>\$ 104,175</u>	5.0%
Per Class A Nonvoting Common Share:						
Basic net income	\$ 0.49	\$ 0.44	11.4%	\$ 2.03	\$ 2.10	-3.3%
Diluted net income	\$ 0.48	\$ 0.43	11.6%	\$ 2.00	\$ 2.07	-3.4%
Dividends	\$ 0.14	\$ 0.13	7.7%	\$ 0.56	\$ 0.52	7.7%
Per Class B Voting Common Share:						
Basic net income	\$ 0.49	\$ 0.44	11.4%	\$ 2.01	\$ 2.09	-3.8%
Diluted net income	\$ 0.48	\$ 0.43	11.6%	\$ 1.98	\$ 2.05	-3.4%
Dividends	\$ 0.14	\$ 0.13	7.7%	\$ 0.54	\$ 0.50	8.0%
Weighted average common shares outstanding (in Thousands):						
Basic	54,047	50,791		53,907	49,494	
Diluted	54,854	51,672		54,741	50,385	

BRADY CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

(IN THOUSANDS)

	(Unaudited)	
	July 31, 2007	July 31, 2006
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 142,846	\$ 113,008
Short term investments	19,200	11,500
Accounts receivable, less allowance for losses (\$9,109 and \$6,390, respectively)	239,569	187,907
Inventories:		
Finished products	80,486	59,365
Work-in-process	21,309	12,850
Raw materials and supplies	37,983	37,702
Total inventories	139,778	109,917
Prepaid expenses and other current assets	42,020	36,825
Total current assets	583,413	459,157
Other assets:		
Goodwill	737,450	587,642
Other intangible assets, net	149,761	134,111
Deferred income taxes	34,083	34,135
Other	21,111	10,235
Total other assets	942,405	766,123
Property, plant and equipment:		
Cost:		
Land	6,332	6,548
Buildings and improvements	90,688	78,418
Machinery and equipment	248,356	198,426
Construction in progress	18,107	12,098
	363,483	295,490
Less accumulated depreciation	188,869	155,584
Net property, plant and equipment	174,614	139,906
Total	\$ 1,700,432	\$ 1,365,186
LIABILITIES AND STOCKHOLDERS' INVESTMENT		
Current liabilities:		
Accounts payable	\$ 91,596	\$ 78,585
Wages and amounts withheld from employees	73,622	61,778
Taxes, other than income taxes	8,461	6,231
Accrued income taxes	25,542	25,243
Other current liabilities	60,254	46,763
Short-term borrowings and current maturities on long-term debt	21,444	20
Total current liabilities	280,919	218,620
Long-term obligations, less current maturities	478,575	350,018
Other liabilities	49,216	50,502
Total liabilities	808,710	619,140
Stockholders' investment:		
Common stock:		
Class A nonvoting common stock — Issued 50,586,524 and 50,481,743 shares, respectively and outstanding 50,586,524 and 50,188,842 shares, respectively	506	505
Class B voting common stock — Issued and outstanding, 3,538,628 shares	35	35
Additional paid-in capital	266,203	258,922
Earnings retained in the business	540,238	460,991
Treasury stock — 0 and 292,901 shares, respectively of Class A nonvoting common stock, at cost		(10,865)

Accumulated other comprehensive income	84,086	35,696
Other	<u>654</u>	<u>762</u>
Total stockholders' investment	<u>891,722</u>	<u>746,046</u>
Total	<u><u>\$ 1,700,432</u></u>	<u><u>\$ 1,365,186</u></u>

BRADY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in Thousands)

	(Unaudited) Twelve Months Ended July 31st	
	2007	2006
Operating activities:		
Net income	\$ 109,388	\$ 104,175
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	53,856	35,144
Gain on foreign currency contract	—	(1,516)
Deferred income taxes	70	(1,843)
Loss on disposal of property, plant & equipment	13	124
Provision for losses on accounts receivable	3,287	1,152
Non-cash portion of stock-based compensation expense	6,907	5,568
Changes in operating assets and liabilities (net of effects of business acquisitions):		
Accounts receivable	(20,308)	(13,620)
Inventories	(12,323)	(16,961)
Prepaid expenses and other assets	(13,307)	(2,163)
Accounts payable and accrued liabilities	8,058	10,421
Income taxes	(6,821)	58
Other liabilities	7,198	(5,643)
Net cash provided by operating activities	136,018	114,896
Investing activities:		
Acquisition of businesses, net of cash acquired	(159,475)	(351,331)
Payments of contingent consideration	(10,906)	—
Purchases of short-term investments	(68,100)	(150,900)
Sales of short-term investments	60,400	146,500
Purchases of property, plant and equipment	(51,940)	(39,410)
Purchase of foreign currency contract	—	1,516
Proceeds from sale of property, plant and equipment	2,166	546
Other	(9,184)	(2,203)
Net cash used in investing activities	(237,039)	(395,282)
Financing activities:		
Payment of dividends	(30,141)	(26,064)
Proceeds from issuance of common stock	6,829	166,664
Principal payments on debt	(110,870)	(417,601)
Proceeds from issuance of debt	259,300	615,730
Purchase of treasury stock	—	(24,683)
Income tax benefit from the exercise of stock options and deferred comp distributions	4,303	4,912
Net cash provided by financing activities	129,421	318,958
Effect of exchange rate changes on cash	1,438	1,466
Net increase (decrease) in cash and cash equivalents	29,838	40,038
Cash and cash equivalents, beginning of period	113,008	72,970
Cash and cash equivalents, end of period	142,846	113,008
Supplemental disclosures:		
Cash paid during the period for:		
Interest, net of capitalized interest	\$ 19,842	\$ 8,991
Income taxes, net of refunds	49,233	37,661
Acquisitions:		
Fair value of assets acquired, net of cash	\$ 87,398	\$ 167,900
Liabilities assumed	(33,248)	(63,667)
Goodwill	105,325	247,098
Net cash paid for acquisitions	\$ 159,475	\$ 351,331

RECONCILIATION OF GAAP MEASURES TO NON-GAAP MEASURES

(in thousands)

	Fiscal 2006				
	Q1	Q2	Q3	Q4	Total
EBITDA (1)					
Net income	\$ 30,198	\$ 21,254	\$ 30,246	\$ 22,477	\$ 104,175
Interest expense	1,989	2,435	4,496	5,311	14,231
Income taxes	12,334	7,675	11,763	8,741	40,513
Depreciation and amortization	7,360	7,194	9,419	11,171	35,144
EBITDA (non-GAAP measure)	\$ 51,881	\$ 38,558	\$ 55,924	\$ 47,700	\$ 194,063
	Fiscal 2007				
	Q1	Q2	Q3	Q4	Total
EBITDA (1)					
Net income	\$ 34,448	\$ 19,709	\$ 28,987	\$ 26,244	\$ 109,388
Interest expense	4,735	5,244	6,428	6,527	22,934
Income taxes	13,396	7,665	11,273	10,206	42,540
Depreciation and amortization	12,927	13,169	14,307	13,453	53,856
EBITDA (non-GAAP measure)	\$ 65,506	\$ 45,787	\$ 60,995	\$ 56,430	\$ 228,718

- (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.

For More Information Contact:

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For Immediate Release

Brady Corporation increases quarterly dividend to shareholders

MILWAUKEE (September 11, 2007) — Brady Corporation's (NYSE: BRC) Board of Directors has announced an increase in its quarterly dividend to shareholders of the company's Class A Common Stock, from \$0.14 to \$0.15 per share. The dividend will be paid on October 31, 2007, to shareholders of record at the close of business on October 10, 2007. This dividend is the 22nd consecutive annual increase in dividends since the company went public in 1984.

Brady Corporation is an international manufacturer and marketer of complete solutions that identify and protect premises, products and people. Its products help customers increase safety, security, productivity and performance and 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 more than 8,600 people at operations in the Americas, Europe and Asia/Pacific. Brady's fiscal 2006 sales were approximately \$1.018 billion.

The company plans to release its fiscal 2007 results tomorrow September 12, 2007. More information is available on the Internet at www.bradycorp.com

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