SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-K
ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934 (FEE REQUIRED)

FOR THE FISCAL YEAR ENDED JULY 31, 1999

Commission File Number 0-12730

BRADY CORPORATION
(Exact name of registrant as specified in charter)

WISCONSIN	39-0178960
(State of Incorporation)	(IRS Employer Identification No.)

6555 WEST GOOD HOPE ROAD
MILWAUKEE, WI 53223
(Address of Principal Executive Offices and Zip Code)

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

Securities Registered Pursuant to Section 12(b) of the Act:

Class A Nonvoting Common Stock, Par Value $.01 per share

Securities Registered Pursuant to Section 12(g) of the Act:

None

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. Yes [ ]   No [X]

As of September 30, 1999, there were outstanding 20,855,091 shares of Class A Nonvoting Common Stock (the "Class A Common Stock"), and 1,769,314 shares of Class B Common Stock. The Class B Common Stock, all of which is held by affiliates of the Registrant, is the only voting stock.

DOCUMENTS INCORPORATED BY REFERENCE
Brady Corporation 1999 Annual Report, Incorporated into Part II & IV

INDEX

PART I

Brady Corporation and Subsidiaries is referred to herein as the "Company" or "Brady".

ITEM 1 BUSINESS

(a) General Development of Business

The Company, a Wisconsin corporation, currently operates 25 manufacturing facilities worldwide. Nine are located in the United States, four in France, two each in Australia and Canada and one each in Belgium, Brazil, England, Germany, Italy, Japan, Korea and Singapore. The Company sells through subsidiaries or sales offices in Australia, Belgium, Brazil, Canada, China, England, France, Germany, Hong Kong, Italy, Japan, Korea, Malaysia, Mexico, the Philippines, Singapore, Spain, Sweden, Taiwan and the United States. The Company's corporate headquarters are located at 6555 West Good Hope Road, Milwaukee, Wisconsin 53223, and its telephone number is (414) 358-6600. The Company's Internet address is http://www.bradycorp.com.

(b) Financial Information About Industry Segments

The information required by this Item is incorporated by reference to Note 7 to Notes to Consolidated Financial Statements on Pages 46 through 48 of the Brady Corporation 1999 Annual Report.

(c) Narrative Description of Business

OVERVIEW

Brady Corporation is a leading international manufacturer and marketer of high-performance identification solutions and specialty coated materials. The Company's products consist of over 30,000 stock and custom items as well as complete identification systems that are used by the Company's customers to create a safer work environment for employees, improve production and operating efficiencies and increase the utilization of assets through tracking and inventory process controls. Major product categories include: industrial identification and data collection products; safety and facility identification products; and OEM components.

The Company's products are sold in a variety of markets, including electrical, electronic, telecommunication, governmental, public utility, computer, construction, transportation equipment and education. The need for the Company's products is driven by specification of customer engineering departments, by regulatory compliance requirements imposed by agencies such as OSHA and the EPA, or by the need to identify and track assets, or to direct, warn, inform, train and protect people. The Company manufactures and sells its products domestically and internationally through multiple channels including direct sales, distributor sales, mail-order catalog marketing and electronic access through the Internet. The Company has a broad customer base, which in fiscal 1999 consisted of more than 300,000 companies, with the largest customer representing less than 6% of net sales. Sales from international operations represented 44.6%, 43.5% and 42.5% of net sales in fiscal 1999, 1998 and 1997, respectively.

BUSINESS STRATEGY

Brady's objective is to be the leading source of high-performance identification products and specialty coated materials to niche markets worldwide. The Company expects to accomplish this objective by offering a broad range of high-quality, innovative products to a widely diversified customer base in a prompt and responsive manner. Underlying the Company's business strategy is a Company-wide commitment to enhancing shareholder value. The Company's long-term focus on activities that will create sustainable value for its shareholders drives decision making at all levels of the Company. The Company's employees participate in an incentive plan that is focused upon the creation of shareholder value. This incentive plan serves to motivate employees, foster a team-oriented work environment and maximize the utilization of assets. Key elements of the Company's business strategy include:

Product innovation. The Company continually seeks to improve existing products and to develop innovative products to satisfy its customers' requirements and expectations. Brady's commitment to product innovation is reflected in research and development efforts that include approximately 150 employees primarily dedicated to research and development activities in the United States, Canada, Belgium, France and Singapore.

Breadth of product line. The Company's products include over 30,000 stock and thousands of custom items. The number of products offered allows Brady to serve as a one-stop shopping network for its customers. Additionally, management believes that the Company provides a broader range of identification solutions than any of its competitors.

Focus on customers. The Company seeks to provide "seamless" customer service and to offer rapid response to customer orders and inquiries. To meet this goal, the Company has streamlined its manufacturing processes to shorten lead-times and has increased its investment in telecommunications and management information systems worldwide.

Niche markets. The Company strives to be a major player in niche markets that allow the Company to leverage its capabilities in specialty materials, die-cut parts and printing systems. By focusing on specific markets and value-added product applications, the Company has established leading positions in the electrical and safety markets with certain of its products such as wire markers, pipe markers and safety signs.

GROWTH STRATEGY

The major elements of the Company's strategy for growth include:

New products and new markets. The Company, through its strong product innovation and development activities, seeks continually to introduce new products and explore additional applications for its products in existing and new markets.

Increased market penetration. The Company seeks to increase market penetration in existing domestic and international markets through existing distribution channels and strong sales and marketing efforts. To achieve this objective, the Company is expanding its current sales force and is pursuing additional niche distribution channels.

Geographic expansion. Sales from Brady's international operations have increased from $50,707,000 or 26.5% of net sales in fiscal 1990 to $209,863,000, or 44.6%, of net sales in fiscal 1999. The Company believes that international markets continue to represent a significant growth opportunity. Accordingly, the Company is actively seeking to increase its penetration in established markets in Europe, Asia/Pacific and Canada and to enter new emerging markets elsewhere in the Pacific Rim and in Latin America.

Strategic acquisitions and joint ventures. While the Company intends to continue pursuing internal growth through the above strategies, the Company also intends, where practical, to fill product lines or market sectors, open new geographic markets and strengthen systems offerings through the pursuit of strategic acquisitions and joint ventures. During the last three years, Brady's growth has occurred through strategic acquisitions, innovative product development and improvement, market expansion and increased market penetration.

PRODUCTS

The Company's products consist of over 30,000 stock and thousands of custom items as well as complete identification systems that are used by the Company's customers to create a safer work environment for employees, improve product and operating efficiencies and increase the utilization of assets through tracking and inventory process controls. Major product categories include: industrial identification and data-collection products including wire and cable markers, high-performance labels, stand-alone printing systems, barcode and other software, radio frequency identification tags and readers and other automatic identification and data collection systems; safety and facility identification products including signs, pipe and valve markers, storage markers, asset identification tags, lockout/tagout products, traffic-control products, printing systems and software; and specialty tapes and die-cut materials.

Many of the Company's stock products were originally designed, developed and manufactured as custom products for a specific purchaser. However, such products have frequently developed wide industry acceptance and become stock items offered by the Company through mail-order and distributor sales. The Company's most significant types of products are described below.

INDUSTRIAL IDENTIFICATION AND DATA-COLLECTION PRODUCTS

Wire and Cable Markers

Brady manufactures a broad range of wire- and cable-marking products. These products help mark and identify wires, cables and other potential hazards. Such products may be used in virtually every industrial, electrical and telecommunications market to specify the origination and/or destination of wiring and to facilitate repair or maintenance of equipment and wiring systems.

High Performance Labels

Brady produces a complete line of label materials to meet customers' needs for identification that performs under harsh or sensitive conditions. Brady prints stock and custom labels and also sells unprinted materials to enable customers to print their own labels on-site, on-demand, using thermal transfer, laser, dot matrix and inkjet printers. Brady labels range from static-dissipative labels for use on electronic components to labels that withstand extreme conditions, such as 1000 degrees Fahrenheit temperatures and harsh chemicals.

Software and Printing Systems

The Company designs and produces various computer software, industrial thermal-transfer and dot matrix printers and other electromechanical devices to serve the growing and specialized needs of customers. Industrial labeling systems, software, tapes, ribbons and label stocks provide customers with the resources and flexibility to produce signs and labels on demand at their site.

Automatic Identification and Data-Collection Systems

Brady's automatic identification and data collection solutions include bar-code label generating software; bar-code and radio frequency scanners; tags; and labels to enable accurate tracking of manufacturing, warehousing, receiving and shipping data. The Company's software applications, fixed station terminals, high-speed printers and associated customized consumable products allow its customers to have a higher degree of knowledge and control over production, asset management and all phases of inventory control, including receiving, warehousing, work-in-process, finished goods and shipping.

SAFETY AND FACILITY IDENTIFICATION PRODUCTS

Signs

The Company manufactures safety and informational signs for use in a broad range of industrial, commercial, governmental and institutional applications. These signs are either self-adhesive or mechanically mounted, are designed for both indoor and outdoor use and are manufactured to meet standards issued by the National Safety Council, OSHA and a variety of industry associations in the United States and abroad. The Company's sign products are categorized by type of message to be conveyed, including admittance, directional and exit signs; electrical hazard warnings; energy conservation messages; fire protection and fire equipment signs; hazardous waste labels; hazardous and toxic material warning signs; personal hazard warnings; housekeeping and operational warnings; pictograms; radiation and laser signs; safety practices signs and regulatory markings.

Pipe and Valve Markers

The Company manufactures both self-adhesive and mechanically applied stock and custom-designed pipe markers and plastic and metal valve tags for the identification of pipes and control valves. These products are designed to help identify and provide information as to the contents, direction of flow and special hazardous properties of materials contained in piping systems, and to facilitate repair or maintenance of the system.

Storage Markers

The Company produces signs, self-adhesive and self-aligning die cut numbers and letters used for the systematic identification of facilities, bins and shelving. Storage marker products are primarily used by industrial companies in factories, warehouses, stockrooms and other facilities.

Asset Identification Markers

Brady offers a wide range of asset identification products. These include self-adhesive or mechanically mounted labels or tags made of aluminum, brass, stainless steel, polycarbonate, vinyl, polyester, mylar and paper. These products are also offered in tamper-evident varieties.

Lockout/Tagout Products

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

Traffic Control Products

The Company offers a wide variety of traffic-control devices, including directional and warning signs, barriers, cones and other devices.

Other

The Company also offers sign-making kits, stenciling materials, barricading products, visual warning systems, floor-marking products, safety hard-hat labels, safety badges, photo identification kits, ergonomic products, first aid cabinets/kits, body harnesses, anti-slip coatings and alarm security systems, among others.

SPECIALTY MATERIALS

Specialty Tapes

Brady manufactures specialty tapes and related products that are used in a variety of audio, video and computer applications. These specialty tape products are characterized by high-performance adhesives, most of which are formulated by the Company, to meet high-tolerance requirements of the industries in which they are used. Its data-storage products include audio and video cassette splicing tapes.

Die-Cut Materials

The Company's precision die-cut materials are used to seal, insulate, protect, shield or provide other mechanical performance properties in the assembly of electronic, telecommunications and other equipment, including cellular phones, pagers, computer hard drives, two-way radios, global positioning systems, household appliances and medical devices.

Graphics Products

Brady serves the identification and information needs of various non-industrial markets with a variety of easy-to-use printing systems and consumable supplies. It provides lettering and labeling systems, poster printers, laminators and supplies to education, government, training and legal markets.

OTHER PRODUCTS

The Company also sells a variety of other products, none of which individually accounts for a material portion of its sales, including: hospital and clinical labels, packing and shipping goods, name plates and quality and production control products, among others.

MARKETING AND SALES

The Company's products are sold in a wide variety of markets including electrical, electronic, telecommunications, governmental, public utility, computer, construction, transportation equipment and education. Brady has a diverse customer base that consisted of over 300,000 customers in fiscal 1999. No material part of the Company's business is dependent upon a single customer or group of customers, and the loss of a particular customer would have not have a material adverse effect upon the Company's business. In fiscal 1999, no single customer accounted for more than 6% of the Company's net sales.

The Company seeks to offer the right product with rapid response times and superior service so that it can provide solutions to the customer that are better, faster and more economical than those available from competitors. The Company markets and sells its products domestically and internationally through multiple channels including direct sales, distributor sales, mail-order catalog marketing and electronic access through the Internet. The Company currently has over 4,000 established relationships with a broad range of electrical, safety, industrial and other domestic and international distributors. To support its distributor network, the Company employs a sales force of over 300 people. The Company's sales force seeks to establish and foster ongoing relationships with the end-users (and distributors) by providing technical support and product application advice.

The Company direct markets its products and those of other manufacturers by catalog sales in both domestic and international markets. Such products include industrial and facility identification products, safety and regulatory compliance products and OEM component products, among others. Catalog operations are conducted through offices in the U.S., Australia, Brazil, Canada, England, France, Germany and Italy and include foreign-language catalogs.

MANUFACTURING PROCESS AND RAW MATERIALS

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

The Company seeks to optimize the performance, quality and durability of its products, while continually improving manufacturing processes, shortening lead times and lowering manufacturing costs. The Company produces the majority of its own adhesive stocks and top-coated materials through an integrated manufacturing process. These integrated manufacturing processes permit it to achieve greater flexibility in product design and manufacture and to improve its ability to provide specialized products designed to meet the needs of specific applications. Brady's "cellular" manufacturing processes and "just-in-time" inventory control allow it to attain profitability in small orders by emphasizing flexibility and the maximization of assets through quick turnaround and delivery. Most of the Company's manufacturing facilities have received ISO 9001 or 9002 certification.

The materials used in the products manufactured by the Company consist primarily of plastic sheets and films (primarily polyesters and polycarbonates), paper, metal and metal foil, cloth, fiberglass, inks, dyes, adhesives, pigments, natural and synthetic rubber, organic chemicals, polymers and solvents. The Company purchases its raw materials from many suppliers and is not dependent upon any single supplier for any of its base supply materials.

TECHNOLOGY AND PRODUCT DEVELOPMENT

The Company focuses its research and development efforts on applications in the science of surface chemistry, such as coatings, adhesives and physical bonding. This dedication to surface chemistry, in combination with a manufacturing technology oriented to adhesives and graphics, has led to the development of many proprietary release coatings, adhesives and products that are adhesively fastened.

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

The Company conducts much of its research and development activities at its approximately 39,600 sq. ft. Frederic S. Tobey Research and Innovation Center in Milwaukee, Wisconsin. The Company spent approximately $17,700,000, $20,300,000, and $16,300,000 in fiscal 1999, 1998, and 1997, respectively, on its research and development activities, all of which were Company sponsored. In fiscal 1999, approximately 150 employees were engaged in research and development activities for the Company. Additional research projects were conducted under contract with universities, other institutions and consultants.

INTERNATIONAL OPERATIONS

In Fiscal 1999, 1998, and 1997, sales from international operations accounted for 44.6%, 43.5%, and 42.5%, respectively, of the Company's net sales. The Company's global infrastructure now supports sales and operations through subsidiaries in Australia, Belgium, Brazil, Canada, England, France, Germany, Italy, Japan, Korea, Mexico, Singapore, Spain and Sweden and sales offices in China, Hong Kong, Malaysia, the Philippines and Taiwan. Several of these locations manufacture or have the capability to manufacture certain of the products they sell. The Company acquired or opened new operations in Australia, Brazil, Canada, China, England, France, Korea, Malaysia, Mexico, the Philippines and Taiwan in the last three years. The Company expects to continue to expand its international operations as appropriate.

COMPETITION

The markets for most of the Company's products are competitive. The Company believes that it is the leading domestic producer of self-adhesive wire markers, safety signs, pipe markers, audio and video splicing tapes, precision die-cut materials and bar-code label generating software. The Company competes for business principally on the basis of product quality, performance, range of products offered and to a lesser extent, on price. Product quality is determined by factors such as suitability of component materials for various applications, adhesive properties, graphics quality, durability, product consistency and workmanship. Competition in many of the Company's product markets is highly fragmented, ranging from smaller companies offering only one or a few types of products to some of the world's major adhesive and electrical product companies offering some competing products as part of their product line. A number of the Company's competitors are larger than the Company and have greater resources. Notwithstanding the resources of these competitors, management believes that the Company provides a broader range of identification solutions than any of its competitors.

BACKLOG

As of July 31, 1999, the amount of the Company's backlog orders believed to be firm was $22.3 million. This compares with approximately $20.4 million and $19.9 million of backlog orders as of July 31, 1998 and 1997, respectively. Average delivery time for the Company's orders varies from one day to 12 weeks, depending on the type of product, and whether the product is stock or custom designed and manufactured.

ENVIRONMENT

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

EMPLOYEES

As of July 31, 1999, the Company employed approximately 2,700 individuals. The Company has never experienced a material work stoppage due to a labor dispute, is not a party to any labor contract and considers its relations with employees to be excellent. To meet present and future labor requirements, the Company maintains an active college recruiting program for sales, technical and administrative personnel.

ACQUISITIONS

Effective August 29, 1996, the Company entered into a joint venture, W.H. Brady Korea Co. Ltd., in Okcheon, Korea. Brady gained 100 percent ownership of the company, now named Brady Korea, Ltd., in September 1998. The company produces labels and markets printers and other Brady products.

Effective April 30, 1997, the Company acquired the common stock of Signals S.A. located in La Rochelle, France, a marketer of safety and facility identification products, for cash of approximately $9,600,000.

Effective March 9, 1998, the Company acquired the common stock of Techniques Avancees located in Auch, France, a bar-code-labeling-software developer, for cash of $10,735,000 and a payable of $1,030,000.

Effective April 30, 1998, the Company acquired the common stock of GrafTek Inc. located in Toronto, Ontario, Canada, a bar-code-labeling-software developer, for cash of $8,528,000 and a payable of $933,000.

Effective August 11, 1998, the Company acquired the common stock of VEB Sistemas de Etiquetas Ltda. located in Sao Paulo, Brazil, an industrial label manufacturer, for cash of approximately $4,400,000.

Effective March 25, 1999, the Company acquired the assets of Barcodes West Inc. located in Seattle, Washington, a label manufacturer and software and service provider, for cash of $5,757,000.

Effective May 7, 1999, the Company acquired the common stock of Visi Sign Pty. Ltd. located in Victoria, Australia, a manufacturer of identification products, for cash of approximately $1,396,000. The purchase price of this acquisition is subject to change based on postclosing adjustments.

Effective July 7, 1999, the Company acquired the common stock of Holman Groupe S.A. located in Rungis, France, an automatic identification and application specialist, for cash of approximately $5,343,000 and a payable of approximately $554,000. The purchase price of this acquisition is subject to change based on postclosing adjustments.

Effective July 30, 1999, the Company acquired the common stock of the graphics division of SOFT S.A., located in Lyon, France, a developer and distributor of printing systems, for cash of approximately $14,044,000. The purchase price of this acquisition is subject to change based on postclosing adjustments.

Effective September 3, 1999, the Company acquired certain assets of a direct marketer of signs, labels and identification products, for cash of approximately $5,600,000. The purchase price of this acquisition is subject to change based on postclosing adjustments.

(d) Financial Information about Foreign and Domestic Operations and Export Sales

See Note 7 to Notes to Consolidated Financial Statements on Pages 46 through 48 of the Brady Corporation 1999 Annual Report.

ITEM 2 PROPERTIES

The Company currently operates 25 manufacturing facilities. Nine are located in the United States, four in France, two each in Australia and Canada and one each in Belgium, Brazil, England, Germany, Italy, Japan, Korea and Singapore. The Company's primary research facility of approximately 39,600 square feet is located in Milwaukee, Wisconsin. The Company's present operating facilities contain a total of approximately 1,308,000 square feet of space, of which approximately 551,000 square feet is leased. The Company believes that its equipment and facilities are modern, well-maintained and adequate for its present needs.

ITEM 3 LEGAL PROCEEDINGS

The Company is, and may in the future be, party to litigation arising in the course of its business. The Company is not currently a party to any material pending legal proceedings.

ITEM 4 SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

PART II

ITEM 5 MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

(a) Market Information

Brady Corporation Class A Nonvoting Common Stock trades on the New York Stock Exchange under the symbol BRC. There are no established public trading markets for the Company's Class B Voting Common Stock.

Stock price disclosure required by this Item is incorporated by reference to Page 50 of the Brady Corporation 1999 Annual Report.

(b) Holders

The number of holders of record of the Company's Class A and Class B Common Stock as of September 24, 1998, was 411 and 2, respectively.

(c) Dividends

The Company has followed a practice of paying quarterly dividends on its outstanding common stock. Before any dividend may be paid on the Class B Common Stock, holders of the Class A Common Stock are entitled to receive an annual, noncumulative cash dividend of $.033 per share (subject to adjustment in the event of future stock splits, stock dividends or similar events involving shares of Class A Common Stock). Thereafter, any further dividend in that fiscal year must be paid on all shares of Class A Common Stock and Class B Common Stock on an equal basis.

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

	YEAR ENDED 7/31/98				YEAR ENDED 7/31/99				YEAR ENDING 7/31/00
	1ST QTR	2ND QTR	3RD QTR	4TH QTR	1ST QTR	2ND QTR	3RD QTR	4TH QTR	1ST QTR
Class A.................	$.15	$.15	$.15	$.15	$.16	$.16	$.16	$.16	$.17
Class B.................	.12	.15	.15	.15	.13	.16	.16	.16	.14

ITEM 6 SELECTED FINANCIAL DATA

The information required by this Item is incorporated by reference to Pages 28 and 29 of the Brady Corporation 1999 Annual Report.

ITEM 7 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The information required by this Item is incorporated by reference to Pages 30 through 34 of the Brady Corporation 1999 Annual Report.

ITEM 8 FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information required by this Item is incorporated by reference to Pages 35 through 50 of the Brady Corporation 1999 Annual Report and the table on page II-2.

ITEM 9 CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

BRADY CORPORATION AND SUBSIDIARIES

UNAUDITED QUARTERLY FINANCIAL INFORMATION

	QUARTERS				
	FIRST	SECOND	THIRD	FOURTH	TOTAL
	(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)				
1999					
Net Sales	$116,802	$112,309	$121,455	$120,296	$470,862
Gross Margin	65,524	62,308	70,954	69,873	268,659
Operating Income	14,529	13,110	20,728	15,405	63,772
Net Income	8,711	7,974	12,937	9,962	39,584
Net Income Per Class A Common Share:					
Basic	0.38	0.35	0.57	0.44	1.74
Diluted	0.38	0.35	0.57	0.43	1.73
1998					
Net Sales	$115,302	$107,150	$118,784	$113,914	$455,150
Gross Margin	62,717	59,511	67,111	60,916	250,255
Operating Income	13,133	11,201	16,612	4,984	45,930
Net Income	8,210	7,169	10,027	2,630	28,036
Net Income Per Class A Common Share:					
Basic	0.37	0.32	0.44	0.11	1.24
Diluted	0.36	0.31	0.44	0.11	1.23

PART III

ITEM 10 DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

NAME	AGE	TITLE
Katherine M. Hudson	52	President, CEO and Director
Richard L. Fisk	55	Vice President, Direct Marketing Group
David R. Hawke	45	Vice President, Graphics Group
Frank M. Jaehnert	42	Vice President & Chief Financial Officer
David W. Schroeder	44	Vice President, Identification Solutions & Specialty Tapes Group
Peter J. Lettenberger	62	Secretary and Director
Robert C. Buchanan	59	Director
Roger D. Peirce	62	Director
Richard A. Bemis	58	Director
Frank W. Harris	57	Director
Gary E. Nei	55	Director
Irwin Helford	65	Director

KATHERINE M. HUDSON -- Mrs. Hudson joined the Company in January 1994, as President, Chief Executive Officer and Director. Before joining Brady Corporation, she was a Vice President at Eastman Kodak Company and General Manager of its Professional, Printing and Publishing Imaging Division. Her 24 years at Eastman Kodak Company included positions in finance, communication and public affairs, information systems and the management of instant photography and printing. She is a director of Case Corporation and Honeywell, Inc. and serves on the Alverno College Board of Trustees, the Advisory Board of the University of Wisconsin School of Business, the Advisory Council for the Indiana University School of Business, and the Medical College of Wisconsin Board of Trustees.

RICHARD L. FISK -- Mr. Fisk joined the Company in 1979 and was appointed to his present position in August 1987. He previously served as General Manager of Seton Name Plate Co., a wholly-owned subsidiary of the Company.

DAVID W. HAWKE -- Mr. Hawke joined the Company in 1979. He served as General Manager of the Industrial Products Division from 1985 to 1991. From 1991 to February 1995, he served as Managing Director -- European Operations. In March 1995, he was appointed to his present position.

FRANK M. JAEHNERT -- Mr. Jaehnert joined the Company in 1995 as Finance Director of the Identification Solutions & Specialty Tapes Group. He was appointed to his present position in November 1996. Before joining the Company, he held various financial and management positions for Robert Bosch GmbH from 1983 to 1995.

DAVID W. SCHROEDER -- Mr. Schroeder joined the Company in June 1991 as General Manager of the Industrial Products Division. He was appointed to his present position in March 1995. Before joining the Company, he served as President and Chief Executive Officer of Uniroyal Adhesives & Sealants Co., Inc. from 1988 to May 1991.

PETER J. LETTENBERGER -- Mr. Lettenberger has served as a Director and Secretary of the Company since January 1977. Mr. Lettenberger was a member of the Company's audit committee from October 1978 to April 1999. He is a partner of Quarles & Brady, general counsel to the Company, which firm he joined in 1964. He is also a director of Electronic Tele-Communications, Inc., Waukesha, Wisconsin.

ROBERT C. BUCHANAN -- Mr. Buchanan has been a Director of the Company since November 1987. Mr. Buchanan was a member of the Company's audit committee from June 1988 to April 1999, chairing that committee since June 1990. Mr. Buchanan is President and Chairman of the Board of the Fox Valley Corporation in Appleton, Wisconsin, having assumed that position November 1980. He is also a trustee of The Northwestern Mutual Life Insurance Company, Milwaukee.

ROGER D. PEIRCE -- Mr. Peirce has served as a Director of the Company since September 1988. Mr. Peirce has been a member of the compensation committee of the Company since September 1988, and its chairman since November 1996. Mr. Peirce is a private investor and consultant. He is a director and secretary/treasurer of The Jor-Mac Company, Inc. in Grafton, Wisconsin. He was President and CEO of Valuation Research Corporation from April 1995 to May 1996. From September 1988 to December 1993, he was President of Super Steel Products Corp. in Milwaukee, Wisconsin. Prior to that he was a managing partner for Arthur Andersen LLP, independent certified public accountants.

RICHARD A. BEMIS -- Mr. Bemis has been a Director of the Company since January 1990 and a member of its compensation committee since March 1990. Mr. Bemis is President and CEO of Bemis Manufacturing Company, a manufacturer of molded plastic products in Sheboygan Falls, Wisconsin. He is also a director of the Wisconsin Public Service Corporation, Green Bay, Wisconsin.

FRANK W. HARRIS -- Dr. Harris has been a Director of the Company since November 1991 and a member of its audit committee since May 1999. Dr. Harris is a Distinguished Professor of Polymer Science and Biomedical Engineering in the Institute of Polymer Science at the University of Akron, and has been on its faculty since 1983.

GARY E. NEI -- Mr. Nei has been a Director of the Company since November 1992. Mr. Nei was a member of the Company's audit committee from November 1994 to April 1999. Mr. Nei is Chairman of B&B Publishing, a publishing company in Walworth, Wisconsin. He is also a director of Uroquest, Inc., Menlo Park, California.

IRWIN HELFORD -- Mr. Helford has been a Director of the Company since November 1998 and chairman of its audit committee since April 1999. Mr. Helford is Chairman of Viking Office Products and Vice Chairman, Office Depot Inc., a seller of office products in Torrance, California. He is also a director of Office Depot, Inc., Torrance, California.

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

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

During fiscal year 1999, Richard A. Bemis, a director of the Company, purchased 4,000 shares of the Company's Class A Common Stock on October 1, 1998, and reported such transaction on Form 5 amendment dated September 16, 1999.

ITEM 11 EXECUTIVE COMPENSATION

The following table summarizes the compensation paid or accrued by the Company during the three fiscal years ended July 31, 1999, to those persons who, as of the end of fiscal 1999, were the Named Executive Officers.

SUMMARY COMPENSATION TABLE

	ANNUAL COMPENSATION				LONG-TERM COMPENSATION AWARDS		
NAME AND PRINCIPAL POSITION	FISCAL YEAR	SALARY ($)(1)	BONUS ($)(2)	OTHER ANNUAL COMPENSATION ($)(3)	RESTRICTED STOCK AWARDS($)(4)	OPTIONS/SAR (# OF SHARES)	ALL OTHER COMPENSATION ($)(5)
K.M. Hudson..............	1999	441,577	529,892	4,950	--	34,000	47,589(6)
President & Chief	1998	449,516	190,145	4,829	1,487,500	24,000	107,066(6)
Executive Officer	1997	390,149	305,447	4,648	--	230,000	40,744(6)
R.L. Fisk................	1999	253,654	228,289	3,235	--	12,500	231,903(7)
Vice President, Direct	1998	259,615	82,363	3,560	743,750	8,000	215,180(7)
Marketing Group	1997	228,750	134,333	3,904	--	110,000	14,199
D.W. Schroeder...........	1999	243,573	219,216	5,908	--	12,500	13,549
Vice President,	1998	247,889	78,643	4,271	743,750	8,000	13,612
ISST Group	1997	226,385	132,944	5,431	--	110,000	12,728
D.R. Hawke...............	1999	233,654	210,289	5,191	--	12,500	13,219
Vice President,	1998	238,836	75,774	2,813	743,750	8,000	13,527
Graphics Group	1997	210,828	123,809	5,583	--	110,000	144,849(8)
F.M. Jaehnert............	1999	190,962	171,866	6,835	--	83,000	13,280
Vice President &	1998	185,309	54,870	5,685	--	6,000	13,225
Chief Financial Officer	1997	135,659	70,495	--	--	7,500	17,938(9)

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(1) The decreases in salary in fiscal 1999 are the result of having 26 pay periods in fiscal 1999 versus 27 pay periods in fiscal 1998.

(2) Reflects bonus earned during the listed fiscal year which was paid during the next fiscal year.

(3) The amounts shown represent costs to the Company for expenses associated with the use of a company car.

(4) In August 1997, the Company granted restricted stock awards of 50,000 shares to Mrs. Hudson and 25,000 shares each to Messrs. Fisk, Schroeder and Hawke. These awards are valued at $29.7500/share, the closing price for the Company's Class A Common Stock on the date of issue, in this table. As of July 31, 1999 and 1998, Mrs. Hudson held 50,000 shares and Messrs. Fisk, Schroeder and Hawke held 25,000 shares each of restricted stock. Using the closing price for the Company's Class A Common Stock on July 31, 1999, of $35.0000/share, Mrs. Hudson's holdings were valued at $1,750,000 and the holdings of Messrs. Fisk, Schroeder and Hawke were valued at $875,000 each. The restricted stock awards granted to Mrs. Hudson and Mr. Fisk vest on August 1, 2002. The restricted stock awards granted to Mr. Schroeder and Mr. Hawke vest 75% on August 1, 2002, with the remaining 25% vesting on August 1, 2003. The executives have the right to receive any cash dividends payable on these shares.

(5) All other compensation for fiscal 1999 for Mrs. Hudson, and Messrs. Fisk, Schroeder, Hawke and Jaehnert, respectively, includes: (i) matching contributions to the Company's Profit Sharing and Employee Thrift Plan for each named executive officer of $12,800, $12,262, $12,800, $12,323 and $12,800 respectively and (ii) the cost of group term life insurance for each named executive officer of $3,434, $2,642, $749, $896 and $480, respectively.

All other compensation for fiscal 1998 for Mrs. Hudson, and Messrs. Fisk, Schroeder, Hawke and Jaehnert, respectively, includes: (i) matching contributions to the Company's Profit Sharing and Employee Thrift Plan for each named executive officer of $12,800 each and (ii) the cost of group term life insurance for each named executive officer of $4,669, $2,380, $812, $727 and $425, respectively.

All other compensation for fiscal 1997 for Mrs. Hudson, and Messrs. Fisk, Schroeder, Hawke and Jaehnert, respectively, includes: (i) matching contributions to the Company's Profit Sharing and Employee Thrift Plan for each named executive officer of $12,000, $12,000, $12,000, $12,000 and $11,946, respectively and (ii) the cost of group term life insurance for each named executive officer of $2,674, $2,199, $728, $647 and $324, respectively.

(6) Fiscal 1999 includes $31,355 accrued, but not paid, for the current year's portion of a Supplemental Executive Retirement Plan (SERP). Fiscal 1998 includes club dues and estate planning fees of $61,963 and $27,634 accrued, but not paid, for the current year's portion of the SERP. Fiscal 1997 includes $26,070 accrued, but not paid, for that year's portion of the SERP.

(7) Fiscal 1999 includes $217,000 accrued, but not paid, for the current year's portion of a Supplemental Executive Retirement Plan (SERP). Fiscal 1998 includes $200,000 accrued, but not paid, for the current year's portion of the SERP.

(8) Fiscal 1997 includes $132,202 expatriation expenses related to Mr. Hawke's Belgium assignment.

(9) Fiscal 1997 includes relocation expenses of $5,669.

STOCK OPTIONS

The following tables summarize option grants and exercises during fiscal 1999 to or by the executive officers named in the Summary Compensation Table above, and the value of unexercised options held by such persons at July 31, 1999. Stock Appreciation Rights are not available under any of the Company's plans.

OPTION GRANTS IN FISCAL 1999

INDIVIDUAL GRANTS

NAME	OPTIONS GRANTED (#) (1)	% OF TOTAL OPTIONS GRANTED TO EMPLOYEES IN FISCAL 1999	EXERCISE PRICE ($/SHARE) (2)	EXPIRATION DATE
K.M. Hudson..............................	34,000	9.9%	19.1875	October 9, 2008
R.L. Fisk................................	12,500	3.6%	19.1875	October 9, 2008
D.W. Schroeder...........................	12,500	3.6%	19.1875	October 9, 2008
D.R. Hawke...............................	12,500	3.6%	19.1875	October 9, 2008
F.M. Jaehnert............................	75,000	21.9%	20.3738	August 3, 2008
	8,000	2.3%	19.1875	October 9, 2008

NAME	POTENTIAL REALIZABLE VALUE AT ASSUMED RATES OF STOCK PRICE APPRECIATION(3) 0% $19.1875($)	5% $31.2500($)(6)	10% $49.7500($)(6)
K.M. Hudson..	0	410,125	1,039,125
R.L. Fisk..	0	150,781	382,031
D.W. Schroeder.......................................	0	150,781	382,031
D.R. Hawke...	0	150,781	382,031
F.M. Jaehnert..	0	1,057,531	2,677,406
All Stockholders' Gains (increase in market value of Brady corporation Common Stock at assumed rates of stock price appreciation)(4)(6)...		$250,072,066	$633,602,282
All Optionees' Gains (as a percent of all shareholders' gains)(5)(6)..		1.68%	1.68%

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(1) The options granted October 9, 1998, become exercisable as follows: 33 1/3% of the shares on October 9, 1999; 33 1/3% of the shares on October 9, 2000; and 33 1/3% of the shares on October 9, 2001. These options have a term of ten years.

The options granted to Mr. Jaehnert on August 3, 1998, become exercisable August 3, 2003, and have a term of ten years.

(2) The exercise price is the average of the highest and lowest sale prices of the Company's Class A Common Stock as reported by the NASDAQ on the date of the grant.

(3) Represents total potential appreciation of approximately 0%, 63% and 159% for assumed annual rates of appreciation of 0%, 5% and 10%, respectively, compounded annually for the ten year option term.

(4) Calculated from the $20.3738 exercise price applicable to the options granted on August 3, 1998 and the $19.1875 exercise price applicable to the options granted on October 9, 1998 based on the 20,731,363 shares of Class A Common Stock outstanding on October 9, 1998.

(5) Represents potential realizable value for all options granted in fiscal 1999 compared to the increase in market value of Brady Corporation Class A Common Stock at assumed rates of stock price appreciation.

(6) The Company disavows the ability of any valuation model to predict or estimate the Company's future stock price or to place a reasonably accurate present value on these options because any model depends on assumptions about the stock's future price movement that the Company is unable to predict.

AGGREGATED OPTION EXERCISES IN FISCAL 1999
AND VALUE OF OPTIONS AT END OF FISCAL 1999

NAME	SHARES ACQUIRED ON EXERCISE (#)	VALUE REALIZED ($)	NUMBER OF UNEXERCISED OPTIONS AT JULY 31, 1999 EXERCISABLE (#)	NUMBER OF UNEXERCISED OPTIONS AT JULY 31, 1999 UNEXERCISABLE (#)
K.M. Hudson	0	0	169,000	260,000
R.L. Fisk	10,500	157,156	60,334	121,166
D.W. Schroeder	0	0	43,834	121,166
D.R. Hawke	8,000	158,000	40,834	121,166
F.M. Jaehnert	0	0	10,000	89,500

NAME	VALUE OF UNEXERCISED IN-THE-MONEY OPTIONS AT JULY 31, 1999(1) EXERCISABLE ($)	VALUE OF UNEXERCISED IN-THE-MONEY OPTIONS AT JULY 31, 1999(1) UNEXERCISABLE ($)
K.M. Hudson	2,756,750	2,942,500
R.L. Fisk	891,359	1,370,109
D.W. Schroeder	713,952	1,370,109
D.R. Hawke	655,078	1,370,109
F.M. Jaehnert	97,687	1,270,684

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(1) Represents the closing price for the Company's Class A Common Stock on July 31, 1999, of $35.0000 less the exercise price for all outstanding exercisable and unexercisable options for which the exercise price is less than such closing price.

COMMON STOCK PRICE PERFORMANCE GRAPH

The graph below shows a comparison of the cumulative return over the last five fiscal years had $100 been invested at the close of business on July 31, 1994, in each of Brady Corporation Class A Common Stock, the Standard & Poor's (S&P) 500 Index and the Russell 2000 Index. Prior year graphs compared Brady's performance to the S&P 500 and the National Association of Securities Dealers' Automated Quotation System (NASDAQ) United States Index. In May 1999, Brady listed on the New York Stock Exchange making the comparison to a NASDAQ index obsolete.

COMPARISON OF FIVE YEAR CUMULATIVE TOTAL
RETURN BRADY CORPORATION VERSUS PUBLISHED INDICES
(S&P 500 AND RUSSELL 2000)
FISCAL YEAR ENDING JULY 31,

	BRADY	S&P 500	RUSSELL 2000	NASDAQ-US
F94	100.00	100.00	100.00	100.00
F95	152.00	123.00	123.00	140.00
F96	142.00	140.00	129.00	153.00
F97	195.00	208.00	170.00	226.00
F98	141.00	245.00	172.00	266.00
F99	236.00	290.00	182.00	380.00

	1994	1995	1996	1997	1998	1999
Brady	$100	$152	$142	$195	$141	$236
S&P 500	$100	$123	$140	$208	$245	$290
RUSSELL 2000	$100	$123	$129	$170	$172	$182
NASDAQ -- US	$100	$140	$153	$226	$266	$380

COMPENSATION OF DIRECTORS

Each director who is also an employee of the Company receives no additional compensation for service on the Board or on any committee of the Board. Directors who are not also employees of the Company receive an annual retainer of $15,000 in addition to $1,250 plus expenses for each meeting of the Board or any committee thereof which they attend.

TERMINATION OF EMPLOYMENT AND CHANGE IN CONTROL ARRANGEMENTS

In May 1997, the Board approved Change in Control Agreements for certain of its executive officers including Mrs. Hudson, Messrs. Fisk, Schroeder, Hawke and Jaehnert. The agreements call for payment of an amount equal to two times the annual salary for Mrs. Hudson and Messrs. Fisk, Schroeder and Hawke, and payment of one time his annual salary for Mr. Jaehnert in the event of termination or resignation upon a change of control. The agreements also call for reimbursement of any excise taxes imposed and up to $25,000 of attorney fees to enforce the executive's rights under the agreement. Payments under the agreements will be spread over two years for Mrs. Hudson and Messrs. Fisk, Schroeder and Hawke, and over one year for Mr. Jaehnert. In August 1998, the Board amended the Change in Control Agreement for Mr. Jaehnert to call for payment of an amount equal to two times his annual salary in the event of termination or resignation upon a change in control with payments spread over two years.

In May 1997, the Company created a Supplemental Executive Retirement Plan (SERP) for Mr. Fisk. The Plan calls for the Company to credit a deferred compensation account with $200,000 on August 1 of each year beginning August 1, 1997, to and including August 1, 2001, provided Mr. Fisk is employed by the Company as of each of those dates. Interest accrues on the balance in the account at the prime rate in effect on August 1 of each year, but not less than 6% nor more than 10% per annum.

The Company is required to pay Mr. Fisk the balance in the account over a ten year period beginning on August 1 of the year following his termination of employment with the Company. The first payment, and the nine succeeding payments, will equal one-tenth of the balance in the account. Succeeding payments will include interest credited to the account in the interim. The Company may make payments in some other manner provided the payments are neither smaller nor extend beyond such ten year period.

In fiscal 1994 the Company created a Supplemental Executive Retirement Plan (SERP) for Mrs. Hudson. The stated amount of the Plan at January 1, 1999, was $500,000. The Company credited a deferred compensation account with the net present value of the stated amount in January 1994. The account is credited annually with the current year's increase in the net present value calculation. After January 1, 1999, interest accrues quarterly on the balance in the account at the prime rate in effect at the end of each calendar quarter.

The Company is required to pay Mrs. Hudson the balance in the account over a ten year period beginning January 2009. The first payment will be one-tenth of the balance in the account; the second one-ninth; and so on.

In the event of a change in control of the Company, Mrs. Hudson's SERP may accelerate and become payable in 30 days.

RESTRICTED STOCK

In August 1997, the Company granted restricted stock awards to certain key executives. Mrs. Hudson was awarded 50,000 shares of authorized, but unissued, Class A Common Stock and Messrs. Fisk, Schroeder and Hawke were awarded 25,000 shares each of authorized but unissued Class A Common Stock. The restricted stock awards granted Mrs. Hudson and Mr. Fisk vest on August 1, 2002. The restricted stock awards granted Mr. Schroeder and Mr. Hawke vest 75% on August 1, 2002, with the remaining 25% vesting on August 1, 2003. The executives have the right to receive any cash dividends payable on these shares.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

During fiscal 1999, the Board's Compensation Committee was composed of Messrs. Bemis and Peirce. Mr. Lettenberger serves as a nonvoting advisor to the Committee. None of these persons has at any time been an employee of the Company or any of its subsidiaries, although Mr. Lettenberger has been and remains Secretary of the Company. Mr. Lettenberger is a partner of Quarles & Brady, which is general counsel to the Company. There are no other relationships among the Company's executive officers, members of the Compensation Committee or entities whose executives serve on the Board that require disclosure under applicable SEC regulations.

PROFIT SHARING AND EMPLOYEE THRIFT PLAN

Substantially all Brady employees in the United States and certain expatriate employees working for its international subsidiaries are eligible to participate in the Company's Money Purchase and Employee Thrift Plan (the "BradyGold Plan"). Under this plan the Company agrees to contribute certain amounts to the BradyGold Plan to the extent of current earnings and profits, or, under certain circumstances, accumulated earnings of the Company. Under the BradyGold Plan, the Company first contributes 4% of the eligible earnings of each person covered by the BradyGold Plan. In addition, participants may elect to have their annual pay reduced by up to 4% and have the amount of this reduction contributed to the BradyGold Plan by the Company and matched by an additional, equal contribution by the Company. Participants may also elect to have up to another 4% of their eligible earnings contributed to the BradyGold Plan (without an additional matching contribution by the Company). The assets of the BradyGold Plan credited to each participant are invested by the BradyGold Plan trustee as directed in several investment funds as permitted by the BradyGold Plan. The annual contributions and forfeitures allocated to any participant under all defined contribution plans may not exceed the lesser of $30,000 or 25% of the participant's base compensation and bonuses. Benefits are generally payable upon the death, disability, or retirement of the participant or upon termination of employment before retirement, although benefits may also be withdrawn from the BradyGold Plan and paid to the participant if required for certain emergencies. Under certain specified circumstances, the BradyGold Plan allows loans to be drawn on a participant's account. The participant is immediately fully vested with respect to the contributions attributable to reductions in pay; all other contributions become fully vested after five years of service.

DEFERRED COMPENSATION ARRANGEMENTS

During fiscal 1998, the Company adopted a new deferred compensation plan whereby directors, executive officers, corporate staff officers and certain key management employees of the Company are permitted to defer portions of their fees, salary and bonus and to invest the deferred amounts in shares of the Company's Class A Common Stock. Participants in the old deferred compensation plan were allowed to convert their balances in the old plan to this new plan. The conversion to the new plan was funded by the issuance of 372,728 shares of Class A Common Stock to a Rabbi Trust (the "Trust") in November 1997. All deferrals into the new plan result in purchases of existing Class A Common Stock by the Trust. No deferrals are allowed into the old plan.

Upon the retirement, disability, or death of participant, the Company is required under the new plan to pay, each year for a period of ten years, a portion of the shares held in the participant's name by the Trust. The first payment must be one-tenth of the number of shares held; the second one-ninth; and so on, with the number of shares held in the Trust reduced by each payment.

If the participant's employment ends for reasons other than retirement, disability or death, the shares held by the Trust in the participant's name will be distributed over a period of ten years. At the request of the participant, the Company may make distributions in larger installments or in a lump sum or other basis.

In the old deferred compensation plan, directors, executive officers, corporate staff officers and certain key management employees of the Company were permitted to defer portions of their fees, salary and bonus and to invest the deferred amounts in "phantom stock" of the Company. "Phantom Stock" is not actual stock or rights to acquire stock in the Company, but it gives participants the right to share in increases in book value (as defined) of the common stock. At the end of each fiscal year, the deferred compensation balance (with interest) is credited to the purchase of phantom common stock at the then book value of the common stock of the Company, and is thereafter adjusted to reflect stock dividends and other dividends or distributions on the Company's Class A Common Stock. No new deferrals are allowed into this old deferred compensation plan. Upon the retirement, disability, or death of participant, the Company is required to pay, each year for a period of ten years, a portion of the book value of the phantom stock determined by the book value of the corresponding number of common shares as of the end of each fiscal year. The first payment must be one-tenth of the book value; the second one-ninth; and so on, with the number of phantom shares reduced by the equivalent in book value of each payment. At the request of the participant, the Company may make payments in larger installments or in a lump sum on a discounted or other basis.

All current directors and executives converted their balances to the new deferred compensation plan. Certain retired participants elected not to transfer their balances into the new plan. They were allowed to remain in the old deferred compensation plan until the end of fiscal 2002. At that point the old plan will terminate and participant's balances will earn simple interest at a rate equal to the yield on a 30-year U.S. Treasury Bond.

COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION

The Company's Compensation Committee (the "Committee") is composed entirely of outside directors and is responsible for considering and approving compensation arrangements for senior management of the Company, including the Company's executive officers and the chief executive officer. It is the philosophy of the Committee to establish a total executive compensation program which is competitive with a broad range of companies that it considers to be of comparable size and complexity.

The primary components of the Company's executive compensation program are (i) base salary, (ii) annual shareholder value enhancement plan cash bonuses and (iii) long term incentive compensation in the form of stock options and/or restricted stock. These are designed to align shareholder and management interests, to balance the achievement of annual performance targets with actions that focus on the long-term success of the Company, and to attract, motivate and retain key executives who are important to the continued success of the Company. Decisions made by the Committee relating to the base salary compensation and the annual cash incentive compensation plan are reviewed and approved by the full Board of Directors.

THE COMMITTEE BELIEVES THAT:

- The Company's pay levels are appropriately targeted to attract and retain key executives;

- The Company's incentive plan provides strong incentives for management to increase shareholder value; and

- The Company's total executive compensation program is a cost-effective strategy to increase shareholder value.

Base Salary

Consistent with the Committee's philosophy, base salaries are generally maintained at or modestly above competitive base salary levels. Competitive salary level is defined as the average base salary for similar responsibilities in a group of companies selected by the Committee that the Committee considers to be of comparable size and complexity. In setting base salaries for fiscal 1999, the Committee reviewed compensation survey data and was satisfied that the base salary levels set would achieve the Company's objectives. Specific increases reflect the Committee's subjective evaluation of individual performance.

Annual Shareholder Value Enhancement Plan

The shareholder value enhancement plan (the "Bonus Plan") provides for the annual payment of cash bonuses. When viewed together with the Company's base salary, the purpose of the Bonus Plan is to provide a balance between fixed compensation and variable, results-oriented compensation. The Bonus Plan is 90% objective. It stresses maximization of Company profitability and increasing shareholder value.

Stock Options

In May 1997, the Company approved the Brady Corporation 1997 Omnibus Incentive Stock Plan and the Brady Corporation 1997 Nonqualified Stock Option Plan for Non-Employee Directors (the "Option Plans") under which 2,000,000 shares and 125,000 shares, respectively, of Class A Common Stock are available for grant. In 1989 the Board approved the Brady Corporation 1989 Non-Qualified Stock Option Plan (the "Option Plan") under which 1,500,000 shares of Class A Common Stock were available for grant. The Option Plans assist directors, executive officers, corporate staff officers and key management employees in becoming shareholders with an important stake in the Company's future, aligning their personal financial interest with that of all shareholders. Stock options are typically granted annually and have a term of ten years. Generally, the options become one-third exercisable one year after the date of the grant and one-third additional in each of the succeeding two years so that at the end of three years after the date of the grant they are fully exercisable. All grants under the Option Plans are at market price on the date of the grant.

Compliance with Tax Regulations Regarding Executive Compensation

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

Compensation of the Chief Executive Officer

Mrs. Hudson received $441,577 in base salary in fiscal 1999, a decrease of 2% from the prior year's base salary (the result of 26 pay periods in fiscal 1999 versus 27 in fiscal 1998). She was paid a bonus attributable to fiscal 1999 of $529,892, a increase of 179%, or $339,747, from the prior year's bonus. The bonus was determined in accordance with the Company's objective Bonus Plan, discussed above. Mrs. Hudson's compensation reflects:

(i) an increase of 20%, or $6,415,000, in profits (after removing the effects of the nonrecurring items) and 3.5% in sales over similar amounts from the prior year; an increase of 71%, from $20.50 to $35.00, in the Company's stock price

(ii) the successful acquisitions of VEB Sistemas de Etiquetas Ltda., Barcodes West Inc., Visi Sign Pty. Ltd., Holman Groupe S.A. and the graphics division of SOFT S.A. this year and the integration of last year's acquisitions Techniques Avancees and GrafTek

(iii) continued improvement in asset utilization (a 2% reduction in inventory despite the 4% increase in sales)

(iv) continued efforts to focus the Company's resources on sustainable value-enhancing long-term growth

(v) continued improvement in intercompany teamwork.

During fiscal 1999, Mrs. Hudson was awarded options to purchase 34,000 shares of Class A Common Stock.

The Committee believes these awards are consistent with the objectives of the various plans and with the overall compensation policy of the Board of Directors.

* * * * * * * * * * * * * * * * *

The Compensation Committee believes the executive compensation programs and practices described above are competitive. They are designed to provide increased compensation with improved financial results and provide additional opportunity for capital accumulation, but only if shareholder value is increased.

Roger D. Peirce, Chairman
Richard A. Bemis

ITEM 12 SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

(A) Security Ownership of Certain Beneficial Owners

The following table sets forth the current beneficial ownership of shareholders who are known by the Company to own five percent (5%) of any class of the Company's voting shares on September 30, 1999.

TITLE OF CLASS	NAME AND ADDRESS OF BENEFICIAL OWNER	AMOUNT OF BENEFICIAL OWNERSHIP	PERCENT OF OWNERSHIP
Class B Common Stock......................	William H. Brady, Jr.(1) Marital Trust c/o Quarles & Brady Attn: Peter J. Lettenberger 411 East Wisconsin Avenue Milwaukee, WI 53202	1,574,866	89%
	William H. Brady, Jr.(1) Non-QTIP Marital Trust c/o Quarles & Brady Attn: Peter J. Lettenberger 411 East Wisconsin Avenue Milwaukee, WI 53202	194,448	11%

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(1) The trustees of both trusts are Richard A. Bemis, Robert C. Buchanan, Peter J. Lettenberger, Roger D. Peirce and Gary E. Nei, each of whom shares voting and dispositive power. The vested beneficiary was Irene B. Brady, who died March 26, 1998. The contingent remainder beneficiaries are William H. Brady, III and Elizabeth B. Lurie.

(B) SECURITY OWNERSHIP OF MANAGEMENT

The following table sets forth the current beneficial ownership of each class of equity securities of the Company by each Director or Nominee and by all Directors and Officers of the Company as a group as of September 30, 1999. Except as otherwise indicated, all shares are owned directly.

TITLE OF CLASS	NAME OF BENEFICIAL OWNER & NATURE OF BENEFICIAL OWNERSHIP	AMOUNT OF BENEFICIAL OWNERSHIP	PERCENT OF OWNERSHIP
Class A Common Stock.................	Peter J. Lettenberger(1)(2)(3)	2,527,779	12.1%
	Richard A. Bemis(1)(4)	1,782,872	8.5%
	Gary E. Nei(1)(5)	1,778,372	8.5%
	Roger D. Peirce(1)(6)	1,776,872	8.5%
	Robert C. Buchanan(1)(7)	1,775,972	8.5%
	Katherine M. Hudson(8)	255,684	1.2%
	Frank W. Harris	4,867	* %
	Irwin Helford	833	* %
	All Officers and Directors as a Group (15 persons)(9)	3,186,789	15.3%
Class B Common Stock.................	Peter J. Lettenberger(1)	1,769,314	100%
	Richard A. Bemis(1)	1,769,314	100%
	Gary E. Nei(1)	1,769,314	100%
	Roger D. Peirce(1)	1,769,314	100%
	Robert C. Buchanan(1)	1,769,314	100%
	All Officers and Directors as a Group	1,769,314	100%
6% Cumulative Preferred Stock........	Peter J. Lettenberger(1)(2)	2,751	69.1%
	Richard A. Bemis(1)	1,920	48.2%
	Gary E. Nei(1)	1,920	48.2%
	Roger D. Peirce(1)	1,920	48.2%
	Robert C. Buchanan(1)	1,920	48.2%
	All Officers and Directors as a Group	2,751	69.1%
10% Cumulative 1979 Series Preferred Stock..............................	Peter J. Lettenberger(2)	5,529	25.2%
	All Officers and Directors as a Group	5,529	25.2%
6% Cumulative 1972 Series Preferred Stock..............................	Peter J. Lettenberger(2)	2,600	100%
	All Officers and Directors as a Group(2)	2,600	100%

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* Indicates less than one-tenth of one percent

(1) The amount shown includes shares held directly by the William H. Brady, Jr. Marital Trust (the "Marital Trust") and the William H. Brady Jr. Non-QTIP Marital Trust (the "Non-Q-TIP Trust") (collectively, the "Trusts"). The Marital Trust owns 1,771,538 shares of Class A Common Stock, 1,574,866 shares of Class B Common Stock, and 1,709 shares of 6% Cumulative Preferred Stock. The Non-QTIP Trust owns 194,448 shares of Class B Common Stock and 211 shares of 6% Cumulative Preferred Stock. The Trustees of both Trusts are Richard A. Bemis, Robert C. Buchanan, Peter J. Lettenberger, Gary E. Nei and Roger D. Peirce, each of whom shares voting and dispositive power.

(2) Peter J. Lettenberger is a director of the W.H. Brady Foundation, Inc. (the "Foundation") which owns 5,529 shares of the 1979 Series 10% Cumulative Preferred Stock, 763 shares of the 6% Cumulative Preferred Stock and 2,600 shares of the 6% Cumulative Preferred Stock, 1972 Series. Mr. Lettenberger is also a trustee of the Irene B. Brady Revocable Trust of 1986 (the "1986 Trust"), which owns 748,718 shares of Class A Common Stock and 68 shares of 6% Cumulative Preferred Stock. He disclaims beneficial ownership of shares held by the Foundation and the 1986 Trust.

(3) In addition to shares beneficially owned as a trustee of the Trusts and the 1986 Trust and as a director of the Foundation, Mr. Lettenberger owns directly 5,189 shares of Class A Common Stock and holds vested options to acquire an additional 2,334 shares of Class A Common Stock.

(4) In addition to shares beneficially owned as a trustee of the Trusts, Mr. Bemis owns 9,000 shares of Class A Common Stock directly and holds vested options to acquire an additional 2,334 shares of Class A Common Stock.

(5) In addition to shares beneficially owned as a trustee of the Trusts, Mr. Nei owns 4,500 shares of Class A Common Stock directly and holds vested options to acquire an additional 2,334 shares of Class A Common Stock.

(6) In addition to shares beneficially owned as a trustee of the Trusts, Mr. Peirce owns 1,500 shares of Class A Common Stock directly, 1,500 shares through his Keogh plan and holds vested options to acquire an additional 2,334 shares of Class A Common Stock.

(7) In addition to shares beneficially owned as a trustee of the Trusts, Mr. Buchanan owns 600 shares of Class A Common Stock directly, 1,500 additional shares through his Keogh plan and holds vested options to acquire an additional 2,334 shares of Class A Common Stock.

(8) Mrs. Hudson owns 57,351 shares of Class A Common Stock directly and holds vested options to acquire an additional 198,333 shares of Class A Common Stock.

(9) The amount shown for all officers and directors as a group (15 persons) includes options to acquire a total of 467,255 shares of Class A Common Stock which are currently exercisable or will be exercisable within 60 days of September 30, 1999. It does not include other options for Class A Common Stock which have been granted at later dates.

(C) Changes in Control

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

ITEM 13 CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

None.

PART IV

ITEM 14 EXHIBITS, FINANCIAL STATEMENT SCHEDULE, AND REPORTS ON FORM 8-K

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

1) The consolidated financial statements, together with the Independent Auditors' Report thereon of Deloitte & Touche LLP, presented on Pages 35 through 50 of the Company's 1999 Annual Report is incorporated herein by reference.

2) Consolidated Financial Statement Schedule --

Schedule II Valuation and Qualifying Accounts

Independent Auditors' Report on Financial Statement Schedule

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

3) Exhibits -- See Exhibit Index at page IV-2 of this Form 10-K.

(b) Reports on Form 8-K.

None

EXHIBIT INDEX

EXHIBIT NUMBER	DESCRIPTION
3.1	Restated Articles of Incorporation of Brady Corporation(1)
3.2	By-laws of Brady Corporation, as amended(2)
10.2	Brady Corporation BradyGold Plan, as amended(2)
10.3	Executive Additional Compensation Plan, as amended(2)
10.4	Form of Executive's Deferred Compensation Agreement, as amended(2)
10.5	Forms of Director's Deferred Compensation Agreement, as amended(2)
10.6	Brady Corporation 1989 Non-Qualified Stock Option Plan(4)
10.7	Shareholder Value Enhancement (SVE) Plan(6)
10.9	Brady Corporation Automatic Dividend Reinvestment Plan(4)
10.10	Supplemental Executive Retirement Plan between Brady Corporation and Katherine M. Hudson(5)
10.12	Brady Corporation 1997 Omnibus Incentive Stock Plan(7)
10.13	Brady Corporation 1997 Nonqualified Stock Option Plan for Non-Employee Directors(7)
10.14	Change of Control Agreement dated May 13, 1997 between Brady Corporation and Katherine M. Hudson(7)
10.15	Change of Control Agreement dated May 13, 1997 between Brady Corporation and David W. Schroeder(7)
10.16	Change of Control Agreement dated May 13, 1997 between Brady Corporation and Richard L. Fisk(7)
10.17	Change of Control Agreement dated May 13, 1997 between Brady Corporation and David R. Hawke(7)
10.19	Supplemental Executive Retirement Plan dated May 14, 1997 between Brady Corporation and Richard L. Fisk(7)
10.20	Restricted Stock Agreement dated August 1, 1997 between Brady Corporation and Katherine M. Hudson(8)
10.21	Restricted Stock Agreement dated August 1, 1997 between Brady Corporation and Richard L. Fisk(8)
10.22	Restricted Stock Agreement dated August 1, 1997 between Brady Corporation and David W. Schroeder(8)
10.23	Restricted Stock Agreement dated August 1, 1997 between Brady Corporation and David R. Hawke(8)
10.24	Amendment to Change of Control Agreement dated August 1, 1998 between Brady Corporation and Frank M. Jaehnert
13.1	Annual Report to Shareholders for year ended July 31, 1999
18.1	Letter regarding change in accounting method(3)
21.1	Subsidiaries of Brady Corporation
23.1	Consent of Deloitte & Touche LLP, Independent Auditor
27.1	Financial Data Schedule

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(1) Incorporated by reference to Registrant's Registration Statement No. 333-04155 on Form S-3
(2) Incorporated by reference to Registrant's Annual Report on Form 10-K for the fiscal year ended July 31, 1989
(3) Incorporated by reference to Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended January 31, 1989
(4) Incorporated by reference to Registrant's Annual Report on form 10-K for the fiscal year ended July 31, 1992
(5) Incorporated by reference to Registrant's Annual Report on Form 10-K for the fiscal year ended July 31, 1994
(6) Incorporated by reference to Registrant's Annual Report on Form 10-K for the fiscal year ended July 31, 1995
(7) Incorporated by reference to Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended April 30, 1997
(8) Incorporated by reference to Registrant's Annual Report on Form 10-K for the fiscal year ended July 31, 1997

BRADY CORPORATION AND SUBSIDIARIES

SCHEDULE II -- VALUATION AND QUALIFYING ACCOUNTS

	YEAR ENDED JULY 31,		
	1999	1998	1997
	(DOLLARS IN THOUSANDS)		
DESCRIPTION			
Valuation accounts deducted in balance sheet from assets to which they apply --			
Accounts receivable -- allowance for losses:			
Balances at beginning of period	$2,011	$ 2,241	$1,992
Additions -- Charged to expense	966	970	663
Due to acquired businesses	97	64	87
Deductions -- Bad debts written off, net of recoveries	(735)	(1,264)	(501)
Balances at end of period	$2,339	$ 2,011	$2,241

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders of
Brady Corporation:

We have audited the consolidated financial statements of Brady Corporation and subsidiaries as of July 31, 1999 and 1998 and for each of the three years in the period ended July 31, 1999, and have issued our report thereon dated September 23, 1999; such consolidated financial statements and report are included in your 1999 Annual Report to Stockholders and are incorporated herein by reference. Our audits also included the consolidated financial statement schedule of Brady Corporation and subsidiaries, listed in Item 14. The consolidated financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, such consolidated financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

/s/ Deloitte & Touche LLP
Milwaukee, Wisconsin
September 23, 1999

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized this twenty-second day of October, 1999.

BRADY CORPORATION

By /s/ F. M. JAEHNERT

F. M. Jaehnert
Vice President & Chief Financial Officer
(Principal Accounting Officer)
(Principal Financial Officer)

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

/s/ K. M. HUDSON K. M. Hudson	President and Director (Principal Executive Officer)	October 22, 1999
/s/ P. J. LETTENBERGER P. J. Lettenberger	Director	October 22, 1999
/s/ R. A. BEMIS R. A. Bemis	Director	October 22, 1999
F. W. Harris	Director	
/s/ R. C. BUCHANAN R. C. Buchanan	Director	October 22, 1999
/s/ R. D. PEIRCE R. D. Peirce	Director	October 22, 1999
/s/ G. E. NEI G. E. Nei	Director	October 22, 1999
/s/ I. HELFORD I. Helford	Director	October 22, 1999

Brady Corporation 1999 Annual Report

[2 BAR CHARTS]

Net Sales
In millions

94	256
95	314
96	360
97	426
98	455
99	471

Sales increased at a compound annual growth rate of 13 percent.

Net Income
In millions

94	19
95	28
96	28
97	32
98	33*
99	39*

Net income increased at a compound annual growth rate of 16 percent *excluding nonrecurring items

15-Year Cumulative Return
at July 31 with dividends reinvested
in dollars

[LINE GRAPH]

Since going public in 1984, Brady has averaged 18-percent per year growth in total return to shareholders, often outperforming market indices including the S&P 500.

1999 Highlights

Fiscal year ended July 31, 1999

Net income increased 41 percent over reported 1998 net income and 20 percent over 1998 net income, excluding nonrecurring items.

Net sales increased 4 percent over 1998 sales and showed improved momentum in the fourth quarter.

Brady stock ended the year at $35, representing a market capitalization of $791 million.

Total shareholder return over the last five years increased at a compound annual growth rate of 19 percent.

Brady ended the year with cash reserves of nearly $76 million and virtually no debt, even after making several acquisitions.

Financial Highlights

(Dollars in Thousands, Except Per Share Amounts)	July 31, 1999	July 31, 1998	Percent Increase (Decrease)
Net sales	$470,862	$455,150	3.5
Income before income taxes	$64,782	$46,165	40.3
Pre-tax profit margin	13.8%	10.1%	
Net income	$39,584	$28,036	41.2
After-tax profit margin	8.4%	6.2%	
Return on average stockholders' investment	16.0%	12.7%	
Net income per Common Share (diluted)			
Class A Nonvoting	$1.73	$1.23	
Class B Voting	$1.70	$1.20	
Working capital	$129,884	$125,386	3.6
Stockholders' investment	$260,564	$233,373	11.7
Research and development	$17,724	$20,287	(12.6)
Capital expenditures	$9,889	$17,189	(42.5)
Depreciation and amortization	$15,149	$13,288	14.0

Key Data

Dividend yield	1.8%	2.9%
Trailing P/E ratio	20.2	16.7
Current ratio	2.8	3.1
Book value/share	$11.52	$10.37
Weighted average shares outstanding (diluted)	22,682,970	22,601,925

President's Letter to Shareholders

[PHOTO]

Katherine M. Hudson
President and
Chief Executive Officer

Dear Fellow Shareholder:

"Brady achieved record sales and earnings in fiscal 1999. Net income grew at a strong double-digit rate to $39.6 million or $1.73 per share."

Fiscal 1999 was a challenging but good year for our Company. Despite facing economic weakness in Asia and industrial markets in the United States, and our discontinuance of some product lines, Brady Corporation achieved record sales and earnings in our fiscal year ended July 31, 1999.

Sales for fiscal 1999 were $470.9 million, up 3.5 percent from fiscal 1998 sales of $455.2 million. Sales from U.S. operations rose 1.6 percent in the year, while sales from international operations increased 5.9 percent.

We were pleased to see improved growth momentum in the fourth quarter, with sales up 5.6 percent over sales in the fourth quarter of 1998. Electronics as well as telecommunications markets were stronger in the quarter, while industrial market segments continued to be sluggish. We also benefited from acquisitions we made in the year as well as double-digit sales growth in the Asia-Pacific region.

We are especially pleased with the strong profitability we achieved in fiscal 1999. The cost controls we initiated early in the year, which included the elimination of 200 positions at Brady, realigned our cost structure and refocused us on the most value-adding activities. Brady people around the world work to control costs and improve efficiency while providing the highest quality and service to our customers. As a result, our operating margin exceeded 13 percent and we achieved net income of more than 8 percent of sales in 1999, up solidly from traditional Brady margins.

Net income in fiscal 1999 was $39.6 million or $1.73 per diluted Class A Common Share, an increase of 41.2 percent from the $28.0 million or $1.23 per share we reported in fiscal 1998. Excluding the $4.8 million in one-time charges we took in fiscal 1998 for our cost-control program, and a one-time credit of $0.6 million in fiscal 1999, net income rose 19.6 percent in fiscal 1999 over the $32.8 million of fiscal 1998. A favorable product mix in 1999 included strong sales of proprietary Brady printing systems, software and high-performance materials.

Our 1999 financial results translate into double-digit compound annual growth rates for sales and net income. For the 1994 to 1999 period, Brady sales have compounded at 13.0 percent a year and net income compounded at 16.4 percent a year.

[2 BAR CHARTS]

Operating Margin

Operating income, excluding nonrecurring items, as % of sales

94	11.5
95	12.9
96	11.4
97	12.2
98	11.7
99	13.4

Net Margin

Net income, excluding nonrecurring items, as % of sales

94	7.2
95	8.6
96	7.5
97	7.7
98	7.2
99	8.3

Fiscal 1999 marked another consecutive year of positive shareholder value enhancement (SVE) or economic value added, where we have achieved a return higher than our cost of capital of 12.5 percent. And, based on Brady's stock price at year end (July 31, 1999), the cumulative total return to shareholders compounded at 19 percent a year for the 1994 to 1999 period, with dividends reinvested.

With the high quality of Brady's earnings and strong cash flow, we have the financial strength to continue to invest in areas driving long-term growth and shareholder value enhancement. As of July 31, Brady had $75.5 million in cash on the balance sheet and long-term debt of $1.4 million.

In addition to the strong financial performance this year, we made solid progress in our growth strategies of new products, acquisitions, geographic expansion, and increased market penetration.

New Products.

We continued to emphasize new products, investing $17.7 million or 3.8 percent of sales in research and development. Brady engineers, chemists and material scientists worked to develop new printing and data-collection systems, software, and high-performance materials to meet the evolving needs of customers around the world.

During the year we launched some exciting new products, including three hand-held printers. The Identification Solutions & Specialty Tapes Group introduced the TLS2200(tm) Thermal Labeling System, a hand-held, thermal-transfer printer for making bar-code and human-readable labels for telecommunications, electrical and electronics markets. The Graphics Group introduced the HandiMark(tm) Portable Label Maker for do-it-yourself warning labels, pipe markers and other facility-identification uses and the Merlin(r)II Portable Labeling System for architectural, engineering and office use. Designed for different applications, the three printers have a common platform designed by shared research and development resources, saving the Company more than $2 million in development costs. In addition to having preprogrammed symbols, a wide choice of language options, and the versatility to use a broad variety of proprietary Brady materials, the systems incorporate Brady's "smart cell" technology. Located on the inside core of Brady consumables for these printers, a smart-cell computer chip tells the printer everything it needs to know about the label material, and it automatically sets all printer parameters including text size, margins and burn temperature for the highest quality in printing.

We expanded our printer portfolio with the Bradyprinter(tm) Model 600 X-Plus Labeling System, a thermal-transfer printer offering the highest print resolution available in the industry for increased legibility of even the smallest type sizes. The system helps companies place more data onto smaller surface areas in their labeling.

We also launched the PAM 6000, the newest addition to our series of printer applicator machines for the electronics manufacturing industry. The system provides companies increased speed and flexibility as it prints, applies and scans two labels of different sizes and materials simultaneously. Brady's PAM systems are used in applications such as printed circuit board manufacturing lines.

Software development remains an area of growth for Brady. This year we introduced new software packages including MarkWare(tm) Facility Identification Software, a comprehensive package with ready-to-go label, sign and tag templates that allow for fast customization of visual warning and identification signage. MarkWare(tm) software is compatible with Brady thermal-transfer printers, as well as ink-jet and laser-jet printers connected to a personal computer.

We also launched several new Brady materials including Brady Clean ID(tm) Labels manufactured in a Class-100 clean environment from a unique Brady material providing low residue and particulate-free labels for the computer disk drive, semiconductor and medical industries; heavy-duty tire identification labels which retain bar-code readability even after exposure to the extreme heat and vulcanization process used in tire manufacturing; Mondo Bondo(tm) high-adhesion labels designed to adhere to a wide range of industrial surfaces from textured metal to ultra-smooth plastics; a new line of solder-resistant labels for the printed circuit board industry; new Duraguard(r) property identification labels including bar codes, and/or sequential or non-sequential numbering; special die-cut adhesive materials for new super-capacity computer disks used for storing data and images from digital cameras and other devices; and new safety labels and signs to comply with the American National Standards Institute (ANSI) recommended standards.

Other new identification solutions introduced in 1999 included WavePoint(tm) Read/Write Radio Frequency Identification tags and readers designed to meet a variety of industrial applications in harsh and volatile environments.

Acquisitions.

We acquired several companies during the year, with annual revenues ranging from $1.5 million to $10 million. We acquired Brazil's leading manufacturer of industrial labels and supplier of identification systems, VEB Sistemas de Etiquetas Ltda. in Sao Paulo, Brazil. We acquired label manufacturer and software and service provider Barcodes West Inc. of Seattle, Washington, to strengthen our position as a leading provider of identification solutions in the automatic identification and data collection (AIDC) market. We acquired Visi Sign Pty. Ltd. of Victoria, Australia, a maker of signs and other identification products; Holman Groupe S.A., of Rungis, France, a leading European provider of AIDC products and services; and the graphics division of SOFT S.A. in Lyon, France, which develops and distributes printing systems throughout Europe.

Geographic expansion.

We opened an operation in Mexico City, Mexico, as well as a Seton-U.S. California distribution center to improve service to the western United States. With our acquisition of VEB in August 1998, we added a manufacturing base in Latin America - one that we are now in the process of expanding.

Doing more where we are.

Brady teams around the world worked hard in 1999 to improve operational capabilities in support of long-term growth and shareholder-value-enhancement objectives. We expanded our international manufacturing capabilities with the installation of new equipment in Belgium and other countries for increased capacity and shorter lead times.

Around the world, we also continue to do more via the Internet. A new corporate Web site at www.bradycorp.com was launched using categorically arranged links to provide easy access to information about Brady's products, people, news and investor information. Seton-U.K. and Seton-U.S. unveiled dynamic new Web sites that offers customers full on-line ordering of health, safety and facility identification products.

Another highlight of 1999 was the listing of Brady stock on the New York Stock Exchange on May 18, 1999. Brady stock had been trading on the Nasdaq Stock Market since our initial public offering in 1984. We moved to the NYSE to increase liquidity and reduce trading volatility of Brady stock, and to help ensure that investors buying or selling Brady stock receive the best price and execution possible. Being listed on the world's premier exchange also improves Brady's visibility both on Wall Street and in international markets. We're pleased to report that we've seen benefits on all these fronts.

Going forward.

Our major initiatives as we look to a new century are productivity, growth and innovation.

In the area of productivity, we are working on major process improvements to enhance our customer service and our competitive position. These projects will reduce cycle time, lower inventory and enhance our ability to provide friendly and flawless service to customers around the world. Some of the tools we will be implementing include Six Sigma process-improvement programs and the Visually Instructive Plant(tm) (VIP). VIP is also a service that Brady's Signmark(r) Division is offering our customers. VIP helps organize a facility for improved performance with the extensive use of signs and labeling. With VIP, employees can see at a glance where things are, how machines should be operated and when hazardous conditions may be present.

We are continuing our strategies for growth with increased emphasis on being market driven. Our focus will be to increase our own business by improving the value that we add to our customers' businesses. That means complete solutions, customized for customers' unique requirements and delivered rapidly anywhere in the world.

Our quest for appropriate, value-adding acquisitions will continue, as will our geographic expansion in areas including Asia and Latin America. In fact, we are adding a manufacturing operation in Wuxi, China, in 2000 to grow the business and better serve customers in the region.

We'll continue to invest approximately 4 percent of revenues in research and development. In addition to proprietary new materials, we expect to add to our family of printing systems and to develop exciting new software and services that will keep Brady as the partner of choice for our customers for increasing safety, security, productivity and performance.

Fiscal 1999 was a very challenging year. We began the year in the throes of the Asian economic crisis and the slowdown of industrial sectors. However, we ended the year with increasing momentum in sales growth and strong performance in profitability. These results are a tribute to Brady people around the world who pulled together to continue improving service and quality while controlling costs with a high degree of discipline and energy. It was a year of hard work in challenging times by a very dedicated Brady team.

The same team will be diligent in fiscal 2000 and beyond in working for revenue growth, cost control and resource utilization to deliver value to customers and to you our shareholder.

Thank you for your support.

Katherine M. Hudson
President & Chief Executive Officer

1999 Highlights

August 1998
Brady acquires industrial label manufacturer and supplier of identification systems VEB Sistemas de Etiquetas Ltda., Sao Paulo, Brazil.

September 1998
Brady introduces the "next generation" in thermal-transfer printers - the TLS2200(tm)and the HandiMark(tm) printing systems.

September 1998
Brady establishes operations in Mexico City, Mexico.

December 1998
Brady sells its nameplate manufacturing operation in Canada.

January 1999
Seton opens a distribution center in California to provide rapid service to companies in the western United States.

January 1999
Brady's business in Canada joins other Brady operations in being certified to the ISO 9000 series.

March 1999
Brady acquires label manufacturer and software and service provider Barcodes West Inc., Seattle, Washington.

May 1999 Brady expands its presence in Australia with the acquisition of sign and identification products manufacturer Visi Sign Pty. Ltd., Victoria, Australia.

May 1999
Brady moves trading of its stock to the New York Stock Exchange under the symbol BRC.

July 1999
Brady acquires the graphics division of SOFT S.A., Lyon, France, a printing-system developer and distributor with sales offices in France, Germany and Spain.

July 1999
Brady acquires Holman Groupe S.A., Rungis, France, a leading European provider of automatic identification and data collection products and services.

July 1999
Brady stock ends the fiscal year at a price of $35 per share.

Business Profiles

Brady has operations in 20 countries and reaches more than 70 countries through distribution and direct-marketing efforts. The Company's businesses are organized in three global groups.

[3 PIE CHARTS]

1999 Sales by Region
United States 55%
Europe 32%
Asia Pacific 7%
Canada & Latin America 6%

1999 Sales by Business Segments
Identification Solutions & Specialty Tapes 40%
Direct Marketing 34%
Graphics 26%

Markets Brady Serves
Manufacturing
  Electrical
  Chemical, Pharmaceutical,Pulp & Paper
  Transportation Equipment
  Other Manufacturing
Telecommunication
Electronic & Computer
Construction
Healthcare & Other Services
Retail & Wholesale Trade
Government & Education
Other

Brady's identification and materials solutions are used in a variety of markets.

Identification Solutions & Specialty Tapes

The world's leading manufacturers use Brady identification solutions to increase efficiency, productivity and quality.

Operations and Products:

Identification Solutions: products for wire and cable marking; custom preprinted and blank labels; portable printing systems, software and accessories for on-site identification solutions; and label-printing and application equipment.

Software Solutions: automatic identification and data-collection systems; radio-frequency tags and scanners; and custom-designed information- and asset-management software and services.

Specialty Tapes: custom die-cut or slit materials for use in a wide range of devices such as computer disk drives, pagers, cellular phones, radios and audio/video cassettes.

Coated Products: high-performance materials using vinyl, polyester, aluminum, copper, tissue and cloth substrates coated with adhesives and/or topcoats.

Key Markets:

electrical, electronic, telecommunication, computer, warehousing, automotive, aerospace, and other manufacturing industries.

1999 Highlights:

- - Introduced the TLS2200(tm) Thermal Labeling System, heralded as the "next generation" in portable label-printing technology; new high-performance label solutions for clean electronic assembly environments; tire-identification labels; high-adhesion labels for rough surface applications; award-winning automatic identification and data-collection software; and the PAM 6000 dual-head printer applicator machine.
- - Engineered a new process for making precision die-cut adhesives for the cellular phone industry.
- - Acquired VEB Sistemas de Etiquetas Ltda. in Sao Paulo, Brazil; Barcodes West Inc., Seattle, Washington; and Holman Groupe S.A., Rungis, France.
- - Expanded manufacturing capabilities in Europe and sales presence in Asia/Pacific markets and expanded Internet presence with European Web sites.
- - Exited non-core businesses.

2000 Strategic Initiatives:

Expand global manufacturing and sales support infrastructure; develop innovative new materials, printing systems and integrated automatic identification and data-collection systems; use e-business technology to add even more value to distributors and customers.

Graphics

Brady products and services provide visual solutions to make the workplace safer and more productive.

Operations and Products:

Signmark(r): a broad range of visually instructive products including signs, tags, labels, tapes, safety devices, software, and sign- and label-printing systems; as well as consulting and other services to help companies comply with regulations and increase productivity.

Varitronic Systems: labeling and lettering systems; poster printers and laminating equipment to aid in training, education and communication in the classroom and business environments.

Key Markets:

chemical, pulp and paper, automotive and other manufacturing industries, warehousing, construction, training, government, education and legal.

1999 Highlights:

- - Introduced HandiMark(tm) Portable Label Maker and Merlin(r)II Portable Labeling System; MarkWare(tm) Facility Identification Software; and redesigned safety labels and signs for new ANSI standards.
- - Launched Visually Instructive Plant(tm) program to help organize facilities for improved productivity.
- - Acquired Visi Sign Pty. Ltd. of Victoria, Australia, and the graphics division of SOFT S.A., Lyon, France.
- - Received awards including the Customer Focused Quality Award (CFQ1) from W.W. Grainger Inc. for the fifth consecutive year.

2000 Strategic Initiatives:

Develop and introduce innovative solutions to meet customers' needs for productivity as well as safety and security; fully exploit all channels in Europe; expand marketing presence in Asia; capitalize on trends in education in the United States; create closer relationships with customers and distributors through the power of e-business.

Direct Marketing

Offering more than 20,000 products in 15 countries and through the Internet, Brady's Direct Marketing Group is the world's leading provider of safety and facility identification products via direct mail catalogs, telemarketing and interactive Internet sites.

Operations and Products:

Seton, Signals, Raydek and other brands: signs, labels, nameplates, tags, lockout devices, traffic-control products, tapes, pipe and valve markers, letters and numbers, label-printing systems, safety training and awareness products, first-aid products, and general safety products.

Key Markets:

manufacturing, construction, property management, healthcare, education, wholesale trade, finance, insurance, real estate, general maintenance and safety.

1999 Highlights:

- - Introduced new Duraguard(r) Property Identification Tags, manufactured using proprietary equipment and materials to offer custom bar code, sequential or non-sequential numbering and lettering.
- - Established a distribution and manufacturing center in California to serve the western United States.
- - Acquired the name brand Raydek Safety Products in the United Kingdom.
- - Revamped Seton-U.S. and Seton-U.K. Web sites offering full on-line ordering of more than 46,000 products.
- - Expanded sign-manufacturing operations in the United Kingdom to provide 24-hour turnaround of custom signs.

2000 Strategic Initiatives:

Expand geographically, particularly in Asia, by acquiring or establishing additional brands and manufacturing sites; continue emphasis on vertical integration to improve delivery times, reduce freight and duty expenses, improve quality and offset currency fluctuations; introduce proprietary, highly differentiated products globally; build on Internet presence and international infrastructure to provide rapid delivery of short-run customized products.

A Discussion with Hatherine Hudson

Q&A

Brady is Moving Forward

Q: Describe Brady's customer base and channels to market.

Our customer base includes more than 300,000 different companies - Airbus Industrie, Boeing, Ericsson, General Motors, Johnson & Johnson, Lucent, Motorola, Rockwell Automation, Seagate and Siemens, to name a few.

We have multiple channels to market. More than 4,000 distributors - such as W.W. Grainger - sell a wide range of Brady products. Seton, our direct-marketing arm, sells safety and facility identification products to end users via catalogs, telemarketing and the Internet (www.seton.com). We also have a field sales force serving large multinational companies.

Q: What are the Company's competitive advantages?

Our significant expertise in chemistry, materials science, printing systems and software has translated into thousands of high-performance products, including printed circuit board labels and signs in petrochemical plants, where Brady materials withstand chemicals, temperatures above 1,000 degrees Fahrenheit, wave solder baths, vulcanization processes and other harsh conditions.

And with research and development, manufacturing, warehousing, and sales and service operations around the world, we are uniquely positioned to serve the needs of multinational companies with our more than 30,000 stock products or custom solutions delivered fast nearly anywhere in the world.

Q: What is Brady's market position?

Brady is a world leader in safety and facility identification, wire identification, die-cut materials for telecommunication and computer applications, and software for generating bar-code labels, among others. We see significant opportunity for further market penetration and growth for Brady, as markets where we operate are quite fragmented. There is also strong long-term potential for us internationally, especially as developing nations begin to focus more on safety and productivity.

Q: What is your expectation for international growth?

Currently we have operations in 20 countries and about 45 percent of Brady's sales are from international operations. Our international business should grow at a faster rate than our U.S. business as we continue to increase our market penetration in countries where we currently operate and also start up in other countries with greenfield operations, acquisitions or alliances.

Q: What are Brady's goals for the future?

We are focused on value creation for the long term and therefore typically look at things on a rolling five-year basis rather than having a short-term, year-to-year orientation. Our goals are to grow sales at a compound annual growth rate of 15 percent, grow net income at a faster rate than sales, and achieve positive shareholder value enhancement (SVE).

Q: What is SVE?

Shareholder value enhancement is Brady's version of economic value added or EVA. It is a financial measure defined as net operating profit after tax minus (net assets times the cost of capital). SVE helps us measure whether we are providing a sufficient return on our assets - a return that exceeds what investors require for a company with similar investment characteristics. We've been using this measure since 1993 and have consistently achieved a positive return, even at our high cost of capital of 12.5 percent. Throughout the world, Brady managers and employees know that revenue growth, cost control and resource utilization drive SVE, and they have bonus compensation tied to SVE performance.

Q: How have you done in achieving your goals in the last five years?

We have done quite well. We have been successful in creating value for shareholders, with positive SVE every year. And we achieved a compound annual growth rate in net income of 16 percent.

We fell short on our sales-growth goal of 15 percent, achieving a compound annual growth rate of 13 percent in sales for the last five years. While 13 percent is a solid annual growth rate, the miss on the top line was due primarily to the effects of the Asian economic crisis and a slowdown in U.S. industrial markets in 1998 and 1999. We believe that through acquisitions, new product development, geographic expansion and market penetration, Brady has the potential to achieve 15 percent or higher compound annual sales growth over the long term.

Q: What trends will support Brady's drive for double-digit growth?

There are several trends that favor Brady. One is that companies are increasingly striving to improve their quality and efficiency. That bodes well for Brady as a supplier of products and services that help companies increase productivity, performance, safety and security.

As multinational companies seek to trim their number of suppliers, Brady is uniquely positioned to meet companies' identification needs on a global scale.

We also expect that governments in developing countries will increasingly recognize the value of safety devices, warning and instructional signs and labels in helping to improve employee safety and productivity. Brady will be there with the right products, services and solutions.

Through a steady stream of innovative, value-adding products and services, we've typically been able to achieve growth rates above and beyond what the normal industry growth rates are in our markets.

And, finally, the Internet is an exciting avenue for growth. It makes Brady products accessible to many more markets and geographies.

Q: What are you doing in the area of new product development?

We strive to have 25 percent of our sales come from products and services introduced within the last three years. To support this, we invest about 4 percent of our sales in research and development every year. Also we have major initiatives underway to speed our new-product-development process through teamwork across divisions and geographies, use of common platforms in our systems development, and robust project management.

Q: What types of companies do you seek to acquire?

Acquisition candidates include companies that would increase our penetration in current markets and geographies or enable us to take our current product lines into markets that we haven't yet entered. We also look for companies that will bring us new technologies or capabilities, as was the case when we acquired software companies in 1998 and 1999. We look to acquire strong companies, in our current or target markets, that range in size from $10 million to $100 million in annual revenues.

Q: What are you doing in the area of managing and enhancing intellectual assets at your Company?

We ensure we bring in, develop and retain talent to enable us to add value and succeed in a fast-changing marketplace. Brady is most successful when leveraging the creativity and diversity of empowered people across functional, divisional and geographic boundaries. That's why we have built a strong culture at Brady based on teamwork, customer focus, growth, value and honesty. Teams and tools such as collaborative groupware and workflow software enable us to manage and continually build upon the knowledge, best practices and ideas we currently have. And on-site training programs and seminars as well as tuition reimbursement for advanced education help employees continually grow and advance their skills.

As a Company that has a high level of innovation, we protect our intellectual property by patenting some of our developments while holding others as trade secrets.

Q: What do the Internet and electronic commerce mean for Brady?

The Internet opens up four major opportunities for Brady. The first is to improve our connection and responsiveness to our current customers. Brady distributors can now receive information and place orders directly over the Internet. Seton customers can do the same. Basically, we are now "open for business" 24 hours a day, seven days a week via the World Wide Web.

Second, electronic commerce will reduce our cost structure. As companies do more business electronically, we can reduce our paper, printing and postage expense by guiding people to fully browsable catalogs on our Web sites.

Third, we can establish communities of interest that deal directly with customer problems and solutions. Safety engineers, facility maintenance managers, people who track corporate assets and other groups will be able to find and share meaningful information through Brady over the Internet.

Finally, the Internet offers the opportunity for us to efficiently create targeted market probes to develop new business.

Q: Where do you see Brady five years from now?

Over the next few years, we want to see Brady really make its mark as an industrial company that has embraced, driven and profited from the world's move from the Industrial Age to the Information Age.

Our electronic-commerce efforts are much more than building pretty Web sites. We are using intranets to connect ourselves to our business partners. We're designing manufacturing processes that can be driven over the Internet. We're providing goods, software and services via the World Wide Web. And we're creating new businesses that will be totally Internet based.

The Brady of the future will be much more global and electronic.

This is an exciting time for Brady. We have strong financial resources and dedicated, creative people who can really make it happen.

Financial Review

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[6 BAR CHARTS]

Diluted Earnings Per Share and Dividends
in dollars

94	1.07
95	1.53
96	1.66
97	1.95
98	2.04*
99	2.36*

In September 1999, Brady increased its dividend payout for the 14th consecutive year. It is now $0.68 per share.
*excluding nonrecurring items

Earnings Before Interest, Taxes, Depreciation and Amortization
Excluding nonrecurring items, as % of sales

94	15.5
95	17.0
96	15.4
97	15.6
98	14.2
99	17.0

Earnings before interest, taxes, depreciation and amortization rose 24 percent to $80 million in 1999.

Stockholders' Investment
in millions

94	145
95	171
96	189
97	207
98	233
99	261

Stockholders' investment continues to grow, reflecting Brady's increased profits.

Cash Flow From Operations
in millions

94	33
95	22
96	35
97	40
98	47
99	61

Cash provided by operating activities increased 30 percent in 1999, reflecting growth and efficiency at Brady.

1999 Cash Generation and Deployment
in $ millions

Operations 61
Proceeds from Issuance of Common Stock 2

Acquisitions -31
Capital Expenditures -10
Dividends -14

With strong cash flow, Brady has the resources to accelerate growth.

Sales From International Operations
in millions

94	95
95	129
96	157
97	181
98	198
99	210

With operations in 20 countries and counting, Brady has significant opportunities for continued growth internationally.

Selected Financial Information

	Years Ended July 31, 1989 through 1999					
(Dollars in Thousands, Except Per Share Amounts)	1999	1998	1997	1996	1995	1994
Operating Data						
Net sales	$470,862	$455,150	$426,081	$359,542	$314,362	$255,841
Operating expenses:						
Cost of products sold	202,203	204,895	194,096	166,426	143,634	118,116
Research and development	17,724	20,287	16,300	11,309	10,426	10,318
Selling, general and administrative	187,774	178,648	165,317	140,642	119,717	97,932
Nonrecurring (credit) charge	(611)	5,390	-	-	-	-

	Years Ended July 31, 1989 through 1999				
(Dollars in Thousands, Except Per Share Amounts)	1993	1992	1991	1990	1989
Operating Data					
Net sales	$242,970	$235,965	$211,063	$191,161	$174,174
Operating expenses:					
Cost of products sold	114,301	110,130	96,797	84,952	75,620
Research and development	12,132	10,001	9,176	7,355	6,168
Selling, general and administrative	92,449	93,931	84,936	76,596	71,292
Nonrecurring (credit) charge	(1,236)	6,562	-	-	6,465

(Dollars in Thousands, Except Per Share Amounts)	Years Ended July 31, 1989 through 1999 1999	1998	1997	1996	1995	1994
Total operating expenses	407,090	409,220	375,713	318,377	273,777	226,366
Operating income	63,772	45,930	50,368	41,165	40,585	29,475
Other income and (expense):						
Investment and other income - net	1,455	638	1,159	4,570	4,609	837
Interest expense	(445)	(403)	(256)	(302)	(555)	(410)
Net other income	1,010	235	903	4,268	4,054	427
Income before income taxes, extraordinary item and cumulative effect of changes in accounting principles	64,782	46,165	51,271	45,433	44,639	29,902
Income taxes	25,198	18,129	19,564	17,406	16,728	11,362
Income before extraordinary item and cumulative effect of changes in accounting principles	39,584	28,036	31,707	28,027	27,911	18,540
Extraordinary item:						
Gain on proceeds of officer's life insurance policies, net	-	-	-	-	-	-
Income before cumulative effect of changes in accounting principles	39,584	28,036	31,707	28,027	27,911	18,540
Cumulative effect of changes in accounting principles for:						
Postretirement benefits (net of income taxes of $2,663)	-	-	-	-	-	-
Income taxes	-	-	-	-	-	-
Catalog costs	-	-	-	-	-	-
Net income	$ 39,584	$ 28,036	$ 31,707	$ 28,027	$ 27,911	$ 18,540
Net income per Common Share (Diluted):						
Class A Nonvoting	$ 1.73	$ 1.23	$ 1.43	$ 1.26	$ 1.26	$ .84
Class B Voting	$ 1.70	$ 1.20	$ 1.40	$ 1.23	$ 1.23	$ .81
Cash dividends on:						
Class A Common Stock	$ .64	$ .60	$ .52	$ .40	$ .27	$ .23
Class B Common Stock	$ .61	$ .57	$ .49	$ .37	$ .23	$ .19
Balance Sheet (at year end)						
Working capital	$129,884	$125,386	$130,724	$109,688	$129,938	$ 100,023
Total assets	351,120	311,824	291,662	261,835	230,005	202,509
Long-term debt, less current maturities	1,402	3,716	3,890	1,809	1,903	1,855
Stockholders' investment	260,564	233,373	206,547	189,263	170,823	145,129

(Dollars in Thousands, Except Per Share Amounts)	Years Ended July 31, 1989 through 1999 1993	1992	1991	1990	1989
Total operating expenses	217,646	220,624	190,909	168,903	159,545
Operating income	25,324	15,341	20,154	22,258	14,629
Other income and (expense):					
Investment and other income - net	559	239	2,845	4,004	2,380
Interest expense	(54)	(219)	(548)	(646)	(356)
Net other income	505	20	2,297	3,358	2,024
Income before income taxes, extraordinary item and cumulative effect of changes in accounting principles	25,829	15,361	22,451	25,616	16,653
Income taxes	8,973	6,972	7,054	10,606	6,778
Income before extraordinary item and cumulative effect of changes in accounting principles	16,856	8,389	15,397	15,010	9,875
Extraordinary item:					
Gain on proceeds of officer's life insurance policies, net	-	-	-	-	4,625
Income before cumulative effect of changes in accounting principles	16,856	8,389	15,397	15,010	14,500
Cumulative effect of changes in accounting principles for:					
Postretirement benefits (net of income taxes of $2,663)	-	(3,995)	-	-	-
Income taxes	-	661	-	-	-
Catalog costs	-	-	-	-	1,233
Net income	$ 16,856	$ 5,055	$ 15,397	$ 15,010	$ 15,733
Net income per Common Share (Diluted):					
Class A Nonvoting	$ .77	$ .22	$ .70	$ .69	$ .70
Class B Voting	$ .74	$ .19	$ .67	.66	$ .67
Cash dividends on:					
Class A Common Stock	$ .20	$ .19	$ .16	$ .13	$ .09
Class B Common Stock	$ .17	$ .15	$ .13	$ .10	$ .06
Balance Sheet (at year end)					
Working capital	$ 77,943	$ 66,093	$ 70,883	$ 67,797	$ 53,056
Total assets	179,901	173,054	156,812	147,197	129,890
Long-term debt, less current maturities	1,978	2,524	1,982	3,298	3,637
Stockholders' investment	128,068	119,771	115,260	103,784	89,443

Management's Discussion and Analysis of Results of Operations and Financial Condition

The following discussion and analysis should be read in conjunction with the consolidated financial statements and related notes appearing in this annual report.

Overview

Between fiscal 1996 and 1999, the Company experienced sales growth while reducing cost of products sold as a percentage of net sales. It made significant improvements in productivity and asset utilization through the successful implementation of a team-oriented approach to quality, growth and cost reduction. To further enhance teamwork, in February 1995, the Company's operations were realigned into three global groups, each headed by a group vice president. The groups are (i) the Identification Solutions & Specialty Tapes Group, (ii) the Graphics Group, and (iii) the Direct Marketing Group.

During fiscal 1996, to implement the Company's growth strategy discussed below, the Company increased expenditures related to new products, geographic expansion and acquisitions. This included investments in global information systems and increased sales and marketing activities. Investments in these key areas resulted in selling, general and administrative expenses as a percentage of sales of 39.1% for fiscal 1996, 38.8% for fiscal 1997, 39.3% for fiscal 1998 and 39.9% for fiscal 1999. Management believes these investments will solidify the Company's competitive position and assist the Company in building a base for sustainable long-term growth.

The Company's growth strategy is focused on four key elements: introducing new products for current and new markets and applications; geographic expansion in selected markets worldwide; strategic acquisitions and joint ventures; and increasing market penetration in existing markets.

The Company introduced several new products in fiscal 1999, including the TLS2200(tm) Thermal Labeling System, the HandiMark(tm) Portable Label Maker, the Merlin(r)II Portable Labeling System, Bradyprinter(tm) Model 600 X-Plus Labeling System, PAM 6000 printer applicator machine, Markware(tm) Facility Identification Software, Brady Clean ID(tm) labels, heavy-duty tire identification labels, Mondo Bondo(tm) high-adhesion labels and WavePoint(tm) Read/Write Radio Frequency Identification tags and readers.

During fiscal 1999, the Company opened a distribution center in California serving the western United States.

The Company completed the acquisitions of SOFT S.A. (France) and the Holman Groupe S.A. (France) in July 1999, Visi Sign Pty. Ltd (Australia) in May 1999, Barcodes West Inc. (United States) in March 1999, VEB Sistemas de Etiquetas Ltda. (Brazil) in August 1998, GrafTek Inc. (Canada) in April 1998, Techniques Avancees (France) in March 1998, Signals S.A. (France) in April 1997, Varitronic Systems, Inc. (United States) in April 1996, The Hirol Company (United States) in January 1996 and TechPress II Limited (England) in November 1995.

To increase market penetration in fiscal 1999, the Company continued its investment in sales, marketing and catalog efforts worldwide. Access to information about Brady products was made easier through the launch of an improved Internet site. The trading market and profile of Brady stock was also improved when the Company listed on the New York Stock Exchange in May 1999.

Year Ended July 31, 1999, Compared to Year Ended July 31, 1998

Sales for fiscal 1999 increased by $15,712,000 or 3.5% over fiscal 1998. Sales of the Company's international operations increased 5.9%. In local currencies, continued market penetration in Brady's operations outside the United States increased international sales by 3.4%. The acquisitions of Techniques Avancees, GrafTek Inc., VEB Sistemas de Etiquetas Ltda. and Visi Sign Pty. Ltd increased international sales in local currencies by another 3.4%. These increases were somewhat offset by the negative effect of fluctuations in the exchange rates used to translate financial results into U.S. currency, which reduced international sales growth by 0.9 percentage points. Sales of the Company's U.S. operations increased 1.6%, due primarily to the acquisition of Barcodes West Inc.

The cost of products sold as a percentage of sales decreased from 45.0% to 42.9%. Last year's cost of products sold included a charge of $1,515,000 ($920,000 after tax) for the write-down of certain inventories. Excluding this charge, cost of products sold as a percentage of sales decreased from 44.7% to 42.9%. This improvement was primarily caused by changes in product mix towards products with higher margins, reduced expenses as a result of the workforce reduction in August 1998 and manufacturing efficiencies from the Company's continuous improvement efforts.

Selling, general and administrative expenses as a percentage of sales increased from 39.3% to 39.9%. Last year's expenses included a charge of $540,000 ($328,000 after tax) for the write-down of certain assets. Excluding this charge, selling, general and administrative expenses as a percentage of sales increased from 39.1% to 39.9%. The increase was primarily caused by a higher bonus accrual as a result of the Company's significant improvement in profitability and higher amortization expense from the goodwill generated by the Company's acquisitions. The completion of certain product development projects as well as restructuring of the research and development effort to increase teamwork and focus on key product segments caused research and development expenses to decrease 12.6% from the prior year. As a percentage of sales, research and development expenses decreased from 4.5% to 3.8%.

The Company recorded a $611,000 ($366,000 after tax) nonrecurring credit this year for adjusting the severance costs associated with the workforce reduction. Last year the Company recorded a nonrecurring charge of $5,390,000 ($3,272,000 after tax) related primarily to a provision for severance costs associated with a 7.5% reduction in its workforce.

Operating income increased $17,842,000 to $63,772,000 in fiscal 1999 as the improved gross margin more than offset the higher selling, general and administrative expenses. Excluding the nonrecurring items in both years (a charge in 1998 and a credit in 1999), operating income increased 18.3%, from $53,375,000 to $63,161,000.

Investment and other income increased $817,000 from the prior year. Last year included losses of $406,000 ($246,000 after tax) on the disposal of certain assets.

Income before income taxes was $64,782,000, an increase of 40.3% compared to fiscal 1998's $46,165,000. Excluding the nonrecurring items in both years, income before income taxes increased 18.8% compared to the prior year.

The Company's effective tax rate decreased slightly from 39.3% for fiscal 1998 to 38.9% for fiscal 1999.

Net income was $39,584,000 for fiscal 1999, compared to $28,036,000 for fiscal 1998 because of the factors cited above. Excluding the $366,000 nonrecurring credit in fiscal 1999 and the $4,766,000 one-time charges in fiscal 1998, net income increased 19.6% over the prior year.

Business Segment Operating Results

Identification Solutions & Specialty Tapes (ISST) Group

ISST sales increased 5.6% in fiscal 1999 (up about 6% in constant currency) from fiscal 1998, following an increase of 5.6% in fiscal 1998 versus 1997. The increase in 1999 was primarily the result of the acquisitions of GrafTek and Techniques Avancees late last year and this year's acquisitions of VEB and Barcodes West. Sales were up in the Americas and Europe and down in Asia. The increase in 1998 versus 1997 was primarily a result of the growth in base business, solid new product sales and the two software acquisitions late in fiscal 1998.

Excluding the effect of one-time items, profit as a percentage of sales increased slightly from 14.9% last year to 15.1% this year. Cost savings from the workforce reduction early in the fiscal year offset increased expenses from the new coating line and acquisitions. Comparing fiscal 1998 to 1997, profit as a percentage of sales declined from 15.3% to 14.9% primarily as a result of a planned scaling back of external coating to focus on upcoming new material product developments.

Graphics Group

Graphics sales decreased 1.9% in fiscal 1999 (down about 2% in constant currency) from fiscal 1998, following an increase of 2.1% from 1997. The decrease in sales of Colorpix wide-format color inkjet printers and related materials was the primary reason for this change in 1999. This product line was de-emphasized in the face of industry stagnation and thinning margins. Sales were down slightly in the Americas and Europe and up in Asia. The 1998 increase from 1997 was a result of higher sales of the Colorpix product line.

Excluding the effect of one-time items, profit as a percentage of sales increased significantly from 8.9% last year to 14.8% this year. This profit improvement was generated despite the drop in sales as a result of a reduced expense structure after the workforce reduction and the group's refocusing of resources on the most value-adding growth and profit opportunities. Profit as a percentage of sales decreased from 11.6% in fiscal 1997 to 8.9% in fiscal 1998 due primarily to technical and developmental expenses associated with the Colorpix product line.

Direct Marketing Group

Direct Marketing sales increased 5.4% in fiscal 1999 (up about 6% in constant currency) from fiscal 1998 and 12.7% in fiscal 1998 over 1997. Sales growth continued to be stronger in Europe than in the United States. In general, sales in Europe were strong in the first six months of fiscal 1999, but growth slowed in the second half of the fiscal year. For the year, sales were up in Europe and flat in the Americas. The sales increase in 1998 compared to 1997 was helped by the acquisition of Signals in April 1997.

Excluding the effect of one-time items, profit as a percentage of sales increased from 13.1% in fiscal 1997 to 14.9% last year and 18.0% this year. The primary reasons for this improvement are higher gross margins as a result of vertical integration and better return on advertising investments due to detailed profit analysis by product and improved mailing effectiveness.

Year Ended July 31, 1998, Compared to Year Ended July 31, 1997

Sales for fiscal 1998 increased by $29,069,000 or 6.8% over fiscal 1997. Sales of the Company's international operations increased 9.5%. In local currencies, continued market penetration in Brady's operations outside the United States increased international sales by 13.2%. The acquisitions of Signals S.A., Techniques Avancees and GrafTek Inc. increased international sales in local currencies by 4.4%. These increases were somewhat offset by the negative effect of fluctuations in the exchange rates used to translate financial results into U.S. currency, which reduced international sales growth by 8.1 percentage points. Sales of the Company's U.S. operations increased 4.9%, due primarily to increases in the sales of the Company's core products.

The cost of products sold as a percentage of sales decreased from 45.6% to 45.0%. Reduced costs due to changes in product mix and manufacturing efficiencies from the Company's continuous improvement efforts were partially offset by increased depreciation and amortization expenses from the acquisitions. Cost of products sold for fiscal 1998 included a charge of

$1,515,000 ($920,000 after tax) for the write-down of certain inventories. Cost of products sold for fiscal 1997 included a charge of $1,200,000 ($715,000 after tax) for restructuring the Company's European operations and consolidating the Hirol Division's production operations into the Company's existing operations in the United States and in the United Kingdom. Excluding these charges, the cost of products sold as a percentage of sales decreased from 45.3% to 44.7%.

Selling, general and administrative expenses as a percentage of sales increased from 38.8% to 39.3%. The increase reflects the expenses related to the Company's ongoing investment in sales and marketing activities and building its global information technology infrastructure. The 1998 expenses included a charge of $540,000 ($328,000 after tax) for the write-down of certain assets. The 1997 expenses included a charge of $300,000 ($180,000 after tax) for the restructuring mentioned above. Excluding these charges, selling, general and administrative expenses as a percentage of sales increased from 38.7% to 39.1%. Research and development expenses increased 24.5% over the prior year, reflecting the Company's continued commitment to process improvement and new product development. As a percentage of sales, research and development expenses increased from 3.8% to 4.5%.

During fiscal 1998, the Company recorded a nonrecurring charge of $5,390,000 ($3,272,000 after tax) related primarily to a provision for severance costs associated with a 7.5% reduction in its workforce at its operations around the world. Severance payments for approximately 200 people totaled $5,024,000. The remainder of the charge related to the write-off of assets associated with discontinuing the Company's contract taping service and cover tape product line.

Operating income decreased $4,438,000 to $45,930,000 in fiscal 1998 as the one-time charges and the increase in research and development expenses more than offset the improvement in gross margin. Excluding the one-time charges in both years, operating income increased 2.9% from $51,868,000 to $53,375,000.

Investment and other income decreased $521,000 from 1997. The 1998 results include $406,000 ($246,000 after tax) of losses on the disposal of certain assets.

Income before income taxes was $46,165,000, a decrease of 10.0% compared to fiscal 1997's $51,271,000. Excluding the one-time charges in both years, income before income taxes increased 2.4% compared to the prior year.

The Company's effective tax rate increased from 38.2% for fiscal 1997 to 39.3% for fiscal 1998 due to higher tax rates for the Company's international operations.

Net income was $28,036,000 for fiscal 1998, compared to $31,707,000 for fiscal 1997 because of the factors cited above. Excluding the $4,766,000 one-time charges in fiscal 1998 and the $895,000 restructuring charge in fiscal 1997, net income increased 0.6% over the prior year.

Year Ended July 31, 1997, Compared to Year Ended July 31, 1996

Sales for fiscal 1997 increased by $66,539,000 or 18.5% over fiscal 1996. Sales of the Company's international operations increased by 15.5%. Real growth through continued market penetration in Europe and the Far East increased international sales 12.7%. The acquisitions of TechPress II Limited and Signals S.A. and the startup of the Company's Korean joint venture increased international sales 5.7%. These increases were offset by the negative effect of fluctuations in the exchange rates used to translate financial results into U.S.

currency which reduced international sales by 2.9%. Sales of the Company's U.S. operations increased 20.8% for the year ended July 31, 1997. The acquisitions of Varitronic Systems, Inc. and The Hirol Company contributed 11.8% of this increase, with growth in the sales of the Company's core products making up the balance.

The cost of products sold as a percentage of sales decreased from 46.3% to 45.6% due to changes in product mix and manufacturing efficiencies from the Company's continuous improvement efforts, offsetting increased depreciation expenses from the acquisitions. Cost of products sold for fiscal 1997 included a charge in the second quarter of $1,200,000 ($715,000 after tax) for restructuring the Company's European operations and consolidating The Hirol Company's production operations into the Company's existing operations in the United States and in the United Kingdom. Selling, general and administrative expenses as a percentage of sales decreased slightly from 39.1% to 38.8%, as the Company's continuing cost control efforts more than offset the Company's ongoing investment in building its global information technology infrastructure. Selling, general and administrative expenses for fiscal 1997 included a charge of $300,000 ($180,000 after tax) for the restructuring mentioned above. The acquisitions and the Company's commitment to process improvements and new product development resulted in research and development expenses increasing by 44.1% over fiscal 1996. As a percentage of sales, research and development expenses increased from 3.2% to 3.8%.

Operating income increased by $9,203,000 or 22.4% over fiscal 1996, as the increase in research and development expenses was offset by improved gross margins and the spreading of fixed costs over a larger sales base.

Investment and other income decreased $3,411,000 from the prior year as a result of lower investment income because of lower cash balances as a result of the acquisitions in the prior year and foreign exchange losses. In addition, investment and other income for fiscal 1996 included $1,750,000 ($950,000 after tax) from the gain on the sale of a building in Germany.

Income before income taxes increased to $51,271,000, an increase of 12.9% compared to fiscal 1996's $45,433,000. Excluding the 1997 restructuring charges and the 1996 gain on the sale of the German building, income before income taxes increased 20.8% compared to the prior year.

The Company's effective tax rate decreased slightly from 38.3% for fiscal 1996 to 38.2% for fiscal 1997.

Net income was $31,707,000 for fiscal 1997, compared to $28,027,000 for fiscal 1996 because of the factors cited above. Excluding the $895,000 restructuring charge in 1997 and the $950,000 gain on the sale of the building in Germany in 1996, fiscal 1997 net income increased 20.4% compared to the prior year.

Liquidity

The Company's liquidity remains strong. Cash and cash equivalents were $75,466,000 at July 31, 1999, compared to $65,609,000 at July 31, 1998, and $65,329,000 at July 31, 1997. Working capital increased $4,498,000 during fiscal 1999 and equaled $129,884,000 at July 31, 1999.

The Company has maintained significant cash balances due in large part to its strong operating cash flow, which totaled $61,357,000 for fiscal 1999, $47,207,000 for fiscal 1998, and $39,911,000 for fiscal 1997. Capital expenditures were $9,889,000 in fiscal 1999, $17,189,000 in fiscal 1998, and

$8,777,000 in fiscal 1997. The increase in fiscal 1998 was primarily from progress payments made on the Company's new coating line. Financing activities, primarily the payment of dividends to the Company's stockholders, consumed $12,533,000 of cash in fiscal 1999, $12,147,000 in fiscal 1998, and $9,166,000 in fiscal 1997.

In September 1999, the Company entered into a $150,000,000 revolving loan agreement with six banks.

Long-term debt as a percentage of long-term debt plus stockholders' investment was 0.5% at July 31, 1999, compared to 1.6% at July 31, 1998, and 1.8% at July 31, 1997.

The Company continues to seek opportunities to invest in new products and new markets and in strategic acquisitions and joint ventures which fit its growth strategy. Management believes the Company's cash and cash equivalents, available line of credit, and the cash flow it generates from operating activities are adequate to meet the Company's current investing and financing needs.

Inflation

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

Market Risk

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

The global nature of the Company's business requires active participation in the foreign exchange markets. As a result of investments, production facilities and other operations on a global scale, the Company has assets, liabilities and cash flows in currencies other than the U.S. Dollar. The primary objective of the Company's foreign exchange risk management is to minimize the impact of currency movements on intercompany transactions and foreign raw material imports. To achieve this objective, the Company hedges known exposures using forward contracts. Main exposures are related to transactions denominated in the British Pound, the Euro (primarily the Belgian Franc, Deutsche Mark and French Franc), Canadian Dollar, Japanese Yen and Australian Dollar. The risk of these hedging instruments is not material.

Euro Conversion

On January 1, 1999, the Euro was adopted as the national currency of 11 European Union member nations. During a three-year transition period, the Euro will be used as a non-cash transactional currency. The Company began conducting business in Euros in January 1999, and will change its functional currencies during the three-year transition period. The conversion to the Euro is not expected to have a significant operational impact or a material impact on the results of operations, cash flows or financial condition of the Company.

Year 2000 Compliance

The inability of computers, software and other equipment utilizing microprocessors to recognize and properly process data fields containing a two-digit year is commonly referred to as the Year 2000 Compliance issue. As the year 2000 approaches, such systems may be unable to process certain date-based information. This could result in a system failure or miscalculations causing disruptions of operations and the inability to engage in normal business activities. Many of the Company's systems, including information and computer systems and automated equipment, will be affected by this issue.

The Company has a comprehensive plan to address potential Year 2000 issues. The plan includes (i) the complete inventory of all in-house computers, software and other equipment utilizing microprocessors and the identification of all hardware and software; (ii) modification of the affected systems; and (iii) testing the modified systems and auditing the system for final compliance. The Company is using both internal and external resources to implement its plan. The Company has generally completed the inventory and modification phases of the plan and is at various stages of testing and auditing these systems. The Company feels it has adequate time to assess and correct any significant issues that materialize. The Company estimates that at the conclusion of its various Year 2000 efforts, including conversion, testing and contingency planning, it will have spent approximately $2,500,000 over a multi-year period. Costs associated with this issue have been and will continue to be expensed as incurred and are not expected to have a material effect on the results of operations, cash flows or financial condition of the Company. Although the Company believes its efforts will be successful, any failure or delay could result in the disruption of business and in the Company incurring substantial expense. To minimize any such potential impact, the Company initiated a global contingency planning effort designed to support critical business operations.

As a third-party supplier of software and printing systems to other companies, the Company has posted its own product compliance status on its Internet site (www.bradycorp.com).

The Company has completed the process of formally communicating with all of its significant suppliers and customers to determine the extent to which the Company is vulnerable to those third parties' failure to remediate their own Year 2000 Compliance issues. A failure of the Company's suppliers, customers and other third parties to address adequately their Year 2000 readiness could significantly affect the Company's business. As part of its contingency planning efforts, the Company identified alternate sources or strategies where significant exposures were identified.

Finally, the Year 2000 presents a number of other risks and uncertainties that could affect the Company, including utilities and telecommunications failures, competition for personnel skilled in the resolution of Year 2000 issues, and the nature of government responses to Year 2000 issues, among others. While the Company continues to believe that the Year 2000 matters discussed above will not have a material impact on its results of operations, cash flows or financial condition, it remains uncertain whether or to what extent the Company may be affected.

The Year 2000 statements set forth above are designated as "Year 2000 Readiness Disclosures" pursuant to the Year 2000 Information and Readiness Disclosure Act (P.L. 105-271).

Forward-Looking Statements

Matters in this Annual Report may contain forward-looking information, as defined in the Private Securities Litigation Reform Act of 1995. All such forward-looking information in this report involves risks and uncertainties including, but not limited to, variations in the economic or political conditions in the countries with which the Company does business; fluctuations in currency exchange rates for international currencies versus the U.S. dollar; technology changes; the continued availability of sources of supply; domestic and international economic conditions and growth rates; the ability of the Company to timely adjust its cost structure to changes in levels of sales, product mix and low levels of order backlog; the ability of the Company to make sufficient strategic acquisitions at reasonable prices; the ability of the Company to integrate the acquired businesses within a reasonable period of time; and other risks indicated in filings by the Company with the Securities and Exchange Commission. The Company cautions that forward-looking statements are not guarantees, since there are inherent difficulties in predicting future results, and that actual results could differ materially from those expressed or implied in forward-looking statements.

Consolidated Balance Sheets

(Dollars in Thousands) July 31, 1999 and 1998	1999	1998
Assets		
Current assets:		
Cash and cash equivalents (Note 1)	$ 75,466	$ 65,609
Accounts receivable, less allowance for losses ($2,339 and $2,011, respectively)	73,290	63,365
Inventories (Note 1):		
Finished products	23,368	22,836
Work-in-process	2,878	3,967
Raw materials and supplies	11,281	11,641
Total inventories	37,527	38,444
Prepaid expenses and other current assets (Notes 1, 3 and 4)	16,886	16,635
Total current assets	203,169	184,053
Other assets:		
Intangibles - net (Note 1)	72,941	53,528
Other (Note 4)	8,026	7,078
Property, plant and equipment (Notes 1 and 5):		
Cost:		
Land	5,008	4,988
Buildings and improvements	41,417	39,595
Machinery and equipment	101,324	83,146
Construction in progress	2,229	11,705
	149,978	139,434
Less accumulated depreciation	82,994	72,269
Net property, plant and equipment	66,984	67,165
Total	$351,120	$311,824
Liabilities and Stockholders' Investment		
Current liabilities:		
Accounts payable	$ 19,378	$ 15,761
Wages and amounts withheld from employees	23,186	19,542
Taxes, other than income taxes	2,290	2,033
Accrued income taxes	12,516	9,276
Other current liabilities (Note 3)	13,289	11,647
Current maturities on long-term debt (Note 5)	2,626	408
Total current liabilities	73,285	58,667
Long-term debt, less current maturities (Note 5)	1,402	3,716
Other liabilities (Note 3)	15,869	16,068
Total liabilities	90,556	78,451
Stockholders' investment (Notes 1 and 6):		
Preferred Stock (aggregate liquidation preference of $3,026 at July 31, 1999)	2,855	2,855

	1999	1998
Common Stock:		
Class A Nonvoting - issued and outstanding 20,839,841 and 20,726,863 shares, respectively, (aggregate liquidation preference of $34,803 at July 31, 1999)	208	207
Class B Voting - issued and outstanding 1,769,314 shares	18	18
Additional paid-in capital	28,383	26,131
Earnings retained in the business	233,521	208,254
Treasury stock - 4,548 shares of Class A Nonvoting Common Stock, at cost	(132)	-
Cumulative other comprehensive income	(1,958)	(1,068)
Other	(2,331)	(3,024)
Total stockholders' investment	260,564	233,373
Total	$351,120	$311,824

See Notes to Consolidated Financial Statements.

Consolidated Statements of Income
Years Ended July 31, 1999, 1998 and 1997

(Dollars in Thousands, Except Per Share Amounts)	1999	1998	1997
Net sales	$470,862	$455,150	$426,081
Operating expenses:			
Cost of products sold	202,203	204,895	194,096
Research and development	17,724	20,287	16,300
Selling, general and administrative	187,774	178,648	165,317
Nonrecurring (credit) charge (Note 10)	(611)	5,390	-
Total operating expenses	407,090	409,220	375,713
Operating income	63,772	45,930	50,368
Other income and (expense):			
Investment and other income - net	1,455	638	1,159
Interest expense	(445)	(403)	(256)
Net other income	1,010	235	903
Income before income taxes	64,782	46,165	51,271
Income taxes (Notes 1 and 4)	25,198	18,129	19,564
Net income	$ 39,584	$ 28,036	$ 31,707
Net income per Common Share (Notes 6 and 8):			
Class A Nonvoting:			
Basic	$ 1.74	$ 1.24	$ 1.44
Diluted	$ 1.73	$ 1.23	$ 1.43
Class B Voting:			
Basic	$ 1.71	$ 1.21	$ 1.41
Diluted	$ 1.70	$ 1.20	$ 1.40

See Notes to Consolidated Financial Statements.

Consolidated Statements of Stockholders' Investment
Years Ended July 31, 1999, 1998 and 1997
(Dollars in Thousands, Except Per Share Amounts)

	Preferred Stock	Common Stock	Additional Paid-in Capital	Earnings Retained in the Business	Treasury Stock	Other Comprehensive Income	Other	Total Comprehensive Income
Balances at July 31, 1996	$ 2,855	$ 219	$ 8,415	$ 173,491	$ -	$ 4,283	$ -	-

Net income	-	-	-	31,707	-	-	-	$31,707
Net currency translation adjustment	-	-	-	-	-	(3,986)	-	(3,986)
Total comprehensive income	-	-	-	-	-	-	-	27,721
Issuance of 77,753 shares of Class A Common Stock								
under stock option plan	-	1	835	-	-	-	-	-
Tax benefit from exercise of stock options		-	-	323	-	-	-	-
- -								
Cash dividends on Preferred Stock:								
1979 series - $10 a share	-	-	-	(220)	-	-	-	-
6% and 1972 series - $6 a share	-	-	-	(39)	-	-	-	-
Cash dividends on Common Stock:								
Class A - $.52 a share	-	-	-	(10,476)	-	-	-	-
Class B - $.49 a share	-	-	-	(861)	-	-	-	-
Balances at July 31, 1997	2,855	220	9,573	193,602	-	297	-	-
Net income	-	-	-	28,036	-	-	-	28,036
Net currency translation adjustment	-	-	-	-	-	(1,365)	-	(1,365)
Total comprehensive income	-	-	-	-	-	-	-	26,671
Issuance of 57,282 shares of Class A Common Stock								
under stock option plan	-	-	941	-	-	-	-	
Other	-	5	15,268	-	-	-	(3,024)	
Tax benefit from exercise of stock options		-	-	349	-	-	-	-
Cash dividends on Preferred Stock:								
1979 series - $10 a share	-	-	-	(220)	-	-	-	
6% and 1972 series - $6 a share	-	-	-	(39)	-	-	-	
Cash dividends on Common Stock:								
Class A - $.60 a share	-	-	-	(12,122)	-	-	-	
Class B - $.57 a share	-	-	-	(1,003)	-	-	-	
Balances at July 31, 1998	2,855	225	26,131	208,254	-	(1,068)	(3,024)	
Net income	-	-	-	39,584	-	-	-	39,584
Net currency translation adjustment	-	-	-	-	-	(890)	-	(890)
Total comprehensive income	-	-	-	-	-	-	-	$38,694
Issuance of 112,978 shares of Class A Common Stock								
under stock option plan	-	1	1,880	-	-	-	-	
Other	-	-	-	-	-	-	693	
Tax benefit from exercise of stock options		-	-	372	-	-	-	-
Cash dividends on Preferred Stock:								
1979 series - $10 a share	-	-	-	(220)	-	-	-	
6% and 1972 series - $6 a share	-	-	-	(39)	-	-	-	
Acquisition of treasury stock, 4,548 shares, at cost			-	-	(132)	-	-	-
Cash dividends on Common Stock:								
Class A - $.64 a share	-	-	-	(12,985)	-	-	-	
Class B - $.61 a share	-	-	-	(1,073)	-	-	-	
Balances at July 31, 1999	$2,855	$226	$28,383	$233,521	$(132)	$(1,958)	$(2,331)	

See Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows

(Dollars in Thousands) Years Ended July 31, 1999, 1998 and 1997	1999	1998	1997
Operating activities:			
Net income	$39,584	$28,036	$31,707
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	11,263	11,047	12,183
Amortization	3,886	2,241	1,968
Loss on sale of property, plant and equipment	181	349	139
Provision for losses on accounts receivable	966	970	663
Other	693	212	-
Nonrecurring (credit) charge	(611)	5,390	-
Changes in operating assets and liabilities (net of effects of business acquisitions):			
Accounts receivable	(4,899)	1,066	(12,796)
Inventory	5,547	5,705	(4,818)

Prepaid expenses and other assets	(1,643)	(3,159)	2,342
Accounts payable and accrued liabilities	4,330	(4,285)	6,147
Income taxes	3,313	(36)	3,334
Deferred income taxes	(1,069)	(4,508)	(1,118)
Other liabilities	(184)	4,179	160
Net cash provided by operating activities	61,357	47,207	39,911
Investing activities:			
Acquisitions of businesses, net of cash acquired	(31,107)	(19,306)	(6,724)
Purchases of property, plant and equipment	(9,889)	(17,189)	(8,777)
Proceeds from sale of property, plant and equipment	232	500	908
Other	(176)	169	292
Net cash (used in) investing activities	(40,940)	(35,826)	(14,301)
Financing activities:			
Payment of dividends	(14,317)	(13,384)	(11,596)
Proceeds from issuance of Common Stock	2,252	941	835
Proceeds from long-term borrowings	310	829	2,236
Principal payments on long-term debt	(778)	(533)	(641)
Net cash (used in) financing activities	(12,533)	(12,147)	(9,166)
Effect of exchange rate changes on cash	1,973	1,046	(396)
Net increase in cash and cash equivalents	9,857	280	16,048
Cash and cash equivalents, beginning of year	65,609	65,329	49,281
Cash and cash equivalents, end of year	$75,466	$65,609	$65,329
Supplemental disclosure of cash flow information: Cash paid during the year for:			
Interest	$ 409	$ 277	$ 258
Income taxes, net of refunds	22,107	22,580	18,987
Acquisitions:			
Fair value of assets acquired, net of cash	15,017	2,619	3,058
Liabilities assumed	(6,291)	(1,471)	(1,375)
Goodwill	22,381	18,158	5,041
Net cash paid for acquisitions	$31,107	$19,306	$ 6,724
Class A Common Stock issued to fund deferred compensation plan	-	$11,555	-

See Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

Years Ended July 31, 1999, 1998 and 1997

Note 1
Summary of Significant Accounting Policies

Principles of Consolidation The accompanying consolidated financial statements include the accounts of Brady Corporation and its subsidiaries, all of which are wholly owned. All significant intercompany accounts and transactions have been eliminated in consolidation.

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

Fair Value of Financial Instruments The Company believes the carrying amount of its financial instruments (cash and cash equivalents, accounts receivable, accounts payable and long-term debt) is a reasonable estimate of the fair value of these instruments.

Cash Equivalents The Company considers all highly liquid investments with maturities of three months or less when acquired to be cash equivalents.

Inventories Inventories are stated at the lower of cost or market. Cost has been determined using the last-in, first-out (LIFO) method for certain domestic inventories (approximately 39% and 48% of total inventories at July 31, 1999 and 1998, respectively) and the first-in, first-out method for other inventories. The difference between the carrying value of domestic inventories stated at LIFO cost and the value of such inventories stated at replacement cost was $4,988,000 at July 31, 1999, and $5,319,000 at July 31, 1998.

Depreciation The cost of buildings and improvements and machinery and equipment is being depreciated over their estimated useful lives using the straight-line method for financial reporting purposes.

Intangible Assets The excess of cost over fair value of the net assets of businesses acquired is amortized using the straight-line method over various periods ranging from 10 to 40 years. The weighted average amortization period is 23 years at July 31, 1999.

Impairment of Long-Lived Assets The Company evaluates whether events and circumstances have occurred that indicate the remaining estimated useful life of long-lived assets may warrant revision or that the remaining balance of an asset may not be recoverable. The measurement of possible impairment is based on the ability to recover the balance of assets from expected future operating cash flows on an undiscounted basis. In the opinion of management, no such impairment existed as of July 31, 1999.

Catalog Costs Catalog costs are initially capitalized and amortized over the estimated useful lives of the publications (generally eight months). At July 31, 1999 and 1998, $4,600,000 and $5,220,000, respectively, of prepaid catalog costs were included in prepaid expenses and other current assets.

Foreign Currency Translation Foreign currency assets and liabilities are translated into United States dollars at end of period rates of exchange, and income and expense accounts are translated at the weighted average rates of exchange for the period. Resulting translation adjustments are included as a separate component of stockholders' investment.

Hedging The Company enters into forward foreign exchange contracts to hedge committed intercompany foreign currency transactions. Such exchange contracts generally have maturities of one year. At July 31, 1999 and 1998, exchange contracts aggregating approximately $19,830,000 and $21,425,000, respectively, were outstanding.

Income Taxes The Company accounts for income taxes in accordance with Statement of Financial Accounting Standards (SFAS) No. 109, "Accounting for Income Taxes," which requires an asset and liability approach to financial accounting and reporting for income taxes. Deferred income tax assets and liabilities are computed annually for differences between the financial statement and tax bases of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense is the tax payable or refundable for the period plus or minus the change during the period in deferred tax assets and liabilities.

Accounting Standards Adopted Effective August 1, 1998, the Company adopted the Financial Accounting Standards Board's Statement of Financial Accounting Standards No. 131, Disclosures about Segments of an Enterprise and Related Information (Statement 131). Statement 131 superseded FASB Statement No. 14, Financial Reporting for Segments of a Business Enterprise. Statement 131 establishes standards for the way that public business enterprises report information about operating segments in annual financial statements and requires that those enterprises report selected information about operating segments in interim financial reports. Statement 131 also establishes standards for related disclosures about products and services, geographic areas and major customers. The adoption of Statement 131 did not affect results of operations or financial position, but did affect the disclosure of segment information. See footnote 7.

Accounting Standards to Be Adopted In 1998, the FASB issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." The Company is currently evaluating the impact of this statement on the consolidated financial statements. This statement is required to be adopted in fiscal 2001.

Note 2
Acquisitions of Businesses

Effective August 29, 1996, the Company entered into a joint venture, W. H. Brady Korea Co. Ltd., in Okcheon, Korea. Brady gained 100 percent ownership of the company, now named Brady Korea Ltd., in September 1998. The company produces labels and markets printers and other Brady products.

Effective April 30, 1997, the Company acquired the common stock of Signals S.A. located in LaRochelle, France, a marketer of safety and facility identification products, for cash of approximately $9,600,000.

Effective March 9, 1998, the Company acquired the common stock of Techniques Avancees located in Auch, France, a bar-code labeling software developer, for cash of $10,735,000 and a payable of $1,030,000.

Effective April 30, 1998, the Company acquired the common stock of GrafTek Inc. located in Toronto, Ontario, Canada, a bar-code labeling software developer, for cash of $8,528,000 and a payable of $933,000.

Effective August 11, 1998, the Company acquired the common stock of VEB Sistemas de Etiquetas Ltda, in Sao Paulo, Brazil, an industrial label manufacturer, for cash of approximately $4,400,000.

Effective March 25, 1999, the Company acquired the assets of Barcodes West Inc. located in Seattle, Washington, a label manufacturer and software and service provider, for cash of approximately $5,757,000.

Effective May 7, 1999, the Company acquired the common stock of Visi Sign Pty. Ltd. located in Victoria, Australia, a manufacturer of identification products, for cash of approximately $1,396,000. The purchase price of this acquisition is subject to change based on post-closing adjustments.

Effective July 7, 1999, the Company acquired the common stock of Holman Groupe S.A. located in Rungis, France, an automatic identification and application specialist, for cash of approximately $5,343,000 and a payable of approximately $554,000. The purchase price of this acquisition is subject to change based on post-closing adjustments.

Effective July 30, 1999, the Company acquired the common stock of the graphics division of SOFT S.A., located in Lyon, France, a developer and distributor of printing systems, for cash of approximately $14,044,000. The purchase price of this acquisition is subject to change based on post-closing adjustments.

Effective September 3, 1999, the Company acquired certain assets of a direct marketer of signs, labels and identification products for cash of approximately $5,600,000. The purchase price of this acquisition is subject to change based on post-closing adjustments.

These acquisitions have been accounted for using the purchase method of accounting and, accordingly, the results of operations have been included since the dates of acquisition in the accompanying financial statements. The pro forma results of operations of the above acquisitions are not significant to the financial statements.

Note 3
Employee Benefit Plans

The Company provides postretirement medical, dental and vision benefits for all regular full- and part-time domestic employees (including spouses) who retire on or after attaining age 55 with 15 years of credited service. Credited service begins accruing at the later of age 40 or date of hire. All active employees first eligible to retire after July 31, 1992, will be covered by an unfunded, contributory postretirement healthcare plan where employer contributions will not exceed a Defined Dollar Benefit amount, regardless of the cost of the program. Employer contributions to the plan will be based on the employee's age and service at retirement.

The Company accounts for postretirement benefits other than pensions in accordance with SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other than Pensions." The Company funds benefit costs on a pay-as-you-go basis.

The following table provides a reconciliation of the changes in the Plan's benefit obligations at July 31, 1999, 1998 and 1997:

(Dollars in Thousands)	1999	1998	1997
Obligation at beginning of fiscal year	$6,802	$6,142	$5,476
Service cost	472	328	260
Interest cost	602	473	447
Plan amendments	307	-	-
Actuarial loss	242	158	241
Benefit payments	(321)	(299)	(282)
Obligation at end of fiscal year	$8,104	$6,802	$6,142

There are no plan assets due to the nature of the Plan. During fiscal 1999, $307,000 of expense was recognized due to the addition of employees from prior acquisitions.

The following table shows the unfunded status of the Plan as of July 31, 1999 and 1998:

(Dollars in Thousands)	1999	1998

Unfunded status at July 31	$8,104	$6,802
Unrecognized net actuarial gain	2,107	2,333
Unrecognized prior service cost	(285)	-
Accumulated postretirement benefit obligation liability	$9,926	$9,135

The following table provides the components of net periodic benefit cost for the Plan for fiscal years 1999, 1998 and 1997:

(Dollars in Thousands) Year Ended July 31,	1999	1998	1997
Net periodic postretirement benefit cost included the following components:			
Service cost-benefits attributed to service during the period	$ 472	$328	$260
Prior service cost	22	-	-
Interest cost on accumulated postretirement benefit obligation	602	473	447
Amortization of (gain)	(46)	(150)	(187)
Periodic postretirement benefit cost	1,050	651	520
Net periodic postretirement benefit cost	$1,050	$651	$520

The assumed healthcare cost trend rates used in measuring the accumulated postretirement benefit obligation were 6.0% in 1999 and gradually declining to 5.5% by the year 2000.

The weighted average discount rates used in determining the accumulated postretirement benefit obligation was 8% in 1999 and 7.3% in 1998.

If the healthcare cost trend rate assumptions were increased by 1% or decreased by 1%, the accumulated postretirement benefit obligation as of July 31, 1999, would be increased by $51,000 and decreased by $109,000, respectively. The effect of this change on the sum of the service cost and interest cost would not be material.

The Company has retirement and profit-sharing plans covering substantially all full-time domestic employees and certain of its foreign subsidiaries. Contributions to the plans are determined annually based on earnings of the respective companies and employee contributions. At July 31, 1999 and 1998, $4,761,000 and $4,898,000, respectively, of accrued profit-sharing contributions were included in other current liabilities.

The Company also has deferred compensation plans for directors, officers and key executives utilizing the phantom stock plan concept. At July 31, 1999 and 1998, $5,838,000 and $6,349,000, respectively, of deferred compensation was included in current and other long-term liabilities.

During fiscal 1998, the Company adopted a new deferred compensation plan that invests solely in shares of the Company's Class A Nonvoting Common Stock. Participants in the old phantom stock plan were allowed to convert their balances in the old plan to this new plan. The new plan was funded initially by the issuance of 372,728 shares of Class A Nonvoting Common Stock to a Rabbi Trust. All deferrals into the new plan result in purchases of Class A Nonvoting Common Stock by the Rabbi Trust on the open market. No deferrals are allowed into the old plan. Shares held by the Rabbi Trust are distributed to participants upon separation from the Company as defined in the plan agreement.

The amounts charged to income for the plans described above were $7,589,000 in 1999, $8,038,000 in 1998 and $7,092,000 in 1997.

The Company has a voluntary employee benefit trust for the purpose of funding employee medical benefits and certain other employee benefits. At July 31, 1999 and 1998, $2,204,000 and $2,344,000, respectively, of payments to the trust to fund such benefits were included in prepaid expenses and other current assets.

Note 4
Income Taxes

Income taxes consist of the following:

(Dollars in Thousands) Year Ended July 31,	1999	1998	1997
Currently payable:			
Federal	$17,668	$14,570	$13,875
Foreign	6,747	5,883	3,812
State	1,852	1,803	2,995
	26,267	22,256	20,682
Deferred (credit):			
Federal	(1,186)	(3,373)	(1,832)
Foreign	73	(181)	1,188
State	44	(573)	(474)
	(1,069)	(4,127)	(1,118)
Total	$25,198	$18,129	$19,564

Deferred income taxes result from timing differences in the recognition of revenues and expenses for financial statement and income tax purposes. These differences relate principally to depreciation and certain expenses not deductible for tax reporting until paid.

Pre-tax income consists of the following:

(Dollars in Thousands) Year Ended July 31,	1999	1998	1997
United States	$42,180	$32,743	$38,493
Foreign	22,602	13,422	12,778
Total	$64,782	$46,165	$51,271

The approximate tax effects of temporary differences are as follows:

(Dollars in Thousands) July 31, 1999	Assets	Liabilities	Total
Inventories	$ 2,788	$ -	$ 2,788
Prepaid catalog costs	-	(1,048)	(1,048)
Employee benefits	-	(304)	(304)
Allowance for doubtful accounts	419	-	419
Other, net	4,614	(29)	4,585
Current	7,821	(1,381)	6,440
Excess of tax over book depreciation	-	(1,611)	(1,611)
Deferred compensation	6,420	-	6,420
Postretirement benefits	3,871	-	3,871
Tax loss carryforwards	4,059	-	4,059
Less valuation allowance	(3,278)	-	(3,278)
Other, net	320	(2,654)	(2,334)
Noncurrent	11,392	(4,265)	7,127
Total	$19,213	$ (5,646)	$13,567

(Dollars in Thousands) July 31, 1998	Assets	Liabilities	Total
Inventories	$ 2,236	$ -	$ 2,236
Prepaid catalog costs	-	(968)	(968)
Employee benefits	480	-	480
Allowance for doubtful accounts	354	-	354
Other, net	4,518	(270)	4,248
Current	7,588	(1,238)	6,350
Excess of tax over book depreciation	-	(2,034)	(2,034)
Deferred compensation	6,572	-	6,572
Postretirement benefits	3,634	-	3,634
Tax loss carryforwards	4,649	-	4,649
Less valuation allowance	(4,649)	-	(4,649)
Other, net	992	(2,720)	(1,728)
Noncurrent	11,198	(4,754)	6,444
Total	$18,786	$ (5,992)	$12,794

At July 31, 1999 and 1998, $6,440,000 and $6,350,000, respectively, of net deferred tax assets were included in prepaid expenses and other current assets. At July 31, 1999 and 1998, $7,127,000 and $6,444,000, respectively, of net deferred tax assets were included in other assets.

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

(Dollars in Thousands) Year Ended July 31,	1999	1998	1997
Tax at statutory rate	$22,674	$16,157	$17,945
State income taxes, net of Federal tax benefits	1,204	1,517	2,248
International losses with no related tax benefits	1,296	1,350	1,196
International rate differential	986	(345)	(668)
Rate variances arising from foreign subsidiary distributions	(1,481)	(391)	(155)
Other, net	516	(159)	(1,002)
Total income tax provision	$25,195	$18,129	$19,564
Effective tax rate	38.9%	39.3%	38.2%

The Company's policy is to remit earnings from foreign subsidiaries only to the extent any resultant foreign income taxes are creditable in the United States. Accordingly, the Company does not currently provide for the additional United States and foreign income taxes which would become payable upon remission of undistributed earnings of foreign subsidiaries.

The cumulative undistributed earnings of such companies at July 31, 1999, amounted to approximately $42,840,000. If all such undistributed earnings were remitted, the additional provision for foreign income taxes that would be required would not have a material impact on the Company.

Note 5
Long-Term Debt

Long-term debt consists of the following:

(Dollars in Thousands) July 31,	1999	1998
6.25% Industrial Development Revenue Bonds payable on		

December 1, 2001	$1,000	$1,000
Korean bank debt	2,497	2,485
Other	531	639
	4,028	4,124
Less current maturities	2,626	408
	$1,402	$3,716

The Industrial Development Revenue Bonds are collateralized by first mortgages on certain property with a net carrying amount of approximately $4,278,000 at July 31, 1999. The Company's long-term debt approximates fair value.

Maturities on long-term debt are as follows:

(Dollars in Thousands) Year Ending July 31,

2000	$2,626
2001	117
2002	1,084
2003	74
2004	74
Thereafter	53

On September 23, 1999, the Company entered into a $150,000,000 multicurrency revolving loan agreement with a group of six banks. Under the agreement, the Company has the option to elect to have interest rates determined based upon the prime rate at PNC Bank N.A. plus margin or a LIBOR rate plus margin. A commitment fee is payable on the unused amount of credit.

Note 6
Stockholders' Investment

Information as to the Company's capital stock at July 31, 1999 is as follows:

(Dollars in Thousands)	Shares Authorized	Shares Issued	Amount
Preferred Stock, $.01 par value	5,000,000	0	$ -
Cumulative Preferred Stock:			
6% Cumulative	5,000	3,984	399
1972 Series	10,000	2,600	260
1979 Series	30,000	21,963	2,196
			$2,855
Common Stock, $.01 par value:			
Class A Nonvoting	100,000,000	20,839,841	$ 208
Class B Voting	10,000,000	1,769,314	18
			$ 226

Each share of $100 par value Cumulative Preferred Stock is entitled to receive cumulative cash dividends and may be redeemed, under certain circumstances, by the Company at par value plus accrued dividends plus a premium of 6% of the par value. Such shares, which are held by the initial holder thereof, are subject to redemption only if the holder consents thereto.

Before any dividend may be paid on the Class B Common Stock, holders of Class A Common Stock are entitled to receive an annual, noncumulative cash dividend of $.0333 per share. Thereafter, any further dividend in that fiscal year must be paid on each share of Class A Common Stock and Class B Common Stock on an equal basis.

Holders of Class A Common Stock are not entitled to vote on corporate matters, unless, in each of the three preceding fiscal years, the $.0333 preferential dividend described above has not been paid in full. Holders of the Class A Common Stock are entitled to one vote per share for the entire fiscal year immediately following the third consecutive fiscal year in which the preferential dividend is not paid in full. Holders of Class B Common Stock are entitled to one vote per share for the election of directors and for all other purposes.

Upon liquidation, dissolution or winding up of the Company, and after distribution of any amounts due to holders of Cumulative Preferred Stock, holders of Class A Common Stock are entitled to receive the sum of $1.67 per share before any payment or distribution to holders of Class B Common Stock. Thereafter, holders of Class B Common Stock are entitled to receive a payment or distribution of $1.67 per share. Thereafter, holders of Class A Common Stock and Class B Common Stock share equally in all payments or distributions upon liquidation, dissolution or winding up of the Company.

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

The following is a summary of other activity in stockholders' investment for the years ended July 31, 1998 and 1999:

(Dollars in Thousands)	Unearned Restricted Stock	Deferred Comp- ensation	Shares Held in Rabbi Trust, at Cost	Total
Issuance of 125,000 shares of Class A Common Stock	$ (3,718)	$ -	$ -	$ (3,718)
Issuance of 372,728 shares of Class A Common Stock to Rabbi Trust to fund deferred compensation plan	-	11,555	(11,555)	-
Purchase of 11,900 shares of Class A Common Stock purchased by the Rabbi Trust related to deferred compensation plan	-	482	(482)	-
Amortization of restricted stock	694	-	-	694
Balances July 31, 1998	$ (3,024)	$ 12,037	$ (12,037)	$ (3,024)
Sale of 59,953 shares of Class A Common Stock purchased by the Rabbi Trust related to deferred compensation plan	-	(1,814)	1,814	-
Purchase of 44,865 shares of Class A Common Stock purchased by the Rabbi Trust related to deferred compensation plan	-	1,008	(1,008)	-
Amortization of restricted stock	693	-	-	693
Balances July 31, 1999	$ (2,331)	$ 11,231	$ (11,231)	$ (2,331)

The Company's Nonqualified Stock Option Plans allow the granting of stock options to various officers, directors and other employees of the Company at prices equal to fair market value at the date of grant. The Company has reserved 1,500,000 and 2,125,000 shares of Class A Nonvoting Common Stock for issuance under the 1989 and 1997 Plans, respectively. Options granted prior to 1992 become exercisable once the employees have been continuously employed for six months after the grant date. Generally, options granted in 1992 and thereafter will not be exercisable until one year after the date of grant, to the extent of one-third per year.

Changes in the Options are as follows:

	Option Price	Options Outstanding	Weighted Average Exercise Price
Balance, July 31, 1996	$6.83-$25.17	808,108	$17.46
Options granted	21.75-23.88	777,700	23.51
Options exercised	6.83-25.17	(77,753)	10.75
Options cancelled	6.83-25.17	(46,302)	18.15
Balance, July 31, 1997	$6.83-$25.17	1,461,753	$21.01
Options granted	30.66-34.00	260,150	31.49
Options exercised	6.83-25.17	(57,282)	16.44
Options cancelled	21.75-31.38	(24,600)	23.74
Balance, July 31, 1998	$6.83-$34.00	1,640,021	$22.79
Options granted	19.19-24.25	351,400	19.56
Options exercised	6.83-31.38	(117,526)	16.00
Options cancelled	12.17-34.00	(73,461)	26.63
Balance, July 31, 1999 (721,187 options exercisable)	$6.83-$34.00	1,800,434	$22.45
Available for grant after July 31, 1999		1,162,419	

The following table summarizes information about stock options outstanding at July 31, 1999:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Shares Outstanding at July 31, 1999	Weighted Average Remaining Contractual Life-Years	Weighted Average Exercise Price	Shares Exercisable at July 31, 1999	Weighted Average Exercise Price
$ 6.83-$15.00	196,201	3.8 years	$12.47	196,201	$12.47
$15.01-$25.00	1,158,065	7.9 years	21.82	232,818	20.50
$25.01-$34.00	446,168	7.3 years	28.45	292,168	26.85
$ 6.83-$34.00	1,800,434	7.3 years	$22.45	721,187	$20.89

In October 1995, SFAS No. 123 "Accounting for Stock-Based Compensation" was issued. SFAS No. 123 establishes a fair value based method of accounting for stock-based compensation; however, it allows entities to continue accounting for employee stock-based compensation under the intrinsic value method prescribed by Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees. SFAS No. 123 requires certain disclosures, including pro forma net income and earnings per share as if the fair-value-based accounting method had been used for employee stock-based compensation cost. The Company has decided to adopt SFAS No. 123 through disclosure with respect to employee stock-based compensation.

If the Company had elected to recognize compensation cost for the Stock Option Plans based on the fair value at the grant dates for awards under those plans, consistent with the method prescribed by SFAS No. 123, net income and net income per common share would have been changed to the pro forma amounts indicated below:

	1999	1998	1997
Net income:			
As reported	$39,584	$28,036	$31,707
Pro forma	37,972	26,816	30,939
Net income per Class A Common Share - Diluted:			
As reported	$ 1.73	$ 1.23	$ 1.44
Pro forma	1.66	1.17	1.39

The fair value of stock options used to compute pro forma net income and net income per common share disclosure is the estimated present value at grant date using the Black-Scholes option-pricing model with weighted average assumptions for fiscal years 1999, 1998 and 1997 as follows:

	1999	1998	1997
Risk-free interest rate	6.2%	5.7%	6.3%
Expected volatility	37.8%	30.5%	27.1%
Dividend yield	2.4%	2.2%	2.1%
Expected option life	4.1 years	4.4 years	4.1 years

Note 7
Segment Information

Brady Corporation's reportable segments are business units that are each managed separately because they manufacture and/or distribute distinct products using different processes.

Brady Corporation has three reportable segments: the Identification Solutions & Specialty Tapes Group, the Graphics Group and the Direct Marketing Group.

The Identification Solutions & Specialty Tapes Group consists of Identification Solutions; Brady Software Solutions; Specialty Tapes; and Coated Products. Identification Solutions develops, manufactures and sells wire and cable markings, high-performance labels, printing systems, and packaged software mainly to the electrical, electronic, telecommunications, automotive and general industrial markets. Brady Software Solutions is focused on the Automatic Identification and Data Collection market and its solutions consist of high-performance labels and labeling systems tied together with bar-code design and print software, data-collection equipment, inventory services, application engineering and integration services. Specialty Tapes manufactures custom die-cut parts and slit-to-width specialty tapes. Die-cut parts are engineered to provide improved functionality and easier assembly of electronic products such as phones, pagers and disk drives. Specialty tapes are used by audio and video tape duplicators. Coated Products develops and coats specialty materials using a wide variety of substrates such as polyester, polyimide, cloth, metal and paper. Coatings include custom adhesive systems as well as high-performance topcoats. These materials are sold in bulk roll form, or as converted products through other Brady units.

The Graphics Group consists primarily of Signmark(r), and Varitronic Systems. Signmark manufactures and sells signs, labels, tags and safety devices; printers and accessories for do-it-yourself industrial signage and labels; regulatory training programs and products; and accident-prevention tags and other visual warning systems. These products enable customers to comply with government regulations and other standards to make their workplace safe, instructive and productive. Varitronic Systems produces and markets printing systems including lettering and labeling systems, poster printers, supplies and laminating equipment. Markets served by this group include pulp and paper, chemical, electrical, transportation and other manufacturing, as well as construction, government and education.

The Direct Marketing Group sells a variety of products to end users via direct-mail catalogs, telemarketing and the Internet. Its products include more than 20,000 products including signs; property identification tags; hazardous materials and regulatory training programs and products; and office accessories. The Direct Marketing Group serves manufacturing markets as well as construction, wholesale trade, finance, insurance, government, education, healthcare and other service industries.

The Company evaluates performance and allocates resources based on profit or loss from operations before income taxes, not including interest, goodwill and exchange gain or loss. The accounting policies of the reportable segments are the same as those described in the summary of significant accounting policies.

Intersegment sales and transfers are recorded at cost plus a standard percentage markup. Intercompany profit is eliminated in consolidation.

	Identification Solutions & Specialty Tapes	Graphics	Direct Marketing	Corporate and Eliminations	Totals
Year ended July 31, 1999:					
Revenues from external customers	$190,189	$122,856	$157,817	$ -	$470,862
Intersegment revenues	3,042	1,982	865	(5,889)	-
Nonrecurring (credit) charge	(104)	21	(25)	(503)	(611)
Depreciation and amortization expense	8,942	3,019	1,896	1,292	15,149
Profit (loss)	28,908	18,207	28,371	(7,456)	68,030
Assets	121,487	78,459	48,463	102,711	351,120
Expenditures for long-lived assets	5,575	2,017	1,462	835	9,889
Year ended July 31, 1998:					
Revenues from external customers	$180,159	$125,283	$149,708	$ -	$455,150
Intersegment revenues	2,970	1,512	790	(5,272)	-
Nonrecurring charge	1,098	1,640	779	1,873	5,390
Depreciation and amortization expense	5,928	4,156	1,893	1,311	13,288
Profit (loss)	25,715	9,493	21,565	(8,375)	48,398
Assets	106,012	66,257	47,626	91,929	311,824
Expenditures for long-lived assets	4,683	10,374	1,410	722	17,189
Year ended July 31, 1997:					
Revenues from external customers	$170,546	$122,673	$132,862	$ -	$426,081
Intersegment revenues	3,218	1,338	134	(4,690)	-
Depreciation and amortization expense	5,609	5,146	1,742	1,654	14,151
Profit (loss)	26,054	14,210	17,405	(5,927)	51,742
Assets	86,209	71,414	44,491	89,548	291,662
Expenditures for long-lived assets	4,125	1,685	982	1,985	8,777

Year Ended July 31,	1999	1998	1997
Profit reconciliation:			
Total profit or loss for reportable segments	$75,486	$56,773	$57,669
Corporate and eliminations	(7,456)	(8,375)	(5,927)
Unallocated amounts:			
Goodwill	(3,416)	(1,793)	(1,014)
Interest-net	1,975	2,259	1,735
Foreign exchange	(975)	(1,863)	(1,112)
Other	(832)	(836)	(80)
Income before income taxes	$64,782	$46,165	$51,271

	Revenues* Year Ended July 31, 1999	1998	1997	Total Assets** Year Ended July 31, 1999	1998	1997
Geographic information:						
United States	$292,341	$286,813	$276,965	$170,021	$160,408	$168,600
Europe	149,522	139,061	123,529	84,234	66,885	52,242
Other foreign countries	60,597	59,948	58,034	34,298	26,910	24,667
Corporate assets and eliminations	(31,598)	(30,672)	(32,447)	62,567	57,621	46,153
Consolidated total	$470,862	$455,150	$426,081	$351,120	$311,824	$291,662

**Revenues are attributed based on country of origin.
**Corporate assets consist primarily of cash and cash equivalents. Eliminations consist of intercompany receivables between regions.

Note 8
Net Income Per Common Share

Net income per Common Share is computed by dividing net income (after deducting the applicable Preferred Stock dividends and preferential Class A Common Stock dividends) by the weighted average Common Shares outstanding of 22,537,393 for 1999, 22,357,686 for 1998 and 21,908,318 for 1997. The preferential dividend on the Class A Common Stock of $.0333 per share has been added to the net income per Class A Common Share for all years presented.

For the year ended July 31, 1998, the Company adopted Statement of Financial Accounting Standards No. 128, "Earnings per Share," which established new standards for the calculation of net income per share effective for interim and annual periods ending after December 15, 1997. Reconciliations of the numerator and denominator of the basic and diluted per share computations for the Company's Class A and Class B Common Stock are summarized as follows:

	Fiscal 1999	Fiscal 1998	Fiscal 1997
Numerator:			
Net income	$39,584,000	$28,036,000	$31,707,000
Less: Preferred stock dividends	(259,134)	(259,134)	(259,134)
Numerator for basic and diluted Class A earnings per share	39,324,866	27,776,866	31,447,866
Less:			
Preferential dividends	(690,541)	(676,298)	(670,454)
Preferential dividends on dilutive stock options	(2,739)	(9,140)	(3,843)
Numerator for basic and diluted Class B earnings per share	$38,631,586	$27,091,428	$30,773,569
Denominator:			
Denominator for basic earnings per share for both Class A and B	22,537,393	22,357,686	21,908,318
Plus: Effects of dilutive stock options	145,577	244,239	144,100
Denominator for diluted earnings per share for both Class A and B	22,682,970	22,601,925	22,052,418

	Fiscal 1999	Fiscal 1998	Fiscal 1997
Class A Common Stock earnings per share calculation:			
Basic	$1.74	$1.24	$1.44
Diluted	1.73	1.23	1.43
Class B Common Stock earnings per share calculation:			
Basic	$1.71	$1.21	$1.41
Diluted	1.70	1.20	1.40

Options to purchase 446,168, 258,850 and 269,401 shares of Class A Common Stock were not included in the computations of diluted earnings per share for fiscal years 1999, 1998 and 1997, respectively, because the option exercise prices were greater than the average market price of the common shares and, therefore, the effect would be antidilutive.

Note 9
Commitments

The Company has entered into various noncancellable operating lease agreements. Rental expense charged to operations was $8,884,000 for 1999; $9,015,000 for 1998; and $7,357,000 for 1997. Future minimum lease payments required under such leases in effect at July 31, 1999, are as follows (by fiscal year):

2000	$ 7,739,000
2001	7,344,000
2002	2,289,000
2003	1,161,000
2004	902,000
Thereafter	1,843,000
	$21,278,000

Note 10
Nonrecurring and One-Time Charges

During the fourth quarter of fiscal 1998, the Company recorded a nonrecurring charge of $5,390,000 related primarily to a provision for severance costs associated with a reduction in workforce at its operations around the world. In response to a softening of sales that began in April 1998, the Company announced in July 1998 that it would be reducing its workforce. A workforce reduction of 7.5%, approximately 200 people, was essentially completed in August 1998. Severance costs associated with this reduction totaled $5,024,000. The remainder of the nonrecurring charge represents a write-off of assets associated with exiting two small product lines. The Company discontinued its contract taping service and cover tape product line resulting in asset write-offs of $188,000 and $178,000, respectively. These were noncash charges.

A reconciliation of activity with respect to the Company's restructuring is as follows:

Provision, July 31, 1998	$ 5,390,000
Noncash asset write-offs	(366,000)
Cash payments associated with severance	(4,150,000)
Amounts taken to income	(611,000)
Ending balance, July 31, 1999	$ 263,000

In addition to the nonrecurring charge above, the Company recorded $2,461,000 in one-time charges in the fourth quarter of fiscal 1998 for the write-down of certain inventories and other assets. Substantially all this amount is noncash and was charged to cost of sales.

These nonrecurring and one-time charges total $7,851,000 ($4,766,000 after tax) or approximately $0.21 per diluted share, in 1998.

Independent Auditors' Report

To the Board of Directors and Stockholders
of Brady Corporation

We have audited the accompanying consolidated balance sheets of Brady Corporation and subsidiaries as of July 31, 1999 and 1998, and the related consolidated statements of income, stockholders' investment and cash flows for each of the three years in the period ended July 31, 1999. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of the companies at July 31, 1999 and 1998, and the results of their operations and their cash flows for each of the three years in the period ended July 31, 1999, in conformity with generally accepted accounting principles.

Deloitte & Touche LLP

Milwaukee, Wisconsin
September 23, 1999

Shareholder Services

Common Shares

Brady Corporation Class A Common Stock trades on the New York Stock Exchange under the symbol BRC. As of September 24, 1999, there were 411 Class A Common Stock shareholders of record and about 5,000 beneficial shareholders. There are two Class B Common Stock shareholders.

Quarterly Stock Data

	1999		1998		1997	
	High	Low	High	Low	High	Low
4th Quarter	$35.00	$24.13	$32.75	$19.63	$30.50	$22.00
3rd Quarter	$27.50	$19.50	$35.75	$29.31	$27.75	$22.50
2nd Quarter	$29.38	$22.50	$33.00	$29.00	$24.75	$20.50
1st Quarter	$23.13	$16.25	$35.00	$27.38	$25.25	$21.50

Dividends

Brady has paid dividends on its Common Stock every quarter since going public in June 1984, and the Company has increased the dividend every year for each of the past 14 years. At its September 1999 meeting, the Board of Directors increased the quarterly dividend on Class A Common Stock to 17 cents per share per quarter, or $0.68 per year. Dividends are normally paid on the last day of October, January, April and July.

Dividend Reinvestment

Shareholders of record may have their dividends automatically reinvested in Brady stock through a Dividend Reinvestment Program. For more information on this program, see the description on the Internet at www.bradycorp.com or call Brady's investor line at 414-438-6918.

Stock Transfer Agent

Firstar Trust Company, 1555 North RiverCenter Drive,
Suite 301, Milwaukee, WI 53212; phone: 1-800-637-7549.

Brady Information

Brady's Internet site at www.bradycorp.com contains investor presentations, 10-K and 10-Q filings, annual reports, news releases, frequently asked investor questions, stock prices, product information and a variety of other information about Brady.

Information Requests and Investor News Line

A phone system at 414-438-6918 enables you to listen to financial news highlights, request printed 10-K and other financial information, request dividend reinvestment information, or be transferred to an investor relations representative. Or you may send your information requests to Investor Relations, Brady Corporation, P.O. Box 571, Milwaukee, WI 53201-0571, or e-mail investor@bradycorp.com.

Analyst, Investor and Media Contact

Laurie Bernardy, vice-president of corporate communications, 414-438-6880.

Annual Meeting

The Brady Corporation Annual Meeting will be at 9 a.m., Wednesday, November 17, 1999, at the Milwaukee Athletic Club, 758 N. Broadway, Milwaukee, Wisconsin. Highlights will be posted on the Internet at www.bradycorp.com.

Our 1999 Annual Report represents a consolidation of projects meant to control costs while advancing Brady's Internet-based communications. The "Safety, Security, Productivity, Performance" section will be used by Brady operations as a stand-alone brochure in nine languages in the years ahead. Also, the report's horizontal layout reflects our focus on Internet-based communications. Check out www.bradycorp.com for an interactive version of the annual report as well as other investment information.

Directors

Richard A. Bemis, 58, has been a director of Brady since January 1990. He is president and CEO of Bemis Manufacturing Company, a manufacturer of molded plastic products in Sheboygan Falls, Wisconsin.

Robert C. Buchanan, 59, has been a director of Brady since November 1987. He is president and CEO of the Fox Valley Corporation, a specialty paper manufacturer in Appleton, Wisconsin.

Dr. Frank W. Harris, 57, has been a director of Brady since November 1991. He is a distinguished professor of polymer science and bio-medical engineering at the Institute of Polymer Science, University of Akron, in Akron, Ohio.

Irwin Helford, 65, has been a director of Brady since November 1998. He is former chairman of Viking Office Products, Inc., Torrance, California, and vice chairman of Office Depot, Inc.

*Katherine M. Hudson, 52, joined Brady in January 1994 as president, chief executive officer and director. Before joining Brady, she was a vice president at Eastman Kodak Company and general manager of Kodak's Professional, Printing and Publishing Imaging Division. She is also a director of Case Corporation and Honeywell, Inc.

*Peter J. Lettenberger, 62, has served as a director and secretary of Brady since January 1977. He is a partner in the law firm of Quarles & Brady, Milwaukee, Wisconsin, and serves as general counsel to Brady.

Gary E. Nei, 55, has been a director of Brady since November 1992. He is chairman of B&B Publishing, a publishing company in Walworth, Wisconsin.

Roger D. Peirce, 62, has served as a Brady director since September 1988. He is secretary and treasurer of Jor-Mac Company, Inc, a manufacturer of metal products in Grafton, Wisconsin.

Corporate Officers and Executives

*Katherine M. Hudson
president and chief executive officer

*Frank M. Jaehnert
vice president and chief financial officer

Laurie A. Bernardy
vice president - corporate communications

*Richard L. Fisk
vice president - Direct Marketing Group

*David R. Hawke
vice president - Graphics Group

Gary L. Johnson
vice president - corporate development

*Michael O. Oliver
vice president - human resources

*Donald E. Rearic
vice president, treasurer and assistant secretary

*Thomas E. Scherer
vice president, controller and assistant secretary

*David W. Schroeder

vice president - Identification Solutions & Specialty Tapes Group

David B. Winter
vice president and chief information officer

Brady Locations

United States
Brady Corporation
P.O. Box 571
Milwaukee, WI 53201

Brady Worldwide, Inc. - Identification Solutions
6555 W. Good Hope Rd.
Milwaukee, WI 53223

Brady Worldwide, Inc. - Specialty Tapes
N144 W5690 Pioneer Road
Cedarburg, WI 53012

Brady Worldwide, Inc. -
Coated Products
P.O. Box 298
2230 W. Florist Ave.
Milwaukee, WI 53201-0298

Brady Worldwide, Inc. - Signmark(r)
2221 W. Camden Rd.
Milwaukee, WI 53209

Brady Software Solutions
727 W. Glendale Ave.
Glendale, WI 53209

Seton Identification Products
20 Thompson Rd.
Branford, CT 06405

Seton Identification Products
4451 Eucalyptus Ave.
Suite 330
Chino, CA 91710

Varitronic Systems, Inc.
6835 Winnetka Circle
Brooklyn Park, MN 55428

Barcodes West Inc.
1560 First Avenue South
Seattle, WA 98134

BCW Inventory Services
1766 S. Naperville Rd.
Wheaton, IL 60187

Australia

Brady Australia Pty. Ltd.
Seton Australia Pty. Ltd.
2 Pat Devlin Close
Chipping Norton NSW 2170
Australia

Visi Sign Pty. Ltd.
10 Reid Street
Bayswater, Victoria 3153
Australia

Belgium

W.H. Brady, N.V.
Industrie Park C/3
Lindestraat 20
B-9240 Zele, Belgium

Brazil

W.H.B. do Brasil Ltda.
Rua Rosangela Donata
De Oliveira 30
06236-110 Osasco
Sao Paulo, Brazil

Seton do Brasil
Centro Empresarial Alphaville
Av. Jurua, 105 - Modulo 4
06455-908 Barueri
Sao Paulo, Brazil

Canada

W.H.B. Identification
Solutions, Inc.
Seton-Canada
56 Leek Crescent
Richmond Hill
Ontario, Canada

China

Brady Corporation S.E.A. Pte. Ltd.
Room 806, Bright China
Chang An Building
7 Jian Guo Men Nei Da Jie
Dong Cheng District
Beijing, PRC

Brady (Wuxi) Co. Ltd.
No. 229
Xingchuang Ba Lu
Wuxi-Singapore Industrial Park
Wuxi, Jinagsu, PRC 214028

France

Brady France
2 Place Marcel Rebuffat
BP 362 - Parc de Villejust
91959 Les Ulis Cedex, France

Seton S.A.
113 Rue Horace Vernet - BP 181
59054 Roubaix Cedex 1, France

Signals S.A.
Rond Point de la Republique
Z.I. de la Rochelle
17187 Perigny Cedex, France

Holman Groupe
Periprint, MII, TFF
112/116 Rue des Solets
Silic 515
94623 Rungis Cedex, France

Brady LettraSoft S.A.
50 Rue des Rancy
69003 Lyons, France

Brady Software Group Europe
Z.I. Est
2, rue Van Gogh
32000 Auch, France

Germany

W.H. Brady GmbH
Lagerstrasse 13
64807 Dieburg
Germany

Seton GmbH
Otto-Hahn-Str. 5-7
63222 Langen, Germany

SOFT GmbH
Felix Klein Strasse 2
40474 Duesseldorf, Germany

Hong Kong

Brady Corporation S.E.A. Pte. Ltd.
Unit 03/04, 18th Floor
CRE Centre
889 Cheung Sha Wan
Kowloon, Hong Kong

Italy

Brady Italia
Seton Italia
Via Luigi Lazzaroni 7

21047 Saronno (VA), Italy

Japan

Nippon Brady K.K.
TVP Building 3F
3-9-13 Moriya-cho, Kanagawa-ku
Yokohama, Kanagawa 221-0022
Japan

Korea

Brady Korea Ltd.
5F Hyo-Won Bld.
99-5 GaRak-Dong, SongPa-Ku
Seoul, 138-720
Republic of Korea

Brady Korea Ltd.
130-8 Dong An-Ri, Okcheon-EUP
Okcheon-Gun, Chung Buk,
373-800
Republic of Korea

Malaysia

Brady Corporation S.E.A. Pte. Ltd.
15, 1st Floor
Lorong Mayang Pasir 5
Bayan Baru, 11950
Penang, Malaysia

Mexico

W.H. Brady S. de R.L. de C.V.
Avda. Ejercito Nacional
No. 718, 1 er Piso
Colonia Chapultepec Morales
11590 Mexico D.F., Mexico

Philippines

Brady Corporation S.E.A. Pte. Ltd.
9 Narra Drive
Palmera Heights III
Valley Golf, Cainta Rizal
Philippines 1900

Singapore

Brady Corporation S.E.A. Pte. Ltd.
Brady Corporation Asia Pte. Ltd.
55 Ayer Rajah Crescent #03-25
Ayer Rajah Industrial Estate
Singapore 139949

Spain

SOFT Iberica, S.L.
Hospitalet de Llobregat 08903
Spain

Sweden

Brady AB
Karins vag 5
194 54 Upplands Vasby
Sweden

Taiwan

Brady Corporation
S.E.A. Pte. Ltd.
6F-2, 412, Chung Hsiao E. Rd.
SEC 5
Taipei 110, Taiwan

United Kingdom

W.H. Brady Co. Ltd.
Wildmere Industrial Estate
Banbury, Oxfordshire
OX16 7JU
United Kingdom

Seton Limited
Canada Close
Banbury, Oxon 0X16 7RT
United Kingdom

SCHEDULE OF SUBSIDIARIES OF BRADY CORPORATION

Name of Company	State (Country) of Incorporation	Percentage of Voting Securities Owned
Brady Corporation	Wisconsin	Parent
Brady Financial Co.	Delaware	100%
Braton Holding Co.	Delaware	100%
Tricor Direct Inc.-	Delaware	100%
Doing Business As:		
Seton		
Seton Name Plate Company		
D&G Sign and Label Co.		
Seton Identification Products		
The Hirol Company		
Worldmark of Wisconsin Inc.	Delaware	100%
Varitronic Systems, Inc.	Minnesota	100%
Brady Investment Co.	Nevada	100%
Brady International Sales, Inc.	U.S. Virgin Islands	100%
Brady International Co.	Wisconsin	100%
Brady Service Co.	Wisconsin	100%
Brady Worldwide, Inc.	Wisconsin	100%
Teklynx International Co.	Wisconsin	100%
Brady Australia Pty. Ltd.	Australia	100%
Seton Australia Pty. Ltd.	Australia	100%
Visi Sign Pty. Ltd.	Australia	100%
W.H. Brady, N.V.	Belgium	100%
W.H.B. do Brasil Ltda.	Brazil	100%
B.I. Canada Incorporated	Canada	100%
W.H.B. Identification Solutions, Inc.-	Canada	100%
Doing Business As:		
Brady		
GrafTek		
Revere-Seton		
Seton		
1167232 Ontario, Inc.	Canada	100%
Brady (Wuxi) Co. Ltd.	China	100%

SCHEDULE OF SUBSIDIARIES OF BRADY CORPORATION (Continued)

Name of Company	State (Country) of Incorporation	Percentage of Voting Securities Owned
B.I. Financial Limited	England	100%
B.I. U.K. Limited	England	100%
W.H. Brady Co. Ltd.	England	100%
Cigarette Litter Bin Co. Ltd.	England	100%
Seton Limited	England	100%
Brady Graphic Solutions Limited	England	100%
Brady Letterasoft S.A.	France	100%
Braton Europe Eurl	France	100%
Braton Groupe S.A.R.L.- Doing Business As: Brady; Techniques Avancees; Holman; Periprint	France	100%
Tricor Group, S.A. - Doing Business As: Seton; Signals	France	100%
W.H. Brady GmbH	Germany	100%
Seton GmbH	Germany	100%
Seton Italia, SRL	Italy	100%
Nippon Brady K.K.	Japan	100%
Brady Korea Co., Ltd.	Korea	100%
W. H. Brady S. de R.L. de C.V.	Mexico	100%
Hirol UK Ltd.	Scotland	100%
Brady Corporation S.E.A. Pte. Ltd.	Singapore	100%
Brady Corporation Asia Pte. Ltd.	Singapore	100%
SOFT Iberica S.L.	Spain	100%
Brady AB	Sweden	100%
Seton Scandinavia AB	Sweden	100%

EXHIBIT 23.1

INDEPENDENT AUDITORS' CONSENT

To the Board of Directors and Stockholders of Brady Corporation:

We consent to the incorporation by reference in Registration Statements No. 333-38857, 333-38859 and 333-44505 of Brady Corporation (formerly W. H. Brady Co.) on Forms S-8 of our reports dated September 23, 1999, appearing in and incorporated by reference in the Annual Report on Form 10-K of Brady Corporation for the year ended July 31, 1999.

/s/ Deloitte & Touche LLP
Milwaukee, Wisconsin
October 25, 1999

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YEAR
JUL-31-1999
AUG-01-1998
JUL-31-1999
75,466
0
75,629
2,339
37,527
203,169
149,978
82,994
351,120
73,285
1,402
2,855
0
226
257,615
351,120
470,862
470,862
202,203
202,203
204,887
0
445
64,782
25,198
39,584
0
0
0
39,584
1.74
1.73