

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, 2000

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 ☒ 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 ☒

As of October 6, 2000, there were outstanding 20,979,298 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 2000 Annual Report, Incorporated into Part II & IV

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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 26 manufacturing facilities worldwide. Ten are located in the United States, four in France, two each in Australia and Canada and one each in Belgium, Brazil, China, England, 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 35 through 37 of the Brady Corporation 2000 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 50,000 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 precision materials.

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 and telemarketing and electronic access through the Internet. The Company has a broad customer base, which in fiscal 2000 consisted of more than 300,000 companies, with the largest customer representing less than 5% of net sales. Sales from international operations represented 44.4%, 44.6% and 43.5% of net sales in fiscal 2000, 1999 and 1998, respectively.

BUSINESS STRATEGY

Brady's mission is to be the world leader in identification and material solutions that help companies improve productivity, performance, safety and security. 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 200 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 50,000 stock as well as 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, safety signs and printing systems. It also is a leader in precision die-cut materials and bar-code label generation software.

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 aligning more closely with distributors, 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 \$240,079,000, or 44.4%, of net sales in fiscal 2000. 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 its 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.

E-business. E-Business will help support growth as the Company works to make every Brady business an electronic or Internet-enabled business. Brady is striving to do at least 50 percent of the Company's business electronically within the next three to five years. Investments in e-commerce and information technology have been increased to help the Company achieve this goal.

PRODUCTS

The Company's products consist of over 50,000 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 various 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 datacommunication and electrical 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, integration services, 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, and other 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, and training 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 2000. 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 not have a material adverse effect upon the Company's business. In fiscal 2000, no single customer accounted for more than 5% 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 500 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, Italy and Japan 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 and printing or marking 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 \$21,500,000, \$17,700,000 and \$20,300,000 in fiscal 2000, 1999 and 1998, respectively, on its research and development activities. In fiscal 2000, approximately 200 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 2000, 1999, and 1998, sales from international operations accounted for 44.4%, 44.6%, and 43.5%, respectively, of the Company's net sales. The Company's global infrastructure includes subsidiaries in Australia, Belgium, Brazil, Canada, China, England, France, Germany, Italy, Japan, Korea, Mexico, Singapore, Spain and Sweden and sales offices in 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, France and the Philippines 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, 2000, the amount of the Company's backlog orders believed to be firm was approximately \$27,100,000. This compares with approximately \$22,300,000 and \$20,400,000 of backlog orders as of July 31, 1999 and 1998, 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, 2000, the Company employed approximately 3,100 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 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.

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.

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.

Effective September 3, 1999, the Company acquired the brand name, customer list and catalog artwork of Champion America, Inc., located in Chagrin Falls, Ohio, a direct marketer of signs, labels and identification products, for cash of approximately \$4,949,000 and a payable of approximately \$561,000.

Effective March 3, 2000, the Company acquired Data Recognition, Inc., located in Austin, Texas, a systems integrator providing automatic identification and data collection ("AIDC") solutions.

Effective March 22, 2000, the Company acquired Imtec, Inc., located in Keene, New Hampshire, a manufacturer of high-performance bar-code labels and labeling systems used in automatic identification applications.

The combined price for Data Recognition, Inc. and Imtec, Inc. was cash of approximately \$33,422,000 and a payable of approximately \$1,490,000. The purchase price is subject to change based on post-closing adjustments.

(d) FINANCIAL INFORMATION ABOUT FOREIGN AND DOMESTIC OPERATIONS AND EXPORT SALES

See Note 7 to Notes to Consolidated Financial Statements on Pages 35 through 37 of the Brady Corporation 2000 Annual Report.

ITEM 2 PROPERTIES

The Company currently operates 26 manufacturing facilities. Ten are located in the United States, four in France, two each in Australia and Canada and one each in Belgium, Brazil, China, England, 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 1,590,000 square feet of space, of which approximately 833,000 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 is no trading market for the Company's Class B Voting Common Stock.

Stock price disclosure required by this Item is incorporated by reference to Page 39 of the Brady Corporation 2000 Annual Report.

(b) Holders

The number of holders of record of the Company's Class A and Class B Common Stock as of September 19, 2000, was 391 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 7/31/99				Year Ended 7/31/00				Year Ending 7/31/01
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	1st Qtr
Class A	\$.16	\$.16	\$.16	\$.16	\$.17	\$.17	\$.17	\$.17	\$.18
Class B	.13	.16	.16	.16	.14	.17	.17	.17	.15

ITEM 6 SELECTED FINANCIAL DATA

The information required by this Item is incorporated by reference to Page 17 of the Brady Corporation 2000 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 18 through 22 of the Brady Corporation 2000 Annual Report.

From time to time the Company may provide forward-looking information, as defined in the Private Securities Litigation Reform Act of 1995. Forward-looking information involves risks and uncertainties, including, but not limited to, domestic and international economic conditions and growth rates; fluctuations in currency exchange rates for international currencies versus the U.S. dollar; the successful implementation of a new enterprise-resource-planning system; the ability of the company to acquire, integrate and achieve anticipated synergies from new businesses; the ability of the company to adjust its cost structure to changes in levels of sales and product mix in a timely manner; variations in the economic or political conditions in the countries in which the company does business; technology changes; and the continued availability of sources of supply. Brady 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.

ITEM 8 FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information required by this Item is incorporated by reference to Pages 23 through 38 of the Brady Corporation 2000 Annual Report and the table on page III-3.

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

None.

BRADY CORPORATION AND SUBSIDIARIES
UNAUDITED QUARTERLY FINANCIAL INFORMATION

	First -----	Second -----	Quarters Third -----	Fourth -----	Total -----
	(Dollars in Thousands, Except Per Share Data)				
2000					
Net Sales	\$125,549	\$129,222	\$142,484	\$143,822	\$541,077
Gross Margin	72,814	74,309	82,744	81,603	311,470
Operating Income	19,778	15,379	19,102	15,032	69,291
Net Income	12,367	9,832	11,729	13,273	47,201
Net Income Per Class A Common Share:					
Basic	0.54	0.43	0.51	0.59	2.07
Diluted	0.54	0.43	0.51	0.57	2.05
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

PART III

ITEM 10 DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Name	Age	Title
Katherine M. Hudson	53	President, CEO and Director
Richard L. Fisk	56	Vice President, Direct Marketing Group
David R. Hawke	46	Vice President, Graphics Group
Frank M. Jaehnert	43	Vice President & Chief Financial Officer
David W. Schroeder	45	Vice President, Identification Solutions & Specialty Tapes Group
Conrad G. Goodkind	56	Secretary
Peter J. Lettenberger	63	Director
Robert C. Buchanan	60	Director
Roger D. Peirce	63	Director
Richard A. Bemis	59	Director
Dr. Frank W. Harris	58	Director
Gary E. Nei	56	Director
Mary K. Bush	52	Director
Frank R. Jarc	58	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 CNH Global N.V. and Charming Shoppes, 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.

CONRAD G. GOODKIND - Mr. Goodkind was elected Secretary of the Company in November 1999. He is a partner of Quarles & Brady, general counsel to the Company, which he joined in 1979.

PETER J. LETTENBERGER - Mr. Lettenberger has served as a Director of the Company since January 1977. Mr. Lettenberger is a member of the Company's Finance and Corporate Governance Committees. He is a partner of Quarles & Brady, general counsel to the Company, which 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 is a member of the Company's Finance Committee and chairs its Corporate Governance Committee. Mr. Buchanan is President of 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, and is a member of its Corporate Governance and Finance Committees. Mr. Peirce is a private investor and consultant and 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, and is a member of its Finance and Technology Committees. 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, a member of its Audit Committee since May 1999, and is chair of its Technology Committee. 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 is a member of the Company's Technology Committee and chair of its Finance Committee. 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.

MARY K. BUSH - Ms. Bush was elected to the Board of Directors on May 15, 2000. Ms. Bush is president of Bush & Company, Washington, D.C., an international financial advisory firm. She serves on the Audit and Finance Committees. Ms. Bush is also a director of Texaco, Inc., Mortgage Guarantee Insurance Corp., and R.J. Reynolds Tobacco Holdings, Inc.

FRANK R. JARC - Mr. Jarc was elected to the Board of Directors on May 15, 2000. Mr. Jarc is a consultant specializing in corporate development and international acquisitions, and the former senior vice president of corporate development at Office Depot. He is chair of Brady's Audit Committee and serves on the Compensation Committee.

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 2000, with respect to the Company's Class A Common Stock:

1. Richard L. Fisk, an officer of the Company, exercised options to purchase 5,000 shares on November 19, 1999 and sold the shares on the same day. These transactions were reported on a Form 4 filed January 4, 2000.

2. On June 6, 2000, Peter J. Lettenberger, a Director of the Company, donated 1,000 shares to a non-profit institution. This transaction was reported on a Form 4 dated July 12, 2000.

ITEM 11 EXECUTIVE COMPENSATION

The following table summarizes the compensation paid or accrued by the Company during the three fiscal years ended July 31, 2000, to those persons who, as of the end of fiscal 2000, were the Named Executive Officers.

SUMMARY COMPENSATION TABLE

Name and Principal Position -----	Fiscal Year ----	Annual Compensation -----			Long-Term Compensation Awards -----		All Other Comp (\$) (4) -----
		Salary (\$) ---	Bonus (\$) (1) -----	Other Annual Comp (\$) (2) -----	Restricted Stock Awards (\$) (3) -----	Options/SAR (# of Shares) -----	
K. M. Hudson President & Chief Executive Officer	2000	470,308	535,963	6,913	---	82,000	58,059 (5)
	1999	441,577	529,892	4,950	---	34,000	47,589 (5)
	1998	449,516	190,145	4,829	1,487,500	24,000	107,066 (5)
R. L. Fisk Vice President, Direct Marketing Group	2000	265,962	206,652	4,668	---	12,500	241,562 (6)
	1999	253,654	228,289	3,235	---	12,500	231,903 (6)
	1998	259,615	82,363	3,560	743,750	8,000	215,180 (6)
D. W. Schroeder Vice President, ISST Group	2000	255,962	238,659	5,631	---	12,500	6,699
	1999	243,573	219,216	5,908	---	12,500	13,549
	1998	247,889	78,643	4,271	743,750	8,000	13,612
D.R. Hawke Vice President, Graphics Group	2000	245,961	191,112	4,790	---	12,500	6,735
	1999	233,654	210,289	5,191	---	12,500	13,219
	1998	238,836	75,774	2,813	743,750	8,000	13,527
F.M. Jaehnert Vice President & Chief Financial Officer	2000	213,269	165,710	5,558	---	8,600	8,931
	1999	190,962	171,866	6,835	---	83,000	13,280
	1998	185,309	54,870	5,685	---	6,000	13,225

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

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

- (3) 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, 2000 and 1999, 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, 2000, of \$30.4375/share, Mrs. Hudson's holdings were valued at \$1,521,875 and the holdings of Messrs. Fisk, Schroeder and Hawke were valued at \$760,938 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.
- (4) All other compensation for fiscal 2000 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 \$9,600, \$5,915, \$5,946, \$5,977 and \$8,580 respectively and (ii) the cost of group term life insurance for each named executive officer of \$1,485, \$2,286, \$753, \$758 and \$351, respectively.
- 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.
- (5) Fiscal 2000 includes \$46,974 accrued, but not paid, for the current year's portion of a Supplemental Executive Retirement Plan (SERP). Fiscal 1999 includes \$31,355 accrued, but not paid, for that year's portion of the SERP. Fiscal 1998 includes club dues and estate planning fees of \$61,963 and \$27,634 accrued, but not paid, for the that year's portion of the SERP.
- (6) Fiscal 2000 includes \$233,360 accrued, but not paid, for the current year's portion of a Supplemental Executive Retirement Plan (SERP). Fiscal 1999 includes \$217,000 accrued, but not paid, for that year's portion of a SERP. Fiscal 1998 includes \$200,000 accrued, but not paid, for that year's portion of the SERP.

STOCK OPTIONS

The following tables summarize option grants and exercises during fiscal 2000 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, 2000. Stock Appreciation Rights are not available under any of the Company's plans.

OPTION GRANTS IN FISCAL 2000

Individual Grants

Name	Options Granted (#) (1)	% of Total Options Granted to Employees in Fiscal 2000	Exercise Price (\$/share) (2)	Expiration Date
K.M. Hudson	50,000	16.5%	33.7500	November 17, 2009
R.L. Fisk	32,000	10.6%	30.5625	October 14, 2009
D.W. Schroeder	12,500	4.1%	30.5625	October 14, 2009
D.R. Hawke	12,500	4.1%	30.5625	October 14, 2009
F.M. Jaehnert	8,600	2.8%	30.5625	October 14, 2009

Potential Realizable Value
at Assumed Rates of
Stock Price Appreciation (3)

Name	\$30.5625 0% (\$)	\$49.7800 5% (\$) (6)	\$79.2700 10% (\$) (6)
K.M. Hudson	0	1,676,460	4,248,140
R.L. Fisk	0	240,219	608,844
D.W. Schroeder	0	240,219	608,844
D.R. Hawke	0	240,219	608,844
F.M. Jaehnert	0	165,271	418,885

All Stockholders' Gains

(increase in market value of Brady corporation
Common Stock at assumed rates of stock price
appreciation) (4) (6).....

\$401,030,117

\$1,016,426,405

All Optionees' Gains

(as a percent of all shareholders' gains) (5) (6)....

1.47%

1.47%

- (1) The options granted October 14, 1999, become exercisable as follows: 33 1/3% of the shares on October 14, 2000; 33 1/3% of the shares on October 14, 2001; and 33 1/3% of the shares on October 14, 2002. These options have a term of ten years.
- The options granted to Mrs. Hudson on November 17, 1999, become exercisable January 01, 2004, 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 New York Stock Exchange 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 \$30.5625 exercise price applicable to the options granted on October 14, 1999 and the \$33.7500 exercise price applicable to the options granted on November 17, 1999 based on the 20,867,965 shares of Class A Common Stock outstanding on November 17, 1999.
- (5) Represents potential realizable value for all options granted in fiscal 2000 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 2000
AND VALUE OF OPTIONS AT END OF FISCAL 2000

Name	Shares Acquired on Exercise (#)	Value Realized (\$)	Number of Unexercised Options at July 31, 2000	
			Exercisable (#)	Unexercisable (#)
K.M. Hudson	0	0	198,333	312,667
R.L. Fisk	35,000	601,840	35,501	123,499
D.W. Schroeder	0	0	54,001	123,499
D.R. Hawke	3,000	71,088	48,001	123,499
F.M. Jaehnert	0	0	14,667	93,433

Name	Value of Unexercised In-the-Money Options at July 31, 2000 (1)	
	Exercisable (\$)	Unexercisable (\$)
K.M. Hudson	2,196,934	1,567,504
R.L. Fisk	212,795	749,996
D.W. Schroeder	588,753	749,996
D.R. Hawke	472,753	749,996
F.M. Jaehnert	83,941	836,086

(1) Represents the closing price for the Company's Class A Common Stock on July 31, 2000, of \$30.4375 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, 1995, 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,

	1995	1996	1997	1998	1999	2000
	----	----	----	----	----	----
Brady	\$100	\$193	\$228	\$193	\$256	\$240
S&P 500	\$100	\$114	\$170	\$199	\$236	\$255
RUSSELL 2000	\$100	\$105	\$138	\$140	\$148	\$167
NYSE	\$100	\$114	\$164	\$188	\$208	\$213

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 \$20,000 plus \$1,500 for each committee they chair and \$1,250 plus expenses for each meeting of the Board or any committee thereof which they attend and are a member. Directors receive \$750 for each meeting they attend of any committee for which they are not a member.

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 2000, the Board's Compensation Committee was composed of Messrs. Bemis, Jarc 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. There are no relationships among the Company's executive officers, members of the Compensation Committee or entities whose executives serve on the Board that require disclosure under applicable SEC regulations.

MONEY PURCHASE AND 401K 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 401K Plan (the "BradyGold 401K Plan"). Under this plan the Company agrees to contribute certain amounts to the BradyGold 401K Plan. Under the Money Purchase Plan, the Company first contributes 4% of the eligible earnings of each person covered by the Money Purchase 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 401K Plan by the Company and matched by an additional, equal contribution by the Company. Participants may also elect to have up to another 8% of their eligible earnings contributed to the BradyGold 401K Plan (without an additional matching contribution by the Company). The assets of the BradyGold 401K and Money Purchase Plans credited to each participant are invested by the BradyGold 401K and Money Purchase Plan trustee as directed in several investment funds as permitted by the BradyGold 401K and Money Purchase Plans. 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 401K Plan and paid to the participant if required for certain emergencies. Under certain specified circumstances, the BradyGold 401K 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 new deferred compensation plans 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 into a plan account, the value which is measured by 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 and for special situations at the sole discretion of the Compensation Committee, 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 into a plan, the value of which was measured 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 as of July 31 of each year.

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 2000, 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 \$470,308 in base salary in fiscal 2000, an increase of 6.5% from the prior year's base salary. She was paid a bonus attributable to fiscal 2000 of \$535,963, an increase of 1.1%, or \$6,071, 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 16.6%, or \$6,496,000, in profits (after removing the effects of the nonrecurring items) and 14.9% in sales over similar amounts from the prior year; a decrease of 13%, from \$35.00 to \$30.44, in the Company's stock price
- (ii) the successful acquisitions of certain assets of Champion America, Inc., Data Recognition, Inc. and Imtec, Inc. this year and the integration of last year's acquisitions VEB Sistemas de Etiquetas Ltda., Barcodes West Inc., Visi Sign Pty. Ltd., Holman Groupe S.A. and the graphics division of SOFT S.A.
- (iii) continued improvement in asset utilization (a 9.8% increase in inventory despite the 14.9% 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 2000, Mrs. Hudson was awarded options to purchase 82,000 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
 Frank R. Jarc

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 October 06, 2000.

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%

(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 Brady 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 October 06, 2000. Except as otherwise indicated, all shares are owned directly.

Title of Class -----	Name of Beneficial Owner & Nature of Beneficial Ownership -----	Amount of Beneficial Ownership(10) -----	Percent of Ownership -----
Class A Common Stock	Peter J. Lettenberger (1)(2)(3) Richard A. Bemis (1)(4) Gary E. Nei (1)(5) Roger D. Peirce (1)(6) Robert C. Buchanan (1)(7) Katherine M. Hudson (8) Conrad G. Goodkind Frank W. Harris All Officers and Directors as a Group (17 persons)(9)	2,529,231 1,785,205 1,780,705 1,779,205 1,778,305 302,351 17,382 7,200 3,280,650	12.1% 8.5% 8.5% 8.5% 8.5% 1.4% 0.1% * % 15.6%
Class B Common Stock	Peter J. Lettenberger (1) Richard A. Bemis (1) Gary E. Nei (1) Roger D. Peirce(1) Robert C. Buchanan (1) All Officers and Directors as a Group	1,769,314 1,769,314 1,769,314 1,769,314 1,769,314 1,769,314	100% 100% 100% 100% 100% 100%
6% Cumulative Preferred Stock	Peter J. Lettenberger (1)(2) Richard A. Bemis (1) Gary E. Nei (1) Roger D. Peirce (1) Robert C. Buchanan (1) All Officers and Directors as a Group	2,751 1,920 1,920 1,920 1,920 2,751	69.1% 48.2% 48.2% 48.2% 48.2% 69.1%
10% Cumulative 1979 Series Preferred Stock	Peter J. Lettenberger (2) All Officers and Directors as a Group	5,529 5,529	25.2% 25.2%
6% Cumulative 1972 Series Preferred Stock	Peter J. Lettenberger (2) All Officers and Directors as a Group (2)	2,600 2,600	100% 100%

* 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 4,308 shares of Class A Common Stock and holds vested options to acquire an additional 4,667 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 4,667 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 4,667 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 4,667 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 4,667 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 245,000 shares of Class A Common Stock.
- (9) The amount shown for all officers and directors as a group (17 persons) includes options to acquire a total of 542,791 shares of Class A Common Stock which are currently exercisable or will be exercisable within 60 days of October 6, 2000. It does not include other options for Class A Common Stock which have been granted at later dates.

(10) In addition to the shares shown in this table, the officers and directors as a group owned the equivalent of 308,316 shares of the Company's Class A Common Stock in its deferred compensation plans, including 75,733 for Mrs. Hudson, 6,385 for Mr. Jaehnert, 33,297 for Mr. Fisk, 34,418 for Mr. Hawke, 22,608 for Mr. Schroeder, 3,116 for Mr. Oliver and 4,379 for Mr. Rearic.

(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.

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 23 through 39 of the Company's 2000 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.

No report on form 8-K was filed by the Company during the fourth quarter of fiscal 2000.

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
10.25	Brady Corporation Restoration Plan dated January 1, 2000
13.1	Annual Report to Shareholders for year ended July 31, 2000
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

- (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,		
	2000	1999	1998
	----	----	----
	(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	\$2,339	\$2,011	\$2,241
Additions -- Charged to expense	1,830	966	970
Due to acquired businesses	45	97	64
Deductions-- Bad debts written off, net of recoveries	(1,295)	(735)	(1,264)
	-----	-----	-----
Balances at end of period	\$2,919	\$2,339	\$2,011
	=====	=====	=====
Inventory-- reserve for slow-moving inventory:			
Balances at beginning of period	\$5,506	\$3,544	\$1,766
Additions -- Charged to expense		1,962	3,293
Due to acquired businesses	349		
Deductions-- Inventory written off	(1,141)	-----	(1,515)
	-----		-----
Balances at end of period	\$4,714	\$5,506	\$3,544
	=====	=====	=====

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders of Brady Corporation:

We have audited consolidated financial statements of Brady Corporation and subsidiaries as of July 31, 2000 and 1999, and for each of the three years in the period ended July 31, 2000, and have issued our report thereon dated September 8, 2000; such consolidated financial statements and report are included in your 2000 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 8, 2000

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-sixth day of October, 2000.

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	President and Director	October 26, 2000

K. M. Hudson	(Principal Executive Officer)	
/s/ P. J. Lettenberger	Director	October 26, 2000

P. J. Lettenberger		
/s/ R. A. Bemis	Director	October 26, 2000

R. A. Bemis		
/s/ F. W. Harris	Director	October 26, 2000

F. W. Harris		
/s/ R. C. Buchanan	Director	October 26, 2000

R. C. Buchanan		
/s/ R. D. Peirce	Director	October 26, 2000

R. D. Peirce		
/s/ G. E. Nei	Director	October 26, 2000

G. E. Nei		
/s/ M. K. Bush	Director	October 26, 2000

M. K. Bush		
/s/ F. R. Jarc	Director	October 26, 2000

F. R. Jarc		

BRADY CORPORATION RESTORATION PLAN

EFFECTIVE JANUARY 1, 2000

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ARTICLE I

INTRODUCTION

1.1 ESTABLISHMENT AND EFFECTIVE DATE

Brady Corporation hereby establishes the Brady Corporation Restoration Plan effective as of January 1, 2000.

1.2 PURPOSE

The Plan is intended to restore to key management employees of Brady and its affiliates income deferral opportunities and employer contributions they would have had under the Company's tax qualified Brady Gold and Money Purchase Plans but for the limitations of the Internal Revenue Code of 1986, as amended.

ARTICLE II

DEFINITIONS

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

- 2.1 ACCOUNT shall mean Elective Deferral Account, Matching Contribution Account and Employer Contribution Account.
- 2.2 AFFILIATE shall mean each incorporated or unincorporated trade or business in which Brady Corporation directly or indirectly owns, as applicable, eighty percent (80%) of the voting stock or eighty percent (80%) of the capital or profits interest.
- 2.3 BENEFICIARY shall mean the person designated by a Participant in accordance with Section 7.2 to receive any amounts payable pursuant to the Plan in the event of his death.
- 2.4 BOARD shall mean the Board of Directors of Brady Corporation.
- 2.5 CODE shall mean the Internal Revenue Code of 1986, as amended, and any regulations issued thereunder.
- 2.6 COMMITTEE shall mean the Compensation Committee of the Board.
- 2.7 COMPENSATION shall mean the total compensation payable to a Participant by the Employer for any period (prior to elective deferrals under this Plan or any other plan or deferral agreement) required to be reported as wages on the Employee's Form W-2 for income tax purposes, but reduced by all of the following items (even if includable in gross income): reimbursements or other expense allowances, fringe benefits (cash and non-cash), moving expenses and welfare benefits.
- 2.8 ELECTIVE DEFERRAL shall mean the portion of a Participant's Compensation that is reduced and credited to his Elective Deferral Account pursuant to his election under Section 4.1.
- 2.9 ELECTIVE DEFERRAL ACCOUNT shall mean the Account maintained under the Plan to record a Participant's interest under the Plan attributable to his Elective Deferrals.
- 2.10 ELIGIBLE EMPLOYEE shall mean an Employee eligible under Sections 3.1 and 3.2.
- 2.11 EMPLOYEE shall mean an employee of the Employer.
- 2.12 EMPLOYER shall mean Brady Corporation and any Affiliate that adopts the Plan with the approval of the Board.
- 2.13 EMPLOYER CONTRIBUTION shall mean the amount credited to a Participant pursuant to Section 4.4.

- 2.14 EMPLOYER CONTRIBUTION ACCOUNT shall mean the Account maintained under the Plan to record a Participant's interest under the Plan attributable to Employer Contributions on his behalf.
- 2.15 MATCHING CONTRIBUTION shall mean the amount credited to a Participant pursuant to Section 4.3.
- 2.16 MATCHING CONTRIBUTION ACCOUNT shall mean the Account maintained under the Plan to record a Participant's interest under the Plan attributable to Matching Contributions on his behalf.
- 2.17 PARTICIPANT shall mean (i) an Eligible Employee under Section 3.1 or (ii) a former Eligible Employee who has an Account under the Plan.
- 2.18 PLAN shall mean the Brady Corporation Restoration Plan, as set forth in this document, as the same may be amended or restated from time to time.
- 2.19 PLAN YEAR shall mean the calendar year.
- 2.20 QUALIFIED 401(K) PLAN shall mean the Brady Gold Plan (or any successor plan thereto qualified under Code ss.ss. 401(a) and 401(k)).

ARTICLE III

PARTICIPATION

3.1 ELIGIBILITY TO PARTICIPATE

An Employee shall be eligible to elect deferrals and receive Employer contributions in accordance with the provisions of Article IV during any Plan Year in which the Employee is reasonably anticipated to earn compensation from the Employer in excess of the limit described in Code Section 401(a)(17).

3.2 CONTINUATION OF ELIGIBILITY

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

ARTICLE IV

DEFERRALS

4.1 ELECTIVE DEFERRALS

- (a) An Eligible Employee may elect an Elective Deferral of up to four percent (4%) of his Compensation for a Plan Year.
- (b) An Eligible Employee's Elective Deferral election under subsection (a) of this Section shall apply to and reduce the portion of his Compensation earned during a Plan Year after the date the Compensation he has earned during the Plan Year equals the limit in Code Section 401(a)(17) for such Plan Year.

4.2 ELECTIVE DEFERRAL ELECTIONS

- (a) An Eligible Employee's Elective Deferral election under Section 4.1 shall (i) if made within the thirty (30) day period following the date he is first eligible to participate or reparticipate in the Plan, be effective on the date the election is received by the Employer, and (ii) if not made within said thirty (30) day period, be effective on the January 1 following the date the election is received by the Employer, or its designee.
- (b) Once effective, an Eligible Employee's election or elections under subsection (a) of this Section shall continue in effect (notwithstanding any change in his Compensation) until changed or revoked by him or otherwise revoked under this Section.
- (c) An Eligible Employee may change or revoke his election under subsection (a) of this Section each January 1. Any such change or revocation must be received by the Employer, or its designee, before the January 1 it is to be effective.
- (d) If an Eligible Employee participates in a 401(k) plan (i.e., a qualified cash or deferred arrangement) of the Employer (or any affiliate treated under the Code as a single employer with the Employer for purposes of the 401(k) plan) and receives a withdrawal of his elective contributions thereunder on account of financial hardship prior to his attainment of age fifty-nine and one-half (59 1/2) under the deemed distribution rule of I.T. Reg.ss. 1.401(k)-1(d)(2)(iv)(B) (or its successor), his election under Section 4.1 shall be revoked automatically (effective on the date such hardship withdrawal is made or as soon as practicable thereafter). In addition, such Eligible Employee shall not be eligible to have another election effect for a twelve (12) month suspension period that begins on the first day of the calendar month following the date the hardship withdrawal is made. Such Eligible Employee may make another election effective for any January 1 following the end of such suspension period, if then still eligible to do so.

- (e) An Eligible Employee's election under Section 4.1 shall be revoked automatically upon the termination of his employment with the Employer (and the Eligible Employee shall cease to be an Eligible Employee).
- (f) All elections and revocations made by an Eligible Employee under this Section shall be made in accordance with procedures prescribed by the Committee, and all elections and revocations under this Section shall be effective with the payroll period beginning with or next following the effective date of the election or revocation.

4.3 MATCHING CONTRIBUTION

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

4.4 EMPLOYER CONTRIBUTION

An Eligible Employee shall be credited with an Employer Contribution for a Plan Year in an amount equal to 4% of the amount by which the Eligible Employee's Compensation exceeds the limit in Code Section 401(a)(17) for the Plan Year; provided the Eligible Employee remains in the Employer's employ on the last day of such Plan Year.

ARTICLE V

ACCOUNTS AND CREDITS

5.1 CREDITS TO ACCOUNTS

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

5.2 NO FUNDING

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

5.3 DEEMED INVESTMENT OF ACCOUNTS

- (a) The Committee shall select one or more investment funds for the deemed investment of Accounts. However, in no event shall the Employer be required to make any such investment in the investment funds, and to the extent such investments are made, such investments shall remain an asset of the Employer subject to the claims of its general creditors.
- (b) On the date credited to the respective Account, a Participant's Elective Deferrals, Matching Contributions and Employer Contributions shall be deemed to be invested in one or more of the investment funds designated by the Participant for such deemed investment. Once made, the Participant's investment designation shall continue in effect for all future Elective Deferrals, Matching Contributions and Employer Contributions until changed by the Participant. Any such change may be elected by the Participant at the times established by the Committee, which shall be no less frequently than quarterly, and shall be effective only for Elective Deferrals, Matching Contributions and Employer Contributions credited from and after its effective date.
- (c) A Participant may elect to reallocate the balance of his Accounts deemed to be invested in the investment funds under this Section at the times established by the Committee, which shall be no less frequently quarterly.
- (d) All elections and designations under this Section shall be made in accordance with procedures prescribed by the Committee. The Committee may prescribe uniform percentages for such elections and designations.

5.4 REPORTS TO PARTICIPANTS

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

ARTICLE VI

VESTING

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

ARTICLE VII

PAYMENT OF ACCOUNTS

7.1 TERMINATION OF EMPLOYMENT

- (a) The Employer shall pay the balance of a Participant's Accounts to him within thirty (30) days of the date his employment with the Employer and its Affiliates terminates.
- (b) Payment of a Participant's Accounts shall be made in a single cash payment.

7.2 DEATH

- (a) If a Participant dies before receiving the balance of his Accounts, the Employer shall pay the balance of his Accounts to his Beneficiary in a single cash payment within thirty (30) days of the date of his death.
- (b) A Participant's designation of a Beneficiary for this purpose shall be made in a written designation filed in accordance with procedures prescribed by the Committee, and a Participant may change his designation of a Beneficiary at any time in another written designation filed in accordance with such procedures. If there is no Beneficiary designated by the Participant or surviving at the death of the Participant, the Participant shall be deemed to have designated as Beneficiary with priority in the order named (i) his surviving spouse and (ii) his estate.

7.3 FINANCIAL HARDSHIP

- (a) The Employer shall pay the balance of a Participant's Accounts to him in a single cash payment in the event of his financial hardship, but only in an amount necessary to satisfy the financial hardship (including reasonably anticipated taxes resulting from such a payment) and only to the extent that such financial hardship cannot be relieved (i) through reimbursement or compensation by insurance or otherwise, (ii) by liquidation of the Participant's assets to the extent such liquidation would not result in a financial hardship or (iii) by cessation of Elective Deferrals.
- (b) For purposes of subsection (a) of this Section, financial hardship shall mean a severe financial hardship to the Participant resulting from a sudden and unexpected illness or accident of the Participant or his dependent, loss of the Participant's property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events outside the control of the Participant.

- (c) The Committee shall have the sole discretion to determine the amount (if any) to be paid to a Participant under this Section.

7.4 CHANGE IN LAW

Notwithstanding any of the above, the Committee may direct payment of a Participant's Account before it otherwise would be payable under this Article VII if, based on notification from the Internal Revenue Service or a review by the Committee in light of Internal Revenue Service guidance, the Committee determines that a Participant has or will recognize income for federal income tax purposes with respect to amounts that are or will be payable under the Plan before they are to be paid. Further, the Committee may direct payment of a Participant's Account before it otherwise would be payable and may terminate a Participant's participation in the Plan if, based on notification from the Department of Labor or a review by the Committee in light of Department of Labor guidance, the Committee determines that an individual's participation in the Plan jeopardizes the Plan's status as a plan described in Section 11.11 hereof.

ARTICLE VIII

PLAN OPERATION AND ADMINISTRATION

8.1 ADMINISTRATOR

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

8.2 COMMITTEE

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

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

8.3 AUTHORITY TO ACT

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

8.4 INFORMATION FROM PARTICIPANTS

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

8.5 COMMITTEE DISCRETION

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

be subject to de novo review and shall not be overturned unless proven to be arbitrary and capricious upon the evidence considered by the Committee at the time of such determination.

8.6 COMMITTEE MEMBERS' CONFLICT OF INTEREST

A member of the Committee who is covered hereunder may not vote or decide upon any matter relating solely to himself or vote in any case in which his individual right to any benefit under the Plan is particularly involved nor may a member of the Board who is covered hereunder vote to amend the Plan regarding the timing of distributions or vote with respect to direct or indirect termination of the Plan. Decisions shall be made by remaining Committee or Board members even if there is no quorum under normal Committee or Board rules.

8.7 GOVERNING LAW

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

8.8 EXPENSES

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

8.9 MINOR OR INCOMPETENT PAYEES

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

8.10 WITHHOLDING

To the extent required by law, the Employer shall withhold any taxes required to be withheld by the federal or any state or local government from payments made hereunder or from other amounts paid to the Participant by the Employer. To the extent that FICA taxes are required to be withheld from the Participant with respect to amounts credited under this Plan and no amounts are to be paid to the Participant hereunder or otherwise from the Employer from which such FICA taxes may be withheld, then the Employer shall pay such FICA taxes and the Participant's Account hereunder shall be reduced by the amount of the FICA tax paid.

8.11 INDEMNIFICATION

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

ARTICLE IX
CLAIMS PROCEDURE

9.1 CLAIMS

If the Participant or the Participant's Beneficiary (hereinafter referred to as "claimant") believes he is being denied any benefit to which he is entitled under this Plan for any reason, he may file a written claim with the member of the Committee designated as the claims administrator. The claims administrator shall review the claim and notify the claimant of his decision within 90 days of receipt of such claim, unless the claimant receives written notice prior to the end of the 90 day period stating that special circumstances require an extension of the time for decision. The claim administrator's decision shall be in writing, sent by first class mail to the claimant's last known address, and if a denial of the claim, shall contain the specific reasons for the denial, reference to pertinent provisions of the Plan on which the denial is based, a description of any additional information or material necessary to perfect the claim, and an explanation of the claims review procedure.

9.2 REVIEW PROCEDURE

A claimant is entitled to request the entire Committee to review any denial by written request to the Committee within 60 days of receipt of the denial. Absent a request for review within the 60-day period, the claim will be deemed to be conclusively denied. The Committee shall afford the claimant or his authorized representative the opportunity to review all pertinent documents and submit issues and comments in writing and shall render a review decision in writing, all within 60 days after receipt of a request for review (provided that in special circumstances the Committee may extend the time for decision by not more than 60 days upon written notice to the claimant). The Committee's review decision shall contain specific reasons for the decision and reference to the pertinent provisions of the Plan.

ARTICLE X

AMENDMENT AND TERMINATION

The Board may amend or terminate this Plan at any time; provided, however, that no such amendment or termination shall deprive any Participant or Beneficiary of any amounts accrued to him under this Plan prior to the date of such amendment or termination. If this Plan is terminated, a Participant's Account hereunder as of the date of Plan termination shall continue to be credited with investment earnings under Article V and be paid at such time and in such form as provided for under the terms of the Plan as in effect on the date of Plan termination (subject to the Board's absolute discretion to accelerate distributions at any time following Plan termination); provided, however, that no additional contributions shall be credited after such termination. Notwithstanding any other provision of the Plan to the contrary, the Board shall always have the right to prospectively amend the investment funds available under Section 5.3 of the Plan.

ARTICLE XI

MISCELLANEOUS PROVISIONS

11.1 HEADINGS

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

11.2 PLAN NOT CONTRACT OF EMPLOYMENT

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

11.3 RIGHTS OF PARTICIPANTS AND BENEFICIARIES

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

11.4 NONALIENATION OF BENEFITS

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

11.5 TAX TREATMENT

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

11.6 OTHER PLANS AND AGREEMENTS

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

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

11.7 NUMBER AND GENDER

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

11.8 PLAN PROVISIONS CONTROLLING

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

11.9 SEVERABILITY

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

11.10 EVIDENCE CONCLUSIVE

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

11.11 STATUS OF PLAN UNDER ERISA

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

11.12 NAME AND ADDRESS CHANGES

Each Participant shall keep his name and address on file with the Employer and shall promptly notify the Employer of any changes in his name or address. All notices required

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

THERE'S MORE TO "E" THAN JUST E-COMMERCE

[BRADY LOGO]

[PHOTO]

In a world where companies constantly look to increase productivity and quality, to be better and faster, Brady Corporation serves a critical need. Brady is a global manufacturer and marketer of high-performance identification and material solutions that help companies improve productivity, performance, safety and security.

ONLINE: Throughout this annual report, you will see underlined text in blue indicating that more information on the topic is available on the Internet at www.bradycorp.com. The on-line annual report also includes an interactive downloadable spreadsheet of the Company's financial history with ratios and growth rates; the letter to shareholders in French, German, Spanish, Portuguese, Dutch, Chinese, Korean and Japanese; and other features. We invite you to take a look!

ON OUR COVER: Brady President and CEO Katherine Hudson (front row, second from left) gave awards to many Brady employees for their efforts to create value for shareholders, customers, employees and the community in 2000. Among the nearly 300 employees winning the President's Value Awards and Environmental Leadership Awards were (front row left to right) Sandy Tomaz, Cathy Rottmann, Tim Roob; (second row) Thong Phan, Debra Lemons, Gwen Johnson; (third row) Brittany Lazarski, Kathy Schlipp, Gene Wright, Estifanos Seyoum; (fourth row) Tim Anderson, Fred Joy, Carol Karsten, Carole Herbstreit-Kalinyen, Cindy Albrecht; (fifth row) Adam Lindsay, Jim Blessing, Ollie Haris; (last row) Jeff Thompson, Teresa Brice, Cathy Kison, Rick Kluth, Charlie Check.

FINANCIAL HIGHLIGHTS

(Dollars in Thousands, Except Per Share Amounts)	JULY 31, 2000	JULY 31, 1999	PERCENT INCREASE (DECREASE)
Net sales	\$ 541,077	\$ 470,862	14.9
Income before income taxes	\$ 76,131	\$ 64,782	17.5
Pre-tax profit margin	14.1%	13.8%	
Net income	\$ 47,201	\$ 39,584	19.2
After-tax profit margin	8.7%	8.4%	
Return on average stockholders' investment	17.1%	16.0%	
Net income per Common Share (diluted)			
Class A Nonvoting	\$ 2.05	\$ 1.73	18.5
Class B Voting	\$ 2.02	\$ 1.70	18.8
Net income excluding nonrecurring items	\$ 45,704*	\$ 39,208**	16.6
Net income per Common Share excluding nonrecurring items (diluted)			
Class A Nonvoting	\$ 1.98	\$ 1.72	15.1
Class B Voting	\$ 1.89	\$ 1.69	11.8
Working capital	\$ 116,084	\$ 129,884	(10.6)
Stockholders' investment	\$ 291,224	\$ 260,564	11.8
Research and development	\$ 21,506	\$ 17,724	21.3
Capital expenditures	\$ 22,624	\$ 9,889	128.8
Depreciation and amortization	\$ 17,833	\$ 15,149	17.7

KEY DATA

Dividend yield	2.2%	1.8%
Trailing P/E ratio	14.8	20.2
Current ratio	2.3	2.8
Book value/share	\$ 12.81	\$ 11.52
Weighted average shares outstanding (diluted)	22,933,199	22,682,970

* In fiscal 2000, Brady had a one-time \$1.5 million after-tax gain from the sale of certain securities.

** In fiscal 1999, Brady had a one-time \$0.4 million after-tax credit.

CORPORATE HIGHLIGHTS

FISCAL YEAR ENDED JULY 31, 2000

- Net sales increased 15 percent over 1999 sales.
- Of Brady's sales, 45 percent are from international operations.
- Net income increased 19 percent over fiscal 1999 as reported. Excluding nonrecurring items, net income increased 17 percent.
- Brady stock at year end was \$30.44, representing a market capitalization of about \$700 million.
- With a year-end cash balance of \$61 million and ample credit facilities, Brady is well-positioned to pursue strategic acquisitions and other growth initiatives.

NET SALES

[BAR GRAPH]

in millions

1994	1995	1996	1997	1998	1999	2000
256	314	360	426	455	471	541

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

NET INCOME

[BAR GRAPH]

in millions

1994	1995	1996	1997	1998	1999	2000
19	28	28	32	33*	39*	46*

Net Income increased at a compound annual growth rate of 16 percent.

*excluding nonrecurring items

CUMULATIVE TOTAL RETURN

at July 31 with dividends reinvested

[LINE GRAPH]

Since going public in 1984, Brady has averaged more than 16-percent-per-year growth in total return to shareholders, often outperforming market indices.

[LOGO]
BRCE
Listed
NYSE

[PHOTO]
Katherine M. Hudson
President and Chief Executive Officer

DOUBLE-DIGIT GROWTH

IN FISCAL 2000, BRADY SALES INCREASED 15 PERCENT WHILE NET INCOME ROSE 19 PERCENT.

excellence energized e-business evolution everywhere
enterprising empowerment

DEAR FELLOW SHAREHOLDERS

FISCAL 2000 WAS AN EXCELLENT YEAR FOR BRADY CORPORATION.

It was a year in which we experienced record sales and earnings while investing heavily in major initiatives to keep our competitive position strong for the long term. And it was a year that brought us even more excitement and optimism about our prospects for ongoing growth and increasing levels of profitability.

Sales for the fiscal year ended July 31, 2000, rose 14.9 percent to \$541.1 million, compared to fiscal 1999 sales of \$470.9 million. U.S. sales rose 15.3 percent, while international sales rose 14.4 percent. Sales by our Asia-Pacific and Latin America operations were especially strong in the year, up 40 percent and 37 percent respectively. This represents what we feel is just the beginning for us in these regions. We look for continued strong growth there as we penetrate our markets further.

In terms of product mix, we saw the strongest sales growth in the Identification Solutions & Specialty Tapes Group, where we had brisk sales of die-cut materials and automatic identification and data collection solutions including bar-code labels and related software and printing systems.

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The negative effect of foreign-currency translation trimmed \$12.5 million from our sales, or 2.7 percentage points from our growth rate. Nonetheless, our reported sales were very strong, with 9.6-percent growth in base-business revenues and 8.0-percent growth due to acquisitions.

Find out more about the highlighted topics @ www.bradycorp.com

Brady's net income in fiscal 2000 increased 19.2 percent to \$47.2 million or \$2.05 per diluted Class A Common Share due to a combination of a strong product mix, operational improvements and also a \$1.5-million net after-tax gain from our sale of Critchley Group plc stock to Tyco Electronics Limited.

EXCELLENCE

FINANCIAL PERFORMANCE

Excluding the one-time gain and last year's \$0.4-million after-tax credit for adjusting liabilities associated with a cost-control program, net income rose 16.6 percent to \$47.5 million or \$1.98 per share, from the \$39.2 million or \$1.72 per share in fiscal 1999. This represents an expansion of our net margin, as net income was 8.4 percent of sales.

Brady's profitability in the year was very strong, especially considering the negative foreign-exchange effect and the fact that we invested an additional \$7 million during the year in e-business and process-improvement initiatives.

We believe these initiatives will help us achieve even stronger performance in the future.

OPERATING MARGIN

[BAR GRAPH]

	1994	1995	1996	1997	1998	1999	2000
	----	----	----	----	----	----	----
Operating income, excluding nonrecurring items, as % of sales	11.5	12.9	11.4	12.2	11.7	13.4	13.6

NET MARGIN

[BAR GRAPH]

	1994	1995	1996	1997	1998	1999	2000
	----	----	----	----	----	----	----
Net income, excluding nonrecurring items, as % of sales	7.2	8.6	7.5	7.7	7.2	8.3	8.4

SALES BY BUSINESS SEGMENT

[PIE CHART]

Identification Solutions & Specialty Tapes	46%
Direct Marketing	30%
Graphics	24%

- 7
- 5 key initiatives
- 1 process improvement
- 2 e-business
- 3 market-driven growth
- 4 acquisitions
- 5 proprietary products

excellence	energized	e-business	evolution	everywhere
enterprising	empowerment			

LETTER TO SHAREHOLDERS CONTINUED

We are energized by the opportunities for growth and further improving profitability. This year we focused on five key initiatives to best position Brady to continue to succeed in an increasingly global, fast-changing and Internet-based world. Through process improvement, increased efforts in e-business, a focus on market-driven growth, acquisitions and proprietary products, Brady is taking the steps we believe will make the Company successful both today and in the future.

Our process-improvement initiative, named "Eclipse" for "Earning Customer Loyalty through Integrated Processes and Systems Everywhere" is defining the future of Brady. We are dramatically changing the way we do business to improve efficiency, speed, quality and value; reduce time, cost, defects and bureaucracy; simplify and improve internal and external processes; and make the ease of doing business with us another competitive advantage.

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We are investing about \$30 million in Eclipse between 2000 and 2003. We look for this investment to pay off by reducing Selling, General and Administrative (SG&A) expenses as a percentage of sales, supporting sales growth with better customer and market information, increasing inventory turns, and better managing our supply chain.

Find out more about the highlighted topics @ www.bradycorp.com

[ECLIPSE LOGO]

EARNING CUSTOMER LOYALTY THROUGH INTEGRATED PROCESSES AND SYSTEMS EVERYWHERE

ECLIPSE GOALS

- INCREASE NEW PRODUCT PIPELINE TO ACHIEVE 25% OF SALES FROM NEW PRODUCTS
- TRIPLE INVENTORY TURNS BY FISCAL 2005
- REDUCE SG&A from about 41% of sales to 35% of sales by fiscal 2005

ENERGIZED

PROCESS IMPROVEMENT

[PHOTO]

WE HAVE A FULL-TIME TEAM OF MORE THAN 35 PEOPLE AT BRADY LEADING THE PROCESS-IMPROVEMENT INITIATIVE, SUPPORTED BY IBM GLOBAL SERVICES, AND ALL 3,100 BRADY EMPLOYEES WORLDWIDE.

THE PROCESSES WE ARE IMPROVING ARE

New Product Development

Improving the speed and market focus of idea generation and new product development.

Customer Value Creation

Increasing the return on every dollar invested in attracting new customers by better understanding their needs and improving the way we market and sell our solutions.

Order-to-Cash

Streamlining and standardizing everything from quoting an order to manufacturing products to collecting cash, in order to improve speed, quality and service.

Strategic Planning & Finance

Enhancing effectiveness and efficiency through new systems that put information at our fingertips.

Change Management

Managing organizational change through expanded training and enhanced communication to ensure continued flexibility, creativity and leadership in our global workforce.

[PHOTO]

www.tls2200.com

[PHOTO]

www.bradysignmark.com

[PHOTO]

www.seton.com

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 enterprising empowerment

LETTER TO SHAREHOLDERS CONTINUED

The Internet provides a terrific new avenue for growth as it makes Brady solutions more easily accessible around the world.

We are working to make every Brady business an electronic or Internet-enabled business, striving to do at least 50 percent of our business electronically within the next three to five years. To help get us there, we increased our e-commerce and information technology investment to about 5 percent of sales in fiscal 2000.

E-business will help support growth and also will enable us to significantly reduce transaction costs and better leverage sales and marketing investments going forward.

Companies around the world have access to thousands of Brady products through more than 30 Brady and Seton Web sites. Many sites offer on-line ordering and payment by credit card. Customers can also tap into Brady expertise on the Web, finding up-to-date information on safety standards and regulations. In some Web sites, customers can even have a live chat with a customer service representative.

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We are also using the Internet to deliver products by offering downloadable software upgrades for some of Brady's most popular printers such as the TLS2200(R) hand-held label printer, we are using the power of the Internet to provide our customers with the latest in Brady technology with just a click of a mouse.

Find out more about the highlighted topics @ www.bradycorp.com

E-BUSINESS

ACCESSIBILITY

We are already seeing good progress in our e-business efforts, including impressive growth in the use of our BradyServe(TM) online service. BradyServe enables distributors to check the availability and pricing of stock products on the Internet, to order products and check the status of open orders and invoices. About 15 percent of U.S. distributor orders were done via the Internet in the second half of fiscal 2000, and that's growing. About 8 percent of total sales in fiscal 2000 were done electronically.

[PHOTO]

B R A D Y G O A L

50(%)

of business done
electronically within 5 years

www

BRADY WEB SITES

THROUGHOUT THE WORLD, BRADY PRODUCTS, SUPPORT, SERVICE AND EXPERTISE CAN BE FOUND AT WEB SITES INCLUDING:

WWW.BCW.COM
WWW.BRADYAIDC.COM
WWW.BRADY.CO.JP
WWW.BRADY.CO.KR
WWW.BRADY.COM.BR
WWW.BRADYCORP.COM
WWW.BRADYDIECUT.COM
WWW.BRADYEUROPE.COM
WWW.BRADYID.COM
WWW.BRADYRFID.COM
WWW.BRADY.SE
WWW.BRADYSERVE.COM
WWW.BRADYSIGNMARK.COM
WWW.DATARECOGNITION.COM
WWW.IMTECINC.COM
WWW.SETON.AT
WWW.SETON-BE.COM
WWW.SETON.CA
WWW.SETON.CH
WWW.SETON.COM
WWW.SETON.COM.AU
WWW.SETON.CO.UK
WWW.SETON.DE
WWW.SETON-ES.COM
WWW.SETON.FR
WWW.SETON.IT
WWW.SETONJAPAN.COM
WWW.SETON-NL.COM
WWW.SIGNALS.FR
WWW.TEKLYNX.COM
WWW.TLS2200CANADA.COM
WWW.TLS2200.COM
WWW.VARITRONICSYSTEMS.COM

[BRADY CORPORATION LOGO]

bradyserve.com

DISTRIBUTORS CAN CHECK THE STATUS OF ORDERS AND INVOICES AND ORDER PRODUCTS ON-LINE 24 HOURS A DAY, SEVEN DAYS A WEEK VIA BRADYSERVE ONLINE SERVICE.

[PHOTO]
LENS ADHESIVES

[PHOTO]
SHOCK PADS

[PHOTO]
BAR-CODE LABELS

[PHOTO]
DIE-CUT LENSES

[PHOTO]
SPEAKER FELTS

[PHOTO]
SPEAKER MESHES

[PHOTO]
LENS MASKS

[PHOTO]
EMI/RFI SHIELDS

[PHOTO]

BRADY BENEATH

Brady provides more than a dozen different parts for cellular phones, from die-cut lenses and speaker meshes to tamper-evident labels that clearly identify genuine phones from counterfeits.

excellence energized e-business evolution everywhere
enterprising empowerment

LETTER TO SHAREHOLDERS CONTINUED

A market-driven company, Brady has evolved into a leading provider for high-tech industries that drive the New Economy. We are targeting fast-growing markets including telecommunications, electronics, automatic identification and data collection (AIDC), and data storage.

For example, leading manufacturers of wireless communications equipment estimate the telecommunications market to grow at greater than 30% a year for at least the next five years, providing a tremendous amount of opportunity for companies, including Brady, who supply manufacturers of cell phones and other communications devices. Telecommunication manufacturers around the world, including Ericsson, Motorola and Nokia, have come to rely on Brady for consistent quality, innovation and service no matter where they are operating.

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The role of AIDC in supply-chain management is also growing at a significant pace within high-tech and other industries. Companies worldwide are driving to enhance speed, quality and customer satisfaction while improving business results through increased productivity, better supplier management, increased inventory turns and other efficiencies. Brady's labels, printers, software and data-collection systems enable them to manage and integrate information throughout their businesses by quickly and

Find out more about the highlighted topics @ www.bradycorp.com

accurately identifying and tracking thousands of items in the manufacturing process from materials coming into a company to the products going out, and everything in between.

EVOLUTION

SUPPLYING THE NEW ECONOMY

To help us meet our goal of growing sales at a 15-percent or higher compound average growth rate, we will continue to seek out fast-growing markets and niches where Brady can add value to customers and shareholders through our innovative identification and material solutions.

FAST-GROWING MARKETS HELPED US ACHIEVE

15%

GROWTH IN SALES
IN FISCAL 2000.

[PHOTO]

AUTOMATIC IDENTIFICATION AND DATA COLLECTION

Quality data leads to quality decisions. Replacing manual data entry with bar-code scanning increases accuracy and productivity, and decreases response time. For example, major computer manufacturers and subcontractors use Brady high-performance labels, software, printers and automatic label applicators to print and apply bar-code labels to identify circuit boards, CD-ROM and floppy-disk drives, and other components for computers. The information feeds a database which checks the order and records and verifies the components being installed. In a manufacturing environment where technicians strive to beat hourly production goals, and the destination of every component must be recorded accurately, AIDC is the way to get the job done.

BRADY MARKETS

1995
[PIE CHART]

OLD ECONOMY

- - Electrical
- - Construction
- - Pulp & Paper
- - Petrochemical
- - Transportation
- - Traditional Manufacturing
- - Other

2000
[PIE CHART]

NEW ECONOMY

- - Telecommunications
- - Electronics
- - Automatic ID & Data Collection
- - Data Storage
- - Healthcare
- - Pharmaceutical

BRADY-BRAZIL EXCEEDS EXPECTATIONS

BRADY BRAZIL SERVES MANY OF THE REGION'S TOP MANUFACTURERS, INCLUDING MANUFACTURERS OF REFRIGERATION COMPRESSORS, LIGHTING PRODUCTS, TIRES, AND MOTORCYCLES.

excellence energized e-business evolution everywhere
enterprising empowerment

LETTER TO SHAREHOLDERS CONTINUED

Our market-driven growth initiatives mean having a passionate focus on our customers, leveraging key accounts globally and further expanding internationally.

Globalization remains a prime opportunity for Brady. As more and more multinational companies are positioning themselves to address the billions of potential new customers around the globe, Brady is there to meet their needs for superior identification and material solutions. Today, Brady serves customers in more than 70 countries through local manufacturing, sales, service and warehousing operations and thousands of distributors.

In May 2000, Brady opened a 20,000-square-foot manufacturing facility near Shanghai, China, to provide high-performance labels and die-cut components to both multinational and local industrial companies in electronic, telecommunications and other markets. We also doubled our manufacturing facility in Sao Paulo, Brazil, to allow us to better support the fast-growing identification market in Brazil as well as to serve companies in other Latin American countries such as Argentina and Chile.

In June, we began direct marketing safety products in Japan under our Seton name brand via mailings and the Internet. Seton, now offering more than 50,000 products, has become a key resource of safety and facility identification products and information for millions of customers in 15 countries.

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This year we acquired several companies bringing us increased market penetration and additional capabilities to bolster our ability to add value to customers and shareholders.

In March 2000, we acquired Data Recognition, Inc., headquartered in Austin, Texas, and Imtec, Inc., Keene, New Hampshire.

Find out more about the highlighted topics @ www.bradycorp.com

EVERYWHERE

GLOBAL EXPANSION & ACQUISITIONS

Data Recognition is a premier systems integrator providing automatic identification and data collection (AIDC) solutions for supply-chain management. Specializing in custom software development and consulting services for enterprise resource planning (ERP) systems, Data Recognition brings a key component to the total AIDC product and services package that Brady now offers global customers.

Imtec designs, manufactures and markets high-performance bar-code labels and labeling systems used in automatic-identification applications for electronics and industrial markets. Its products include preprinted labels, printer laminators, printer applicators and labeling supplies.

Looking to expand its market share in the United States, our Direct Marketing Group acquired some of the assets and the brand name of Champion America, Inc. This direct marketer sold safety and facility identification products throughout the United States, with concentrations in California, Ohio, Texas, Illinois and New York. Seton now operates Champion as a separate brand.

Also this year, we attempted to acquire Critchley Group plc, a U.K.-based manufacturer of wire and cable identification products. But when Tyco Electronics Limited came in with a competitive bid which topped our offer by about 30 percent, we allowed our offer to lapse.

[PHOTO]

While we have significant resources for acquisitions, we are disciplined in our acquisition approach, acquiring businesses at prices that we feel will deliver value to shareholders. We had \$61 million in cash reserves as of July 31, 2000, ample credit facilities and strong free cash flow to support our acquisition strategy. We continue to work on acquiring companies in our business segment that will provide us additional geographic and market reach or add new capabilities.

2000 SALES BY REGION

[PIE CHART]

Canada & Latin America	6%
United States	55%
Asia-Pacific	9%
Europe	30%

[PHOTOS]

excellence energized e-business evolution everywhere
 enterprising empowerment

LETTER TO SHAREHOLDERS CONTINUED

A robust stream of innovative products and services is critical in helping customers improve productivity, performance, safety and security in a fast-changing world. That is why in fiscal 2000 we invested about 4 percent of our sales, or \$21.5 million, in research and development.

In addition to providing custom identification materials and software solutions, we introduced a variety of new products in fiscal 2000. Software products introduced this year include WedgeWare(TM)32 Pro software to help customers get maximum value out of enterprise resource planning (ERP) systems, such as SAP or Oracle. WedgeWare software simplifies the integration of bar-code label information into the ERP system, eliminates the need for custom programming and eases installation of data-collection solutions. Also designed for ERP applications, Sentinel(TM) PrintAgent ERP/Host connectivity software allows thermal and thermal-transfer bar-code printers to seamlessly communicate with multi-platform ERP applications. We also launched GenScan(R) software for automatic identification and data collection delivery, and an upgrade for the TLS2200(R) printer that, among other things, increases internal memory and font size options, and provides banner labeling up to four feet long.

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Other new products this year included radio-frequency "smart" labels; new label materials for use on printed circuit boards and other electronic components; the PowerMark(TM) Sign and Label Maker with the unique ability to produce multiple-colored images without the need to change color cartridges; and two Bradyprinter(TM) models giving customers full-featured, low-cost options for desktop or industrial settings.

But the expansion of Brady's offerings this year was not limited to products alone. Brady services also brought new programs to the market. Among them was Signmark's VIPplus. Taking Visually Instructive Plant(TM) services to the next level, this program goes beyond

Find out more about the highlighted topics @ www.bradycorp.com

ENTERPRISING

NEW PRODUCTS

simple facility marking to provide companies with an overall improvement program for their entire operation. VIPplus provides a two-day workshop that helps teach companies how to create safer, more productive and profitable workplaces with signs and labeling, kits that include tools to help create a Visually Instructive Plant, and labeling and identification products that will help customers sustain their initial efforts.

New products are a key strategy for grow that Brady. With our continued investments in research and development combined with our efforts to accelerate and strengthen the product-development process, we strive to have 25 percent of our sales each year coming from new products.

RADIO-FREQUENCY IDENTIFICATION

According to a Venture Development Corporation study, the radio-frequency identification (RFID) market is projected to be more than \$1.5 billion globally within the next two to three years. Brady is setting the standard for affordable RFID "smart" labels which combine a bar-code label and radio-frequency-identification tag all in one.

Brady Smart labels are made with antennae and computer chips supplied by Texas Instruments and other companies, applied to a polyester film. Adhesive is applied to the back of the film and one of several printable materials is applied to the front. This superior construction with built-in chip protection and a wide choice of Brady materials result in durable RFID labels of the highest quality. Commercially available printers fitted with a Brady RFID programming module simultaneously print readable information and encode the integrated circuit of Brady Smart labels.

From faster fueling of fleet vehicles to more accurate tool identification, Smart labels offer distinct advantages -- higher data capacity than with a bar-code label alone, readability without direct line of sight, quicker updating and changing of encoded information, increased speed, flexibility and enhanced convenience. With Brady products including Brady's LabelView(TM) Software, Brady's RFID programming module and the BradyPrinter(TM) thermal-transfer printer, customers have a complete solution for work-in-process, inventory management, asset tracking, supply-chain management and security applications.

[BRADY CORPORATION LOGO]

[PHOTO]

ON-LINE TRAINING

VIRTUAL LEARNING MANAGER ROHAN DHARMASENA AND HUMAN RESOURCES INFORMATION
SYSTEMS MANAGER MELISSA ANDERSON REVIEW BRADY'S NEW INTERNET-BASED TRAINING
PROGRAM FOR EMPLOYEES.

excellence energized e-business evolution everywhere
enterprising empowerment

LETTER TO SHAREHOLDERS CONTINUED

In a global, competitive and dynamic marketplace, it is essential that a diverse workforce be fully engaged and empowered to make things happen. That's what we're doing at Brady. In a recent survey of employees globally, about 90 percent of employees said that the decisions he or she makes impact the success of the Company and that continuous improvement is his or her responsibility. The teamwork and commitment to customer service, quality and cost control shown by our 3,100 employees worked in support of growth and shareholder value enhancement throughout the year.

At Brady's global die-cut products business, employees made improvements in quality and efficiency, bringing the unit to a near Six Sigma level of quality (no more than 3.4 defects per million opportunities).

For the sixth consecutive year, Brady Signmark(R) received the Customer Focus on Quality (CFQ1) award from W.W. Grainger, one of our largest industrial distributors. The award is the top award possible among Grainger's 1,200 suppliers and is given to only about 20 companies each year.

Other customers and suppliers also recognized the drive and dedication of Brady's employees. Zebra Technology Corporation, for example, recognized Brady as "Converter of the Year."

Brady was also honored this year to receive the Wisconsin Governor's Diamond Award for our initiatives in "shattering the glass ceiling" for women and minorities.

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Brady was also named to Business Ethics magazine's list of "The 100 Best Corporate Citizens" for demonstrating social responsibility as well as shareholder value enhancement. We were in good company there, with firms including IBM, Hewlett-Packard, Walt Disney, Motorola, Wal-Mart, American Express, AT&T, and Coca-Cola also named to the list.

Awards like these are a tribute to the many Brady employees who daily live the company's guiding values of teamwork, customer focus, growth, value and honesty.

[PHOTO]

BRADY WAS NAMED TO THE LIST OF "THE 100 BEST CORPORATE CITIZENS" IN THE MARCH/APRIL 2000 ISSUE OF BUSINESS ETHICS MAGAZINE. BRADY'S ONGOING SUPPORT FOR EDUCATION IN THE COMMUNITY, COMMITMENT TO DIVERSITY IN THE WORKPLACE, AND FAMILY-FRIENDLY EMPLOYMENT POLICIES AND BENEFITS HAVE DEMONSTRATED YEAR AFTER YEAR THAT COMPANIES CAN INDEED ENHANCE SHAREHOLDER VALUE WHEN THEY DO THE RIGHT THING.

EMPOWERMENT

EMPLOYEES MAKE IT HAPPEN

employees
ARE BRADY'S MOST-VALUED ASSET

[PHOTO]

Find out more about the highlighted topics @ www.bradycorp.com

BRADY has the world's leading offering of complete identification solutions to help companies improve productivity, performance, safety and security. And Brady's global infrastructure uniquely positions us to meet the identification needs of multinational companies and local businesses around the world.

Now we're building on that solid base with our initiatives in process improvement, e-business, market-driven growth, acquisitions and proprietary products to help Brady deliver even more value to shareholders, customers and employees in the future.

Thanks for your continued support.

/S/ Katherine M. Hudson
Katherine M. Hudson
President and
Chief Executive Officer

FINANCIAL REVIEW

Diluted Earnings Per Share and Dividends

in dollars

[BAR GRAPH]

	1994	1995	1996	1997	1998	1999	2000
	----	----	----	----	----	----	----
Dividends	\$.23	\$.27	\$.40	\$.52	\$.60	\$.64	\$.68
Diluted earnings per share	\$.84	\$1.26	\$1.26	\$1.43	\$1.44	\$1.72	\$1.98
	=====	=====	=====	=====	=====	=====	=====
	1.07	1.53	1.66	1.95	2.04*	2.36*	2.66*

* Excluding nonrecurring items

In September 2000, Brady increased its dividend for the 15th consecutive year. It is now \$0.72 per share.

Earnings Before Interest, Taxes, Depreciation and Amortization

Excluding nonrecurring items, as % of sales

[BAR GRAPH]

1994	1995	1996	1997	1998	1999	2000
- ----	----	----	----	----	----	----
15.0	16.1	14.4	15.3	14.3	16.4	16.6

Earnings before interest, taxes, depreciation and amortization rose 16 percent to \$89.7 million in 2000.

Stockholders' Investment

in millions

[BAR GRAPH]

1994	1995	1996	1997	1998	1999	2000
- ----	----	----	----	----	----	----
145	171	189	207	233	261	291

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

2000 Cash Generation and Deployment

[BAR GRAPH]

in \$ millions

Operations	48
Net Proceeds from Borrowings	5
Net Proceeds from Sale of Securities	4
Proceeds from Issuance of Common Stock	3
Acquisitions	38
Capital Expenditures	23
Dividends	15

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

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INSIDE BACK COVER	Directors, Corporate Officers & Executives

(Dollars in Thousands, Except Per Share Amounts) Years Ended July 31, 1990 through 2000							
	2000	1999	1998	1997	1996	1995	1994

OPERATING DATA							
NET SALES	\$541,077	\$470,862	\$455,150	\$426,081	\$359,542	\$314,362	\$255,841
Operating expenses:							
Cost of products sold	229,607	202,203	204,895	194,096	166,426	143,634	118,116
Research and development	21,506	17,724	20,287	16,300	11,309	10,426	10,318
Selling, general and administrative	220,673	187,774	178,648	165,317	140,642	119,717	97,932
Nonrecurring (credit) charge	--	(611)	5,390	--	--	--	--

Total operating expenses	471,786	407,090	409,220	375,713	318,377	273,777	226,366

OPERATING INCOME	69,291	63,772	45,930	50,368	41,165	40,585	29,475
OTHER INCOME AND (EXPENSE):							
Investment and other income - net	7,418	1,455	638	1,159	4,570	4,609	837
Interest expense	(578)	(445)	(403)	(256)	(302)	(555)	(410)

Net other income	6,840	1,010	235	903	4,268	4,054	427

Income before income taxes and cumulative effect of changes in accounting principles	76,131	64,782	46,165	51,271	45,433	44,639	29,902
INCOME TAXES	28,930	25,198	18,129	19,564	17,406	16,728	11,362

Income before cumulative effect of changes in accounting principles	47,201	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	--	--	--	--	--	--	--
NET INCOME	\$ 47,201	\$ 39,584	\$ 28,036	\$ 31,707	\$ 28,027	\$ 27,911	\$ 18,540
	=====						
NET INCOME PER COMMON SHARE (DILUTED):							
Class A Nonvoting	\$ 2.05	\$ 1.73	\$ 1.23	\$ 1.43	\$ 1.26	\$ 1.26	\$.84
Class B Voting	\$ 2.02	\$ 1.70	\$ 1.20	\$ 1.40	\$ 1.23	\$ 1.23	\$.81
CASH DIVIDENDS ON:							
Class A Common Stock	\$.68	\$.64	\$.60	\$.52	\$.40	\$.27	\$.23
Class B Common Stock	\$.65	\$.61	\$.57	\$.49	\$.37	\$.23	\$.19
BALANCE SHEET (at year end)							
Working capital	\$116,084	\$129,884	\$125,386	\$130,724	\$109,688	\$129,938	\$100,023
Total assets	398,134	351,120	311,824	291,662	261,835	230,005	202,509
Long-term obligations, less current maturities	4,157	1,402	3,716	3,890	1,809	1,903	1,855
Stockholders' investment	291,224	260,564	233,373	206,547	189,263	170,823	145,129

(Dollars in Thousands, Except Per Share Amounts) Years Ended July 31, 1990 through 2000				
	1993	1992	1991	1990

OPERATING DATA				
NET SALES	\$242,970	\$235,965	\$211,063	\$191,161
Operating expenses:				
Cost of products sold	114,301	110,130	96,797	84,952
Research and development	12,132	10,001	9,176	7,355
Selling, general and administrative	92,449	93,931	84,936	76,596
Nonrecurring (credit) charge	(1,236)	6,562	--	--

Total operating expenses	217,646	220,624	190,909	168,903

OPERATING INCOME	25,324	15,341	20,154	22,258
OTHER INCOME AND (EXPENSE):				
Investment and other income - net	559	239	2,845	4,004
Interest expense	(54)	(219)	(548)	(646)

Net other income	505	20	2,297	3,358

Income before income taxes and cumulative effect of changes in accounting principles	25,829	15,361	22,451	25,616
INCOME TAXES	8,973	6,972	7,054	10,606

Income before cumulative effect of changes in accounting principles	16,856	8,389	15,397	15,010
CUMULATIVE EFFECT OF CHANGES IN ACCOUNTING PRINCIPLES FOR:				
Postretirement benefits (net of income taxes of \$2,663)	--	(3,995)	--	--
Income taxes	--	661	--	--
NET INCOME	\$ 16,856	\$ 5,055	\$ 15,397	\$ 15,010
	=====			

NET INCOME PER COMMON SHARE (DILUTED):				
Class A Nonvoting	\$.77	\$.22	\$.70	\$.69
Class B Voting	\$.74	\$.19	\$.67	\$.66
CASH DIVIDENDS ON:				
Class A Common Stock	\$.20	\$.19	\$.16	\$.13
Class B Common Stock	\$.17	\$.15	\$.13	\$.10
BALANCE SHEET (at year end)				
Working capital	\$ 77,943	\$ 66,093	\$ 70,883	\$ 67,797
Total assets	179,901	173,054	156,812	147,197
Long-term obligations, less				
current maturities	1,978	2,524	1,982	3,298
Stockholders' investment	128,068	119,771	115,260	103,784
	-----	-----	-----	-----

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 1997 and 2000, 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 implement its growth strategy discussed below, the Company has made significant expenditures related to new products, geographic expansion, acquisitions, process improvements (Eclipse) and e-business. Due primarily to investments in these key areas, selling, general and administrative expenses as a percentage of sales were 38.8% for fiscal 1997, 39.3% for fiscal 1998, 39.9% for fiscal 1999, and 40.8% for fiscal 2000. 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 many new products in fiscal 2000, including the PowerMark(TM) Sign and Label Maker, the ProImage(R) XL PosterPrinter(TM) system, new Bradyprinter(TM) models, radio-frequency "smart" labels, labels for use on electronic components and in high-temperature wire-marking applications, WedgeWare(TM) 32 Pro software, Sentinel(TM) PrintAgent ERP/Host connectivity software, and GenScan(R) software. The Company also launched new service programs such as VIPplus, a two-day workshop that helps teach companies how to create safer, more productive and profitable workplaces with signs and labeling.

During fiscal 2000, the Company opened a manufacturing facility in Wuxi, China, and doubled the size of its manufacturing facility in Sao Paulo, Brazil.

The Company completed the acquisitions of Data Recognition, Inc. (United States) and Imtec, Inc. (United States) in March 2000, Champion America, Inc. (United States) in September 1999, SOFT S.A. (France) and the Holman Group 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, and Signals (France) in April 1997.

To increase market penetration in fiscal 2000, the Company continued its investment in sales and marketing efforts worldwide. Access to information about Brady products was made easier through improvement and expansion of the Company's Web sites. 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, 2000,
COMPARED TO YEAR ENDED JULY 31, 1999

Sales for fiscal 2000 increased by \$70,215,000 or 14.9% over fiscal 1999. Sales of the Company's international operations increased 14.4% in U.S. dollars. The acquisitions of SOFT S.A. and the Holman Groupe S.A. in July 1999 and Visi Sign Pty. Ltd. in May 1999 increased international sales by 6.6%. 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 by 5.9%. Sales of the Company's U.S. operations increased 15.3%, with 6.2 percentage points due to core growth and 9.1 percentage points from the acquisitions of Barcodes West Inc. in March 1999, the brand name Champion America, Inc. in September 1999, and Data Recognition, Inc. and Imtec, Inc. in March 2000.

The cost of products sold as a percentage of sales decreased from 42.9% to 42.4%. This improvement was due to changes in product mix, engineered product cost reductions and manufacturing efficiencies from the Company's continuous improvement efforts.

During fiscal 2000 Brady attempted to acquire Critchley Group plc in the United Kingdom, but was outbid by Tyco Electronics Limited. While Brady did not acquire the company, it made a net after-tax profit of \$1,497,000 on an investment in Critchley shares after \$4,352,000 of expense and \$917,000 of tax.

Selling, general and administrative expenses as a percentage of sales increased from 39.8% to 40.8% in fiscal 2000. This year's expenses included \$4,352,000 of expenses associated

with the attempt to acquire Critchley Group, and 1999 included a credit for adjusting the severance liability associated with the 1998 workforce reduction. Excluding these nonrecurring items in both years, selling, general and administrative expenses as a percentage of sales increased from 39.9% to 40.0%. Selling, general and administrative expenses as a percentage of sales associated with Brady's base business dropped by 1.2 percentage points. This improvement was offset by incremental non-capitalizable expenses of approximately \$7,000,000 associated with process improvements and e-business initiatives.

Research and development investment as a percentage of sales increased from 3.8% to 4.0%, while base-business investment in research and development increased 14.6%.

Operating income increased \$5,519,000 to \$69,291,000 in fiscal 2000. Excluding the nonrecurring items in both years (a charge in 2000 for expenses associated with the Critchley bid and a credit in 1999 for adjusting the severance costs associated with the workforce reduction of 1998), operating income increased \$10,482,000 or 16.6% from \$63,161,000 to \$73,643,000, with the improvement primarily from increased sales.

Investment and other income increased \$5,963,000 from the prior year. Fiscal 2000 results included a \$6,766,000 before-expenses gain from the Critchley transaction. Excluding this one-time gain, investment and other income decreased \$803,000 as Brady experienced increased exchange losses, primarily from the weak Euro.

Income before income taxes was \$76,131,000, an increase of 17.5% compared to fiscal 1999's \$64,782,000. Excluding the nonrecurring items in both years, income before income taxes in 2000 increased 14.9%.

The Company's effective tax rate decreased from 38.9% for fiscal 1999 to 38.0% for fiscal 2000.

Net income was \$47,201,000 for fiscal 2000, compared to \$39,584,000 for fiscal 1999 due to the factors discussed above. Excluding the nonrecurring items, (a \$1,497,000 net gain on the Critchley bid in fiscal 2000 and a \$376,000 nonrecurring credit in fiscal 1999), net income increased 16.6% over the prior year.

BUSINESS SEGMENT OPERATING RESULTS

Identification Solutions & Specialty Tapes (ISST) Group

ISST sales increased 30.6% in fiscal 2000 (up about 33% in local currencies) from fiscal 1999, following an increase of 5.6% in fiscal 1999 versus 1998. Base-business sales in fiscal 2000 were up 18%. The Asian economy rebound, strong growth in telecommunication, data storage and electronics markets, and moderate growth with domestic distribution contributed to the strong growth in base business. Acquisitions added 12.7% to the group's growth rate. Acquisitions included Barcodes West Inc. and Holman Groupe S.A. in 1999, and Imtec, Inc. and Data Recognition, Inc. in 2000.

Segment profit as a percentage of sales increased from 15.2% in 1999 to 18.4% in 2000 as a result of improved operating leverage on the existing assets, strong growth in base business, increased segment profits from prior-year acquisitions and a continued focus on aggressive cost-savings initiatives. Comparing fiscal 1999 to 1998, segment profit as a percentage of sales (excluding the effect of one-time items) increased slightly from 14.9% to 15.1% as cost-savings from the workforce reduction early in the fiscal year offset increased expenses from a new coating line and acquisitions.

GRAPHICS GROUP

Graphics sales increased 3.8% in fiscal 2000 (5.3% growth in local currencies) from fiscal 1999. Sales had decreased in fiscal 1999 by 1.9% compared to fiscal 1998. In fiscal 2000, the acquisition of SOFT S.A. in France and Visi Sign Pty. Ltd. in Australia accounted for a 6.4% increase in group sales while the base business in Graphics declined by 2.6%. The decline was influenced by a negative foreign-currency translation impact of 1.4%, primarily in reporting European results, and also the discontinuation of certain non-strategic product lines. The sales decline in 1999 was due to exiting the Colorpix product line in the face of industry stagnation and thinning margins.

Segment profit as a percentage of sales in the Graphics Group improved to 15.3% in 2000 from the prior year's 14.8%. While additional volume improved total gross margins, this improvement was partially offset by costs of integrating SOFT S.A. into the European operations and increased new product development. Segment profit as a percentage of sales (excluding the effect of one-time items) in fiscal 1998 was 8.9% due primarily to technical and developmental expenses associated with the Colorpix product line.

DIRECT MARKETING GROUP

Direct Marketing Group sales increased 4.6% in fiscal 2000 (up 8.7% in local currencies) from fiscal 1999 and 5.4% in fiscal 1999 compared to fiscal 1998. North American sales increased 11.6%, with Seton-U.S. growth driven by the acquisition of

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS
OF OPERATIONS AND FINANCIAL CONDITION continued

Champion America, and Seton Canada realizing strong organic growth in Canada. European sales declined 2.4%. After adjusting for the negative foreign exchange impact, sales in local currency increased 4.6%. Seton units in Australia and Brazil both generated double-digit growth for the fiscal 2000 period.

Segment profit as a percent of sales was 16.7% in fiscal 2000 versus 18.0% in 1999 and 14.9% in fiscal 1998 (excluding the effect of one-time items). Performance in 2000 was negatively impacted by foreign currency translation. Additionally, the group's profits were reduced by expenditures to improve the information technology infrastructure in Europe, startup costs for Seton Japan and higher marketing expenses in the United States.

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%. 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%. Fiscal 1998'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%. Fiscal 1998'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 1998. As a percentage of sales, research and development expenses decreased from 4.5% to 3.8%.

The Company recorded a \$611,000 (\$376,000 after tax) nonrecurring credit in fiscal 1999 from adjusting the severance costs associated with the workforce reduction. In 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.

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 fiscal 1998, which included losses of \$406,000 (\$246,000 after tax) on the disposal of certain assets.

Income before income taxes was \$64,782,000 in fiscal 1999, 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 \$376,000 nonrecurring credit in fiscal 1999 and the \$4,766,000 one-time charges in fiscal 1998, net income increased 19.5% over the prior year.

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%. 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 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.

LIQUIDITY

The Company's liquidity remains strong. Cash and cash equivalents were \$60,784,000 at July 31, 2000, compared to \$75,466,000 at July 31, 1999, and \$65,609,000 at July 31, 1998. The decrease in 2000 was primarily due to the Company's acquisition of Data Recognition, Inc., Imtec, Inc. and Champion America, Inc. Working capital decreased \$13,800,000 during fiscal 2000 and equaled \$116,084,000 at July 31, 2000.

The Company has maintained significant cash balances due in large part to its strong operating cash flow, which totaled \$48,408,000 for fiscal 2000, \$61,357,000 for fiscal 1999, and \$47,207,000 for fiscal 1998.

Capital expenditures were \$22,624,000 in fiscal 2000, \$9,889,000 in fiscal 1999, and \$17,189,000 in fiscal 1998. The increase in fiscal 2000 was primarily from capital investments related to new software, a new facility in the United States, a startup in China and a new global telecommunications system.

In fiscal 2000, the Company made an unsuccessful bid for the purchase of Critchley Group plc in the United Kingdom. Associated transactions included the purchase of Critchley shares at a total cost of \$22,931,000 in the third quarter and the subsequent sale of the shares in the fourth quarter for \$27,345,000, before expenses.

Financing activities required \$6,605,000 in fiscal 2000, \$12,533,000 in fiscal 1999, and \$12,147,000 in fiscal 1998. Cash used for dividends to shareholders was \$15,260,000 in fiscal 2000, \$14,317,000 in fiscal 1999, and \$13,384,000 in fiscal 1998. In fiscal 2000, net cash borrowed was \$24,947,000, primarily used to purchase the Critchley securities, of which \$19,496,000 was subsequently repaid in fiscal 2000.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS
OF OPERATIONS AND FINANCIAL CONDITION continued

In fiscal 1999, the Company entered into a \$150,000,000 revolving loan agreement with six banks. In January 2000, the agreement was amended to increase the available amount to \$200,000,000, of which \$192,000,000 was available at July 31, 2000.

Long-term obligations as a percentage of long-term obligations plus stockholders' investment was 1.4% at July 31, 2000, compared to 0.5% at July 31, 1999, and 1.6% at July 31, 1998.

The Company continues to seek opportunities to invest in new products, 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.

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, domestic and international economic conditions and growth rates; fluctuations in currency exchange rates for international currencies versus the U.S. dollar; the successful implementation of a new enterprise-resource-planning system; the ability of the Company to acquire, integrate and achieve anticipated synergies from new businesses; the ability of the Company to adjust its cost structure to changes in levels of sales and product mix in a timely manner; variations in the economic or political conditions in the countries in which the Company does business; technology changes; the continued availability of sources of supply; 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.

	(Dollars in Thousands) July 31, 2000 and 1999	2000	1999
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents (Note 1)		\$ 60,784	\$ 75,466
Accounts receivable, less allowance for losses (\$2,919 and \$2,339, respectively)		82,656	73,290
Inventories (Note 1):			
Finished products		22,094	23,368
Work-in-process		3,842	2,878
Raw materials and supplies		15,284	11,281
Total inventories		41,220	37,527
Prepaid expenses and other current assets (Notes 1, 3 and 4)		18,523	16,886
Total current assets		203,183	203,169
OTHER ASSETS:			
Intangibles - net (Note 1)		100,835	72,941
Other (Note 4)		13,456	8,026
PROPERTY, PLANT AND EQUIPMENT (Notes 1 and 5):			
Cost:			
Land		4,723	5,008
Buildings and improvements		43,006	41,417
Machinery and equipment		113,319	101,324
Construction in progress		15,955	2,229
		177,003	149,978
Less accumulated depreciation		96,343	82,994
Net property, plant and equipment		80,660	66,984
TOTAL		\$398,134	\$351,120
LIABILITIES AND STOCKHOLDERS' INVESTMENT			
CURRENT LIABILITIES:			
Accounts payable		\$ 26,070	\$ 19,378
Wages and amounts withheld from employees		27,857	23,186
Taxes, other than income taxes		2,585	2,290
Accrued income taxes		10,245	12,516
Other current liabilities (Note 3)		12,212	13,289
Short-term borrowings and current maturities on long-term obligations (Note 5)		8,130	2,626
Total current liabilities		87,099	73,285
LONG-TERM OBLIGATIONS, less current maturities (Note 5)		4,157	1,402
OTHER LIABILITIES (Note 3)		15,654	15,869
Total liabilities		106,910	90,556
STOCKHOLDERS' INVESTMENT (Notes 1 and 6):			
Preferred Stock (aggregate liquidation preference of \$3,026 at July 31, 2000)		2,855	2,855
Common Stock:			
Class A Nonvoting - issued and outstanding 20,966,315 and 20,839,841 shares, respectively			
(aggregate liquidation preference of \$35,014 at July 31, 2000)		209	208
Class B Voting - issued and outstanding 1,769,314 shares		18	18
Additional paid-in capital		31,586	28,383
Earnings retained in the business		265,462	233,521
Treasury stock - 4,548 shares of Class A Nonvoting Common Stock, at cost		(132)	(132)
Cumulative other comprehensive income		(7,137)	(1,958)
Other		(1,637)	(2,331)
Total stockholders' investment		291,224	260,564
TOTAL		\$398,134	\$351,120

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF INCOME

	Years ended July 31, 2000, 1999 and 1998 (Dollars in Thousands, Except Per Share Amounts)		
	2000	1999	1998
NET SALES	\$541,077	\$470,862	\$455,150
OPERATING EXPENSES:			
Cost of products sold	229,607	202,203	204,895
Research and development	21,506	17,724	20,287
Selling, general and administrative	220,673	187,774	178,648
Nonrecurring (credit) charge (Note 10)	--	(611)	5,390
Total operating expenses	471,786	407,090	409,220
OPERATING INCOME	69,291	63,772	45,930
OTHER INCOME AND (EXPENSE):			
Investment and other income - net	7,418	1,455	638
Interest expense	(578)	(445)	(403)
Net other income	6,840	1,010	235
INCOME BEFORE INCOME TAXES	76,131	64,782	46,165
INCOME TAXES (Notes 1 and 4)	28,930	25,198	18,129
NET INCOME	\$ 47,201	\$ 39,584	\$ 28,036
=====			
NET INCOME PER COMMON SHARE (Notes 6 and 8):			
Class A Nonvoting:			
Basic	\$ 2.07	\$ 1.74	\$ 1.24
Diluted	\$ 2.05	\$ 1.73	\$ 1.23
Class B Voting:			
Basic	\$ 2.04	\$ 1.71	\$ 1.21
Diluted	\$ 2.02	\$ 1.70	\$ 1.20
=====			

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' INVESTMENT

Years Ended July 31, 2000, 1999 and 1998 (Dollars in Thousands, Except Per Share Amounts)	Preferred Stock	Common Stock	Additional Paid-in Capital	Earnings Retained in the Business
Balances at July 31, 1997	\$ 2,855	\$ 220	\$ 9,573	\$ 193,602
Net income.....	--	--	--	28,036
Net currency translation adjustment	--	--	--	--
Total comprehensive income	--	--	--	--
Issuance of 57,282 shares of Class A Common Stock				
under stock option plan	--	--	941	--
Other	--	5	15,268	--
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
Net income.....	--	--	--	39,584
Net currency translation adjustment	--	--	--	--
Total comprehensive income	--	--	--	--
Issuance of 112,978 shares of Class A Common Stock				
under stock option plan	--	1	1,880	--
Other.....	--	--	--	--
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	--	--	--	--
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
Net income	--	--	--	47,201
Net currency translation adjustment	--	--	--	--
Total comprehensive income	--	--	--	--
Issuance of 126,474 shares of Class A Common Stock				
under stock option plan	--	1	2,423	--
Other.....	--	--	--	--
Tax benefit from exercise of stock options	--	--	780	--
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 - \$.68 a share	--	--	--	(13,857)
Class B - \$.65 a share	--	--	--	(1,144)
BALANCES AT JULY 31, 2000	\$ 2,855	\$ 227	\$ 31,586	\$ 265,462

See Notes to Consolidated Financial Statements

	Treasury Stock	Other Comprehensive Income	Other	Total Comprehensive Income
Balances at July 31, 1997	\$--	\$ 297	\$--	
Net income	--	--	--	\$ 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	--	--	--	
Other.....	--	--	(3,024)	
Tax benefit from exercise of stock options	--	--	--	
Cash dividends on Preferred Stock:				
1979 series - \$10 a share	--	--	--	
6% and 1972 series - \$6 a share	--	--	--	
Cash dividends on Common Stock:				
Class A - \$.60 a share	--	--	--	
Class B - \$.57 a share	--	--	--	
Balances at July 31, 1998	--	(1,068)	(3,024)	
Net income	--	--	--	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	--	--	--	
Other	--	--	693	
Tax benefit from exercise of stock options	--	--	--	
Cash dividends on Preferred Stock:				
1979 series - \$10 a share	--	--	--	
6% and 1972 series - \$6 a share	--	--	--	
Acquisition of treasury stock, 4,548 shares, at cost	(132)	--	--	
Cash dividends on Common Stock:				
Class A - \$.64 a share	--	--	--	
Class B - \$.61 a share	--	--	--	

Balances at July 31, 1999	(132)	(1,958)	(2,331)	
Net income	--	--	--	47,201
Net currency translation adjustment	--	(5,179)	--	(5,179)

Total comprehensive income	--	--	--	\$ 42,022
=====				
Issuance of 126,474 shares of Class A Common Stock				
under stock option plan	--	--	--	
Other	--	--	694	
Tax benefit from exercise of stock options	--	--	--	
Cash dividends on Preferred Stock:				
1979 series - \$10 a share	--	--	--	
6% and 1972 series - \$6 a share	--	--	--	
Cash dividends on Common Stock:				
Class A - \$.68 a share	--	--	--	
Class B - \$.65 a share	--	--	--	

BALANCES AT JULY 31, 2000	\$ (132)	\$(7,137)	\$(1,637)	
See Notes to Consolidated Financial Statements	=====			

ANNUAL REPORT 2000

CONSOLIDATED STATEMENTS OF CASH FLOWS

	(Dollars in Thousands) Years Ended July 31, 2000, 1999 and 1998		
	2000	1999	1998
OPERATING ACTIVITIES:			
Net income	\$ 47,201	\$ 39,584	\$ 28,036
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	12,157	11,263	11,047
Amortization	5,676	3,886	2,241
(Gain) loss on sale of property, plant and equipment	(54)	181	349
(Gain) on sale of securities	(4,414)	--	--
Provision for losses on accounts receivable	1,830	966	970
Other	694	693	212
Nonrecurring (credit) charge	--	(611)	5,390
Changes in operating assets and liabilities (net of effects of business acquisitions):			
Accounts receivable	(9,343)	(4,899)	1,066
Inventory	(1,362)	5,547	5,705
Prepaid expenses and other assets	(6,590)	(1,643)	(3,159)
Accounts payable and accrued liabilities	4,608	4,330	(4,285)
Income taxes	(1,115)	3,313	(36)
Deferred income taxes	(763)	(1,069)	(4,508)
Other liabilities	(117)	(184)	4,179
Net cash provided by operating activities	48,408	61,357	47,207
INVESTING ACTIVITIES:			
Acquisitions of businesses, net of cash acquired	(37,906)	(31,107)	(19,306)
Purchases of securities	(22,931)	--	--
Purchases of property, plant and equipment	(22,624)	(9,889)	(17,189)
Proceeds from sale of property, plant and equipment	1,053	232	500
Proceeds from sale of securities	27,345	--	--
Other	16	(176)	169
Net cash (used in) investing activities	(55,047)	(40,940)	(35,826)
FINANCING ACTIVITIES:			
Payment of dividends	(15,260)	(14,317)	(13,384)
Proceeds from issuance of Common Stock	3,204	2,252	941
Proceeds from borrowings	24,947	310	829
Principal payments on short-term borrowings and long-term obligations	(19,496)	(778)	(533)
Net cash (used in) financing activities	(6,605)	(12,533)	(12,147)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	(1,438)	1,973	1,046
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(14,682)	9,857	280
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	75,466	65,609	65,329
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 60,784	\$ 75,466	\$ 65,609
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Cash paid during the year for:			
Interest	\$ 555	\$ 409	\$ 277
Income taxes, net of refunds	29,370	22,107	22,580
Acquisitions:			
Fair value of assets acquired, net of cash	15,751	15,017	2,619
Liabilities assumed	(10,783)	(6,291)	(1,471)
Goodwill	32,938	22,381	18,158
Net cash paid for acquisitions	\$ 37,906	\$ 31,107	\$ 19,306
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, 2000, 1999 and 1998

Note 1

Summary of Significant Accounting Policies

PRINCIPLES OF CONSOLIDATION The accompanying consolidated financial statements include the accounts of Brady Corporation and its subsidiaries (the "Company"), 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 accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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 obligations) 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 61% and 39% of total inventories at July 31, 2000 and 1999, 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 \$5,595,000 at July 31, 2000, and \$4,988,000 at July 31, 1999.

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. The estimated useful lives range from 3 to 33 years.

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 was 22 years at July 31, 2000.

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, 2000.

CATALOG COSTS Catalog costs are initially capitalized and amortized over the estimated useful lives of the publications (generally eight months). At July 31, 2000 and 1999, \$4,728,000 and \$4,600,000, 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 in other comprehensive income.

HEDGING The Company enters into forward foreign exchange contracts to hedge committed intercompany foreign currency transactions. Realized gains and losses on forward foreign currency contracts, that are effective as hedges of net cash flows in foreign operations, are recognized in income as the contracts mature. Such exchange contracts generally have maturities of one year. At July 31, 2000 and 1999, exchange contracts aggregating approximately \$13,500,000 and \$19,830,000, 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS continued
Years Ended July 31, 2000, 1999 and 1998

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 June 1998, the FASB issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." In June 2000, the FASB issued SFAS No. 138, which amends certain provisions of SFAS 133 to clarify four areas causing difficulties in implementation. The amendment included expanding the normal purchase and sale exemption for supply contracts, permitting the offsetting of certain intercompany foreign currency derivatives and thus reducing the number of third-party derivatives, permitting hedge accounting for foreign-currency denominated assets and liabilities, and redefining interest-rate risk to reduce sources of ineffectiveness. Brady appointed a team to implement SFAS 133 on a global basis. This team implemented a SFAS 133-compliant risk-management-information system, globally educating both financial and non-financial personnel, inventorying embedded derivatives and addressing various other SFAS 133-related issues. Brady adopted SFAS 133 and the corresponding amendments under SFAS 138 on August 1, 2000. SFAS 133, as amended by SFAS 138, is not expected to have a material impact on the Company's consolidated results of operations, financial position or cash flows.

Note 2

Acquisitions of Businesses

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 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.

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.

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.

Effective September 3, 1999, the Company acquired the brand name, customer list and catalog artwork of Champion America, Inc., located in Chagrin Falls, Ohio, a direct marketer of signs, labels and identification products, for cash of approximately \$4,949,000 and a payable of approximately \$561,000.

[BRADY LOGO]

Effective March 3, 2000, the Company acquired Data Recognition, Inc., located in Austin, Texas, a systems integrator providing automatic identification and data collection ("AIDC") solutions.

Effective March 22, 2000, the Company acquired Imtec, Inc., located in Keene, New Hampshire, a manufacturer of high-performance bar-code labels and labeling systems used in automatic identification applications.

The combined price for Data Recognition, Inc. and Imtec, Inc. was cash of approximately \$33,422,000 and a payable of approximately \$1,490,000. The purchase price 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 attainment of age 55 with 15 years of credited service. Credited service begins accruing at the later of age 40 or date of hire. All active employees first eligible to retire after July 31, 1992, are covered by an unfunded, contributory postretirement healthcare plan where employer contributions will not exceed a Defined Dollar Benefit amount, regardless of the cost of the program. Employer contributions to the plan are based on the employee's age and service at retirement.

The 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, 2000, 1999 and 1998:

(Dollars in Thousands)	2000	1999	1998
Obligation at beginning of fiscal year	\$ 8,104	\$ 6,802	\$ 6,142
Service cost	444	472	328
Interest cost	665	602	473
Plan amendments	--	307	--
Actuarial loss	--	242	158
Benefit payments	(356)	(321)	(299)
Obligation at end of fiscal year	\$ 8,857	\$ 8,104	\$ 6,802

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, 2000 and 1999:

(Dollars in Thousands)	2000	1999
Unfunded status at July 31	\$ 8,857	\$8,104
Unrecognized net actuarial gain	2,014	2,107
Unrecognized prior service cost	(263)	(285)
Accumulated postretirement benefit obligation liability	\$10,608	\$9,926

The following table provides the components of net periodic benefit cost for the Plan for fiscal years 2000, 1999 and 1998:

(Dollars in Thousands) Year Ended July 31,	2000	1999	1998
Net periodic postretirement benefit cost included the following components:			
Service cost-benefits attributed to service during the period	\$ 444	\$ 472	\$328
Prior service cost	22	22	--
Interest cost on accumulated postretirement benefit obligation	665	602	473
Amortization of (gain)	(93)	(46)	(150)
Periodic postretirement benefit cost	\$1,038	\$1,050	\$651

Years Ended July 31, 1999, 1998 and 1997

The assumed healthcare cost trend rates used in measuring the accumulated postretirement benefit obligation were 6.0% in 2000, declining to 5.5% by the year 2001.

The weighted average discount rates used in determining the accumulated postretirement benefit obligation was 8.0% in both 2000 and 1999.

If the healthcare cost trend rate assumptions were increased by 1.0% or decreased by 1.0%, the accumulated postretirement benefit obligation as of July 31, 2000, would be increased by \$56,000 and decreased by \$119,000, 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 or quarterly, according to the plan, based on earnings of the respective companies and employee contributions. At July 31, 2000 and 1999, \$2,196,000 and \$4,761,000, 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, 2000 and 1999, \$5,569,000 and \$5,838,000, 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. 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 \$7,736,000 in 2000, \$7,589,000 in 1999 and \$8,038,000 in 1998.

The Company has a voluntary employee benefit trust for the purpose of funding employee medical benefits and certain other employee benefits. At July 31, 2000 and 1999, \$2,793,000 and \$2,204,000, 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,	2000	1999	1998

Currently payable:			
Federal	\$16,354	\$17,668	\$14,570
Foreign	11,030	6,747	5,883
State	2,309	1,852	1,803
	-----	-----	-----
	29,693	26,267	22,256

Deferred (credit):			
Federal	(210)	(1,186)	(3,373)
Foreign	(486)	73	(181)
State	(67)	44	(573)
	-----	-----	-----
	(763)	(1,069)	(4,127)

Total	\$28,930	\$25,198	\$18,129
	=====	=====	=====

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 certain expenses not deductible for tax reporting until paid.

Pre-tax income consists of the following:

(Dollars in Thousands) Year Ended July 31,	2000	1999	1998
United States	\$42,085	\$42,180	\$32,743
Foreign	34,046	22,602	13,422
Total	<u>\$76,131</u>	<u>\$64,782</u>	<u>\$46,165</u>

The approximate tax effects of temporary differences are as follows:

(Dollars in Thousands) July 31, 2000	Assets	Liabilities	Total
Inventories	\$ 2,473	\$ --	\$ 2,473
Prepaid catalog costs	--	(1,018)	(1,018)
Employee benefits	57	(219)	(162)
Allowance for doubtful accounts	498	--	498
Other, net	4,573	95	4,668
Current	<u>7,601</u>	<u>(1,142)</u>	<u>6,459</u>
Excess of tax over book depreciation	--	(2,217)	(2,217)
Deferred compensation	6,421	--	6,421
Postretirement benefits	4,137	--	4,137
Currency translation adjustment	4,374	--	4,374
Tax loss carryforwards	3,049	--	3,049
Less valuation allowance	(3,049)	--	(3,049)
Other, net	2,458	(2,837)	(379)
Noncurrent	<u>17,390</u>	<u>(5,054)</u>	<u>12,336</u>
Total	<u>\$24,991</u>	<u>\$(6,196)</u>	<u>\$18,795</u>

(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	<u>7,821</u>	<u>(1,381)</u>	<u>6,440</u>
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	<u>11,392</u>	<u>(4,265)</u>	<u>7,127</u>
Total	<u>\$19,213</u>	<u>\$(5,646)</u>	<u>\$13,567</u>

At July 31, 2000 and 1999, \$6,249,000 and \$6,440,000, respectively, of net deferred tax assets were included in prepaid expenses and other current assets. At July 31, 2000 and 1999, \$8,398,000 and \$7,127,000, 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,	2000	1999	1998
Tax at statutory rate	\$26,645	\$22,674	\$16,157
State income taxes, net of Federal tax benefits	1,566	1,204	1,517
International losses with no related tax benefits	1,408	1,296	1,350
International rate differential	271	986	(345)
Rate variances arising from foreign subsidiary distributions	(1,525)	(1,481)	(391)

Other, net	565	516	(159)

Total income tax provision	\$28,930	\$25,195	\$18,129
	=====		
Effective tax rate	38.0%	38.9%	39.3%
	=====		

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS continued

Years Ended July 31, 2000, 1999 and 1998

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, 2000, amounted to approximately \$52,788,000. If all such undistributed earnings were remitted, no additional provision for foreign income taxes would be required.

NOTE 5
Long-Term Obligations

On September 23, 1999, the Company entered into a \$150,000,000 multicurrency revolving loan agreement with a group of six banks, which expires on September 23, 2004. On January 31, 2000, the multicurrency revolving loan was amended, increasing the amount available to \$200,000,000. 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.

Long-term obligations consists of the following:

(Dollars in Thousands) July 31,	2000	1999
Revolving loan agreement	\$ 8,000	\$ --
Capital lease on building, term 7/1/00 - 6/30/10	3,276	--
6.25% Industrial Development Revenue Bonds payable on December 1, 2001	1,000	1,000
Korean bank debt	--	2,497
Other	11	531
	-----	-----
	12,287	4,028
Less current maturities	8,130	2,626
	-----	-----
	\$ 4,157	\$1,402
	=====	=====

The Industrial Development Revenue Bonds are collateralized by first mortgages on certain property with a net carrying amount of approximately \$4,115,000 at July 31, 2000. The Company's long-term obligations approximates fair value.

Maturities on long-term debt are as follows:

(Dollars in Thousands) Year Ending July 31,	
2001	\$8,130
2002	1,147
2003	148
2004	158
2005	170
Thereafter	2,534

NOTE 6
Stockholders' Investment

Information as to the Company's capital stock at July 31, 2000, 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	20,966,315	\$ 209
Class B Voting	10,000,000	1,769,314	18

			\$ 227
			=====

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 the 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 the Class A Common Stock are not entitled to any 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 the Class A Common Stock are entitled to receive the sum of \$1.67 per share before any payment or distribution to holders of the Class B Common Stock. Thereafter, holders of the Class B Common Stock are entitled to receive a payment or distribution of \$1.67 per share. Thereafter, holders of the Class A Common Stock and Class B Common Stock share equally in all payments or distributions upon liquidation, dissolution or winding up of the Company.

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

The following is a summary of other activity in stockholders' investment for the years ended July 31, 1998, 1999 and 2000:

(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)
Sale of 10,682 shares of Class A Common Stock purchased by the Rabbi Trust related to deferred compensation plan	--	(296)	296	--
Purchase of 59,278 shares of Class A Common Stock purchased by the Rabbi Trust related to deferred compensation plan	--	1,837	(1,837)	--
Amortization of restricted stock	694	--	--	694
Balances July 31, 2000	\$(1,637)	\$12,772	\$(12,772)	\$(1,637)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS continued

Years Ended July 31, 2000, 1999 and 1998

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, 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	\$6.83-\$34.00	1,800,434	\$22.45
Options granted	30.56-33.75	318,733	31.19
Options exercised	6.83-31.38	(126,474)	19.17
Options cancelled	19.19-34.00	(43,902)	26.17
Balance, July 31, 2000 (809,575 options exercisable)	\$6.83-\$34.00	1,948,791	\$24.01
Available for grant after July 31, 2000		887,588	

The following table summarizes information about stock options outstanding at July 31, 2000:

Range of Exercise Prices	Options Outstanding			Options Exercisable	
	Shares Outstanding at July 31, 2000	Weighted Average Remaining Contractual Life-Years	Weighted Average Exercise Price	Shares Exercisable at July 31, 2000	Weighted Average Exercise Price
\$ 6.83-\$15.00	162,801	2.9 years	\$12.91	162,801	\$12.91
\$15.01-\$25.00	1,083,090	7.0 years	21.91	330,642	20.68
\$25.01-\$34.00	702,900	7.7 years	29.80	316,132	28.02
\$ 6.83-\$34.00	1,948,791	6.9 years	\$24.01	809,575	\$21.98

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:

(Dollars in Thousands, Except Per Share Amounts)	2000	1999	1998
Net income:			
As reported	\$47,201	\$39,584	\$28,036
Pro forma	45,289	37,972	26,816
Net income per Class A Common Share - Diluted:			
As reported	\$ 2.05	\$ 1.73	\$ 1.23
Pro forma	1.96	1.66	1.17

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 2000, 1999 and 1998 as follows:

	2000	1999	1998

Risk-free interest rate	5.9%	6.2%	5.7%
Expected volatility	39.6%	37.8%	30.5%
Dividend yield	2.3%	2.4%	2.2%
Expected option life	3.8 YEARS	4.1 years	4.4 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 or channels to market.

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

The Identification Solutions & Specialty Tape Group consists of Identification Solutions, Brady Software and Solutions, and Specialty Tapes and Custom 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 and 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 specialty tapes. Die-cut materials are engineered to provide improved functionality and easier assembly of electronic products such as phones, pagers and hard disk drives. Specialty tapes are used by audio and video tape duplicators. Custom 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 topcoatings. These materials are sold in bulk form or as converted products through other Brady units.

The Graphics Group consists primarily of Signmark(R) and Varitronics. Signmark manufactures and sells signs, labels and devices to meet government safety requirements; printers and accessories for do-it-yourself industrial signage and labels; regulatory training programs and products; and barricade tape, accident-prevention tags and other visual warning systems. Varitronics produces and markets printing systems including lettering and labeling systems, poster printers, and supplies and laminating equipment. Pulp and paper, chemical, electrical, transportation and other manufacturing markets as well as government, education and construction markets are some of those served by this group.

The Direct Marketing Group engages in direct selling to end users via direct-mail catalogs, telemarketing and the Internet. Its products include more than 50,000 products including a variety of 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 and healthcare.

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.

(Dollars in Thousands)	Identification Solutions & Specialty Tapes	Graphics	Direct Marketing	Corporate and Eliminations	Totals

Year ended July 31, 2000:					
Revenues from external customers	\$ 248,459	\$ 127,571	\$ 165,047	\$ --	\$ 541,077
Intersegment revenues	3,204	4,269	997	(8,470)	--
Depreciation and amortization expense	10,509	3,725	2,138	1,461	17,833
Profit (loss)	45,763	19,510	27,583	(10,799)	82,057
Assets	165,127	73,271	52,155	107,581	398,134
Expenditures for property, plant and equipment	6,845	1,325	3,292	11,162	22,624

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 property, plant and equipment	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 property, plant and equipment	4,683	10,374	1,410	722	17,189

(Dollars in Thousands) Year Ended July 31,	2000	1999	1998

Profit reconciliation:			
Total profit or loss for reportable segments..	\$ 92,856	\$ 75,486	\$ 56,773
Corporate and eliminations	(10,799)	(7,456)	(8,375)
Unallocated amounts:			
Goodwill	(5,156)	(3,416)	(1,793)
Interest-net	1,857	1,975	2,259
Foreign exchange	(1,779)	(975)	(1,863)
Other	(848)	(832)	(836)
Income before income taxes	\$ 76,131	\$ 64,782	\$ 46,165
	=====	=====	=====

(Dollars in Thousands)	Revenues(*)			Long-Lived Assets(**)		
	2000	Year Ended July 31, 1999	1998	2000	Year Ended July 31, 1999	1998
Geographic information:						
United States	\$ 337,634	\$ 292,341	\$ 286,813	\$ 129,080	\$ 85,650	\$ 82,722
Europe	160,412	149,522	139,061	37,232	39,332	25,885
Other foreign countries..	79,923	60,597	59,948	14,626	14,535	11,818
Eliminations	(36,892)	(31,598)	(30,672)	--	--	--
Consolidated total	\$ 541,077	\$ 470,862	\$ 455,150	\$ 180,938	\$ 139,517	\$ 120,425

* Revenues are attributed based on country of origin.

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

[SALES FROM INTERNATIONAL OPERATIONS BAR GRAPH]

94	95	96	97	98	99	00
95	129	157	181	198	210	240

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

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 22,669,854 for 2000, 22,537,393 for 1999 and 22,357,686 for 1998. 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.

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 2000	Fiscal 1999	Fiscal 1998
Numerator:			
Net income.....	\$47,201,000	\$39,584,000	\$28,036,000
Less: Preferred stock dividends.....	(259,134)	(259,134)	(259,134)
Numerator for basic and diluted Class A earnings per share.....	46,941,866	39,324,866	27,776,866
Less:			
Preferential dividends.....	(694,492)	(690,541)	(676,298)
Preferential dividends on dilutive stock options.....	(10,410)	(2,739)	(9,140)
Numerator for basic and diluted Class B earnings per share.....	\$46,236,964	\$38,631,586	\$27,091,428
Denominator:			
Denominator for basic earnings per share for both Class A and B.....	22,669,854	22,537,393	22,357,686
Plus: Effects of dilutive stock options.....	263,345	145,577	244,239
Denominator for diluted earnings per share for both Class A and B.....	22,933,199	22,682,970	22,601,925

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
Years Ended July 31, 2000, 1999 and 1998

	FISCAL 2000	Fiscal 1999	Fiscal 1998

Class A Common Stock earnings per share calculation:			
Basic.....	\$2.07	\$1.74	\$1.24
Diluted.....	2.05	1.73	1.23
Class B Common Stock earnings per share calculation:			
Basic.....	\$2.04	\$1.71	\$1.21
Diluted.....	2.02	1.70	1.20

Options to purchase 264,167, 446,168 and 258,850 shares of Class A Common Stock were not included in the computations of diluted earnings per share for the fiscal years 2000, 1999 and 1998, 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 \$9,293,000 for 2000; \$8,884,000 for 1999 and \$9,015,000 for 1998. Future minimum lease payments required under such leases in effect at July 31, 2000, are as follows (by fiscal year):

2001.....	\$ 6,869,000
2002.....	4,337,000
2003.....	2,279,000
2004.....	1,710,000
2005.....	1,081,000
Thereafter.....	5,505,000

	\$21,781,000
	=====

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 decided to discontinue 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
Cash payments associated with severance.....	(263,000)

Ending balance, July 31, 2000	\$ 0
	=====

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, 2000 and 1999, and the related consolidated statements of income, stockholders' investment and cash flows for each of the three years in the period ended July 31, 2000. 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 auditing standards generally accepted in the United States of America. 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, 2000 and 1999, and the results of their operations and their cash flows for each of the three years in the period ended July 31, 2000, in conformity with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP

Milwaukee, Wisconsin
September 8, 2000

SHAREHOLDER SERVICES

COMMON SHARES

Brady Corporation Class A Common Stock trades on the New York Stock Exchange under the symbol BRC. As of September 19, 2000, there were 391 Class A Common Stock shareholders of record and about 4,000 beneficial shareholders. There are two Class B Common Stock shareholders.

QUARTERLY STOCK DATA

	2000		1999		1998	
	High	Low	High	Low	High	Low
4th Quarter	\$34.13	\$27.00	\$35.00	\$24.13	\$32.75	\$19.63
3rd Quarter	\$32.38	\$24.50	\$27.50	\$19.50	\$35.75	\$29.31
2nd Quarter	\$34.56	\$26.25	\$29.38	\$22.50	\$33.00	\$29.00
1st Quarter	\$36.31	\$25.63	\$23.13	\$16.25	\$35.00	\$27.38

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 15 years. At its September 2000 meeting, the Board of Directors increased the quarterly dividend on Class A Common Stock to 18 cents per share per quarter, or \$0.72 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.investor.bradycorp.com or call Brady's investor line at 414-438-6918.

STOCK TRANSFER AGENT

Firstar Bank N.A., 1555 North RiverCenter Drive,
Suite 301, Milwaukee, WI 53212; phone: 1-800-637-7549.
www.firstarinvestorservice.com

BRADY INFORMATION

Brady's Internet site at WWW.INVESTOR.BRADYCORP.COM contains investor presentations, 10-K and 10-Q filings, annual reports, news releases, frequently asked investor questions, stock prices, a Brady investment calculator, 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 Spiegelberg, vice-president of corporate communications,
414-438-6880.

ANNUAL MEETING

The Brady Corporation Annual Meeting will be at 9 a.m., Wednesday, November 15, 2000, at the Milwaukee Athletic Club, 758 N. Broadway, Milwaukee, Wisconsin. Highlights will be posted on the Internet at www.investor.bradycorp.com.

ANNUAL REPORT 2000

BRADY LOCATIONS

UNITED STATES

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

Brady Worldwide, Inc.
Identification Solutions &
Specialty Tapes
6555 W. Good Hope Rd.
Milwaukee, WI 53223

Brady Worldwide, Inc.
Global Die Cut Products
N144 W5690 Pioneer Road
Cedarburg, WI 53012

Brady Worldwide, Inc.
Coated Products
2230 W. Florist Ave.
Milwaukee, WI 53209

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

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

Brady Business Process
Innovation Center
5300 N. 118th Court
Building F
Milwaukee, WI 53225

Brady Worldwide, Inc.
Varitronics
6835 Winnetka Circle
Brooklyn Park, MN 55428

Seton Identification Products
20 Thompson Rd.
Branford, CT 06405

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

Barcodes West
1560 First Avenue South
Seattle, WA 98134

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

Data Recognition, Inc.
2929 Longhorn Blvd.
Suite 103
Austin, TX 78758

Imtec, Inc.
7 Corporate Dr.
Keene, NH 03431

AUSTRALIA

Brady Australia Pty. Ltd.
Seton Australia Pty. Ltd.
112 Christina Road
Villawood NSW 2163
Australia

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

CANADA

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

Brady Software Group Canada
7035 Fir Tree Drive, Suite 9
Mississauga, Ontario
Canada, L5S 1V6

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 Corporation S.E.A. Pte. Ltd.
Unit F, 23/F,
Zhao Feng World Trade Building
369 Jiangsu Rd.
Shanghai 200050, PRC

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

FRANCE

Brady France
1 Rue de Terre Nueve - bat. E
BP 362 - ZAC Lesulis
91959 Courtaboeuf Cedex, France

Seton S.A.
45 Avenue de L'Europe
BP 132
59436 Roncq Cedex, France

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

Brady Software Group Europe
2 rue Vincent Van Gogh
Z.I. Est
32020 Auch Cedex 9, France

Brady LettraSoft S.A.
13 rue des Emeraudes
F-69006 Lyon, France

GERMANY

W.H. Brady GmbH
Lagerstrasse 13
64807 Dieburg, Germany

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

Brady LettraSoft 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 Road
Kowloon, Hong Kong

ITALY

Seton Italia, Srl
Via Luigi Lazzaroni 7
21047 Saronno (VA), Italy

JAPAN

Nippon Brady K.K.

Seton Japan
TVP Building 3F
3-9-13 Moriya-cho, Kanagawa-Ku
Yokohoma, Kanagawa 221-0022
Japan

KOREA

Brady Korea Ltd.
5F Hyo-Won Bld.
99-5 GaRak-Dong, SongPa0Ku
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.
54-G-2, Wisma Sri Mata
Jalan Van Praagh
11600 Penang, Malaysia

MEXICO

W.H. Brady S. de R.L. de C.V.
Lago Iseo No. 91
Col. Anahuac
11320 Mexico D.F., Mexico

PHILIPPINES

Brady Corporation S.E.A. Pte. Ltd.
9 Narra Drive, Palmeral 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

Brady LettraSoft
Avda. Madrid 9
Escalera B, Entresuelo 2
08028 Barcelona, 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 3JU,
United Kingdom

Seton Limited
Canada Close
Banbury, Oxon OX16 7RT
United Kingdom

DIRECTORS

[PHOTO]

Richard A. Bemis, 59, 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. He serves on the Technology Committee and the Compensation Committee.

[PHOTO]

Dr. Frank W. Harris, 58, has been a director of Brady since November 1991. He is a distinguished professor of polymer science and biomedical engineering at the Institute of Polymer Science, university of Akron, Akron, Ohio. He chairs the Technology Committee and serves on the Audit Committee.

[PHOTO]

Peter J. Lettenberger, 63, has served as a director of Brady since January 1977. He is a partner in the law firm of Quarles & Brady, Milwaukee, Wisconsin. He serves on the Finance Committee and the Corporate Governance Committee.

[PHOTO]

Robert C. Buchanan, 60, has been a director of Brady since November 1987. He is president of the Fox Valley Corporation, a specialty paper manufacturer in Appleton, Wisconsin. He chairs the Corporate Governance Committee and serves on the Finance Committee.

[PHOTO]

* Katherine M. Hudson, 53, 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 a director of CNH Global N.V. and Charming Shoppes, Inc.

[PHOTO]

Gary E. Nei, 56, has been a director of Brady since November 1992. He is chairman of B&B Publishing, Walworth, Wisconsin. He chairs the Finance Committee and serves on the Technology Committee.

[PHOTO]

Mary K. Bush, 52, was elected to the Board of Directors on May 15, 2000. She is president of Bush & Company, Washington, D.C., an international financial advisory firm. She serves on the Audit and Finance Committees.

[PHOTO]

Frank R. Jarc, 58, was elected to the Board of Directors on May 15, 2000. He is a consultant specializing in corporate development and international acquisitions, and the former senior vice president of corporate development at Office Depot. He chairs the Audit Committee and serves on the Compensation Committee.

[PHOTO]

Roger D. Peirce, 63, 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. He chairs the Compensation Committee and serves on the Corporate Governance Committee and the Finance Committee.

CORPORATE OFFICERS AND EXECUTIVES

- * Richard L. Fisk
vice president - Direct Marketing Group
- * Conrad F. Goodkind
secretary
- * David R. Hawke
Vice president - Graphics Group
- * Katherine M. Hudson
president and chief executive officer
- * Frank M. Jaehnert
vice president and chief financial officer
- Gary L. Johnson
vice president - corporate development
- * Michael L. Oliver
vice president - human resources
- * Donald E. Rearic
vice president, treasurer and assistant secretary
- * David W. Schroeder
vice president - Identification Solutions & Specialty Tapes Group
- Laurie A. Spiegelberg
vice president - corporate communications
- David B. Winter
vice president and chief information officer

* Officers for the purposes of Section 16 of the Securities Exchange Act of 1934.

[BRADY LOGO]

www.bradycorp.com

Go!

Brady Corporation World Headquarters, P.O. Box 571, Milwaukee, WI 53201-0571

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[RECYCLE LOGO] In keeping with Brady Corporation's policy of environmental stewardship, this brochure is recyclable.

SCHEDULE OF SUBSIDIARIES OF BRADY CORPORATION

Name of Company - - - - -	State (Country) of Incorporation - - - - -	Percentage of Voting Securities Owned -----
Brady Corporation	Wisconsin	Parent
Brady Financial	Delaware	100%
Braton Holding Co.	Delaware	100%
Tricor Direct Inc.- Doing Business As: Seton Seton Name Plate Company D&G Sign and Label Co. Seton Identification Products The Hirol Company	Delaware	100%
Worldmark of Wisconsin Inc.	Delaware	100%
Brady Investment Co.	Nevada	100%
Brady International Sales, Inc.	U.S. Virgin Islands	100%
Brady International Co.	Wisconsin	100%
Brady Worldwide, Inc. Also Doing Business As: Varitronic Systems Teklynx International Barcodes West	Wisconsin	100%
Imtec, Inc.	New Hampshire	100%
Data Recognition, Inc.	Texas	100%
Brady Australia Pty. Ltd. Also Doing Business As: Visi Sign Pty.	Australia	100%
Seton Australia 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.- Doing Business As: Brady GrafTek Revere-Seton Seton	Canada	100%
1167232 Ontario, Inc.	Canada	100%

SCHEDULE OF SUBSIDIARIES OF BRADY CORPORATION (Continued)

Name of Company -----	State (Country) of Incorporation -----	Percentage of Voting Securities Owned -----
Brady (Wuxi) Co. Ltd.	China	100%
B.I. Financial Limited	England	100%
B.I. U.K. Limited	England	100%
W.H. Brady Co. Ltd.	England	100%
Seton Limited	England	100%
Brady LettraSoft S.A	France	100%
Braton Europe Eur1	France	100%
Braton Groupe S.A.R.L. - Doing Business As:	France	100%
Brady		
Techniques Avancees		
Holman		
Periprint		
Tricor Group, S.A. - Doing Business As:	France	100%
Seton		
Signals		
W.H. Brady GmbH	Germany	100%
Seton GmbH	Germany	100%
Soft 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%
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 Nos. 333-38857, 333-38859, 333-44505 and 333-92417 of Brady Corporation on Forms S-8 of our reports dated September 8, 2000, appearing in and incorporated by reference in the Annual Report on Form 10-K of Brady Corporation for the year ended July 31, 2000.

/s/ Deloitte & Touche LLP
Milwaukee, Wisconsin
October 26, 2000

YEAR	
JUL-31-2000	
AUG-01-1999	
JUL-31-2000	
	60,784
	0
	85,575
	2,919
	41,220
203,183	
	177,003
	96,343
398,134	
87,099	
	4,157
2,855	
	0
	227
	288,142
398,134	
	541,077
541,077	
	229,607
	229,607
242,179	
	0
578	
76,131	
	28,930
47,201	
	0
	0
	0
	47,201
	2.07
	2.05