

Dear Fellow Shareholders,

In Fiscal 2011, Brady had strong earnings and strong cash flow. Net income was up 32.6% from the prior year, despite a still challenging economy and relatively moderate organic growth. This is a testament to the positive impact the Brady Business Performance System (BBPS) is having on our efficiency and productivity throughout the Company. Brady continues to be a financially strong company, and this year marks the 26th consecutive year of dividend increases to our shareholders.

Fiscal 2011 was a busy year for Brady as we continued to implement processes to help us achieve our growth goals. These include:

- continued investment in New Product Development to differentiate Brady as the leader in its markets
- expansion of our E-business and Multi-Channel marketing efforts through a number of new Web sites and applications to better capitalize on the growing trend toward on-line buying
- our Market and Customer Segmentation initiative including Voice of the Customer that enhances our understanding of our current customers and their buying preferences, and helps us identify new customers
- Strategic Sourcing to achieve better vendor performance and lower cost
- and a Sales and Marketing Effectiveness initiative designed to create a more effective and efficient sales and marketing function through organizational alignment, expanded use of technology and standardized best-in-class processes

For Fiscal 2012 we do not expect any major tailwind from the economy. As such, our focus will be on a number of targeted initiatives to generate organic growth

Specifically we will :

- continue to focus on launching new and exciting products to our customers through a robust **New Product Development** process
- increase our market share through stepped-up efforts in **E-business and Multi-Channel Marketing**
- further expand our activities to provide our customers with the ultimate buying experience and **unrivaled customer service**
- leverage our **Market and Customer Segmentation** knowledge to target new growing markets and expand in areas where we are under penetrated – for instance, we are devoting resources to capitalize on opportunities in brand protection, laboratory, the aerospace, defense and mass transit markets as well as further opportunities for our MRO products in Asia, primarily in China.
- **increase our investment in developing economies** in South America, Eastern Europe, Africa, the Middle East and Asia.

We also remain committed to **growth through acquisition** and continue to explore opportunities in our core space as well as near-in adjacencies. We have the financial and management discipline as well as the balance sheet necessary to acquire companies that bring us new customers, markets, technologies and/or geographic presence.

We believe that these initiatives, along with the continued productivity improvements realized through BBPS, will lead to growth in both our top and bottom lines, even with only modest economic growth. Our commitment to provide long-term shareholder value is unwavering and is, as always, our top priority.

I thank you for your continued support and I wish you all the best in 2012.

Frank M. Jaehnert
President and CEO