

BRADY CORPORATION COMPENSATION COMMITTEE CHARTER

Approved by the Board of Directors on September 9, 2003

Purpose

The Compensation Committee shall discharge the Board's responsibilities relating to compensation of the Corporation's executives and will ensure that management decisions relative to compensation are made in an ethical and equitable fashion. The Committee shall also produce an annual report on executive compensation for inclusion in the Corporation's annual report to the Securities and Exchange Commission on Form 10-K or other applicable form.

The executive compensation program is designed to encourage and reward executives' efforts that increase shareholder value through achievement of corporate objectives, business strategies, and performance goals.

Committee Membership and Procedure

The Committee shall consist of no fewer than three members, each of whom shall satisfy the independence requirements of the New York Stock Exchange and, if deemed appropriate from time to time, meet the definition of "non-employee director" under Rule 16b-3 under the Securities Exchange Act of 1934, and "outside director" for purposes of Section 162(m) of the Internal Revenue Code of 1986.

The members of the Committee shall be appointed by the Board and shall serve until such member's successor is duly elected and qualified or until such member's earlier resignation or removal. The Board shall have the power at any time to remove members of the Committee, change the membership of the Committee and fill vacancies in it.

The Committee's Chair shall be designated by the Board or, if it does not do so, the Committee members shall elect a Chair by vote of a majority of the Committee. The Chair of the Committee will preside at each meeting of the Committee and, in consultation with the other members of the Committee, shall set the frequency and length of each meeting and the agenda of items to be addressed at each meeting. The Chair will ensure that the agenda for each meeting is circulated in advance of the meeting.

Except as expressly provided in this Charter or the bylaws of the Corporation, the Committee may fix its own rules of procedure.

Committee Authority and Responsibilities

The Compensation Committee shall have the power and authority of the Board to perform the following duties and to fulfill the following responsibilities:

- In consultation with other Directors, and jointly with the Governance Committee, evaluate the performance of the CEO.
- Review and approve corporate goals and objectives relevant to CEO compensation, evaluate the CEO's performance in light of those goals and objectives, and set the CEO's total remuneration package (including base salary, annual incentive awards, long term incentive awards, and other benefits) based on this evaluation.
- Review and approve compensation and benefit policies, strategies, and pay levels for other executives, necessary to support corporate objectives.
- Determine performance measures for the Corporation's annual and long term incentive programs and payouts.
- Make recommendations to the Board with respect to incentive compensation plans and equity-based plans.
- Have the authority to retain and terminate any compensation consultant to be used to assist in the evaluation of CEO or senior executive compensation and have authority to approve the consultant's fees and other retention terms. The Compensation Committee shall also have authority to obtain advice and assistance from internal or external legal, accounting or other advisors.
- Administer the Corporation's stock options, other incentive programs, and other benefit programs and make awards under such programs.
- Approve executive employment contracts and severance agreements.
- Approve equity based earn outs associated with acquisitions and mergers.
- Review and approve the list of a peer group of companies to which the Corporation shall compare itself for compensation purposes.
- Meet, at least annually, with the CEO to receive the CEO's recommendations concerning performance goals and the CEO's evaluation of the Corporation's progress toward meeting those goals.
- With respect to any proxy solicitation by the Corporation for the election of Directors, or otherwise in the Committee's discretion, prepare a report on executive compensation in accordance with applicable SEC rules and regulations.
- Together with the Governance Committee, review succession and development plans of key executives.

- Review and reassess the adequacy of this Charter as appropriate and recommend any proposed changes to the Board for approval. The Committee shall annually review its own performance.
- Form and delegate authority to subcommittees when appropriate.

Disclosure of Charter

This Charter will be made available on the Corporation's website.