

BRADY CORPORATION

CORPORATE GOVERNANCE PRINCIPLES

I. Board Issues:

A. Membership:

1. Size of Board. The Board's optimum size is nine to 11 members.
2. Mix of Directors; "Independent" Directors.

A majority of the Directors shall satisfy the independence requirements of Section 10A of the Securities Exchange Act of 1934, the New York Stock Exchange and any other regulatory authority. The Board believes that it should not have more than one management Director.

3. Board Membership Criteria.

The Board seeks members from diverse professional backgrounds who combine a broad spectrum of experience and expertise with a reputation for integrity and who will be able to serve at least 10 years as a Director prior to reaching the age of 70. Exceptional candidates who do not meet all of these criteria may still be considered. Directors should have experience in positions with a high degree of responsibility, be leaders in the companies or institutions with which they are affiliated, and be selected based upon contributions they can make. Directors should plan to make a significant time commitment to the Corporation.

4. New Directors.

The Corporate Governance Committee has, as one of its responsibilities, the recommendation of director candidates to the full Board. The Corporate Governance Committee will maintain an orientation program for new directors.

5. Retirement; Resignation.

- a. Term Limits.

The Board does not favor term limits for Directors, but believes that it is important to monitor overall Board performance.

b. Retirement Policy.

No person shall be nominated by the Board to serve as a director after he or she has passed his or her 70th birthday.

c. Resignation Policy - Management Directors.

Management Directors shall offer to resign from the Board upon their resignation, removal or retirement as an officer of the Corporation.

d. Directors Changing Their Present Job Responsibilities.

The Board expects Directors to offer to resign from the Board upon a change in their business position including, without limitation, retirement from the position on which their original nomination was based.

B. Conduct:

1. Board Meetings.

a. Selection of Agenda Items and Executive Sessions.

The Chair of the Governance Committee and the Chief Executive Officer, with in-put from the other Directors, should establish the agenda for Board meetings. The non-management Directors of the Board will meet in executive session during each of the Board's regularly scheduled meetings without any management Directors and any other members of the Corporation's management who may otherwise be present. The Chair of the Governance Committee or the Chair's designee will preside at the executive sessions.

b. Distribution of Materials.

The Corporation shall distribute, sufficiently in advance of meetings to permit meaningful review, written materials for use at Board meetings.

c. Attendance of Non-Directors.

The Board believes that attendance of key executive officers at appropriate portions of Board or Committee meetings augments the meeting process.

d. Number of Meetings; Attendance and Preparation.

The Board of Directors shall hold a minimum of four meetings per year. Directors are expected to attend all meetings and to have, prior to the meetings, reviewed all written meeting materials distributed to them in advance. Directors are expected to be physically present at all meetings. Conference telephone, video conference, or similar communication equipment attendance at a meeting may be permitted, but in-person attendance is expected to be the norm.

2. Conflicts of Interest.

Directors are expected to avoid any action, position or interest that conflicts with an interest of the Corporation, or gives the appearance of a conflict. The Corporation annually solicits information from Directors in order to monitor potential conflicts of interest and Directors are expected to be mindful of their fiduciary obligations to the Corporation.

3. Consulting Agreements with Directors.

The Board believes that the Corporation should not enter into paid consulting arrangements with outside Directors or their employers, without obtaining the Board's approval. Such approval may, in appropriate circumstances, be granted on an annual basis.

4. Share Ownership by Directors.

The Board believes that the number of shares of the Corporation's stock owned by each Director is a personal decision, but believes that a minimum ownership of 1,500 shares is appropriate.

5. Compensation Review.

The Governance Committee will annually review and, when it deems appropriate, recommend to the full Board changes in director compensation and benefits.

6. Assessing Board and Committee Performance.

The Board shall conduct an annual self-evaluation to determine whether it and its committees are functioning effectively.

7. Access to Senior Management.

Board members should have complete and open access to senior members of management. The Chief Executive Officer shall invite key employees to attend those Board sessions at which the Chief Executive Officer believes they can meaningfully contribute to Board discussion.

8. Interaction with Third Parties.

The Board believes that management should speak for the Corporation and that the Chair of the Governance Committee should speak for the Board.

9. Confidentiality.

The Board believes maintaining confidentiality of information and deliberations is an imperative.

10. Board of Directors' Resources.

The Board of Directors shall have the authority to obtain advice and seek assistance from legal, accounting, and other advisors and consultants. The Board of Directors shall determine the extent of funding necessary for the payment of compensation to any advisor and/or consultant retained to advise it.

II. Committee Issues:

A. **Board Committees; Committee Charters.**

The Board currently has the following six Committees: Audit, Compensation, Corporate Governance, Finance, Retirement, and Technology. The Audit, Compensation, and Corporate Governance Committees shall each consist of three or more Directors, each of whom shall satisfy the independence (and, in the case of the Audit Committee, the financial literacy and experience) requirements of Section 10A of the Securities Exchange Act of 1934, the New York Stock Exchange and any other regulatory requirements.

Each Committee shall meet in executive session during a portion of each of its regularly scheduled meetings.

Each Committee should have a written charter outlining its responsibilities. The charters of the Audit, Compensation, and Corporate Governance Committees will be made available on the Corporation's website.

B. **Rotation of Committee Assignments and Chairs.**

Committee assignments and the designation of Committee Chairs should be based on the Director's knowledge, interests and areas of expertise. The Board does not favor mandatory rotation of Committee assignments or Chairs. The Board believes experience and continuity are more important than rotation. Board members and Chairs should be rotated only if rotation is likely to increase Committee performance.

C. **Frequency of Committee Meetings; Attendance.**

The Audit Committee has four regularly scheduled meetings each year and will meet additionally as necessary. The other Committees shall meet as necessary. Committee members are expected to be physically present at all meetings. Conference telephone, video conference or similar communication equipment attendance at a meeting will be permitted, but in-person attendance is expected to be the norm.

III. Duties and Responsibilities of the Committees:

A. **Audit Committee.**

The Audit Committee has the powers and responsibilities set forth in its Charter (which is available on the Corporation's website). The role of the Audit Committee is oversight. The members of the Audit Committee are not employees of the Corporation and may or may not be accountants or auditors by profession or experts in the fields of accounting or auditing and, in any event, do not serve in such capacity. Consequently, it is not the duty of the Audit Committee to conduct audits or to determine that the Corporation's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of Management and the Corporation's independent auditors. The Corporation's Internal Audit function should report to the Audit Committee.

B. **Compensation Committee.**

The Compensation Committee shall have the powers and responsibilities set forth in its Charter (which is available on the Corporation's website).

C. **Corporate Governance Committee.**

The Corporate Governance Committee shall have the powers and responsibilities set forth in its Charter (which is available on the Corporation's website).

D. **Finance Committee.**

The powers and responsibilities of the Finance Committee shall be as set forth in its charter.

E. **Technology Committee.**

The powers and responsibilities of the Technology Committee shall be as set forth in its charter.

F. **Retirement Committee**

The powers and responsibilities of the Retirement Committee shall be as set forth in its charter.

IV. **Other Principles:**

A. **Disclosure of Corporate Governance Principles.**

These Corporate Governance Principles will be made available on the Corporation's website.

B. **Continuing Education of Directors.**

The Corporate Governance Committee should encourage the continuing education of Directors, including attendance at appropriate training programs, conferences and seminars at corporate expense.