

BRADY ANALYST DAY

R&D and New Product Development

October 1, 2009

R&D AND NEW PRODUCT DEVELOPMENT

Transformation underway to deliver increased Growth

Program Selection and Portfolio Management:

- Larger programs and more highly “leveraged” programs
- Strategic Product Platforms
- New to Brady and New to the Market programs
- Global perspective and optimization of prioritization and budgeting

Talent Utilization and Development:

- Higher expectations for ownership of business impact
- Leadership acquisition and development

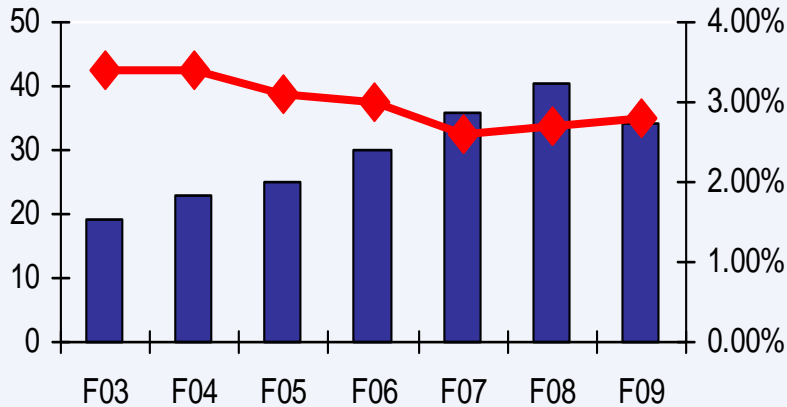
Program Execution:

- Metrics and goals aligned with strategic intent
- State of the art design tools and practices for Quality and Reliability
- Leaner NPD process with greater communication and coordination across functions, businesses and geographies

Transformation well underway with results evident

R&D EXPENSES (excluding restructuring)

R&D Investment (\$M and as % of Sales)

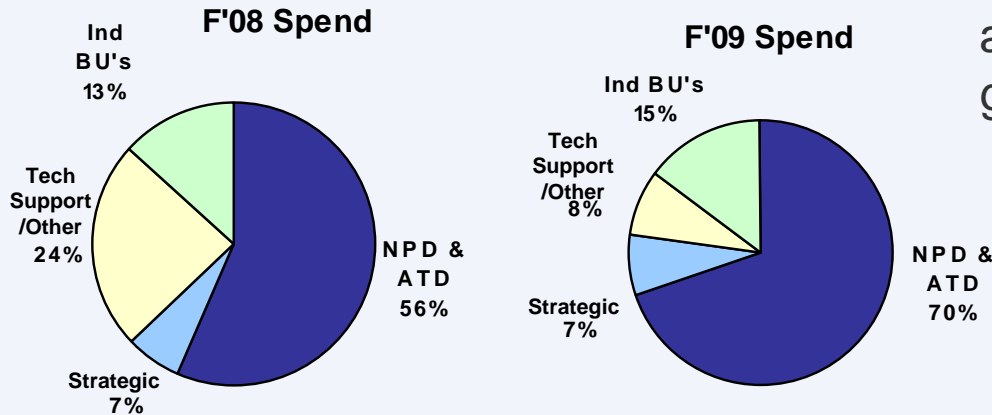


R&D Investment

- F09 R&D at 2.8% of sales
- Recession driven cost reductions managed with no impact to strategic projects or programs

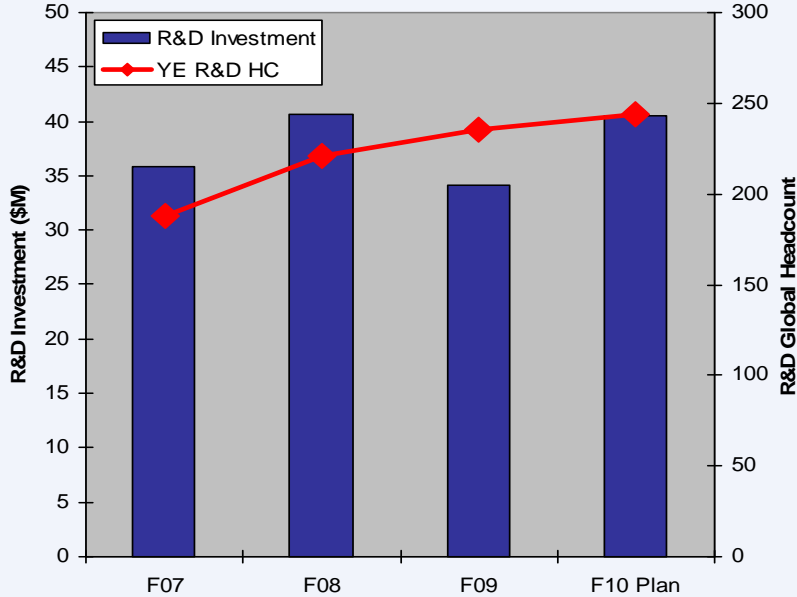
Focusing R&D on Growth

Leaning and optimizing support activities to focus investment on NPD and Advanced Technology efforts for growth



NPD and R&D strategic investments prioritized in recession

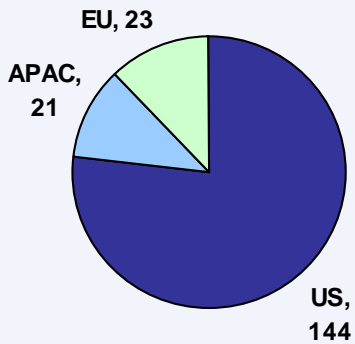
R&D HUMAN RESOURCES



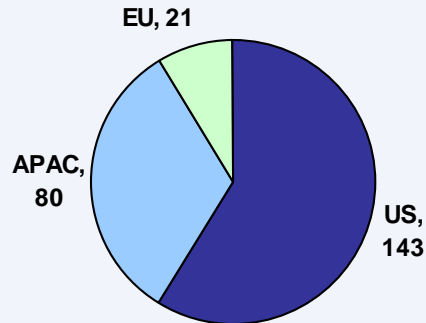
R&D resources growing

Growing headcount over period (+30%) partially offset by lower cost locations and expense management (+13%)

F'07 HC



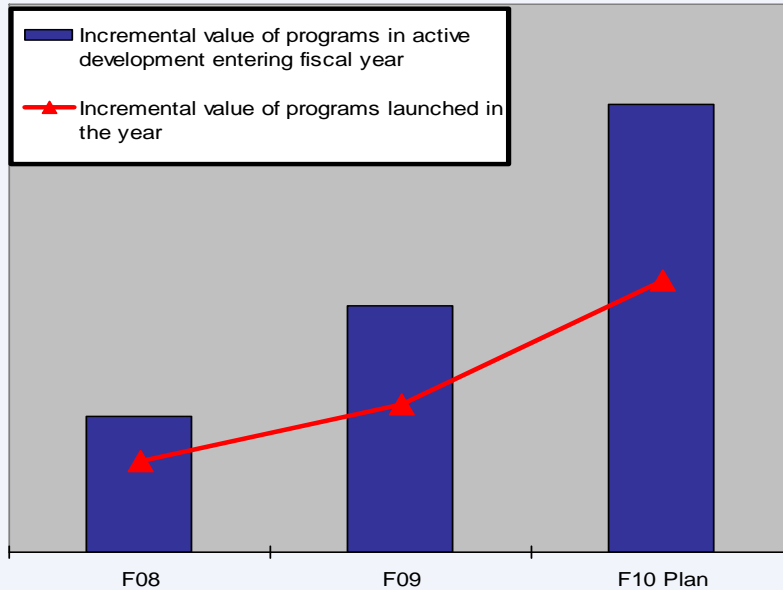
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R&D resource distribution

Growth concentrated in APAC to support global centers of excellence and for APAC customer focus

NPD PORTFOLIO MANAGEMENT & TALENT DEVELOPMENT



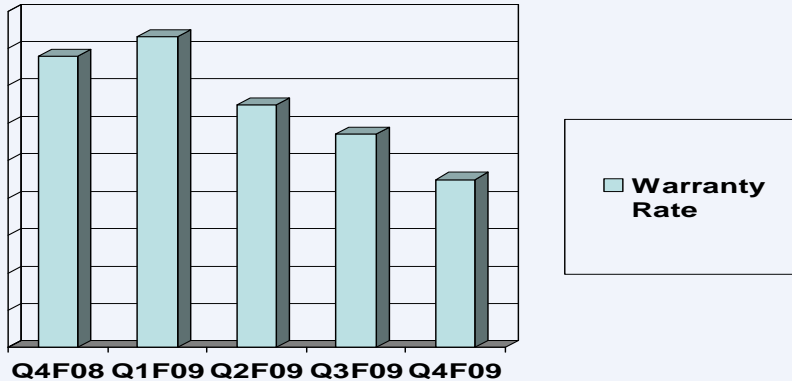
Significant increase in NPD Pipeline Value

Value of programs under active development and those that have launched in fiscal year growing significantly

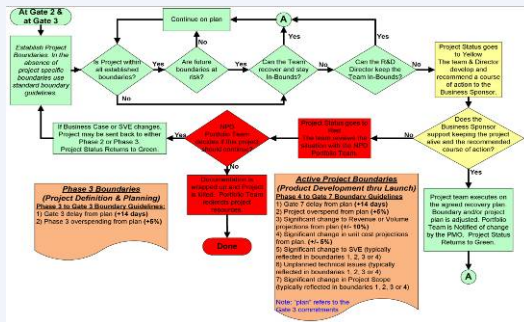
Leadership Talent Development and Acquisition

- 2 year entry level rotational leadership graduates first class
- Key internal promotions and upgrades
- Key level 2 and level 3 talent acquired in R&D and Strategic Product Marketing from leading companies: GE, Hexion, Sabic, Kodak, McKinsey, Newell Rubbermaid, Dell, Shaw, Magna International, Rockwell Automation

NPD PROGRAM EXECUTION

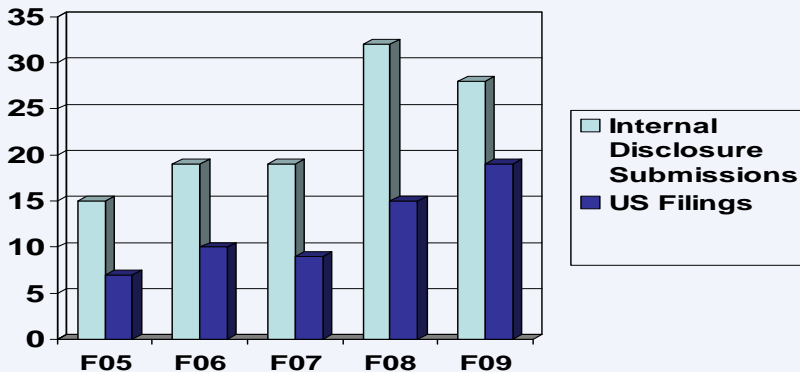


Customer facing Quality
25% reduction in Printing System warranty return rate



Leaning of the New Product Development Processes

>25% reduction in NPD cycle time in F09 through application of lean principles to NPD processes



Patent filing and Issuance

- Growing trend of innovation and Intellectual Property protection
- 148 US patents in force

F09 R&D CAPITAL INVESTMENTS



Developmental Pilot Coater

- Sited at Milwaukee WI manufacturing site adjacent to existing Tobey Materials Laboratory
- Primary focus on development and scale-up of new high performance materials
- Q4 F09 Delivered, Q1 F10 Commissioning



Singapore Innovation Center

- 800M² of dedicated lab and office space
- New printing systems development, coating and materials characterization laboratories



Beijing Innovation Center

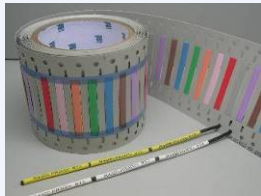
- 800M² of dedicated lab and office space in Chaoyang District of Beijing China
- New process engineering, materials and printing technology laboratories

Significant Investment in Materials Development

MAJOR F09 PRODUCT LAUNCHES

Materials

- Confidential Brand Protection
- B-8008 Optical Gel and Display Assembly Cell automation for LCD assembly
- B-102 Halogen-free Foam for Hard Disk dampening
- Expanded PermaSleeve™ Portfolio for wire marking
- B-696 “clean” label for labeling of electronic work in progress



Software and Systems

- LabelMark 4.0 software for advanced label design & printing
- Powermark™ China printer for Safety and Facility Identification
- NetDoc 2.0 software for datacomm cable management
- Continuous only IDXpert™ for labeling and wire marking
- LOTO plug valve locks
- BBP 11 OEM printer



KEY Q1 F10 NEW PRODUCT LAUNCHES



BMP 21: 3/4" Portable Printer for Wire ID and general labeling

All new handheld thermal transfer printing system and broad selection of general and specialized labeling materials

Engineering Site: Milwaukee WI

Manufacturing Site: Penang Malaysia



BSP 31: Tissue Cassette Label and Attachment System for Medical

New to the world low cost permanent labeling system for extreme environment histology lab labeling

Engineering Site: Milwaukee WI

Manufacturing Site: Brooklyn Park MN



LabelMark Pro 5 for OEM printing

Complete re-write with latest technology and significant upgrades to the flagship Brady branded label design and printing software.

Engineering Site: Milwaukee WI and Brooklyn Park MN

SUSTAINABILITY



15 active programs with sustainability benefits

- Elimination of Halogens
- Elimination of in-process solvents
- Elimination/recyclability of solid waste
- Reduction in product Electrical consumption

Additional programs in conceptual pipeline

SUMMARY

R&D and NPD Process Transformation under way:

- Program Selection and Portfolio Management
- Talent Utilization and Development
- Program Execution

Transformation is bearing positive results:

- Increased innovation
- Increased quality
- Increased productivity
- Decreased developmental cycle time
- Increased value of launches and in-process pipeline

