

7 February 2012

Brady plc
("Brady" or "the Company")

Acquisition of Navita Systems AS
Conditional Placing of 23,376,694 ordinary shares at 77p to raise £18 million

Circular to Shareholders

Further to the announcement made today regarding the Company's acquisition of Navita Systems AG, the Company is pleased to inform that the circular containing further details of the transaction is being dispatched to shareholders. Contents of the circular are presented below with the expected timetable of principal events, as detailed in the Circular, summarised:

Circular posted to Shareholders	8 February 2012
Latest time and date for receipt of Form of Proxy	1 p.m. on 5 March 2012
General Meeting	1 p.m. on 7 March 2012
Admission and trading of the Placing Shares expected to commence on AIM	8:00 a.m. on 8 March 2012
CREST accounts to be credited in respect of the Placing Shares in uncertificated form	8 March 2012
Completion of the Acquisition	8 March 2012
Posting of share certificates for Placing Shares	30 March 2012

The shareholder circular can also be found on the Company's website at www.bradyplc.com

For further information, please contact:

Brady plc Tel: 01223 479479
Gavin Lavelle, Chief Executive
Tony Ratcliffe, Finance Director

Cenkos Securities Tel: 020 7397 8900
Ivonne Cantu / Camilla Hume

Redleaf Polhill Tel: 020 7566 6720
Samantha Robbins/David Ison

About Brady

Brady plc (BRY.L) is a leading global provider of trading and risk management software to the worldwide commodity and energy markets. Brady combines fully integrated and complete solutions supporting the entire commodity trading operation, from capture of financial and physical trading, through risk management, handling of physical operations,

back office financials and treasury settlement, for energy, refined and unrefined metals, softs and agriculturals.

Brady has 25 years' expertise in the commodity markets with over 150 customers worldwide, including some of the largest financial institutions, producers and mining corporations which depend on Brady's software solutions to deliver vital business transactions across their global operations. Brady clients include many of the world's largest miners, refiners and producers, trading companies, tier one banks and a large number of London Metal Exchange (LME) Category 1 and 2 clearing members and many leading European energy generators, traders and consumers. For further information visit: www.bradyplc.com

Brady plc: [Twitter](#)/[Facebook](#)/[LinkedIn](#)

This document does not constitute an offer for sale or an invitation to subscribe for, or the solicitation of an offer to buy or subscribe for, Placing Shares in any jurisdiction where such an offer or solicitation is unlawful and, subject to certain exceptions is not for distribution in or into the United States, Canada, Republic of South Africa, New Zealand, Australia, or Japan. The Placing Shares will not be registered under the United States Securities Act of 1933 (as amended) or under the securities laws of any state of the United States or qualify for distribution under any of the relevant securities laws of Canada, Republic of South Africa, New Zealand, Australia or Japan, nor has any prospectus in relation to the Placing Shares been lodged with or registered by the Australian Securities and Investments Commission or the Japanese Ministry of Finance. Overseas Shareholders and any person (including, without limitation, custodians, nominees and trustees) who has a contractual or other legal obligation to forward this document to a jurisdiction outside the UK should seek appropriate advice before taking any action.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Latest time and date for receipt of Forms of Proxy	1.00 p.m. on 5 March 2012
General Meeting	1.00 p.m. on 7 March 2012
Admission of the Placing Shares to trading on AIM to commence*	8.00 a.m. on 8 March 2012
CREST accounts to be credited in respect of the Placing Shares* in uncertificated form	8 March 2012
Completion of the Acquisition*	8 March 2012
Posting of share certificates for Placing Shares in certificated form*	by 30 March 2012

* *assuming Competition Clearance is received prior to or on the date of the General Meeting*

PLACING STATISTICS

Placing Price	77 pence
Number of Existing Ordinary Shares	55,006,112
Number of Placing Shares	23,376,694
Estimated net proceeds of the Placing receivable by the Company	£16,700,000
Kr exchange rate used in this document	9.2 Kr to the £
Number of Ordinary Shares in issue immediately following Admission of the Placing Shares and the issue of the Consideration Shares (assuming Kr exchange rate as above)	79,268,785

Aggregate number of Placing Shares expressed as a percentage of
the Enlarged Share Capital

29.5 per cent.

DEFINITIONS

The following definitions apply throughout this document unless the context requires otherwise:

"Acquisition"	the proposed acquisition of the entire issued share capital of Navita by Brady
"Acquisition Agreement"	the sale and purchase agreement dated 7 February 2012 entered into between the Vendors and the Company relating to the Acquisition
"Act"	the Companies Act 2006 (as amended)
"Admission"	the admission of the Placing Shares to trading on AIM becoming effective in accordance with the AIM Rules
"AIM"	AIM, the market of that name operated by the London Stock Exchange
"AIM Rules"	the 'AIM Rules for Companies' published by the London Stock Exchange
"Articles"	the articles of association of the Company in force as at the date of this document
"Cenkos Securities"	Cenkos Securities plc
"Company" or "Brady"	Brady plc
"Competition Clearance"	the clearance from the Norwegian Competition Authority, which is required under the laws of Norway in order to permit the Acquisition to proceed, and upon which the Acquisition is conditional
"Completion"	completion of the Acquisition in accordance with the terms of the Acquisition Agreement
"Consideration Shares"	885,979 new Ordinary Shares to be issued to Ecapital (a company owned by Knut Johansen) as part consideration for his shares

in Navita pursuant to the terms of the Acquisition Agreement (assuming an exchange rate as set out on page 3)

"CREST"	the computerised settlement system operated by Euroclear to facilitate the transfer of title to shares in uncertificated form. The Relevant System (as defined in the CREST Regulations) in respect of which Euroclear is the Operator (as defined in the CREST Regulations)
"CREST Regulations"	the Uncertificated Securities Regulations 2001 (SI 2001/3755)
"Directors" or the "Board"	the directors of Brady, whose names appear on page 9 of this document
"Ecapital"	Ecapital AS, a private limited liability company organised under the laws of Norway, with registered number 981 949 390, being one of the Vendors
"ECTRIM"	Energy and commodity trading and risk management
"Enlarged Group"	the Group, as enlarged by the Acquisition, immediately following Admission
"Enlarged Share Capital"	the 79,268,785 Ordinary Shares in issue immediately following Admission as enlarged by the Placing Shares and the issue of the Consideration Shares (assuming an exchange rate as set out on page 3) and including those committed to be issued pursuant to the syseca Acquisition
"Equiniti"	Equiniti, a trading name of Equiniti Limited, the Company's Registrars
"ETRM"	Energy trading and risk management
"Euroclear"	Euroclear UK & Ireland Limited

"Existing Ordinary Shares"	55,006,112 Ordinary Shares, comprising those in issue, or committed to be issued pursuant to the syseca Acquisition, as at the date of this document
"Form of Proxy"	the form of proxy attached to this document for use by Shareholders in relation to the General Meeting
"FSA "	the UK Financial Services Authority
"FSMA"	the UK Financial Services and Markets Act 2000 (as amended)
"General Meeting"	the general meeting of the Company convened for 1.00 p.m. on 7 March 2012, notice of which is set out at the end of this document
"Group"	the Company and its subsidiary undertakings
"London Stock Exchange"	London Stock Exchange plc
"Navita"	Navita Systems AS
"Navita Group"	Navita and its subsidiary undertakings
"Notice of General Meeting"	the notice convening the General Meeting set out at the end of this document
"Ordinary Shares"	ordinary shares of £0.01 each in the share capital of the Company
"Placees"	the subscribers for Placing Shares pursuant to the Placing
"Placing"	the proposed conditional placing of the Placing Shares by Cenkos Securities as agent for and on behalf of the Company at the Placing Price on the terms of the Placing Agreement
"Placing Agreement"	the agreement dated 7 February 2012 entered into between the Company and Cenkos

Securities in connection with the Placing

"Placing Price"	77 pence per Placing Share
"Placing Shares"	23,376,694 new Ordinary Shares to be issued pursuant to the Placing
"Resolutions"	the resolutions set out in the Notice of General Meeting
"Shareholders"	holders of Ordinary Shares
"syseca Acquisition"	the committed acquisition by the Company of syseca AG announced earlier today, which is due to complete on 10 February 2012 and which obliges the Company to issue 675,951 Ordinary Shares as part consideration
"United States"	the United States of America, each state thereof (including the district of Columbia); its territories, possessions and all areas subject to its jurisdiction
"Vendors"	all of the shareholders of Navita

All references in this document to "£" or "p" are to the lawful currency of the United Kingdom and all references to "Kr" are to the lawful currency of Norway.

LETTER FROM THE CHAIRMAN OF BRADY PLC

(Incorporated and registered in England and Wales under the Companies Act 1985, with registered number 2164768)

Directors

Paul Fullagar (Non-executive Chairman)
Gavin Lavelle (Chief Executive)
Brian Collins (Executive Director)
Tony Ratcliffe (Finance Director)
Dr Robert Brady (Non-executive Director)
Pat Brazel (Non-executive Director)
Peter Harverson (Non-executive Director)

Registered Office

281 Cambridge Science Park
Milton Road
Cambridge
CB4 0WE

7 February 2012

Dear Shareholder

ACQUISITION OF NAVITA SYSTEMS AS PLACING OF 23,376,694 NEW ORDINARY SHARES AT 77 PENCE PER SHARE AND NOTICE OF GENERAL MEETING

1. INTRODUCTION

As announced earlier today, the Company has conditionally agreed to acquire Navita for an aggregate consideration of Kr 157,265,000 (approximately £17.1 million), of which Kr 6,276,273 (approximately £682,000) will be satisfied by the issue of Consideration Shares, and intends to raise £18 million (before expenses) by way of a placing of 23,376,694 new Ordinary Shares at a price of 77 pence per share. The net proceeds of the Placing (approximately £16.7 million) will be used to fund the cash consideration payable for Navita.

The Placing is conditional, *inter alia*, on the Directors being granted the necessary share capital authorities by Shareholders to allot and issue the Placing Shares and the Consideration Shares and a General Meeting has therefore been convened (notice of which is set out at the end of this document) for such purpose. Whilst the approval of Shareholders of the Acquisition itself is not necessary, the Acquisition itself cannot be completed without the Placing being completed.

This document explains the background to, and reasons for, the Acquisition and the Placing, why the Directors consider the Acquisition and the Placing to be in the best interests of the Company and its Shareholders as a whole and why the Directors recommend that you vote in favour of the Resolutions to be proposed at the General Meeting, notice of which is set out at the end of this document.

2. BACKGROUND TO THE ACQUISITION AND PLACING

The Navita Group, based in Halden, Norway, is a leading provider of systems for the energy markets, focussing on physical power and carbon emission trading.

The Directors believe that the Acquisition will complement Brady's existing business by extending its reach further in the energy sector and is in line with the Company's stated strategy of complementing organic growth with the acquisition of suitable companies to strengthen the Company's product and customer base. The Navita Group operates in Europe and North America and has a particularly strong presence in Northern Europe in the large and expanding energy markets for electricity, gas, emission certificates and coal. The Directors believe that these markets remain highly attractive and the business is complementary to Brady's existing ECTRM business, offering significant cross-selling opportunities to the enlarged customer base. The Directors anticipate enhancing the Navita business with a stronger commercial focus. The Navita Group currently operates under a traditional up-front licence model but this is anticipated to switch to a licence rental model following the Acquisition and, as such, the Directors anticipate that the acquisition of Navita will significantly increase the Group's overall recurring revenues, improve the Group's quality of earnings and reduce the inherent risk attached to securing large up-front licence deals.

The Placing Shares, comprising 23,376,694 Placing Shares, have been conditionally placed with institutional and other investors. Subject, inter alia, to the passing of the Resolutions at the General Meeting, Admission is expected to take place at 8.00 a.m. on 8 March 2012 and subject thereto, it is anticipated that Completion will occur following Admission and immediately after sufficient funds are received from the Placing to satisfy the consideration payable under the Acquisition Agreement.

All Directors and their related parties have irrevocably undertaken to vote in favour of the Resolutions at the General Meeting in respect of an aggregate of 10,383,885 Ordinary Shares, representing approximately 18.9 per cent. of the voting rights exercisable in respect of Existing Ordinary Shares.

3. REASONS FOR THE ACQUISITION

Brady's strategy is to complement organic growth with the acquisition of suitable companies to enhance the Company's product offering and customer base. The Directors believe that there is a strong opportunity to enhance the Company's position in energy, metals and commodity software and that the acquisition of Navita will be a key step in developing its energy business and reaching overall critical mass and scale. The Directors believe that the Acquisition is strategically compelling for the following reasons:

- *Further penetration in the energy asset class.* The Acquisition strengthens the Company's position as the fifth largest ECTRM player globally.
- *Extends product coverage.* The Acquisition will result in the addition of complementary energy software solutions, extending product coverage to include scheduling, nominations and metering.
- *Large and growing market opportunity.* The global market size for ECTRM is estimated as \$2 billion per annum in 2011 and forecasted to grow at 11 per cent. per annum.

- *Opportunity for cross-selling to non energy clients.* Energy is a significant input in the production of other commodity classes covered by Brady's software: metals, agricultural and oil, creating further potential cross-selling activities. The Company's customer base will be significantly increased affording further cross selling opportunities.
- *Cost reductions.* Following a business review, the Navita Group has commenced a pre-agreed reorganisation which, together with Brady Energy's committed cost reductions, will contribute to a 25 per cent. reduction in the headcount of the Enlarged Brady Energy business.
- *Further increase Brady's recurring revenue and quality of earnings.* The Directors believe that, following the proposed change from a traditional up-front licence model to a licence rental model, the Acquisition will further increase Brady's recurring revenues, thereby enhancing quality of earnings and reducing overall risk from the reliance on up-front licence transactions, the timing of which is inherently difficult to predict.
- *Further increase in critical mass.* The Directors believe that the acquisition of Navita will further strengthen Brady's brand and commercial presence in Europe as well as the Americas, complementing the Group's already strong commercial presence in mainland Europe and its smaller presence in the Americas and Asia.

4. **INFORMATION ON THE NAVITA GROUP**

The Navita Group is a leading provider of energy data and risk management software solutions, focusing on physicals and trading. Navita was acquired through a management buy-out in 2004 led by Knut Johansen, who intends to remain with the business following the Acquisition. Its head office is in Halden, Norway, with operations also in Oslo, London, Edinburgh, Pasadena, Toronto and Houston. From these locations the Navita Group sells to, services and supports its customers in Europe and North America.

The Navita Group has a wide portfolio of customers, including Statkraft, RAO Nordic, Koch, Statoil, Norsk Hydro and Bergen Energy (all common customers), as well as EDF and Mercuria and other customers, amounting to 95 in total. The customer base has spread from the initial Nordic region, over time, throughout Western Europe and certain parts on North America.

The Navita Group's business operations focus principally around solutions in three main areas: power logistics, SMART grid and trading and risk management. This portfolio substantially increases the spectrum of Brady Energy's existing product offerings, including a significant offering in the physical power and power logistics side of the market, closely aligned with the introduction of SMART metering. There is some product overlap in the trading and risk management area, which affords the opportunity to make substantial cost savings as noted below.

The following is a summary of the Navita Group's business portfolio:

Power Logistics

- *Smart Grids*. Processing retail contracts for clients who can either contribute or take power from the grids.
- *EDM (Energy Data Manager)*. This covers power logistics for the Nordics region and Ontario in Canada, with target customers being large power producers, consumers and scheduling co-ordinators, the solution allowing them to manage their physical power portfolio.
- *PENS (Pan-European Nomination System)*. This offers a single point of connection for power logistics in Europe, servicing both inter-grid and cross-border notifications and nominations. The solution receives net or outright positions from a trading system, communicates these with the relevant TSO(s) (Transmission Service Operators) and receives back system notifications of any imbalances.
- *Settlement*. This is designed for market operators, providing market settlements for energy, capacity and ancillary services.

Trading and Risk Management

- *ECTRM (Energy and Commodity Trading and Risk Management)*. This solution has substantial heritage from organic and acquired applications and is known as POMAX ECTRM.
- *GLM (Gas Logistics Manager)*. This provides balancing, nomination and allocation of natural gas in Europe.
- *Curve Manager*. This collects and performs analysis of historic data against forecast.

The Navita Group has applied modest dedicated sales resources to the commercialisation process to date.

Reorganisation

In spite of a difficult general market environment, the Navita Group saw its headcount grow steadily to 107 full time equivalents (permanent employees and temporary contractors). Following a business review, the Navita Group has prepared a cost saving and reorganisation programme. Brady has also committed to a reorganisation of its Brady Energy division following the acquisition of Navita, primarily through a reduction in contractors. The combined effect of these initiatives reduces 25% of the enlarged Brady Energy headcount and is estimated to crystallise annualised salary cost savings of £2.4 million, or annualised total employment cost savings of £2.9 million. Navita completed thirteen headcount reductions prior to 1 January 2012 and has initiated a further nine in January 2012. The Company anticipates that all reorganisation initiatives will be finalised within 30 days following completion of the Acquisition.

Financial information on the Navita Group

The trading record of the Navita Group for the three years ended 31 December 2010 as extracted from

Navita's audited consolidated financial statements, together with draft unaudited financial results for the year ended 31 December 2011, is summarised below:

All financial data translated at an exchange rate of 9.0Kr to the £.

	<i>Year ended 31 December 2008 (audited) £ millions</i>	<i>Year ended 31 December 2009 (audited) £ millions</i>	<i>Year ended 31 December 2010 (audited) £ millions</i>	<i>Year ended 31 December 2011 (draft) £ millions</i>	<i>Year ended 31 December 2011 (draft proforma) £ millions¹</i>
Revenues	10.5	11.2	11.7	11.5	11.5
EBITDA	(1.1)	0.8	1.8	1.1	2.2

¹ The proforma 2011 draft unaudited financial results comprise the draft results for 2011 adjusted to take account of the headcount savings made at 31 December 2011, as if they had been in effect for the whole of 2011.

Historically the revenues of the Navita Group have derived from sale of software licences, recurring maintenance from the installed base of customers and services revenues.

5. TERMS OF THE ACQUISITION

The proposed consideration payable for the entire issued share capital of Navita is Kr 157,265,000 (approximately £17.1 million), subject to certain adjustments as described below. An initial amount of Kr 113,241,545 (approximately £12.3 million) will be payable to the Vendors upon completion. Further amounts of Kr 37,747,182 (approximately £4.1 million) will be placed in escrow and released to the Vendors in a number of instalments up to 31 May 2013 subject to deductions in relation to working capital and breach of the warranties given by all the Vendors. These amounts will, save as referred to below, be fully satisfied by cash from the proceeds of the Placing and the Group's cash resources.

Ecapital, one of the Vendors and a company owned by Knut Johansen, the CEO of Navita, has agreed to receive Kr 6,276,273 (approximately £682,000) of the consideration for its shares in Navita in the form of new Ordinary Shares, effectively issued at the Placing Price. Such Consideration Shares will be subject to a one-year lock-in arrangement and a further year's orderly marketing restrictions pursuant to a lock-in deed to be entered into by Ecapital and Knut Johansen on Completion in favour of the Company and Cenkos Securities. The Consideration Shares will rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid on the Existing Ordinary Shares on or after Completion.

The Company has an obligation under the terms of the Acquisition Agreement to use its reasonable endeavours to procure that the admission of the Consideration Shares to trading on AIM becomes effective in accordance with the Rule 6 of the AIM Rules as soon as reasonably practicable following Completion, and in any event within 30 days after the date of Completion.

Following completion of the Acquisition, completion accounts of Navita will be prepared. The aggregate

consideration will be adjusted upwards or downwards by Kr 1 for each Kr 1 by which the net working capital of the Navita Group exceeds the target amount of Kr 3,915,000 (approximately £425,000).

The Acquisition is conditional upon, *inter alia*, (i) the passing of the Resolutions at the General Meeting, (ii) the Placing having been completed and payment of the cash consideration payable under the Acquisition Agreement having been received by the Vendors and (iii) the Competition Clearance having been received.

The Competition Clearance is required under Norwegian law to be granted by the Norwegian Competition Authority, in order to allow the Acquisition to close under Norwegian law. A notification to the Norwegian Competition Authority will be submitted shortly after circulation of this document. Assuming no further information is sought by the Norwegian Competition Authority, the Acquisition will be deemed cleared 15 working days after the notification has been submitted.

6. DETAILS OF THE PLACING

The Company is proposing to raise £18 million (before expenses) through the issue of the Placing Shares at the Placing Price. The Placing Price represents a discount of approximately 4.9 per cent. to the closing mid-market price of 81 pence per Ordinary Share on 6 February 2012, being the last business day prior to the printing of this document. The Placing Shares will represent approximately 29.5 per cent. of the Enlarged Share Capital immediately following Admission and issue of the Consideration Shares.

Pursuant to the terms of the Placing Agreement, Cenkos Securities, as agent for Brady, has agreed conditionally to use its reasonable endeavours to procure Placees for the Placing Shares at the Placing Price. The Placing is not underwritten. The Placing Agreement contains warranties from the Company in favour of Cenkos Securities (for itself and as agent for each of the Placees) in relation to, *inter alia*, the accuracy of the information contained in this document and certain other matters relating to the Group and its business. In addition, the Company has agreed to indemnify Cenkos Securities in relation to certain liabilities that it may incur in respect of the Placing.

The obligations of Cenkos Securities under the Placing Agreement in respect of the Placing are conditional upon, *inter alia*, (i) Admission becoming effective on or before 8.00 a.m. on 8 March 2012 (or such later date as the Company and Cenkos Securities may agree, but not later than 23 March 2012), (ii) there being prior to Admission no material breach of the warranties given to Cenkos Securities, (iii) Shareholders passing the Resolutions at the General Meeting and (iv) completion of the Acquisition Agreement becoming unconditional save for completion of the Placing and payment of the consideration on the terms set out above.

Cenkos Securities may terminate the Placing Agreement in specified circumstances (including for breach of warranty at any time prior to Admission, if such breach is reasonably considered by Cenkos Securities to be material in the context of the Placing) and in the event of a *force majeure* event occurring at any time prior to Admission. If the conditions of the Placing Agreement which apply to the Placing as a whole are not fulfilled on or before the relevant date in the Placing Agreement, subscription monies will be returned to Placees without interest as soon as possible thereafter.

There is a possibility that the Placing will be completed and Admission will take place in respect of

the Placing Shares in advance of completion of the Acquisition Agreement (and therefore, whether or not the Acquisition subsequently completes). This is considered to be an extremely unlikely event. In such unlikely circumstances, the net Placing proceeds would be placed on deposit on a short-term basis and the Directors would consider, in consultation with Cenkos Securities, whether to use the proceeds to finance other carefully selected acquisitions approved (if necessary) by Shareholders and/or consider the possibility of returning cash to Shareholders.

7. SETTLEMENT AND DEALINGS

Application will be made to the London Stock Exchange for the Placing Shares to be admitted to trading on AIM. Assuming that the Competition Clearance is received prior to or on the date of the General Meeting, it is expected that Admission of the Placing Shares will occur at 8.00 a.m. on 8 March 2012 and admission of the Consideration Shares shortly thereafter.

The Placing Shares will rank pari passu in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid on the Existing Ordinary Shares on or after Admission.

8. CURRENT TRADING AND PROSPECTS

On 5 September 2011, Brady announced its unaudited interim results for the six months to 30 June 2011, which included the following summary consolidated figures:

Financial Summary (before exceptional items for 2010):

	<i>6 months to 30 June 2011 (Unaudited) £'000</i>	<i>6 months to 30 June 2010 (Unaudited) £'000</i>	<i>Year to 31 December 2010 (Audited) £'000</i>
Sales revenue	8,840	4,630	11,117
Recurring revenue	4,781	1,782	3,963
EBITDA	1,242	546	2,083
Operating result	545	354	1,509
Basic earnings per share (pence)	1.37	1.14	4.82
Free cash and cash equivalents	10,377	3,287	9,761

On 16 January 2012 the Company issued an update on trading performance for the year ended 31 December 2011. In summary, the Group expects to report revenue growth of approximately 70%, ahead of market expectations. On a like-for-like basis, adjusted for acquisitions in 2010, the Group achieved revenue growth of approximately 10%. The Group's recurring revenues increased by approximately 145% and represented approximately 52% of total revenues compared to 36% for 2010. The Group expects to report EBITDA in

line with market expectations, growth of approximately 70% and earnings per share and profit after tax (before exceptional items) in line with market consensus forecasts.

The above is not a substitute for reading the full text of the interim results and the trading update, which can be found on Brady's website at www.bradypkc.com.

9. **IRREVOCABLE UNDERTAKINGS**

The Directors and their related parties have irrevocably undertaken to vote in favour of the Resolutions at the General Meeting in respect of an aggregate 10,383,885 Ordinary Shares, representing approximately 18.9 per cent. of the voting rights exercisable in respect of Existing Ordinary Shares.

10. **GENERAL MEETING**

A notice convening the General Meeting to be held at the offices of K&L Gates LLP, One New Change, London EC4M 9AF at 1.00 p.m. on 7 March 2012 is set out at the end of this document. At the General Meeting, the Resolutions will be proposed. A summary of the Resolutions is set out below:

- In Resolution 1, the Directors are seeking shareholder approval to allot up to an additional 23,376,694 new Ordinary Shares pursuant to the Placing and the Consideration Shares pursuant to the Acquisition Agreement. The Placing Shares will amount to approximately 29.5 per cent. of the Enlarged Share Capital. This approval is in addition to the authority given to the Directors at the Company's Annual General Meeting on 28 April 2011 to allot relevant securities up to an aggregate nominal amount of £180,067 (and not in substitution for such authority). The authority sought to be given to the Directors, pursuant to Resolution 1, to allot shares in the capital of the Company requires an ordinary resolution of the Shareholders at a general meeting under section 551 of the Act. This authority will expire on 1 April 2012.
- In Resolution 2, the Directors are seeking shareholder approval under section 561 of the Act to allot for cash up to 23,376,694 new Ordinary Shares in accordance with the Placing without being required first to offer such securities to Shareholders in accordance with the statutory pre-emption rights set out in section 561 of the Act. This authority will also expire on 1 April 2012.

11. **ACTION TO BE TAKEN IN RESPECT OF THE GENERAL MEETING**

Shareholders will find a Form of Proxy enclosed for use at the General Meeting. Whether or not you intend to be present at the General Meeting, you are requested to complete and return the Form of Proxy in accordance with the instructions printed thereon as soon as possible. To be valid, completed Forms of Proxy must be received by the Company's Registrars, Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, not later than 1.00 p.m. on 5 March 2012, being 48 hours before the time appointed for holding the General Meeting. Completion of the Form of Proxy will not preclude you from attending the meeting and voting in person if you so wish.

12. **DOCUMENTS AVAILABLE**

Copies of this document will be available to the public free of charge from the registered office of the Company at 281 Cambridge Science Park, Milton Road, Cambridge CB4 0WE and from the offices of Cenkos Securities, 6.7.8 Tokenhouse Yard, London EC2R 7AS, during normal office hours, (Saturdays, Sundays and Bank Holidays excepted) from the date of this document until the date which is one month following Completion and on the Company's website, at www.bradypkc.com

13. **RECOMMENDATION**

The Directors consider that the Acquisition and the Placing are in the best interests of the Company and its Shareholders as a whole. Accordingly, the Directors unanimously recommend that you vote in favour of the Resolutions as they have irrevocably undertaken to do in respect of their entire beneficial holdings amounting, in aggregate, to 10,383,885 Ordinary Shares, representing approximately 18.9 per cent. of the voting rights exercisable in respect of Existing Ordinary Shares.

Yours faithfully,

Paul Fullagar
Chairman

BRADY PLC

(Incorporated and registered in England and Wales with No: 2164768)

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a General Meeting of Brady plc (the "**Company**") will be held at the offices of K&L Gates LLP, One New Change, London EC4M 9AF at 1.00 p.m. on 7 March 2012 for the purpose of considering and, if thought fit, passing the following resolutions, of which Resolution 1 will be proposed as an Ordinary Resolution and Resolution 2 will be proposed as a Special Resolution:

ORDINARY RESOLUTION

1. **THAT** the Directors from time to time of the Company be and are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the "**Act**"), as amended, (in addition to (and not in substitution for) all previous authorities pursuant to section 80 of the Companies Act 1985 or section 551 of the Act, to the extent not utilised at the date this Resolution is passed) to exercise all the powers of the Company to allot Relevant Securities (as defined in the notes to the notice of General Meeting of which this Resolution forms part) up to an aggregate nominal amount of £250,000 pursuant to the Placing and Acquisition by the Company of Navita Systems AS described in the Circular to shareholders of the Company dated 7 February 2012, provided that such authority shall expire on 1 April 2012.

SPECIAL RESOLUTION

2. **THAT**, in accordance with section 571 of the Act, the Directors be and they are hereby empowered to allot equity securities (as defined in sub-section (1) of section 560 of the Act) for cash pursuant to the authority conferred on them by Resolution 1 set out in the notice of General Meeting of which this Resolution forms part to allot equity securities (as defined in section 560 of the Act) as if sub-section (1) of section 561 of the Act did not apply to the allotment, provided that the power hereby conferred shall be limited to the allotment for cash of equity securities for the purposes of the Placing described in the Circular to shareholders of the Company dated 7 February 2012 to be carried out in connection with the proposed acquisition by the Company of Navita Systems AS and that such power shall expire on 1 April 2012.

Dated: 7 February 2012

By order of the Board
Tony Ratcliffe
Company Secretary

Registered Office:
281 Cambridge Science Park
Milton Road
Cambridge

Notes

2. A member entitled to attend and vote at the above meeting is entitled to appoint a proxy or proxies to attend and on a poll, vote instead of him. A proxy need not be a member of the Company. The appointment of a proxy will not preclude a member from attending and voting at the meeting in person should he subsequently decide to do so.
3. To be effective, the relevant Form of Proxy must be completed and lodged with the Company's Registrars, Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA no later than 48 hours before the meeting.
4. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that in order to have the right to attend and vote at the General Meeting (and also for the purpose of determining how many votes a person entitled to attend and vote may cast), a person must be entered on the register of members of the Company at 6.00 p.m. on 5 March 2012 or, in the event of any adjournment, at 6.00 p.m. two days prior to the adjourned meeting. Changes to entries on the register of members after this time shall be disregarded in determining the rights of any person to attend or vote at the meeting.
5. In the case of joint holders of a share the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders; and seniority shall be determined by the order in which the names of the holders stand in the register of members.
6. "**Relevant Securities**" means shares in Company other than shares allotted pursuant to:
 - (i) an employee share scheme (as defined by section 1166 of the Act);
 - (ii) a right to subscribe for shares in the Company where the grant of the right itself constituted a Relevant Security; or
 - (iii) a right to convert into shares in the Company where the grant of the right itself constituted a Relevant Security; or
 - (iv) any right to subscribe for or to convert any security into shares in the Company other than rights to subscribe for or convert any security into shares allotted pursuant to an employee share scheme (as defined by section 1166 of the Act).

References to the allotment of Relevant Securities in Resolution no. 1 above include the grant of such rights.