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If you have sold or transferred all your ordinary shares in Brady plc, please forward this document (but not the accompanying personalised Form of Proxy) as soon as possible to the stockbroker or other agent through whom you made the sale or transfer for transmission to the purchaser or transferee. **However, those documents should not be forwarded to or sent into the United States, Canada, New Zealand, South Africa or Japan.** Any person (including without limitation, custodians, nominees and trustees) who may have a contractual or legal obligation or may otherwise intend to forward this document to any jurisdiction outside the UK, should seek appropriate advice before taking any action.

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## **BRADY PLC**

(Incorporated and registered in England & Wales under the Companies Act 1985 with registered number 02164768)

### **PROPOSED GRANT OF AUTHORITY TO BUY BACK SHARES**

and

### **APPROVAL OF WAIVER OF RULE 9 OF THE TAKEOVER CODE**

and

### **NOTICE OF ANNUAL GENERAL MEETING**

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Cenkos Securities plc, which is regulated in the United Kingdom by the Financial Services Authority, is acting exclusively for Brady plc in connection with the proposals in this document, and will not be responsible to anyone other than Brady plc for providing the protections afforded to customers of Cenkos Securities plc or for providing advice in relation to the proposals in this document or any other matter in relation to the contents of this document.

You will find enclosed with this document a Form of Proxy for use in connection with the Annual General Meeting (the "AGM"). Whether or not you intend to be present at the AGM, you are asked to complete the form of proxy in accordance with the instructions printed on it so as to be received by Equiniti at Freepost SEA 10846, Aspect House, Spencer Road, Lancing, West Sussex BN99 6ZL as soon as possible but in any event not later than 12.00 p.m. on 27 April 2010. Completion of the Form of Proxy will not preclude you from attending and voting at the AGM should you so wish.

The Directors, whose names appear on page 5, accept responsibility for the information contained in this document (save that Dr Robert Brady does not accept responsibility for the recommendations set out on page 10 of this document). To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. Dr Robert Brady accepts responsibility for the information on himself and the Concert Party and their intentions contained in this document.

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## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Date of this document	1 April 2010
Latest time and date for receipt of Forms of Proxy for Annual General Meeting	12.00 p.m. on 27 April 2010
Annual General Meeting	12.00 p.m. on 29 April 2010

## DEFINITIONS

"AGM"	the Annual General Meeting of the Company convened for 12.00 p.m. on 29 April 2010 by the Notice of AGM and any adjournment thereof
"Articles"	the current Articles of Association of the Company
"Cenkos"	Cenkos Securities plc
"City Code"	the City Code on Takeovers and Mergers
"Company"	Brady plc
"Concert Party"	Dr Robert Brady and his wife, Angela Marcantonio
"Directors" or the "Board"	the directors of the Company whose names are set out on page 5 of this document
"Dr Robert Brady"	Dr Robert Brady of c/o Brady Plc, 281 Cambridge Science Park, Milton Road, Cambridge CB4 0WE
"Form of Proxy"	the form of proxy accompanying this document for use at the AGM
"Group"	the Company and each of the Subsidiaries
"Independent Directors"	all the executive and non-executive Directors other than Dr Robert Brady
"Independent Shareholders"	shareholders of the Company other than the Concert Party

"Notice of AGM"	the notice of the AGM set out at the end of this document
"Ordinary Shares"	ordinary shares of 1p each in the capital of the Company
"Panel"	the Panel on Takeovers and Mergers
"Shareholders"	holders of Ordinary Shares in the Company
"Subsidiaries"	Brady USA, Inc., Brady Canada, Inc., Colplan Systems Limited, Brady Asia Service Company PTE, Limited, Coastdata Limited, Commodities Software (UK) Limited and Brady Switzerland SA
"Transaction"	the general buy-back authority sought in Resolution 1 in the Notice of AGM for the Company to purchase its Ordinary Shares and the Waiver
"United Kingdom" or "UK"	the United Kingdom of Great Britain and Northern Ireland
"Waiver"	the waiver by the Panel of any requirement under Rule 9 of the City Code for the Concert Party to make a general offer to Shareholders that would otherwise arise as a result of any market purchases of Ordinary Shares by the Company pursuant to the authority sought in Resolution 1 set out in the Notice of AGM subject to the passing of the Waiver Resolution
"Waiver Resolution"	the ordinary resolution of the Independent Shareholders concerning the Waiver to be proposed on a poll at the AGM and set out at Resolution 3 in the Notice of AGM

## PART I

### LETTER FROM THE NON-EXECUTIVE CHAIRMAN OF BRADY PLC

*(Incorporated in England and Wales under the Companies Act 1985 with Registered Number 02164768)*

#### DIRECTORS:

Paul Fullagar *(Non-Executive Chairman)*  
Gavin Lavelle *(Chief Executive Officer)*  
Brian Collins *(Executive Director)*  
Tony Ratcliffe *(Finance Director & Company Secretary)*  
Dr Robert Brady *(Non-Executive Director)*  
Geoff Bicknell *(Non-Executive Director)*  
Pat Brazel *(Non-Executive Director)*  
Peter Harverson *(Non-Executive Director)*

Registered office:  
281 Cambridge Science Park  
Milton Road  
Cambridge  
CB4 0WE

1 April 2010

*To ordinary shareholders*

Dear Shareholder

#### **Notice of Annual General Meeting**

##### 1. INTRODUCTION

I am writing to you with details of our Annual General Meeting to be held at 12.00 p.m. on 29 April 2010. This document contains the Notice of AGM on pages 21 to 24, which sets out resolutions to be proposed at the AGM to approve:

- various matters which the Company commonly deals with at its Annual General Meetings (namely the adoption of our Annual Report and Accounts for the year ended 31 December 2009, the declaration of a final dividend for that year, the approval of the Remuneration Report for that year, the re-appointment of our auditors and certain directors who are retiring by rotation under our Articles of Association and the grant to the Directors of the authority to allot Ordinary Shares on a non-pre-emptive basis); and
- a proposed new general share buy-back authority.

This document also summarises the reasons why the Directors consider that it would be in the interests of all Shareholders for the Company to be able to purchase Ordinary Shares in the market pursuant to the proposed new general share buy-back authority and sets out certain other required information relating to the Transaction.

## **2. BACKGROUND AND REASONS FOR THE AUTHORITY**

The background to the desire for a buy-back authority and the reasons that the Directors believe that it is in the interests of all Shareholders are as follows:

- although the Company has significant cash resources and the Directors believe that the Company's share price does not recognise the Company's true potential value, the Company does not intend to utilise the Company's cash resources in a general buy-back programme that will substantially reduce the Company's cash balances and further reduce share liquidity. Indeed, the Company believes that a strong balance sheet with high cash balances are a significant advantage when negotiating new licence deals with large global customers, also providing strong working capital to facilitate future growth and providing the Company with a strong base in order to support potential future acquisitions;
- on a number of occasions in recent months, the Company has seen disproportionate reductions in its share price following sales of relatively insignificant share numbers, believed to be for no other reason than the Company's general lack of share liquidity; and
- the Directors believe that having this authority in place will allow the market makers to better stabilise the Company's share price in relation to minor share transactions.

## **3. NEW GENERAL BUY-BACK AUTHORITY**

The Board proposes to seek Shareholder approval to empower the Company to make market purchases of the Company's shares in the future. The authority is limited to a maximum of 750,000 ordinary shares representing approximately 2.6 per cent of the Company's issued ordinary share capital as at 31 March 2010 (being the latest practicable date prior to the publication of this document). The authority will expire at the conclusion of the Annual General Meeting in 2011 or, if earlier, 15 months from the passing of this resolution. The maximum price payable for the purchase by the Company of Ordinary Shares will be limited to 5 per cent. above the average of the middle market quotations for an Ordinary Share as derived from the AIM Market of the London Stock Exchange plc for the five business days prior to the purchase. The minimum price payable by the Company for the purchase of Ordinary Shares will be 1p per share (being the amount equal to the nominal value of an Ordinary Share).

The Directors would use the share purchase authority with discretion and purchases would only be made from the Company's distributable reserves not required for other purposes and in the

light of market conditions prevailing at the time. In reaching a decision to purchase Ordinary Shares, the Directors would take account of the Company's cash resources and capital and the effect of such purchases on the Company's business and would only make market purchases if satisfied that they would increase earnings per Ordinary Share and be in the interests of Shareholders generally. No announcement will be made by the Company in advance of market purchases, but any purchases made by the Company would be announced by 7.30 a.m. on the business day next following the transaction.

Under the Companies Act 2006, shares which a company buys back are normally to be treated as cancelled. As an alternative, a listed company has, since December 2003, been able to hold such shares as treasury shares. Treasury shares can be subsequently cancelled, sold for cash or used for the purpose of employee share schemes. No dividends are paid on shares which are held in treasury and no voting rights attach to treasury shares.

The Directors would consider holding as treasury shares any Ordinary Shares which the Company may re-purchase pursuant to the proposed buy-back authority. The Directors believe that holding such shares as treasury shares will provide the Company with increased flexibility in managing its share capital. Resolution 2 in the Notice of AGM is proposed to authorise the Directors to sell Ordinary Shares that are re-purchased and held in treasury for cash without pre-emption rights applying to such sale, in the same way as would apply to the allotment of new Ordinary Shares pursuant to that Resolution.

#### **4. CITY CODE ON TAKEOVERS AND MERGERS**

Under Rule 9 of the City Code any person who acquires an interest (as defined in the City Code) in shares which, taken together with shares in which he is already interested and in which persons acting in concert with him are interested, carry 30 per cent. or more of the voting rights of a company which is subject to the City Code, is normally required to make a general offer to all the remaining shareholders to acquire their shares.

Similarly, when any person, together with persons acting in concert with him, is interested in shares which in aggregate carry not less than 30 per cent. of the voting rights of such a company but does not hold shares carrying more than 50 per cent. of such voting rights, a general offer will normally be required if a further interest in shares is acquired by any such person.

An offer under Rule 9 must be in cash and at the highest price paid by the person required to make the offer, or any person acting in concert with him, for any interest in shares of the Company during the 12 months prior to the announcement of the offer.

Dr Robert Brady and his wife, Angela Marcantonio, are deemed to be acting in concert for the purposes of the Code.

The current interests in Ordinary Shares of the Concert Party and the percentages of the voting rights in the Company attributable to such interests are:

<u>Person</u>	<u>No. of Ordinary Shares</u>	<u>%</u>
Dr Robert Brady	8,625,395	30.48
Angela Marcantonio (wife of Dr Robert Brady)	433,333	1.53
Total	<u>9,058,728</u>	<u>32.01</u>

If the Company re-purchases shares pursuant to the general buy-back authority and at the time the voting rights attributable to the interests in Ordinary Shares of the Concert Party continued to exceed 30 per cent. of the voting rights of the Company or as a result increased to more than 30 per cent. of such voting rights, an obligation under Rule 9 of the City Code would arise on the Concert Party to make a cash offer for the issued shares of the Company not already owned by him.

The Panel has agreed, however, to waive the obligation to make a general offer that would otherwise arise as a result of the re-purchase by the Company of its shares pursuant to the general buy-back authority subject to the approval of independent shareholders. Accordingly, Resolution 3 is being proposed at the General Meeting, and will be taken on a poll. Dr Robert Brady and the Concert Party will not be entitled to vote on the resolution.

Assuming that the entirety of the general buy-back authority is utilised by the Company, the Concert Party will be interested in shares carrying 30 per cent. or more of the Company's voting share capital, but will not hold shares carrying more than 50 per cent. of such voting rights and any further increase in his interest in shares will be subject to the provisions of Rule 9 of the City Code.

### **Waiver**

The waiver described in Resolution 3 applies only in respect of increases in the percentage interest of the Concert Party resulting from purchases by the Company of its own shares pursuant to the general buy-back authority and not in respect of other increases in the Concert Party's interests in Ordinary Shares.

### *Potential Interests in Ordinary Shares of the Concert Party following acquisitions pursuant to the general buy-back authority*

If the general buy-back authority set out in Resolution 1 of the Notice of AGM is exercised in full and assuming no disposals of Ordinary Shares by the Concert Party and no issues of Ordinary Shares by the Company in the meantime, the interests in Ordinary Shares of the Concert Party and the percentage of the voting rights in the Company attributable to such interests would be:

<u>Person</u>	<u>No. of Ordinary Shares</u>	<u>%</u>
Dr Robert Brady	8,625,395	31.31
Angela Marcantonio (wife of Dr Robert Brady)	433,333	1.57
Total	<u>9,058,728</u>	<u>32.88</u>

### **The intentions of the Concert Party**

Dr Robert Brady and the Concert Party have confirmed to the Company that they are not proposing, following any increase in their percentage interests in Ordinary Shares or voting rights as a result of a re-purchase of Ordinary Shares by the Company, to seek any change in the composition of the Board or the general nature of the Company's business.

Dr Robert Brady and the Concert Party have also confirmed that their intentions regarding the future of the Company's business, their intentions regarding the locations of the Company's places of business and their intentions regarding the continued employment of its employees and management (and those of the Subsidiaries) will not be altered as a result of any increase in their percentage interests in Ordinary Shares or voting rights as a result of a re-purchase of Ordinary Shares by the Company, nor will there be any redeployment of the fixed assets of the Company as a result of such an increase.

## **5. CURRENT TRADING AND PROSPECTS**

Information on current trading and future prospects of the Company is set out in the Chairman's Statement on page 3 and the Chief Executive's Review on pages 4 to 6 of the 2009 Annual Report and Accounts sent to Shareholders on 1 April 2010 and available on the website of the Company at [www.bradyplc.com](http://www.bradyplc.com).

The Company issued a brief trading update on 19 January 2010 relating to the year ended 31 December 2009 and issued its preliminary results for the year ended 31 December 2009 on 10 March 2010, both of which are also available on the website of the Company at [www.bradyplc.com](http://www.bradyplc.com).

In addition, on 16 March 2010, the Company announced the acquisition of the commodities business of Viveo Switzerland SA, a Geneva based company and part of Temenos, providing software for trading of soft commodities, oil, gas and metals. The total consideration payable was CHF 3.80 million financed from the Company's existing cash resources.

## **6. ACTION TO BE TAKEN IN RELATION TO THE AGM**

A Form of Proxy for use in connection with the AGM is enclosed. Whether or not you intend to be present at the AGM, you are asked to complete and return the Form of Proxy in accordance with the instructions thereon as soon as possible and, in any event, so that it is received not later

than 48 hours before the time of the AGM. The completion and return of the Form of Proxy will not preclude you from attending the AGM and voting in person if you so wish. Please return the Proxy to Equiniti at Freepost SEA 10846, Aspect House, Spencer Road, Lancing, West Sussex BN99 6ZL.

**7. FURTHER INFORMATION**

Your attention is drawn to Part II of this document which contains further information relating to Brady and the 2009 Annual Report and Accounts sent to Shareholders on 1 April 2010 and available on the website of the Company at [www.bradypkc.com](http://www.bradypkc.com).

**8. RECOMMENDATION RELATING TO THE TRANSACTION**

Dr Robert Brady has not taken part in any decision of the Board relating to any proposal to seek the Waiver from the Panel since it is, inter alia, his and the Concert Party's potential interest in Ordinary Shares which is the subject of the Waiver, nor will he vote on Resolution 3. Additionally, Dr Robert Brady has confirmed that he will not participate in any decision to repurchase shares while the general buy-back authority is in place. The Concert Party may attend the AGM but will not vote on the Waiver Resolution, which will be taken by means of a poll.

The Independent Directors, who have been so advised by Cenkos, consider the proposed Transaction to be fair and reasonable and in the best interests of Independent Shareholders and the Company as a whole, and that it may be appropriate in the future for the Company to repurchase Ordinary Shares under the general buy-back authority. However, the Board would not be prepared to recommend the general buy-back authority in circumstances which would lead to a general offer for the Ordinary Shares being required to be made by the Concert Party.

The Independent Directors therefore unanimously recommend that you vote in favour of Resolutions 1 and 3 in the Notice of AGM as they intend to do in respect of their own interests in 2,836,282 Ordinary Shares in aggregate, representing approximately 10.02 per cent. of the Ordinary Shares currently in issue.

Yours faithfully

Paul Fullagar  
Non-Executive Chairman

## Part II

### FINANCIAL INFORMATION

#### Incorporation of relevant information by reference

The information listed below relating to the Company is hereby incorporated by reference into this document.

<i>No</i>	<i>Information</i>	<i>Source of Information</i>
1.	Revenue, profit or loss before and after taxation, the charge for tax, extraordinary items, minority interests, the amount absorbed by dividends and earnings and dividends per share for the Company for the three years ended 31 December 2007, 2008 and 2009.	<p>Annual Report &amp; Accounts 2007, 2008 and 2009 - Consolidated Income Statement on page 12 for 2007, Consolidated Income Statement on page 15 for 2008; and Consolidated Statement of Comprehensive Income on page 17 for 2009 respectively.</p> <p>If you are reading this document in hard copy, please enter the below web address in your web browser to be brought to the relevant document. If you are reading this document in soft copy, please click on the web address below to be brought to the relevant document.</p> <p>2007: <a href="http://www.bradypkc.com/investor_relations/financial_reports">www.bradypkc.com/investor_relations/financial_reports</a></p> <p>2008: <a href="http://www.bradypkc.com/investor_relations/financial_reports">www.bradypkc.com/investor_relations/financial_reports</a></p> <p>2009: <a href="http://www.bradypkc.com/investor_relations/financial_reports">www.bradypkc.com/investor_relations/financial_reports</a></p>
2.	A statement of the assets and liabilities shown in the audited accounts for the Company for the year ended 31 December 2009	<p>Annual Report &amp; Accounts 2009, Consolidated Statement of Financial Position on page 18.</p> <p>If you are reading this document in hard copy, please enter the below web address in your web browser to be brought to the relevant document. If you are reading this document in soft copy, please click on the web address below to be brought to the relevant document.</p> <p><a href="http://www.bradypkc.com/investor_relations/financial_reports">www.bradypkc.com/investor_relations/financial_reports</a></p>
3.	A cash flow statement as provided in the audited accounts for the Company for the year ended 31 December 2009	<p>Annual Report &amp; Accounts 2009, Consolidated Cash Flow Statement on page 22.</p> <p>If you are reading this document in hard copy, please enter the below web address in your web browser to be brought to the relevant document. If you are reading this document in soft copy, please click on the web address below to be brought to the relevant document.</p> <p><a href="http://www.bradypkc.com/investor_relations/financial_reports">www.bradypkc.com/investor_relations/financial_reports</a></p>
4.	Significant accounting policies together with any points from the notes to the accounts	<p>Annual Report 2007 2008 and 2009 and the Notes to the Accounts on pages 17-46 for 2007, 6-50 for 2008; and pages 24-54 for 2009 respectively.</p>

which are of major relevance to an appreciation of the figures

If you are reading this document in hard copy, please enter the below web address in your web browser to be brought to the relevant document. If you are reading this document in soft copy, please click on the web address below to be brought to the relevant document.

2007: [www.bradypkc.com/investor\\_relations/financial\\_reports](http://www.bradypkc.com/investor_relations/financial_reports)

2008: [www.bradypkc.com/investor\\_relations/financial\\_reports](http://www.bradypkc.com/investor_relations/financial_reports)

2009: [www.bradypkc.com/investor\\_relations/financial\\_reports](http://www.bradypkc.com/investor_relations/financial_reports)

The results for the Company for the years ended 31 December 2007, 2008 and 2009 are available free of charge on the Company's website provided above.

The annual reports are available in "read-only" format and can be printed from the Company's website. The Company will provide within two business days, without charge, to each person to whom a copy of this document has been delivered, upon their written or verbal request, a copy of any documents incorporated by reference in this document. Copies of any documents incorporated by reference in this document will not be provided unless such a request is made. Requests for copies of any such document should be directed to Tony Ratcliffe of the Company at 281 Cambridge Science Park Milton Road Cambridge CB4 0WE or by telephoning on 01223 479479 (or +44 1223 479479 if telephoning from outside the United Kingdom).

## PART III

### ADDITIONAL INFORMATION

#### 1. Responsibility

1.1 Dr Robert Brady accepts responsibility for the information contained in this document relating to the Concert Party. To the best of his knowledge and belief (having taking all reasonable care to ensure that such is the case), the information contained in this document for which he takes responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

1.2 The Directors, whose names are set out on page 5, accept responsibility for the information contained in this document (save that Dr Robert Brady does not take responsibility for the recommendation of the Waiver by the Independent Directors). To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they take responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

#### 2. Principal Activities of the Group

The principal activity of the Group continues to be global provision of trading, risk management and settlement solutions to the metals and commodities sectors, through the delivery of customer focused software and services.

#### 3. Interests and Dealings

##### 3.1 Directors

(a) At the close of business on 31 March 2010 (being the latest practicable date prior to the publication of this document) the interests of the Directors and their families and the interests of persons connected with them (within the meaning of section 252 of the Companies Act 2006) in the issued ordinary share capital of the Company are as follows:

<i>Director</i>	<i>No of Ordinary Shares</i>	<i>Percentage of issued share capital</i>
Paul Fullagar	1,000,000	3.53%
Geoffrey Bicknell	19,600	0.07%
Pat Brazel	231,682	0.82%

Brian Collins	850,000	3.00%
Gavin Lavelle	685,000	2.42%
Tony Ratcliffe	50,000	0.18%
Dr Robert Brady	9,058,728	32.01%
Total	<hr/> 11,895,010 <hr/>	42.03%

- (b) At the close of business on 31 March 2010 (being the latest practicable date prior to the publication of this document) the outstanding options over Ordinary Shares in which the Directors are interested are as follows:

<u>Director</u>	<u>Number of options</u>	<u>Exercise Price</u>	<u>Exercise Period</u>
Brian Collins	50,000	25p	4 May 2009 - 4 May 2011
	50,000	44p	14 March 2009 - 13 March 2015
	50,000	47p	12 March 2010 - 11 March 2016
	75,000	66.5p	17 March 2011 – 16 March 2017
Peter Harverson	50,000	44p	14 March 2009 - 13 March 2015
Gavin Lavelle	955,955	41.5p	27 September 2008 - 26 September 2014
Tony Ratcliffe	416,565	41.5p	4 May 2008 - 26 September 2014
Total	<hr/> 1,647,520 <hr/>		

None of the Directors have any Interests, rights to subscribe or short positions in the issued ordinary share capital of the Company.

- (c) There have been the following dealings in relevant securities by the Directors during the period of 12 months preceding the date of this document:

<u>Date</u>	<u>Party</u>	<u>Transaction</u>	<u>Number of Ordinary Shares</u>
25 September 2008	Geoff Bicknell	Acquisition at 45p	5,000
25 September 2008	Geoff Bicknell	Acquisition at 52p	14,600
30 September 2008	Pat Brazel	Acquisition at 41.5p	35,000
6 October 2008	Pat Brazel	Acquisition at 42p	20,000
8 October 2008	Pat Brazel	Acquisition at 41.1p	35,000
21 November 2008	Pat Brazel	Acquisition at 42p	28,890
30 December 2009	Dr Robert Brady	Disposal at 60p to Angela Marcantonio (wife of Dr Robert Brady)	333,333

- (d) Save as set out in paragraph 3.1(c) above in respect of the disposal of relevant securities by Dr Robert Brady to his wife, there have been no dealings in relevant securities by the Concert Party during the period of 12 months preceding the date of this document.

### 3.2 General

Save as disclosed above in this paragraph 3:

- (a) neither Dr Robert Brady, nor any person acting in concert with Dr Robert Brady is interested in any relevant securities, has a right to subscribe for relevant securities, has borrowed or lent relevant securities or has dealt in relevant securities during the period of 12 months preceding the date of this document; and
- (b) none of the following has an interest in any relevant securities nor has a right to subscribe for relevant securities:

- (i) any Director;
  - (ii) any Associated Company;
  - (iii) any pension fund of the Company or of any Associated Company;
  - (iv) any employee benefit trust of the Company or of any Associated Company;
  - (v) any Connected Adviser to the Company or to any Associated Company or to any person acting in concert with the Company; and
  - (vi) any persons controlling, controlled by or under the same control as any such Connected Adviser (except for an exempt principal trader or an exempt fund manager);
- (c) no person referred to in paragraphs (a) or (b) above has any short position in relation to Ordinary Shares (whether conditional or absolute and whether in the money or otherwise and including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery); and
- (d) neither the Company nor any person acting in concert with the Company has borrowed or lent relevant securities.

In this paragraph 3.2, references to:

- (a) “Associated Company” mean the parent, subsidiaries and fellow subsidiaries of the Company, and any associated companies of any of them and companies of which such companies are associates (and for this purpose ownership or control of 20 per cent. or more of the equity share capital of a company is regarded as the test of “associate” status);
- (b) “pension fund” excludes a pension fund which is managed under an agreement or arrangement with an independent third party which gives such third party absolute discretion regarding dealing, voting and offer acceptance decisions relating to the fund;
- (c) “Connected Adviser” means an organisation advising the Company in relation to the Transaction described in this document or a corporate broker to the Company;

- (d) “control” means an interest, or interests, in shares carrying in aggregate 30 per cent. or more of the voting rights (as defined in the City Code) of a company, irrespective of whether such interest or interests give de facto control; and
- (e) “relevant securities” mean Ordinary Shares and securities convertible into, rights to subscribe for, derivatives referenced to and options (including traded options) in respect of, Ordinary Shares.

#### 4. Directors’ Service Agreements and Remuneration

4.1 Details of the terms and notice periods of the Directors’ service agreements with the Company are as follows:

<u>Name</u>	<u>Date of Agreement</u>	<u>Notice period</u>
Paul Fullagar	12 June 2007	3 months
Geoffrey Bicknell	12 December 2007	3 months
Robert Brady	21 June 2004	12 months
Pat Brazel	12 December 2007	3 months
Brian Collins	14 January 2008	3 months
Peter Harverson	23 January 2008	3 months
Gavin Lavelle	19 July 2007	6 months
Tony Ratcliffe	14 January 2008	6 months

4.2 Details of the Directors’ remuneration for the financial year ended 31 December 2009 are set out below:

<u>Name</u>	<u>Salary and fees</u>	<u>Bonus</u>	<u>Pension contributions</u>	<u>Other</u>	<u>Total</u>
Robert Brady	£95,000	£25,000	£5,000	£1,000	£126,000
Brian Collins	£100,000	£4,000	£5,000	-	£109,000
Gavin Lavelle	£165,000	£88,000	£8,000	£1,000	£262,000
Tony Ratcliffe	£105,000	£57,000	£5,000	£1,000	£168,000

Paul Fullager	£25,000	-	-	-	£25,000
Geoff Bicknell	£15,000	-	-	-	£15,000
Pat Brazel	£15,000	-	-	-	£15,000
Peter Harverson	£15,000	-	-	-	£15,000

- 4.3 On 16 June 2009, the Company entered into an agreement amending Dr Robert Brady's existing service agreement setting out that, with effect from 30 September 2009, his role as Chief Technology Officer of the Company transferred to a Non-Executive Director role. His annual salary of £121,500 will be reduced to £30,375 with effect from 30 September 2009. Dr Brady's bonus in 2009 will be payable at 81.25% of the previous full year's level. Pension contributions will be adjusted to 5% of the new annual salary level and holiday days will be reduced from 28 days per annum to 7 days per annum. The Company will continue to provide the full amount of the other benefits, such as healthcare, life assurance and PHI. This arrangement will continue until 30 June 2010, when the service agreement (as amended) will be terminated and replaced with a non-executive letter of appointment, of a similar form and with similar terms, including non-executive fee, as currently apply to other Non-Executive Directors.

#### 5. **Material changes**

There has been no material change in the financial or trading position of the Company subsequent to the publication of the last audited financial statements of the Company for the year ended 31 December 2009.

#### 6. **Middle Market Quotations**

The following table sets out the middle market quotations for an Ordinary Share, as derived from the AIM Market of the London Stock Exchange plc, for the first business day of each of the six months immediately preceding the date of this document and for 31 March 2010 (being the latest practicable date prior to the posting of this document):

<u>Date</u>	<u>Price Per Ordinary Share</u>
31 March 2010	66.5 pence
1 March 2010	63.5 pence
1 February 2010	65.5 pence
4 January 2010	60.5 pence
1 December 2009	69.5 pence
2 November 2009	71.5 pence
1 October 2009	65.5 pence

## 7. **Material Contracts**

- 7.1 On 9 January 2009, the Company entered into a sale and purchase agreement with Richard Ian Kingdon and Paula Cheralynn Flint pursuant to which it purchased the entire issued share capital of Commodities Software (UK) Limited. The total consideration, payable in cash, was originally estimated to be a maximum of £1,500,000 plus the value attributable to working capital, of approximately £100,000. The consideration consisted of an initial payment of £725,000 (plus the value attributable to working capital) and contingent payments of an estimated maximum of £775,000. The contingent amounts are payable over the two years following completion and are dependent on the successful achievement of certain performance criteria during that period. It is expected that an additional £112,000 of performance-based consideration over and above the initial estimate may become payable as a result of over-performance by the acquired business. The consideration has been funded through the Company's existing cash resources.
- 7.2 On 15 March 2010, the Company acquired the commodities business of Viveo Switzerland SA from its parent company Viveo Group SAS, a subsidiary of Temenos Group AG. Viveo Switzerland SA comprised a commodities business and a banking business. The Company entered into a sale and purchase agreement with Viveo Group SAS pursuant to which it purchased the entire issued share capital of Viveo Switzerland SA and also entered into an asset purchase agreement with Temenos Headquarters SA whereby the banking assets of Viveo Switzerland SA were sold back to the Temenos group, thus leaving the commodity business within Viveo Switzerland SA and under the ownership of Brady plc. The total consideration, payable in cash on completion, was CHF 3,800,000 (approximately £2,300,000) which included CHF 650,000 (approximately £400,000) for the minimum amount of cash and working capital retained in the business. An adjustment will be made following the calculation of the actual working capital at completion. The consideration and any potential adjustment in relation to working capital has been or will be funded through the Company's existing cash resources.

## 8. **General**

- 8.1 Cenkos has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of the references to its name and its advice to the Independent Directors in the form and context in which they are included.
- 8.2 No agreement, arrangement or understanding (including any compensation arrangement) exists between Dr Robert Brady or any person acting in concert with him and any of the Directors, recent directors, shareholders or recent shareholders of the Company having any connection with or dependence upon the proposals set out in this document.

- 8.3 No agreement, arrangement or understanding exists whereby the Ordinary Shares held by the Concert Party will be transferred to any other party. The Ordinary Shares purchased will either be held in treasury pursuant to section 724 of the Companies Act 2006 for subsequent sale, transfer for the purposes of or pursuant to employee share schemes, or cancellation as an alternative to cancelling them immediately, or will be cancelled.
- 8.4 The Directors' intentions regarding the continuance of the Company's business and its intentions regarding the continued employment of its employees and those of the Subsidiaries will not be altered on completion of any proposed purchase by the Company of its Ordinary Shares.

**9. Documents Available for Inspection**

Copies of the following documents will be made available for inspection at the offices of the Company at 281 Cambridge Science Park, Milton Road, Cambridge CB4 0WE during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of posting of this document up to the date of the AGM and at the place of meeting for 15 minutes prior to the meeting and during the meeting:

- (a) the Memorandum and Articles of Association of the Company;
- (b) the audited consolidated accounts of the Company for the years ended 31 December 2008 and 31 December 2009;
- (c) Directors' service contracts with the Company;
- (d) the consent letter from Cenkos referred to in paragraph 8.1 above; and
- (e) the material contract referred to in paragraph 7.1.

# **BRADY PLC**

(the "Company")

## **NOTICE OF ANNUAL GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of the Company will be held at 60 Cannon Street, London, EC4N 6JP on 29 April 2010 at 12.00 p.m. You will be asked to consider and, if thought fit, pass the resolutions below, in the case of Resolutions 1 and 2 as special resolutions and in the case of Resolutions 3 to 9 as ordinary resolutions.

### **SPECIAL RESOLUTIONS**

#### **Resolution 1**

To generally and unconditionally authorise the Company to make one or more market purchases (as defined in Section 693(4) of the Companies Act 2006 (the "**Act**")) of any of its ordinary shares of 1 pence each (the "**Ordinary Shares**") in such a manner and on such terms as the Directors may from time to time determine provided that:

- (a) the maximum number of Ordinary Shares hereby authorised to be acquired is 750,000, representing 2.6% of the Company's issued ordinary share capital at the date of the resolution;
- (b) the minimum price which may be paid for each Ordinary Share is 1 pence (exclusive of expenses and appropriate taxes); and
- (c) the maximum price which may be paid for a share is an amount (exclusive of expenses and appropriate taxes) equal to 105% of the average of the middle market quotations for an Ordinary Share as derived from the AIM Market of the London Stock Exchange plc for the five business days immediately preceding the day on which the share is contracted to be purchased,

and this authority shall expire on the earlier of the date falling 15 months after the passing of this resolution and the date of the conclusion of the next Annual General Meeting of the Company, whichever first occurs, unless this authority is before such expiry renewed, varied or revoked by the Company in general meeting, save that the Company shall be entitled under such authority to make at any time before the expiry of such authority any contract of purchase of its own shares which will or might be executed wholly or partly after the expiry of such authority.

## **Resolution 2**

To authorise and empower the Directors in accordance with section 570 and section 573 of the Act to allot equity securities (within the meaning of section 560 of the Act) for cash, either pursuant to the authority already conferred or by way of a sale of treasury shares, as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to:

- (a) the allotment of equity securities in connection with an offer of such securities:
  - (i) to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings of such shares; and
  - (ii) to holders of other securities as required by the rights of those securities or as the directors otherwise consider necessary,

but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in or under the laws of any territory or the requirements of any regulatory body or any stock exchange; and

- (b) the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to an aggregate nominal amount of £28,000,

and shall expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution or 15 months from the date hereof, whichever is the earlier, save that the Company may before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of any such offers or agreements as if the power conferred hereby had not expired.

## **ORDINARY RESOLUTIONS**

### **Resolution 3**

That the waiver granted by the Panel on Takeovers and Mergers, described in the letter accompanying the notice of this meeting, of the obligation under Rule 9 of the City Code on Takeovers and Mergers on the Concert Party to make a general offer to shareholders of the Company as a result of any market purchases of Ordinary Shares by the Company pursuant to the authority sought pursuant to Resolution 1 set out in the notice of this meeting, be and is hereby approved such that if the authority to be granted by Resolution 1 was exercised in full, the aggregate interest in Ordinary Shares of the Concert Party would represent 32.88 per cent. of the issued Ordinary Shares assuming that no disposals of Ordinary Shares by the Concert Party took place and no other options or rights to subscribe for Ordinary Shares were exercised or

taken up and no issues of Ordinary Shares made and excluding for this purpose any Ordinary Shares held as treasury shares.

**Resolution 4**

To receive and adopt the Annual Report and audited financial statements for the year ended 31 December 2009, the Directors' Report and the Auditors' Report on those financial statements.

**Resolution 5**

To declare a dividend recommended by the Directors of 1.3 pence per ordinary share for the year ended 31 December 2009 to be paid on 25 May 2010 to members whose names appear on the register at the close of business on 23 April 2010.

**Resolution 6**

To approve the Remuneration Report for the year ended 31 December 2009.

**Resolution 7**

To re-appoint as Director Peter Harverson who retires by rotation under the Articles of Association.

**Resolution 8**

To re-appoint as Director Tony Ratcliffe who retires by rotation under the Articles of Association.

**Resolution 9**

To re-appoint as Auditors Grant Thornton UK LLP to hold office from the conclusion of this Annual General Meeting until the conclusion of the next general meeting of the Company at which financial statements are laid and to authorise the Directors to determine their remuneration.

Date: 1 April 2010

By Order of the Board

*Registered Office:*  
281 Cambridge Science Park  
Milton Road  
Cambridge CB4 0WE

Tony Ratcliffe  
*Director*

## Notes

1. A member entitled to attend and vote at the meeting is entitled to appoint another person as his proxy to exercise all or any of his rights to attend and to speak and vote at the meeting. A proxy need not be a member of the Company. A member may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A member wishing to appoint more than one proxy should contact the Company's registrars, Equiniti at Freepost SEA 10846, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA or on (+44)(0)871 384 2687. Calls to this number cost 8p per minute from a BT landline, other providers' costs may vary. Lines open 8.30 a.m. to 5.30 p.m., Monday to Friday. For overseas calls, the Equiniti overseas helpline number is +44 121 415 7047.
2. A form of proxy for use in relation to the meeting is enclosed. To be valid, the form of proxy and any power of attorney or other authority under which it is signed (or a notarially certified copy of such power or authority) must be deposited with the Company's registrars, Equiniti, by 12 p.m. on 27 April 2010 or, in the case of an adjourned meeting, not less than 48 hours before the time appointed for the holding of the adjourned meeting. Completion and return of the form of proxy will not prevent a member from attending and voting at the meeting in person.
3. In accordance with article 90 of the Company's articles of association, to be entitled to attend and vote at the meeting (and for the purpose of the determination by the Company of the number of votes that may be cast), members must be entered in the register of members of the Company at 6 p.m. on 27 April 2010 (or, if the meeting is adjourned, at 6 p.m. on the day which is two days before the date fixed for the adjourned meeting). Changes to the register of members after the relevant deadline will be disregarded in determining the rights of any person to attend and/or vote at the meeting.
4. In order to comply with the City Code, Resolution 3 will be taken on a poll and the Concert Party will not participate.
5. Pursuant to section 319A of the Companies Act 2006, the Company must cause to be answered at the AGM any question relating to the business being dealt with at the AGM which is put by a member attending the meeting, except in certain circumstances, including if it is undesirable in the interests of the Company or the good order of the meeting that the question be answered or if to do so would involve the disclosure of confidential information.
6. In accordance with section 311A of the Companies Act 2006, the contents of this notice of meeting, details of the total number of shares in respect of which members are entitled to exercise voting rights at the AGM and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice will be available on the Company's website [www.bradypkc.com](http://www.bradypkc.com).
7. You may not use any electronic address provided either in this Notice of Meeting or any related documents (including the Form of Proxy) to communicate with the Company for any purposes other than those expressly stated.
8. As at 4 pm on 31 March 2010, the Company's issued share capital comprised 28,302,682 ordinary shares of 1p each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 4 pm on 31 March 2010 is 28,302,682.