

BRADY CORP
Form 424B5
June 22, 2006

Table of Contents

Filed Pursuant to Rule 424(b)(5)
 Registration Statement No. 333-128023

PROSPECTUS SUPPLEMENT
(To Prospectus dated November 10, 2005)

Brady Corporation
4,000,000 Shares of Class A Nonvoting Common Stock

We are selling 4,000,000 shares of our Class A Common Stock. Our Class A Common Stock is listed on the New York Stock Exchange under the symbol **BRC**. The last reported sale price of our Class A Common Stock on June 21, 2006 was \$36.38 per share.

Investing in our Class A Common Stock involves risks. See the Risk Factors section beginning on page S-10 for a description of various risks you should consider in evaluating an investment in our Class A Common Stock.

	Per Share	Total
Public offering price	\$ 36.00	\$ 144,000,000
Underwriting discounts and commissions	\$ 1.62	\$ 6,480,000
Proceeds, before expenses, to us	\$ 34.38	\$ 137,520,000

The underwriters have a 30-day option to purchase up to 600,000 additional shares of our Class A Common Stock from us on the same terms set forth above to cover over-allotments, if any.

Neither the U.S. Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

Robert W. Baird & Co.

Credit Suisse

Wachovia Securities

BMO Capital Markets

The date of this prospectus supplement is June 22, 2006

Table of Contents

Table of Contents

Table of Contents

**TABLE OF CONTENTS
PROSPECTUS SUPPLEMENT**

	Page
<u>About This Prospectus Supplement</u>	S-i
<u>Forward-Looking Statements and Cautionary Factors</u>	S-ii
<u>Summary</u>	S-1
<u>Risk Factors</u>	S-10
<u>Use of Proceeds</u>	S-15
<u>Price Range of Class A Common Stock</u>	S-16
<u>Dividend Policy</u>	S-17
<u>Capitalization</u>	S-18
<u>Selected Historical Consolidated Financial and Other Data</u>	S-19
<u>Business</u>	S-21
<u>Management</u>	S-31
<u>Underwriting</u>	S-35
<u>Legal Matters</u>	S-38
<u>Incorporation of Documents by Reference</u>	S-39
<u>Where You Can Find More Information</u>	S-40
<u>Index to Historical Consolidated Financial Statements</u>	F-1

PROSPECTUS

	Page
<u>About This Prospectus</u>	i
<u>Forward-Looking Statements and Cautionary Factors</u>	1
<u>The Company</u>	3
<u>Where You Can Find More Information</u>	4
<u>Use of Proceeds</u>	5
<u>Ratio of Earnings to Fixed Charges</u>	5
<u>Description of Debt Securities</u>	5
<u>Description of Capital Stock</u>	12
<u>Book-Entry</u>	14
<u>Plan of Distribution</u>	17
<u>Legal Matters</u>	18
<u>Experts</u>	18

You should rely only on the information included or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not, and the underwriters have not, authorized anyone to provide you with information that is in addition to or different from that contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. We are not, and the underwriters are not, offering to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information contained or incorporated by reference in this prospectus supplement or the accompanying prospectus is accurate only as of the date of this prospectus supplement or the accompanying prospectus, as the case may be, or in the case of the documents incorporated by reference, the date of such documents regardless of the time of delivery of this prospectus supplement and the accompanying prospectus or any sales of our Class A Common Stock. Our business, financial condition, results of operations and

prospects may have changed since those dates.

The underwriters are offering shares of our Class A Common Stock subject to various conditions and may reject all or any part of any order. The shares of our Class A Common Stock should be ready for delivery on or about June 27, 2006 against payment of immediately available funds.

Table of Contents

ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering. The second part, the accompanying prospectus, gives more general information, some of which may not apply to this offering. Generally, when we refer only to the prospectus, we are referring to both parts combined.

If information in this prospectus supplement is inconsistent with the accompanying prospectus, you should rely on this prospectus supplement. This prospectus supplement, the accompanying prospectus and the documents incorporated into each by reference include important information about us, the shares being offered and other information you should know before investing. You should read this prospectus supplement and the accompanying prospectus as well as additional information described under **Where You Can Find More Information** before investing in our Class A Common Stock.

All references to **Brady**, the **Company**, **us** and **we** in this prospectus supplement and the accompanying prospectus mean, unless the context indicates otherwise, Brady Corporation together with its consolidated subsidiaries. All references to **Class A Common Stock** in this prospectus supplement mean the Class A Nonvoting Common Stock, par value \$.01 per share, offered for sale by Brady pursuant to this prospectus supplement. All references to **Class B Common Stock** in this prospectus supplement mean Brady's Class B Voting Common Stock, par value \$.01 per share. All references to **fiscal year** or **fiscal** in this prospectus supplement mean our fiscal year which ends on July 31 of each year.

All references in this prospectus supplement to our consolidated financial statements include, unless the context indicates otherwise, the related notes.

The information in this prospectus supplement and the documents incorporated by reference herein concerning market positions of certain of our products is based on our net sales for fiscal 2005 and management's estimates of our competitors' respective dollar volumes of net sales for the products, markets and geographic region or regions to which we refer. These estimates are based on our internal estimates, our knowledge of our relative position and the relative position of our competitors in applicable markets, and, in some limited cases, industry sources. Other market data included in this prospectus supplement and the documents incorporated by reference in this prospectus supplement concerning our business are estimated and are based on independent industry publications or other publicly available information. Although we believe that the information on which we have based these estimates of our market position and these market data are generally reliable, the accuracy and completeness of this information is not guaranteed and this information has not been independently verified.

Various calculations of figures and percentages in this prospectus supplement may not add up or match due to rounding adjustments.

We have registered the following trademarks that are used in this prospectus supplement: AquAlert; Balkhausen; B.I.G.; Brady; Brandon; Electromark; Emedco; ID Technology; Indenticard/ Identicam; J.A.M. Plastics; Personnel Concepts; Prinzing; Safety Signs Service; Seton; Signals; Signs & Labels; STOPware; Teklynx; Temtec; Tiscor; Tradex Converting; and Varitronic.

Table of Contents

FORWARD-LOOKING STATEMENTS AND CAUTIONARY FACTORS

All statements other than statements of historical facts included or incorporated by reference into this prospectus supplement, including statements regarding our future financial position, business strategy, budgets, projected costs, and plans and objectives for future operations are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are subject to risks and uncertainties that could cause actual results to differ materially from those anticipated as of the date of this prospectus supplement. Forward-looking statements generally can be identified by the use of forward-looking words such as may, will, expect, intend, estimate, anticipate, believe, continue or words of similar meaning. We cannot guarantee the accuracy of the forward-looking statements, and you should be aware that results and events could differ materially and adversely from those contained in the forward-looking statements due to a number of factors, including those described under the caption Risk Factors and elsewhere in this prospectus supplement and under the caption Forward-Looking Statements and Cautionary Factors and elsewhere in the accompanying prospectus or those contained in the documents incorporated by reference into this prospectus supplement.

We urge you to consider these factors and to review carefully the section Risk Factors in this prospectus supplement for a more complete discussion of the risks of an investment in our Class A Common Stock. The forward-looking statements included in this prospectus supplement or incorporated by reference into this prospectus supplement are made only as of the date of this prospectus supplement or the date of the incorporated document, and we undertake no obligation to publicly update these statements to reflect subsequent events or circumstances.

S-ii

Table of Contents

SUMMARY

This summary highlights information contained elsewhere or incorporated by reference in this prospectus supplement. Because this is a summary, it is not complete and does not contain all of the information that may be important to you. For a more complete understanding of us and this offering of our Class A Common Stock, we encourage you to read this prospectus supplement and the accompanying prospectus in their entirety and the other documents to which we have referred you.

Our Company

We are a leading global manufacturer and marketer of identification solutions and specialty products that identify and protect premises, products and people. Our core capabilities in manufacturing, precision engineering and materials expertise make us a leading supplier of products to targeted high-margin niche markets within the Maintenance, Repair and Operations (MRO) market and of high-performance solutions to the Original Equipment Manufacturing (OEM) electronics market. Our local operating presence provides our MRO customers with solutions that allow them to respond to changing regulatory and safety requirements. In addition, we have a global footprint that allows us to quickly and consistently meet our OEM customers' needs. We believe that our leading market positions are directly related to our ability to provide customers with differentiated solutions, our commitment to quality and service and our diversified sales channels.

We manufacture and market a wide range of products for use in diverse applications. Our facility, safety and complementary products, which include signs, hand-held printers, wire/cable markers and security products, serve to enhance safety and productivity in the workplace. Our high performance labels meet end-customers' needs for product identification and bar coding that perform under extreme conditions. Our precision die-cut components protect, filter, shield and affix components inside electronic, telecommunications and other equipment, including mobile communication devices and hard disk drives. The products we manufacture often require a high degree of precision or the application of specialty materials with chemical and physical properties suited for specific uses. We are committed to continuing our technological and engineering innovation, and employ approximately 180 full-time chemists and engineers in research and development activities.

In fiscal 2003, under the leadership of our current management team, we reorganized our operations and management to further enhance shareholder value. Our historically product-focused, globally-centralized organizational structure was reorganized into a decentralized regional structure supported by a distribution network, leaner management and a refocused sales force. In addition, we adopted a rigorous focus on growth by institutionalizing monthly strategy review sessions, increasing our investment in new product development, expanding globally and forming a dedicated team of acquisition specialists. Most importantly, we created a culture throughout the company of high performance expectations and accountability. We reduced our headcount in May 2003 by approximately 10%, which has provided significant permanent cost savings. Since fiscal 2003, we have accelerated our growth, improved our profitability, significantly broadened our product portfolio, customer base and geographic reach, and improved our position in the markets we serve. To support our plans for continued growth, we have made investments in acquisition and integration resources that facilitated the successful acquisition of 19 companies since April 2003 and created a robust pipeline of future acquisition opportunities.

Table of Contents

We are a global company with manufacturing facilities in 17 countries. As of April 30, 2006, we employed approximately 5,600 people, and, as a result of our acquisition of Tradex Converting AB on May 23, 2006, we added approximately 1,000 additional employees. See *Recent Developments* . We manage, operate and segment our business into three geographic regions. For the nine months ended April 30, 2006, we derived approximately 50% of our net sales from North, Central and South America, 32% from Europe and 19% from Asia. As of April 30, 2006, approximately 34% of our employees were located in developing countries including Brazil, China, India, Malaysia, Mexico, Singapore, South Korea and Thailand, as compared to 13% as of April 30, 2003. In addition, the acquisition of Tradex Converting on May 23, 2006 added employees in Brazil, China, Mexico and South Korea.

For the trailing twelve months ended April 30, 2006, we achieved net sales of approximately \$940 million and net income of approximately \$98 million, an increase of 19% and 19%, respectively, compared to the same twelve-month period ended April 30, 2005.

Our Industry

We manufacture and market a diverse range of products for end-customers in the MRO and OEM markets.

MRO Market

We serve portions of the global MRO market, which encompasses the supply of a wide range of consumable products. In fiscal 2005, approximately two-thirds of our total company sales were derived from our products supplied to MRO customers. Our major product lines, which are provided to high margin niche MRO markets, include facility identification, safety and complementary products and wire identification products. Our products are marketed through multiple channels, including distribution and business-to-business direct marketing. We have long-standing relationships with major distributors such as Fisher Scientific, Graybar, Hagemeyer and WW Grainger and provide our customers a broad range of products quickly and conveniently. In direct marketing, we leverage our strong brand names and our established direct marketing model to access a diverse and international end-customer base through the delivery of over 30 million catalogs annually.

Demand for our MRO products is primarily driven by (i) the general health of the industrial economies of the regions in which we operate, (ii) legal and regulatory compliance requirements imposed by government agencies such as the Occupational Safety & Health Administration (OSHA) and the U.S. Environmental Protection Agency (EPA), and their respective foreign counterparts, and (iii) the need to direct, warn, inform, train, protect and identify people. We believe the niche MRO markets in which we compete generally have growth prospects in 2006 that are moderately higher than local market gross domestic product (GDP) growth.

OEM Market

Approximately one-third of our total company sales for fiscal 2005 were derived from solutions provided to niche OEM markets. Our major product lines in these markets include high-performance identification products for printed circuit boards and precision die-cut components for mobile telecommunications devices and hard disk drives. Through distribution and a direct sales force, we provide our OEM customers with customized and stock components, global support, flexible manufacturing capacity and precision converting

Table of Contents

capabilities. We market our OEM solutions directly to global manufacturers such as Motorola, Nokia, Seagate, Siemens, Sony Ericsson and Western Digital.

Demand for our OEM solutions is primarily driven by the strength of the electronics and mobile telecommunications industries, as well as technological advances in these industries. We continue to benefit as the end products in the markets we serve become more complex, creating demand for more of our capabilities. We believe the niche OEM markets in which we compete generally have growth prospects in 2006 of approximately twice the rate of local market GDP growth.

Our Competitive Strengths

Our objective is to be the leader in each niche market we serve. We believe that the factors set forth below provide us with a competitive advantage and have contributed to our superior financial performance.

Leader in Fragmented Markets. We compete in niche markets where we believe we are often the leading supplier with the manufacturing expertise, infrastructure, channels and sales resources necessary to provide the required product or comprehensive solution. For example, we believe we are the leading supplier of wire identification products to the North American MRO market and of precision die-cut components to the mobile telecommunications market. We believe our leadership positions make us a preferred supplier to many of our customers and enable us to be successful in our markets, which are generally fragmented and populated with smaller or regional competitors.

Differentiated Solutions and Commitment to Innovation. We believe our sophisticated engineering and manufacturing capabilities, as well as our unparalleled materials expertise, give us a competitive advantage in supplying customized or high specification product solutions to meet individualized customer needs. We have been successful in identifying and incorporating innovative technologies to create integrated and precise solutions. Additionally, we are able to use our materials expertise and our investment in research and development to develop unique products to meet the demands of end-customers in new, faster growing markets adjacent to our traditional markets, such as laboratory identification. From fiscal 2003 through the nine-month period ended April 30, 2006, we invested over \$87.7 million in product development.

Operational Excellence. We have achieved continuous improvement in operational productivity. We employ well-developed problem solving techniques and invest in state-of-the-art equipment to capture efficiencies. We are vertically integrated and design, manufacture and market a majority of the products we sell. We have invested heavily over the last several years to centralize our North American distribution network and to standardize our Systems, Applications, and Products for data processing (SAP) software applications. We have consistently generated positive free cash flow by continually reducing our costs and improving our inventory management and the efficiency of our manufacturing operations. In addition, our focus on operational excellence has helped us deliver superior EBITDA margins and returns on invested capital as compared to similar companies in our markets.

Broad Customer Base and Geographic Diversity. We believe our global infrastructure mitigates the impact of an economic downturn on our business in any particular country or region, enables us to act as a primary supplier to many of our global customers and provides a solid platform for further expansion. Sales from our international operations increased from 44.4% of net sales in fiscal 2000 to 55.3% of net sales in fiscal 2005 and 56.8% through nine months of fiscal 2006. Our global presence benefits many of our customers who seek a single

Table of Contents

or primary supplier to meet their global design and manufacturing requirements. We have over 500,000 end-customers that operate in over a dozen industries. As a result of the Tradex Converting acquisition, our largest customer represents approximately 7.5% of our net sales.

Disciplined Acquisition and Integration Strategy. We have a dedicated team of experienced professionals that employ a disciplined acquisition strategy to acquire companies that yield sustainable shareholder value. We apply strict financial standards to evaluate all acquisitions using a model focused on return on invested capital. Since 1996, we have acquired and integrated 41 companies to expand our geographic and market footprint, increase our market share and add new technological capabilities. We believe our successful acquisition track record demonstrates our ability to identify and integrate acquisitions of companies that meet our selective criteria.

Channel Diversity and Strength. We utilize a wide range of channels to reach customers across a broad array of industries. We employ direct marketing expertise to meet our customers' need for convenience. We also have long-standing relationships with, and are a preferred supplier to, many of our largest distributors. In addition, we employ a global sales team to support both distributors and end users and to serve their productivity, tracking and safety requirements. We believe our strong brands and reputation for quality, innovation and rapid delivery contribute to the popularity of our products with distributors, OEMs, resellers and other customers.

Deep and Talented Team. We believe that our management team has substantial depth in critical operational areas and has demonstrated success in reducing costs, integrating acquisitions and improving processes through economic cycles. The international experience of our management team and our commitment to developing strong management teams in each of our local operations is a competitive advantage. In addition, we believe we employ a world-class team of people and dedicate significant resources to recruiting people committed to excellence and investing in their potential. The depth and breadth of knowledge within our entire organization strengthens relationships with our customers and suppliers and enables us to provide our customers with a high level of product and industry expertise.

Our Business Strategies

Our primary growth objectives are to build upon our leading market positions, to improve our performance and profitability and to expand our existing activities through a multi-prong strategic approach that incorporates both organic growth and acquisitions.

Capitalize on Growing Niche Markets. We believe we can leverage our premier reputation, our global footprint and our strength in manufacturing and materials expertise to capitalize on growth in our existing niche markets. We believe our MRO business has growth prospects in 2006 moderately higher than local market GDP growth rates. We believe this growth will be primarily driven by the general health of regional industrial economies, changes in legal and regulatory compliance requirements and the increased need of customers to identify their assets and protect their employees. Demand for our OEM products is primarily driven by the strength of various electronics markets, such as mobile telecommunications, disk drives and computers, as well as technological advances in these industries. We believe the niche OEM markets in which we compete generally have growth prospects in 2006 of approximately twice the rate of local GDP growth and we expect the number of mobile telecommunication devices shipped to increase by 15% in calendar 2006 and the number of hard disk drives shipped to increase by 12% to 15% in calendar 2006.

Table of Contents

Increase Market Share. Many of our markets are fragmented and populated with smaller or regional competitors. We believe that we will be able to leverage our significant investment in new product development and our global sales, operations and distribution capabilities to increase market share. We have a dedicated and experienced sales team that works closely with existing customers to identify and capture new opportunities. We plan to leverage the strength of our brands, the quality of our products and our long-standing relationships with key customers to build upon our current market positions. We also believe that we will be able to expand our distribution channels to capture new customers.

Enter New Markets. We believe that we can leverage our quality products, global infrastructure, channel relationships and selling capabilities to effectively enter new markets, many of which are fragmented and populated with smaller competitors. For example, we are expanding our precision die-cut capabilities into the medical market and our identification solutions into the laboratory identification market. Through product innovation and development activities, we introduce new technologies and differentiated products as well as seek additional applications for products in existing and new markets. We review our product portfolio on a regular basis through our standardized review process in order to identify new product opportunities.

Expand Geographically. Our long-term strategy involves the pursuit of growth opportunities in a number of markets outside of the United States. As of the end of April 2003, we operated in 20 countries and employed approximately 500 people in developing regions. We have since aggressively committed to low cost manufacturing and being in close proximity to our customers. As a result, as of the end of April 2006, we operated in 27 countries and employed nearly 1,900 people in developing regions. We have made strategic acquisitions and have invested heavily in our global infrastructure and flexible manufacturing capacity in order to follow our customers into new geographies. Our regional management structure is a key component in effectively entering and competing in new geographies.

Pursue Strategic Acquisitions. We intend to continue to make complementary strategic acquisitions to further our goal of strengthening our market positions and entering new markets and geographies. We believe we can drive substantial value creation through capitalizing on our acquisition and integration acumen to continue to be a successful leading acquirer in the markets in which we operate. See *Recent Developments* .

Improve Profitability. We will continue to focus on improving our operating efficiency. We continue to have opportunities to reduce costs and improve productivity and return on assets. We are an acquisitive company and believe that each acquisition provides us with additional opportunities to improve our performance as well as the performance of the acquired company. We often continue to realize synergies with acquired companies several years after the acquisition date.

Recent Developments

On May 23, 2006, we acquired Tradex Holding AB, a Swedish company and the parent of Tradex Converting AB, for approximately SEK 1.1 billion, net of cash (approximately \$151.6 million based upon the exchange rate on May 23, 2006). The acquisition was funded with existing cash and borrowings under our revolving credit facility. Tradex Converting is a leading manufacturer and supplier of pressure sensitive, die-cut adhesive components for the mobile handset and electronics industries. In its fiscal year ended December 31, 2005, Tradex Converting had net sales of approximately SEK 680 million, or approximately \$94 million

Table of Contents

based upon the exchange rate on May 23, 2006. Tradex Converting employs approximately 1,000 people around the world, has manufacturing operations in Sweden, China, South Korea and Brazil, and has an extensive sales, engineering, prototyping and service network with offices strategically located in eight countries to support manufacturers' design centers.

On April 26, 2006, we announced an agreement to acquire Daewon Industry Corporation in Seoul, South Korea. Daewon is Korea's leading manufacturer and supplier of pressure sensitive, die-cut adhesive components for the mobile handset and electronics industry. The acquisition is subject to customary closing requirements and is expected to close during the fourth quarter of fiscal 2006. Founded in 1997, Daewon had sales of approximately \$40 million for its fiscal year December 31, 2005 and employs approximately 250 people in South Korea and China. Daewon's products include precision-cut adhesives, films and protective tapes for lenses and liquid-crystal displays; EMI shielding; acoustic components, including speaker cloths, meshes, adhesives, cushions and gaskets; and printed circuit-board insulators.

Corporate Information

We were incorporated under the laws of the State of Wisconsin in 1914. Our principal executive offices are located at 6555 West Good Hope Road, Milwaukee, WI 53223, and our telephone number is 414-358-6600. Our website address is www.bradycorp.com. The information contained on our website is not incorporated by reference and does not form any part of this prospectus supplement.

Table of Contents

The Offering

Class A Common Stock offered by us	4,000,000 shares.
Class A Common Stock outstanding after the offering	49,462,077 shares.
Use of proceeds	We intend to use the net proceeds from this offering to repay approximately \$77 million of borrowings under our revolving credit facility, and for general corporate purposes, including potential future acquisitions. See Use of Proceeds .
Dividend policy	We have followed a practice of paying quarterly dividends on the two classes of our outstanding common stock. The declaration of future dividends is, however, subject to the discretion of our board of directors in light of all relevant factors, including earnings, financial condition, capital requirements and the provisions of our credit facilities. Holders of the Class A Common Stock are entitled to receive an annual, non-cumulative cash dividend of \$0.01665 per share (subject to adjustment in the event of stock splits, stock dividends or similar events involving shares of Class A Common Stock) before any dividend may be paid on the Class B Common Stock. Thereafter, any further dividend in that fiscal year must be paid on all classes of common stock on an equal basis.
Voting rights	Holders of our Class A Common Stock are not entitled to vote on any corporate matters, except as may be required by law, unless, in each of the three preceding fiscal years, the \$0.01665 preferential dividend described above has not been paid in full. Holders of the Class A Common Stock are entitled to one vote per share in the election of directors and for all other purposes for the entire fiscal year immediately following the third consecutive fiscal year in which the preferential dividend is not paid in full. Holders of Class B Common Stock are entitled to one vote per share in the election of directors and for all other purposes.
NYSE symbol	BRC
Risk factors	See the section entitled Risk Factors beginning on page S-10 for a discussion of factors you should consider carefully before deciding to buy our Class A Common Stock.

The number of shares of our Class A Common Stock outstanding after the offering set forth above is based on 45,462,077 shares of Class A Common Stock outstanding as of April 30, 2006 and includes the shares to be sold by us in this offering.

The number of shares outstanding after the offering does not include 3,944,000 shares of Class A Common Stock reserved for outstanding stock options as of April 30, 2006, at a weighted average exercise price of \$22.95 per share, or 870,302 shares reserved for the issuance of stock options under the existing equity compensation plans. A total of 11,550,000 shares have been authorized under existing or prior plans.

The number of shares of our Class A Common Stock offered and to be outstanding assumes that the underwriters will not exercise their over-allotment option. If the underwriters exercise their over-allotment option in full, then we will issue and sell an additional 600,000 shares of our Class A Common Stock and will have 50,062,077 shares of our Class A Common Stock outstanding after the offering.

Table of Contents**Summary Historical Consolidated Financial and Other Data**

The following table presents summary historical consolidated financial and other data as of and for each of the past five fiscal years, which have been derived from our audited consolidated financial statements, and as of and for the nine months ended April 30, 2005 and April 30, 2006, which have been derived from our unaudited interim condensed consolidated financial statements. You should read this information together with Selected Historical Consolidated Financial and Other Data and our consolidated financial statements, including the related notes, included elsewhere in this prospectus supplement or incorporated by reference herein.

Summary Historical Consolidated Financial and Other Data⁽¹⁾

	Fiscal Year Ended July 31,					Nine Months Ended April 30,	
	2001	2002	2003	2004	2005	2005	2006
(\$ in thousands, except per share data)							
Operating Data:							
Net sales	\$ 545,944	\$ 516,962	\$ 554,866	\$ 671,219	\$ 816,447	\$ 606,401	\$ 730,103
Cost of products sold	257,313	256,186	275,717	325,858	383,171	282,052	348,252
Gross margin	288,631	260,776	279,149	345,361	433,276	324,349	381,851
Operating expenses:							
Research and development	20,329	17,271	18,873	23,028	25,078	17,744	20,677
Selling, general and administrative	214,220	199,282	219,861	248,171	285,746	208,335	241,543
Restructuring charge net	9,560	2,720	9,589	3,181			
Total operating expenses	244,109	219,273	248,323	274,380	310,824	226,079	262,220
Operating income	44,522	41,503	30,826	70,981	122,452	98,270	119,631
Other income (expense):							
Investment and other income net	686	1,714	1,750	577	1,369	812	2,759
Interest expense	(418)	(82)	(121)	(1,231)	(8,403)	(6,277)	(8,920)
Net other income (expense)	268	1,632	1,629	(654)	(7,034)	(5,465)	(6,161)
Income before income taxes	44,790	43,135	32,455	70,327	115,418	92,805	113,470
Income taxes	17,244	14,882	11,035	19,456	33,471	26,913	31,772
Net income	\$ 27,546	\$ 28,253	\$ 21,420	\$ 50,871	\$ 81,947	\$ 65,892	\$ 81,698
Net income per common share diluted:							
	\$ 0.59	\$ 0.60	\$ 0.46	\$ 1.07	\$ 1.64	\$ 1.32	\$ 1.64

Class A Nonvoting Common Stock														
Class B Voting Common Stock														
	\$	0.58	\$	0.59	\$	0.44	\$	1.05	\$	1.63	\$	1.31	\$	1.62
Cash dividends on:														
Class A Nonvoting Common Stock														
	\$	0.36	\$	0.38	\$	0.40	\$	0.42	\$	0.44	\$	0.33	\$	0.39
Class B Voting Common Stock														
	\$	0.35	\$	0.37	\$	0.39	\$	0.40	\$	0.42	\$	0.31	\$	0.37
Balance Sheet Data:														
Working capital ⁽²⁾	\$	123,830	\$	135,764	\$	123,878	\$	131,706	\$	141,560	\$	164,774	\$	248,892
Total assets		393,592		420,525		449,519		697,900		850,147		810,707		1,131,451
Long-term obligations, less current maturities		4,144		3,751		568		150,019		150,026		150,028		350,187
Stockholders investment		302,579		324,242		338,961		403,315		497,274		491,543		555,249

Table of Contents

	Fiscal Year Ended July 31,					Nine Months Ended April 30,	
	2001	2002	2003	2004	2005	2005	2006
(\$ in thousands)							
Cash Flow Data:							
Net cash provided by operating activities	\$ 53,228	\$ 54,251	\$ 57,316	\$ 87,646	\$ 119,103	\$ 81,997	\$ 63,330
Depreciation and amortization	22,646	16,630	17,771	20,190	26,822	19,991	23,973
Capital expenditures	20,770	13,095	14,438	14,892	21,920	14,411	26,291
Other Financial Data:							
EBITDA ⁽³⁾	\$ 67,854	\$ 59,847	\$ 50,347	\$ 91,748	\$ 150,643	\$ 119,073	\$ 146,363

(1) Prior year amounts have been reclassified to conform to current-year presentation.

(2) Working capital is defined as current assets minus current liabilities.

(3) EBITDA represents net income before interest, income taxes and depreciation and amortization. EBITDA is not a calculation based on U.S. generally accepted accounting principles (U.S. GAAP). The amounts included in the EBITDA calculation, however, are derived from amounts included in our consolidated statements of income, which form part of our historical consolidated financial statements. EBITDA should not be considered as an alternative to net income, operating income or any other indicator of our operating performance, or as an alternative to operating cash flows as a measure of liquidity. We have presented EBITDA because it is viewed as a measure of the operational strength of our business and is presented to our investors and lenders as a convenience to them. However, the EBITDA measure presented may not always be comparable to similarly titled measures reported by other companies due to differences in the components of the calculation. The table below reconciles net income, calculated according to U.S. GAAP, to EBITDA.

Reconciliation of Net Income to EBITDA

	Fiscal Year Ended July 31,					Nine Months Ended April 30,	
	2001	2002	2003	2004	2005	2005	2006
(\$ in thousands)							
Net Income	\$ 27,546 &nb						